



**Administered by Housing Trust Silicon Valley (Housing Trust)**

**Program Guidelines**

**Section 1. Program Description:** Empower Homebuyers SCC (EMPOWER) is a loan program that provides down payment assistance, in the form of a deferred payment loan of up to 17% of the purchase price to qualified first time homebuyers for the purchase of a primary residence located in the Program Market Area. This program may be used for down payment only.

The annual gross household income for the applicants cannot exceed 120% of the Santa Clara County Area Median Income by household size. The levels shall be adjusted annually as adjusted by the California Department of Housing and Community Development.

Maximum Gross Household Income by Household Size (updated as of April 26, 2021)								
Household Size	1	2	3	4	5	6	7	8
Income Limit	\$127,100	\$145,250	\$163,400	\$181,550	\$196,050	\$210,600	\$225,100	\$239,650

Source: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k18.pdf>

- a) Program Market Area: subject property must be located within the County of Santa Clara.
- b) EMPOWER Principal Loan amount is up to **17% of the purchase price.**
- c) Minimum Loan amount- \$68,000
- d) Maximum Loan amount - \$187,000
- e) Term of the loan is thirty (30) years.
- f) Maximum Purchase Price for the subject property is \$1,100,000.
- g) First mortgage must be a thirty (30) year fully amortized fixed rate mortgage. No adjustable rate or interest only mortgages allowed.
  - 1. Minimum LTV is 70%.

2. Maximum LTV is 80%.
  3. Combined loan-to-value cannot exceed 97%.
- h) Owner occupancy required.
  - i) Impounds for the property taxes and hazard insurance, if required by senior mortgage lender.
  - j) The EMPOWER Loan will only be subordinate to the First Lien Mortgage Loan and must be in SECOND lien priority.

## **Section 2. Eligibility Requirements:**

a) The applicant and co-applicant(s) must be a first-time homebuyer. First-time Homebuyer” means applicant or co-applicant who has not owned a home or have had any ownership interest in a home during the last three (3) consecutive calendar year period prior to the date of application for eligibility. For exceptions, please refer to the Housing Trust General Underwriting Guidelines.

b) The primary borrower must be the applicant. Co-applicants may be co-borrowers and must be household members. Non-borrowing spouses will be considered co-borrowers for the program. Non-occupant co-borrowers are not allowed.

c) Live or work in Santa Clara County- A Borrower or Co-Borrower whose earnings or primary source of annual income (salary, wages, commissions) is through employment by a Santa Clara County employer licensed and permitted by a city within Santa Clara County, at a primary work-site in Santa Clara County; or through operation of a Santa Clara County-based business that is licensed and permitted by a city in Santa Clara County. Working in Santa Clara does NOT include volunteer or unpaid work, or self-employment consisting solely of operating a business entity established solely for the purposes of investment in a rental property. Income earned in Santa Clara County must be verified by your paycheck stubs, tax returns, and/or other documentation described in the application forms.

d) The combined gross annual household income of the household does not exceed 120% of the Area Median Income (AMI) by household size.

1. Calculating Gross Income. Gross Income means all anticipated eligible income of a person or household for the 12-month period following the date of determination of income. Income will be determined using California Code of Regulations Title 25 Section 6914. Refer to Appendix A, Gross Income Inclusions and Appendix B, Gross Income Exclusions.

d) The borrower’s total “Front-End” Housing Cost to Income Ratio cannot exceed 38%. Housing Cost includes all principal and interest payments of the first mortgage, property taxes, homeowner association fees, property hazard insurance and Private Mortgage Insurance (PMI)

premiums, if any. Total monthly Housing Cost must not be greater than 38% of the borrower's total monthly household income. For moderate-income households (81-120% of the AMI), the monthly housing cost must be at least 28% of total monthly household income.

e) The borrower's "Back-End" debt to income ratio cannot exceed 45%. This means that when all of a homebuyer's debts are added up, including the Front-End Debts (including first mortgage principal and interest payment, monthly HOA fees, property taxes, property hazard insurance and Private Mortgage Insurance (PMI) premiums, if any), **plus** any car payments, credit card payments and any and all other debts, loans, charge accounts, and business expenses, if applicable, etc., those total monthly payments added together must not be greater than 45% of the homebuyer's Total Monthly Household Gross Income.

f) The borrower(s) must have a middle FICO credit score of 680.

