

SOFT SECOND LOAN PROGRAM

March 2022

The Soft Second Loan Program provides loans to homeowners who are purchasing a home and/or ground leasing land from the Island Housing Trust. The purpose of this loan is to bridge the gap between what the homebuyer has available and the amount they qualify to borrow.

The program provides homebuyers with a 15-year fixed rate second mortgage at an interest rate of 3% per year for an amount not to exceed \$15,000. Principal and interest is deferred during the life of the first mortgage. The Soft Second Mortgage is repaid after the first mortgage is retired or the residence is sold. Repayment of the loan upon refinancing of the first mortgage will be considered on a case-by-case basis.

To be eligible, the homebuyer must have a down payment of 5% of the purchase price or \$15,000 with at least 3% of their own funds and the remaining amount from gifts, grants, or private loans not related to the Soft Second Mortgage, unless an exemption is granted. The program is need-based, and is dependent on the median income limits that specific house purchase is serving and the availability and restrictions of funding that are available. The amount to be borrowed is determined by the Island Housing Trust in conjunction with the mortgage lender. There is an expiration of sixty days after the Soft Second Mortgage approval is given.