



Pre-screening Process FAQs

The Empower Homebuyers SCC program helps first-time homebuyers with up to 17% of down payment assistance for the purchase a home in Santa Clara County. Funding for the program is provided by the 2016 Measure A funds through the County of Santa Clara.

Click on the Frequently Asked Question topics below to find answers for Homebuyers.

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10 Steps to Purchasing a Home with Down Payment Assistance

1. Complete a Homeownership Assistance [Online Interest Form](#). This is not an application. It is only for pre-screening purposes.
2. Already completed an Online Interest Form? If you have any changes or updates, email EmpowerHomebuyersSCC@housingtrustsv.org and tell us what they are.
3. Take the [Homebuyer Education course](#). All borrowers (including non-borrowing spouses) must complete the course and email PDFs of the certificates of completion. Purchase Ready homebuyers have met program eligibility requirements.
4. Purchase Ready homebuyers complete Pre-screening by contacting Housing Trust to review your interest form.
5. After completing Pre-screening, choose a lender from the Participating Lender List for [Lender Pre-approval](#). Email a PDF of the Lender Pre-approval Letter to EmpowerHomebuyersSCC@housingtrustsv.org.
6. Have a Pre-Purchase Review Phone Appointment with Housing Trust. Homebuyer will be guided through the application process.
7. Once homebuyer is determined to be eligible, a [Program Eligibility Determination Letter](#) is issued. The homebuyer is ready to find a home with the help of their REALTOR!
8. Once an offer on a home has been made and accepted by the seller, contact Housing Trust.
9. Complete a counseling session with Housing Trust prior to signing loan documents.
10. Close on a new home. The Homebuyer(s) are now homeowner(s)!

Where to Learn More About the Empower Homebuyers SCC Program?

Sign-up for the [Contact List](#) located on the [Empower webpage](#) and receive notifications on upcoming webinars and program updates. Visit the online [Events Calendar for Homebuyers](#) to see upcoming events.

What is the HUD Certified 8-Hour Homebuyer Education Course?

- The HUD Certified Homebuyer Education Course includes the following topics: financial and credit review; advantages and disadvantages of being a homeowner; calculating an

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affordable purchase price; obtaining lender pre-approval; budgeting; shopping for a home; working with title companies and other third parties involved in the transaction.

- This Homebuyer Education Course is offered online and in-person (when available). Register through the designated agency, [Project Sentinel](#) at homeownershipinfo@housing.org or (408) 470-3730.
- A one hour pre-purchase counseling session with the designated agency is required to obtain a Certificate of Completion.
- All applicants and co-applicants (who are borrowers, co-borrowers, including non-borrowing spouses) are required to complete the course.
- Certificates of Completion must be less than two (2) years old at the date of application submission.
- Homebuyers who have completed an interest form can email a PDF copy of the Certificate to EmpowerHomebuyersSCC@housingtrustsv.org.

What Are the Eligibility Requirements?

- Must be a first-time Homebuyer.
- Gross Household Income, including the income of all adult household members, cannot exceed 120% of the Area Median Income according to household size.
- [Click here to see Eligible Household](#) definition.
- [Click here to see Residency Requirements](#).
- Completed required HUD certified 8-hour [Homebuyer Education course](#) from [Project Sentinel](#).
- Must have at least 3% down payment from own funds. [Click here to see Required Borrower Contribution](#).
- Homebuyer must be Purchase Ready.
- Borrowers must have a middle FICO credit score of 620.
- Lender Pre-approval letter from a participating lender. [Click here to see Lender Pre-approval](#).
- A complete list of the Eligibility Requirements are found in the [Empower Policies and Procedures Manual](#).

What is First-time Homebuyer Status?

- The definition of a first-time Homebuyer is an applicant who has not owned a home or have had any ownership interest in a home during the last three (3) consecutive calendar year period prior to the date of application for eligibility. This applies to all co-applicants who are household members.
- The definition of first-time Homebuyer applies to all residential properties, regardless of location or occupancy.

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- Applicants who own a mobile home may qualify as long as the mobile home meets the requirements in the [Empower Policies & Procedures Manual](#), Section E, pages 11-12.
 - The sale of the mobile home is required and must be concurrent to the purchase of the new home. The sale of the mobile home must close prior to the date of the purchase of the new home.

Who Can Apply?

- The program is available to first-time homebuyers who live or work in Santa Clara County, regardless of profession.
- Households must be purchase ready and program eligible.
- There is no priority list and applications are accepted on a first come, first serve basis.
- Reservation of funds are made after program pre-approval and when the applicant has a ratified purchase sales agreement.

