

Self-Qualification Form

1. Are you a first-time homebuyer? Yes No

You are considered a first-time homebuyer if you have not owned a home within the last 3 years. If you have owned a home within the last 3 years but had to sell your home due to a divorce, please check "yes."

2. How many people will live in the home (household size)? _____

Your income and asset eligibility are determined by household size. For your household size, count the total number of people who will reside in your home. All persons to be listed on the deed must reside in the home. All persons living in the home must be included in your household size.

3. What is your household's total gross annual income?

Complete the table below to calculate your household's total gross annual income (total earnings before taxes) for all household members who are 18 years or older. Attach a separate sheet, if necessary. Monthly wages should include overtime, bonuses, commissions, or wages from a 2nd job, etc.

	Occupant #1	Occupant #2	Occupant #3
First Name			
Monthly Wages	\$	\$	\$
Child Support	\$	\$	\$
Other	\$	\$	\$
Total Monthly	\$ (a)	\$ (b)	\$ (c)

Sum (a + b + c) \$ _____ x 12 Months = \$ _____ Total Gross Income

4. Do you believe you are income eligible for the SHOP Program? Yes No

Your household's total gross income must be within the ranges below. If your gross household income is near the limits, provide your information and we will work with you to determine your eligibility.

Gross Household Income Limits			
Based on 80% -120% of 2020 San Diego County Area Median Income			
Household Size	Minimum Income*	Maximum Income*	Maximum Assets*
1	\$64,701	\$77,900	\$64,900
2	\$73,951	\$89,000	\$74,150
3	\$83,201	\$100,150	\$83,450
4	\$92,401	\$111,250	\$92,700
5	\$99,801	\$120,150	\$100,100
6	\$107,201	\$129,050	\$107,550

*Income and Asset limits do not constitute all necessary eligibility requirements.

5. What is the total amount of your household's liquid assets? \$ _____

The table above also includes a Maximum Assets figure by household size. Liquid assets include cash, checking, savings, and equity in stocks, bonds, money market and retirement accounts.



6. How much cash do you have available for the purchase of a home? \$ _____

For a moderate-income home, you will need a minimum down payment of approximately \$25,278 or 5%, not including closing costs. This money can be borrowed or granted but cannot be a recorded loan towards any down payment or closing costs.

Other Program Criteria

- **Income and Debts.** The City and Housing Authority will verify your household income and debts. Based on the information provided, we will then determine your eligibility for mortgage assistance, the maximum amount you can borrow and the maximum monthly first mortgage payment you can afford. You must qualify for a primary loan amount that is sufficient to pay the restricted sales price of the home.
- **Credit History.** The City and Housing Authority will review your credit by obtaining a credit report. The higher your credit score, the more likely you will be eligible to purchase a home.
- **Home Appreciation.** You may not profit substantially from the increase in value of a home purchased with the SHOP Program. Homes purchased through the SHOP program must remain affordable for a period of 45 years. You will not have payments or interest on the SHOP program loan unless you keep the home for the 45-year period. If you decide to sell prior to the 45-year restricted affordability period, the home must be sold through the Housing Authority for an affordable price to an eligible buyer.
- **Occupancy and Rental.** Homes must be owner-occupied by all persons on title for the entire duration of ownership. No home or any portion of the home may be rented out at any time.

Do you understand and accept that the home must be owner occupied, the home or bedrooms cannot be rented, the resale price of the home purchased through the SHOP Program is restricted, and you may not profit substantially from the sale of the home? Yes_____ No_____ (Please Initial)
Yes_____ No_____ (Please Initial)

Certification/Request for Assistance

I have reviewed the SHOP Program description and answered all questions on this Self-Qualification Form to the best of my knowledge. I believe that I am eligible for SHOP and BEGIN assistance and agree to provide any documentation necessary to the City of Poway and the Poway Housing Authority to verify my eligibility for the Program. I understand that submitting this form does not mean that I will be given the opportunity to participate in the SHOP Program or buy an available home. If I meet the basic program requirements, based on the information provided on this form, I will be contacted to evaluate loan qualification options, attend required program courses and submit additional paperwork for eligibility review.

