



Program Overview

The SHOP Program provides low- and moderate-income homebuyers assistance to purchase a home in Poway through Poway Housing Authority and City supported second mortgages.

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. If the homeowner resides in the home for the entire 45-year period, the homeowner is responsible for paying the balance of the loan in full 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 are removed.

In conjunction with the SHOP loan, 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 BEGIN loan includes an additional restriction that the homeowner resides in the home for a minimum of 5 years, prior to sale/transfer.

New Resale Notifications

When an affordable home becomes available for resale, individuals placed on the Poway Housing Authority's for-sale notification list, all affordable housing rental communities within Poway, current city employees and Poway Unified School District employees are invited to submit an application packet. Application packets are only accepted during open application periods.

SHOP Program Initial Eligibility Requirements

The requirements below are not all inclusive. To initially qualify, the potential homebuyer(s) must:

- **Be a First-Time Buyer.** You may not have owned a home secured by a Deed of Trust in the last three years. Those displaced by a divorce do not have to meet this requirement.
- **Provide a Down Payment.** Program participants are required to show that they have 3% or 5% of the affordable purchase price for a down payment. 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 funds will be required during the primary lender loan approval process.
- **Complete Homebuyer Education Courses.** 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. It is mandatory that all individuals who will be placed on loan documents attend both courses. If a household is unsure of which individuals will be placed on loan documents, it is recommended that all potential owners attend the classes.

- **Meet Credit and Income Eligibility.** Your household’s total gross income and credit history will be reviewed. To qualify, your gross household annual income must fall between the minimum and maximum income levels based on total household size. The chart below is provided for informational purposes only and is updated with each new resale. 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 Limits San Diego County Area Median Income			
Household Size	Minimum Income*	Maximum Income*	Maximum Assets*
1	\$56,630	\$64,700	\$64,900
2	\$64,680	\$73,950	\$74,150
3	\$72,800	\$83,200	\$83,450
4	\$80,850	\$92,400	\$92,700
5	\$87,360	\$99,800	\$100,100
6	\$93,800	\$107,200	\$107,550

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

Application Packet

When notification of a resale is issued, an application packet will be required to be considered as a potential homebuyer. The application packet will be made available at the time of notification only and you will be required to submit:

- A complete a Self-Qualification Form, provided in application packet.
- A pre-qualification letter from a Housing Authority approved Program lender. The Housing Authority will provide you a list of approved lenders during the open application period.

The opportunity to move forward in the homebuying process will be based on your application packet being completed in its entirety. Illegible or missing information may result in being disqualified from further consideration.

Steps in the Application Process

There are several steps in the home buying process, below is a simplified list. The timeline to purchase a SHOP home can range from 3-6 months.

- Complete and submit a SHOP Program Application Packet
- Housing Authority review of applications
- SHOP Program Underwriting
- Attend an Invite-Only Open House
- Lottery, if necessary
- Primary mortgage underwriting
- HUD/SHOP Program Educational Course; and then
- Open Escrow

SHOP Program homes are sold through the Housing Authority privately. The homes are not listed on the MLS. All prospective buyers are contacted through the for-sale notification list. Real estate agents/brokers are only used to execute the purchase and sale agreement and the cost is the responsibility of the homeowner(s) and/or buyer(s), all other stages of the selling process is done by the Housing Authority.

Frequently Asked Questions About Owning a SHOP Home

- **After I purchase the home, are there any occupancy requirements?**

Yes. Owner occupancy is a requirement of the program. All persons on title and loan documents are required to live in the home as their primary residence for the entire duration of ownership. Additionally, the homeowner(s) must comply with annual occupancy certifications. No portion of the home shall be rented or leased at any time. Failure to comply will result in default of loan agreements.

- **Can I purchase an additional home later without selling this affordable home?**

There are no specific restrictions from buying other real property. However, you may not use this home as collateral or remove equity from the home for a future loan. This home is still required to be your primary residence.

- **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 Housing Authority and must be consistent with the development's Covenants, Codes and Restrictions (CC&Rs).

- **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.

Steps to Take Now to Prepare for the Next Resale

The earlier you begin the process of preparing to buy a home, the smoother the process can go. It is recommended that you:

- Learn about the SHOP Program's eligibility requirements
- Begin saving for the down payment and closing costs
- Check and strengthen your credit
- Research approved HUD First Time Homebuyer Courses

If you have questions about the SHOP Program or the homebuying process, please contact:

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