COUNTY OF ALAMEDA

HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

AC Boost Program Manual

Alameda County Down Payment Assistance Loan Program
Funded by Alameda County Measure A1

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COUNTY OF ALAMEDA
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT
DOWN PAYMENT ASSISTANCE LOAN PROGRAM (AC BOOST)

SECTION 1 - INTRODUCTION TO AC BOOST

1.1 Program Summary

The County of Alameda (**the "County"**), Housing and Community Development Department ("HCD") funds and oversees the Down Payment Assistance Loan Program ("**AC Boost"**) which is administered by Hello Housing (**"Program Administrator"**). This manual describes the program guidelines and processing procedures for AC Boost. It also establishes the roles and responsibilities of Program Administrator, HCD, the Applicants and the first mortgage lenders. Finally, it describes the qualifications and requirements of prospective first-time homebuyers. HCD shall review and update these guidelines from time to time to reflect changes in the market and better meet the community's needs.

1.2 Definitions

Alameda County – A political subdivision in the State of California.

Applicant: The primary individual applying for AC Boost and all persons 18 years and older who will reside in the property.

Appreciation: An amount representing the increased value of a property determined by comparing the fair market value (**FMV**), or sale price of a property from the time of the original purchase to the new FMV or sale price at the time of resale or upon cash-out refinancing.

Area Median Income: The median income for the Oakland - Fremont Metropolitan Statistical Area as defined by HUD, and adjusted for household size. The amounts are adjusted by HUD on an annual basis.

Assets Inclusions: The assets to be counted when determining an Applicant's eligibility, including, but not limited, to the following: savings accounts, checking accounts, Certificates of Deposit, the total balance of any joint accounts, money market or mutual fund accounts, in trust for accounts (amount accessible), stocks or bonds, gifts, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement accounts), the amount of equity in any real estate owned, and other investments held by any occupant of the Applicant's household age 18 or older.

Back-end ratio: The ratio between monthly household income and monthly housing costs plus all recurring debt payments, such as installment payments, credit card payments, lease payments, child support and other loan payments.

Combined Loan-to-Value Ratio: The ratio between the amount of all indebtedness secured by a property to the lesser of the appraised value or the purchase price of that property.

Condominium: As defined in California Civil Code Section 783.

Conditional Approval and Reservation of Funds: An evaluation of an Applicant by Program Administrator and HCD that determines whether the Applicant qualifies for an AC Boost loan based on his/her/their income, assets, and other eligibility criteria set forth is Section 6.6. If an Applicant is conditionally approved, HCD will issue a conditional approval letter to Eligible Applicants and reserve AC Boost funds.

Dependents: The household members who reside in the property and who are listed as dependents in the Applicants' Federal Income Tax returns.

Displaced Homemaker: An individual who has not worked full-time, full-year in the labor force for at minimum three (3) years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, is experiencing difficulty in obtaining or upgrading employment, and, while a homemaker, owned a principal residence with a previous spouse.

Domestic Partner: As defined in the State of California Family Code Section 297-297.5.

Educators: A household with at least one member employed as a full-time teacher, administrator, school district employee or staff member working for any Alameda County K-12 public school, which includes Charter schools and county/continuation schools, or community colleges and public universities within Alameda County, including extension campuses, or full-time licensed child care provider within Alameda County. Additional qualifications include educators working in licensed residential facilities for children/foster youth. Full-time is defined as working at least 32 hours per week.

Fair Market Value: The value of a property based upon the determination of an authorized appraisal report mutually acceptable by both the County and the Applicant.

FICO: Fair Isaac Corporation. The best-known and most widely used credit score model in the United States.

Final Approval: A written approval from HCD to the Applicant and Lender signifying that the First Loan Package and Property Package have been approved and the Applicant meets the eligibility criteria of the AC Boost Program as set forth in Section 6.6A.

First Loan Package: Documents submitted to Program Administrator by Lender as set forth is Section 7.1.

First Responder: a household in which at least one member is a full-time staff member of a Police, Fire, or Sheriff's Department within Alameda County or employed as an Emergency Medical Technician (EMT) or Paramedic with a service area including Alameda County. Full-time is defined as working at least 32 hours per week.

First-time homebuyer: An individual is to be considered a first-time home buyer who (1) is purchasing the residential property; (2) will reside in the residential property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential unit during the three-year period preceding the date of the AC Boost application, OR was a Displaced Homemaker as defined above and is now working.

First Mortgage: The mortgage made by a Participating Lender for the purchase of a Principle Residence, which shall be in first lien position and be the maximum loan affordable to an eligible Applicant.

Front-end Ratio: The ratio between monthly household income and monthly housing costs, including first mortgage principal, interest, taxes, hazard insurance and homeowner's association dues (HOA).

Funding Cycle: Time period established by Program Administer and HCD in which an established amount of AC Boost loan funds will be made available. During each Funding Cycle, Program Administrator will host a new lottery, accept Pre-Applications and Program Applications, issue Conditional Approvals and Reservations of Funds, and facilitate AC Boost funding.

Gift Fund: An Applicant may use funds received as a personal gift from an acceptable donor. An acceptable donor includes a relative, defined as any other individual who is related to the Applicant by blood, marriage, adoption, or legal guardianship who is not part of the household. Gift funds are not allowed from a fiancé or fiancée who is not part of the household.

Gross Income: The anticipated income of an Applicant for the twelve-month period following the date of determination of Household Income, as determined by Program Administrator pursuant to Section 2.1F of this AC Boost Program Manual.

Home: Any residential property which the Applicant or any of the Applicant's household has ever owned and designated as their Principal Residence.

HomeKeeper: The online database used by the Program Administrator to collect and manage AC Boost application and loan documents.

Household Income: The combined Gross Income for the Applicant(s), and any other person 18 years of age or older who is expected to live in the residence, as determined by Program Administrator pursuant to Section 2.1F of this AC Boost Program Manual.

HUD: The U.S. Department of Housing and Urban Development.

In-Law Units: An area within the property that is autonomous from the principal residential area and has been constructed or converted to accommodate a living space for a separate household complete with kitchen and bath.

Loan Funding Package: Final verification by Program Administrator and HCD that County's escrow instructions have been followed and all financing, Applicant, and property details remain unchanged since Final Approval, as set forth in Section 7.4.

Loan-to-Value Ratio: The ratio between the amount of the first mortgage lien against a property to the appraised value of that property.

Hello Housing: a 501(c)3 nonprofit organization which has contracted with Alameda County to serve as the Program Administrator overseeing the day-to-day activities of the AC Boost program.

Housing and Community Development Department (**HCD**): The office designated by the County of Alameda to oversee the AC Boost program.

Monitoring: Activities of the Housing and Community Development Department or Program Administrator, which will ensure compliance with the owner occupancy and other requirements of the program. Applicants are required to submit certain documentation on a regular basis to the Program Administrator to substantiate their continuing compliance with the Program requirements.

Participating Lender: Loan officers from institutions in good standing that have demonstrated their ability to provide loan origination, funding, services and perform other duties within applicable laws and the regulations, have attended an AC Boost Program Lender Training and have agreed to participation with the AC Boost program in writing**.**

Pre-Application: Initial household eligibility and preference screening based on stated information provided by Applicant on AC Boost program website, to determine eligibility of household to be entered into a lottery that will determine a priority order for Program Application submission. Upon request, applicants who prefer to submit a paper copy of the Pre-Application will be provided with instructions to submit a Pre-Application by mail.

Principal Residence: (1) "Single-Family House", (2) "Condominium" or (3) "Townhouse/Town Home, (4) Loft or (5) Live Work Unit." It does not include timeshares, recreational vehicles, campers, or similar vehicles. The Applicant must occupy the Principal Residence at least 10 months out of every calendar year for the entire term of the loan.

Program: Alameda County Down Payment Assistance Loan Program, otherwise known as AC Boost, as described in the Down Payment Assistance Loan Program Implementation-Level Policies that were adopted by the Board of Supervisors of County of Alameda on August 7, 2018 (the "Program").

Program Administrator: Alameda County HCD selected Hello Housing, an independent nonprofit organization after a competitive process to select the program administrator and has contracted with Hello to administer the day-to-day operation of the program.

Program Application: AC Boost Program application with required supporting documents submitted by Applicants to the Web Portal, to determine household eligibility and preference verifications to receive a Conditional Approval and Reservation of Funds.

Property Package: Documents submitted to Program Administrator by Lender as set forth is Section 7.2.

Purchase Price: The cost of acquiring a residence, excluding usual and reasonable settlement or financing costs.

Rental Units: Any dwelling unit in which the Applicant/applicant maintains an ownership interest and is used, or can potentially be used, as an investment from which they derive rental income from tenants.

Sales Contract (Purchase Agreement): A real estate contract of sale functions as a legally binding agreement between two parties (i.e. Applicant and a seller) concerning the terms of purchase or transfer of real property.

Single-Family Residence: A single-family one-unit residence.

Spouse: A partner in a marriage.

Townhouse (Town Home): A single-family dwelling unit constructed in a group of three or more attached units in which each unit extends from foundation to roof and with a yard or public way on at least two sides.

Web Portal: The online system that applicants, lenders, and program staff use to apply and submit documentation for AC Boost loans.

SECTION 2 - PROGRAM REQUIREMENTS

2.1 Applicant Eligibility Requirements

In order to apply for an AC Boost loan, Applicant must meet the following requirements:

A. Live, Work or Displaced from Alameda County

Buyers must live in Alameda County, work at least 32 hours per week in Alameda County, or have previously lived in Alameda County and have been displaced. To qualify, applicants must provide proof of the applicant's current or former residency in Alameda County or proof of current employment in Alameda County.

To qualify as a displaced household, the applicant's household must include at least one adult member who was displaced as an adult from their principal place of residence within Alameda County within ten years prior to their application date. A person is considered to have been displaced if they were forced to move from their residence. Reasons for displacement may include:

- Code enforcement activities,
- A City/County-sponsored or City/County–assisted development project,
- Property foreclosure,
- Evictions and forced move-outs, including, but not limited to, those related to:
    I. Rent increase,
    II. Loss of housing services,
    III. Owner move-in,
    IV. Building condemnation,
    V. Unsafe/unhealthy housing or neighborhood conditions,
    VI. Property conversion to condominium or other use,
    VII. Harassment, discrimination, or retaliation by landlord or neighbors,
    VIII. Constructive eviction, and
    IX. Natural disaster or other emergency.

