



HOMEOWNERSHIP & PRESERVATION DIVISION

Los Angeles Housing Department

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CITY OF LOS ANGELES HOUSING DEPARTMENT (LAHD)

LOW INCOME PURCHASE ASSISTANCE (LIPA) PROGRAM

and

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI) PROGRAM

The City of Los Angeles Housing Department's (LAHD), **Low Income Purchase Assistance (LIPA) Program** offers purchase assistance financing to eligible first-time, low income homebuyers seeking to purchase eligible homes in the City of Los Angeles. LAHD provides assistance in the form of a deferred loan for purchase assistance (down payment and closing costs).

LAHD also provides additional purchase assistance loan funds through the **American Dream Downpayment Initiative (ADDI) Program**. All low income applicants are automatically considered for ADDI loan funds when applying under the **Low Income Purchase Assistance (LIPA) Program**.

LAHD LIPA AND ADDI LOAN LIMITS

- ❖ **LIPA** - Up to \$60,000 for purchase assistance, down payment and closing costs (loan funds may be used to cover closing costs up to 5% of the purchase price);

AND

- ❖ **ADDI** - Six percent (6%) of the purchase price or \$10,000; whichever is greater.

ELIGIBLE PROPERTIES

- ❖ Property must be located in the City of Los Angeles (See list of LA Communities).
- ❖ Standard sales, REOs/Foreclosures, and **Approved** Short Sales.
- ❖ Condominiums, Townhomes, or Planned Unit Developments (PUD) built between 1979 - 2010.

- ❖ Single family homes built between 2000 - 2010.
- ❖ One (1) unit properties only.
- ❖ Homebuyer must occupy the home as their Primary Residence.
- ❖ Property cannot be tenant occupied.
- ❖ All properties applying under the LIPA and ADDI programs will be inspected by LAHD. LAHD does not charge for the property inspection.
- ❖ The property must be in very good condition and cannot have any Code violations or illegal rooms/structures. Any minor property deficiencies or repairs identified by the LAHD inspection will have to be repaired or cured during escrow and paid for by the Buyer or Seller.
- ❖ LAHD does not offer any property rehabilitation/repair funds.

PROGRAM REQUIREMENTS

- ❖ Applicant must be a first-time homebuyer, defined as someone who has not had an ownership interest in any real property at any time during the last three (3) years.
- ❖ Applicants must attend an eight (8) hour Homebuyer Education Class provided by one of LAHD's Approved Homebuyer Education Providers (see Approved List).
- ❖ Total household gross income of all adults 18 years of age or older who will be living in the home must be at or below the limits shown on the Income table below.

2010 MAXIMUM INCOME LIMITS (as of 05/14/2010)

| Household Size | 1 person | 2 people | 3 people | 4 people | 5 people | 6 people | 7 people | 8 people |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Annual Household Income | \$46,400 or less | \$53,000 or less | \$59,650 or less | \$66,250 or less | \$71,550 or less | \$76,850 or less | \$82,150 or less | \$87,450 or less |

(For larger household size limits, please contact LAHD)

LAHD LIPA AND ADDI LOAN TERMS

- ❖ Deferred, requiring no monthly payments.
- ❖ Shared Appreciation applies to LIPA and ADDI loans (see Shared Appreciation Example).
- ❖ Loan is due when the property is sold, title transfer, or the repayment of the first mortgage.
- ❖ Refinancing of first mortgage is allowed by LAHD under certain conditions.

HOMEBUYER DOWNPAYMENT REQUIREMENT

- ❖ A minimum of one percent (1%) of the property purchase price from the Applicant's own funds is required as down payment. Please note that additional funds may be needed from the Applicant to complete the purchase.

MAXIMUM PURCHASE PRICE/HOME VALUE LIMIT: \$313,500

HOW DOES THIS PROGRAM WORK?

LAHD provides purchase assistance to the Borrower up to a maximum of \$60,000 of LIPA funds, plus ADDI funds equal to six percent (6%) of the purchase price. LAHD's loan provides the difference between the purchase price plus closing costs (up to 5% of sales price) and the amount of the buyer's first mortgage loan, down payment and other funding sources.

Example:

| | |
|-------------------------|-----------------|
| Purchase Price of Home: | \$300,000 |
| Buyer's Closing Costs: | <u>\$ 9,000</u> |

TOTAL FUNDS NEEDED: \$309,000

Funds Available:

| | |
|--|------------------|
| First Mortgage Amount (for which buyer qualifies): | \$228,750 |
| Homebuyer Down Payment (1% of purchase price) | \$ 3,000 |
| Homebuyer Additional cash contribution | \$ 2,250 |
| ⇒LAHD ADDI Loan (6% of purchase price) | \$ 18,000 |
| ⇒LAHD LIPA Loan | <u>\$ 57,000</u> |

TOTAL FUNDS AVAILABLE: \$309,000

In the example above, the total LAHD Purchase Assistance loan equals \$75,000 (\$18,000 of ADDI, plus \$57,000 of LIPA).

In the above example, the LAHD Shared Appreciation equals 25% (\$75,000/\$300,000).

Note: The Mortgage Credit Certificate (MCC) Program may be used in conjunction with the LIPA and ADDI programs.

HOW DO I START?

Contact one of LAHD's Participating Lender to get prequalified for a first mortgage and LAHD's LIPA and ADDI Programs. The list of LAHD's Participating Lenders is on LAHD's webpage at <http://lahd.lacity.org>, Home Buyers, General Information, Resources section. For more information, you may contact LAHD at (213) 808-8800.

