LACAHSA Homeownership Program

Buyer-Side Product Term Sheet and Scoring Framework

The following tables contain the draft terms of LACAHSA's buyer-side homeownership lending products—including the Downpayment Assistance Loan ("DPA Loan"), Interest-Rate Buydown Loan ("IR Buydown Loan"), and Principal-Reduction Loan ("PR Loan")—as well as information on LACAHSA's proposed scoring framework for selecting partners from the field of organizations responding to the forthcoming buyer-side partner RFP (the "Respondents"). **Table 1** describes the terms for each product, related threshold requirements and point scoring, and the maximum score available for each category of terms; **Table 2** summarizes the proposed point scoring system; and **Table 3** shows proposed tie-breakers for Respondents that receive the same point score. LACAHSA intends to issue an RFP that covers all threshold requirements (likely in checklist form) and requests the information necessary to substantiate point scores. LACAHSA will then likely select 1-3 partners from among the highest scoring Respondents. The total number of selected partners is expected to be driven primarily by LACAHSA's determination that the selected organizations will be able to adequately serve all jurisdictions served by LACHASA, fully administer all three buyer-side programs, and provide sufficient matching capital to utilize LACAHSA funds.

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points

Category	Down Payment Assistance Loan Terms	Interest-Rate Buydown Loan Terms	Principal-Reduction Loan Terms	Criteria	Max. Score
A. Eligibility					
1. Buyer Requirements	Income-qualified, First-Time Homebuyers[1] with incomes at or below 120% AMI;[2] Buyer-Side products are sized to reach affordability down to 80% AMI.	Income-qualified, first-time homebuyers with incomes at or below 120% AMI; Buyer-Side products are sized to reach affordability down to 80% AMI.	Income-qualified, first-time homebuyers with incomes at or below 120% AMI; Buyer-Side products are sized to reach affordability down to 80% AMI.	Threshold Requirement Does the proposed program serve households earning a maximum of 120% AMI and size subsidy no higher than is required to serve households earning 80% AMI? **If YES, proceed** **If NO, disqualified**	
2. Occupancy	Primary residence required; no non-occupant co-borrowers.	Primary residence required; no non-occupant co-borrowers.	Primary residence required; no non-occupant co-borrowers.	Threshold Requirement Does the proposed program limit assistance to borrowers' primary residences? **If YES, proceed** **If NO, disqualified**	
3. Supported Housing Types	LACAHSA's homeownership programs are designed to support several forms of homeownership, including fee-simple and shared-equity structures. Eligible types may include: • Single-family • Tenancy-in-common (TIC) ownership • Condominiums • Small-lot and infill ownership	LACAHSA's homeownership programs are designed to support several forms of homeownership, including fee-simple and shared-equity structures. Eligible types may include: • Single-family • Tenancy-in-common (TIC) ownership • Condominiums • Small-lot and infill ownership	LACAHSA's homeownership programs are designed to support several forms of homeownership, including fee-simple and shared-equity structures. Eligible types may include: • Single-family • Tenancy-in-common (TIC) ownership • Condominiums • Small-lot and infill ownership	Threshold Requirement Does the proposed program support the ownership structures described at left? **If YES, proceed** **If NO, disqualified**	

[1] *"First-Time Homebuyer" means the borrower must have had no ownership Interest in a principal residence at any time during the three-year period prior to the date on which the relevant mortgage loan is executed.*

