City of Santa Clara
Below Market Purchase (BMP)
OWNERSHIP Program Application Guide

Council Approved August 24, 2021

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

EQUAL HOUSING OPPORTUNITY

To the Reader: This Application Guide is the City's Official Program Homeownership Guidelines

TABLE OF CONTENTS

TABLE OF CONTENTS	PAGE 1
1. INTRODUCTION	PAGE 2
1A. DEFENITIONS	PAGE 4
2. ONLINE WEB PORTAL	PAGE 10
3. ESTABLISHING AN ACCOUNT	PAGE 11
4. HOUSEHOLD INFORMATION PROFILES	PAGE 12
5. APPLICATION PROCESS	PAGE 13
6. BELOW MARKET PURCHASE (BMP) PRICING AND CITY'S OPTION TO PURCHASE	PAGE 25
7. APPLICATION FILE STRUCTURE AND CRITERIA	PAGE 26
8. EDUCATION AND TITLE REQUIREMENTS	PAGE 27
9. ELIGIBILITY AND PREFERENCE CRITERIA	PAGE 28
10. APPLICATION CRITERIA	PAGE 36
11. TRANSACTION & DOCUMENT HANDLING	PAGE 47
12. ESTATE PLANNING – PASSING PROPERTY ON TO "INHERITING OWNER"	PAGE 49
13. REASONABLE ACCOMMODATION	PAGE 49
14. SHORT TERM AND LONG-TERM BMP OWNERSHIP AND OCCUPANCY REQUIREMENTS	PAGE 49
15. RESALE PROCEDURES	PAGE 52
16. REFINANCING	PAGE 55
17. PROGRAM COMPLIANCE	PAGE 56
18. BPM PROGRAM FEES	PAGE 58
19. SAMPLE FORM: NOTICE OF INTEDED TRANSFER (BMP OWNER)	PAGE 59

1. INTRODUCTION

The City of Santa Clara (City) has operated a Below-Market Price Purchase Program (BMP) since 1995 to help low- and moderate-income families achieve the goal of homeownership and to fulfill State mandates for the production of housing across all income levels.
The City's Housing Element, certified by the State in February 2015, includes an affordable housing policy that requires "developers of residential developments with ten or more units to provide at least ten percent of their units at rents or prices affordable to low-and moderate-income households." Specifically, for-sale housing developers are required to designate at least ten percent of the total units in an approved project as BMP units to be sold to qualified buyers. The BMP Program is administered by the City's Community Development Department, with certain functions delegated under a service contract to a Program Administrator.

The City of Santa Clara Below Market Purchase Program (the "Program") Homeownership Guidelines set forth the eligibility criteria and application requirements for prospective Below Market Purchase (BMP) home buyers, as well as long-term BMP homeownership requirements and related Program requirements as listed below. These Guidelines are established by the City of Santa Clara Community Development Department and may be revised and/or updated periodically, as determined necessary by the Housing Manager, to accomplish the objectives of the Program and to guide Program administration. The City of Santa Clara Housing and Community Services Division, part of the Community Development Department, is the agency authorized to administer the Below Market Purchase program.

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

HouseKeys is the City's Affordable Housing Program Administrator. This Program Application Guide includes the guidelines, policies, and procedures that comprise the affordable homeownership program for below market purchase (BMP) homes.

Updates to this Program Application Guide and other relevant information will be posted on the HouseKeys Website.

Please contact the City or HouseKeys regarding any conflicts between this Program Application Guide, the Developer's

Affordable Housing Agreement, the owner's BMP Agreement, and/or the City's recorded documents. If there are any conflicts between this application guide and the City's BMP Program Homeownership Guidelines, the City's Guidelines prevail over this document.

Please contact The City or HouseKeys with any questions or concerns regarding this document or any other question regarding the City's affordable housing program.

HouseKeys Contact Info	City of Santa Clara Contact Info
www.housekeys7.com	www.santaclaraca.gov/housing
www.myhousekeys.com	
programs@housekeys.org	
1-877-460-KEYS (5397)	408-615-2490

ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.