Applicants will self-certify that the applicant's household was displaced for one of the above reasons. Documentation must be provided to showing past Alameda County residence within ten years prior to their application date. Applicants that indicate that a household member was displaced from the County in their pre-application will be required to provide documentation to evidence the displacement at time of AC Boost Program Application submittal. Documentation could include, but are not limited to:

- Previous Lease Agreement with Alameda County address;
- Utility Bill with Alameda County address;
- Tax documents (such W-2, W-4, or Tax Returns) showing Alameda County address.

B. Household Size Compatibility

AC Boost does not directly limit the size of homes that a qualified household can purchase.

C. First-Time Homebuyer Requirements

No member of the applicant household may have owned any interest in a residential unit during the three-year period preceding the date of the AC Boost Pre-Application. The period shall be counted backwards from the AC Boost Pre-Application submittal date. An applicant shall be deemed to have owned an interest in a residential unit regardless of whether or not that interest resulted in a financial gain, is in another state or country, or if the applicant has ever used the property as a primary residence. Notwithstanding the foregoing, the following interests shall not, by themselves, disqualify an applicant from being considered a first-time homebuyer: (1) ownership of timeshares; (2) loan cosigners from previous real estate transactions; (3) appearing on title solely in the capacity as a trustee for a trust, where the trustor is living at the time and in the residence; (4) being a named beneficiary of a trust that includes a housing unit amongst the trust assets, but only if the trustor is living at the time and in the residence; (5) ownership of shares in a limited equity co-op; and (6) being a Displaced Homemaker as defined in Section 1.2, who is now working.

In order to meet the AC Boost program definition of a first-time homebuyer stated above, Applicants must meet one or more of the following criteria:

- Have not owned any interest in a residential unit during the three-year period preceding the date of the AC Boost Pre-Application;
- Owned an interest in a timeshare but did not own interest in any other residential unit during the three-year period preceding the date of the AC Boost Pre-Application;
- Were a loan cosigner from a previous real estate transaction but did not appear on title for any residential unit during the three-year period preceding the date of the AC Boost Pre-Application ;
- Appeared on title for a residential unit solely in the capacity as a trustee for a trust, where the trustor was living at the time and in the residence and have not owned any other

interest in a residential unit during the three-year period preceding the date of the AC Boost Pre-Application;

- Were a named beneficiary of a trust that included a housing unit amongst the trust assets, but only if the trustor was living at the time and in the residence and have not owned any other interest in a residential unit during the three-year period preceding the date of the AC Boost Pre-Application,
- Have owned shares in a limited equity co-op but have not owned any other interest in a residential unit during the three-year period preceding the date of the AC Boost Pre-Application;
- Meet the definition of Displaced Homemaker as defined in Section 1.2, and are now working.

Program Administrator may verify first-time homebuyer status by: (a) reviewing mortgage deductions on the three most recent years of federal tax returns for each applicant; (b) relying on a signed statement by an applicant stating his/her/their homeownership status; (c) a title search; or (d) any other means reasonable to determine First-time Homebuyer status.

Applicants will be required to submit a First-Time Homebuyer Affidavit with their Program Application.

D. Owner Occupancy Requirement

All household members must occupy the purchased property as their Principal Residence within 60 days after the close of escrow. Thereafter, all household members must reside in the property as their principal residence a minimum of 10 out of 12 calendar months for the term of the loan or until the property is sold. Annual compliance monitoring will be performed to confirm proof of owner occupancy and that the County AC Boost funds remain the second position.

All household members must own and occupy the property purchased with an AC Boost loan for at least a year after the date of purchase. Exceptions may be approved at the discretion of HCD if there are extenuating circumstances that force the household to move (e.g. a job transfer).

E. Income Limits

Maximum Income Limits: In the Implementation Level Policies adopted by the Board of Supervisors, initial incomes are set at 120% of Area Median Income, adjusted by household size. After the initial period and a review of the use and demand of the funding, incomes may be increased to 150% of Area Median Income. As April 26, 2021, the income limits are as follows and will be updated annually based on the State of California Department of Housing and Community Development (HCD) State Income Limits:

Persons per household	One	Two	Three	Four	Five	Six	Seven	Eight
100% AMI	$87,900	$100,500	$113,050	$125,600	$135,650	$145,700	$155,750	$165,800
120% AMI	$105,500	$120,550	$135,650	$150,700	$162,750	$174,800	$186,850	$198,900

F. Income Calculation

1. **Determining Baseline Household Income**: Household Income maximums are based on "gross" income derived from all sources as detailed in Internal Revenue Code (26 USC Section 6.1), whether or not exempt from federal income tax. Such income includes, but is not limited to, the following:

a. The full amount (before any payroll deductions) of all wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensating for personal services
b. The full, gross amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipt including a lump sum payment for the delayed start of a periodic payment; include amounts received by adults on behalf of minors, or by minors intended for their own support
c. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay
d. Welfare assistance (excluding food stamps)
e. Alimony/maintenance and child support payments
f. All regular pay, special pay, and allowances of a member of the Armed Forces
g. The income, salaries, and other amounts derived from operation of a business or profession
h. Income from assets
i. Income from an interest in an estate or trust
j. Interest; dividends; Capital Gains; Rents, Royalties
k. Lottery/gambling winnings paid in periodic or lump sum payments
l. Allowances for housing, auto, food, etc.
m. Recurring contributions or gifts regularly received from organization or from persons not residing in the dwelling

The following sources of income shall be excluded from the total household income:

a. Income from the employment of any Household members under the age of 18 unless such Household member is an Applicant on the loan
b. Payments received from the care of foster children or adults, or adoption assistance
c. Lump sum additions to family assets (e.g., inheritances, capital gains, insurance policy, death benefit payment, stock options payout)
d. Medical expense reimbursement received specifically for the medical expense of a household member
e. Income of a live-in aide
f. All forms of student financial assistance paid directly to a student, educational institution, or a veteran
g. Income from full-time students who are Dependents.

The following expenses shall be deducted from the total household income:

a. Alimony/maintenance and child support payments which are court-ordered and paid by the Applicant.

2. **Income Calculations**: The Program projects future income based on the Gross Income set forth on each applicant's income documentation for each source of income. Program Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Earned income from the employment of any Household members under the age of 18 is not counted. However, unearned income (e.g., child support, social security, and other benefits paid on behalf of a minor) is included.

   Income sources for all household members 18 years or older will be reviewed based on the following methodology:

   Employment Income

   Annual employment income must be determined for each job currently held. Please see Appendix B for details on how employment income will be determined.

Overtime, Tips and Bonuses

When calculating income based on paystubs, overtime, tips and commission will be annualized. Bonuses will be annualized unless the applicant can provide documentation from the employer that the bonus was a one-time occurrence. In this case, the bonus amount will be removed from the annualization of the income and added in one time to the total annual income that is determined.

Seasonal Workers

The program will not annualize current income for seasonal workers who provide a Verification of Employment from their employer(s) verifying that the work does not occur year-round. The income calculation for employment income described in Method #1 will be used to determine annual seasonal income, while discounting the amount for off season time. Applicants who are seasonal workers must include documentation of any unemployment he/she/they have received or may receive during the off season. The annual unemployment compensation will be included in household income.

Child Support

Income from Child Support may be excluded with evidence that the child support is scheduled to be terminated within 3 months of the date of application.

Wage Reductions

Applicants whose income from employment has declined in the past 6 months must provide evidence verifying that the change was not voluntary – for example that the applicant did not quit a job or choose to reduce hours.

Income from Government Income

For applicants receiving government income of any source (e.g. social security, CalWORKs, etc.), the income is derived by multiplying a regular monthly statement by 12 months or by referring to an annual award letter.

Self-employed Income

All self-employed applicants must submit a Self-Employed affidavit provided by Program Administrator. Self-employed Applicant's employment and income will be verified by obtaining from the applicant: (a) copies of his/her/their federal income tax returns (both individual returns and in some cases, business returns) that were filed with the IRS for the past three years with all applicable schedules attached, and (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).

Please see Appendix C for details on how self-employment income will be determined.

Other Income

Any source of regular income whether in cash or recurring deposits into a bank account prior to application may be treated as income.

In the case of an applicant who is paid in cash for employment, HCD will consider those applicants self-employed. Please review the requirements for self-employed income.

Unemployed Applicants

Unemployed applicants who are receiving no income at all should submit a Zero Income Affidavit as provided by Program Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero Income Affidavit as unemployment benefits are considered income. All unemployed applicants will be required to provide a copy of their most recent EDD Award Letter during the AC Boost Program Application processing for Program Administrator to validate applicant's unemployment and income.

Verification of Employment

An official Verification of Employment signed by an applicant's employer may be used as the final proof of an applicant's income, if needed.

Requirement of a Divorced Applicant

The income of an Applicant's Spouse or Domestic Partner must be included in the Gross Annual Income for the household, unless an Applicant is legally divorced from his/her/their spouse, or his/her/their domestic partnership has been terminated. An Applicant must provide HCD with a copy of a court-ordered divorce decree or Notice of Termination of Domestic Partnership in order to be considered "legally divorced". For divorces, a petition for dissolution will not suffice. For domestic partnerships, at least six months must have passed since the Notice of Termination of Domestic Partnership has been filed in order for the Domestic Partner's income not to be included in the Gross Annual Income for the household.

G. Assets Requirements

1. **Assets Inclusions:** When calculating an Applicant's assets, the assets to be counted when determining eligibility include, but are not limited, to the following: savings accounts, checking accounts, Certificates of Deposit, the total balance of any joint accounts, money market or mutual fund accounts, in trust for accounts (amount accessible), stocks or bonds, gifts, cash on hand, amount used or borrowed (from a life insurance policy, IRA or retirement accounts), the amount of equity in any real estate owned, and other investments held by any occupant of the Applicant's household age 18 or older.

2. **Assets Exclusions:** The cash surrender value of life insurance policy, the value of an IRA account, the value of retirement accounts (including but not limited to 401K and 403B accounts), the value of a special needs trust or the value of a 529 college savings may be excluded from an applicant's assets for the evaluation of Pre- and Post-Purchase Assets.

