***Opening Doors in Our Community*
Homebuyer Assistance Program
Frequently Asked Questions (FAQ)**

**Who created this program?**

The Housing Endowment And Regional Trust—the HEART of San Mateo County—in a partnership with Meriwest Mortgage, a subsidiary of Meriwest Credit Union, has created a unique loan package that is not offered by any other lender. Our goal is simple: to help you purchase a home with 5% downpayment and no PMI (Private Mortgage Insurance).

**Who does the program help?**

Homebuyers earning no more than $150,000 who have not owned a home in San Mateo County in the last 3 years and who meet certain other qualifications. You may also qualify if you are purchasing a home in San Mateo County that is substantially closer to your place of work than the current home you own.

**How does the program work?**

Meriwest Mortgage offers a 30-year fixed rate first loan up to $625,500 in combination with a HEART below market rate second loan up to $117,281. Maximum purchase price allowable under the program is $781,875. Borrower must put down 5% of the purchase price. PMI (Private Mortgage Insurance) is not required.

Together with HEART’s downpayment assistance second loan, the borrower is able to make an offer of 20% down in today’s competitive housing market. The first loan may be up to 80% Loan to Value. Maximum loan limits are subject to change due to market conditions.

**Do I qualify?**

In order to qualify for this program, you **must** meet a few specific requirements. There aren’t many of them, but they are important and you must be able to prove that you meet each and every one of them.

1. Your Total Household Annual Gross Income must be $150,000 or less. All borrowers on the loans must have credit (FICO) scores of at least 680, as defined by the Fair-Isaac scoring system.
2. Your Total Household Monthly Debt to Income Ratio (DTI) cannot be greater than 45%. That means that when you add up all of your debts, including the payments on the proposed new loans ( Principal, Interest, Taxes, Insurance, and HOA dues), car payments, credit card payments and any and all other debts, loans, charge accounts, and business expenses, if applicable, those total monthly payments **must** not be greater than 45% of your Total Household Monthly Gross Income. The purchase price of your new home with the required minimum 5% downpayment cannot exceed $781,875. Larger down payments are allowed; however, the maximum loan amounts do not change.
3. You must demonstrate continuous employment for 24 months prior to application. Changing jobs and moving directly from one job to another is OK. Not working for a period of time (90 days) “in between” jobs is not considered to be continuous employment unless there are specific and compelling reasons that can be confirmed by your employer.
4. You must live or work in San Mateo County and the home you are purchasing must be in San Mateo County excluding the City of Daly City.
5. You must not have owned a home during the past 36 months in San Mateo County, CA, or you must be moving into a neighborhood in San Mateo County that is substantially served by public transit. Areas substantially served by public transit are known as Priority Development Areas (PDA). The Association of Bay Area Governments (ABAG) has an interactive GIS mapping tool showing all PDAs in San Mateo County and the Bay Area. Click here to visit ABAG’s GIS map or enter <http://gis.abag.ca.gov/website/PDAShowcase/> in your web browser.
6. You must occupy the property as a primary residence, and you must live in the home for at least one year. There are no resale restrictions on the property.

If you meet **all** of the above criteria, then you may qualify for this program.

**Can HEART help me buy an affordable house in San Mateo County?**

HEART does not sell properties or have access to below market rate housing. HEART and Meriwest Mortgage can offer loans for any house or condo in San Mateo County, except in Daly City, with purchase price up to $781,875. Mobile homes and duplexes are not eligible under this program.

**What type of loan is this? What are the interest rates on the first and second loans?**

* The primary loan from Meriwest Mortgage is a 30-year, fixed rate loan. The interest rate for this first loan is based upon market rates at the time the loan is locked.
* The second loan from HEART is a 30-year amortizing loan due in 15 years (balloon payment.) The interest rate is below market rate, and will help reduce your monthly payments for this second mortgage. The interest rate for this second loan is set at 1½% above the Fannie Mae 30-year Fixed Rate Zero Point Conforming or High Balance Interest Rate published on the Meriwest Mortgage website at the time you lock the first loan interest rate. Our experience indicates that most borrowers repay their second loan through a refinance of their first loan or sell their homes well before the balloon payment is due in 15 years.

For more information on today’s interest rates, contact John Souza, Meriwest Mortgage Loan Consultant at 408-849-7115 or visit the Meriwest Mortgage website.

**How do I apply for this program?**

After reviewing the program details and requirements and confirming that you qualify for the program, you’re ready to answer a few simple questions and continue the pre-qualification process. Go to <http://heartofsmc.org/programs/homebuyer-assistance/> and click on **APPLY NOW.** You will be taken to the Meriwest Mortgage loan application page where you will provide your financial information to determine how much you may borrow.

There is no charge to apply for a pre-qualification letter, and it will not affect your credit score. There is additional information about the homebuyer process here: [Helpful Tools for First Time Homebuyers](https://www.meriwestmortgage.com/default.asp?siteId=89905978-46D0-4D8B-8262-F61719E26372).