g) The borrower(s) (including non-borrowing spouses) must complete an eight (8) hour Homebuyer Education class from the designated HUD-approved counseling agency. Housing Trust does not provide the HUD certified 8 Hour Homebuyer Education class. **Online classes are allowed if offered by the designated agency.** Expiration of the Certificate of Completion for the 8 Hour HUD certified Homebuyer Education class is within two years at the date of application. The designated agency for the class is:

Project Sentinel ([www.housing.org](http://www.housing.org))  
Sobrato Center for Nonprofits  
554 Valley Way, Bldg. 4, Suite 554  
Milpitas, CA 95035  
(408) 470-3730  
homeownershipinfo@housing.org

h) The borrower(s) must make a minimum down payment contribution of 3% of the purchase price. At least 50% of the required borrower's contribution must come from the borrower's own funds. Housing Trust will allow up to 50% of the required contribution to be in the form of a gift.

i) Reserve Requirement – Borrowers must have a minimum of one-month reserves (principal, interest, property taxes, hazard insurance and homeowner's association dues) in liquid and/or non-liquid assets after the purchase. In addition to Liquid Assets, vested funds from retirement accounts that permit withdrawals may be also used for reserves.

j) The household's post-closing assets (excluding retirement accounts) cannot exceed \$125,000.

k) Owner Occupancy is required.

l) The subject property must be located within the Program Market Area and will be the primary residence of the borrower(s).

- Eligible housing units: a single unit residence (condominium, townhome, or single-family home)
- The property must be intended for single family residential use only.
- Financing for new construction homes is available.
- Financing for below market rate, manufactured or mobile homes is not available.
- Subject property for sale must be owner occupied or vacant. Tenant occupied properties are not allowed unless the applicant is the tenant, and it is an arms-length transaction.
- A Subject property with deed restrictions require prior review and approval by Housing Trust Silicon Valley before purchase transaction ratification.

m) Upon receipt of program eligibility determination letter from Housing Trust, the borrower(s) must present a signed and ratified purchase sales agreement for the subject property to reserve program funds.

n) The close of escrow date is no more than 120 days and no less than 21 days from date of program eligibility determination.

o) No financing subordinate to the EMPOWER loan may have a balloon, deferred or negative amortization payment prior to 30 years. Fees and/or charges for subordinate financing shall be consistent with industry standards. Any additional subordinate financing will require Housing Trust review and approval.

p) Unless referenced within these guidelines, the Empower Homebuyers SCC: The Measure A First Time Homebuyer Program for Santa Clara County Policies and Procedures Manual May 2021 will supersede any eligibility requirements and documentation for underwriting purposes.

**Section 3. Loan Terms and Repayment:** The EMPOWER loan is a deferred second loan that requires no monthly principal or interest payments for the term of the loan. This loan is not assumable by subsequent purchasers or any other parties. The specific loan terms related to the shared appreciation of the EMPOWER program are described below.

a) EMPOWER Principal Loan Amount. The EMPOWER Principal Loan Amount Loan-to-Value (LTV) is determined by the purchase price of the subject property or its appraised value, whichever is less.

b) Maturity Date. The Maturity Date shall be the earliest to occur of the following: the date which is **thirty (30) years** from the date of the Note, or upon sale or transfer, assignment, or default; or prepayment or refinance of the first loan unless such prepayment or refinance is approved by the County; or change to non-owner occupancy status, whichever occurs first.

c) Repayment in Full. The total Empower Homebuyers SCC Principal Loan Amount plus a Share of Appreciation owed shall immediately become due and payable on the Maturity Date.

d) Prepayments. The Borrower may repay the EMPOWER Principal Loan Amount, together with the Share of Appreciation as of the date of such prepayment, calculated under this Section 3 below, provided that such prepayment is in full and not in part. No prepayment charge will be imposed by the County.

e) Appreciation. Appreciation is the amount determined by subtracting the sum of the Original Base Price from one of the following amounts, as applicable: (i) the Fair Market Value of the Property; or (ii) in the event a creditor acquires title to the Property through a deed in lieu of foreclosure, a trustee's deed upon sale, or otherwise, the amount paid for the Home by a successful bidder at a trustee's sale of the Property.

*For example: \$400,000 (Fair Market Value) - \$300,000 (Original Base Price) = \$100,000 (Appreciation)*

f) Fair Market Value. The Fair Market Value of the Subject Property will be determined on the Maturity Date. The Fair Market Value shall be the greater of the Borrower's sales price of the Subject Property (if applicable) or the Appraised Value of the Subject Property.