What is a Pre-Screened Buyer?

- A homebuyer lives or works in Santa Clara County, regardless of profession; and
- A homebuyer who has completed the Online Interest Form; and
- A household whose borrowers (including non-borrowing spouses) have completed the Homebuyer Education course from the designated agency and emailed PDF copies of the certificates to EmpowerHomebuyersSCC@housingtrustsv.org; and
- A homebuyer with 3% of the purchase price for the down payment and 2% of the purchase price for closing costs.
- A Pre-Screened homebuyer is given a list of participating lenders to contact and request a lender pre-approval.

What is a Purchase Ready Buyer?

- A homebuyer with 3% of the purchase price for the down payment and 2% of the purchase price for closing costs; and
- A homebuyer with a least one month of reserves.

What is the Household Definition?

- A household is defined as, “ALL individuals who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements (Code of

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Federal Regulations Title 24, Section 570.3).” See [Empower Policies & Procedures Manual](#), pages 12-13, Section G.

- All adult household members will be required to meet eligibility guidelines and must present all income, tax, and asset documentation.

What Are the Maximum Gross Annual Household Income Limits?

- The Maximum Gross Annual Household Income Limits by household size refers to the income limits for Santa Clara County, as determined by the California Department of Housing and Community Development, and updated on an annual basis.
- The Maximum Gross Annual Household Income Limit for the program is 120% of the Area Median Income (AMI).
- The household is required to maintain income limit eligibility during the pre-approval process until the closing of a purchase transaction.
- For households exceeding 120% of the AMI, Housing Trust offers the Homebuyer Empowerment Loan Program (HELP). Please note the income limits for the HELP program is 140% of AMI. Learn more about HELP at <https://housingtrustsv.org/help>.

What is Household Income?

- The definition of Household Income is the following:
 - Gross annual income is all income earned before any deductions.
 - All adult household members who are earning income are required to include all earned gross wages as part of the combined gross annual household income.
 - Income (W2 or self-employment) includes salary, hourly or monthly wages, overtime, bonuses, commission, tips, and any upcoming vesting Restricted Stock Units (RSU), etc. Please refer to pages 32-34 in the [Empower Policies & Procedures Manual](#) for more details about income inclusions and exclusions.
- Other forms of income that will be included are Social Security (SSI), disability, child support (received), unemployment, etc. See “All other forms of income,” [Empower Policies & Procedures Manual](#), page 15, Section H.

What Are the Residency Requirements?

- The program is intended to assist homebuyers who live or work in Santa Clara County, regardless of profession.
 - See [Empower Policies & Procedures Manual](#), page 28, Exhibit A, Target Populations.

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- Documentation required:
 - Proof of residency will include a copy of the rental/lease agreement, three (3) months of verifiable rent payments, and three (3) months of paid utilities (such as electricity, water, etc.).
 - Nonpayment of rent is not acceptable. Cash payments for rent and rent receipts for cash payments are not acceptable.
- Primary borrower must be a U.S. Citizen or permanent resident alien.
 - Co-borrowers and all adult household members can present alternative documents, please refer to [Empower Policies & Procedures Manual](#), page 15, Section G, Residency.

What Are the Credit Requirements?

- Credit score: The borrower(s) including a non-borrowing spouse must have a middle FICO credit score of 620.
- Credit reports from all three bureaus (Equifax, Experian, and TransUnion) are reviewed.
- Any record of bankruptcy must be over four (4) calendar years since the bankruptcy was discharged.
- Any record of a property short-sale must be over four (4) calendar years since the close date of the short sale.
- Any record of a property foreclosure must be over of seven (7) calendar years since the foreclosure was completed.

What is the Required Borrower Contribution?

- A borrower is required to have a minimum contribution of 3% of the purchase price in down payment from their own funds.
- Of the 3% requirement, half (1.5% of purchase price) of the funds can be a gift from an immediate relative or acceptable entity. For more information regarding gift funds, see [Empower Policies & Procedures Manual](#), page 12, Section F.

What is the Owner Occupancy Requirement?

- After the purchase, the home must be owner occupied throughout the duration of the loan term. See [Empower Policies & Procedures Manual](#), page 4, Section II, Part A, Paragraph 4.

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- The home, or any parts thereof, shall not be leased or rented by the new homeowner to any person or entity.
- All homeowners must comply with annual monitoring implemented by the County of Santa Clara.

