



Villa Fontanas Home Buyer Guide

There has never been a better time to buy a new home. You will be amazed what you can afford at Villa Fontanas. Stop paying rent and start investing in your future.

Save

DOWN PAYMENT ASSISTANCE - Receive up to **\$88,000** (20%) in down payment assistance at Villa Fontanas. This phenomenal program will save you thousands of dollars and lower your monthly payments as much as \$600. There are limited funds available for this program so reserve your new home and down payment assistance now. Funding for the program is subject to final approval of the State. See program summary below and contact sales with any questions.

BUILDER INCENTIVES - For a limited time receive up to **\$35,000** (8%) in builder incentives on all of our standard homes. This incentive can be used to;

- Pay all of your closing cost (lender limits may apply)
- Pay your HOA dues for up to 1 year (with lender approval)
- Buy your interest rate down as low as 3.5%*

BONUS INCENTIVES - Purchase any new home at Villa Fontanas before December 30th and receive an additional **\$8,000** bonus incentive from Villa Fontanas!*

HOME BUYER TAX CREDITS - Take advantage of the new home buyer tax credit before it runs out and receive a **\$10,000** state tax credit. These programs are available for a **very limited time, funds are running out.**

BEGIN Down Payment Assistance

- **Down payment amount** - The down payment is equal to 20% of the purchase price.
- **Who is eligible** - First time home buyers, defined as anyone that has not owned a home in the last three years. An exception is allowed for a "displaced homemaker" or a single parent who, while married, owned a home with his or her spouse.
- **Income requirements** - The household income can not be greater than \$86,950 for a single person or \$99,350 for a two person house hold and \$111,800 for a three person household.
- **Occupancy** - The home must be owner occupied for the life of the loan/ down payment assistance.
- **Home buyer education program** - To receive the down payment assistance home buyers must take one of the homebuyer education classes.
- **Liquid assets** - Borrowers may not have greater than \$60,000 in liquid assets after the close of escrow.
- **Monthly housing cost cap** - The total monthly expenses for property taxes, insurance, HOA dues, principle and interest payments, utilities, and maintenance cannot exceed \$2,657 for a one bedroom and \$2,990 for a two bedroom.
- **Availability**- The funds for this program are provided by the State and administered by the city of San Jose. The state has verbally approved the funds for Villa Fontanas but the city can not issue the funds until the state finalizes the program for Villa Fontanas which has been held up by the state budget. The exact date of funding is not known.

BEGIN \$10,000 New Home Buyer Tax Credit

- A tax credit of up to \$10,000 for the purchase of a newly constructed home.
- Available May 1, 2010 through January 1, 2011 or until funding authority runs out (\$100 million was allocated to program).
- Paid out to home purchasers over three tax years in equal amounts.
- Purchasers must reside in the home for at least two years.
- There are no income limitations.
- There is no first-time homebuyer requirement.
- There is no repayment requirement (unless the purchaser sells, rents out, etc before 2 years expire).
- Must use the 2010 application. Applications can only be submitted after the close of escrow.



City of San José Department of Housing Villa Fontanas Homebuyer Program Summary

PROPOSED-Subject to State Approval

The Program

Upon receiving approval from the State of California, the Homebuyer Program at Villa Fontanas will offer City downpayment assistance loans for the condominium units. Funds from a private lender, other programs, and the household are used to finance the remainder of the purchase price.

Plan #:	BEGIN Loan	Maximum Sales Price
Contact builder	up to 20% of the sales price	120% of the Average Area purchase price, currently set at \$608,400

The BEGIN (Building Equity and Growth in Neighborhoods) Loan is funded by Proposition 1C funds. Prop 1C, also known as The Housing & Emergency Shelter Trust Fund Act of 2006, was approved by California voters in November of 2006. The total amount of funding available for homebuyers at Villa Fontanas is \$1,176,500.

Borrower Eligibility

- The household income cannot be greater than the amount shown below. Household income is the income received from all household members, including adult children and non-applicant spouses.