[2] *Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated).*

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Category	Down Payment Assistance Loan Terms	Interest-Rate Buydown Loan Terms	Principal-Reduction Loan Terms	Criteria	Max. Score
B. Product Terms					
1. Funding Amount	Up to 9% of purchase price, not to exceed $75,000, from LACAHSA. Total down payment from all sources capped at 20% of purchase price.	Cost of discount points purchased at closing, paid directly to first mortgage lender; LACAHSA and partner to determine any applicable rate floor and/or point maximum.	Assistance sized to bridge the gap between (a) the monthly mortgage payment affordable to a household earning the higher of 80% AMI or its actual AMI level and (b) the actual mortgage payment after accounting for buyer contribution, DPA Loan, and maximized IR Buydown Loan; LACAHSA contribution not to exceed $175,000.	Threshold Requirement Is the proposed program consistent with the funding amount terms described at left? **If YES, proceed** **If NO, disqualified**	
2. Buyer Contribution	Minimum 2% buyer contribution required; LACAHSA will consider proposals to account for homeowner "sweat equity" and volunteer participation toward this requirement.	Counted once towards 20% down payment (not per product).	Counted once towards 20% down payment (not per product).	Threshold Requirement Is the proposed program consistent with the buyer contribution terms described at left? **If YES, proceed** **If NO, disqualified**	
3. Partner Contribution	At least a dollar-for-dollar match of LACAHSA assistance required from partner agencies. The match requirement may be fulfilled with partner funds, local government funds, philanthropy, bank grants, or other available funds.	At least a dollar-for-dollar match of LACAHSA assistance required from partner agencies. The match requirement may be fulfilled with partner funds, local government funds, philanthropy, bank grants, or other available funds.	At least a dollar-for-dollar match of LACAHSA assistance required from partner agencies. The match requirement may be fulfilled with partner funds, local government funds, philanthropy, bank grants, or other available funds.	Threshold Requirement Will Respondent provide at least as much funding for each program as LACAHSA (i.e. a 1:1 match)? **If YES, proceed** **If NO, disqualified** Threshold Requirement Can Respondent demonstrate at least $5 million of available funds over the next two years to contribute toward the required match ("Matching Funds")?[3] **If YES, proceed** **If NO, disqualified** Point Scoring Is the Respondent willing to contribute more than half of the total subsidy under each of the buyer-side programs? Add **1 point** for every 1% by which the partner is willing to	15

[3] *Evidence of available funds may include a balance sheet showing at least $5 million of unrestricted liquid funds, financial statements showing at least $5 million of funds deployed in a Homeownership Funding Program (defined in note 4 below), a commitment letter (e.g., for grant funds or inter-agency transfer) to support the proposed program with at least $5 million of funding over the next two years, or other evidence as determined in LACAHSA's sole discretion.*

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points

Category	Down Payment Assistance Loan Terms	Interest-Rate Buydown Loan Terms	Principal-Reduction Loan Terms	Criteria	Max. Score
				increase its contribution for all programs above 50%, up to 15 total points (i.e., a 65/35 partner/LACAHSA match).	
4. Rate/ Payments	0% interest; fully deferred; no monthly payments.	0% interest; fully deferred; no monthly payments.	0% interest; fully deferred; no monthly payments.	Threshold Requirement Is the proposed program consistent with the rate/payment terms described at left? **If YES, proceed** **If NO, disqualified**	
5. Shared Appreciation	N/A, unless used in conjunction with PR Loan.	N/A, unless used in conjunction with PR Loan.	When a PR Loan is used, all LACAHSA assistance (DPA Loan, IR Buydown Loan, and the PR Loan) is combined into a single loan; at repayment, LACAHSA and partner receive the combined principal plus a share of home appreciation equal to total LACAHSA/partner assistance as a percentage of the original purchase price, capped at 50% of appreciation.	Threshold Requirement Is Respondent willing to implement the shared appreciation model described at left as applicable? **If YES, proceed** **If NO, disqualified**	
6. Security	Subordinate deed of trust and promissory note, junior to first mortgage and pari passu with partner DPA lien.	Subordinate deed of trust and promissory note, junior to first mortgage and pari passu with partner DPA lien. Where both DPA Loan and IR Buydown Loan are utilized, funds would be combined into a single deed of trust and promissory note.	Subordinate deed of trust and promissory note, junior to first mortgage and pari passu with partner DPA lien. Where DPA Loan, IR Buydown Loan, and PR Loan are all utilized, funds would be combined into a single deed of trust and promissory note.	Threshold Requirement Is the proposed program consistent with the security terms described at left? **If YES, proceed** **If NO, disqualified**	
7. Repayment	Principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A and Program Guidelines.	Principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A and Program Guidelines.	Principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A and Program Guidelines.	Threshold Requirement Is the proposed program consistent with the repayment terms described at left? **If YES, proceed** **If NO, disqualified**	
8. Restrictive Covenant	Maximum borrower income not to exceed 120% AMI at disbursement; principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A	Maximum borrower income not to exceed 120% AMI at disbursement; principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A	Maximum borrower income not to exceed 120% AMI at disbursement; principal (and shared appreciation equity payment, if applicable) due in full upon sale, refinance, transfer, repayment, or maturity of the first mortgage, consistent with Measure A	Threshold Requirement Is the proposed program consistent with the covenant terms described at left? **If YES, proceed** **If NO, disqualified**	

