

To Apply:

Application for an Employee Home Loan shall be made in writing to the Finance Director and delivered to the Finance Department. **Initial application shall be made in writing and include the employee's name, co-borrower name if applicable, current address, position held with the City or position applied for with the City, purchase property location, the amount of City loan requested, and anticipated funding date.** Formal application will require delivery of the following documents to the Finance Department no later than three weeks* prior to the anticipated funding date:

- Purchase contract.
- Loan application (1003), with credit score of 680 or higher.
- Loan Approval Notification from primary lender.
- Signed borrower's authorization to release information.
- Preliminary Title Report.
- Appraisal.
- Home Inspection Report prepared by an independent qualified professional
- Escrow officer/Title Company name, address, and contact information phone & fax.

Note: All documents should be addressed as follows:

Finance Director
City of San Bruno
567 El Camino Real
San Bruno, CA 94066

Final approval of the loan is contingent upon all program criteria being met, and can be enacted administratively by the Finance Director with the **approval of the City's Investment Advisory Committee** (comprised of Finance Director and another City official as designated by the City Manager) **subject to final approval by the City Manager**.

In order to process the loan application in an unbiased manner, applicants are requested **not to** contact the City's Building department, City Attorney, City Manager, or members of the City's Investment Advisory Committee directly.

*Please note that final loan approval can take up to four weeks.



Want help buying your home in San Bruno?

The City wants to help you live here with the Employee Home Loan Assistance Program!

The City recognizes that the increasing cost of housing on the San Francisco Peninsula makes home ownership difficult for many employees.

The Employee Home Loan Assistance Program helps you as the employee as well as benefiting the City. The employee benefits by receiving a low-interest loan. The City benefits by being able to obtain and/or retain the special and unique services of individual employees and having an employee both living and working within the community that he or she serves on a day-to-day basis.

Program Criteria

Terms of Employee Home Loan Assistance Program include the following:

- ❑ Positions covered: All permanent, full-time employees.
- ❑ The purpose of the loan is to provide assistance to an employee to purchase housing in San Bruno. These loans shall be available for purchase transactions allowing employees to move from one owner-occupied residence to another in San Bruno.
- ❑ The amount of the loan shall be capped at \$140,000, or 20% of the purchase price of the property, whichever is lower. Total debt to property value shall not exceed 90%. For total loans in excess of 80% of property value, a property tax impound account shall be established and maintained.
- ❑ A Deed of Trust encumbering the real property, which must be the principal place of residence of the employee and shall be located within the city limits of San Bruno, shall secure all loans. The Deed of Trust shall be title insured.
- ❑ The loan will be due upon the sale, transfer of any interest, ceasing to use the property as their primary residence, or failure to comply with the loan conditions.
- ❑ If the employee leaves the employment of the City, for any reason, the loan must be repaid within six (6) months of the separation date.
- ❑ The initial rate of interest will be based on the latest monthly Local Agency Investment Fund (LAIF) rate earned by City investments. Thereafter the rate will vary once per year, adjusted annually to equal the LAIF rate earned by the City for the quarter ended June 30 of each year.
- ❑ Payments of interest (and principle when due) shall be made biweekly through payroll deductions. In the event payment is late by ten or more days through no fault of the City, a finance charge of the maximum amount allowed by State of California law will be imposed.
- ❑ No payment on the principal of the loan will be due until after the end of the 5th year of the loan.
- ❑ Commencing 5 years from the initial date of the note, payments of principal amortized on a 25-year schedule in addition to interest payments will be payable biweekly through payroll deductions.
- ❑ The loan is intended to be a “Balloon Loan” where it is due and payable at the end of fifteen (15) year from date of origination. It is amortized for a 25 year period to help the employee reduce the principal and interest. The loan is required be paid off or refinanced at the end of the 15th year of the loan.
- ❑ The City will file a second deed of trust on the property with a provision requiring a request for notice from the holder of the first deed of trust. The second deed of trust shall be title insured.
- ❑ The total amount financed, including any other mortgage financing, must not exceed 90 percent of the purchase price, and only one City loan can be made per home.
- ❑ The employee may pay off the loan at any time with no prepayment penalty.
- ❑ The total of Employee Home Loan Assistance Program loans shall not exceed 10% of the City’s investment portfolio at the time of placement of any loan. Loans will initially be funded by an advance from the General Fund Reserve or other appropriate funds as recommended by the City Manager.
- ❑ An inspection of the property being purchased will be performed by the City Building Inspector (or designee) to determine if there are any City’s code violations. Employee loans may be delayed for any properties that are found to be in violation of the City’s code until the violation is corrected.