



**City of San Ramon
Residential Development
Below Market Rate (BMR)
OWNERSHIP
Program Application Guide
Specific to City Village by SummerHill
Issued October 25, 2023**

Note: Guide is subject to change and updated from time to time





Program Application Guide

Below Market Rate (BMR) Ownership

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1. INTRODUCTION

Buying, owning, and selling an Affordable Below Market Rate (BMR) Ownership Unit differs in many ways from buying, owning, and selling a market rate. It is important that the buyers and sellers of BMR Ownership Units understand the rules and procedures of the Program fully.

HouseKeys Program Administrator is the City's Affordable Housing Program Administrator for **City Village by SummerHill Homes**. This Program Application Guide includes the guidelines, policies, and procedures that comprise the affordable homeownership program for this below market rate (BMR) home.

The Program Application Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time, so long as such rules, policies and procedures do not violate any affordable housing laws.

Updates to this Program Application Guide and other relevant information will be posted on the Program Administrator and/or the City's Website.

Please contact the City or HouseKeys Program Administrator regarding any conflicts between this Program Application Guide, the Developer's Affordable Housing Agreement, the owner's BMR Agreement, and/or the City's recorded documents.

Program Administrator makes every effort to successfully execute all Opportunity Drawing Lotteries and Applicant Selection Methods. Over our History, we've had a 99.08% success rate. That said, there is a chance that an error or omission can be made by the team or systems that negatively impacts an applicant. While Program Administrator will make every effort to correct mistakes, we cannot make any guarantees to any one applicant.

Please contact the City's Program Administrator with any questions or concerns regarding this document or any other question regarding the City's Affordable Housing Program.




ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.



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2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

		
<p align="center">Information Profiles</p>	<p align="center">Program Center</p>	<p align="center">Program File Cabinet</p>
<p>Information Profiles are used to gather important facts that determine your eligibility and qualification. These profiles will be used to complete your program applications and participate in program activities.</p>	<p>All Application, Opportunity, Opportunity Drawing, and Participation Activity is captured in your Program Center. As soon as you complete your initial registration, this is where you'll spend the most time participating in the programs.</p>	<p>As you start to apply for and participate in program activities, your file cabinet is where you'll track progress, exchange information, and communicate with program administrators.</p>








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3. ESTABLISHING AN ACCOUNT (HOUSEHOLD PROFILE) IN THE MYHOUSEKEYS (WWW.MYHOUSEKEYS.COM)

The following five (5) actions are the initial steps needed to establish your household’s affordable housing account.

REGISTRATION PROCESS	ACTION OR MILESTONE
1. Initial Signup	 <p>Start out by completing our simple registration form. This step collects very basic information from you to establish a User Account, including your name, contact information, and your household size and income.</p>
2. Complete the Registration Wizard	 <p>The next step includes additional details about your address, household members, income profiles, and preference criteria. The preference criteria are described on Step 5 of the Registration Wizard. Completion of the Wizard will create a summary of your household and provide you with access to additional features of the Administrator Platform.</p>
3. Browse the Program Center	 <p>Go into the Program Center and browse the list of Programs. Underneath each Program Profile Title, you’ll see a button that allows you to “<u>Request an Application I.D.</u>”. This creates the connection between you and the Program.</p>
4. Request an Application I.D.	 <p>The Application I.D. allows the Program Provider and Administrator to identify your household as a prospective applicant household. It also puts you on the notification list to receive information and updates.</p>
5. Find an Opportunity and Enter an Opportunity Drawing	 <p>Each Opportunity is placed into an Opportunity Drawing that allows the Program Administrator to facilitate multiple applicant interest. Application I.D.s are prioritized through a Random Selection Process (Lottery) or by Time and Date Stamp (First-Come-First- Serve).</p>



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4. HOUSEHOLD INFORMATION PROFILES

The Program Administrator holds orientation classes to introduce the Program and help applicant Households organize their application files and prepare for the application process. The application packet is broken down into 10 **Household Information Profiles**:

#	Information Profile Name	Description	Purpose
1	Location Profile	Where you live and where you work	The address where you live and work is an important factor in determining your eligibility. The county you presently live in, or may be moving to, is often used to determine how to categorize your household.
2	Member Profile	The people who live in your housing unit	The number of people in your household determines your household size and household size is used to determine income category.
3	Income Profile	Documenting the total income of all household members.	Income documentation is required by all household members who are 18 years of age or older.
4	Expense Profile	Documenting monthly expense obligations	It's important to ensure that your total monthly expenses show that you can afford the monthly payment for the unit you are applying for.
5	Asset Profile	Deposit Funds and other Assets	You need to document your rental deposit funds. Please note that Assets are included in income calculations using the income shown on statements or calculations used by the Program Underwriter. See Asset Limits below.
6	Liability Profile	Your Debt	Your debt adds to monthly expenses and the maximum monthly housing payment that you can afford is an important qualification factor.
7	Credit Profile	Your Credit Score	All three credit bureaus (Equifax, Experian, and TransUnion) are evaluated to ensure you meet minimum credit requirements.
8	Public Record Profile	Collections, Liens, Bankruptcies and Foreclosures	These are evaluated to determine whether or not there are any risks prior to the finalization of the purchase contract signing. They are also assessed to ensure the applicant can meet the program and lender requirements before final approval and closing.
9	Demographics Profile	Applicant Characteristics	Demographic information is critical to ensure fair housing compliance and to track how Program Providers are meeting their housing goals.
10	Program Preference Profile	Program Factors that determine Applicant Priority	While all applicants may apply for a housing program, applicants that meet certain program preferences are prioritized in many jurisdictions.