THIS SELF-QUALIFICATION FORM AND MORTGAGE PRE-APPROVAL LETTER
MUST BE RECEIVED BY 4:00pm JULY 31, 2020.

Printed Name:	Printed Name:
Signature:	Signature:
Today's Date:	Today's Date:
Phone:	Phone:
E-Mail:	E-Mail:
Address:	Address:



SHOP Program Overview

Program Description

SHOP provides low- and moderate-income homebuyers assistance to purchase a home in Poway through Poway Housing Authority and City supported mortgages. The SHOP program carries restrictions that control future sale of the home to qualifying buyers. The resale price of homes purchased through this program are less than fair market value and calculated using the annual percent increase or decrease of the Area Median Income. Purchasing a home through this Program will provide tax benefits of home ownership, and satisfaction of residing in the home and community of your choice.

In conjunction with the SHOP loan program, the City of Poway provides additional homebuyer assistance through the state-funded Building Equity and Growth in Neighborhoods (BEGIN) program. The BEGIN loan is a deferred payment, one percent (1%) simple interest loan secured by a promissory note that is repayable to the City of Poway after a period of 30 consecutive years. If the homeowner sells the affordable home to another qualified affordable buyer prior to the BEGIN loan becoming payable, the subsequent eligible affordable homebuyer may assume the loan balance. The term of the BEGIN loan does not restart upon sale or transfer. The BEGIN loan includes an additional restriction that the homeowner resides in the home for a minimum of 5 years, prior to sale/transfer.

SHOP and BEGIN Program Qualification Requirements

To qualify, you must meet all program requirements listed below:

- **First-Time Buyer.** You may not have owned a home secured by a Deed of Trust in the last 3 years. Those displaced by a divorce do not have to meet this requirement.
- **Down Payment.** You are required to provide a percentage of the purchase price toward the down payment and fees. The percentage is 3% for low-income buyers and 5% for moderate-income buyers. This money can be borrowed or granted but cannot be a recorded loan.
- **Homebuyer Education.** You are required to complete classes for first-time homebuyers. Classes include a U.S. Department of Housing and Urban Development First-time Homebuyer Course and a Poway Housing Authority SHOP/BEGIN Program course.
- **Credit and Income Eligibility.** Your household's total gross income and credit history will be reviewed. The higher the credit rating, the more likely you would be eligible for the Program. To qualify your gross household annual income must fall between the minimum and maximum income levels displayed below based on total household size.

Gross Household Income Limits Based on 80% -120% of 2020 San Diego County Area Median Income			
Household Size	Minimum Income*	Maximum Income*	Maximum Assets*
1	\$64,701	\$77,900	\$64,900
2	\$73,951	\$89,000	\$74,150
3	\$83,201	\$100,150	\$83,450
4	\$92,401	\$111,250	\$92,700
5	\$99,801	\$120,150	\$100,100
6	\$107,201	\$129,050	\$107,550

*Income and asset limits do not constitute all necessary eligibility requirements.



SHOP

SUPPORTING HOME OWNERSHIP IN POWAY

Home Buying Process

The following describes the necessary steps that you (*and all members of your household that will be on title*) are required to complete in order to buy a home through the SHOP Program. Please note that your ability to obtain a SHOP loan will be based on your eligibility and completion of all of the steps below in a timely manner. Failure to timely submit information is grounds for disqualification.

