

**MAYOR'S OFFICE OF HOUSING
AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



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DALP Announcement

DALP-2017-5

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The DALP Program provides down payment assistance, in the form of a deferred payment loan up to \$375,000, to qualified low and middle income first time homebuyers for the purchase of a market-rate principal residence in San Francisco. Policy changes relate to issuing pre-approval and reservation of funds. The homebuyer must first apply for pre-approval of a DALP loan and request a reservation of DALP funds. Reservations will be allocated through a lottery process and are always subject to availability of DALP funds during a fiscal year.

The below is the Comparison Chart outlining the differences between current policy and new policy.

	Current Policy	New Policy
DALP pre-approval	No	Yes
Funds allocation	First-come, first-served	Through a lottery process
Who can apply	Applicants who has entered into a sales contract	All applicants (will have an opportunity if they are selected in the lottery)

******The changes do NOT apply to Below-Market-Rate Downpayment Assistance Loan Program (BMR DALP), City Second Loan Program (CSLP) and Teacher Next Door (TND) Program.**

Program Funding Availability

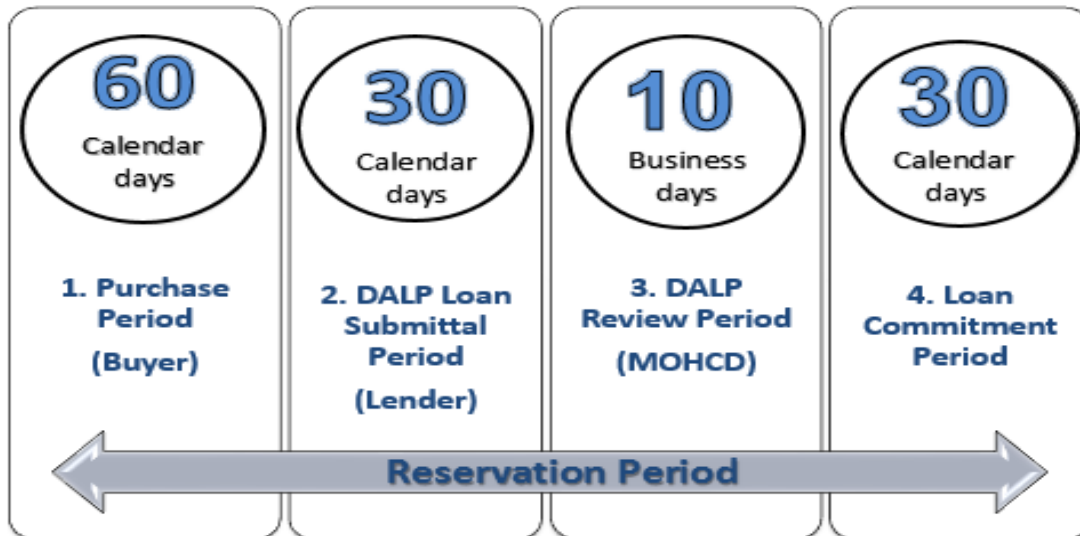
The chart below describes the projected DALP program funding allocation for the 2017 fiscal year.

Funding Source	Available Balance	Applicants
DALP - Housing Trust Fund (120% AMI)	\$3,000,000	General Public
DALP - 2015 Bond (175% AMI)	\$4,619,000	General Public
FRDALP - Housing Trust Fund (200% AMI)	\$1,000,000	SF First Responders
Educators-DALP – TND (200% AMI)	\$1,200,000	SFUSD Educators

FRDALP-Housing Trust Fund can only be used to provide down payment assistance loans for SF first responders, and *Educators-DALP-TND* only for active educators employed with San Francisco Unified School District (SFUSD). First Responder and Educator households who are not selected in the lottery under the FRDALP and TND funds can still be considered in the general DALP lottery pool under the *DALP-Housing Trust Fund* and *DALP-2015 Bond* if they meet the DALP requirements including the Area Median Income (AMI) limits of the funding sources.

Reservation System and Timeframe Requirement

A Reservation does not constitute final loan approval nor guarantee funding. A DALP loan will only be funded when the Borrower receives a loan commitment from MOHCD, satisfies the Reservation timeframe described below and meets the DALP requirements.



