

**General Guidelines Top 10 FAQ
for Prospective BMR Homeowners**

There are four things to consider when applying to purchase a BMR Property:

- 1) Eligibility**
- 2) Suitability**
- 3) Capability (Qualifications)**
- 4) Preference**

Please Note: All applicants, co-applicants, married couples, registered domestic partners and any person that can or will be on the title of a BMR home, must attend a Home Buyer Orientation before being eligible to participate in a lottery. The dates for the Orientation will be provided in the near future.

1. Do I meet any of the Preferences? (see page 5)	Yes / No
2. Am I a first-time homebuyer? (see page 2).	Yes / No
3. How many adults and children are in my household? (Min. 1 person per bedroom or Max. 2 people per bedroom plus 1) (see page 2-3)	_____
4. What is the total projected household income for my household? (all adults over the age of 18 living in the unit) over the next 12 months?	_____
5. How much cash do I have for a down payment and closing costs? (see page 3-4)	_____
6. Can I afford the estimated monthly housing cost on page 4?	Yes / No
7. Is the total estimated housing costs provided on page 4 below 40% of my gross household income?	Yes / No
8. Is my total debt (including total estimated housing payment, loans, credit cards, etc.) below 45% of my gross household income?	Yes / No
9. Am I still willing to purchase knowing that, during my ownership period, I will have to live in the home with restrictions on the resale, refinance and transfer of title for 45 years?	Yes / No
10. Am I still willing to purchase knowing I will not gain equity or pass ownership to my heirs in the same way I would with a non-restricted property?	Yes / No

Eligibility

Are you eligible to purchase a Below Market Rate (BMR) property?

First-time home buyer status - A First-Time Homebuyer is an individual who has NOT has an ownership interest in a home in the three years immediately preceding their application date with an exception of a Displaced homemaker and Single Parent though a divorce/separated with legal documentation. We verify this by reviewing 3 years of federal tax returns to confirm that the applicant has not claimed any of the tax deductions associated with homeownership (e.g. deductions of mortgage interest or property tax payments). We also perform title searches in your name to confirm you are not an owner of record on any existing properties and have not been for at least 3 years. We also look at your Credit Report to make sure you do not have any mortgage loans. Applicant/Co Applicant or household member must not be on title for the last 3 years on any housing unit at all.

Household Membership and Income (Do We Earn Too Much?) - Maximum income is based on household size. Income limits are a percentage of the county area median income (AMI) published each spring by the Department of Housing and Community Development (HCD).

Maximum income limits

Household Size	1	2	3	4	5	6	7
120% Moderate	\$89,950	\$102,800	\$115,650	\$128,500	\$138,800	\$149,050	\$159,350
80% Low	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250

*Based on 2016 HUD/HCD Income Limits – Santa Clara County (May 24, 2016).

*HUD standards: 2 persons in a 1-BR home

Occupancy Standards for BMR Units

Applicant/co-Applicants must occupy the property as their principal residence. This means that the Applicant/co-applicants must use the property as their primary place of residence and the property must be owner-occupied upon purchase and for the life of the deed restrictions. Use of the property for rental purposes, including temporary leases or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR units are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR home is two people per bedroom, plus one additional person. Thus, to be eligible to purchase a three-bedroom unit, a household must contain at least three members, but no more than seven members. In some cases, an exception to the minimum standard may be made where no other qualified buyer/renter can be approved within 30-days of holding the lottery.

Number of Bedrooms	Minimum Household Size	Maximum House hold Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11

Suitability

Does a BMR home purchase make sense for me and my household needs?

A BMR Home Purchase is a 45-year commitment with the City of Campbell. This commitment, which is centered on affordability, requires you to live in the home and involves property and ownership restrictions including the resale, refinance and transfer of title.

Make sure you are taking on this commitment and entering this agreement for reasons that make sense for you and your family in both the short and long term.

People Who SHOULD Buy a BMR Home	People Who SHOULD NOT Buy a BMR Home
Long Term Stability	Want to own an investment property
Relief from Rent	Want to make a market rate profit when selling
A Tax Write-Off	Want to pass property easily down through the family
A Way to Build Credit	
An Affordable Mortgage	

Capability

Do you have the down payment and/or mortgage financing to purchase a BMR property?