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points					
Category	**Down Payment Assistance Loan Terms**	**Interest-Rate Buydown Loan Terms**	**Principal-Reduction Loan Terms**	**Criteria**	**Max. Score**
	and Program Guidelines; *no additional covenant limiting resale to eligible buyers*.	and Program Guidelines; *no additional covenant limiting resale to eligible buyers*.	and Program Guidelines; *no additional covenant limiting resale to eligible buyers.*		
9. Combining & Sequencing Products	Applied first among LACAHSA products, after the buyer's minimum contribution and any other (non-LACACHSA) downpayment assistance; may be combined with IR Buydown Loan and PR Loan.	Applied only after the full 20% down payment is in place. Used before any PR Loan; may be combined with the DPA Loan.	Not available as standalone subsidy, used only after IR Buydown Loan is maximized; when used, all LACAHSA buyer-side assistance in the purchase is consolidated into a single loan on these terms.	**Threshold Requirement** Is the proposed program consistent with the sequencing terms described at left? **If YES, proceed** **If NO, disqualified** **Point Scoring** Is Respondent willing and able to contribute funds for and administer more than one buyer-side product (DPA Loan, IR Buydown Loan, and Principle-Reduction Loan)? Add **10 points** for willingness to administer 2 products and **20 points** for willingness to administer all 3 products.	20
C. Partner Information & Program Administration					
1. Delivery	Originated, serviced, and monitored by RFP-selected partners under their existing programs (adjusted as needed to comply with LACAHSA guidelines) or otherwise using their existing capacity; Partner administers repayment to LACAHSA or redeployment of funds; LACAHSA pays partner an administration fee.	Originated, serviced, and monitored by RFP-selected partners under their existing programs (adjusted as needed to comply with LACAHSA guidelines) or otherwise using their existing capacity; Partner administers repayment to LACAHSA or redeployment of funds; LACAHSA pays partner an administration fee.	Originated, serviced, and monitored by RFP-selected partners under their existing programs (adjusted as needed to comply with LACAHSA guidelines) or otherwise using their existing capacity; Partner administers repayment to LACAHSA or redeployment of funds; LACAHSA pays partner an administration fee.	**Threshold Requirement** Is the proposed program consistent with the delivery terms described at left? **If YES, proceed** **If NO, disqualified**	
2. Partner Type & LACAHSA Relationship	Partners may be existing, duly organized governmental agencies, nonprofit organizations, or for-profit entities. Strong preference for: • Nonprofit partners • Entities not already receiving regular funding from LACAHSA pursuant to Measure A	Partners may be existing governmental agencies, nonprofit organizations, or for-profit entities. Strong preference for: • Nonprofit partners • Entities not already receiving regular funding from LACAHSA pursuant to Measure A	Partners may be existing governmental agencies, nonprofit organizations, or for-profit entities. Strong preference for: • Nonprofit partners • Entities not already receiving regular funding from LACAHSA pursuant to Measure A	**Threshold Requirement** Is Respondent an existing, duly organized governmental agency, nonprofit organization, or for-profit entity? **If YES, proceed** **If NO, disqualified** **Point Scoring** Add **10 points** for 501(c)(3) nonprofit entities and **10 *additional***	20

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points					
Category	**Down Payment Assistance Loan Terms**	**Interest-Rate Buydown Loan Terms**	**Principal-Reduction Loan Terms**	**Criteria**	**Max. Score**
				points for entities not already receiving regular funding from LACAHSA pursuant to Measure A.[4]	
3. Partner Service Area	LACAHSA intends to select a geographically and community-diverse set of partners to help ensure equitable access across all regions of the County, including for immigrant communities and neighborhoods with low homebuyer percentages. Strong preference will be given to partners able to administer programs in all jurisdictions served by LACAHSA.	LACAHSA intends to select a geographically and community-diverse set of partners to help ensure equitable access across all regions of the County, including for immigrant communities and neighborhoods with low homebuyer percentages. Strong preference will be given to partners able to administer programs in all jurisdictions served by LACAHSA.	LACAHSA intends to select a geographically and community-diverse set of partners to help ensure equitable access across all regions of the County, including for immigrant communities and neighborhoods with low homebuyer percentages. Strong preference will be given to partners able to administer programs in all jurisdictions served by LACAHSA.	Threshold Requirement Is Respondent currently authorized to operate programs like the one proposed in at least one of the jurisdictions served by LACAHSA? **If YES, proceed** **If NO, disqualified** Point Scoring Add **15 points** for Respondents currently authorized and willing to operate programs like the one proposed in all jurisdictions served by LACAHSA.	15
4. Partner Experience	Partners must have demonstrated experience with similar assistance programs.	Partners must have demonstrated experience with similar assistance programs.	Partners must have demonstrated experience with similar assistance programs.	Threshold Requirement In the past 10 years, has Respondent operated a Homeownership Funding Program[5] that has served at least 20 prospective buyer households in Los Angeles County? **If YES, proceed** **If NO, disqualified** Point Scoring Add **1.5 points** for each: (a) year of Respondent experience operating a Homeownership Funding Program in Los Angeles County **OR** (b) every 10 prospective homebuyer households assisted in achieving homeownership, whichever is greater, up to a maximum of 15 points.	15
5. Admin. Costs	LACAHSA will provide partners with a reasonable, capitalized administration fee (to be negotiated) to cover costs such as staffing, outreach, compliance, reporting, technology, and case management. LACAHSA expects this fee to be sized based on industry standards	LACAHSA will provide partners with a reasonable, capitalized administration fee (to be negotiated) to cover costs such as staffing, outreach, compliance, reporting, technology, and case management. LACAHSA expects this fee to be sized based on industry standards	LACAHSA will provide partners with a reasonable, capitalized administration fee (to be negotiated) to cover costs such as staffing, outreach, compliance, reporting, technology, and case management. LACAHSA expects this fee to be sized based on industry standards	Threshold Requirement Is the Respondent willing to administer the proposed programs in exchange for an up-front, capitalized fee based on industry standards and evidence-based assumptions about weighted average life? **If YES, proceed** **If NO, disqualified**	

