



## Antioch Home Ownership Program (AHOP) Real Estate Purchase Transaction Protocols and Requirements

Real estate agents are required to adhere to a set of protocols and requirements when working with a City of Antioch Ownership Program (AHOP) sale/purchase transaction. Key requirements and parameters to observe when working with an AHOP purchase transaction include:

- AHOP homebuyer participant steps and requirements
- Property eligibility requirements
- Purchase contract requirements
- Transaction timelines

AHOP transaction guidelines and protocols have been structured to reduce impediments that would hinder the successful close of an AHOP transaction, and to streamline the AHOP purchase process. AHOP requires the combination of a multitude of resources and services to bring a substantive benefit to Antioch homebuyers and the Antioch community. The coordination and delivery of these resources requires additional time to approve and close an AHOP real estate transaction. BAAHA administers protocols with the objective of diminishing the challenges and time required by buyers, lenders, real estate agents, escrow companies, and the City to close a complex purchase transaction.

### **AHOP Program Purchase Steps and Requirements**

In order to enter into and close an AHOP purchase transaction applicants/homebuyers must complete the following steps and fulfill the following requirements:

#### ***AHOP Application Submittal and Preliminary Eligibility Notification (PEN)***

Prospective eligible first time homebuyer AHOP participants must submit an AHOP application to BAAHA. BAAHA reviews the AHOP application and determines if the household is eligible to continue pursuing an AHOP subsidy. If eligible, BAAHA will issue a Preliminary Eligibility Notification (PEN). Applicants that receive a PEN will be required to secure first lender approval from a Program Certified Lender. BAAHA will not approve an AHOP purchase transaction until a buyer has received Preliminary Eligibility Notification and first loan approval from a AHOP Certified first lender. *An AHOP application must be submitted to BAAHA by the applicant; and cannot be submitted by their real estate agent or loan officer.* BAAHA works with partnering Agencies that provide homebuyer education and counseling and can provide assistance to households with language barriers. An AHOP and first lender preapproval can be submitted to BAAHA simultaneously with the first lender approval. **A PEN is not a Program Approval.** However, the PEN helps assess if a prospective AHOP participant has the resources and capacity to advance their efforts to purchase a home in Antioch. *This saves time and resources for the first lender and real estate agent.*

### ***First Lender Preapproval***

The combination of an AHOP Preliminary Eligibility Notification (PEN) and First lender approval are required for the AHOP participant to start searching for their Antioch home; and to enter into a purchase contract. The first mortgage loan must be provided by a BAAHA Certified First Lender. Certified BAAHA AHOP first lenders are required to:

- Certify that they can approve and fund a first loan in conjunction with the City's AHOP loan parameters and documents; and be able to provide a first loan in combination with an AHOP subsidy
- Have access to additional subsidies provided through Public and Private Agencies that may be required (see below) for a household to secure a City AHOP financial subsidy. BAAHA can direct AHOP applicants to Certified Lenders

The lender's first loan approval will require to contain a copy of the electronic application (1003) and transmittal summary (1008). These document must include (at the minimum) the terms of the first loan, representation of additional financing subsidies provided (when required), the purchase price the borrower is approved for, lowest middle FICO score, and the housing and debt ratios.

Low income ( $\leq 80\%$  AMI) households may be required to secure at least one additional subordinate financial subsidy in addition to the City's AHOP subsidy. The dollar amount of secondary subsidies required will be stipulated in the Program Approval issued by the first lender and BAAHA. An exception to a secondary subsidy requirement will be considered for households:

- a. Who are placing at least a 10% down payment from their own funds
- b. All adult household members that are required to be on title have at least a 700 FICO score.

*The delivery of a BAAHA PEN and first loan approval from a Certified first lender expand the probability that the AHOP participant will successfully be able to locate and purchase a home in Antioch. Securing additional subsidies from a Certified lender may also expand the homebuyer's purchase capacity.*

### ***Property Search***

Upon securing a PEN and first lender approval, the AHOP applicant may commence with their property search. Upon locating a property and submitting an offer, BAAHA will Reserve funds and commence with underwriting the AHOP to issue a Program Approval.

### ***AHOP Subsidy Approval and Fund Reservation***

An AHOP subsidy approval and fund reservation can only be acquired at the time that the participant receives:

- Preliminary Eligibility Notification (PEN) from BAAHA/City
- First lender preapproval from an AHOP/BAAHA certified lender
- AHOP applicant and has identified and entered into a purchase contract to purchase an eligible property located in the City of Antioch.