How Do I Contact a Participating Lender?

- A Participating Lender is a lender who has reviewed the Empower Homebuyers SCC program and has signed Lender Instructions and a Lender Participation Agreement with Housing Trust. Any Lender licensed in the state of California can participate.
- The Pre-Screened Homebuyer(s) is given the list of participating lenders to contact and request a lender pre-approval.
- Lenders contact Housing Trust directly to participate in the Empower program.

Why Do I Need a Lender Pre-Approval Before I Apply?

- Pre-screened homebuyers will need a Pre-approval Letter from a participating lender prior to scheduling Pre-Purchase Review Phone Appointment with Housing Trust Staff.
- The Pre-approval Letter from a participating lender shows that the Homebuyer(s) can qualify for the senior mortgage prior to the Homebuyer(s) applying for the Empower program.

What is a Program Eligibility Determination Letter?

- A Program Eligibility Determination Letter is issued to the eligible homebuyer after review of an eligibility application and documents and eligibility determination has been made.
- Eligibility determination can take between 10-14 business days, depending on the completeness of the Eligibility Application package submitted by the applicant.
- Applicants **cannot make an offer** on a home until applicants receive their Program Eligibility Determination Letter from Housing Trust. Upon receipt of the Program Eligibility Determination Letter, the homebuyer is ready to find a home with the help of their REALTOR!
- The Program Eligibility Determination (Pre-approval) Letter is typically good for 90 calendar days. For more details, see page 9 of the [Empower Policies & Procedures Manual](#).

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- Extension Requests: program eligible homebuyers must show proof of at least one rejected offer on a property.

What Are the Property Requirements?

- The maximum purchase price is \$1,100,000. See [Empower Policies & Procedures Manual](#), page 19, Section K, #5.
- The following property types can be financed: a single unit residence, such as a condominium, townhome, or single-family home located in Santa Clara County.
- The property must be intended for single family residential use only.
- The property for sale must be either owner-occupied or vacant. The property cannot be tenant-occupied.
- Mobile or manufactured home, duplexes, or a Below Market Rate (BMR) or Below Market Purchase unit cannot be financed. See [Empower Policies & Procedures Manual](#), page 19, Section L, Property Requirements.

What Are the Loan Terms & Repayment Requirements?

- The Empower loan is a second loan applied toward the purchase of the home.
- The loan has a term of 30 years. It is a **deferred** loan program which means no monthly principal or interest payments are required for the term of the loan.
- The Empower loan does not accrue interest on the principal loan amount instead the homeowner will share in a percentage of the appreciation(equity) with the County at repayment.
- There is no prepayment penalty.
- Full repayment of the Empower Homebuyers SCC loan and a share of the appreciation is due at the end of the thirty (30) year term, at the sale of the home, or at cash-out refinance. See [Empower Policies & Procedures Manual](#), page 4, Section II, Paragraph B.
- Share of appreciation is equal to the percentage of the Empower loan amount. It allows for deduction of Borrower Contributions, such as Qualifying Capital Improvements and Acquisition Closing Costs (non-recurring closing costs).
- The share of appreciation is capped for the first 10 years. This means, at repayment during years 1 through 10, the share of appreciation amount cannot not exceed the amount of the original principal loan. From year 11 through 30, the share of appreciation is uncapped.

Capped share of equity example:

- Home purchased for \$300,000, sold in Year 5 of loan:
 - EMPOWER loan: \$30,000 (10% of purchase price)
 - Home resale price: \$1,000,000

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- Appreciation is \$700,000
 - Borrower contributions: \$10,150
- Share of equity calculation: \$700,000 less \$10,150 (Borrower Contributions) = \$689,850 (net appreciation)
- 10% of net appreciation = \$68,985
- \$30,000 (original EMPOWER Principal loan) + \$30,000 (Share of Appreciation capped at the EMPOWER loan amount of \$30,000)
 - Total payment to County = \$60,000

Uncapped share of equity example:

- Home purchased for \$300,000 and sold in Year 15 of loan:
 - EMPOWER loan: \$30,000 (10% of purchase price)
 - Home resale price: \$1,000,000
 - Appreciation is \$700,000
 - Borrower contributions: \$10,150
- Share of equity calculation: \$700,000 less \$10,150 (Borrower Contributions) = \$689,850 (net appreciation)
- 10% of net appreciation = \$68,985
- \$30,000 (original Empower Principal loan) + \$68,985 (uncapped share of appreciation)
 - Total payment to County = \$98,985