[4] *"Regular funding" does not include selection as a partner, or receiving funding under, LACAHSA's buyer-side homeownership products; organizations are encouraged to apply for selection as a partner under both buyer-side and production-side programs if eligible.*
[5] *This includes any program that provides funding to assist prospective homebuyers in purchasing new homes, whether using loaned or granted funds (e.g., DPA loan and grant programs).*

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points					
Category	**Down Payment Assistance Loan Terms**	**Interest-Rate Buydown Loan Terms**	**Principal-Reduction Loan Terms**	**Criteria**	**Max. Score**
	and evidence-based assumptions about weighted average life. In addition to day-to-day loan program administrative costs, covered costs may include: • Required housing counseling services • Community outreach and education activities, including homeownership fairs and workshops • Multilingual outreach, translated materials, and culturally responsive programs	and evidence-based assumptions about weighted average life. In addition to day-to-day loan program administrative costs, covered costs may include: • Required housing counseling services • Community outreach and education activities, including homeownership fairs and workshops • Multilingual outreach, translated materials, and culturally responsive programs	and evidence-based assumptions about weighted average life. In addition to day-to-day loan program administrative costs, covered costs may include: • Required housing counseling services • Community outreach and education activities, including homeownership fairs and workshops • Multilingual outreach, translated materials, and culturally responsive programs		
6. Capital Deployment	LACAHSA may advance a modest amount of funds upfront to partner agencies to support program launch, with the remainder disbursed quarterly based on capital deployment pace.	LACAHSA may advance a modest amount of funds upfront to partner agencies to support program launch, with the remainder disbursed quarterly based on capital deployment pace.	LACAHSA may advance a modest amount of funds upfront to partner agencies to support program launch, with the remainder disbursed quarterly based on capital deployment pace.	Threshold Requirement Is the proposed program consistent with the capital deployment terms described at left? **If YES, proceed** **If NO, disqualified**	
7. Lender & Real Estate Agent/Broker Training	Partners are expected to provide a training component for lenders and real estate agents or brokers (as applicable). LACAHSA may provide a modest amount of technical assistance funds to offset training costs.	Partners are expected to provide a training component for lenders and real estate agents or brokers (as applicable). LACAHSA may provide a modest amount of technical assistance funds to offset training costs.	Partners are expected to provide a training component for lenders and real estate agents or brokers (as applicable). LACAHSA may provide a modest amount of technical assistance funds to offset training costs.	Threshold Requirement Is the proposed program consistent with the lender/agent training terms described at left? **If YES, proceed** **If NO, disqualified** Point Scoring Add **5 points** for Respondents with at least 3 years of experience providing formalized training for lenders and/or real estate agents/brokers on the operation of Homeownership Funding Programs.	5
8. Lender Qualifications	LACAHSA will rely on its partners to manage lender relationships, as experienced partners are expected to have such networks in place.	LACAHSA will rely on its partners to manage lender relationships, as experienced partners are expected to have such networks in place.	LACAHSA will rely on its partners to manage lender relationships, as experienced partners are expected to have such networks in place.	Threshold Requirement Is the proposed program consistent with the lender qualification terms described at left? **If YES, proceed** **If NO, disqualified**	5

