BEGIN MANAGEMENT MEMO: #14-01

DATE: February 4, 2014

TO: All BEGIN Award Recipients

FROM: Coral Gaines, BEGIN Program Manager

THROUGH: Rebecca Matt, Homeless and Housing Assistance Section Chief

SUBJECT: Documentation of BEGIN Reuse Account Transactions

Purpose

The purpose of this memo is to notify all BEGIN Recipients of the documentation requirements for BEGIN Reuse Account Transactions.

Background

The BEGIN Program funds that have been awarded to the Recipients are to be used for down payment assistance to qualifying first-time homebuyers of low and moderate incomes purchasing newly constructed homes in a BEGIN project. The BEGIN Program is governed by the BEGIN Statute (California Health and Safety Code Sections 50860-50866), BEGIN Program Guidelines, BEGIN Operations Handbook and the CalHome Program Regulations (California Health and Safety Code Sections 7715-7756).

The BEGIN Program addresses the establishment and documentation for maintaining a Reuse Account by requiring an approved Reuse Account Plan from Recipients and through details provided by the BEGIN Program Guidelines and BEGIN Operations Handbook. Management Memo #14-01 provides further instruction on what the BEGIN Program requires for Reuse Account transactions and the recordkeeping necessary for Monitoring by the BEGIN Program.

In the event of a BEGIN First-time Homebuyer loan transaction the following documentation is required:

- The Mortgage Assistance Borrower Summary (MA-2) shall indicate the BEGIN Program Loan in Source of Funds only if the amount loaned is derived from an active contract.

- BEGIN loans using Reuse Account Funds shall be documented in the "List other subsidy loans box in the lower left hand corner of the MA-2. Lender should indicate "BEGIN Reuse Account Contract xx-BEGIN-xxxx" and the amount.

- These transactions should also be documented on the Reuse Account Spreadsheet that is maintained by the Recipient with annotation specifying the BEGIN contract that is the source of the funds.
- The Reuse Account Spreadsheet must be submitted to HCD along with the Annual Reuse Account Report that is due June 30th of each program year.

- The Promissory Note and Deed of Trust should indicate the full amount of both BEGIN Reuse Funds and active contract funds that the homebuyer is indebted to the recipient.

The MA-2 and a sample Reuse Account Spreadsheet are included with this memo. The sample spreadsheet is for illustration and can be modified to fit the Recipients’ specific needs.

**Have Questions**

If you have questions about the information in this Management Memo, or any other questions regarding the BEGIN Program, please contact the Program Representative for your BEGIN project. Staff will be able to assist you.
BEGIN Program
Mortgage Assistance

Borrower Summary

BEGIN Program Contract No.: ___________________________ Date: ___________________________
Recipient: ___________________________ Phone: ___________________________
Buyer’s Name: ___________________________
Senior Citizen: Yes ☐ No ☐ Veteran: Yes ☐ No ☐
Property Type (Condo, Townhome, Duplex, SFR): ___________________________
Property Address: ___________________________ Census Tract No.: ___________________________
Contributed Labor hours, if applicable: _____________ Income Limit Percentage of Household: _____________ (80% etc)
Number in Household: _____ Household Income: _____________ Income Limit: _____________
First Mortgage Lender: ___________________________ Interest Rate of First Mortgage: _____________

Appraised Value: $ ___________________________
Sales Price: $_________________________
Add: Buyer’s Closing Costs: $_________________________
Total Req. to Close: $_________________________

Source of Funds:
First Mortgage Amt $_________________________
BEGIN Program Loan $_________________________
*Other Subsidy Loans $_________________________
Buyer’s Contribution $_________________________
Total $_________________________

Copies of Documentation Required:
1. Copy of executed Note

*List other subsidy loans:

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<tr>
<th>Lender</th>
<th>Amount</th>
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Funds Requested
BEGIN Program Loan Amount $_________________________
Total for this Draw Request $_________________________

I certify that the above information is a true representation of the loan for which this draw request is being submitted. I have verified that the Sales Price, Appraised Value and Household Income do not exceed BEGIN Program Income Limits and that the buyers are First-Time Homebuyers in accordance with BEGIN Program Guidelines.

Authorized Signor per Resolution Title Date
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<tr>
<th>CONTRACT Date</th>
<th>Transaction Date</th>
<th>Borrower Name</th>
<th>Address</th>
<th>BEGIN Loan Amount</th>
<th>Interest Accrued</th>
<th>Total Repayment</th>
<th>Notes</th>
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