If the County or its assignees and Borrower are unable to agree on a Fair Market Value then the "Appraised Value" of the Subject Property is defined as the value that would be agreed to by a seller who is willing to sell but under no particular or urgent necessity or obligation to sell, and a buyer who is ready, willing and able to buy but under no particular or urgent necessity to buy, each dealing with the other with full knowledge of all the uses and purposes for which the Subject Property is reasonably adaptable and available. For purposes of determining the Appraised Value, the Borrower shall select an appraiser who is a "MAI" member of the American Institute of Real Estate Appraisers or an "SRPA" member of the Society of Real Estate Appraisers (or any such equivalent designations). The County or its assignees has the option, at its sole expense, to select an appraiser to conduct an additional appraisal of the Subject Property. If the two appraisals are not in agreement as to the Appraised Value of the Subject Property, the amounts determined by the appraisals will be averaged to determine the Appraised Value of the Subject Property for purposes of this section.

In any other transfer of the Property, or if Borrower and the County or its assignees disagree as to the Fair Market Value, Borrower, at his/her cost, will obtain an appraisal of the Subject Property pursuant to the terms defined in the paragraph above. The value of the Subject Property as stated in the Appraisal will conclusively establish the Fair Market Value.

g) Share of Appreciation. The Share of Appreciation is the Net Appreciation multiplied by the Shared Appreciation Percentage. The Net Appreciation is the Appreciation less any Borrower Contributions defined under this Section 3 below. If there is no appreciation, or the value of the Property declines, the Note Holder is not obligated to contribute toward any

deficit, and nothing shall make the Note Holder a partner or joint venture with Borrower. In the event that Appreciation is equal to zero no EMPOWER Share of Appreciation shall be due.

***For example: \$400,000 (Fair Market Value)-\$300,000 (Original Base Price)=\$100,000 (Appreciation) - \$500<sup>1</sup> in Borrower's "out of pocket costs" (acquisition closing costs) - \$10,000<sup>2</sup> for Qualifying Capital Improvements = \$89,500 (Net Appreciation) will be used to calculate the Share of Appreciation due to the County or its assignees.***

***For example: (\$89,500 (Net Appreciation) Multiplied by 10.0% (Shared Appreciation Percentage) = \$8,950 (Share of Appreciation)) due to the Note Holder.***

The Share of Appreciation shall be capped at 100% of the EMPOWER Principal Loan Amount for the first ten (10) years of the Maturity Date of the Promissory Note. After the initial ten (10) years of the Maturity Date, the Share of Appreciation is uncapped.

*For example: Home is sold in year 5 of loan and is subject to cap:*

- Home purchase price: \$300,000
- EMPOWER loan: \$30,000 (10% of purchase price)
- Home resale price: \$1,000,000
- Borrower contributions: \$10,150
- Payment due: \$30,000 for original EMPOWER loan + \$68,985 (10% of \$689,850 appreciation from \$1,000,000 to \$300,000 less Borrower Contributions (net appreciation))
- Total payment to County: \$60,000 = \$30,000 (original EMPOWER Principal loan) + \$30,000 (Share of Appreciation capped at \$30,000)

*For example: Home is sold in year 15 and is not subject to a cap on the Share of Appreciation:*

- Home purchase price: \$300,000
- EMPOWER loan: \$30,000 (10% of purchase price)
- Home resale price: \$1,000,000
- Borrower contributions: \$10,150
- Payment due: \$30,000 for original EMPOWER loan + \$68,985 (10% of \$689,850 appreciation from \$300,000 to \$1,000,000 less Borrower Contributions (net appreciation))
- Total payment to County: \$98,985=\$30,000 (original EMPOWER Principal loan) + \$68,985 (Share of Appreciation uncapped)

1. Original Base Price. The original purchase price of the property or appraised value

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<sup>1</sup> Exact deduction for closing costs would be slightly higher to reflect interest earned at the prevailing rate from date of acquisition to the Maturity Date.

<sup>2</sup> Exact deduction for qualifying capital improvement would be slightly higher to reflect interest earned at the prevailing rate from date of the payment of the capital improvement to the Maturity Date.

of the home at the time of purchase, whichever is less.

2. Shared Appreciation Percentage. The amount which represents the percentage obtained by dividing the EMPOWER Principal Loan amount by the Original Base Price of the Home.

- For example: (\$30,000 (EMPOWER Principal Loan Amount)/\$300,000 (Original Base Price) = 10.0% or Ten Percent will be used to calculate the Share of Appreciation due to the County or its assignees.

