

# S.H.O.P.

Supporting Home Ownership in Poway

## Poway Meadows / SHOP Frequently Asked Questions

### 1. What is The Meadows?

The Poway Housing Authority is working with Pacific Scene Homes to provide 33 single-family attached and detached homes that are for sale to low and moderate- income eligible first-time homebuyers. Four unique plan types are offered in three and four bedroom configurations, ranging from 1,250 -1,605 square feet. The Meadows at Metate Lane consists of 30 single family homes (28 attached units, 2 detached units). The Meadows at York Avenue offers 3 single-family detached homes. All homes are only available to low and moderate income first-time homebuyers. Twenty-eight (28) homes will be sold at a price affordable to moderate-income households. The remaining five (5) of the homes will be sold at a price affordable to low-income households.

**As of August 1, 2011, three (3) Moderate Income homes remain available at The Meadows at Metate Lane to interested Moderate income first-time buyers.**

The Meadows homes will be sold under the guidelines of Poway’s first-time homebuyer program titled Supporting Home Ownership in Poway (SHOP). The SHOP program outlines the process, requirements and regulations for providing assistance to low- and moderate income homebuyers. All homes sold at The Meadows will be subject to affordable restrictions regarding the future sale of the home. Future homebuyers will be subject to the same affordable purchase guidelines as original buyers. The resale prices of the homes purchased with the help of the SHOP program are set according to California Redevelopment Law and resale prices are not set according to market value.

### 2. What are initial eligibility requirements of a Moderate Income household?

The table below is a guideline for total gross household Moderate income requirements based on household size. Additionally, a qualifying moderate income 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 Moderate Income Buyers*			
Household Size	Minimum Income*	Maximum Income*	Maximum Assets*
1	\$45,851	\$62,950	\$52,450
2	\$52,401	\$71,900	\$59,900
3	\$58,951	\$80,900	\$67,400
4	\$65,501	\$89,900	\$74,900
5	\$70,751	\$97,100	\$80,900
6	\$76,001	\$104,300	\$86,900

\* Based on 81% - 120% of 2011 San Diego County Area Median Income. Subject to change. This table does not constitute all necessary eligibility requirements.

### **3. What are some of the features included in The Meadows homes?**

Each home at The Meadows meets the EPA rated Energy Star designation in California. To earn the Energy Star rating, a home must meet strict guidelines for energy efficiency set by the U.S. Environmental Protection Agency. These homes are at least 15% more energy efficient than homes built to the 2004 International Residential Code (IRC), and include additional energy-saving features that typically make them more efficient than standard homes. Energy Star qualified homes offer homebuyers many features they want in a new home, plus energy-efficient improvements that deliver better performance, greater comfort, and lower utility bills.

The Meadows offers other exciting features including, but not limited to each home equipped with a solar electric roof system, fully landscaped front and rear yards, privacy fencing, tankless water heater, heat and air conditioning system, matching cabinetry throughout, granite kitchen countertops, 9-foot ceilings, and attached 2-car garages.

### **4. When will The Meadows homes be ready for occupancy?**

Construction is complete at The Meadows and homes are move-in ready. There is a potential for homebuyers at The Meadows to receive a solar tax credits of up to \$4,488. The Meadows does not guarantee that tax credits will be available and the homebuyer should contact their tax consultant for tax advice and preparation of tax forms.

### **5. Is there a minimum down payment required?**

The SHOP program requires a minimum down payment of 5% of the affordable sales price for moderate income homes.

### **6. When will participants be required to provide a down payment?**

Participants will be required to prove that they have 5% of the purchase price for a down payment once they begin to work with a lender. The approximate funds needed for a minimum down payment is \$18,520 and closing costs may range from \$4,000 - \$8,000 and will primarily depend upon the household's income, credit score, borrowing capacity and points. Proof of down payment funds will be required during the lender loan approval process. It is strongly encouraged to begin or continue saving to meet this requirement. Furthermore, a deposit of \$7,000 will be required to be placed in escrow at contract signing.

### **7. Is S.H.O.P. assistance a loan? How does it relate to the affordability restriction?**

The total cost to acquire, develop, entitle, permit, construct, market, sell and warrant a new home at The Meadows exceeds the sales price determined to be affordable to moderate-income households. The Poway Redevelopment Agency provides assistance to the affordable homebuyer via a S.H.O.P. loan that bridges the gap between the cost of providing the unit and the affordable purchase price paid by the homebuyer. The S.H.O.P. loan is a \$29,602 deferred payment, zero interest (0%) loan secured by a promissory note that is only repayable to the Poway Housing Authority if that homebuyer chooses to reside in the unit for a period of 45 consecutive years.