- **First-time Homebuyer Course Certification.** You must complete a first-time homebuyer class approved by the U.S. Department of Housing and Urban Development (HUD). A copy of your course completion certificate must be submitted to the Poway Housing Authority. This mandatory seminar will help properly educate you as a first-time homebuyer. HUD Approved First-Time Homebuyer Courses:

Credit.org	(800) 449-9818
Framework Homeownership	(855) 659-2267 Online Only
Urban League of San Diego County	(619) 266-6256 Classroom Only
Clear Point Credit Counseling Solutions	(619) 291-1390 Online Only
Money Management International	(800) 308-2227 Classroom and Online

- **Poway SHOP and BEGIN Loan Course and Certification.** In addition to the HUD approved First-Time Homebuyer Course, you will also be required to attend a SHOP/BEGIN program course to certify your understanding of these requirements and restrictions associated with these loan programs.
- **Lender Loan Commitment.** You will meet with a program lender to request a loan commitment for primary mortgage financing to buy a home. The lender will review your credit, income, assets and liabilities to determine your eligibility for a first mortgage including the loan amount your household may qualify for. Below is a list of approved lenders for 2020:

Mission Federal Credit Union

Marri Sagao | (619) 261-9707

marris@missionfed.com

Liz Sanchez | (619) 253-4828

elizabeths@missionfed.com

Bank of America

[Ms. Jeri Winberg](#)

(619) 997-8744

- **SHOP Program Underwriting.** Pre-qualification approval for the primary loan is required. You should reach out to program lenders directly to learn about their pre-qualification requirements and processes. If determined to be eligible under affordable housing and SHOP Program guidelines, you will begin the loan process. You will be required to submit the following documentation in order to verify your household income and assets:
 - Paycheck stubs from each potential homebuyer's two most recent pay periods;
 - Copy of the most recent income tax return(s); and
 - Income certification letter from an employer or any other source of income (ex. Social Security, State Disability, CA Department of Social Services, etc.).

For additional program information or to download the Self-Qualification packet, please visit the Poway Housing Authority's website at: <http://poway.org/234/First-Time-Home-Buyer-Program>.



Frequently Asked Questions

1. What is the SHOP Program?

The Supporting Home Ownership in Poway (SHOP) Program provides low- and moderate-income homebuyers with assistance to purchase a home in Poway through a Poway Housing Authority funded assistance loan. Homes purchased with the help of a SHOP loan will remain affordable for a minimum of 45 years, and homeowners who choose to sell their homes will be required to do so at an affordable price to future buyers. Equity earned over time may be shared between the homeowner and Housing Authority. In addition, financial assistance can be provided by the City of Poway through its BEGIN program (as defined in Question 5 below).

2. What are initial eligibility requirements of a Low- or Moderate-Income household?

The table below details the total gross household requirements based on household size. A qualifying household may not have liquid assets that exceed the asset limitation based on household size. Liquid assets include cash, savings, and equity in stocks, bonds, money market and retirement accounts.

Gross Household Income and Asset Limits Based on 80% -120% of 2020 San Diego County Area Median Income			
Household Size	Minimum Income*	Maximum Income*	Maximum Assets*
1	\$64,701	\$77,900	\$64,900
2	\$73,951	\$89,000	\$74,150
3	\$83,201	\$100,150	\$83,450
4	\$92,401	\$111,250	\$92,700
5	\$99,801	\$120,150	\$100,100
6	\$107,201	\$129,050	\$107,550

*Income and asset limits do not constitute all necessary eligibility requirements.

3. Are program participants required to provide a down payment?

Yes. Program participants are required to show that they have 3% or 5% of the purchase price for a down payment once they begin to work with an approved lender. For low-income buyers, 3% is required; for moderate-income buyers, 5% is required. The approximate funds needed for a minimum down payment vary and closing costs may range from \$4,000 - \$8,000. Final costs depend upon the household’s income, credit score, borrowing capacity and points. Proof of down payment funds will be required during the primary lender loan approval process.

4. Is SHOP assistance a loan? How does it relate to the affordability restriction?

The SHOP program bridges the gap between the cost of a home and what a low- and moderate-income household can afford to purchase a home. The SHOP loan is a deferred payment, zero-interest (0%) loan secured by a promissory note that is repayable to the Poway Housing Authority at the end of 45-years unless the home is transferred or sold. Each time the loan is assumed by a new, income-qualified homeowner, the term of the loan starts over. If the homeowner resides in the home for the entire 45-year period, the homeowner is responsible for paying the balance of the loan at the end of the 45-year term. Once the loan has been repaid in full, after the 45-year period has been met, the affordable deed restrictions and requirements attached to the home will be removed.