3. Borrower Contributions. Borrower Contributions are the documented Borrower's "out-of-pocket closing costs" for the Borrower's acquisition of the Home and any documented amounts paid by Borrower for Qualifying Capital Improvements made to the Home during the term of the Loan, plus simple annual interest on such Borrower Contributions from the date such Borrower Contribution was paid by Borrower until the Maturity Date at the then Prevailing Rate.

i. Borrower's "out-of-pocket closing costs". Borrower's "out-of-pocket closing costs" shall mean those costs reflected on the settlement statement for the acquisition of the Home which were paid by Borrower in addition to Borrower's down payment amount and which were not paid with funds from the Senior Loan, the EMPOWER Loan or any source other than cash from Borrower and may include documentary transfer taxes, escrow and recording fees, title insurance premiums, and any other non-recurring fees which were a necessary or customary cost of consummating the acquisition of the Property

ii. Qualifying Capital Improvements. Qualifying Capital Improvements are "improvements" as defined by IRS Publication 523, that add to the value of the Property, cost at least \$2,500 for each improvement, and which require a building permit; qualifying capital improvements must be evidenced by approved building permits, invoices, proof of payment and a schedule summarizing the capital improvement.

iii. Prevailing Rate. The prevailing rate means the National Average Contract Mortgage Rate as derived from the Federal Housing Finance Agency's Monthly Interest Rate Survey (MIRS).

h) Owner-Occupant. The Borrower must establish and occupy the Subject Property as his/her primary residence commencing within sixty (60) days after the execution of the Note and occupancy requirement ending on the Maturity Date.

i) Insurance of Property. The EMPOWER Loan shall require the Borrower to maintain a standard all risk property insurance policy equal to the replacement value of the property,

naming Housing Trust or its assignees as an additional insured.

i. Applicant must maintain insurance on the property in an amount **at least equal to the replacement value of the improvements**; and

ii. Housing Trust must be named as an additional loss payee (Second Loss Payee/Second Mortgagee) on the policy.

iii. The **Mortgagee Clause for Housing Trust Silicon Valley** is the name and address of the company and the corresponding Housing Trust loan number.

- **For example: Housing Trust Silicon Valley or its assignees  
75 East Santa Clara Street, Suite 1350  
San Jose, CA 95113  
EMPOWER Loan Program**

**Section 4. Application Process:** Borrower(s) who meet the eligibility requirements listed above in Section 2 can apply for an EMPOWER Loan, as follows:

a) Meet with an approved Lender to complete a preapproval for first lien mortgage loan.

b) To determine eligibility, the applicant(s) completes and signs the Program Eligibility Application and submits with all required documentation to Housing Trust staff by appointment.

1. Housing Trust staff will review the EMPOWER Loan Program requirements and the loan application process with borrowers.

c) The applicant(s) must submit the most recent three consecutive years of signed Federal and State Income Tax returns with all W-2's and/or 1099's including Schedule C, the four most recent and consecutive paystubs (for hourly and salaried employee) and/or documentation for all forms of income for all household members over the age of 18, three most recent and consecutive statements for all asset and retirement accounts, and an explanation of the source of funds being used for the borrower(s) contribution.

d) The applicant(s) must submit a signed request for a written Verification of Employment forms for all household members 18 and over who are earning income.

e) A copy of the credit report for all borrowers including non-borrowing spouses is required upon receipt of the Eligibility Application from the applicant. If the first mortgage lender cannot provide the copy of the credit report for borrowers directly to the Housing Trust, then the borrowers can obtain a copy from originating vendor of the first mortgage lender.

- In the event, a lender or originating vendor of the first mortgage lender cannot provide the credit reports for the borrower(s), the borrower(s) must obtain a copy of their credit reports from all three credit bureaus (Equifax, Experian, & TransUnion) through <https://www.annualcreditreport.com/index.action> and provide it at the time of application.