If the homebuyer sells the affordable unit to another qualified affordable buyer during the 45 year affordability period, the subsequent eligible affordable homebuyer may assume the S.H.O.P. loan balance and be held to a new 45 year affordability restriction. If the homebuyer chooses to reside in the unit for a period of 45 consecutive years, the homebuyer shall then repay the balance of the S.H.O.P. loan. At zero (0%) interest, the balance due in 45 years is \$29,602. Upon 45 years and loan repayment, the affordable deed restrictions and requirements attached to the unit will be lifted,

making the unit a market-rate home with no restrictions on resale, ability to rent, etc.

#### **8. Is BEGIN assistance a loan?**

In conjunction to the SHOP assistance loan, the City of Poway provides another loan of \$58,856 through the Building Equity and Growth In Neighborhoods (BEGIN) program. The BEGIN loan is a \$58,856 deferred payment, one percent (1%) simple interest loan (not compounded interest) secured by a promissory note that is repayable to the City of Poway after a period of 30 consecutive years.

If the homebuyer sells the affordable unit to another qualified affordable buyer prior to the BEGIN loan becoming payable, the subsequent eligible affordable homebuyer may assume the BEGIN loan balance. The BEGIN loan is payable in 30 consecutive years, where the duration does not restart. The BEGIN loan includes an additional restriction that the household reside in the home for a minimum of 5 years, prior to sale/transfer as a program goal to encourage medium to long-term homeownership.

Total SHOP and BEGIN assistance loans equal \$88,458 in deferred payment 0% or 1% loans to eligible Moderate Income households bridging the gap between the value of the home and the affordable purchase price paid by the moderate income homebuyer.

#### **9. Can this home be rented out?**

No. All persons on title are required to live in the home as their primary residence for the entire duration in which they own the home. Failure to do so will result in default of S.H.O.P. 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. The Meadows homes and S.H.O.P. assistance are for owner occupancy. The homes at The Meadows are subject to rent and resale restrictions for a 45-year affordability term.

#### **10. Can I purchase another home one day without selling this affordable home?**

There is no specific restriction from buying other real property. However, you may not use this home as collateral for a future loan. You will also still be required to live in this home as your primary residence throughout the duration of ownership.

#### **11. Can improvements be made to the home?**

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

#### **12. What are the main steps in the Meadows Home buying process?**

There are seven major steps in the Meadows Home buying process:

- 1) Complete and submit Self-qualification Form
- 2) Attend a HUD approved First-time Home buyer course and submit Course Certificate
- 3) Attend a City of Poway S.H.O.P. seminar to learn about Poway's S.H.O.P. program and BEGIN.
- 4) Obtain a loan commitment sufficient to afford a home at the Meadows (approx \$293,000 loan)
- 5) Submit documentation for S.H.O.P. Affordable Housing eligibility review
- 6) Select a lot, sign a purchase agreement and make a deposit.
- 7) Maintain your income, assets and affordable housing eligibility through the close of escrow.

**13. May I start any of the steps in the Meadows Home buying process early?**

The home buying process is designed to guide the homebuyer efficiently through the home buying process. There are many positive reasons for a household to expeditiously complete the home buying process due to possible fluctuations in mortgage interest rates, potential tax credit deadlines, and lot selection opportunities. We encourage each household to consult the Meadows New Home Consultant prior to beginning the process.

**14. When will participants begin working with a lender? Are there specific lenders that participants must work with?**

Ideally, participants will work with a Poway Housing Authority approved lender to provide first mortgage loans that work in conjunction with Poway's SHOP and BEGIN assistance loans. The New Home Consultant can provide you a list of approved Program lenders.

**15. How do I get to pick a home? Do I get to pick my paint, granite or flooring colors?**

After completion of the home buying process listed above, applicants will be allowed to select a home based on remaining availability. Due to the limited number of homes, completion of the home buying process does not guarantee you a home.

All of the homes have been designed and completed with complementary exterior and interior color schemes. At the time of lot selection, the New Home Consultant will provide a list of available homes and the unit's associated features, color scheme, interior design package, etc.

The Meadows homes are new construction, warranted by Pacific Scene Homes through its Homebuilders Limited Warranty.