Table 1. Buyer-Side Product Terms, Selection Criteria, and Maximum Points					
Category	**Down Payment Assistance Loan Terms**	**Interest-Rate Buydown Loan Terms**	**Principal-Reduction Loan Terms**	**Criteria**	**Max. Score**
				Point Scoring Add **5 points** for Respondents with at least 3 years of experience coordinating the efforts of at least 3 mortgage lenders in Los Angeles County on the operation of Homeownership Funding Programs.	
9. Housing Counseling	Partner agencies are required to coordinate and/or provide housing counseling and homebuyer education services for buyers accessing LACAHSA assistance.	Partner agencies are required to coordinate and/or provide housing counseling and homebuyer education services for buyers accessing LACAHSA assistance.	Partner agencies are required to coordinate and/or provide housing counseling and homebuyer education services for buyers accessing LACAHSA assistance.	**Threshold Requirement** Is the proposed program consistent with the housing counseling terms described at left? **If YES, proceed** **If NO, disqualified** **Point Scoring** Add **5 points** for Respondents with at least 3 years of experience providing housing counseling and/or homebuyer education services for at least 30 prospective homebuyer households in Los Angeles County.	5
10. Periodic Adjustments	Agreements with partners will account for regular adjustments to funding levels and metrics based on market dynamics and/or changing need.	Agreements with partners will account for regular adjustments to funding levels and metrics based on market dynamics and/or changing need.	Agreements with partners will account for regular adjustments to funding levels and metrics based on market dynamics and/or changing need.	**Threshold Requirement** Is the proposed program consistent with the periodic adjustment terms described at left? **If YES, proceed** **If NO, disqualified**	
11. Equitable Access	LACAHSA intends to ensure equitable access to Buyer-Side products across all regions of Los Angeles County, particularly for immigrant communities with limited English proficiency. LACAHSA expects partners to further this objective through multilingual outreach, culturally responsive education, translated materials, and language assistance.	LACAHSA intends to ensure equitable access to Buyer-Side products across all regions of Los Angeles County, particularly for immigrant communities with limited English proficiency. LACAHSA expects partners to further this objective through multilingual outreach, culturally responsive education, translated materials, and language assistance.	LACAHSA intends to ensure equitable access to Buyer-Side products across all regions of Los Angeles County, particularly for immigrant communities with limited English proficiency. LACAHSA expects partners to further this objective through multilingual outreach, culturally responsive education, translated materials, and language assistance.	**Threshold Requirement** Is the proposed program consistent with the equitable access terms described at left? **If YES, proceed** **If NO, disqualified**	
					100

Table 2. Summary of Buyer-Side Product Point Categories and Maximum Points		
Term	**Details**	**Max. Points**
Partner Contribution (B.3)	Greater Respondent contribution earns more points.	15
Combining & Sequencing Products (B.9)	Willingness and ability to administer more products earns more points.	20
Partner Type & LACAHSA Relationship (C.2)	Nonprofit Respondents not already receiving regular funding from LACAHSA earn more points.	20
Partner Service Area (C.3)	Respondents willing and able to serve all LACAHSA jurisdictions earn more points.	15
Partner Experience (C.4)	Respondents with more years of experience operating Homeownership Funding Programs in Los Angeles County earn more points.	15
Lender & Real Estate Agent/Broker Training (C.7)	Respondents with experience providing formalized training for lenders/agents/brokers on the operation of Homeownership Funding Programs earn more points.	5
Lender Qualifications (C.8)	Respondents with experience coordinating the efforts of mortgage lenders in Los Angeles County for Homeownership Funding Programs earn more points.	5
Housing Counseling (C.9)	Respondents with experience providing housing counseling and/or homebuyer education services for buyers in Los Angeles County earn more points.	5
	Total	**100**

Table 3. Buyer-Side Product Tie-Breakers (Order of Priority)	
Service Area	Respondents willing and able to serve all LACAHSA jurisdictions will receive preference.
Product Suite	Respondents willing and able to administer all three buyer-side programs will receive preference.
Homebuyer Lending Experience	Respondents with at least 5 years of experience administering a homebuyer lending program, and serving at least 50 households, in Los Angeles County will receive preference.
Proposed Contribution	Respondents with the highest proposed contribution relative to LACAHSA's contribution (e.g., 2:1 instead of 1:1 match) will receive preference.
Available Matching Funds	Respondents with the highest amount of Matching Funds (determined as described in note 3 above) will receive preference.