

**County of Santa Cruz**  
**Affordable Housing Guidelines**  
**December 7, 2021**

**Excerpt Section C Application Process starting on page 20**

**SECTION C. APPLICATION PROCESS**

The steps of the homebuyer application process are described in this Section. Housing staff is bilingual in English/Spanish, and customer service in other languages may be requested through the County's bilingual staff directory. Bilingual services are available for the purpose of explaining County housing programs and providing general customer service to Program applicants and participants. Applicants must obtain their own translators, if needed, for the purpose of negotiating real estate transactions, applying for a loan, etc., consistent with State law. Disabled applicants requiring accessibility accommodations in order to apply may request assistance by contacting Housing staff. A TDD line is available (711).

Detailed application instructions are provided in the Homebuyer Eligibility Application, available from Housing staff by email to [HousingProgramsInfo@santacruzcounty.us](mailto:HousingProgramsInfo@santacruzcounty.us). The Eligibility Application is submitted to the Housing Authority with the Eligibility Verification fee payable to the Housing Authority (see Exhibit 5 for current fee amount). The Housing Authority determines if Applicant's household is at or below the moderate-income limits, to verify household size, to determine the eligible home size(s) for which the household qualifies, and whether Applicant meets the first-time homebuyer and other eligibility criteria stated in Section B of these Guidelines. If Applicant is determined eligible, they submit an Application to Purchase, along with the Underwriting Fee to the County Housing Division, after receiving an Eligibility Letter from the Housing Authority. The Application to Purchase determines that proposed financing and other purchase transaction details meet Program requirements, such as the maximum sales price, and affordability and financing standards in Section E.

Administrative Fees are listed in **Exhibit 5** of these Guidelines. Applicants submit an application with the application fee only after an offer has been submitted and accepted, with a contingency clause for County approval. However, in some cases as explained below, the County may solicit a limited number of Eligibility Applications during a certain time period, with the Application to Purchase to follow only once it is clear which applicant will be purchasing which available home.

The steps required to purchase an Affordable home are explained below:

**1. Receive program outreach materials and/or attend a Home Buyer presentation**

The County provides various Program outreach materials online and presentations

occasionally to help prospective buyers determine if an Affordable home is right for them, and whether they might qualify. Applicants should review these materials and/or attend a presentation, when available, to determine if they are interested in the Program and likely to qualify.

**2. Identify an available Affordable Home**

Affordable homes are listed for sale through the Multiple Listing Service (MLS) and/or on the Affordable home listings page of the County's website (see link below). When a new project is developed, Housing staff will work with the developer to provide outreach to prospective buyers within the final year of construction, and hold random drawings, if needed. The intent of the random drawings is to provide a fair way of selecting buyers from among many interested and potentially eligible households.

**3. Obtain Pre-qualification for a first mortgage loan**

**Applicant(s)** must obtain a pre-qualification letter for a thirty-year, fixed-rate first mortgage from a financial institution or lender providing conventional, residential mortgages. The letter must state the maximum amount Applicant could borrow in a conventional first mortgage that meets the loan requirements explained in Section E, and the amount of down payment required by lender. All adult Applicants must be named on the pre-qualification letter and must take joint title to the home, unless Program staff has granted an exception for one or more adults, as described in Section B. *Exceptions:* Applicants purchasing an age-restricted senior unit and/or beneficiaries of a special needs trust proposing to purchase the home with no mortgage (i.e., all cash) are exempt from the requirement to obtain a mortgage pre-qualification letter.

**4. Select an Affordable Home and sign offer to purchase**

A prospective applicant must use a licensed real estate agent who will submit an offer on an available affordable home within the size range appropriate for their household size. Dual representation (agency) is not allowed under the Affordable Housing Program. Dual representation (agency) is not allowed under the Affordable Housing Program. Dual agency is when a single real estate agent represents both the buyer and the seller in a real estate transaction. Seller must include a contingency clause in the contract for County approval of the potential buyer. Applicant shall provide Seller with a copy of applicant's eligibility verification letter from Housing Authority prior to Seller releasing the County approval contingency on the contract.

**5. Submit Eligibility Application, with accepted purchase contract, fee, and required attachments, to Housing Authority**

The County has an MOU with the Housing Authority to provide eligibility screening for its affordable home ownership programs. The Housing Authority will review application and provide Applicant with a letter verifying their eligibility or ineligibility pursuant to the

criteria in these Guidelines. Applicants determined ineligible may appeal to the County Housing Division, as explained in Section D, below. Applicants determined eligible may proceed to the next step.

Applicants determined ineligible may reapply six months after receipt of the Program eligibility determination letter, if they believe their circumstances related to the reason for ineligibility have changed (i.e., significant changes in income, assets, household composition, credit score, down payment funds, etc.). In that case applicants must submit an entirely new complete application and pay the fee again. Each application must verify that Applicant meets all eligibility criteria at the time of submittal, independently of any verification provided in prior application(s).

Applicants wishing to appeal an eligibility determination may do so in accordance with the appeal procedure described in Section E. Applicants that have made fraudulent statements or intentionally misrepresented facts in any application shall be permanently ineligible for the Program.

**6. Submit Application to Purchase**, with copy of Eligibility Letter, to County Applicant completes and submits Application to Purchase form with required attachments and Underwriting Fee to the County Housing Division. Attachments include a copy of the eligibility letter, purchase contract, loan application and approval, inspection reports, and other documents listed on the Application to Purchase form.

**7. Application to Purchase approved or denied by County** County Housing staff will review the Application to Purchase to verify that the terms of the purchase contract, proposed financing and/or down payment, and associated application contents meet all program requirements, and that Applicant's household remains eligible, prior to issuing escrow instructions.

**8. Attend Home Buyer Education Class** Applicants must complete a HUD-approved home buyer education class prior to closing escrow on an Affordable home. This is to ensure that the buyer fully understands the process of home buying, the various options available in selecting a home and a loan, and the potential consequences of each decision. A list of HUD-approved home buyer classes is provided in **Exhibit 4**. Online and in-person classes are available. Most classes provide a certificate of completion to attendees. Applicants shall include this certificate, or equivalent written verification from the provider, with their Application to Purchase. Applicants shall also make an appointment with County staff to review all Affordable home buyer disclosures and agreements after being determined eligible for the Program.

## **9. Final Approval to Close Escrow**

Final approval is provided after the Applicant and Applicant's Lender complete the Application to Purchase by providing copies of Applicant's first mortgage loan application forms, evidence of required property insurance coverage and certificate showing County as additional insured, required lending and settlement disclosures from the lender, and conditional approval of first mortgage and any junior loans. If proposed financing does not meet the Program's financing requirements (Section E) as applicable, application will be denied until/unless Applicant can secure adequate financing, or loan terms are adjusted by Lender before the loan contingency must be released under the Purchase Contract. This amount may be adjusted prior to close of escrow if the first lender subsequently changes the amount of the first loan, or buyer obtains additional down payment funds from any source to the extent possible within Program gift limits. Buyer shall attend a disclosure meeting with County staff to review Program restrictions and recordable documents before the County will issue its final approval. The County will provide its final closing conditions, instructions and recordable documents to escrow following the disclosure meeting. The first lender (and any approved junior lenders) will provide final loan approval, buyer will deposit any outstanding down payment funds into escrow, and lender will fund the first mortgage loan. Escrow officer will record deed and other recordable documents and close escrow. Applicant is now a Measure J homeowner.