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5A. APPLICATION PROCESS (ORIENTATION, PRE-APPLICATION, AND PREFERENCES)

The application process is summarized below and on the following pages:

ORIENTATION

- All applicants, co-applicants, married couples, domestic partners, and any person that can or will be on title, must complete the Orientation before being eligible to participate in an Opportunity Drawing. Any exceptions to this rule will be posted in the Opportunity Drawing details. Applicants can sign up for an orientation class on the Program Administrator website. If Program Administrator makes an online orientation class available, attendees will visit the website, review the orientation materials, and take an online quiz. As stated above, all applicants, co-applicants, married couples, domestic partners, and any person that can or will be on title or lease must take the online quiz if this option is provided.

PRE-APPLICATION AND APPLICATION ID ASSIGNMENT

- Request an Application ID in the Program Center
- Answer all of the Pre-Application Questions in the Request Wizard
- Application ID will be assigned immediately. If there is a system delay or malfunction, Application IDs can take up to 10 business days to be assigned.
- An Application ID does not mean you are eligible or approved for the Program. It provides the applicant Household with the ability to enter Opportunity Drawings.

PREFERENCES AND RANKING

In all instances, the applicable preferences (described in Preference Section) will be used and verified by Program Administrator during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking. Once the list of Preference-Holding Applicant Households is exhausted, Program Administrator will begin processing the files for the Applicant Households who don't hold a Preference.



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5B. APPLICATION PROCESS (OPPORTUNITY DRAWINGS)

Affordable Homeownership Opportunities are marketed through an Opportunity Drawing that is identified by an Opportunity Drawing Index Number. An Opportunity Drawing can contain one (1) or more available ownership that are up for sale. The primary process for determining the order in which applicants will be chosen in each Opportunity Drawing is called a Lottery. Through a Lottery, a randomized number is assigned to each eligible Opportunity Drawing Applicant who entered before the deadline. In certain circumstances, a second process may be used where we choose entrants in the Opportunity Drawing based on the timestamp using what is called a “First-Come-First-Served” process. No matter which process is used to determine the order, the first opportunity will only go to applicants who have entered the Opportunity Drawing before the deadline.

Please note: Program Administrator does leave Opportunity Drawings open for applicants to enter after the deadline as “backup” buyers. With backup buyers, Preference and Occupancy Requirements may not apply.

OPPORTUNITY DRAWING NOTIFICATION (EACH OPPORTUNITY DRAWING IS ASSIGNED AN INDEX NUMBER)

- A notification email will be sent out to Application ID holders. When a new Opportunity Drawing is released it will be posted in the Program Center and identified by its Opportunity Drawing Index Number
- Follow the instructions and review the terms in each Opportunity Drawing Notification. It is the applicant Household’s responsibility to follow all instructions in each Opportunity Drawing. Each Opportunity Drawing announcement will include the selection method, file submission instructions, and the deadlines that Applicant Households must meet.

OPPORTUNITY DRAWING ENTRY

- Once the applicant reviews the Opportunity Drawing information and is certain that he/she can meet ALL listed requirements, the applicant can follow the instructions to Enter Drawing
- Applicant must complete **Exhibit D (Buyers): Authorization Form** for verification and sharing information with Registered Lenders
- Applicant must complete the **Intent to Abide Form (Section E of the application forms)** to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing in the City of San Ramon at any one time. If an Opportunity Drawing has ranked applicants, and it is discovered that an Applicant Household has entered more than one drawing (or more than once in a drawing), their lowest ranked entry will be chosen. Applicant Households are allowed to opt out of any drawing as long as the “opt out form” is submitted before an applicant Household



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enters another drawing.

- If there is another Opportunity Drawing available at the same time, the applicant can opt out of one Opportunity Drawing to enter another, if it is done before the Opportunity Drawing entry deadline.
- In some cases, the Opportunity Drawing will remain open until all applicable units are sold. Anyone who enters their Application ID into an Opportunity Drawing after the first deadline will be added to the end of the list using the time and date stamp of their Opportunity Drawing entry. These are labeled as “back up buyers”
- Ranking and file request numbers are issued to set the application file processing order for each Opportunity Drawing. A new ranking and file request number will be issued every time an applicant Household participates in a new Opportunity Drawing. Ranking, file request, and Application ID numbers are not transferable.

5C. APPLICATION PROCESS (OPPORTUNITY DRAWING METHODS)

When an Opportunity becomes available, Program Administrator uses the methods outlined below to determine the order in which Application IDs and files will be ranked and organized for review.

