



# City of Santa Clara

The Center of What's Possible

## CITY OF SANTA CLARA'S HOMEBUYER APPLICATION PROCESS

To be considered for a Below Market Rate (BMP) unit, applicants must follow a five-step application process that includes attending a mandatory BMP Application Workshop. Interested individuals/households should first complete a Pre-Application to qualify for entry into the Application Lottery. Those who submit an eligible Pre-Application by the deadline will receive an invitation to attend this workshop, where they will learn about the BMP Program, the unit(s) that are available, the Application Lottery and how to properly submit a Purchase Application. The Purchase Application requires supporting documentation for evaluation as to whether applicants meet the eligibility criteria for purchasing a BMP unit. This streamlined two-step approach is designed to efficiently assess initial eligibility based on basic household information. By establishing these preliminary criteria at the Pre-Application stage, we aim to respect both applicants' and the BMP Program Administrator's time, ultimately reducing the burden on potential program participants who may be found ineligible before advancing to the full application phase.

### ***Step #1 Pre-Application***

When a BMP unit becomes available for sale, interested households will be directed to submit a Pre-Application form by a specific due date, in order to determine initial eligibility for the BMP Program. This document assesses initial household eligibility and preferences based on the information provided by the applicant. Applicants who meet the preliminary eligibility criteria and satisfy the household size requirements for the offered BMP unit(s) will be invited to a mandatory Application Workshop. Following confirmed attendance at the Application Workshop, attendee's will be entered into an Application Lottery, which establishes a ranked order for submitting Program Applications. The Pre-Application will request that applicants indicate the following information:

- Total gross household income
- Total assets
- Household size
- Lender Pre-qualification letter from an "Approved First Mortgage Lender"
- Preference Priority Criteria (Live/work preference criteria established by the City)
- Household demographic information (for the purpose of tracking who is accessing the program)
- Desired Unit (if more than one BMP units is being offered)

Applicants will not be required to submit supporting documentation to verify the information indicated at the Pre-Application stage. Applicants who submit completed Pre-Applications by the due date and are deemed eligible at this stage in the application process will be issued a Unique ID number which will be utilized to place the Applicant into the Application Lottery.

### ***Step #2 Application Workshop***

The BMP Program Administrator will invite applicants who submitted an eligible pre-application by the deadline to attend a mandatory workshop where households will learn important information about the program, the unit(s) that are being offered, and how to submit a Purchase Application. The workshop will be hosted and led by the BMP Program Administrator and is a separate requirement from the First-Time Homebuyer Education requirement. All registered and confirmed attendees at the Application Workshop shall be entered into the Application Lottery.

### ***Step #3 Application Lottery***

The BMP Program Administrator will conduct a lottery to assign rankings for all Preference/Priority categories. In lottery ranking order, applicants will be invited to submit a Purchase Application for an opportunity to purchase the BMP Unit(s) being offered. The following guidelines shall be applicable to the lottery process for the BMP Program:

- At least thirty (30) calendar days prior to a lottery, the BMP Program Administrator starts to accept complete Pre-Applications.
- All households that submit an eligible Pre-Application will receive a unique identifying number (Unique ID) and following attendance at a mandatory workshop, shall be included in the lottery that fits their Preference/Priority category.
- At the lottery, the BMP Program Administrator will use an electronic system to randomly rank the Unique ID within each Preference/Priority category. Each Applicant will subsequently be notified of their ranking position ("lottery position").
- The lottery for the BMP Program shall be held in the presence of City staff.
- Lottery results shall be emailed and posted on the program website. The list will not include the names of applicants but will include the lottery numbers and corresponding lottery positions.
- The top ranked lottery positions will be invited to move forward in the application process and given the opportunity to submit a Program Application for review.
- The BMP Program Administrator reserves the right to move to a First Complete First Served process if a sufficient number of applications are not received during the Pre-Application process.

### ***Step #4 Purchase Application***

The fourth step in the application process is for applicants, who are invited by their ranked lottery position, to submit a Purchase Application. The Purchase application requires more detailed household information and the submission of supporting documentation for each household member to verify that all household members meet the program eligibility criteria.

Households who are invited by their ranked lottery position will be sent a link to the online Purchase Application, to complete a Purchase Application (or a paper version upon request) and submit supporting documents. When all supporting documents are complete, the BMP Program Administrator will underwrite applicants in ranked priority position to determine eligibility.

An Applicant's Program Application supporting documents packet must include ALL of the following for:

- Purchase Application completed and signed
- Documentation verifying the Preference/Priority Criteria (including letters from an employer, 6 months of utility bills indicating residential address within the city, evidence of 6 months of lease payments and a lease agreement)
- Verification of Homebuyer Education completion (at a minimum evidence of registration to for a HUD certified course for all adult household members)
- First mortgage loan pre-approval letter from an "Approved First Mortgage Lender"
- Applicant(s) two months' most current and consecutive paystubs
- Award letter or two months' documentation for all other income sources including child support, social security, pension and disability income.
- Applicant(s) Driver License or California Identification Card
- Applicant(s) signed & dated federal tax returns for the past 3 years with all schedules & W-2s OR IRS Verification(s) of Non-Filing
- Applicant(s) three most current and consecutive months of financial account statements
- Gift letter and evidence of donor availability of funds (if applicable)
- For self-employed Applicant: a) copies of Applicant's Federal Income Tax Returns (both individual return and business returns) that were filed with the IRS for the past three years with all schedules; b) YTD profit & loss statement; and c) copies of all invoices and payments made to the Applicant as a part of self-employment in the current calendar year (if applicable)
- Additional documents as requested by the BMP Program Administrator e.g. Zero Income Affidavit

Underwriters evaluate Program Eligibility Criteria to determine if households "check eligibility boxes" that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider program eligibility for up to three years before the application date and up to a year after the estimated close of escrow date. Due to the unique nature of household income sources as well as household configurations, additional documents may be requested throughout the application process.

### ***Step #5 Closing and Final Approval***

Upon completion of the selection process, the BMP Program Administrator will arrange for execution of a Purchase Agreement between the developer and the approved buyer. The Purchase Agreement will be subject to the buyer completing the arrangements for financing the home purchase, and the sale price shall be the Affordable Sale Price set by the City. The executed Purchase Agreement will be followed with an appraisal and final loan approval by the lender prior to estimated closing date.