

CITY OF YORBA LINDA MORTGAGE ASSISTANCE PROGRAM

The City of Yorba Linda has recently reinstated the Mortgage Assistance Program (MAP) to assist a limited number of low and moderate income households in purchasing a home in our community. The assistance is in the form of a silent second loan and participants must meet certain eligibility requirements in order to participate.

Please review the material contain on this page thoroughly to determine if this program meets your needs for purchasing a home and if you are considered eligible under the program guidelines.

PROGRAM SUMMARY

The MAP loan is in the form of a “silent second” and is considered a second mortgage on the home. The MAP participant borrows a prescribed amount from the City, in addition to the amount borrowed from the lender providing the first mortgage loan. The maximum loan amount is \$50,000. The loan is interest free and is considered payable when the home is sold or no longer considered a primary residence.

The program is designed to assist buyers who may require additional funds to assist with the down payment or wish to contribute a higher down payment in order to help reduce their monthly mortgage. The more money put forth as a down payment, the less the primary mortgage borrowed and thus the lower the monthly payment. The program is not intended to service investment buyers.

If the borrower owns and resides in the home for a minimum of 15 years, the MAP loan to the City will be forgiven and no repayment will be required. However, repayment of the first mortgage loan still must be paid in accordance with the terms of the loan.

In the event the buyer wishes to sell or transfer the home within the first 15 years, 100% of the MAP loan must be repaid, plus an equity share percentage of based upon a sliding scale for the number of years the home was occupied.

	Years 0-2	Years 3-7	Years 8-15	Years 16-30
Percent of Equity Share Reduction	0%	33%	66%	100%

ELIGIBLE PPROPERTIES

The program allows the borrower to select any new or resale residence within the City of Yorba Linda boundaries. A residential unit includes a condominium, townhouse, paired home, or single family residence. The MAP is not eligible towards the purchase of a mobile home.

QUALIFICATIONS

The following qualifications must be met in order to be considered for the Mortgage Assistance Program:

- Maximum combined household income may not exceed 120% of the Area Median Income (AMI) for Orange County, based upon the number of persons in the household.

2015 income limits for Orange County

1 Person Household	\$ 72,200
2 Person Household	\$ 82,500
3 Person Household	\$ 92,800
4 Person Household	\$103,100
5 Person Household	\$111,350
6 Person Household	\$119,650

- Borrower must occupy the property as a principle residence
- Borrower must obtain primary loan approval
- Loan must be approved only for the homebuyer(s); no co-borrowers are permitted
- Borrower is required to put down a minimum of 5% of the purchase price. The down payment must be from the buyer's own funds, unless the lender permits 3% from buyer plus a 2% gift.
- Liquid assets may not exceed the total of buyer's portion of the down payment, closing costs, six months reserves for housing costs, plus \$5,000 in emergency funds.

PROCESS

Applicants to the program should be serious buyers who have selected a residence and are preparing to enter the escrow process. Initial applications are accepted at City Hall once the home buyer is prequalified through a lender of their choosing and is ready to proceed in the acquisition process.

Please note that the submittal of an application does not guarantee funding, nor does it place the buyer on any wait lists. MAP loan funds will be reserved only once a purchase contract for a home has been executed.

Required Steps in Obtaining an MAP loan:

- Contact a lender to obtain pre-approval for a home loan and inform lender of your desire to participate in the City's MAP loan program.
- Select an eligible new or resale residence in Yorba Linda.
- Submit application to the City for review and confirmation of program eligibility.
- Execute a purchase contract and begin the escrow process.
- Lender may then request a letter from the City reserving MAP funds for the applicant.

- Lender shall then contact the City and submit a complete loan application package to the City's underwriter (AmeriNational Community Services) concurrent with the filing of the loan package the lender's underwriter. Concurrent submittal will allow for closing of both the first and second loan within the intended escrow period.
- Upon approval, the City will execute loan documents following borrower's execution of all related loan documents.
- Lastly, the City will wire the MAP loan concurrent with the closing of escrow. The MAP process can be completed within a 30 day escrow provided that all requested documentation is submitted from the lender to the City's underwriter in a timely manner.