1A. DEFINITIONS

As used in the Below Market Purchase (BMP) Program Guidelines and Policies and Procedures, the following words and terms have the meaning set forth:

Affordable Sales Price: The City and developer will enter into an agreement and establish a Low to Moderate Income limit and the Maximum Sale Price for the BMP Units. The price shall be a purchase price which is affordable to a Low to Moderate Income Household, as adjusted by the assumed household size determined based on the number of bedrooms in the BMP Unit. For each BMP unit in a project, the City establishes an Affordable Sales Price for which the BMP unit will be sold. The Affordable Sale Price is known as the BMP Purchase Price.

Affordable Housing Cost: Shall mean a Monthly Housing cost not exceeding one-twelfth (1/12) of thirty-five percent (35%) of one hundred percent (100%) of Median Income, adjusted for household size appropriate for the size of the residents, but in no event less than one-twelfth (1/12) of twenty-five (25%) of the Borrower's actual gross income.

Applicant/Co-Applicant: a Head of Household and any adult members of his/her household over the age of 18 years ("Co-Applicant(s)") who is/are interested in purchasing and residing in a BMP home, as evidenced by their signature(s) on a BMP program application submitted to Program Administrator and the City of Santa Clara.

"Applicant" may be used to refer to the Applicant's entire Household and/or all adults in the Household, as the context requires. Primary Applicant refers to the first-named party on the application form, who must be the Head of Household, as defined herein.

Co-Applicants are all other adult members of the Household over the age of 18 years.

Area Median Income: the median household/family income for Santa Clara County, adjusted for actual household size, as determined annually by the California Department of Housing and Community Development (HCD). The Area Median Income for BMP units and developments may vary. Households must not exceed the determined AMI income for the BMP unit.

Asset: a liquid or non-liquid item that can readily be converted to cash. The value of ordinary (i.e., non- investment) personal or household items, such as furniture and personal vehicles, are not considered assets for the purpose of BMP Program eligibility. Refer to Section B.

Below Market Purchase (BMP) Home: a home developed and provided for sale to moderate- or lower-income households pursuant to the Housing Policy, at a price affordable to low and moderate income households, as specified in the Housing Policy and each

Developer Agreement.

Borrower Contribution: Applicants are required to contribute at least 3% of the purchase/sales price towards down payment and closing costs from their own funds. This 3% contribution can't be a gift, down payment assistance or grant.

City: The City of Santa Clara, a municipal corporation and political subdivision of the State of California.

Down Payment: The borrower is required to have a minimum of 3% of the purchase price for the down payment Approved BMP lenders may require at least 5% or more of the purchase price for down payment from the borrowers to qualify for the first mortgage. The maximum down payment is 30% of the affordable sales price of the BMP unit.

Currently there is no down payment assistance available. The borrower must have sufficient funds for reserves, closing costs and prepaid items. Lenders may require additional reserves.

Eligible Household: a Household (see definition below) that is eligible to purchase a BMP home, as follows:

- A Household which is living together in the same dwelling unit at the time and has been living together in the same dwelling unit for at least six full months (180 days) prior to the date of Program application. Valid Third-party documents listed as required attachments in the Program applications forms must be provided, to verify that each member of the Household resides, and has been residing for six months, at the same dwelling unit and street address; and
- A verified Low or Moderate Income Household: Total gross (pre-tax) annual income and assets of all adult Household members over the age of 18 combined do not exceed the Program's income and asset limits provided in Section 9c and 9d, adjusted for the size of the Household; and
- All adult Household members must provide satisfactory evidence of membership in the Household, which includes sharing financial resources and responsibility for basic housing expenses, including rent and utilities. Such evidence shall be provided with the Program Eligibility application , as described in application forms and/or instructions.
- All of the current members of Applicant's household must individually meet all Program eligibility requirements applicable to individuals, such as First Time Home Buyer status and Permanent Residency, as explained in Section 10 of these Guidelines.