3. **Pre- and Post-Purchase Assets:** Prior to purchase, Applicant can have up to $300,000 in assets listed under Assets Inclusions. If an Applicant's assets exceed $300,000 at the time Household Income is determined, Applicant will not qualify for an AC Boost loan. If Applicant's assets are less than or equal to $300,000 at the time the property is purchased, Applicant may retain a maximum of $60,000 total in assets and must apply any assets in excess of $60,000 toward the purchase of the property.

4. **Restrictions:** Evidence that assets have been transferred to another individual or into an unavailable asset account, or have been spent (except on unexpected emergencies, such as funeral expenses, travel costs related to illness, repair of a vehicle, medical needs and housing needs) to avoid use in the purchase will result in disqualification of the Applicant's application.

5. **Deposits:** Deposits of $500 or more into a depository account or newly opened account must be sourced. Recurring non-payroll deposits may indicate additional undisclosed sources of income that may be required to be documented to determine household income compliance.

Program Administrator and HCD reserve the right to request source documentation of deposits of any amount.

6. **Withdrawal of Retirement Accounts:** Withdrawal of retirement accounts towards down payment and closing costs are generally allowed with proof of liquidation. However, the Applicant shall consider all of his/her/their options before using retirement accounts, and consult with a tax advisor to fully understand the potential tax consequences of such withdrawal in addition to the applicable early withdrawal penalty. Any funds withdrawn from retirement accounts shall be counted towards the Assets Inclusions.

H. Eligible Household Member

1. Household Size Determination and Requirements

The size of the household is determined by counting together every person who intends to live in the property, regardless of age or dependency status.

All spouses or domestic partners must be included in the household and must appear on the application, title and loan for the property to be purchased with an AC Boost loan.

In order to count household members who are under 18 years of age in the composition of the household, they must be the legal dependent of an adult household member or an adult household member must have at least partial (50%) custody of the child/children, except in the case of emancipated minors, as claimed on the most recent federal Income tax return, or legal minor children of titleholders.

Elderly adult household members may be counted in the composition of the household as long as they were listed as a dependent on the applicant's most recent tax return.

When determining household eligibility at the Pre-Application stage, pregnant applicants may be considered as two household members. Applicant must provide proof of pregnancy in order for the additional unborn household member to be included in household size on the AC Boost Program Application.

Temporarily absent household members who plan to live in the property upon return must appear on the application for the property. Such household members include, but are not limited to, household members serving temporarily in the armed forces, who are temporarily institutionalized, or who are enrolled full-time at a college or university.

Divorced or separated Applicants who have joint custody of their children should include the children in their household count if they have at least 50% custody of the children. Applicants who do not have custody should not include the children in their household count.

2. **Title and Loan Requirements**: All adult Household members must appear as an owner or co-owner on the property title and must co-sign for any purchase loan for the property, including the AC Boost loan, with the following exceptions:

   (1) Legal dependents of titleholders as claimed on the two most recent federal income tax returns or legal minor children of titleholders. Spouses or Domestic Partners are not considered dependents; and

   (2) Household members younger than age 24 who are the child of a titleholder who will reside in the housing unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder.

   In special circumstances, HCD may approve instances where household members are on the Title but are not listed on the First Mortgage.

I. Title Transfer Restrictions

Title transfers will cause the AC Boost loan to become due, except under the following limited circumstances: (A) a transfer to a spouse or domestic partner who become a co-owner of the Property and co-obligor under the AC Boost Note; (B) a transfer between spouses or domestic partners as part of a dissolution proceeding or divorce; (C) a transfer to an inter vivos revocable trust in which Owner is the beneficiary; (D) a transfer by operation of law on the death of a joint tenant; (E) a transfer by devise or inheritance to an existing spouse, child who is low or moderate income as determined by the County in accordance with Section 2.1F, or domestic partner of Owner following death of Owner; or (F) a County approved refinancing of the First Lender Loan in accordance with Section 3.4D.

For any of the above permissible transfers, the homeowner must submit a written request to Program Administrator for approval. The homeowner must present supporting documents with their request, including but not limited to, a copy of final trust agreement (any proposed change or revision to an HCD-approved trust must be first submitted to HCD for approval), marriage certificate or state domestic partnership, death certificate, divorce decree or legal separation agreement issued by court. Upon approval, HCD may require the homeowner to execute an addendum to County documents related to the property by which the transferee(s) shall assume the same rights and responsibilities with respect to those documents as the transferor(s).

Tenants in common is not a permitted form of ownership. Unmarried persons or three or more persons must hold title as joint tenants. HCD reserves the right to identify additionally prohibited title vesting and transfers.

J. First-Time Homebuyer Education Requirement

When submitting an AC Boost Program Application, all Applicants must submit verification of completion of a program-approved First-time Home Buyer Education course. The Verification of Homebuyer Education Form dated within the last 12 months from the date of issuance must be included with the AC Boost Program Application.

The following Applicants are exempt from this requirement:

(1) Legal dependents of titleholders as claimed on the two most recent federal income tax returns or legal minor children of titleholders. Spouses or Domestic Partners are not considered dependents; and

(2) Household members younger than age 24 who are the child of a titleholder who will reside in the housing unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder.

Workshops and counseling sessions are available in multiple languages. HCD encourages applicants to enroll in a homebuyer education course in their strongest language. A list of program-approved providers is available on the program's website at: www.acboost.org.

K. Immigration Status

The program does not require proof of citizenship or immigration status as a criteria for qualifying for an AC Boost loan. However, all AC Boost applicants must qualify for first mortgage financing from a Participating Lender and many lenders may be unable to approve applicants without proof of legal immigration status.

L. Non-Discrimination and Privacy Requirement

All Applicant eligibility requirements contained in this manual must be applied without regard to the race, creed, color, gender, sexual orientation, religion or national origin of the Applicant. Lenders shall be sensitive to the privacy interests of the Applicants, and should use the information received only for purposes of verifying the Applicants' eligibility for an AC Boost loan.

M. Conflict of Interest

The purpose of the homeownership loans and housing programs administered by HCD is to assist low-income and middle-income households with reaching the goal of homeownership, and to increase housing opportunities in Alameda County. Employees of HCD and Program Administrator are eligible to participate in these programs with the exception of those employees who directly implement or approve homeownership loans or assistance. This policy also applies to immediate family members of said staff including spouse and children.

2.2 Property Eligibility Requirements

A. Property Requirements

All properties purchased with AC Boost funds must be Single-Family Residences located in the County of Alameda. The residences may be a single-family house, Condominium, Townhouse/Town Home, Loft or Live Work Unit (as long as the property will be used as the owner's principal residence).

Housing types excluded from the Program are:

1. Mobile homes
2. Multi-unit properties
3. Cooperatives
4. Properties from which a trade or business is actively being conducted without prior written approval of the proposed business use.
5. Properties purchased through a non-arm's length transaction, with an identity of interest between the buyer and seller or other parties participating in the sales transaction unless authorized by HCD (Approval may be granted by HCD on a case-by-case basis, and in its sole discretion). An example of a non-arm's length transaction is the purchase of a property owned by the Applicant's friends or family members.

B. Vacancy Requirement

Properties must have been owner-occupied or vacant for 90 days prior to closing, unless the existing tenant of the property is the purchaser.

C. Property Size Requirements

AC Boost does not limit the size of homes that a qualified household can purchase.

D. Inspection Reports Requirements

A "general home inspection", performed by a state-licensed and independent third party home inspector, is required for all properties purchased with AC Boost funds. The inspection should include electrical, wiring, plumbing, insulation and structural features. In addition, HCD requires a "pest control inspection" report for wood destroying pests and organisms to be conducted by a reputable license holder issued by the California Department of Consumer Affairs and the California Structural Pest Control Board. Both inspection reports shall be no more than 90 days old at the time of submission to Program Administrator, be acceptable to the Applicant and be submitted to HCD at least 14 days before closing. The County of Alameda will not be held liable for any misrepresentation, false claims or information contained in the inspection reports.

An affidavit must be signed by the buyer stating that they have reviewed the inspection report with their realtor or another real estate professional and that they understand the findings in the inspection report.

The County of Alameda maintains the right to deny the loan, due to the condition of the property. If the first mortgage lender is requiring repairs to the property, a copy of the clearance report prior to close of escrow must be included. All units must be complete with respect to health and safety construction or repairs and ready to occupy. **Escrow holdbacks for construction and repairs up to $10,000 may be permitted, so long as the holdback funds are paid for from a non-Measure A1 Bond source.**

For newly constructed properties (Single-Family Residences) an inspection report is recommended but not required. Properties over one year old but not previously occupied are considered existing units.

All Applicants must submit a signed and notarized **General Release and Waiver of Liability** form along with the Property Package (see Section 7.2).

E. Appraisal Report

A copy of a fair market appraisal report must be provided with the AC Boost Property Package (see Section 7.2). The appraisal report should be no more than 90 days old at the time of submission of the AC Boost Property Package. HCD requires that the appraisal be completed to Uniform Standards of Professional Appraisal Practice standards by qualified appraisers holding a California Certified Appraisal License (issued by the Office of Real Estate Appraisers), preferably with a Member of the Appraisal Institute member designation (issued by the Appraisal Institute), and with experience valuing similar properties in the Bay Area.

F. Below Market Rate (BMR) Units

AC Boost Funds may be used for a purchase of BMR units at resale. The County may approve use of AC Boost Funds with new (first sale) BMR units (including units financed with Measure A1 Homeownership Development Program funding) only when BMR prices meet County standards for affordability without relying on AC Boost and only when AC Boost Funds are necessary for the buyer to afford the unit. This ensures that developers cannot adjust pricing to capitalize on the availability of an AC Boost loan. Appreciation share on BMR units will be calculated based on the change in the affordable price, which will generally be less than the appreciation on comparable market rate units. No more than 10% of the AC Boost Program funds will be invested in BMR properties. Land Trust/Ground Leases are allowed.

SECTION 3 - FINANCING REQUIREMENTS

3.1 General First Loan Requirements

Applicants who apply for AC Boost funding must be able to qualify for a first mortgage from a Participating Lender. A pre-approval letter will not be required as part of the Pre-Application but must be included as part of the AC Boost Program Application submittal. Applicants must have sufficient funds to meet the required down payment to close the purchase transaction. Unless approved by HCD, the AC Boost loan must be in second position behind the first mortgage.