LOTTERY: RANKING NUMBER ASSIGNMENT THROUGH RANDOMIZED PROCESS:

Step 1:	Step 2:	Step 3:	Step 4:
All Applicants: Opportunity Drawing Entry Time and Date Stamp	All Applicants: Ranking Number Assigned through Randomized Lottery Process	Applicants w/ Preference Listed based on Preference Type and Ranking Number	All Applicants: Final Ranking is issued to determine the order in which files will be processed. Preference-Holders first and then all remaining Applicants

All Applicants that enter their Application ID numbers into an Opportunity Drawing will receive a Ranking Number. Applicants enter the Opportunity Drawing using the Program Center Portal at www.myhousekeys.com and **must enter by the deadline stated** in the Opportunity Drawing instructions. Each entry is given a time and date stamp to confirm whether the Applicant entered on time. The Lottery is the randomized process used to assign Ranking Numbers. When the Lottery is held, each Application ID in the Opportunity Drawing will be assigned a Ranking Number and the list is published with selection order and Application ID number.

SAMPLE DRAWING ON NEXT PAGE



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Initial Ranking:

Opportunity Drawing Deadline: Wednesday, 2/5/2020 at 5 PM	Preference(s) for Opp. Drawing	Lottery held Friday, 2/7/2020 at 3 PM
Timestamp and Application ID	Pref. 1 or 2	Initial Ranking # Assigned
2/1/2020 at 10:10 AM App ID 92-8-235	Pref: N/A	3
2/2/2020 at 3:30 PM App ID 92-8-100	Pref: 2	4
2/3/2020 at 8:05 AM App ID 92-8-72	Pref: N/A	2
2/4/2020 at 1:02 PM App ID 92-8-300	Pref: 1	1
2/6/2020 at 8:12 AM App ID 92-8-25	Pref: 1	Missed Deadline; Backup Buyer

Final Ranking:

Opportunity Drawing Deadline: Wednesday, 2/5/2020 at 5 PM	Preference(s) for Opp. Drawing	Lottery held Friday, 2/7/2020 at 3 PM	This Final Ranking # is used to Request Application Files
Timestamp and Application ID	Pref. 1 or 2	Initial Ranking # Assigned	Final Ranking # Assigned
2/4/2020 at 1:02 PM App ID 92-8-300	Pref: 1	1	(1) 92-8-300
2/2/2020 at 3:30 PM App ID 92-8-100	Pref: 2	4	(2) 92-8-100
2/3/2020 at 8:05 AM App ID 92-8-72	Pref: N/A	2	(3) 92-8-72
2/1/2020 at 10:10 AM App ID 92-8-235	Pref: N/A	3	(4) 92-8-235
2/6/2020 at 8:12 AM App ID 92-8-25	Pref: 1	Missed Deadline; Backup Buyer	Missed Deadline; Backup Buyer

Both Preference Holders and Non-Preference Holders receive a ranking and are listed in the Final Application File Selection Order. Applicants who enter their Application ID after the Opportunity Drawing deadline will be added to the end of the ranked list based on the time and date stamp that their entry form was completed. Late entrants have an opportunity to purchase if all ranked and selected files don't work out. Once the buyers are identified, the website will display a message with the status and the participants will be released from the drawing so they can enter another one. A household that enters an Opportunity Drawing can Opt Out at any time by logging into their account via www.myhousekeys.com, going to the Program Center and clicking the Opt Out Button for the Drawing that they entered.



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5d. APPLICATION PROCESS (APPLICATION REVIEW)

MORTGAGE LOAN REQUIREMENTS

The applicant Household must obtain a loan pre-approval from an Administrator-approved Lender to enter an Opportunity Drawing. Applicant Household must have acceptable payment-to-income ratios and show enough liquid assets (e.g. cash) to successfully close on the proposed home purchase. Any down payment assistance or closing cost assistance that will be used will need to have a written pre-approval from the program provider as well.

- Applicants must obtain a mortgage pre-approval letter, on mortgage company letter, with loan officer information, including their National Multistate License System (NMLS) ID number and packet must include:
 - Uniform Residential Loan Application (Form 1003) and Uniform Underwriting and Transmittal Summary (Form 1008)
 - Verification of Employment and Verification of Assets
 - Credit Report and Automated Underwriting System Findings (e.g. Desktop Underwriter Findings)

APPLICATION RANKING AND FILE REQUESTS

- The Opportunity Drawing Terms and Notifications will indicate when, where and how the Program Application Package needs to be submitted.
- **The applicants are responsible to review the Opportunity Drawing Notice for instructions and deadlines. This notice informs households that an Opportunity Drawing is available and serves as a formal file request. If current and complete documentation is not provided by the file deadline as requested on the notice, the applicants will be skipped.**
- Applicants must provide a complete Program Application Package, including exhibits and the supporting documents listed on the Document Checklist, to the Program Administrator by the deadline stated in the Opportunity Drawing Notification.

PROGRAM APPLICATION PACKAGE COMPLETION

- Documentation needs to be dated within 30 days of submission.
- Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.
- Once all documents are received, the Applicant will be provided with a Submission ID which will be their file in line for Processing and Underwriting.