The household will have up to 90 days to enter into a contract to purchase an eligible Antioch property. The approved household will have to reinstate their funding reservation after 90 days, unless extended by BAAHA and the City.

### ***First Come First Served Basis***

All Program approvals are provided on a first come first served basis. AHOP approvals may be issued to a multitude of BAAHA/City Program Eligible AHOP participants. Funds will be distributed to participants who have met all the required purchase related conditions and have entered and closed a purchase contract on a first come first served basis. There is a limited amount of subsidy funding available. Accordingly, funding will be available until the current funding allocation has been depleted. Current funding will service approximately ten (10) City AHOP subsidies. The City intends to place additional funding into the AHOP program.

### **Property Eligibility Requirements**

The City of Antioch has property title and condition provisions that are in place to meet AHOP collateral, health and safety, and tenant protection requirements.

### ***Property Type Requirements***

All properties purchased with City AHOP funds must be Single-Unit Residences located in the City of Antioch. Residences may be a single-family house, condominium, townhouse, loft or live work unit. The home must be used as the owner's principal residence.

Housing types excluded from the Program are:

- Manufactured housing (mobile homes)
- Cooperatives
- Rental homes or any home a portion of which is currently or to be rented
- Investment homes
- Properties from which a trade or business is conducted without the prior written approval by BAAHA of the proposed business use.
- Properties purchased through a non-arm's length transaction, in which there is an interest between the buyer and seller or other parties participating in the sales transaction. An exemption may be granted by BAAHA/City on a case-by-case basis, and in their sole discretion.

### ***Purchase of Tenant-Occupied Property***

The City's AHOP subsidy cannot be applied towards purchase transactions that displace existing occupants, including purchasing a property from which a tenant occupant will be evicted (displaced) at the time of the purchase. The City AHOP funds can only be applied towards purchasing properties, which at the time of sale, are occupied by the owner resident or that are vacant. The City AHOP promotes and allows eligible Program Participants to purchase a Program eligible home they currently occupy as a tenant. The Program Participant must

demonstrate that they have occupied the home as a tenant for at least 90 days prior to securing a purchase contract for the home. All other AHOP purchase requirements must be met to purchase the home.

### ***Property Flipping***

The City's AHOP cannot be used to purchase properties resold within 90 days and priced more than 20% above the initial purchase price.

### ***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 City AHOP funds. The inspection should include electrical, wiring, plumbing, roofing, insulation and structural features. In addition, BAAHA/City requires a "pest control inspection" report for wood destroying pests and organisms to be conducted by a reputable licensed inspector. The pest control inspector's license must be 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 for AHOP Program approval. All reported deficiencies that pose immediate health and safety hazard or code violation, including Section 1 damage, must be corrected as a condition prior to funding of a City AHOP Loan. The City of Antioch will not be held liable for any misrepresentation, false claims or information contained in the inspection reports.

The City of Antioch maintains the right to deny the AHOP loan due to the condition of the property. If the property requires repairs, documentation and/or a clearance report must be included prior to close of escrow. All units must comply to City health and safety occupancy requirements. Escrow holdbacks for constructions and repairs are not allowed.

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

### ***Appraisal Report***

BAAHA 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). Appraisers should preferably have a Member of the Appraisal Institute member designation (issued by the Appraisal Institute), and with experience valuing similar properties in the Bay Area. A copy of the appraisal report must be provided to the City/BAAHA. The appraisal report must be issued within 90 days from the date the report is submitted to BAAHA.

### **Purchase Contract Requirements**

BAAHA will only approve a purchase contract in which all the following terms have been applied.

### ***Minimum 25 Day AHOP Subsidy Approval Period***

All purchase transactions that incorporate City AHOP funding must have at least a 25-day AHOP Program Approval period. Program approval will include and not be limited to finalizing the Program eligibility for the AHOP buyer and review and approval of property inspection reports. BAAHA will not reserve funds and provide an approval to proceed forward with a transaction that does not have at least a 25-day program approval period. The 25-day subsidy approval period is incorporated into the 45-day closing period noted below.

### ***Minimum 45 Day Closing Period***

All purchase transactions that incorporate City AHOP funding must have at least a 45-day closing period. The City AHOP transaction requires additional underwriting and a number of additional steps to be conducted by BAAHA and the City. The 45-day closing timeline takes these factors into consideration. BAAHA will not reserve funds and provide an approval to proceed forward with a transaction that does not have at least a 45-day closing period.