A. Impounds

The primary lender must collect and manage impound accounts for payment of property taxes, hazard insurance and monthly mortgage insurance premium (if applicable) for the term of the primary loan.

B. First Mortgage Loan Term

The first mortgage loan must be a 30-year fixed rate mortgage from a lender that has been certified by the AC Boost program. The mortgage payment must be fully amortizing. Loan Types not allowed include reverse mortgages, stated income, ARM – adjustable rate mortgages, interest-only, negative amortizing, and balloon payments. The program reserves the right to identify additionally prohibited loan programs and/or characteristics.

C. First Mortgage Loan Amount

The first mortgage must be for at least 50% of the purchase price.

D. Credit Score

HCD does not establish a minimum credit score for AC Boost Applicants. Lenders determine the minimum credit score according to their own guidelines and loan products.

E. Co-Signing

Individuals who are non-household members are not allowed to co-sign with Applicants on AC Boost loans. All AC Boost loan signers must be household members who are included on the AC Boost Program Application.

F. Loan Signing

No power of attorney is allowed. All applicants must be physically present to sign loan documents.

G. Closing Costs

Lenders are allowed to charge only customary and reasonable costs necessary to close the mortgage loan. Excessive origination points are not allowed. Discount points paid for a rate buy-down is not allowed unless the buy-down is for the purpose of loan qualification, such as enabling the Applicant to meet the maximum back-end ratio established for the first mortgage loan approval. In such case, the Lender is required to evidence the need by providing the underwriting documents, such as Underwriting Transmittal Summary (Form 1008), and Desktop Underwriter/Loan Prospector (DU/LP) findings. Additionally, any such rate buy-down must be paid for with the Applicant's own assets.

H. Third Party Credits and Contributions

Credits and contributions from the third party, such as seller, realtor, or lender, are allowed for non-recurring loan closing costs. All credits must be used in escrow and no more than $750 cash may be paid back to Applicants at close of escrow. Any excess cash must first be applied towards the reduction of AC Boost loan amount. Exceptions may be approved if the source of the cash back is from a non-Measure A1 Bond source, reduces the Applicant's contribution to the minimum required for the transaction, and after review and approval by HCD.

3.2 AC Boost Loan Requirements

A. Eligible Use of Funds

1. AC Boost Loans will be made from available funding sources for the purpose of providing assistance to eligible low and moderate income First-Time Homebuyers who would otherwise not be able to purchase a home in Alameda County.

2. AC Boost funds are limited to providing loans to eligible First-Time Homebuyer households whose Household Income of all members 18 years of age and older do not exceed 150% of the Area Median Income, as determined in accordance with Section 2.1F. Initially the program will be limited to households earning 120% of Area Median Income or less.

B. Ineligible Use of Funds

1. Cash disbursed to the Applicant at close of escrow cannot exceed $750, unless the source of the cash back came from a non-Measure A1 Bond source, reduces the Applicant's contribution to the minimum required to the transaction, and after review and approval by HCD. If these conditions are not met, any excess cash must first be applied towards the reduction of the AC Boost loan amount.

2. AC Boost funds cannot be used to pay for improvement and repair costs.

3. AC Boost funds cannot be used to pay down the first mortgage principal, debts or liens or to buy down the first mortgage interest rate.

   If the Applicant is required by the Lender to pay off debts in order to qualify, these items must be paid by the Applicant, and reduced from the maximum assets allowable under the AC Boost Program. In such case, the Lender is required to evidence the need by providing the underwriting documents, such as Underwriting Transmittal Summary (Form 1008), and Desktop Underwriter/Loan Prospector (DU/LP) findings. The amount of the debts must match the amount on the Closing Disclosure or Settlement Statement as applicable.

C. AC Boost Loan Amount

For buyers earning less than 100% of Area Median Income, the initial AC Boost Loan limit will be $210,000

For buyers earning more than 100% of Area Median Income, the initial AC Boost Loan limit will be $160,000.

The AC Boost Loan amount will not be limited to a percentage of purchase price but must be at minimum, $10,000.

D. AC Boost Loan Term

The term of the AC Boost loan is 30 years. The AC Boost loan is a no interest, no monthly payment, and deferred payment loan due upon sale, rent, or title transfer of the property. Repayment at sale or upon cash-out refinancing will include a share of the property appreciation based on the share of the initial purchase price financed with the AC Boost Loan, as described in Section 3.3.

E. LTV and CLTV

The first mortgage loan-to-value ratio (LTV) cannot be less than 50% of the purchase price or appraised value, whichever is less. The combined loan-to-value (CLTV) cannot exceed 100%, which includes the first mortgage, AC Boost and any other borrowed subordinate financing, without approval from HCD.

F. Additional Subordinate Financing

Additional subordinate financing programs must be approved in advance by HCD. The AC Boost loan will be required to be in second lien position.

G. Front-End and Back-End Ratio

Applicant's monthly housing costs, including mortgage principal, interest, property taxes, property insurance, and if applicable mortgage insurance and homeowner's association dues cannot be less than 25% (Front-End Ratio) of the gross household income. Applicants receiving a Section 8 homeownership voucher are exempt from the minimum 25% Front-End Ratio requirement. AC Boost does not require a maximum front-end ratio.

The ratio of monthly housing costs, plus all other household monthly recurring debts (including credit cards, car payments, etc.) cannot exceed 43% (Back-End Ratio) of the gross Household Income.

Applicants who purchase homes near their workplaces or to transit may qualify with a 45% back-end ratio due to an expected reduction in transportation costs. To be eligible for this incentive the home purchased with AC Boost assistance must be:

1. Located within 5 miles of one household member's place of employment; or
2. If further away than 5 miles, the home must be located within ½ mile of a direct transit line or Bay Area Rapid Transit (BART) station that will take the household member within ½ mile of his/her/their place of employment.

H. Debts Included in Back-End Ratio

Generally, all recurring debt payments, such as installment payments, revolving account payments, lease payments, child support and other loan payments shall be included into the Applicant's back-end ratio. Refer to Section 3.2G for maximum back-end ratio limits.

1. **Installment Payments:** Installment debts with a remaining term of 10 months or more shall be included to the total back-end ratio.
2. **Revolving Accounts:** Use greater of $10 or 5% of the balance if no payment amount is listed on the credit report.
3. **Lease Payments:** Lease payments must always be included as a debt when determining the total back-end ratio.
4. **Child Support:** Include all child support (including alimony or separation maintenance) obligations with a remaining term of 10 months or more.
5. **Student Loans:** Student loans must be included in the Applicant's liabilities regardless of the payment type or status of payments. If a student loan is in deferment or forbearance at the time of review of the applicant's credit report, the Program will use 1% of the outstanding balance on the loan on the Applicant's credit report.
6. **Loans Secured by Financial Assets:** When an Applicant uses his/her/their financial assets – life insurance policies, 401(k) accounts, individual retirement accounts, etc. – as security for a loan, the Applicant has a contingent liability. The Program will include this contingent liability as part of the Applicant's recurring monthly debt obligations when determining the Applicant's total back-end ratio. A copy of applicable loan instrument that shows the debt payment shall be included when submitting an AC Boost Program Application.
7. **Court-Ordered Assignment of Debt:** When an Applicant has outstanding debt reflected on the credit report that was assigned to another party by a court order (such as under a divorce decree) and the creditor does not release the Applicant from liability, the Applicant has a contingent liability. The Program will exclude this contingent liability as part of the Applicant's monthly debt obligation. A copy of divorce decree shall be provided in the AC Boost Program Application in order to exclude it from the back-end ratio.

I. Minimum Down Payment Requirements

The minimum down payment may range from of 3% to 0%. This range is based on the financial need of Applicants who are unable to provide enough cash to cover a 3% down payment and closing costs. Applicant must pay for closing costs. Applicant's down payment may not exceed

50% of the purchase price. Applicant's down payment and closing cost funds may come from gifts or grants. Lender credits and seller credits may also be used towards closing costs.

The remainder of the purchase price (purchase price less the down payment) must be financed through a first mortgage or other program-approved subordinate financing to the AC Boost loan. In the first Funding Cycle of the AC Boost Program, HCD will not permit Applicants to borrow or receive additional loans besides their primary first mortgage and the AC Boost Loan. Applicants will be permitted to receive grants and/or Mortgage Credit Certificates (MCC).

J. Post Purchase Reserves

AC Boost will not require buyers to have a reserve as a condition of the loan. This is generally called a "Reserve Requirement" and may be required by a first lender, but is not required under AC Boost.

K. Allowable Age of Documents

Information used to make the AC Boost loan decision must be current. The table below shows the maximum age of documents allowable at the time of submission of the AC Boost Program Application, First Loan Package and Property Package.

AC Boost Documentation Age Requirements	
Purchase Contracts	20 business days remaining to close
Income & Assets	60 days old
Credit, Title, Appraisal & Inspection Reports	90 days old
Homebuyer Education Certificates	12 months old

L. Documentation and Security

The following documents shall be executed by the Applicant to secure the loan after satisfaction of all requirements for funding:

Deed of Trust: Executed at the close of the escrow by the Applicant, for the benefit of the County of Alameda to secure the Promissory Note.

Promissory Note: Executed at the close of the escrow by the Applicant for the benefit of the County of Alameda and secured by the Deed of Trust.

Equity Share Agreement: Executed at the close of the escrow by the Applicant for the benefit of the County of Alameda.

M. Compliance with Federal, State and Local Laws and Ordinances

Program funds shall be used in accordance with Federal, State and Local Laws, regulations and directives as they apply.

3.3 AC Boost Loan Calculation

Unless a default occurs, the AC Boost loan is deferred for thirty (30) years from the date of the initial purchase. As of the maturity date of loan term or closing date of the resale or cash-out, the loan is due and payable. The payoff amount due from Applicant is (i) the principal amount of the loan plus (ii) a proportional share of the appreciation of the property.

The proportional share shall be based on the ratio of the original down payment assistance loan amount to the purchase price of the property at the time of purchase. At the time that the property

is sold or the loan is repaid, HCD will determine the Fair Market Value of the property (hereafter the "**Resale Price**"). The Fair Market Value shall be greater of the actual Resale Price or the Appraised Value at the time of repayment. If the property has not increased in Fair Market Value, the Applicant shall be obligated to repay the principal amount of the loan only.