<i>Household Size</i>	<i>Maximum Qualifying Income</i>
1	\$ 86,950
2	99,350
3	111,800
4	124,200
5	134,150

- Teachers and credentialed staff who are eligible for the Teacher & Credentialed Staff Homebuyer Program (THP) may receive additional down payment assistance. However, buyers combining two or more City assistance programs must have a minimum housing cost ratio of 35% (28% if using one City program).
- The borrower and any co-borrower(s) must be first-time homebuyers and cannot have owned a home as a principal residence for the past three years. An exception is allowed for a “displaced homemaker” or a single parent who, while married, owned a home with his or her spouse.
- The total amount financed cannot exceed 100% of the sales price. The funds can only be used for downpayment assistance. The use of funds for closing costs, buydown, or prepaids are not eligible (max CLTV 100%). PMI financing is an ineligible activity above 100% (max CLTV 100%).
- Normally, the borrower, other household member(s), and any other co-borrower(s) must have a minimum 620 credit score. Also, the maximum housing cost-to-income ratio is 43%, and the maximum total debt-to-income ratio is 48%. The first mortgage cannot contain a “negative amortizing” feature. In addition, the homebuyer’s income for the first loan must be “fully documented.”

- Completion of a homebuyer education program is required. Prospective homebuyers are encouraged to contact Neighborhood Housing Services Silicon Valley (NHSSV) at (408.279.2600). Additional non-profit homebuyer education courses are offered through or Project Sentinel (408.720.9888). You must provide a copy of your certificate of completion.
- All homes must be “owner occupied” for the life of the loans and “cash-out” refinances of your first mortgage are allowed only when the total combined liens are less than or equal to 90% of the fair market value at the time of proposed refinance. In addition, the City will subordinate its loan to “cash-out” refinancings no more than once every five years.
- Borrowers may not have greater than \$60,000 in liquid assets after the close of escrow.
- There is a minimum household size of two persons in order to purchase a three bedroom unit.

Your monthly housing costs cannot exceed an “Affordable Housing Cost” limit. Total monthly expenses for property taxes, insurance, homeowner association dues, loan principal and interest payments, utilities (other than phone) and maintenance and repair currently cannot exceed \$2,657 for the one-bedroom, \$2,990 for the two-bedroom units, and \$3,321 for three-bedroom units.

Financial Terms

BEGIN Loan – The BEGIN loan interest rate is set at 3% simple interest, deferred, due in 30 years.

Loan Security--The loan is secured by a subordinate deed of trust.

Amount Required for Down Payment/Closing Costs— While the transaction may be 100% financed, the City does require a minimum buyer contribution of 1% of the sales price, from his/her own funds, to close the transaction. However, the builder may require an additional earnest money deposit.

Amortization Schedule for a \$80,000 loan:

Year	Interest	Balance	Year	Interest	Balance
1	\$2,400	\$82,400	16	\$2,400	\$118,400
2	2,400	84,800	17	2,400	120,800
3	2,400	87,200	18	2,400	123,200
4	2,400	89,600	19	2,400	125,600
5	2,400	92,000	20	2,400	128,000
6	2,400	94,400	21	2,400	130,400
7	2,400	96,800	22	2,400	132,800
8	2,400	99,200	23	2,400	135,200
9	2,400	101,600	24	2,400	137,600
10	2,400	104,000	25	2,400	140,000
11	2,400	106,400	26	2,400	142,400
12	2,400	108,800	27	2,400	144,800
13	2,400	111,200	28	2,400	147,200
14	2,400	113,600	29	2,400	149,600
15	2,400	116,000	30	2,400	152,000

If you continue to own your home at the end of thirty years, you will receive a balloon payment notice from the City of San Jose in the amount of \$152,000 (\$80,000 original balance plus \$72,000 interest).

For more information about the homes, and the selling process, please contact the Villa Fontanas sales office at 408.249.9600, or visit www.villafontanas.com.

For more information regarding the City’s loan terms, restrictions, and to review the City’s underwriting guidelines please visit the City’s website at www.sjhousing.org/homebuyer.html or contact Robert Yow at (408) 975.4446, (Robert.Yow@sanjoseca.gov) or Corey Richardson at (408) 975.4468, (Corey.Richardson@sanjoseca.gov)