

CITY OF MENIFEE



FIRST TIME HOMEBUYER ASSISTANCE PROGRAM

GENERAL INFORMATION PACKET

This brochure is intended to provide a general overview of the City of Menifee First Time Home Buyer Assistance Program for prospective first-time home buyers, real estate agents and other interested persons.

PH: (951) 723-3713
elebron@cityofmenifee.us

Located at:
29844 Haun Road
Menifee, California 92586

www.cityofmenifee.us

This information does not constitute full program guidelines and is subject to change without notice.

**CITY OF MENIFEE
FIRST TIME HOME BUYER DOWN PAYMENT ASSISTANCE PROGRAM
INFORMATION PACKET**

What is the First Time Home Buyer Assistance Program (FTHB)? The City of Menifee FTHB Program is designed to provide assistance to lower income persons in the purchase of their first home. Assistance may be provided for the down payment or closing cost for the purchase of a home. The maximum amount of assistance up to \$100,000.

Who qualifies for the FTHB Program? The three basic qualifications for the FTHB Program are (1) the buyer must be a first-time homebuyer; (2) the buyer's annual income must be eighty percent (80%) or less of the area median income as determined by the Department of Housing and Community Development (HCD); (3) the home is purchased within the City limits of Menifee.

What is a first-time homebuyer? In order to qualify as a first-time home buyer, the purchaser and purchaser's spouse cannot have had ownership interest in improved-upon, residential real property nor claimed mortgage or real estate related tax deductions for the previous three years from the date of application to the FTHB program. If tax returns show evidence of mortgage or real estate related deductions, documentation must be provided evidencing that the deductions are not related to improved-upon, residential real property and acceptable documentation must also be provided establishing the value of the property. Asset "income" from the property must be imputed using the HUD passbook rate and added into the household's total qualifying income. Also, the household's total assets (including property) must be equal to or less than FTHB annual income limit based on household size for the current fiscal year. If the total assets exceed the program's annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2-year period are counted as if the household still owned the asset. Displaced homemakers and single parents, as defined by Appendix D, must also meet the first-time buyer requirement. For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e. a mobile home) shall be not included in the three-year requirement.

What are the qualifying incomes? In order to be eligible for this program, the buyers' annual income shall not exceed 80% of the area median income, as determined by HUD, adjusted for family size. In addition, assets shall not exceed these limits. Currently, the income limits are as follows:

Maximum Annual Household Income Adjusted for Family Size Effective June 1, 2025	
Household Size	Maximum Annual Income
1	\$62,650
2	\$71,600
3	\$80,550
4	\$89,500
5	\$96,700

6	\$103,850
7	\$111,000
8	\$118,150

What are the other buyer requirements? The buyer must have enough income and creditworthiness to qualify for a first mortgage. In addition, the buyer must accept the highest loan-to-value ratio first loan for which they qualify. In order to be eligible for participation in the FTHB Program, prospective purchasers must complete eight (8) hours of education in a Home Buyer's Seminar through a HUD-approved homebuyer education provider such as Neighborhood Partnership Housing Services, Inc. (NPHS).

All household members must provide documentation of citizenship status. All household members must be either a US Citizen, a qualified alien as per Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), or a recipient of an Individual Taxpayer Identification Number (ITIN) card from the IRS. Qualified aliens include lawful permanent residents, asylees, refugees, and some other groups. Nonqualified aliens such as holders of Temporary Protected Status (TPS), recipients of Deferred Action for Childhood Arrivals (DACA), and nonimmigrants are not considered eligible.

What is the maximum home price? The maximum home purchase price under this program is currently \$564,205 for a new home, \$564,205 for a resale home, \$513,000 for a new or existing condominium or townhouse and \$361,000 for a new manufactured home. The appraised value of the property cannot exceed these limits.

What kinds of properties are eligible? The FTHB program may be used to purchase any new or resale home that is: (1) permanently fixed to a permanent foundation, (2) has a minimum of two bedrooms, and (3) is currently occupied by the Seller or vacant (tenant occupied homes are not eligible unless the tenant is the purchaser of that property). Homes with in-ground pools or spas are not eligible. The home must be in sound condition and meet the Housing Quality Standard as determined by HUD. The purchaser must reside in the home as his or her principal residence within sixty (60) days of purchase and the home shall not be used as a business nor as a vacation (second) home.

What is the process to apply for the FTHB Program?

- (1) If you are a first-time homebuyer, the first step is to contact a program participating Lender for eligibility screening. The program participating lender will take a loan application and pre-qualify you for a first mortgage loan. The program participating lender will determine the maximum home price that you can afford. Once approved by the program participating lender, your lender will need to contact NPHS to determine whether you are eligible for assistance under the City's FTHB Program.
- (2) After NPHS has determined if you are eligible for the program, you will need to attend a HUD approved Homebuyer Education class conducted by NPHS. There may be a minimal charge to attend this class, please inquire with providers for details.

- (3) Once you are pre-qualified for the program and have a maximum home price, you may locate a home to purchase. If you are interested in an existing home, it is recommended that you contact a realtor to assist you in locating a home to purchase. Note: Homes must be located within the City limits of Menifee.
- (4) Once you have located a home, you will need to make a purchase offer and start escrow. Your real estate representative or new home salesperson and your lender can assist in this process. You must provide a Homeownership Notice (PLHA-3) to the sellers as an addendum to the purchase contract (your lender can provide you with a copy of this Notice). Once your purchase offer is accepted and escrow begins, your lender will assist you in completing the application materials for the FTHB Program.
- (5) During escrow your lender will process your loan application for the first mortgage and FTHB second mortgage. You will be required to sign forms authorizing the lender to submit a Reservation on your behalf and disclosing your current income from all sources. Prior to the close of escrow, you will sign loan documents and both the first and second mortgages will be funded.
- (6) When escrow closes, you will become a homeowner and will be responsible for maintaining the property in sound condition. You will begin making monthly payments on your first mortgage. The FTHB second mortgage will not require payments until you sell your property or a cash out refinance on the first mortgage. After the 30-year affordability period, the FTHB assistance is converted to a grant with no repayment of funds.

What are the first loan terms? The purchaser shall apply for a first mortgage from a participating lender. The first loan must be a fully amortized, fixed rate, thirty-year mortgage and the City's Down Payment Assistance will be a deed recorded in second position to the first mortgage. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Loan terms and qualifications (interest rate, creditworthiness, etc.) in addition to those specified above will be determined by the participating lender.

What costs can be paid by FTHB Program? The FTHB financial assistance can be provided as down payment assistance or closing costs assistance. The FTHB assistance absolute maximum is \$100,000.

What are the terms of the Assistance? The FTHB assistance is recorded as a second mortgage on your home. This deferred second mortgage does not require any monthly payments and is not interest bearing. In exchange for receiving funds to assist in the purchase of a home, the purchaser must agree to a thirty (30) year affordability period. If the home is sold during the term of the affordability period, the full amount of the assistance must be repaid.

Is there a deadline to apply for this program? The City will accept applications as long as funds are available. It is anticipated that additional funds will be allocated to the FTHB in the future, depending upon fund availability.