For purposes of determining the Appraised Value, HCD requires a fair market appraisal to be completed to Uniform Standards of Professional Appraisal Practice standards by qualified appraisers holding a California Certified Appraisal License (issued by the Office of Real Estate Appraisers), preferably with a Member of the Appraisal Institute member designation (issued by the Appraisal Institute), and with experience valuing similar properties in the Bay Area. The borrower will be required to order the fair market appraisal and supply this to HCD for the determination of the Appraised Value prior to loan repayment. The County has the option, at its sole expense, to select an appraiser to conduct an additional appraisal of the Property. If the two appraisals are not in agreement as to the Appraised Value of the Property, the amounts determined by the appraisals will be averaged to determine the Appraised Value of the Property.

A. Sample of Share of Appreciation: If the Applicant receives the AC Boost loan in the amount of $210,000 with the purchase price of $600,000, the County share of appreciation would be 35%.

$210,000 AC Boost Loan = **35% of share Appreciation**
$600,000 Purchase Price

B. Sample Calculation of Repayment Obligation

The following examples illustrates one possible repayment scenario at resale or repayment:

	Example 1	Example 2
Resale Price:	$650,000	$550,000
Original Purchase Price:	($600,000)	($500,000)
Appreciation:	$50,000	$50,000
Principal AC Boost Loan Amount:	$210,000	$160,000
Computation of County's Proportional Share AC Boost Loan / Original Purchase Price	35%	32%
Share of Appreciation % County's Proportional Share x $ Appreciation:	$17,500	$16,000
TOTAL REPAYMENT AMOUNT DUE:	**$227,500**	**$176,000**

3.4 AC Boost Loan Servicing

A. Prepayment Penalty

There is no prepayment penalty associated with payment of these loans prior to the due date (sale, rent or title transfer). The loan can be partially repaid. If there is a prepayment, the amount due and owing will be determined by an appraisal (at the Applicants own cost) to determine the amount of appreciation. The appraisal must be approved by the HCD.

B. Assumable/Transferable

The AC Boost Program, with prior written consent from the County, may allow loans to be assumable by subsequent owners who are income qualified and intend to occupy the property as their primary residence. AC Boost Loans made on Below Market Rate (BMRs) or Community Land Trusts (CLT) units that are being sold to another program eligible purchaser at the restricted affordable price will also be allowed to be assumed by a new eligible purchaser. At the time of transfer, the amount of shared appreciation will be recalculated based on the new purchase price.

The subsequent owners will be required to sign new AC Boost loan documents which will reflect the new share of appreciation amount.

C. Payoff Requests

Applicants must submit a written request for payoff. If Applicants wish to have a third party submit a request for payoff on their behalf, they must submit a signed authorization allowing the Program to provide information to the third party. In addition, Applicants must submit a ratified purchase agreement and a fair market appraisal report dated within 90 days of payoff request submission at their own cost. Please visit our website at www.acboost.org for the Loan Pay-off Checklist Packet.

D. Refinance/Subordination

AC Boost will allow refinancing of the first mortgage without payoff of the AC Boost loan by the original homebuyer assisted with the AC Boost loan, provided there is no cash out. Any other refinancing of the first mortgage will require repayment of the AC Boost loan principal and share of appreciation based on an appraisal at the time of refinancing.

The AC Boost loan can be subordinated to the refinancing of the existing first mortgage for a lower interest rate and/or better loan term. Applicants are allowed to take up to 2% of the new first mortgage amount as cash out to cover the customary closing costs of the refinance. Additional cash out is not permitted.

The same individuals that were named as Applicants on the AC Boost loan used for the initial purchase must also be named as Applicants on any refinance loan unless HCD has approved the addition of an Applicant by marriage or domestic partnership or the removal of an Applicant by death, divorce or dissolution of domestic partnership or similar change.

HCD will not review the household income for Program qualification upon refinancing. Applicants must work with one of our approved lenders to refinance their AC Boost Loans. Please visit our website at www.acboost.org for the Subordination Checklist.

E. Home Equity Lines of Credit, Home Equity Loans and Reverse Mortgages

HCD does not allow AC Boost Applicants to open Home Equity Line of Credit, Home Equity Loans or Reverse Mortgages. Applicants who use such programs are in violation of their Program restrictions and will not be allowed by HCD to refinance their AC Boost loans. The AC Boost loan will be immediately due and payable together with County's share of appreciation if an Applicant is deemed out of compliance with this policy or any other applicable program policies.

SECTION 4 – GENERAL REQUIREMENTS AND COMPLIANCE

4.1 Hazard Insurance

For the life of the loan, each Applicant will be required to maintain hazard insurance, including fire and extended coverage with a loss payable endorsement to the County of Alameda, c/o Housing and Community Development Department, as follows:

County of Alameda
c/o Housing and Community Development Department
Attn: Housing and Community Development Director
224 W. Winton Avenue, Room 108
Hayward, CA 94544

4.2 Title Insurance Policy

The outstanding principal balance of the down payment assistance loan must be covered by an ALTA Lender's Policy of Title Insurance naming the County of Alameda c/o Housing and Community Development Department, as follows:

County of Alameda
c/o Housing and Community Development Department
Attn: Housing and Community Development Director
224 W. Winton Avenue, Room 108
Hayward, CA 94544

SECTION 5 – PROGRAM PROCEDURES FOR LENDERS

5.1 General Lender Guidelines

Eligible Applicants may only access the AC Boost Program if they are pre-approved for a first mortgage through a Participating Lender. The program's processing procedures are designed to coincide with the standard loan processing and underwriting procedures that are in place at most mortgage lending institutions. Recognizing that there are procedural variations among the lenders, the procedures outlined herein may vary somewhat from lender to lender. However, the lender, the County and the Applicant must complete all the steps of processing described in this manual.

5.2 Participating Lender Responsibilities

Each participating Loan Officer working with the Program and directly with applicants are required to attend an AC Boost Lender Training. Participating Loan Officers may be required to attend additional AC Boost Lender Trainings, as determined by HCD and Program Administrator. Loan Officers must have a valid NMLS ID and be in good standing. Loan Officers must abide by the AC Boost program guidelines, and perform business in a professional and ethical manner at all times. Loan Officers may be removed from the participating lender list, regardless of whether their lending institution has attended an AC Boost Lender Training. For more information, please visit www.acboost.org.

The participating lenders shall adhere to HCD loan policies, standards of lender form packaging, application process and timelines. Submission of incomplete loan application packages or submission of inaccurate information declared in lender forms will delay the processing, review, underwriting, approval and closing of the sale. If the County habitually receives incomplete or incorrect applications from a Participating Lender, HCD may remove the lender from the program.

Lender's responsibilities include ALL of the following:

- Lender will respond to AC Boost Applicant inquiries for loan pre-approval in a timely manner.
- Lender will ensure that participating loan officers receive training from Program Administrator and keep current on the products available to first time, low-middle income homebuyers.
- Lender performs standard Lender underwriting process.
- Lender must submit a complete AC Boost First Loan Package to Program Administrator within required timelines (see Section 7.1 for all required documents and timelines). Lender uploads complete First Loan Package to the AC Boost Web Portal where program staff can review for completeness and eligibility (as described in Sections 7.2 and 7.3).
- Lender acknowledges ten (10) business day time restraint required by HCD upon receipt of a complete First Loan Package to process, review, and underwrite an AC Boost loan.
- Lender must submit a Closing Disclosure to Program Administrator at minimum four (4) days prior to the close of escrow (see Section 7.4 for all required documents in Loan Funding Package).

Lender further acknowledges that HCD requires an additional four (4) business days to fund all AC Boost loans from the time of approving the closing documents. The County of Alameda cannot *rush* funding to meet rate expiration and other deadlines. Lender arrangements must be made to allow for this funding period. **First Loan Packages received by Program Administrator containing Purchase Contracts with less than seventeen (17) business days remaining to close will be returned to the Lender for contract extension.**

SECTION 6 – AC BOOST RESERVATION PROCESS

In order to be considered for a Reservation of Funds, AC Boost Applicants must participate in a 2-step application process. The first step is to submit a Pre-Application, which requests basic household information. Pre-Applications determine Applicant eligibility to be entered into a lottery, which establishes a ranking order in which Applicants are invited to submit Program Applications. The Program Application requires more detailed household information and complete supporting documentation for each household member. The purpose of this 2-step process is to respect Applicants' and Program Administrator's time by establishing initial eligibility based on stated household information before requiring a full application, which will reduce the time burden to potential program Applicants who are found to be ineligible at the Pre-Application stage.

6.1 Funding Cycles and Lottery Frequency

Prior to a Pre-Application and Lottery, Program Administrator and HCD will establish the amount of AC Boost Loan Funds available in the current Funding Cycle and the time period in which batches of applications may be submitted for Reservations of Funds. This information will be made available on the AC Boost website. At minimum, Program Administrator will conduct a new Pre-Application period and Lottery in the Spring of each year to establish a new lottery ranking order. Existing program participants who have not been invited to submit a full Program Application must re-submit a Pre-Application at the time of a new Funding Cycle to enter the next Lottery and their existing lottery ranking positions will no longer be honored.

The number of Applicants from any given Lottery who will be invited to submit a Program Application will be determined by Program Administrator and HCD on an ongoing basis. Factors that will influence the amount of households invited to submit Program Applications include:

- Volume of households invited who submit complete Program Applications
- Volume of households deemed eligible and successfully reserving AC Boost funds
- Volume of households who successfully receive Final Approval and purchase homes with AC Boost loans

Subject to the volume of Pre-Applications received in the initial annual Lottery and subject to County approval, additional Pre-Applications may be accepted after the initial Lottery application deadline, or may be re-submitted by previous Applicants whose Program Applications were disqualified or expired. In the case that additional Pre-Applications are accepted, they will be randomized via lottery with all other Pre-Applications received in the same calendar month and will be added to the end of the current Lottery ranking order list.

Placement on the Lottery ranking order list does not mean approval of a Reservation by HCD. Qualification for an AC Boost loan will be evaluated at the time applicant submits a complete Program Application (as described in Section 6.4).

