

Redevelopment Agency City of Capitola

**First Time Homebuyer Homeownership Assistance Program administered by the
Housing Authority of the County of Santa Cruz**

Eligibility Worksheet

Name _____ Date: _____

Current Address _____

Employer _____

Employer Address _____

There are three sections to this worksheet: Income Eligibility, Buyer's Funds Necessary to Close, and Income to Housing Cost Ratio. Interested purchasers must meet the income eligibility and income to housing cost criteria, and must have sufficient funds to close. This worksheet will help you estimate whether you meet the eligibility criteria. If you have questions about this form, contact the Housing Authority of the County of Santa Cruz at (831) 4554-9455 ext. 323.

Priority for city funds is given to families who live or work in Capitola.

Income Eligibility:

To be eligible gross family income may not exceed figure below for appropriate family size. Buyer's gross annual family income:

\$ _____ Family Size: _____

[Click here for current Income Limits:](#)

<https://www.hacosantacruz.org/incomelimits.htm#limitstateprograms>

*For program eligibility, all income from all household members 18 years of age and over must be counted. Gross income is defined as pre-tax income from all sources, including wages, tips, commissions, child support, welfare and disability payments, workers comp, pensions, Social Security, and interest from checking and savings accounts.

Buyer's Funds Necessary to Close

Completion of this section of the worksheet will identify the total estimated buyer's funds necessary and determine whether or not the price of the property fits the program guidelines.

Fill in space below Housing Cost to Income Ratio

A		Sales Price
B		Appraised Value
C		Eligible Sales Price (Lower of A or B)
D		Estimated Closing & Transaction Costs (C x .05)
E		Total Amount Due at Close (C+ D)
F		Mortgage Loan Amount Enter the amount of mortgage loan for which you have been qualified by the bank, or the amount you can afford to borrow using lending standards or a mortgage calculator. See Housing Authority web site at www.hacosantacruz.org/homebuyers/mortgagecalc.htm or you may estimate using 80% of sales price (C x .80)
G		Estimated City of Capitola Loan Amount (C - F)
H		City of Capitola Loan Limits. Enter \$60,000 or 15% of sale price whichever is less
I		Maximum City of Capitola Loan. Enter the lesser of G or H
J		Estimated Total Debt. (F + I)
K		Total Debt Limit (100% of sales price, C x 100%)
L		Maximum Allowable Debt. Enter the lesser of J or K. This is the maximum that the buyer is allowed to borrow, including the mortgage and the City of Capitola loan.
M		Estimated Buyer's Funds based on loan amount. (E - L)
N		Estimated Buyer's Funds To Meet Program Requirement (E x .03)
O		Minimum Required Buyers Funds. Enter the greater of M or N. This is the minimum amount that the buyer is required to contribute towards the downpayment and closing costs.

Enter **MONTHLY** costs for the following. **Instructions for completing this form can be found at the end of the worksheet.**

Fill in Space Below

P		Principal and Interest payment. Enter monthly mortgage payment
Q		Homeowners Insurance. Must include fire and casualty insurance covering replacement value
R		Utilities. Refer to the Housing Authority's website and enter the appropriate figure from the Utility Allowance schedule.
S		Property tax estimate. For mobile homes, enter most recently assessed amount for coach, get estimate from assessors office OR annual registration amount divided by 12.
T	\$50	Property Maintenance and Repairs . This is an estimate used for this calculation only. You may wish to budget more for maintenance and repairs.
U	\$20	City Surcharge: This is an annual surcharge to assure long term mobile home park affordability through rent control. This cost should not be included for single-family homes, condominiums or cooperative or subdivided mobile home parks. Only mobile homes located in rental mobile home parks need to pay this fee.
V		Homeowner Association Dues or Space Rent
W		Total Monthly Housing Costs (sum of P through V)
X		Gross Monthly Household Income
Y		Housing Cost Ratio (W / X)
Z		40% of Monthly Income (X x .40)
		Maximum Allowable Housing Costs. Enter the lesser of W or Z. This is the current guideline for what you can spend on housing under this program. The City of Capitola Program guidelines are, 40% of your monthly income for housing costs. If Y is equal to or below 40% you may be eligible. If this number is over 40% you will need to work with your lender and/or the Housing Authority to determine if your proposed purchase is possible.

INSTRUCTIONS FOR COMPLETING THIS FORM

Buyer's Funds Necessary to Close: This form helps you to calculate how much you can afford to borrow from City of Capitola, and how much of your own funds you will need to contribute.

