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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 from the previous page, the total LAHD Purchase Assistance loan equals \$75,000 (\$18,000 of ADDI, plus \$57,000 of LIPA).

In the example from the previous page, 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.