5. What is the BEGIN Program? Is this assistance a loan?

In conjunction with the SHOP loan program, the City of Poway provides additional homebuyer assistance through the state-funded *Building Equity and Growth in Neighborhoods* (BEGIN) program. The BEGIN loan is a deferred payment, one percent (1%) simple interest loan, secured by a promissory note that is repayable to the City of Poway after a period of 30 consecutive years.

If the homeowner sells the affordable home to another qualified buyer prior to the BEGIN loan becoming payable, the subsequent eligible homebuyer will assume the loan balance. The BEGIN loan includes an additional restriction that the homeowner resides in the home for a minimum of 5 years, prior to any sale/transfer.

6. Can a home purchased through the SHOP program be rented out?

No, owner occupancy is a requirement of the program. All persons on title are required to live in the home as their primary residence for the entire duration of ownership. Failure to do so will result in default of loan agreements. If any individual on title is not able to live in the home, the home must be sold to another qualified affordable buyer.

7. Can I purchase an additional home later without selling this affordable home?

There is no specific restriction from buying other real property. However, you may not use this home as collateral or remove equity from the home for a future loan.

8. Can improvements be made to the home?

Improvements made in excess of \$2,000 may be recaptured at its depreciated value at the time of resale. Improvements are subject to prior written approval by the City of Poway and the Poway Housing Authority and must be consistent with the development's Covenants, Codes and Restrictions (CC&Rs).

9. What are the steps in the home buying process?

There are six major steps in the home buying process:

- Complete and submit a SHOP Program Self-Qualification Form and Mortgage Pre-approval Letter
- Obtain a loan commitment sufficient to afford the home from an approved lender
- Submit documentation for SHOP loan eligibility review
- Attend a HUD approved first-time homebuyer course and submit certification of completion
- Attend a SHOP & BEGIN loan program course

10. May I start any of the steps in the SHOP home buying process early?

Yes. There are many positive reasons to expeditiously complete the home buying process due to possible fluctuations in mortgage interest rates and potential tax credit deadlines. We encourage each potential homebuyer to consult with their lender prior to beginning the process.

11. When will applicants work with a lender? Are there specific lenders that I must work with?

Applicants must obtain a mortgage pre-approval letter that is to be submitted with their Self-Qualification Form; from an approved lender to obtain the primary mortgage loan in conjunction with Poway's SHOP and BEGIN assistance loans. The Housing Authority can provide you a list of approved lenders.

12. What if my household size, salary, or assets change prior to close of escrow?

All program applicants must maintain their affordable housing eligibility through the close of escrow. Total household income must be within the required income ranges based on household size through the close of escrow. Fluctuations in household income due to salary increases or reductions or changes in employment of any member of the household may affect a household's eligibility and must be reported. If salary increases or decreases, bonuses, etc. are expected, be sure to stay within the income guidelines based on household size. Fluctuations in liquid assets must also be monitored and maintained through the close of escrow. Finally, a household size can change, including (but not limited to) additional persons intending to reside in the home, a birth or death in the family, or divorce. It is the responsibility of the homebuyer to maintain their eligibility. All eligibility will be reconfirmed immediately prior to close of escrow.

13. After I purchase the home, am I required to maintain my income, assets or household size?

No. After close of escrow, a household may change their household size (for example, by having more children), receive salary increases that put their total household income above the maximum limit for their household size, and hold assets that exceed the maximum asset limitation. A primary goal of the program is to allow affordable homeowners to continue to build strong families and increase financial stability through saving, investments, and increased income.

14. Who must attend the HUD & SHOP/BEGIN Program classes?

It is mandatory that all individuals who will be placed on loan documents attend both a HUD approved first-time homebuyer class and SHOP Program course. If a household is unsure of which individuals will be placed on loan documents, it is recommended that all potential owners attend the classes.

15. Who do I contact if I have questions about the SHOP Program?

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