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APPLICATION REVIEW

- The application package will be reviewed, and if complete, will be submitted to the underwriter for review
- If the application is incomplete, applicants will be given written notice to respond with any file updates or missing items
- Applications that remain incomplete after notifications and applicable grace periods, will not be processed or forwarded to the Underwriter for final review

5e. APPLICATION PROCESS (APPLICATION UNDERWRITING AND APPEAL)

APPLICATION UNDERWRITING

- The Underwriter will complete the review and issue a Program Eligibility and Qualification Certification (AKA “Approval Letter”).
- It is important to note that the Program Underwriter may request additional items from the applicant. If the applicant does not respond within the grace period, or a denial is issued, the Underwriter will move to the next Submission ID holder.
- If approved, the Administrator will notify the builder of the outcome so that the applicant can move on with the contract signing as described in the next section.

Changing an Application after Submission

No Application changes shall be allowed after an application is submitted and after an application deadline has passed unless the change is (1) the removal of an applicant, (2) the addition of an applicant’s Spouse or Domestic Partner or a new Household member in the case of an adoption or new guardianship; (3) an update of income qualification, such as a new job or a job that has ended; or (4) correction of technical errors, such as current phone number or other non-qualifying information.

An application for a BMR Unit must be reviewed and approved for income qualification within one hundred and twenty (120) days prior to the Close of Escrow of a BMR Unit.



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APPEAL

- If the applicant does not agree with the Processor or Underwriter decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation, along with an appeal form that details why they feel the decision is inaccurate, within the timeframe given.
- Administrator and City will review the Appeal and all documentation. The Administrator will contact the applicant regarding the status of the appeal approximately 7 business days from the date the complete Appeal Package was submitted. Administrator may require additional time as will be indicated during the status notification.
- After the initial appeal review period, Administrator is unable to hold properties for households.



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6. BELOW MARKET RATE OWNERSHIP PRICING AND CITY'S PURCHASE OPTION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for BMR households. Households that purchase a BMR home in the Residential Project will be required to sign affordable housing documents to ensure the home remains affordable for the full Affordability Period, (as defined by the Resale Restriction Agreement), and the homeowner occupies the home, for the entire restricted term. Per the Resale Restriction Agreement and Option to Purchase ("Resale Restriction Agreement"), Owner grants to the City an Option to purchase the Residence on the terms in the manner set forth in the Resale Restriction Agreement. The City shall have the right to exercise its option upon the occurrence of any of the following events:

1. Receipt of Owner's Notice of Intent to Transfer (See Resale Restriction Agreement)
2. The occurrence of any event of default (See Resale Restriction Agreement)

The Option does not apply to a proposed sale, otherwise conforming to a party or parties related by blood or marriage to the Owner. Please note: Inheriting Owners must qualify as Eligible Household, as determined by the City (See Section 7 of Resale Restriction Agreement)

BMR units are priced using a formula included in the Affordable Housing Agreement and attached Deed Restriction Exhibit.



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7. THE APPLICATION FILE STRUCTURE & APPLICATION CRITERIA

Program Eligibility and Qualification Criteria

The primary role of a Program Administrator is to determine the eligibility and qualification of applicant Households. A Program Processor serves the role of gathering the documents needed to evaluate the application and a Program Underwriter reviews the application to determine if it meets program requirements.

It is important to understand that there is a lot of information needed to determine whether an application meets all the program requirements. The application criteria used to determine whether an applicant Household will be approved fall into one of two categories:

- **Program Eligibility Criteria:** These are standards that define the characteristics of the target households who are best served by the program and help the Program Administrator meet its intended goals. These standards often follow legal definitions and published documentation requirements. Underwriters evaluate Program Eligibility Criteria to determine if households “check eligibility boxes” that include, but are not limited to, residence address, employment address, household size requirements, total household income requirements, and whether an applicant meets the legal standard to be defined as a first-time homebuyer. Program Underwriters need to consider program eligibility for up to three years before the application date and up to a year after the estimated close of escrow date¹.
- **Program Qualification Criteria:** Once it is determined that an applicant is eligible for the program, the Program Underwriter must also make sure that the home purchase is affordable for the applicant and that they are mortgage and home-purchase ready. In addition to requiring applicants attend first-time homebuyer classes, an Underwriter will evaluate the application to ensure successful and sustainable homeownership.

¹ “Up to three years” speaks to the First-Time Homebuyer Status that is typically verified using 3 years of tax returns. Since Total Household Income is projected forward, it’s important to understand that the Program Underwriter is considering income circumstances going forward one year.



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8. EDUCATION AND TITLE REQUIREMENTS

First-Time Homebuyer Education Workshop Requirement

All applicants who will take title to the property must attend and complete a first-time homebuyer in-person education workshop and receive a certificate of completion from a HUD and Administrator-approved First-Time Homebuyer Education Provider before going into contract on a BMR Unit. A copy of the certificate of completion is required and certificates will be accepted for up to two years after completion.

Title Requirements

All adult Household members must appear as an owner or co-owner on the BMR Unit title. They also must co-sign for any purchase loan (unless they are a non-borrowing spouse) and sign all affordable housing documents (as defined on page 2) for the BMR Unit with the following exceptions:

1. Legal dependents of titleholders as claimed on the most recent federal income tax return or legal minor children of titleholders. Spouses or Domestic Partners are not considered dependents;
2. Household members younger than age 24 who are the child of a titleholder who will reside in the BMR Unit as their primary residence, regardless of being named as a dependent on the federal tax form of a titleholder; and
3. Recent immigrants with insufficient credit history as defined as a person who has been in the United States for 2 years or less as supported by entrance documentation or a sworn statement and lender documentation of the reason for a loan denial, including a copy of applicant's credit report.