- A copy of the credit scores from all three credit bureaus (Equifax, Experian, & TransUnion) are provided by each applicant borrower, co-applicant borrower and non-borrowing spouses. Generally, FICO credit scores are sent to the borrower(s) at lender pre-approval by lender.
- A non-borrowing spouse who is not on the senior mortgage loan will be required to provide credit scores from all three credit bureaus (Equifax, Experian, & TransUnion) as part of the eligibility application package.

f) Upon determination of program eligibility, Housing Trust staff will issue a Program Eligibility (Pre-approval) letter. **This does not reserve any funds.** Borrower(s) may present a ratified purchase sales agreement for a property upon receipt.

g) Upon ratification of purchase sales agreement, borrower will complete the Purchase Loan application and the lender will submit the required documentation.

h) The following documentation will be completed and submitted with the Purchase Loan Application by the lender:

1. A signed copy of the Uniform Residential Loan Application (Fannie Mae Form 1003);
2. Uniform Underwriting and Transmittal Summary (Fannie Mae 1008);
3. Copy of the lender's Automated Underwriting System (AUS), or Desktop Underwriter (DU) or Loan Prospector (LP) approval;
4. Copy of the Loan Estimate;
5. Loan Commitment Letter from first mortgage lender;
6. Copy of the Preliminary Title Report for the loan subject property, and wiring instructions regarding the wire transfer of funds (from the Title Company);
7. Copy of the signed and ratified purchase sales agreement for the property;
8. Copy of receipt from Title Company for the initial deposit;
9. Copy of the Appraisal Report on the subject property (upon receipt);

i) The lender packages the documents referenced in **4(h) (1-9)** above and submits to Housing Trust staff via email, mail or courier. **NOTE:** The Loan Application Package must be submitted to Housing Trust by the lender.

j) The loan application package must be received at Housing Trust no more than 30 days and no less than 21 days from close of escrow date.

k) Housing Trust staff will prepare required loan disclosures for the EMPOWER Loan and send to the borrowers.

**Section 5. Eligibility Application Review Process:** The Program Eligibility Application Package is submitted by the applicant(s) by appointment only. The applicant(s) will meet with Housing Trust staff and review the application and documentation. If any documentation is missing or required, Housing Trust staff will prepare a list of missing documentation for the applicant to submit. Housing Trust staff will then begin Initial Review.

At the time of the Initial Review of the application package, the applicant(s) is notified by email that either a) the eligibility application package is complete, the applicant(s) meet all eligibility requirements, and a Program Eligibility Determination(Pre-approval) letter will be issued; or b) the applicant(s) eligibility application is incomplete and application processing will recommence upon receipt of the missing documents/information; or c) the applicants(s) are ineligible and a Letter of Ineligibility along with the ECOA-Statement and Notice of Adverse Action is sent to the applicant(s) within 30 days.

The Program Eligibility Determination (Pre-approval) letter will expire in 90 days and will allow applicant(s) to show their eligibility when ratifying a purchase sales agreement for a subject property. Applicant(s) are required to maintain eligibility within the 90 days of the issuing of the Eligibility Determination (Pre-approval) letter by updating required income and asset information. Funds for the program are not reserved until Housing Trust staff receives a copy of the Purchase Loan application, 1003/1008, AUS/DU approval, Loan Estimate, appraisal, preliminary title report and the ratified purchase agreement.

An applicant's Program Eligibility (Pre-approval) status will be good for **90** days or within the expiration date of the senior lender's pre-approval letter. The Program Eligibility letter cannot exceed 90 days. Applicants should not enter into a purchase sales agreement prior to receiving determination of Program Eligibility (Pre-approval) from Housing Trust. The applicant is responsible for maintaining Program Eligibility and updating Housing Trust with any required documentation and any pertinent information at least two weeks prior to the expiration of the Program Eligibility determination letter. A Program Eligibility letter from Housing Trust does not reserve funds for the program.

*Extension of Program Eligibility (Pre-approval) status-* An applicant's Program Eligibility (Pre-approval) status will be good for **90** days or within the expiration date of the senior lender's pre-approval letter. A one-time 90-day extension can be requested. Applicant must notify the Housing Trust at least 14 calendar days of the request. Housing Trust will provide a list of documents that must be updated to complete a new program eligibility determination.

**Section 6. Purchase Loan Application Review Process:** After ratification of purchase sales agreement, the borrower(s) must fill out the Purchase Loan Application and submit all required loan and property documentation for review. The Purchase Loan Application and documentation must be submitted to Housing Trust within 7 calendar days of ratifying purchase sales agreement. The Purchase Loan Application Package is reviewed within 3 business days of receipt by Housing Trust staff.

