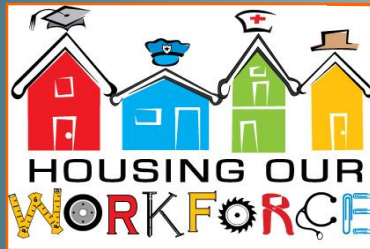


Housing Trust Fund of Santa Barbara County



Workforce Homebuyer Down Payment Program

“We build community partnerships and financial resources to expand workforce and affordable housing opportunities”.



Housing Trust Fund of Santa Barbara County

- Our mission is to expand affordable and workforce housing opportunities.
- Countywide 501 (c) (3) nonprofit loan fund.
- We operate housing affordable production and homebuyer assistance programs.
- Community Development Financial Institution (CDFI) certified by the U.S. Treasury CDFI Fund.
- HUD Certified Secondary Loan Provider.



Workforce Homebuyer Program Goals

- Expand access to the private housing market.
- Help local employees purchase an entry-level home.
- Provide low-cost down payment resources to overcome barriers to homeownership.
- Achieve Conventional Financing (20% down payment) to avoid expensive FHA mortgage insurance.
- Create a revolving **Workforce Housing Fund** with local lending partners to provide financial resources now and in the future to assist local employees.



South Coast Workforce Homebuyer Program

- Interest-only down payment loans up to 16.5% of the home purchase price or a maximum loan of \$100,000.
- Fixed rate currently at 4.50% simple annual interest (borrowers can make principal payments at any time).
- Loan is due at the end of 10 years* and is repaid through refinancing or taking out a home equity loan.
- We have raised a \$3.8 million capital pool to make an initial 38 loans.

* Loans to purchasers of affordable resale restricted homes have a 15-year term.



Homebuyer Qualifications Summary

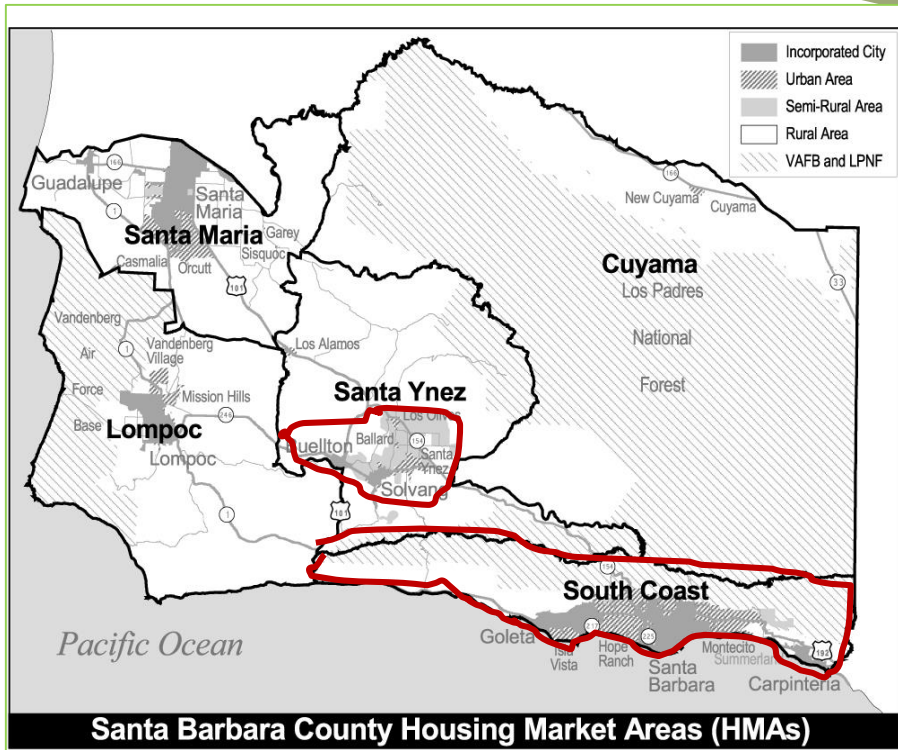
- **First-time homebuyers:** Cannot have owned a home in the past three years and may not own other residential property (some exceptions).
- **Residency:** U.S. citizen, naturalized citizen or legal alien resident who works in Santa Barbara County.
- **Homebuyer Education:** Borrowers must complete a Homebuyer Education Program with one of our community partners.
- **Eligible Household:** Income may not exceed 210% of Area Median Income, adjusted for household size. [Household Income must be certified.]
- **First Mortgage Pre-approved:** 30-year or 15-year fixed rate First Mortgage from a participating lender.
- **Homebuyer Equity:** Must contribute a minimum 3.5%* of the home purchase price and invest other liquid assets in excess of \$30,000.



Documented gift funds up to 2.5% of the required 3.5% are allowed; the homebuyer must contribute a minimum of 1% of funds.



Eligible Homes and Market Area



Homes:

- Market rate single-family
- Townhomes and condominiums
- PUD units
- Resale restricted affordable homes

Market Area

- Carpinteria to Gaviota
- Buellton, Solvang and Santa Ynez and immediate surrounding areas



South Coast Workforce Homebuyer Program Maximum Household Incomes

Household Size	Maximum Income*
1 to 4 persons	\$184,400
5 to 8 persons	\$243,400

Resale restricted homes will have traditional income limitations based on household size. Check with the local jurisdictions.

