

Purchase Assistance Programs

For most first-time homebuyers, the greatest obstacle to owning a home is the down payment. Fortunately, to help fill this need, homebuyers throughout the State of California can access different assistance programs that enable them to reach the dream of homeownership. The federal, state and local government, and non-profit organizations have designed programs to help very low-, low- and moderate-income buyers attain homeownership that wouldn't be otherwise possible. Some of the programs offered are available on a statewide basis, while others are available only locally, since they have been specially designed for residents of a particular community or for individuals with a special set of housing constraints. It is always recommended to approach the originating housing entity to find about the particular requirements and scope of any given program.

PROGRAMS

Purchase assistance programs, whether down payment, closing costs, pre-pays or rate-buy-downs take the form of loans or grants. These financial delivery mechanisms are designed to help households reach the dream of homeownership.

Loans usually are deferred, low-to-zero-interest and require back payment at the time of sale or transfer of property. Loans are sometimes referred as **Soft** or **Silent Seconds**, depending upon whether the loan is to be paid at a low interest rate or it is forgiven after a certain conditions are met. The loan originator can be the state, a regional, local or non-profit housing agency. The most common conditions attached to any loan program are:

- First time buyers must not have home ownership in any property within the last 3 years.
- Purchase price and income level limits are based on area medians for family size, usually to HUD standards.
- Assistance with 0–20 percent of purchase price or a fixed quantity, whichever is less.
- Below market interest rate deferred until sale or transfer of the home.
- Balloon payment of loan at the time of transfer or selling of property.

Grants are money gifts where the no back payment by the buyer is required, but where a fee-for-use is required as well as a contribution from the seller. Grant providers are usually more flexible than loan providers in the set of conditions attached to the funding process. Grant originators typically are non-profit organizations.

RESOURCES

[Community Development Block Grant Funds](#) (CDBG) and redevelopment agency affordable housing set-asides revenue provide assistance to first-time homebuyers in the form of deferred loans. For a local government to have access to CDBG funds, it

must have an approved Consolidated Plan. With the money obtained from these funds, the local government can create a financial assistance program for first time homebuyers with income restrictions. The final aid might come in the form of grants or down payment deferred loans. In addition, there might be cooperation with non-profit organizations to provide them with funds for homeownership education programs.

CalHFA Down Payment Assistance Programs has available several down payment programs designed for homebuyers facing different needs, such as living in a high cost area or no down payment funds. The programs are:

- [Affordable Housing Partnership Program \(AHPP\)](#) Contains information on [AHPP list of approved subordinate localities and programs](#), property and income requirements, interest rates and sales price limits.
- [California Homebuyer's Down payment Assistance Program \(CHDAP\)](#)
- [CalHFA Housing Assistance Program \(CHAP\)](#)
- [Extra Credit Teachers Home Purchase Assistance Program \(ECTP\)](#)
- [High-Cost Area Home Purchase Assistance Program \(HiCAP\)](#)
- [Homeownership In Revitalization Areas Program \(HIRAP\)](#)
- [Oakland Teacher Program](#)
- [Home Choice Downpayment Assistance Program](#)
- [School Facility Fee Down Payment Assistance Program \(SFF\)](#)

Department of Housing and Urban Development (HUD). The agency maintains several homeownership assistance links. Please consult:

- [California programs sorted by city](#)
- [Clearinghouse for Affordable Housing and Community Finance Resources: **Over 200**](#) housing programs, government, private lenders and foundation grants. Each program listing identifies the goals, eligible activities and type of funding, as well as such critical and timely information as application deadlines and current funding availability.
- [FHA Bridal Registry](#): A special interest-bearing account set up for down payment is available with any participating lender.
- [Local Down Payment Programs](#): Programs listed by locality.
- [Homeownership Vouchers](#): Part of the “Housing choice voucher program” sponsored by the U.S. Department of Housing and Urban Development (HUD). Homeownership vouchers assist public housing residents that are first-time homeowners with their monthly homeownership expenses. The home must pass an initial housing quality standards inspection conducted by the Public Housing Authority ([PHA](#)) and an independent home inspection before the local PHA may approve the purchase by the family.

[Fannie Mae's Homebuyer Funds Finder](#). Fannie has very useful web tools to help housing professionals in finding financial funds for borrowers. [Homebuyer Funds Finder](#) helps locate down payment and closing costs. A generic search works best.

[Individual Development Account network](#) maintains information on how and where to start matched saving accounts for down payment assistance and other purposes.

Non-profit organizations (NPOs) are the main providers of grants that can be used to cover down payment, closing costs, pre-pays, rate buy-downs and automatic Mortgage Payment Protection. NPOs' ultimate goal is to help people access homeownership and help buyers keep some financial reserves. The flexibility of the programs is also reflected in the fact that most of them allow for repeat buyers, have no income limits or sales price limits. They actively encourage builders and real estate professionals to participate, and they offer training assistance. Inquire with local non-profits about the availability of such programs in your area.

- [American Family Funds](#)
- [AmeriDream Downpayment Gift Program](#)
- [California Cares](#)
- [CHAPA](#)
- [Clearinghouse for Affordable Housing and Community Finance Resources](#)
- [Consumer Debt Solutions Inc. \(CDS\)](#)
- [Fair Housing Assistance Ken Ray Inc.](#)
- [Family Home Providers](#)
- Fannie Mae's [Homebuyer Funds Finder](#)
- [Homeownership Alliance of Non-Profit Downpayment Providers](#)
- [Homes for All Program](#)
- [Housing Action Resource Trust \(HART\)](#)
- [Local housing authority](#) or economic agency can provide information on local NPOs offering assistance.
- [Neighborhood Gold](#)
- [Neighborhood Reinvestment Corporation](#) A prominent organization with several chapters in California.
- [Partners in Charity](#)
- [The Genesis Program](#)
- [The Nehemiah Program](#).