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9a. ELIGIBILITY AND PREFERENCE CRITERIA FOR OWNERSHIP OF BMR UNITS

The City establishes a priority system for allocating the limited number of affordable ownership units. The preference system will be used to establish a ranking of applicants. An applicant Household with at least one member, who will take title to the property, and who meets the criteria will have priority. Applicant Households comprised of members who do not meet the criteria may still apply for and occupy a BMR unit if there are no eligible preference holders in the applicable Opportunity Drawing.

9a. BMR PRIORITY/PREFERENCE CRITERIA [CHART 3]	
Priority/Preference 1*:	<ol style="list-style-type: none"> 1. Veteran honorably discharged from any branch of the United States Armed Forces; or 2. Certified First Responders (sworn police officers, firefighter, rescue worker, or any other person who provides emergency response, first aid care, or other medically related assistance) who are employed in such capacity that provides service in the City of San Ramon as defined by AB 1945, Chapter 68; or 3. Public Service Employee employed by a local government agency that provides services in the City of San Ramon (see partial list below) <p style="margin-top: 10px;">Employees must work at least 20-Hours per week and have been employed for at least one year at the time of application.</p>
Priority/Preference 2*: Special Needs Groups:	<ol style="list-style-type: none"> 1. Seniors (age 65 or older), 2. Persons with Disabilities (Verified through SSA Disability Benefit Award Letter) 3. Single-Parent Households, 4. Large Households (5 or more members), and 5. Qualified Homeless (CFR Section 578.3 of Title 24)

***Drawing entry form answers are used to determine the final ranking of applicants who enter a Drawing.** It's the applicant's responsibility to answer the preference questions correctly. Please Note that once the applicant has completed the entry form to enter the Drawing, HouseKeys is unable to modify the Priority/Preference answers provided. If it's discovered that the applicant answered any of the Priority/Preference questions incorrectly, they may lose their final ranking number and be placed at the end of the list. If the applicant does not submit sufficient supporting documentation to prove that they meet a Priority/Preference, the applicant will not be given a Priority/Preference ranking and will also be placed at the end of the list.



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Partial List of Public Service Employees includes individual employed by: City of San Ramon, SRV Unified School District, SRV Fire Protection District, Central Contra Costa Sanitary District, Dublin San Ramon Services District, County Library, DVC Community College, Contra Costa County Departments (County Clerk, District Attorney’s Office, Health Department, etc.), County Connection (Bus/Transit Provider), and Contra Costa Transportation Authority.

9b. 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 for the life of the deed restrictions. Use of the property for additional ownership purposes, including temporary leases, sub-leasing or room rentals are not allowed under the program and will trigger immediate action.

To ensure that the City's limited BMR homes 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 unit 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. The table below shows the minimum and maximum household size based on the number of bedrooms. In some cases, an exception to the minimum standard may be made where no other qualified buyers are remaining in the Opportunity Drawing or within 30-days from the time that the first file is requested from Opportunity Drawing entrants.

The City’s BMR Administrator will verify household occupancy once per year for the life of the 30-year BMR Agreement between the City and the homeowner(s).

BMR OCCUPANCY STANDARDS [CHART 4]		
Number of Bedrooms	Minimum Household Size	Maximum Household Size
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11



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9c. INCOME ELIGIBILITY CRITERIA

Income Eligibility is based on household size (number of persons in the household) and whether a household's income is below income category limits published annually by the California Department of Housing and Community Development (HCD) on their [HCD website](#) as well as the Program Website. These resources should be used to determine the income percentage and income category that is applicable to your household.

The City's inclusionary housing ordinance presently defines the three income types most often used in their affordable homeownership program

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to the County
- "Low-Income Household" means a household whose household income does not exceed the low income limits applicable to the County.
- "Moderate-Income Household" means a household whose household income does not exceed the moderate income limits applicable to the County.

It is very important for the applicant Household to know BOTH:

- Applicant Household Income divided by the published County Median Income applicable to your household size
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Extremely Low, Very Low, Low, Median, or Moderate)

[this section is continued on the next page]



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Income earned from assets, such as dividends, interest, rental income, business income, etc., is included in the household's annual income pursuant to the [Code of Federal Regulations](#), Title 24, Part 5 income inclusions (§ 5.609). Income calculation is also guided by [California Code of Regulations](#), Title 25, Chapter 6.5 Program Operations, Gross Income (§ 6914). To qualify for the City BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

Note: The income categories for a development may vary in accordance with the Affordable Housing Agreement.



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9d. ASSET LIMITATION AND GIFT CRITERIA

The City of San Ramon does not have a set maximum on the amount of assets an applicant can have. It's important to note that all assets in excess of \$5,000 will be included in income calculations, as detailed in Section 10b. (Income Inclusion and Exclusion).

