

**CITY OF SANTA ANA
MY FIRST HOME SANTA ANA LOAN PROGRAM
PROGRAM GUIDELINES**

The Program offers zero percent, deferred payment loans of up to \$120,000 for Low Income Households and up to \$80,000 for Moderate Income Households based on need and funding source.

Homebuyer Assistance funds can help meet both a borrower's down payment and closing cost requirements.

FUNDS ARE LIMITED – FIRST COME, FIRST SERVE

Eligibility Requirements

- Borrower(s) must be a first time homebuyer (a person with no ownership interest in, or who has not held 'title' to a principal residence during the three-year period preceding the purchase of the property).
- Borrower(s) must be a resident of Santa Ana and/or work in Santa Ana at least 32 hours per week for at least the last 6 months, with an exception for U.S. military veterans.
- Total Annual Income of the household, meaning all persons residing in the home as their principal place of residence, cannot exceed the income limits established below:

Household Size	Low Income	Moderate Income
1	\$ 75,300	\$ 89,650
2	\$ 86,050	\$ 102,450
3	\$ 96,800	\$ 115,250
4	\$ 107,550	\$ 128,050
5	\$ 116,200	\$ 138,300
6	\$ 124,800	\$ 148,550
7	\$ 133,400	\$ 158,800
8	\$ 142,000	\$ 169,050

*As of April 2017, subject to change on an annual basis

- Complete a minimum of eight (8) hours of in-person homeownership training offered by a counseling center approved by the U.S. Department of Housing and Urban Development (HUD).
- Must have at least three percent (3%) of the purchase price for a down payment from buyer's own funds (at least 90 days seasoned). Three most-recent bank statements are required to verify seasoned funds. Seasoned funds cannot be from gift funds. Gift funds may contribute towards the purchase; gift funds may not exceed 3% of purchase price.
- Must have a positive credit history and obtain a fixed-rate first mortgage. Co-signers and variable rate loans are not allowed.

Use of Loan Proceeds

- Loans of up to \$120,000 for Low Income Households and up to \$80,000 for Moderate Income Households will be approved based on need. Loan amounts will be based on underwriting front end ratios of not less than 28 percent. Maximum debt-to-income ratios cannot exceed 38/43.

- City of Santa Ana loan proceeds may be applied to down payment and closing costs associated with the purchase of a home in Santa Ana.
- City of Santa Ana down payment assistance loan proceeds may not be applied to down payment and closing costs associated with the purchase of an Inclusionary home made available through the City's Housing Opportunity Ordinance.

Interest Rates and Repayment

- Loan proceeds are offered as a deferred loan with a zero percent interest rate. Repayment of the City loan principle balance will be required at the end of the 45-year term of affordability.
 - **Santa Ana Student Incentive:** Prospective homebuyers that graduated from a high school located in Santa Ana and have a 4-year college degree are eligible for a loan forgiveness up to \$40,000 (\$10,000 will be forgiven every five (5) years up to a twenty (20) year period). Homebuyer has to reside in the home as their primary residence to qualify for the forgiveness.

Application and Approval Process

- Prospective homebuyer completes a HUD approved 8-hour homebuyer class.
- Homebuyer chooses a local lender and gets pre-qualified.
- Homebuyer provides a complete Homebuyer Assistance Loan Application Packet to the City of Santa Ana Housing Division for review and pre-approval with all required documents and forms. All applications must contain the documents indicated in the attached Document Checklist.
- Once pre-approved, homebuyers will have 60 days to find a qualified home within Santa Ana to purchase. **Pre-approval does not guarantee City funds.**
- Homebuyer shops for home based on Lender's pre-qualification amount.
- When presenting an offer, Homebuyer and Realtor provide Seller's Statement for the Seller to sign.
- Within three (3) business days, Homebuyer must contact the City of Santa Ana to schedule an inspection by City Staff for lead-based paint hazards and building/health and safety code deficiencies once a purchase contract has been executed.
- If homebuyer is eligible and home passes inspection, City of Santa Ana reserves funds and notifies the Homebuyer and Realtor.
- A minimum of two (2) weeks prior to close of escrow, the City of Santa Ana needs the lender's packet for final loan approval.
- Realtor notifies the City of Santa Ana of scheduled closing date ten (10) business days prior to close of escrow date.