### ***Final Property Approval***

A Final Property Approval must be issued by BAAHA/City to continue with the distribution of AHOP funds at the close of escrow. Issuing an approval will include securing documentation from licensed contractors involved in providing repairs/improvements to rectify any noted property inspection or any property eligibility items.

### ***Seller Credits and Buyer Agent***

A seller credit may be issued to pay for the Buyer's agent. However, funds provided through AHOP subsidy may not be applied towards paying buyer real estate agent costs. A buyer agent must provide BAAHA a copy of the Buyer Agent Agreement.

### ***AHOP Fund Reservation Termination and Extension***

Funds are only reserved when a Participant enters into an AHOP approved purchase contract. Reserved funds will be distributed by the City to escrow at the close of the transaction. The funding reservation will be terminated when:

- Close of escrow. The purchase transaction must close within 90 days from the date the buyer and seller enter into the transaction. BAAHA/City, on a case by case basis, will review extensions requested for eligible properties that are in contract.
- The transaction is terminated by either the seller or buyer.
- The property and transaction is deemed ineligible to meet AHOP conditions by BAAHA/City and/or the first lender. The seller can take actions to cure the ineligibility within the 90-day reservation period. However, seller must provide documentation demonstrating that the seller performed and paid for activities to cure conditions. The buyer may not make financial contributions for any repairs.

## **Summary Purchase Steps, Property Requirements and Timelines**

Adherence to the above represented AHOP application, approval, and transaction process will increase the efficiency and decrease the timeline and challenges for all parties involved with an AHOP purchase transaction. All parties involved with an AHOP transaction are required to adhere to the steps and requirements represented in this memorandum. Failure to adhere to depicted steps may cause an AHOP transaction to be disapproved by BAAHA/City. The synopsis of steps listed below are discussed in detail within this memorandum. BAAHA and the City will not initiate the review and approval of an AHOP purchase transaction if the following Program and purchase contract approval process is not adhered to in the order provided. **For example, BAAHA will reject a real estate purchase contract if BAAHA has not issued a PEN to the buyer, even if a first loan approval has been provided by a first lender. For the transaction to be approved, the real estate contract will need to be restructured and comply with the Program submission, approval, and underwriting requirements.**

### ***Purchase Steps***

The following steps must be completed prior to submitting a purchase contract for Program Approval:

- ***Preliminary Eligibility Notification (PEN)*** – applicant has submitted an AHOP application for BAAHA to provide clearance for the applicant to continue proceeding to secure an AHOP subsidy Approval and Fund Reservation
- ***First lender preapproval*** - buyer/AHOP applicant must secure a first loan preapproval from a BAAHA Certified Program lender. The preapproval must include an electronic loan application (1003) and transmittal summary (1008) that represents the purchase price the AHOP borrower has been approved for.
- ***Antioch Property Search*** - The property search should commence after the AHOP applicant has received a PEN and first loan preapproval from a BAAHA Certified AHOP lender. BAAHA will not accept purchase contracts and commences with issuing a Program Reservation until both of these Program requirements have been met.
- ***AHOP Subsidy Approval and Fund Reservation*** – upon reviewing and approving the purchase contract, BAAHA will commence with underwriting procedures to issue an AHOP Program Approval and commence with activities to fund the AHOP loan. Final Program Approval will also be conditioned on the first lender providing final loan approval for the first loan.

### ***Purchase Timeline***

Prior to purchase contract:

*AHOP Application and Issuance of PEN* – no timeline requirements/constraints

*First Lender Approval* – must happen within 90 days from receipt of PEN

*Property Search* – must identify property and enter into contract within 90 days from receipt of first lender approval. New PEN and first lender approval will be required after 90 days.

Purchase contract:

*AHOP Subsidy Approval and Fund Reservation* – within 25 days of purchase contract (may be longer if approval challenges/issues are encountered)

*Funding and Close of Escrow* – within 20 days after Final Program Approval

### ***Property Purchase Requirements***

- Must be owner occupied
- Vacant – if previously owner occupied or if tenant is not being evicted as a condition of the sale
- Property Inspection Reports - including a current termite and current property inspection report. No health and hazard and Section 1 items allowed.
- Property appraisal – no older than 90 days. Appraisal must be conducted by a licensed appraiser and at or above purchaser price.

### **Additional Information and Questions**

For additional information and questions please contact BAAHA's staff. BAAHA has a strict policy that all correspondences and questions are delivered to BAAHA in writing at the following email: [info@myhomegateway.com](mailto:info@myhomegateway.com)