Gift contributions are limited to 50% of the sales price and must be documented according to the rules detailed in Section 10C. (Determining Mortgage and Home Purchase Readiness)



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9e. FIRST-TIME HOME BUYER CRITERIA

To be eligible for the City's BMR homeownership program, all household members on Title must be a first-time homebuyer, except as provided below. A first-time home buyer (FTHB) is an individual who has NOT had an ownership interest in a home in the three years immediately preceding their application date, except as follows:

- (1) A displaced homemaker who does not presently own a home, and while a homemaker, owned a home with their spouse or resided in a home owned by the spouse within the preceding three years of application date. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for their home and family; or
- (2) A single parent who does not presently own a home, and while married, owned a home with their spouse or resided in a home owned by the spouse within the preceding three years of application date. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
- (3) An existing BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

Notwithstanding the forgoing, the following interests shall not by themselves, disqualify an applicant from falling within the definition of first-time home buyer:

- Applicants who own a mobile home are not considered homeowners under the BMR program and are eligible to participate. However, if the mobile home unit is not sold and is retained by the homeowner, the property will be included in asset income calculations along with any rental income.
- Ownership in timeshares.
- Beneficiary of a trust for which the trustor/trustee is still living.
- Ownership of shares in a limited equity co-op.



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9e. FIRST-TIME HOME BUYER CRITERIA (CONTINUED)

To verify FTHB status, Program Administrator will review 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). If not legally obligated to file, the applicant must complete a Jurat explaining the reason along with supporting documents. Program Administrator will also review a credit report for mortgage loans and perform title searches to confirm the applicant is not an owner of record on any existing properties for at least 3 years. The applicant must not be on title, LLC's, Corporation, Trusts or any other entity for any housing unit at all, whether they live in the unit or not. Other documentation may be requested to determine first time homebuyer status.

9f. FORMAL DEFINITION OF THE TERM "HOUSEHOLD" (PRIMARY APPLICANT)

The United States Census Bureau uses a series of terms to determine the definition of a household. The basic meaning of Household is an occupied housing unit. A Householder (Primary Applicant) is the person whose name the housing unit is rented to or owned by. Members of the household share familial ties, living space, expenses, debts and/or assets with the Householder.



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10. APPLICATION CRITERIA – ENTERING HOUSEHOLD INFORMATION INTO THE PROGRAM APPLICATION

10a. Household Size, Location & Member Identification

The Household Location and Member Profiles capture the basic information used by the Program Underwriter to determine who is part of the household and which members will become the title-holding homeowners.

Information Profile	Criteria	Criteria Description
Priority 1 Profile	Verification of Priority 1	<ol style="list-style-type: none"> 1. Veteran honorably discharged from any branch of the United States Armed Forces <ol style="list-style-type: none"> a. a copy of your honorably discharged certificate 2. Certified First Responders (sworn police officers, firefighter, rescue worker, or any other person who provides emergency response, first aid care, or other medically related assistance) who are employed in such capacity that provides service in the City of San Ramon; or 3. Public Service Employee employed by a local government agency that provides services in the City of San Ramon. Employees must work 20-Hours per week and have been employed for at least one year at the time of application. <ol style="list-style-type: none"> 1. Verification of employment and pay stubs. 2. A letter from the employer, on company letter head verifying that you work in such capacity for at least 20 hours a week and have been employed at least one year from the time you applied for the Home Buyer Program. It must be signed and dated by the HR Manager. It should include your job title, start date, number of hours you work in San Ramon per week, the name of the agency, agency address and contact information 3. Other supporting documents required or requested by the administrator or underwriters for clarification or for determining preference/priority eligibility



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Priority 2 Profile	Verification of Priority 2	<p>Special Needs Groups: submit supporting documents required or requested by the administrator or underwriters for clarification or for determining preference/priority eligibility</p> <ol style="list-style-type: none"> 4. Seniors (age 65 or older) <ol style="list-style-type: none"> a. A valid CADL, CA ID OR US Passport 5. Persons with Disabilities (Verified through Social Security Administration Disability Benefit Award Letter) 6. Single-Parent Households <ol style="list-style-type: none"> a. Divorce decree OR Court order b. Child's Birth Certificate(s) 7. Large Households (5 or more members) <ol style="list-style-type: none"> a. 2 Year Tax Returns (most recent) 8. Qualified Homeless (Definition - CFR Section 578.3 of Title 24)
Member Profile	IDENTIFICATION	<ul style="list-style-type: none"> • All applicants will need to provide positive identification including a copy of valid driver's license or government issued ID, and a copy of a valid social security card.
Member Profile	HOUSEHOLD SIZE	<ul style="list-style-type: none"> • Any household members not living in the same household at the time of application will need to be a co-applicant for the first mortgage loan and on title to form a household • Tax returns and current addresses will be used to determine household size • All applicants, co-applicants, married couples, partners, domestic partners etc. that are on title will be subject to the Resale Restriction Agreement



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10b. Income Inclusion and Exclusion

The Federal and State government both have rules that determine how Gross Income is calculated and what income types are included and excluded from the Gross Income total.

Information Profile	Application Criteria	Application Criteria Description
Income Profile	INCOME INCLUSIONS 25 CCR § 6914	<ul style="list-style-type: none"> • The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services • The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation). • Interest, dividends and other net income of any kind from real or personal property. • Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as outlined in “exclusions” section) • Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, up to 10%. The current passbook savings rate used by the Administrator is 2.5%. This means that 2.5% of total assets more than \$5,000 will be included in annual income for a purchase with mortgage financing. For all-cash purchases (purchases without a mortgage), the full 10% of assets will be included in annual income calculations.



