



# CITY OF INGLEWOOD

**FIRST-TIME HOMEBUYER PROGRAM**



# INFORMATION WORKSHOP

**Date: Monday, April 22, 2019**

**Time: 6:00 pm**

**Location: Inglewood City Hall**

**Community Room A**





# PURPOSE:

- Increase homeownership opportunities in the City;
- Provide working individuals and families with the opportunity to become homeowners; and
- Improve the condition of housing through pride of ownership.



# PURPOSE:

- The Inglewood Housing Authority (“IHA”), as the Affordable Housing Successor Agency, is responsible for administering and managing the operations of the Affordable Housing Bonds regulated by the State of California.



# FIRST-TIME HOMEBUYER PROGRAM OVERVIEW

- Use \$2 million in Housing Bond Funds to Provide Mortgage Assistance to 5-6 First-time Homebuyers.
- For Moderate- income households looking to purchase a home in the City of Inglewood.
- Applicants must be pre-approved for \$250,000 minimum from a lender of their choice.
- Applicants must contribute three percent (3%) of their pre-approved loan value towards the purchase of the home.
- Maximum IHA loan amount is \$350,000 towards the price of the home.



# PREFERENCE:

- Residents who live in the City of Inglewood.
  - Residents will be defined as persons who have lived in the City of Inglewood, continuously, for three of the past five years.



# MAXIMUM PURCHASE PRICE:

- The maximum purchase price of the property including all closing costs cannot exceed six hundred thousand dollars (\$600,000).
- The First-Time Homebuyer Program does not allow a purchase price that exceeds the appraised value.



# PROPERTY REQUIREMENTS:

Eligible properties include :

- (a) single family homes,
- (b) townhouses, and
- (c) condominiums.

\*Mobile homes and manufactured homes are **not** eligible for purchase under this Program.





# PROPERTY REQUIREMENTS:

- The property cannot be occupied by renters who will have to move as a result of the sale.
- The property can be vacant, occupied by the seller, or occupied by the Applicant.



# PROPERTY REQUIREMENTS:

- The property must be in compliance with all applicable Uniform Building Codes, Uniform Plumbing Codes, National Electrical Codes, and additional local codes, prior to close of escrow.



# PROPERTY REQUIREMENTS:

- The cost of repairs required to bring the property into compliance with applicable codes will be paid by seller or buyer.
- Program funds **may not** be used to make any of the necessary repairs.



# PROGRAM QUALIFICATIONS:

- The Applicant must be a first-time homebuyer:
  - Any individual, non-married couple, or a married couple, who have not owned a home during the three-year period before the purchase of a home with IHA assistance.



# PRINCIPAL RESIDENCE:

- The Applicant must occupy the property as a principal residence.
  - The loan agreement will require that the purchased property remain as the Applicant's principal residence for the duration of their owning the home.



# HOMEBUYER EDUCATION:

- Buying a home can be one of the most confusing and complicated transactions anyone can make.
- Requiring homebuyer education training can provide the homebuyer with the foundation for homeownership and future financial success.



# HOMEBUYER EDUCATION:

- The homebuyer classes cover such topics as: preparing for homeownership; credit and budgeting; roles and responsibilities of the real estate professional; predatory lending and foreclosure prevention; homeowners insurance and taxes; and home maintenance and preventive care.



# HOMEBUYER EDUCATION:

- First-time homebuyers who have had homebuyer education are better prepared to manage the challenges that comes with homeownership.
- The IHA requires all Applicants to attend an 8 hour homebuyer education course.





# HOMEBUYER EDUCATION:

- All Applicants must submit their homebuyer education training course certificate of completion from an approved homebuyer class at the time of application submission.



# VERIFICATION OF ALL INCOME:

- The source of all income must be documented through employment verifications, self-employment documentation, paycheck stubs, third party income verifications, and/or claimed for federal and state income tax returns.



# VERIFICATION OF ALL INCOME:

- The income of any household members, which **cannot** be verified and/or was not claimed on a federal and state income tax return, cannot be used as income for loan qualification purposes.

