

City of Watsonville
DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES
(Adopted 10/8/2019)

The Down Payment Assistance Program (DAP) assists eligible homebuyers to purchase homes in the City of Watsonville in accordance with the requirements of the City of Watsonville's Affordable Housing Ordinance. The DAP is operated in the same manner as the City of Watsonville First Time Homebuyer (FTHB) Program and is subject to the same requirements except for those specific to the DAP.

The requirements specific to the DAP are set forth in the table below and may be in addition to or different from the FTHB program. Where different from the First Time Homebuyer Program Guidelines, the requirements herein and in the Affordable Housing Ordinance or other City or Successor Housing Agency deed restriction shall prevail. Homes purchased with a DAP loan shall be subject to all other requirements of the Affordable Housing Ordinance or other City or Successor Housing Agency deed restriction for the duration of the loan and affordability period, whichever is longer.

Completed applications are processed on a first-come, first served basis as long as funding is available.

Eligible Home Buyers:	Any household qualified to purchase an affordable unit as defined in the City's Affordable Housing Ordinance, Chapter 14-46.030(l).
Target Income Groups:	Low to Above Moderate Income Households as defined in the City's Affordable Housing Ordinance, Chapter 14-46.030(r).
Eligible Properties:	Existing or new "affordable homes" restricted to be affordable by the Watsonville Affordable Housing Ordinance, or by other City or Successor Housing Agency deed restriction requiring ongoing affordability.
Maximum Purchase Price:	Maximum sales limit of the affordable unit being purchased as defined in the City's Affordable Housing Ordinance, Chapter 14-46, or by other City or Successor Housing Agency deed restriction.
Form of Assistance:	Loan secured by a deed of trust recorded against the property that is subordinate to either a first loan from a participating lender or a first and second loan that are both fully amortized. Senior debt must be fixed rate, fully amortized over a minimum of 30 years, may not have negative amortization and must include an impound account.
Maximum Loan Limits:	\$60,000 for applicants who reside and work within the City limits \$30,000 for applicants who live or work within the City limits \$10,000 for all other applicants Applicants must provide valid evidence that they reside and/or are employed within the Watsonville City Limits, such as valid employment contracts and/or residential leases, at the time of loan application, to be eligible for the higher loan limits.

Payment Terms:	<p>Borrowers as defined in the City's Affordable Housing Ordinance, Chapter 14-46.030(r) shall be subject to the same rate and term as required in the City's FTHB guidelines.</p> <p>DAP loans are not assumable and are due and payable in full in the event the borrower sells, transfers title, ceases to occupy the home as their primary residence or violates any other requirement of the Note, Deed, Affordable Housing Ordinance, other City or Successor Agency deed restriction or FTHB Program (not in conflict with the deed restrictions) except for the following circumstances:</p> <ol style="list-style-type: none"> 1) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant. 2) A transfer of the Property where the spouse becomes an owner of the property; 3) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property. 4) A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property. 5) An heir to the property who resides in the property currently and prior to the owners death, and meets the eligibility requirements of the DAP and Affordable Housing Ordinance, or other City or Successor Agency deed restriction. <p>An Assignment and Assumption Agreement for the DAP loan may need to be executed due to a change as a result of any of the above circumstances.</p>
Interest Rate and Term:	1% over 30 years