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Income Profile	INCOME EXCLUSIONS 25 CCR § 6914	<p>The following is an abbreviated list of items that are excluded from income:</p> <ul style="list-style-type: none"> • Casual, sporadic or irregular gifts • Amounts which are specifically for or in reimbursement of the cost of medical expenses • Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses • Foster childcare payments • The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household <p>Access the full income exclusions list at 25 CCR § 6914</p>
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Income Review Procedures

Income maximums are based on “gross” income derived from all sources as detailed in Internal Revenue Code (26 USC Section 61), whether or not exempt from federal income tax. Administrator projects future income based on the gross income on each applicant’s past income. In addition to other items deemed necessary to make this income determination, the Administrator may request up to 4 of the most recent year-to-date pay statements and the previous year’s final pay statement. Administrator must review income documentation for all Household members 18 years and older, regardless of dependency status. Applicants without income will need to sign a Zero-Income Affidavit provided by the Administrator. Unemployment benefits are considered income.

Streamlined Review of Employment Income

For employment (W2) income sources, 3 to 6 consecutive paystubs will be requested, covering at least 30 days. A Streamlined Review of annual gross income is generally derived by dividing the year-to-date total by the total number of months through the most recent pay period ending date and then annualizing by multiplying the result by 12. If all income sources in the Application File come in under the maximum limit for the applicable Income Category, a Streamlined Approval of the Income Portion of the Application File will be completed. If the amount is over the maximum limit, a manual underwrite will be performed and more documents may be required.



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Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

Manual Review of Employment Income

If a Streamlined Approval of Employment is not possible, a Manual Review will be performed, and a full documentation package will be requested from the Applicant. Below are the calculations used based on how often the Applicants are paid.

#	How Often Paid	How to Determine Annual Income
1	Paid Annually	Annual Gross Pay
2	Paid Monthly	Use monthly gross payment x 12
3	Paid Twice Monthly	Twice monthly gross pay x 2 pay periods x 12
4	Paid Biweekly	Biweekly gross pay x 26 pay periods
5	Paid Weekly	Weekly gross pay x 52 pay periods
6	Paid Hourly	Hourly gross pay x average # of hours per week x 52 weeks
7	Government Employees with Annual Award Letters	Income may be derived by referring to the Annual Award Letter

It's important to note that there are recurring and consistent amounts of pay that can be derived from base income. Overtime, Bonus, Commission and other line items are considered "Variable Income" and are described below.

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Variable Income (Tips, Overtime, Bonuses, etc.)

Please Note: All Variable Income is subject to Underwriter Approval. Each circumstance is different and must be considered using the documentation in the file. The words below are meant to be used as a basic guide to help prospective applicant Household's understand how this income type is considered during the underwriting process.

Tips, Overtime, Bonus, and other "variable income amounts" (amounts that change with each pay period) will be annualized separately from the base income outlined on the chart above. All income will be annualized and totaled unless the applicant can provide documentation from the employer. The employer must be available to complete a verbal verification of employment with the Administrator. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 ($\$5,000 \times 12$). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year.

If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be **\$70,000** (\$60,000 base + \$10,000 annualized bonus income).

If proper documentation shows that the \$2,500 is a one-time payment, and Administrator is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be **\$62,500** (\$60,000 base + \$2,500 one-time bonus).

Seasonal Workers

Administration will not annualize current income for seasonal workers who provide a Verification of Employment from their employer (s) verifying that the work does not occur year-round.



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Self-Employed Income

All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Administrator. If self-employed for 2 or more years, Administrator will use verifiable (verified using Form 4506-T) federal income tax returns and review the net income for as many as 3 years of tax returns to determine the projected annual income. If self-employed less than 2 years, Administrator will review the submitted Profit & Loss Statement and use it to determine projected annual income. Additional documentation may be needed from the Self-Employed Household Member in order to determine projected annual income.

Calculating Income from Cash Income

In the case of an applicant who is paid cash for employment, Administrator will require a Verification of Employment from the applicant's employer to confirm annual income and IRS Tax Verification Form 4506-T to confirm that no taxes were paid.

Unemployed Applicants

Unemployed applicants who are receiving no income at all should submit a Zero-Income Affidavit as provided by Administrator in place of income statements. Applicants receiving unemployment benefits do not need to complete the Zero-Income Affidavit as unemployment benefits are considered income.

Income from Commercial Property or Land Owned

The net income from any commercial property or land owned by any applicant shall be counted toward the annual Household income.

Additional Notes on Income Calculation

If applicant has recently changed positions with employer, determine the effect of the change on the applicant's eligibility and opportunity to receive bonus or overtime pay in the future

If applicant who has historically been employed on a part-time basis indicates that he or she will now be working full time (or vice versa), obtain written confirmation from borrower's employer



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A verbal verification of employment (VOE) may be required for each employer.

All material alterations, and/or omissions from the initial Registration, Application ID Questions, Opportunity Drawing Entry Form, Application Submission and Supporting Documents; including but not limited to household size, income and asset information, etc., are not permissible and will render all future re-submissions ineligible for review and approval for a period of one year. Exceptions for re-submissions are significant life events such as a job/career change, marriage, death, or the birth of a child and are at the discretion of the Administrator.