* Based on the Area Median Income , which is set by HUD annually



Other Requirements & Issues

- No co-signers on the loan; all borrowers must occupy the home for the duration of the loan.
- HTF requires a Home Inspection Report.
- We follow FHA standard for 2-years remaining roof life.
- We require health and safety problems to be fixed prior to loan closing.
- We highly recommend a 45-day escrow period.
- Homebuyers employed by members of the Coastal Housing Partnership are eligible for discounts.



Borrower Steps for Obtaining a Loan

- **Step 1:** Complete a Homebuyer Education Course
- **Step 2:** Obtain Pre-approval of a First Mortgage Loan
- **Step 3:** Complete your Income Certification (need lead time)
- **Step 4:** Work with your Realtor to locate your home and execute a sales contract (contingent on approval of your loans)
- **Step 5:** Submit your Down Payment Loan Application and supporting documentation to the First Mortgage Lender
- **Step 6:** Receive your Down Payment Loan commitment
- **Step 7:** Escrow (45-days preferred) and Loan Closing - review and sign loan documents



Workforce Homebuyer Example*

Family of Three

- Annual Household Income \$136,500
- Home Type: 3 Bedroom 2.5 Bath Condo
or small home
- 1100 – 1500 sq. ft.
- Home Purchase Price: \$655,000

* Financial model only, not an actual loan transaction.



Homebuyer Housing Costs

South Coast Workforce Homebuyer Model 20% Down Payment -Conventional Financing

Workforce Family of Three

Annual Household Income	\$136,500
Percentage of Median Income	192%
3-Bedroom 2-Bath Condo or Townhome	1000-1700 sq.ft.
Purchase Price	\$655,000

Employee Income & Housing Cost:

Annual Income	\$136,500
Housing cost/income ratio 35-36%	35%
Maximum housing payment	\$3,982
Association Fees & Insurance (Interior/Exterior)	(\$425)
Monthly FHA Mortgage Insurance -.8-1.05%	\$0
HTF Down Payment Loan -Interest Only @ 4.5%	(\$375)
Property Tax Payments -1.125%	(\$680)
Amount Available for 1st Mortgage Payment	\$2,501

Mortgage interest Rate* (buy-down potential)	4.00%
First Mortgage Loan Amount	\$524,000

Downpayment Requirements:

Downpayment	20.0%
Homebuyer Down Payment/Equity - 5%	\$31,000
HTF Down Payment Loan -15%	\$100,000
Total Downpayment/Equity - 20%	\$131,000
Down Payment Plus First Mortgage	\$655,000

*Interest rate may be higher or lower depending upon homebuyer qualifications

Model: Family of Three

- Annual Income = \$136,500
- Percentage of AMI = 192%
- Home Price = \$655,000



Loan Repayment Model

Homeowner Refinance in year 10	
Principal balance on original mortgage	\$416,283
Down payment loan principal	\$100,000
Total Amount to be financed	\$516,283
New Monthly Mortgage payment - 30-years @ 7.75%	\$3,699
Property Tax, insurance, HOA (2-2.5% annual increase)	\$1,347
Total monthly housing costs	\$5,046
Annual Income Needed @ 35-36% income for housing	\$169,730
Projected income - 2% annual average increase	\$166,390
Total available for housing costs @ 35%-36% income	\$4,920
Percentage of needed income	98%
Percentage homeowner income for housing	36%
Alternative Home Equity Loan Refinance:	
Home equity loan (15 years @10%)	\$100,000
Monthly home equity payment	\$1,075
Original mortgage monthly payment	\$2,478
Property Tax, insurance, HOA	\$1,347
Total housing costs:	\$4,900
Income needed at 35%-36% income for housing	\$165,640
Projected income - 2% annual average increase	\$166,390
Percentage of needed income	100%
Percentage homeowner income for housing	35%

- Two options: refinance or home equity loan
- Assumes modest average income increase, higher future interest rates
- Does not rely on home appreciation
- Percentage of homebuyer income for housing stable



The Workforce Homebuyer Program Serves a Variety of Household Incomes and Home Prices

- 14 Loans closed to date.
- Average down payment loan amount is \$78,730
- Average home purchase price has been \$522,730 overall \$608,790 for market rate homes (\$133,700 to \$800,000)
- Affordable units have lower prices and lower household qualifying incomes. We have funded 4 loans for families and individuals who purchased affordable homes.



Program Benefits

- Low interest, fixed rate for 10 years (15 years for affordable)
- Achieve a 20% down payment and conventional financing and avoid expensive FHA insurance costs
- Helps employees buy an entry-level home in the community and live closer to work.
- Helps employers attract and retain quality employees, save on training costs and enhance employee productivity.
- Contributes to a vibrant local economy & sustainable community.

“When people can afford to live where they work, we all benefit from high quality community services, a strong local economy, strong local schools and supportive intergenerational families that foster the next generation of the workforce”.



Application Process

We are available to answer your questions and help you better understand:

- Eligibility Requirements and household income limits;
- How to connect with First Mortgage lenders participating in the program;
- How to apply for our down payment loan; and,
- Where to take the Homebuyer Education class and have your household income certified.





Housing Trust Fund of Santa Barbara County

For More Information Contact Yvette Lounsbury at:

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www.sbhousingtrust.org



Program Information

- Download Program Guidelines, Loan Flyers and a Homebuyer's Orientation Packet at:
 - <https://www.sbhousingtrust.org/programs/workforce-homebuyer-program>
- Contact Yvette Lounsbury, Homebuyer Loan Administrator at (805) 845-3585 or Ylounsbury@sbhousingtrust.org