## 2018 Income Limits Adjusted for Family Size\*

Household Size	Income Limit 120% AMI Los Angeles County
1	\$58,200
2	\$66,500
3	\$74,850
4	\$83,150
5	\$89,800
6	\$96,450
7	\$103,100
8	\$109,750



## FIRST MORTGAGE LOAN REQUIREMENTS:

- The Applicant must be pre-approved for at least two hundred fifty thousand dollars (**\$250,000**) of financing for the first mortgage loan.
- Applicants may be pre-approved for more than \$250,000 to enter the lottery.
- Applicants who are not pre-approved for at least \$250,000, will not be eligible to enter the First-Time Homebuyer Lottery.



## FIRST MORTGAGE LOAN REQUIREMENTS:

- The first mortgage loan must be for the maximum mortgage amount for which the Applicant qualifies.
- The first mortgage loan will need to be a conventional, fixed-rate loan with no mortgage insurance component.
- The Applicant will be required to accept a minimum thirty (30) year mortgage loan.



## FIRST MORTGAGE LOAN REQUIREMENTS:

- The Applicant will be required to obtain financing for a first mortgage loan from any lender of their choice.
- Co-signers who do not have ownership interest in the property, are prohibited.



## FIRST MORTGAGE LOAN REQUIREMENTS:

- The loan must be fully amortizing and have a fixed interest rate that does not exceed the current market rate, as posted by the ninety (90)-day “net yield” for thirty (30) year fixed rate mortgages, established by Fannie Mae.
- Loans that have an “interest only” period or an “adjustable interest rate” are not eligible.





# FIRST MORTGAGE LOAN DOWN-PAYMENT REQUIREMENT

The applicant is required to contribute three percent (3%) of the **first mortgage loan value** towards the purchase of the home.

- Down-payment funds must be in the name and possession of the applicant for at least 90 days prior to the application submittal.



## IHA SECOND MORTGAGE LOAN:

- The IHA Second Mortgage Loan is a maximum of \$350,000 that is payable toward the down-payment and/or closing cost of the home. It is a Silent Second Mortgage Loan.
- There are no monthly payments due on the amount borrowed from the IHA.
- This is a zero percent (0%) interest loan.



# IHA SECOND MORTGAGE LOAN

- The IHA will secure the second mortgage loan by recording restrictions or covenants on the title of the property with the County Recorder of Los Angeles County:
  - Deed of Trust,
  - Promissory Note, and
  - Declaration of Covenants.



## REPAYMENT OF THE IHA SECOND MORTGAGE LOAN :

- The covenants require full or partial repayment of the loan if, within forty five (45) years, the property is either
  - sold,
  - transferred,
  - converted to rental property, or
  - refinanced for reasons other than interest rate or term.



## REPAYMENT OF THE IHA SECOND MORTGAGE LOAN :

- Repayment of the IHA Second Mortgage Loan is based upon the following repayment schedule and shall be immediately due and payable in full upon the authorized sale or refinance of the property:



## REPAYMENT OF THE IHA SECOND MORTGAGE LOAN :

- For the first 15 years following the recording of the covenants, ***100% of the second mortgage loan becomes due, in full.***



## REPAYMENT OF THE IHA SECOND MORTGAGE LOAN :

- For years 16 through 25, 75% is due.
- For years 26 through 35, 50% is due.
- For years 36 through 45, 25% is due.



## REPAYMENT OF THE IHA SECOND MORTGAGE LOAN :

- At the end of year 45, the loan is forgivable.





## FIRST-TIME HOMEBUYER LOTTERY TIMELINE:

- Applications will be available **April 23, 2019**, online, at

**[www.cityofinglewood.org](http://www.cityofinglewood.org)**



## **FIRST-TIME HOMEBUYER LOTTERY TIMELINE:**

- **MONDAY, JULY 1, 2019: COMPLETED APPLICATIONS DUE**  
to the Inglewood Housing Authority, by 5:00 p.m.:  
Inglewood Housing Authority  
One West Manchester Blvd., 7<sup>th</sup> Floor, Suite 750  
Inglewood, CA 90301



## **FIRST-TIME HOMEBUYER LOTTERY TIMELINE:**

- **TUESDAY, JULY 30, 2019 – LOTTERY DRAWING**

Held during the City Council Meeting at 2:00 p.m.:

Inglewood City Hall - City Council Chambers

One West Manchester Blvd., 9<sup>th</sup> Floor,

Inglewood, CA 90301



# QUESTIONS?