10C. Determining Mortgage and Home Purchase Readiness

Affordable homeownership programming requires that applicant Households who meet the basic requirements for being considered eligible, must also prove that the home purchase fits within their household budget and that they are able to successfully obtain mortgage financing.

Expense Profile	Lending Risk Factors	<ul style="list-style-type: none">• City maintains a list of approved lenders. All lending risk factors will be determined by the approved lender.
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Asset Profile	DOWN PAYMENT	<ul style="list-style-type: none"> • The minimum down payment for the BMR program is 5% of the purchase price with first mortgage loan amount equal to 95% of the purchase price. • The minimum 5% of the purchase price must come from the applicant's own funds, and be present in the applicant's account for at least 3 months • A gift can be used as long as the buyer has a 5% contribution, and the gift amount is no higher than 50% of the sales price. • Note: In some cases, mortgage financing programs may require greater than 5% of the purchase price in order to be approved
Liability Profile & Credit Profile	CREDIT REPORT	<p>The Credit Report provided by an approved mortgage lender will be used to assess mortgage readiness. The City will defer to the lender's credit decision.</p>

10D. Public Record and Default Risk – The lender is responsible for assessing public records and default risk.

Please note that any outstanding public record items that could potentially be attached to the home may be required to be paid off before the close escrow.



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11. TRANSACTION AND DOCUMENT HANDLING

File Stacking (List of Documents Needed for Each Stage of the Transaction)

If application is approved, and the applicant Household is cleared to move forward with the purchase, the applicant's lender must supply the following documentation to the Administrator (**Financing File Stacking Order**):

1. Lender Checklist (listing all the loan documents)
2. Loan Application with final figures and lending terms (currently known as a 1003)
3. Uniform Underwriting and Transmittal Summary (currently known as 1008)
4. Mortgage Loan Commitment Letter
5. Loan Estimate

Routing documents to the City for signatures can take 10 to 14 business days. Before any transaction documentation can be sent to the City for signature, the following documents will need to be in the Administrator's file (**Pre-Close Stacking Order**):



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1. Estimated Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
2. Estimated Settlement Statement – Buyer
3. Estimated Settlement Statement – Master
4. Copy of 1st Lender Note & Deed of Trust
5. Copy of 1st Lender Escrow Instructions
6. 1st Lender Request for Notice of Default
7. Copy of any Subordinate Lender Notes and Deeds of Trust
8. Copy of any Subordinate Lender Escrow Instructions
9. Subordinate Lender Request for Notice of Default

After closing, the Title Company must provide the following to the Administrator (**Post-Close Stacking Order**)

1. Executed BMR Agreements Docs, Notes and Deeds of Trust
2. Recorded Agreement
3. Recorded Request for Notice of Default
4. Final Settlement Statement – Seller (Re-Sale and Acquisition Transactions Only)
5. Final Settlement Statement – Buyer
6. Final Settlement Statement – Master
7. Alta Policy

Length of Escrow and Fall-Out Risk

The typical escrow period for a BMR Unit sale is 90 days. This period can stretch out longer if the property is under construction and there are delays. Households must be prepared for a long escrow period and to continually keep their file updated to comply with an extended application process and escrow period. The selected buyer must be eligible and qualified through the close of escrow. Unfortunately, a change in the application file during the escrow period can cause the selected buyer to become disqualified and lose out on the purchase opportunity.



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12. ESTATE PLANNING - INHERITANCE AND PASSING THE PROPERTY ON TO POTENTIAL HEIRS

A “Transfer” means any sale, assignment or transfer, voluntary or involuntary, of any interest in the Home, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest (unless the lease is approved in advance by the City), or land contract. For the purposes of your Agreement, transfers by devise or inheritance to an existing spouse, Domestic Partner, child, surviving joint tenant, or a spouse as part of a dissolution proceeding in connection with marriage – are not considered Transfers. All Transfers must be approved by the City in advance and may be subject to the City’s Option to Purchase (See Section 5 of the Resale Restriction Agreement to see description of “City’s Option to Purchase”).

In the event a Transfer occurs, or a person receives the Home by devise, inheritance, or operation of law due to death of the Owner, the person inheriting the Home (the “Inheriting Owner”) must have their income and eligibility reviewed and approved by the City or Administrator to determine if they are an Eligible Purchaser. If approved, new BMR documents will need to be signed and a new Resale Restriction Agreement will be enforced.

New purchasers of BMR Units may not purchase the BMR Unit through a trust of any kind, including but not limited to living trusts. Existing BMR Owners may not transfer ownership of their BMR Units to trusts of any kind, including living trusts (**see Glossary for more info**)

See Restriction Agreement language for details on how Transfers are treated between the Owner and any successors in interest.

13. REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member and must be necessary in order to



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provide the household with equal access to housing.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document.

Upon such request, Administrator may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Program Administrator will consider the requested exception and will provide a written response within 14 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City's Zoning Administrator.

Note: The City of San Ramon may have grant money available to cover a portion of the costs to implement ADA-Compliant modifications to a home