If you are eligible for the BMR program, you must also have the capability, through a combination of your own assets and available financing, to purchase the BMR home. The City of Campbell does not allow a cash purchase. The minimum down payment for the program is 3% of the sales price with 50% of your own funds and 50% can be gifts from family members. The maximum down payment to purchase a BMR home is 50% of the Sales Price. There will also be approximately another 3-4% of the Sales Price needed for closing costs.

Post-closing assets are limited to 50% of the property AMI plus a down payment of 20% of the BMR price. Example: AMI 50% of 107,100 plus 20% of Sales price of \$472,000. (\$53,550 + \$94,400 = \$147,950) You cannot have more than \$147,950 in assets after the close of escrow.

The City uses assumptions to price BMR homes including estimates of Homeowner Association (HOA) dues, property taxes, insurance costs, and mortgage financing rates. Please note that the following costs are only estimates and may not reflect the actual cost of homeownership. The lender will provide a more accurate estimate of housing costs, based on your particular circumstances (e.g., down payment, credit rating, etc.).

Housing Cost Estimate for **AMI above 80%**

Housing Cost Estimate	
Sale Price \$495,000	
Property Taxes	~\$515 Per month (~\$6,180 Per Year)
Mortgage Insurance	~\$341 Per month (~\$4,092 Per Year)
Homeowners Insurance	~\$40 Per month (~\$480 Per Year)
Homeowner Association Dues	~\$250 Per month (~\$3,000 Per Year)
Mortgage Payments (with 5% down)	~\$2,382 Per month (~\$28,584 Per Year)
Approximate cost per month	~\$3,528 Per month

Housing Cost Estimate for **AMI below 80%**

Housing Cost Estimate	
Sale Price \$263,165	
Property Taxes	~\$274 Per month (~\$3,288 Per Year)
Mortgage Insurance	~\$315 Per month (~\$3,780 Per Year)
Homeowners Insurance	~\$40 Per month (~\$480 Per Year)
Homeowner Association Dues	~\$250 Per month (~\$3,000 Per Year)
Mortgage Payments (with 5% down)	~\$1,219 Per month (~\$14,628 Per Year)
Approximate cost per month	~\$2,098 Per month

Minimum credit score for the BMR program is 620. This score will be based on the middle of 3 scores with using the lowest borrower's middle score.

Preferences

The Administrator, HouseKeys conducts the City of Campbell BMR Homeownership eligibility process in line with the City’s inclusionary ordinance. Applicants will be prioritized according to the City of Campbell preference ranking and Priority Number criteria.

The City of Campbell has a Preference Requirement for all BMR Units (Preferences must be met by at least one applicants or co-applicant(s) that will be owners on title to the subject property)

The Preferences are applied to each BMR Project as follows:

<i>Application to TOTAL BMR Units in a Project</i>	<i>Preference Application</i>	<i>Sale Process</i>
<i>First 10% of All BMR Units</i>	<i>1st Preference: to income eligible employees of the City of Campbell government entity*. Must work at least 20 hours per week for at least 6 months at time of lottery submission. Employee must have passed probation. *The City of Campbell is a Municipal Corporation, whose administrative office is located at 70 N. 1st Street Campbell, CA 95008 (School District Employees are not City Employees)</i>	<i>1st Lottery or Drawing Grouping</i>
<i>Remaining 90% of All BMR Units</i>	<i>2nd Preference: to income eligible existing Campbell residents. Must have lived in Campbell for at least 6 months at time of lottery submission.</i>	<i>Remaining Lottery or Drawing Groupings</i>
	<i>3rd Preference: to income eligible persons employed within the city limits of the City of Campbell. Must work at a business located in Campbell** at least 20 hours per week for at least 6 months at time of lottery submission. **This category includes teachers employed by the Campbell School District even though the District may be located in San Jose.</i>	

IMPORTANT: In order to properly prioritize BMR applicant households, HouseKeys requests documents/materials supplemental to the items listed on the BMR application Document Checklist. Please submit the supplemental materials **with** your BMR application in order for your household to be considered for a City preference – i.e. if you are currently employed with the City of Campbell, you must submit a Letter from the HR Department indicating you are an active employee. **If the documentation requested on this application is not sufficient to prove you meet one of the Preferences categories, please make sure you include additional evidence/documentation. If you don’t provide clear and substantial evidence/documentation with the application along with the Preference Criteria Form when you submit your BMR Application Package you will not be eligible for the Preference Category you claim to meet. Additional proof or clarification cannot be submitted or accepted separately; everything must be included in the packet upon submittal.**

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