**16. If I need to fall within the Moderate income household income range, what if my household size, salary, or assets change prior to close of escrow?**

All applicants must maintain their affordable housing eligibility through the close of escrow. Total household income must be within the 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. 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.

**17. After I purchase the unit, do I still need to maintain my income, assets or household size?**

No. After close of escrow, a household may change their household size 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. It is the collective hope of the Poway Housing Authority and Pacific Scene Homes that households continue to build strong families and increase wealth through saving, investments and increased income.

**18. Who needs to attend the HUD class? Who needs to attend the S.H.O.P. class?**

It is a mandatory that all individuals who will be placed on the title must attend both classes. If a household is unsure of which individuals will eventually be placed on title, it is recommended that all potential title holders attend both classes. This includes family members, parents or grandparents that will be on title and reside in the home.

**19. I have submitted my Self-qualification form. Can I sign up for a HUD approved first-time homebuyer course?**

Yes. Please see "The Meadows Home Buying Process" handout attached below.

**20. Where can I obtain a list of providers for the HUD certified class for first-time homebuyers and by what date do I need to show proof of attendance?**

Please see "The Meadows Home Buying Process" for a list of some available providers. You must complete, and show proof of attendance to a HUD approved First-Time Homebuyer Education Course to be invited to the S.H.O.P. seminar. The HUD course certification must be current. As lending criteria and the credit market continues to change, we will not accept HUD certificates dated earlier than June 1, 2010.

**21. How can we stay in touch?**

It is the responsibility of all participants to ensure that we have up-to-date contact information at all times so that we may contact you throughout the process.



## The Meadows Home Buying Process

The following list describes the basic necessary steps that you (*and all members of your household that will be purchasing the home*) are required to complete to buy a home at The Meadows. Because the homes are limited, completing the steps below does not guarantee you a home. Your ability to buy a home will be based on your eligibility, your completion of all of the steps below in a timely manner and your prioritization list number. **Please note that all applicants are responsible to inform The Meadows of any changes to their contact information.**

Crista McClure-Swan is the New Home Consultant for The Meadows. You will submit all of your information to her at:

**Crista McClure-Swan**  
**c/o The Meadows**  
**2505 Congress Street**  
**San Diego, CA 92110**

If you have questions or need to contact her, she can be reached at (760) 458-0797 or [mcswans@cox.net](mailto:mcswans@cox.net). Please inform her if your contact information changes at any time.

- 1. HUD First-time Homebuyer Course Certification** - You must complete first-time homebuyer class approved by the federal department of Housing and Urban Development (HUD). A copy of your course completion certificate must be mailed to The Meadows.

For your convenience, we have listed several locations that perform the HUD-certified class for first-time homebuyers. This mandatory seminar will help properly prepare you to take one of the most exciting and important steps of your life. The more educated you are as a first time homebuyer, the more likely that you will be able to make wise decisions regarding a purchase of a home.

**HUD Approved First Time homebuyer classes:**

- Stephanie Murphy- Consumer Credit Counseling Services (619) 265-6105  
[stephanie.murphy@moneymanagement.org](mailto:stephanie.murphy@moneymanagement.org)
  - Community Housing Works - (760) 432-6878
  - Springboard Non-profit Consumer Credit Management (877) 947-3752
  - Ellen Brown - Neighborhood House Association (619)263-7761  
[ebrown@neighborhoodhouse.org](mailto:ebrown@neighborhoodhouse.org)
  - San Diego Home Loan Counseling and Education Center - (619) 624-2323
- 2. Poway S.H.O.P. Seminar** - In addition to the HUD approved first time homebuyer course, you will also be required to attend a City of Poway Supporting Home Ownership in Poway (S.H.O.P.)

seminar to learn more about the requirements and restrictions of this for-sale affordable housing program. **(The Meadows will schedule your space at a SHOP class once your household has submitted a HUD first-time homebuyer course certificate)**

- 3. Loan Commitment** - After completing both the HUD and SHOP courses, 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. The deadline for submitting your loan commitment will be provided to you at the S.H.O.P. seminar.
- 4. S.H.O.P. Program Affordable Underwriting-** After you have obtained a loan commitment for primary mortgage financing from a program lender, The Meadows will review your household information to verify eligibility with S.H.O.P. Program affordable housing guidelines. If determined to be eligible under affordable housing and S.H.O.P. Program guidelines, you will begin the lot selection process.
- 5. Home Selection** - Eligible applicants who have met the above requirements will select a home (in order of their lottery number position), complete sales documents, place a \$7,000 deposit and open escrow.