First Time Homebuyer Program

"Second Mortgages for First Time Homebuyers"

Economic Development
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City of Santa Cruz
First Time Homebuyer Program

In recognition of the high cost of housing in the Santa Cruz area, the City of Santa Cruz has established a First Time Homebuyer (FTH) Program.

The program is designed to assist low income buyers who wish to purchase a home within the City of Santa Cruz. Buyers obtain a first mortgage loan through a conventional lender. Should that amount be less than the sales price of the home, the FTH Program is designed to bridge the gap.

Assistance is provided in the form of a silent second mortgage loan from the City to the home buyer. Silent second mortgages require no monthly payments of principal or interest until one of several events discussed below occurs.

First Time Homebuyer Program Highlights

Downpayment*:* None required.

Loan Term: Tied to the term of the first mortgage.

Repayment: The FTH loan is due and payable under the following circumstances:

- ☑ When first mortgage is due.
- ☑ Refinance of first mortgage with cash-out.
- ☑ Default under the first or second mortgage.
- ☑ Sale or transfer of the FTH-assisted home.
- ☑ If borrower ceases to occupy FTH-assisted home as principal place of residence during the HOME Affordability Period

Interest: Deferred until the occurrence of any event listed above.

Interest due is calculated as a percentage of the increase in value of the property from the time the borrower obtains a FTH second mortgage until the occurrence of an event listed above.

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Funding Requirements

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 the HOME Affordability Period (15 years).

Maximum Allowable Household Incomes Effective Mar. 15, 2013	
Family Size	**HOME Low Income 80% of Median**
1	$51,800
2	$59,200
3	$66,600
4	$74,000
5	$79,950

FTH Program borrowers must obtain the largest affordable first mortgage through a conventional lender. The lender and FTH applicant must fill out the First Time Homebuyer Application and submit it to the Housing Authority of Santa Cruz County for processing.

The First Time Homebuyer Application can be downloaded from:

http://www.cityofsantacruz.com/Modules/ShowDocument.aspx?documentid=3807

For more information, please contact the First Time Homebuyer Program.

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