6.2 Pre-Application Process

Upon marketing of a new application process, applicants will be directed to submit a Pre-Application form by a specific due date, in order to determine initial eligibility for AC Boost. Pre-Applications will request that applicants indicate the following information:

- Total gross household income
- Total assets

- Household size
- Live, work or displacement from Alameda County
- Educator or First Responder status
- Household demographic information (for the purpose of tracking who is accessing the program)

Applicants will not be required to submit supporting documentation to verify the information indicated at the Pre-Application stage. Supporting documentation will be required when Applicants submit Program Applications (see section 6.4B for all required documents).

Applicants who submit Pre-Applications by the due date and are deemed eligible at this stage will be issued a lottery number and the date and location of a public lottery.

Program Administrator will conduct a public lottery to assign rankings for two lottery lists. All households that submit an eligible Pre-Application will be included in the "General Lottery". Households that indicated in their pre-application that they meet the AC Boost criteria for Educator or First Responder will be included in both the "General Lottery" ranking and the "Preference Lottery" ranking. The Preference Lottery will include households who have indicated that they meet the criteria for either an Educator or First Responder.

6.3 Lottery Process Procedures

Applicants that submit eligible Pre-Applications will be placed in the appropriate lottery. In lottery ranking order, applicants will be invited to submit an AC Boost Program Application for an opportunity to reserve AC Boost funds towards a down payment if they are selected and meet the eligibility requirements.

A. Lottery Process

The following guidelines shall be applicable to the lottery process for all AC Boost Applicants:

- At least thirty (30) calendar days prior to a lottery, Program Administrator starts to accept complete Pre-Applications.
- All households that submit an eligible Pre-Application will receive a unique identifying number ("lottery number") and be included in the General Lottery. Households that indicated in their Pre-Application that they meet the AC Boost criteria for Educator or First Responder will also be given one lottery number that will be included in both the General Lottery ranking and the Preference Lottery ranking.
- At the lottery, Program Administrator will use an electronic system to randomly rank the lottery numbers within each lottery pool. Each Applicant will subsequently be notified of their ranking position ("lottery position").
- The lottery for AC Boost Applicants shall be held in the presence of Alameda County HCD 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.
- Program Administrator reserves the right to move to a First Complete First Served process if a sufficient number of applications are not received to reserve all AC Boost funds in a Funding Cycle.

B. Educator/First Responder Preference

Each time a new pool of AC Boost funds is released for use in the program, Program Administrator will set aside 10% of available funds in order to offer a limited preference to Educators and First Responders. Program Administrator will review AC Boost Program Applications for eligibility in lottery ranking order beginning with applicants with the lowest lottery position on the preference list and will offer a Reservation of Funds to preference-eligible applicants up to the available limit of 10% of available funds. If there are more preference-eligible applicants than can be assisted with the 10% set aside, remaining preference-eligible applicants may receive Reservations of Funds based on their

ranking in the General Lottery pool. When a new funding cycle begins, a new lottery will be scheduled and a new preference pool will be established.

6.4 Program Application

Upon lottery completion, Program Administrator will invite Applicant households to attend a mandatory workshop and submit Program Applications with supporting documentation. Applicants will be invited in batches in the lottery ranking order, starting with lottery position #1 from both the General Lottery and Preference Lottery.

A. Mandatory Workshop

Upon lottery completion, Program Administrator will invite top-ranking households in batches from the General Lottery and from the Preference Lottery to attend a mandatory workshop where households will learn important information about the program and how to submit a Program Application. The workshop will be hosted and led by the Program Administrator and is a separate requirement from the First-Time Homebuyer Education requirement.

B. Program Application Submittal

Households who attend a mandatory workshop will be sent a link to the AC Boost Homebuyer Web Portal, a secure platform managed by Program Administrator, to complete an AC Boost Program Application (or a paper version upon request) and submit supporting documents. Paper applications will be made available in English, Spanish, Chinese, Vietnamese, and Tagalog. When all supporting documents are complete, Program Administrator will underwrite applicants on a first-complete basis to determine eligibility and their maximum loan amount.

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

- AC Boost Program Application
- Verification of Homebuyer Education completion
- First mortgage loan pre-approval letter
- Documentation of employment for applicants seeking the Educator or First Responder preference (if applicable)
- 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)
- For applicants who do not live or work in the County, evidence of displacement from the County in the previous 10 years (see section 2.1A)
- Additional documents as requested by Program Administrator e.g. Zero Income Affidavit
- For Ready-To-Go Applicants only (see Section 6.5)
    - Executed contract with close of escrow greater than 60 days from date of application

C. Program Application Submittal Timelines

Once invited into the Web Portal, Applicant will be provided twenty-eight (28) calendar days to complete the Program Application and submit all required supporting documents. Upon Program Administrator review, any and all missing and additional documents required will be requested of Applicant, who will then have seven (7) calendar days to submit the requested documents. If Applicant responds with the requested missing documents submitted and further clarifications or documents are still required that were previously requested, Applicant will be provided an additional forty-eight (48) hours to provide the outstanding documentation. Failure by the Applicant household to submit a complete Program Application with all required supporting documents within the application submittal period or failure to meet the subsequent document submission deadlines will result in program disqualification. Should Applicant desire to re-apply, he/she/they may submit a new Pre-Application during the next open Pre-Application period. Should Applicant desire to contest his/her/their disqualification, he/she/they must follow the steps listed in Section 8.1B.

6.5 Ready-To-Go Process

Program Administrator and HCD will add a Ready-to-Go Process to AC Boost. When a Ready-to-Go process is offered, Program Administrator and HCD will hold back up to 15% of a funding cycle to be used for applicants who are in contract on a home (with a sufficient contract period to accommodate the approval and closing process) and have not participated in the Lottery Process. To apply for AC Boost funds through the Ready-To-Go process, Applicants must submit a Ready-To-Go Pre-Application. To qualify for the Ready-To-Go process, Applicants must meet the following criteria at the time of Pre-Application:

- Applicant's Close of Escrow is scheduled no less than sixty (60) calendar days after the Pre-Application submittal date;
- Applicant has a Pre-Approval Letter from a participating AC Boost Lender.

Qualified Ready-To-Go applicants will be invited into the Web Portal to submit an AC Boost Program Application. Upon submittal, Program Administrator will review the application for approval. Review of Ready-To-Go applicants will be prioritized ahead of Lottery Process applicants. Ready-To-Go funds will be committed on a First Complete First Served basis. Program Administrator may also approve an increase or decrease of AC Boost funds to the Ready-To-Go process, depending on demand.

6.6 Conditional Approval and Reservation of Funds

A. Program Application Processing

Upon Program Administrator's review of a complete Program Application and supporting documents, Program Administrator will transmit to HCD a recommendation for Conditional Approval and Reservation of Funds or a Program Disqualification, accompanied by the complete Program Application and a summary of eligibility findings.

Processing time may vary depending on the volume of applications received and the complexity of the transaction.

HCD will issue a Conditional Approval and Reservation of Funds letter to Eligible Applicants to reserve AC Boost funds (a "Reservation"). If an Applicant's Program Application is disqualified after all reconsideration processes have been completed (see Section 8.1B), the Applicant may submit a new Pre-Application with new information (see Section 8.2 for allowable changes).

A Reservation does not constitute final loan approval nor guarantee funding. Reservations are always subject to availability of AC Boost funds and are conditioned upon meeting the criteria for

Final Approval through submission of the First Loan Package and Property Package (see Section 7.2). Final Approval criteria include but are not limited to the following:

- Applicant Front-End Ratio exceeds 25% (unless Applicant is Section 8 homeownership voucher recipient)
- Applicant Back-End Ratio does not exceed 43% (or 45% if Property qualifies for transit benefit described in Section 3.2G)
- Property meets Property Eligibility Requirements
- Household Income remains within maximum income limits for loan size
- Household Assets remain within maximum asset limits
- Household Assets remaining upon close of escrow do not exceed $60,000.

Only one lottery number and Reservation will be granted per household. Multiple applications at any one time are strictly prohibited.

B. Reservation Timeframes

Purchase Period (120 Calendar Days). A Program Conditional Approval and Reservation of Funds will provide the Applicant a 120-day period to enter into a purchase agreement for a Principal Residence (sales contract). Upon execution of a sales contract, Applicant must immediately notify Program Administrator and deliver a copy of the fully executed sales contract to Program Administrator through the Web Portal. A Conditionally-Approved Applicant who has entered into a sales contract must immediately work with his/her/their Lender on submittal of the AC Boost Loan Package to Program Administrator through the Web Portal.

A Conditionally-Approved Applicant who, after unsuccessfully pursuing available properties, has been unable to enter into a contract to purchase a home, may request one (1) 90-day extension. This request must be accompanied by evidence of proactive search, including copies of at least two (2) property purchase offers. If there are extenuating circumstances that are beyond the Applicant's control, an additional sixty (60) day extension may be approved. Common challenges in securing a contract such as limited availability of homes or a high volume of competitive offers will not be considered "extenuating circumstances."

Extensions may be granted or denied at the sole discretion of Program Administrator.

If a Conditionally-Approved Applicant fails to enter into a sales contract by the end of the 120-day period plus any granted extensions, their Reservation will be terminated, and the reserved AC Boost funds will be unencumbered and made available to the next qualified Applicant on the lottery list. After termination of a Reservation, if an Applicant would like another opportunity to purchase a home with AC Boost, they must submit a new Pre-Application and will be processed as an entirely new application in the order received but after the existing lottery ranking list is processed.

SECTION 7 – AC BOOST LOAN FINAL APPROVAL AND CLOSING PROCESS

The AC Boost Program requires a minimum of twenty-eight (28) calendar days from the time of sales contract submission to the close of escrow. The Program Administrator and HCD reserve the right to reject a sales contract that includes a close of escrow period shorter than twenty-eight calendar days.

The Lender will be responsible for submission of a First Loan Package and the Applicant will be responsible for submission of a Property Package, as outlined Section 7.2. Any delay in submission of any documents in the First Loan Package or Property Package will likely result in a delayed close of escrow. Program Administrator and HCD will not be held responsible for such delays.

7.1 First Loan Package

The AC Boost First Loan Package is required to be submitted by the Lender on behalf of the Applicant and must be completed within the timelines indicated in order to ensure a timely close of escrow. Any delays in the submission of the First Loan Package will delay the Applicant's close of escrow date.

