

CITY OF LOS ANGELES HOUSING DEPARTMENT HOME OWNERSHIP UNIT

LOW INCOME PURCHASE ASSISTANCE PROGRAM

Available loan funds for the Low Income Purchase Assistance (LIPA) Program have been fully reserved at this time. LAHD has established a Wait List for use of its LIPA Program Funds. Please contact an LAHD Participating Lender to be placed on the Wait List. An LAHD Participating Lender can submit a Wait List Reservation Form on your behalf to LAHD. Upon receipt of a Wait List Reservation Form, LAHD, at its sole discretion, will issue actual reservations as funds become available.

The City of Los Angeles Housing Department (LAHD) offers purchase assistance financing to eligible first-time, low income homebuyers seeking to purchase a home in the City of Los Angeles. LAHD provides assistance in the form of a deferred loan for purchase assistance (down payment and closing costs) and rehabilitation funds (if the property requires repairs).

LAHD also provides additional loan funds through the American Dream Down Payment Initiative Program (ADDI). All low income applicants are automatically considered for ADDI loan funds when applying under the Low Income Purchase Assistance Program. LAHD also strives to utilize other sources of funds to assist applicants in achieving homeownership.

LAHD LOAN LIMITS

- ❖ Up to \$90,000 for purchase assistance, down payment and closing costs (loan funds may be used to cover closing costs up to 4% of the purchase price);

OR

- ❖ Up to \$115,000 for purchase assistance with rehabilitation (if the property requires repairs; up to \$90,000 for purchase assistance and up to \$25,000 for rehabilitation). The property selected must be free of lead-based paint hazards and meet City property standards and code requirements. LAHD will inspect every property applying under this program and determine if rehabilitation and repairs are required. If repairs are required, the \$25,000 will be available for property rehabilitation/repairs.

AND

- ❖ ADDI funds for purchase assistance equal to six percent (6%) of the purchase price or \$10,000 whichever is greater.

PROGRAM REQUIREMENTS

- ❖ Applicants must be a first-time homebuyer, defined as someone who has not had an ownership interest in a property at any time during the last three (3) years.
- ❖ Applicants must attend an 8 or 12 hour Homebuyer Education Class provided by one of LAHD's Approved Homebuyer Education Providers (see Approved List).
- ❖ Total household income of all adults 18 years of age or older who will be living in the home must be at or below the limits shown on the table below.

2007 MAXIMUM INCOME LIMITS

Household Size	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
Annual Household Income	\$41,450 or less	\$47,350 or less	\$53,300 or less	\$59,200 or less	\$63,950 or less	\$68,650 or less	\$73,400 or less	\$78,150 or less

(For larger household size limits, please contact LAHD)

LAHD LOAN TERMS

- ❖ Deferred, requiring no monthly payments
- ❖ Zero percent (0%) interest on purchase assistance loan portion
- ❖ Shared Appreciation applies to purchase assistance and ADDI portion of all loans (see Shared Appreciation Example Sheet)
- ❖ Three percent (3%) simple interest per annum for rehabilitation loan portion only
- ❖ Loan is due on sale, title transfer, first mortgage repayment, or in 30 years as a balloon payment
- ❖ Refinancing of first mortgage is allowed by LAHD under certain conditions

DOWNPAYMENT REQUIREMENT

- ❖ A minimum of three percent (3%) of property purchase price is required as down payment. **However, if the Applicant attends a 12-hour homebuyer education class from an LAHD Approved Homebuyer Education Provider, then the Applicant may contribute as little as one (1%) percent as down payment.**

ELIGIBLE PROPERTIES

- ❖ One unit, single family residences including town homes and condos.
- ❖ Home must be located in the City of Los Angeles (See List of LA Communities).
- ❖ Homebuyer must occupy the home as their primary residence.
- ❖ Property cannot be tenant occupied.

HOME VALUE LIMITS

- ❖ Single Family Homes: \$584,250
- ❖ Condominium/Townhomes: \$445,550

HOW DOES THIS PROGRAM WORK?

LAHD provides purchase assistance up to a maximum of \$90,000. ADDI funds may also be borrowed equal to six percent (6%) of the purchase price. LAHD's loan provides the difference between the purchase price plus closing costs (up to 4% of sales price) and the amount of the buyer's first mortgage loan, down payment and other funding sources.

Example:

Purchase Price of Home:	\$400,000
Buyer's Closing Costs:	<u>\$ 12,000</u>
TOTAL FUNDS NEEDED:	\$412,000

Funds Available:

First Mortgage Amount (for which buyer qualifies):	\$294,000
Homebuyer Down Payment (1% of purchase price)	\$ 4,000
⇒ <i>LAHD ADDI Loan (6% of purchase price)</i>	<i>\$ 24,000</i>
⇒ <i>LAHD Purchase Assistance Loan</i>	<u><i>\$ 90,000</i></u>
TOTAL FUNDS AVAILABLE:	\$412,000

Total LAHD loan in the above example is \$114,000 (\$24,000 plus \$90,000).

LAHD rehabilitation funds may be utilized to bring a property up to local property standards and code or to abate lead-based paint hazards.

Note: The Mortgage Credit Certificate (MCC) Program is also available to Applicants of this program. However, the MCC program cannot be used if a CalHFA first mortgage loan is obtained. Please refer to the MCC flyer for more information.

LAHD loans may be used with other eligible loan programs (i.e. State of California, CalHFA first mortgages and subordinate financing, BEGIN, WISH, etc.)

HOW DO I START?

Contact one of LAHD's Participating Lenders listed at the end of this publication to get pre-qualified for a first mortgage and LAHD loan.