

Example of Child Care Provider Using AC Boost to Buy a Home

Abby is a licensed home child care provider who lives in Alameda County. She has been operating her home child care business out of the single-family rental home where she lives with her husband Beni and her two children, 10th grader Celia and 12th grader Dan. She is ready to buy her own home and would like to stay in the same area so she can continue serving the same families. Owning her own home would provide stability to both her family and her business. Abby's family has a steady income from her home child care business and her husband Beni's job, and they have been able to save \$20,000, which they would like to put toward a down payment. Abby has seen real estate listings in her area, but all the homes seem out of her price range, even though her family has savings and a steady income.

The County of Alameda has created AC Boost, a down payment assistance program to help working households like Abby's family. AC Boost offers financial assistance of up to \$150,000 to middle-income first-time homebuyers to help them purchase a home in Alameda County. Abby will take these steps to see if she qualifies for AC Boost.

- 1) Does she want to buy a home in Alameda County for her family to live in (not as an investment)? Yes! She wants to stay in Alameda County and her family will move in as soon as possible.
- 2) Does she live in or work in Alameda County? Or has she been displaced from Alameda County? Yes, Abby currently lives in Alameda County. Since she runs a home-based child care business, she also works in Alameda County.
- 3) Is she a first-time homebuyer, meaning that she and her husband have not owned a home in the last 3 years? Yes, she has never owned a home. Her husband Beni used to own a house with his parents, but they sold it 5 years ago.
- 4) Does her family meet the income requirements? Abby and her husband Beni's last two tax returns show a gross household income of approximately \$98,000 per year. Their 18-year old son Dan has an after-school job, but because he is a full-time high school student and still a dependent on their tax returns, they do not consider his wages in their household income. Celia babysits on the weekends, and her income does not count either. As a household of 4 with an annual income of about \$98,000, Abby's family's income is less than 100% AMI (Area Median Income). This means they may qualify for an AC Boost loan of up to \$150,000.
- 5) Has her family saved funds for a down payment that will be at least 3% of the purchase price? Yes, they have saved \$20,000 toward a down payment, which is more than 3% of \$600,000. Abby plans to buy a house that costs less than \$600,000.

Now that Abby knows she meets the basic eligibility requirements, she will fill out a pre-application on AC Boost.org. To complete this pre-application, she will need to answer

just a few questions, including providing government ID numbers for herself and Beni. She and Beni both have California driver's licenses, which are the numbers she uses on her pre-application. She tells Beni that she is going to submit a pre-application to make sure that he does not also submit one for their family, since each household may only submit one pre-application.

Abby checks her email for a confirmation that her pre-application form went through on the website. After 5 minutes, it has still not come through. She checks her "junk" email folder and finds the confirmation email there. Abby adds acboost@hellohousing.org to her list of contacts to ensure that she receives future emails from AC Boost. The email confirms that her pre-application responses show she is eligible for the lottery, which will be held a few days after the pre-application period closes. The email also confirms that because Abby is a licensed child care provider, she meets the program's definition of "Educator." As an "Educator," Abby will automatically be entered into the general lottery and also a "preference lottery" for Educators and First Responders. Abby's "Educator" status means she has a greater chance of being invited to submit a full application.

The day of the lottery, Abby receives an email from AC Boost saying that her general lottery ranking is 93 and her "preference lottery" ranking is 8. AC Boost will invite the top 70 general lottery rankings and the top 10 preference lottery rankings to a mandatory workshop. Abby's general lottery number is too high to receive an invitation, but her preference lottery number qualifies her to attend the workshop. If Abby wishes to move forward in the AC Boost application process, she must attend the workshop.

She RSVPs to the workshop, which is held a few days after the lottery. She also makes a reservation to take a first-time homebuyer class offered by an AC Boost-approved housing counseling agency. She and her husband Beni both attend the workshop, where they learn more about the program features and requirements. She learns that AC Boost down payment assistance is in the form of a "shared appreciation loan" (also called "shared equity loan"). This loan has no monthly payments and no interest, but it must be repaid when the home is sold, along with a proportionate percentage of the increase in value in the home. She also learns about how to submit a full application package and receives a list of approved lenders.

After the workshop, Abby and Beni start working on their full AC Boost application right away because they can only work on it after work and on the weekends. They also start gathering all the required documents, such as their bank statements and tax returns. At the same time, they reach out to some of the lenders on the AC Boost list because they need to obtain pre-approval from one of those lenders to submit with their full application. They select a pre-approved lender, who also needs to see their financial documents to determine what size loan they qualify for. The pre-approval letter from the lender states they are eligible for a loan of \$430,000. They take the first-time homebuyer class so they can include their certificate of completion in their full application package.

Abby and Beni submit their full AC Boost application using the online AC Boost application portal, and they wait to hear back. They find out they have received a reservation of funds for an AC Boost loan of up to \$150,000, which is the program maximum. Together with their own savings of \$20,000 and their pre-approval for a loan of up to \$430,000, their maximum amount of funds available is \$600,000. Knowing that they want some cushion for closing costs, they start shopping for a house with a maximum budget of \$575,000. They contact a few realtors recommended by neighbors and co-workers, and select one they liked who seemed to understand their family's priorities.

Working with their realtor, they look at homes that meet their needs. They bid on a couple homes in their area, but are outbid for the first two times. Their offer on a third home is accepted, and they enter into a purchase contract. They submit their loan and contract paperwork for final approval from AC Boost. This final review process confirms that their household is still eligible (no major changes in income or assets), their first loan amount and home price are eligible (their projected debt-to-income ratio is within the program limit), and that the house is eligible (it's a single-unit home that was occupied by the owner, not a tenant, immediately prior to being listed). Once completed, they also submit any inspections to AC Boost.

After final approval from AC Boost, they meet with Hello Housing to review the terms of their \$150,000 AC Boost loan. Their final step is to close escrow and move in!