A. First Loan Package Submittal Period

The Lender must submit a complete AC Boost First Loan Package to Program Administrator within the timelines indicated below. Documents submitted after 3:00pm Pacific Time will be considered submitted the next calendar day.

Lender must submit the following documents of the AC Boost First Loan Package – Part 1 to the Program Administrator electronically through the Web Portal within five (5) business days of Applicant entering into a sales contract:

- Copy of all Applicants' credit report(s)
- First Residential Mortgage Loan Application - Form 1003 (signed and dated)
- Underwriting Transmittal Summary - Form 1008
- Loan Estimate
- Preliminary Title Report
- Wire Instructions
- Confirmation of Applicants' Names and Vesting
- AC Boost Lender Information Form
- Certification of Transit Benefit (if applicable)

To complete the AC Boost First Loan Package, Lender must submit the following remaining documents (AC Boost First Loan Package – Part 2) to the Program Administrator electronically through the Web Portal at least five (5) business days before Applicant closes escrow:

- Hazard Insurance Policy or HO6 Insurance Policy including fire and extended coverage with a loss payable endorsement to the County of Alameda, c/o Housing and Community Development Department, as follows:

  County of Alameda
  c/o Housing and Community Development Department
  Attn: Housing and Community Development Director
  224 W. Winton Avenue, Room 108
  Hayward, CA 94544

- Closing Disclosure

B. First Loan Package Review Period

Program Administrator and HCD will review the AC Boost First Loan Package within ten (10) business days of receipt. Upon review, if HCD and Program Administrator identify discrepancies including but not limited to household composition, Applicant income, assets or debts, additional clarification will be required and may result in disqualification. All missing and additional documents required will be requested of Lender, who will then have forty-eight (48) hours to submit the requested documents. Failure by the Lender to submit all requested additional documents within this timeframe will result in a delayed close of escrow. A determination of ineligibility by Program Administrator will result in program disqualification and HCD will issue a disqualification letter.

Examples of program disqualification reasons include:

- Property-Specific Reasons:
  - Back-End Ratio or Front-End Ratio does not meet program requirements

- Lender documents indicate that household assets will exceed $60,000 after the home purchase
- Property type is ineligible
- Any other information is identified that does not meet program eligibility requirements

- Household-Specific Reasons:
  - Additional household income source is identified in the lender documents that causes household income to exceed program limits
  - Additional household assets are identified in the lender documents that causes total household assets to exceed program limits
  - Household member(s) are found to not be first-time homebuyers based on information in credit report
  - Any other information is identified that does not meet program eligibility requirements

If Applicant receives a disqualification letter based on a property-specific reason (e.g. Back-End Ratio exceeds program requirements) or does not close the loan for the property indicated in the First Loan Package, the Applicant may then continue shopping for a home in an attempt to enter into contract within their Funding Reservation Timeline.

If Applicant receives a disqualification letter due to a household-specific reason (e.g. household income is found to exceed program limits), the following options will be available to him/her/them: 1) Should Applicant desire to re-apply, he/she/they may submit a new Pre-Application during the next open Pre-Application period or 2) Should Applicant desire to contest his/her/their disqualification, he/she/they must follow the steps listed in Section 8.1B.

7.2 Property Package

A. Property Package Submittal Period

The Applicant must submit a complete Property Package to Program Administrator at minimum twelve (12) business days prior to the close of escrow. Property Packages submitted after 3:00pm Pacific Time will be considered submitted the next calendar day. Any delay in submittal will result in a delayed close of escrow.

Applicant must submit a complete Property Package to the Program Administrator electronically through the Web Portal as follows:

Property Package
- General Release and Waiver of Liability
- General Home Inspection Report
- Pest Control Inspection Report
- Fair Market Appraisal

B. Property Package Review Period

Program Administrator and HCD will review Property Package within five (5) business days of receipt and will notify Lender and Applicant if any terms included in the Property Package do not meet the AC Boost eligibility requirements.

If Applicant receives a disqualification letter at this stage based on a property-specific reason (e.g. appraisal shows that they property type is ineligible) or does not close the loan for the property indicated in the First Loan Package and Property Package, the Applicant may then continue shopping for a home in an attempt to enter into contract within their Funding Reservation Timeline.

Should Applicant desire to contest his/her/their disqualification, he/she/they must follow the steps listed in Section 8.1B.

Should Applicant's Funding Reservation expire and he/she/they desire to re-apply, he/she/they may submit a new Pre-Application during the next open Pre-Application period.

7.3 Final Approval of AC Boost Loan

If Program Administrator verifies that Applicant meets all AC Boost Program eligibility requirements, a Final Approval Letter will be issued from HCD to the Applicant and Lender signifying that the First Loan Package and Property Package have been approved and the Applicant meets the eligibility criteria of the AC Boost Program. Final Approval criteria include but are not limited to the following:

- Applicant Front-End Ratio exceeds 25% (unless Applicant is Section 8 homeownership voucher recipient)
- Applicant Back-End Ratio does not exceed 43% (or 45% if Property qualifies for transit benefit described in Section 3.2G)
- Property meets Property Eligibility Requirements
- Household Income remains within maximum income limits for AC Boost loan size
- First loan is at least 50% of purchase price
- Household Assets remain within maximum asset limits
- Household Assets remaining upon close of escrow do not exceed $60,000
- Combined loan-to-value ratio does not exceed 100%
- Applicant has sufficient funds for closing costs
- All household members are First-Time Homebuyers.

7.4 Loan Funding Package

At least four (4) business days prior to the AC Boost close of escrow date, the following Loan Funding documents must be electronically transmitted from Title Company to Program Administrator for review to ensure that they meet AC Boost requirements (with the **exception** of the executed Original County Note):

- The executed original County Note (AC Boost Note);
- Copy of the signed County Escrow Instructions;
- Certified copy of the executed County Promissory Note (AC Boost Note);
- Certified copy of the executed County Deed of Trust (AC Boost Deed);
- Certified copy of the County Equity Share Agreement (AC Boost Agreement);
- Certified copy of the Request for Copy of Notice of Default;
- Certified copy of the Grant Deed;
- Certified copy of the First Deed of Trust;
- Certified copy of the First Note;
- Estimated Master Settlement Statement;
- Certified copy of the executed Deed of Trust and Promissory Note for any other liens behind the County loan.

7.5 Pre-Closing Education Meeting

Applicants will be required to attend a one-on-one meeting either virtually or at Program Administrator's office to review the program documents that will be executed at the title company and will be provided a summary of loan terms and ongoing program requirements. Program Administrator will be available to answer questions at any time throughout the application process but the Pre-Closing Education Meeting will be an opportunity for final questions before the close of escrow.

This meeting must be completed no later than seven (7) calendar days prior to the close of escrow.

SECTION 8 – RESERVATION RESTRICTIONS AND CHANGES

8.1 Reservation Restrictions

A. Duplicate Reservations Prohibited

Only **one (1)** Pre-Application, Program Application and Reservation of Funds is permitted per Applicant household. Duplicate submissions containing any of the household members from another submission will automatically result in the County's disqualification of all applications.

B. Disqualified Reservations and Request for Reconsideration

1. **Disqualification of Program Applications.** If the Applicant's Program Application is disqualified, the Applicant may request reconsideration of a disqualified application by submitting new information or documentation contesting the disqualification to Program Administrator. Applicants who have included an email address in their application will be notified of disqualification by email and must submit a request for reconsideration within three (3) business days from the date of the disqualification email. Applicants who do not include an email address in their application will be notified of disqualification through the US Postal Service and must submit a request for reconsideration within five (5) business days from the date of the disqualification letter is postmarked. Program Administrator will respond within seven (7) business days from the date of the reconsideration request. HCD will set aside the requested Reservation until all reconsideration processes have been completed.

2. **Disqualification of Applicants with Reservations of Funds.** If the AC Boost loan is disqualified due to failure to meet the loan and property eligibility criteria referenced in Sections 3.1, 3.2 and 2.2, the Reservation of Funds shall not be cancelled until all reconsideration processes have been completed. Applicants who have included an email address in their application will be notified of disqualification by email and must submit a request for reconsideration within three (3) business days from the date of the disqualification email. Applicants who do not include an email address in their application will be notified of disqualification through the US Postal Service and must submit a request for reconsideration within five (5) business days from the date the disqualification letter is postmarked. Program Administrator will respond within seven (7) business days from the date of the reconsideration request. If the Applicant fails to submit new information or documentation contesting the disqualification to Program Administrator within the timeframes described above, the reserved AC Boost funds will be unencumbered and made available to the next qualified Program Applicant.

C. Transfers

The program will not allow a transfer of a Reservation from one eligible Applicant to another. However, HCD may approve a loan transfer from one approved Lender to another after the AC Boost Program Application submission (either before a Final Approval or after a Final Approval has been issued). The new Lender will be required to verify that the Applicant meets the Program requirements by resubmitting the Lender's AC Boost First Loan Package to Program Administrator for review and approval. The transfer will be recognized and approved by HCD only after written notification is received from the original Lender.

8.2 Changes

Once an AC Boost Program Applicant has received a Reservation of Funds, major changes to the household's Program Application are prohibited except in unusual circumstances approved by HCD, in its sole discretion. Under no circumstances will the program permit any changes that will affect the Applicant's ratios, household size, income and assets for qualifying purposes. Any request for change in loan amount shall be subject to availability of funds and HCD's approval in its sole discretion. The Applicant must verify the completeness and accuracy of the Program Application before it is submitted.

To request a change to a reserved AC Boost loan, the Lender must request in writing any change to an Applicant's Reservation and provide specific reason(s) for such changes along with all necessary documentation. The request will be reviewed and a response returned to the Lender by email. Allowable changes include: (1) the removal of an applicant due to death or dissolution of marriage or domestic partnership; (2) the addition of an applicant's Spouse or Domestic Partner or a new Household member in the case of an adoption or new guardianship; (3) an update of income qualification, such as a new job or additional household income; or (4) correction of technical errors, such as current phone number or other non-qualifying information. **HCD has sole discretion to approve the changes. If the first mortgage loan amount, interest rate, or loan term changes before close of escrow, additional documents must be submitted to the County for reassessment.**

8.3 Cancellation of Funds and Loan Reservation Expirations

The Lender and the Applicant are respectively responsible for immediately informing Program Administrator if the loan will not close. If this occurs, the Applicant may then continue shopping for a home in an attempt to enter into contract within their Funding Reservation timeline. If the Funding Reservation timeline and allowable extension periods are exhausted, any funds allocated to the Applicant will be made available to the next qualified Applicant.