1. Purchase Period (60 Calendar Days). During the 60-day period, a pre-approved Borrower must enter into a contract of sale to purchase a Principal Residence (sales contract). Upon execution of a sales contract, Borrower must immediately notify MOHCD and deliver a copy of the fully executed sales contract to MOHCD. The Reservation will be extended from the date of the sales contract for thirty (30) days. A pre-approved Borrower who has entered into a sales contract must immediately work with his or her Lender on submittal of the Lender's DALP loan packet to MOHCD. If a pre-approved Borrower fails to enter into a sales contract by the end of such 60-day period, the Reservation will be terminated, and the reserved DALP funds will be unencumbered and made available to the next qualified Borrower on the waitlist.

2. Lender DALP Loan Submittal Period (30 Calendar Days). Within thirty (30) calendar days following the execution of a sales contract between a Borrower and a seller, the Lender must submit a complete DALP loan packet to MOHCD. Updated income and assets documents must be submitted. If the Lender fails to submit the Borrower's DALP loan packet within such 30-day period, the Reservation will be terminated, and the reserved DALP funds will be unencumbered and made available to the next qualified Borrower on the waitlist.

3. MOHCD Review Period (10 Business Days). Upon submission of a complete DALP loan packet, the Reservation will be extended up to ten (10) business days during MOHCD's review.

4. Loan Commitment Period (30 Calendar Days). Within ten (10) business days of receipt of a complete Lender DALP loan packet, MOHCD will issue (i) a Commitment Letter that expires after thirty (30) days ("Commitment Expiration Date") if the loan is approved by MOHCD, or (ii) a disqualification letter if DALP loan application is not approved by MOHCD. If the loan is approved, the Commitment Letter must

be reviewed, signed and dated by all Borrowers and returned to MOHCD within five (5) business days from date of issue. The Commitment Letter will extend the Reservation until the Commitment Expiration Date, and the loan must close prior to or on the Commitment Expiration Date. If Borrower receives a disqualification letter or does not close the loan by the Commitment Expiration Date, the reserved DALP funds will be unencumbered and made available to the next qualified Borrower on the waitlist.

The First Steps to a DALP Buyer

Step 1: Complete Verification of Homebuyer Education Requirements — contact one of the five MOHCD- approved first-time homebuyer counseling agencies to get first-time homeownership counseling, and receive a Verification of Homebuyer Education.

Step 2: Get a pre-approval — select one of MOHCD-authorized lending officers to get a pre-approval on the primary mortgage loan based on the household's financial needs.

Step 3: Submit a complete Pre-Approval Application packet to MOHCD — MOHCD will place all complete Pre-Approval Application packets received by the application deadline in the lottery pool. A lottery will be conducted to determine the rank order. After the lottery, MOHCD will review and process the Pre-Approval applications adhering to the rank order of the lottery list, and send a written response to approve or deny the pre-approval application. Applicants who receive a DALP pre-approval will have a 60-day period of time to enter into a purchase contract.

Application Lottery Deadline

MOHCD will accept complete Pre-Approval Application packets starting from **July 5, 2017 at 8AM PST**, to **August 21, 2017 at 5PM PST**. Complete packets received by the application lottery deadline will receive a numbered lottery ticket whose twin ticket shall be entered in MOHCD's electronic system for the lottery. Incomplete packets will not be entered into the lottery. Pre-Approval Applications submitted after the lottery application deadline, or re-submission of Pre-Approval applications where the previous pre-approved applications are disqualified or expired, will be placed in the order received but after the lottery ranking list.

If the demand for DALP funding exceeds the supply of funds for Reservations, a waitlist will be created and maintained until all DALP funds have been disbursed, and no further funds are anticipated in the fiscal year. Until such time, MOHCD will not accept any new applications. See the DALP Manual for the details on Lottery Process and Reservation Waitlist.

San Francisco DALP Manual Update

San Francisco DALP Manual 5/2017 has been updated to reflect the policy changes. For a detailed description of applicant qualifications, loan terms and requirements, and program procedures, please see the DALP Manual enclosed.

Please contact MOHCD Homeownership Programs at 415-701-5500 with any questions regarding this Announcement.