

Homebuyer Assistance Program

The Cal Poly Pomona Foundation is now providing a Faculty/Staff Homebuyer Assistance Program (FSHAP) for all full-time faculty and staff of Cal Poly Pomona, including the Cal Poly Pomona Auxiliary Organizations, wishing to purchase a home in the Foundation's Housing Assistance Program inventory (currently Kellogg Tract homes and Fair Oaks Walk homes).

FSHAP will make housing more affordable by providing a source of financial assistance for the down payment needed to qualify for a loan, thus potentially avoiding the cost of private mortgage insurance and higher financing costs.

Loan Terms:

- The maximum loan is the lesser of either 20% of the purchase price of the property to be financed or \$70,000;
- The borrower will fund at least 2% of the purchase price, although a greater amount may be required in order to qualify for certain loan programs;
- The borrower will be required to pay all costs associated with the primary mortgage, the FSHAP loan, and the closing costs to purchase the home;
- FSHAP loan would be structured in one of two formats:
 - (1) No principal or interest payments until maturity (at which time the first mortgage would be paid off and the homeowner would be able to refinance the FSHAP loan with a traditional mortgage lender); or
 - (2) Periodic payments of interest only, or fully amortized payments of interest plus principal, or some other fixed amount, which payments can be deferred for at least the first five years of the loan (in order to avoid having

these payments count against the borrower's qualifying ratios for the first mortgage purchase loan),

- The benchmark interest charged on the FSHAP loan will be a fixed rate equivalent to the respective long-term Applicable Federal Rate (AFR) at the time the loan is made, which is the minimum rate specified by the IRS to avoid tax consequences of a below-market interest rate in typical circumstances. The interest will be compounded annually.
- The maturity date of the FSHAP loan will be the same as the primary loan.
- Loans will be in the form of a loan agreement and a promissory note secured by a second deed of trust. The deed of trust records a lien against the property for the amount of the loan and will also secure the interest to the extent possible without conflicting with first-mortgage rules regarding second-mortgage assistance loans.

If you would like additional information on the Homebuyers Assistance Program, please go to:

<http://www.foundation.csupomona.edu/ha/>

or call our office at 909-979-5555.