At the time of the review of the Purchase Loan Application package, the lender is notified by email that either a) the borrower(s) loan application package is complete, the borrower(s) meet all eligibility requirements, and a loan will be awarded (the dates for which the loan funding and the transfer of monies are scheduled is also provided); or b) the borrower(s) loan application is incomplete and application processing will recommence upon receipt of the missing documents/information; or c) the borrower(s) are ineligible and a Letter of Ineligibility along with the ECOA-Statement and Notice of Adverse Action is sent to the applicant(s). If Purchase Loan Application package is considered complete, Housing Trust staff will issue the required loan disclosures to the borrower.

- Housing Trust will prepare and send required loan disclosures for its programs to the applicants.
  - EMPOWER requires (non-TRID disclosures) a Good Faith Estimate and Truth-in-Lending (TILA) disclosures prepared by Housing Trust and delivered to the borrowers within three (3) business days of loan application receipt.
  - Housing Trust will ensure that all applicants receive an E-Sign Disclosure and Consent Notice for their signature. This notice gives Housing Trust authorization to communicate with the applicant electronically.

Loan applications with no activity for more than 30 calendar days (e.g., conditions have not been received, no response from lender, file has not moved forward), will be cancelled by designated Housing Trust staff without advance notice.

**Section 7. Loan Underwriting:** Once the Purchase Loan Application package has been determined to be complete, the underwriting process will commence. Housing Trust Silicon Valley will approve or deny the application within 3-4 business days of the date of Purchase Loan Application completion and receipt of all required documentation.

When a Purchase Loan Application is complete, and the borrower and subject property have been determined to be eligible; the Housing Trust will issue a Loan Commitment Letter. The Housing Trust may require additional borrower's contribution if the applicant(s) has a bankruptcy, foreclosure, or short sale in the credit history.

**Section 8. Loan Documents:** A loan document request will be sent to the Lender. The Lender must complete and return the loan document request to the Housing Trust staff. Within 48 hours, Housing Trust staff will prepare loan documents and schedule a one-on-one counseling appointment with the borrower(s). The borrower(s) will sign the EMPOWER loan documents at the counseling appointment. Upon confirmation from the title company that the first lender's loan documents are in title, Housing Trust will send its loan documents out to the title company.

**Section 9. Funding of Loans:** The Housing Trust will not fund an EMPOWER Loan without receiving from the Title Company a HUD-1 Estimated Buyer's and Seller's Statement, Closing Disclosure (Buyer and Seller) and all required funding documentation. The Housing Trust reserves the right to reduce the amount of the EMPOWER Loan if the Estimated Settlement

Statement and Closing Disclosure reflects that the borrower does not meet the minimum borrower contribution or any other agreed terms of the loan and sales transaction.

The borrower(s) are not permitted to receive more than \$500 cash back at closing. Any funds received by the borrower(s) must be due to excess deposit because of over-estimation of title and escrow charges.

**Section 10. Recording and Post Closing:** The EMPOWER Loan will be subordinate only to the First Lien Mortgage. **The EMPOWER Loan must be recorded in SECOND lien priority.** The Title Company will complete close out of the escrow and send the required closing package to Housing Trust. The closed loan file is sold to the County of Santa Clara.

**Section 11. Program Loan Repayment Terms for Borrowers**

Loan repayment terms for the Empower Homebuyers SCC Program are based on the program guidelines and Policies and Procedures. At loan document signing, the borrowers will sign a disclosure regarding the possible loan and servicing rights transfer and purchase from Housing Trust to the County. The borrower will be notified of the sale by both the Housing Trust and the County.

The County may allow a Borrower to refinance the first mortgage lien and agree to subordinate its security interest on a real estate loan when the following conditions have been met to the satisfaction of the Office of Supportive Housing's Director or his designee:

- A. *Refinance of First Mortgage/Lien*-All homes must be **owner occupied** for the life of the loan. Borrowers must occupy the home as their principal residence.
- Borrowers seeking the refinance of their first mortgage loan must send certified written notification to the County's or its assignee to request a written payoff demand for any EMPOWER loan prior to obtaining a new senior first mortgage.
  - Subordination requests for an EMPOWER loan is limited to rate and term refinances.
  - After subordination, the total indebtedness evidenced by all liens against the property shall not exceed ninety percent (95%) of the appraised value of the property.
  - The County shall have the right to review and approve all documents supporting the proposed subordination including, but not limited to, appraisals of the property.
  - Cash-out refinances are not allowed. Applying for a home equity loan or line of credit is considered as cash-out and is not permitted under the EMPOWER Program.

Any questions regarding loan payoff and subordination requirements should be directed to the Office of Supportive Housing at the County of Santa Clara.