- A Enter the price of the house you'd like to buy here.
- B Enter the appraised value here. If the home has not yet been appraised, just use the sales price, but remember to re-do this worksheet if the home appraises for less than the sales price.
- C The "Eligible Sales Price" is the price you will pay for the house. If the house appraises for less than the sales price, your City of Capitola assistance must be calculated using the appraised price.
- D Your borrower will give you an estimate of your closing costs, loan fees, etc. If you don't have an estimate yet, use 5% of the eligible sales price.
- E The total amount due at close is the cost of the house plus the closing costs.
- F Your mortgage amount is based on the loan amount that your lender determines you eligible to borrow. If you have not yet been pre-qualified by a lender, you can use an online mortgage calculator to make a rough estimate of how much you can afford to borrow, or you can figure that you might be eligible to borrow 80% of the eligible sales price.
- G Your City of Capitola loan is based on the difference between the eligible sales price and the amount you can afford to borrow.
- H City of Capitola will not loan more than \$60,000 or 15% of the purchase price, whichever is less, for real property (such as a single-family home or condominium) /mobile home.
- I The Maximum City of Capitola Loan is based on the amount you need to close escrow. The most you can borrow is listed in H above.
- J The Estimated Total Purchase Debt is the amount of the Capitola loan, plus the amount of your mortgage. This is the total debt that will be recorded against the property.
- K City of Capitola will not permit the total purchase debt on the property to be more than 95% of the eligible sales price
- L If the total estimated purchase debt on the property is greater than 95% of the eligible sales price, your debt is limited to 95% of the eligible sales price. If your estimated debt exceeds 95% of the purchase price, you will need to borrow less money and contribute more of your own funds to close escrow. Line O, below, will show you how much you will need to contribute.
- M Estimated Buyers Funds based on loan amount calculates the amount that you need to contribute, based on the total funds needed to close, minus the maximum allowable debt. In other words, this shows how much of your money you will need to contribute to cover those costs that are not paid by the mortgage and the City of Capitola loan.
- N Estimated Buyer's Funds assumes that you, the buyer, will contribute at least 3% of the total amount due at close from your own funds.
- .
- O The minimum buyers funds is the minimum that you, the buyer, must contribute towards the purchase of the house. You must contribute at least 3% of the total amount due at close, or more if more funds are required to cover all the costs not paid by your mortgage and Capitola loan.
Housing Cost to Income Ratio: This form helps to make sure that your monthly housing costs do not exceed 40% of your monthly income.
- P Enter your monthly mortgage payment here. Your lender can provide you with an estimate of your monthly

payment based on the amount you plan to borrow.

- Q Homeowners insurance is usually paid in 6-month installments, so be sure to enter the monthly amount. Your lender or realtor can help you estimate this if you have not yet received an insurance quote.
- R Find out what utilities you will be responsible for paying in your new home. For instance, in some mobile home parks and condominiums, your water, sewer, and garbage fees are included in your homeowners dues or space rent. Use the Housing Authority's Utility Allowance schedule to determine your utility allowance. Your actual utility bills may be higher or lower than this amount.
- S Annual property taxes are generally about 1.25% of the sales price. For mobile homes enter the most recently assessed amount for the home being purchased, or get an estimate from the assessors office.
- T The \$50 property maintenance and repair allowance is a required component of this calculation. You may wish to budget more than this to properly maintain your home.
- U. The City of Capitola collects an annual surcharge from mobile home park residents to assure sufficient capacity to continue to support long term mobile home affordability through rent control.
- V. Your realtor should be able to provide you with an estimate of your monthly Homeowner Association Dues or Space Rent. Remember that these fees may be increased over time.
- W. The total of all these items is the total estimated monthly costs of homeownership. You should review these costs carefully in light of your household budget and make sure that you will be able to afford to make these payments.
- X Enter your gross monthly income here. This is your pre-tax income and it should include wages, tips, commissions, child support, pension, disability, or welfare payments, as well as interest and dividends.
- Y Housing Cost Ratio–this shows you how much of your income would be devoted to housing costs.
- Z Calculate 40% of your gross monthly income. This is generally considered to be the most that a person should spend on housing costs.

The maximum allowable housing cost guideline is 40% of your monthly income, or your actual housing costs, whichever is lower. If your actual housing costs are greater than 40% of your income, you may wish to speak to your lender about a loan amount that would allow your housing costs to be lower. Even if your housing costs are below 40% of your income, you should still review your household budget and make sure that you can afford these costs.