If the Applicant cancels or withdraws a Reservation or the Lender denies the Applicant's first mortgage loan, or the loan will not close, Program Administrator must be contacted within 48 hours by the Lender.

General Guide

HCD is relying on the Lenders and Applicants to provide correct information on Program Applications and First Loan Packages. This reliance is based upon the Lender certifications about reasonable investigation of the Applicant and statements by the Applicant that facts are correct. Each Lender and Applicant provide information and signed certifications, which are specific about the information provided and its correctness. False statements or fraud made in connection with an AC Boost application may constitute a federal violation punishable by a fine and/or disqualification of the application, or if AC Boost funds have been released prior to discovery of the false statements or fraud, immediate recalling of the AC Boost loan, which may be in addition to any criminal penalty imposed by law. Therefore, HCD encourages the Lenders and the Applicants to provide accurate information and ensure that applications are within the AC Boost eligibility requirements.

APPENDIX A: AC BOOST PROCESSING SUMMARY

Steps	Actions
1. Submit a Pre-Application	**Applicant** submits a complete Pre-Application via Program Administrator's website, or delivery by mail, before the Pre-Application deadline.
2. Submit a Program Application	Program Administrator will place all eligible Pre-Applications received by the Pre-Application deadline in the lottery. A lottery will be conducted to determine the rank order (see Section 6.3 for Lottery Process). Program Administrator will invite households to submit Program Applications in lottery rank order and will review completed applications within 10 business days of completion. Letters indicating Conditional Approval and Reservation of Funds or disqualification will be issued accordingly. Processing time may vary depending on the volume of applications received and the complexity of the loan. If an Applicant's income and assets meet the Program criteria, HCD will issue a Conditional Approval and Reservation of Funds and **reserve the AC Boost funds for up to one hundred twenty (120) days**. Extensions of Reservations are possible, as described in Section 6.6B.
3. Execute a Sales Contract	➢ During the 120-day period, a Conditionally-Approved Applicant must enter into a contract of sale to purchase a Principal Residence. ➢ A pre-approved Applicant who has entered into a sales contract must immediately work with his/her/their Lender on submittal of the Lender's AC Boost First Loan Package to Program Administrator.
4. Submit an AC Boost First Loan Package	**Lender** must submit a complete AC Boost First Loan Package – Part 1 to Program Administrator through AC Boost Web Portal (see Section 7.1 for all required documents) within five (5) business days following the execution of a sales contract between an Applicant and a seller. Updated income and assets documents may be required (see Section 3.2K for the maximum age of documents allowable). **Note: If a First Loan Package – Part 1 is received by HCD containing a Sales Contract with less than 15 business days remaining to close, it will be returned to the Lender for contract extension.** **Lender** must submit a complete AC Boost First Loan Package – Part 2 to Program Administrator through AC Boost Web Portal (see Section 7.1 for all required documents) at least (5) business days before the close of escrow.
5. Submit an AC Boost Property Package	**Applicant** must submit a complete AC Boost Property Package to Program Administrator through AC Boost Web Portal (see Section 7.2 for all required documents), at minimum twelve (12) business days prior to the close of escrow.
6. Issue an AC Boost Final Approval	Program Administrator and HCD will process the AC Boost First Loan Package and Property Package and issue a Final Approval Letter.
7. Submit an AC Boost Loan Funding Package	**Title Company** must submit a complete AC Boost Loan Funding Package to Program Administrator through AC Boost Web Portal (see Section 7.4 for all required documents), at minimum four (4) business days prior to the close of escrow.
8. Fund and Close an AC Boost Loan	HCD will fund the AC Boost loan within four (4) business days from the time of approving the Loan Funding Package documents.

APPENDIX B: Employment Income Calculation Methodology

Annual employment income must be determined for each job currently held. The following methods have been adapted by HCD for calculating household income for qualification purposes under the AC Boost, with the vast majority of applicants expected to be evaluated under Method One (below). Program Administrator will apply Method #1 for each job currently held by each Applicant. If, under the following circumstances, method #1 is not the most accurate method of projecting of annual income, then at the discretion of Program Administrator, Methods #2-5 may be applied under certain scenarios, including but not limited to the following:

- Applicant earns income from commissions
- Applicant is an educator
- Applicant's first pay date for the job was later than January 1st of the current year
- Applicant is receiving temporary disability compensation
- Applicant is a seasonal worker

Method #1: Year-to-Date Income from Paystubs
Use the most current paystub, divide the year-to-date (YTD) gross income by the current pay period number to get the pay period average. Then multiply the pay period average by the total number of pay periods the applicant receives in one year.

Example of Calculating Year-to-Date Income with Paystubs:
YTD income as stated on the most recent paystub for the calendar year = $20,000
Current pay period on most recent pay stub = 10
Estimated pay period amount = $2,000 ($20,000 divided by 10)
Total number of pay periods in one year for the applicant = 24
Annualized pay = $48,000 ($2,000 x 24)

Method #2: Year-to-date Income and Last Year's Income
Use the most current paystub (or the last paystub received if the applicant currently receives no income) to determine the applicant's year-to-date gross earnings. Add the year-to-date earnings to the household's gross income from the most recent year's income tax return. Divide this number by 12 (to account for last year's earnings) plus the number of months the applicant's year-to-date income encompasses. This is the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income using YTD plus Last's Year's Income:
YTD income as stated on the most recent paystub for the calendar year = $20,000
Gross income from last year's income tax return: $50,000
Number of months applicant has worked this year: 6
$50,000 + $20,000 = $70,000
6 months + 12 months = 18 months
$70,000/18 = $3,888.89 (average monthly income)
$3,888.89 x 12 = $46,666.67 (annualized income)

Method #3: Two-Year Average
Add the household's total gross income from the two most recent years' income tax returns. Divide this number by 2 to get the two-year average.

Example of Calculating Income using the Two-Year Average:
Gross income from last year's income tax return: $50,000
Gross income from the previous year's income tax return: $55,000
$50,000 + $55,000 = $105,000
$105,000/2 = $52,500 (average annual income)

Method #4: Paystub Average
Add the household's gross income from the two most recent months' paystubs. Divide this number by the number of paystubs included to get the pay period average. Then multiply the pay period average by the total number of pay periods the applicant receives in one year.

Example of Calculating Income using the Pay Check Average:
Total of most recent two months' paystub = $8,000
Number of pay stubs included = 4
Estimated pay period amount = $2,000 ($8,000 divided by 4)
Total number of pay periods in one year for the applicant = 24
Annualized pay = $48,000 ($2,000 x 24)

Method #5: Verification of Employment
Reference the total annual income provided by Applicant's employer in Verification of Employment form (VOE).

In the above Method #1, Method #2 and Method #4, in cases where employer paid health insurance costs are included within the gross income on an applicant's paystubs, this income may be excluded from the gross income calculation.

APPENDIX C: Self-Employment Income Calculation Methodology

Self-employment income calculations will be based on the adjusted income from the two most recent years and YTD Profit & Loss statement. The adjusted income shall include net income from tax returns with any depreciation or amortization added back. If the resulting adjusted income is negative, count the income as $0. Negative cash flow from a business may not be used to offset income generated from other sources when determining compliance with income limits.

Program Administrator will apply the following three income methods to calculate self-employment income. The method used will be determined by how long the Applicant has been self-employed, as follows:

- If the Applicant is self-employed for less than two years but over one year, annual income will be calculated by either 1) Method #1, or 2) Method #2. The larger value of the two calculations will be selected as annual self-employment income. In the examples below, the calculation from annualizing Method #2 ($60,000) is higher, and will be selected as the Applicant's self-employment income.
- If a business started in the same year as the year of qualifying, the income will be calculated using Method #2. In this case, the Applicant must supply copies of all invoices and payments made to the Applicant in support of the Profit & Loss statement submitted.
- If the Applicant is self-employed for over two years, HCD will apply Methods #1, #2 and #3 to calculate self-employment income, and use the calculation that yields the highest annual income to determine eligibility. In the examples below, the calculation from annualizing Method #2 ($60,000) is the highest, and will be selected as the Applicant's self-employment income.

Method #1: YTD Profit & Loss Statement and Last Year's Tax Return

YTD Profit & Loss Statement and Last Year's Tax Return Calculation:
Use the adjusted YTD Profit & Loss statement to determine the Applicant's year-to-date earnings. Add the YTD earnings to the Applicant's adjusted income from the most recent year's income tax return. Divide this number by 12 (to account for last year's earnings) + the number of months the Applicant's YTD income encompasses. This is the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income using YTD Profit & Loss Statement and Last Year's Tax Return:
YTD adjusted income as stated on Profit & Loss statement = $20,000
Adjusted income from last year's income tax return = $50,000
Number of months from the YTD Profit & Loss Statement = 4
$50,000 + $20,000 = $70,000
4 months + 12 months = 16 months
$70,000/16 = $4,375 (average monthly income)
$4,375 x 12 = $52,500 (annualized income)

Method #2: YTD Profit & Loss Statement

YTD Profit & Loss Statement Calculation:
Divide the year-to-date (YTD) adjusted income by the number of months on YTD Profit & Loss statement to get the average monthly income. Multiply this number by 12 to annualize.

Example of Calculating Income with Profit & Loss statement:
YTD adjusted income as stated on Profit & Loss statement = $20,000
Number of months = 4
Average monthly income = $5,000 ($20,000 divided by 4)
Annualized pay = $60,000 ($5,000 x 12)

Method #3: Two-Year Tax Returns

Two-Year Tax Returns Calculation:

Add the adjusted income from the two most recent years' income tax returns. Divide this number by 2 to get the two-year average.

Example of Calculating Income using the Two-Year Average:

Adjusted income from last year's income tax return: $50,000
Adjusted income from the previous year's income tax return: $45,000
$50,000 + $45,000 = $95,000
$95,000/2 = $47,500 (average annual income)