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County Employee Down Payment Assistance Program

These guidelines are effective: 01/01/2025

Purpose: The County Employee Down Payment Assistance Program is an employee benefit open to all permanent, full-time County and Housing Authority employees regardless of income. The program is designed to encourage employees to live in the County therefore decreasing the environmental impact and the physical/emotional impact on employees with long commutes.

The program offers a \$100,000 second loan, deferred for the first, five years at three percent (3%) interest toward the purchase of a home in San Mateo County. Five loans will be available each quarter.

Background: The program is administered by the Department of Housing and since its inception in 2016 has successfully closed 44 loans, assisting 44 employees including ten pairs who were both County employees.

Eligibility: County and Housing Authority (HA) employees who are currently, permanent full-time employees of the County or the HA for at least 18 months **AND** does not currently own a home in San Mateo County.

Income restrictions: None

Maximum home price: \$1,500,000

Down payment requirement: minimum of three (3) percent from borrower

Maximum County Loan Program towards down payment: \$100,000

Terms of County loan: Three (3) percent interest, deferred five years, 30-year amortization after deferral. Deferral for the first five years is considered taxable income and will be included in your annual earning.

Lending options:

1. Monterra Credit Union First mortgage:
 - 40-year Hybrid Portfolio Loan Product through Monterra Credit Union
 - 5/5, 7/1 & 10/1 (fixed for 5, 7 or 10years, then adjustable, 2 percent limit on increase per year, 5 percent total increase limit); or
2. Or any lender which will work with the County.

Creditworthiness:

- Minimum 680 FICO
- 45 percent maximum debt-to-income ratio
- Reserves of two months of principle, interest, taxes, and insurance

Closing cost assistance:

- \$5,000 County grant to employees who currently live outside of San Mateo County. This grant is considered taxable income.

Repayment requirements:

- Any time after the deferral period, the County loan will continue according to the original terms of the loan.
- Upon sale of the home.
- If for any reason the employee leaves County employment such as, change employment, terminated for cause, retirement etc., within the 5-year deferral period, repayment is due in full.
 - Exceptions:
 - Borrower's employment terminated due to long-term disability, elimination of the employee's position or reduction in force, repayment in full is not required. However, repayment begins, immediately.
- If the home is converted to rental property (non-owner occupied).

Time Frame

- The chosen applicant will have six months from the time they are notified, to participate in the program, and to locate and be under contract for purchase.
- If the chosen applicant cannot locate a property within the time limit, applicants can choose to have their name placed back in the next drawing.