

San Bernardino Economic Development Agency – Housing and Comm. Dev. FAQs

***How much in Down Payment Assistance can I borrow from the Redevelopment Agency?***

The Redevelopment Agency of the City of San Bernardino can assist with down payment assistance in an amount not-to-exceed twenty percent (20%) of the purchase price of your home out of which 3.5% of the down payment assistance may go towards closing costs.

***Is there an Application Fee?***

Yes. There is a \$200 application fee, which will be deducted from the HAP Assistance.

***What types of properties are eligible for down payment assistance?***

Single-family detached properties, condominiums and town homes located within the City of San Bernardino boundaries are eligible. Manufactured homes are eligible only if the home is on a permanent foundation and the homebuyer owns the land.

***Will the Agency inspect the potential home?***

Yes. Lender will call the Agency at (909) 663-1044 to set up an appointment for an inspection. This is offered at no charge to the homebuyer. In lieu of the Agency inspections, the homebuyer must provide a Home Inspection with a one (1) year warranty.

***Can Down Payment Assistance be used towards the purchase of a new home?***

Yes. Homebuyer Assistance can be used when purchasing a newly constructed home within the City of San Bernardino.

***How much down payment does the borrower need to qualify?***

The borrower must contribute at least \$1000 towards the purchase (required down payment).

***Do I need to take any special home buying classes?***

All homebuyers will be required to satisfactorily complete sixteen (16) hours of homebuyer education training, prior to receiving HAP assistance.

***What type of loans can be used with the HAP?***

HAP may be used with conventional fixed-rate loans, CalHFA, FHA, FNMA and FHLMC loans and privately insured loans. Variable rate, Interest Only, buydowns and sub-prime loans (FHA or Conventional) are **not permitted** through the Program.

Although the Redevelopment Agency relies on the Primary Lender to perform underwriting and eligibility of Homebuyer on the Primary Loan, ***the Redevelopment Agency reserves the right to independently determine buyer's eligibility for Homebuyer Assistance based on credit history, employment history, and loan to value ratio.***

***What are the repayment terms of this loan?***

The Homebuyer Assistance Program is an equity-share, deferred payment, interest-bearing loan secured by a second deed of trust. After the residency period, the loan and accrued interest will be reduced to zero/forgiven. The Redevelopment Agency loan may be assumed by a qualified first time homebuyer.

***Is the homebuyer required to make any payments or interest only payments during the residency period?***

No. There are no monthly payments (principal and interest) and the loan is due and payable only when the property is sold, refinanced/equity pulled out to pay debt, or a change in title occurs. If the property is sold within the residency period, the Redevelopment Agency will receive 100% repayment of its principal plus three percent (3%) annual simple interest plus a portion of the equity.

Should the homebuyer refinance to take cash out or the residence is no longer occupied by the homebuyer as their primary residence, then full Payment of the down payment assistance, with accrued interest, becomes due and payable.

***What is the residency periods?***

The residency period is forty-five (45) years.

***When is the loan forgiven?***

The loan is forgiven after the 45 year residency period. Half of the loan is forgiven after 10 years after which 1/35 of the loan and interest is forgiven every year thereafter.

***If the property is sold within the 45 year residency period, what is owed to the City?***

If the home is sold within the 45 year residency period the loan, plus a percentage of equity, becomes due and payable.

***Does the City monitor its homebuyer's?***

Yes. The City will monitor each homebuyer on an annual basis requesting proof of residency (i.e., electric or telephone bill).

***Can the homebuyer refinance?***

Yes, the homebuyer can refinance their loan. However, the Redevelopment Agency ***will not*** subordinate to cash out or consolidate debt. The Redevelopment Agency will only subordinate its position to lower the monthly payment and/or interest rate.