First Time Homebuyer Program
Good News for Homebuyers

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A Newsletter from Economic Development ,
Housing and Community Development Division

Funding Available for City of Santa Cruz First Time Homebuyer Program

The City of Santa Cruz has first time homebuyer funding ("HOME" funds) from the U.S. Department of Housing and Urban Development to help low-income homebuyers with the purchase of their first home.

HOME funds are available in the form of a "silent second" mortgage. Silent second mortgages require no monthly payments of principal or interest until one of several events requiring repayment occur at a point in the future.

Designed to fill the gap between what a first time buyer can borrow from a mortgage lender and the purchase price of the home, the City's program may be utilized to satisfy downpayment requirements of the first mortgage lender as well as pay the borrower's closing costs and other fees associated with a mortgage loan.

In addition, the City HOME funds may be used by eligible borrowers in conjunction with a California Housing Finance Agency program that provides below-market rate interest rates on first mortgage loans. All properties purchased must be located within the City limits.

For more information, please contact Norm Daly, Housing Programs Coordinator at 831-420-5109 or email him at ndaly@cityofsantacruz.com

CITY OF SANTA CRUZ SECOND MORTGAGE FUNDS

- ☑ Property must be within the city limits of the City of Santa Cruz.
- ☑ Borrower must be a low-income household.
- ☑ Borrower must be able to obtain a first mortgage loan from a conventional lender.
- ☑ City loan closes the gap between the first loan and the purchase price of the house.

California Housing Finance Agency and City Partnership

The California Housing Finance Agency's (CalHFA) Affordable Housing Partnership Program (AHPP) is a joint effort by CalHFA and cities, counties, redevelopment agencies and housing authorities whereby a silent second loan from a locality is utilized by the first time homebuyer to assist them with down payment and/or closing costs.

First-time homebuyers who obtain direct financial assistance from a local government agency or locality with their downpayment and/or closing costs, may be able to obtain a CalHFA home loan with an interest rate that is below CalHFA's standard rate. Subject to income, sales price and property requirements, the loans only require a low downpayment. Local CalHFA approved lenders can assist the prospective homebuyer with the details.

For more information on CalHFA loans, visit the CalHFA website at www.calhfa.ca.gov/homeownership/programs/ahpp.htm.

City of Santa Cruz
First Time Homebuyer Program
Facts and Features

- The City's FTH Program requires that borrowers work with a conventional lender (a bank or a mortgage broker) to obtain a first mortgage. At the same time, borrowers submit a FTH Program Second Mortgage Application to the first mortgage lender, who works with the City and it's FTH Program Administrator (the Housing Authority of the County of Santa Cruz) to qualify the borrower for the FTH Program second mortgage.

- The City of Santa Cruz First Time Homebuyer (FTH) Program can help eligible borrowers with the purchase of a home by providing secondary mortgage financing.

- The following chart identifies the basic borrower and property requirements of the FTH Program.

HOME Funds	
Borrower Income	May not exceed 80% of median income as adjusted for household size.
Eligible Property	Must be located within the Santa Cruz city limits. Purchase price may not exceed $503,975.
Maximum Loan	Amount determined on a case-by-case basis.
Interest Rate	Calculated as a percentage of any equity accruing to borrower at time second mortgage is due.
Occupancy	Borrower must occupy property as principal place of residence for HOME Affordability Period (15 years).

For More Information, Please Contact:

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EQUAL HOUSING OPPORTUNITY

http://www.cityofsantacruz.com/index.aspx?page=492