First Time Home Buyer: an individual or individuals, or an individual and his or her spouse, who have not owned a home during the three-year period prior to the date of application to purchase a BMP Home, except that the following individual or individuals may not be excluded from consideration as a first-time home buyer under this definition:

1) A “displaced homemaker or spouse” who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. 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 his or her home and family;
2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. 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 individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a BMP Home, a dwelling unit whose structure is:

- Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
- Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure. From Title 25, California Code of Regulations §8201(l)

Gift Funds: Funds received as a personal gift from an acceptable family donor. Gift funds may fund part of the down payment, closing costs, or financial reserves subject to the minimum borrower contribution requirements. The gift must be a bona fide gift with no repayment required. Gift letter signed by donor must be accompanied by a current bank statement where the funds will be drawn from. Applicants must meet the BMP lender’s guidelines for gift funds and required documentation must be delivered to the lender and BMP administrator when requested.

Gross Household Income: the gross (pre-tax) amount of income of all adult household members that is anticipated to be received during the coming 12-month period, as further defined in Code of Federal Regulations Title 24, Part 5 (the “Part 5 method”). The Part 5 definition of gross household income is based on a list of “Gross Income as defined by Title 25, Section 6914 is used to determine gross annual income. This list is included as 10b to these Guidelines. Program staff will follow the most current edition of the “Technical Guide for Determining Income and Allowances for the HOME Program” (currently the Third Edition, January 2005), published by HUD, to calculate and determine applicants’ income eligibility for the City of Santa Clara Below Market Purchase Program. This publication is available for review at the office of the Program Administrator.

Guidelines: these City of Santa Clara Below Market Purchase Program Guidelines.

Head of Household: an adult who is the primary tenant (i.e., first listed lessee) on a current lease for a rental dwelling or mobile home park space that is the adult’s primary residence, and is financially and/or legally responsible in full or part for all members of his/her household, if any.

In the case of households headed by a couple (married, domestic partners, common law spouses, etc.), the adult who files federal tax returns on behalf of most or all of the dependents in the household is generally considered the head of household. However, either member of the couple may apply as the household head, as long as he/she meets Program eligibility requirements and can obtain the financing and down-payment needed to purchase a BMP home. The Head of Household shall be listed as the Primary Applicant on the application to purchase a BMP home.

Household: all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements (Code of Federal Regulations Title 24, Section 570.3). Household, for the purposes of determining Household eligibility and establishing Gross Household Income and assets, includes any and all owner-occupants, temporary occupants, and other occupants, regardless of such household member's interest in purchasing or occupying a BMP home, as explained in this guide.

HCD: the California Department of Housing and Community Development.

Homebuyer Education class: The Homebuyer Education class must be an eight (8) hour class given by a certified HUD counseling agency unless government issued restrictions make it impossible to complete, then an online class will be acceptable. The designated agency for the BMP program is Project Sentinel. Applicants and co-applicants, who are co-borrowers and/or placed on title, must attend the class. Non-borrowing spouses must also attend. A Certification of Completion is required for application submission. The certificate must be less than 2 years old at the date of application.

Online Classes and Webinars: Due to Social Distancing Restrictions related to COVID-19 many agencies are offering some online classes. All of HouseKeys webinars and orientation classes will be held online until the restrictions are lifted.

HUD: the United States Department of Housing and Urban Development.

Initial Market Value: For each BMP unit, the City sets an Initial Market Value (IMV) based upon an independent appraisal prior to the initial sale. The IMV reflects each unit's unrestricted initial market value. The IMV is used to establish the difference between the market value and the Affordable Sales Price for which the BMP unit will be sold.

Living in Santa Clara: occupying and renting, at time of application and for at least six full months (180 days) prior to application date, a bona fide rental dwelling unit (or owning and occupying a manufactured home and renting a mobile home space in a mobile home park) within the Santa Clara city limits, as evidenced by Valid Third-party Documentation (lease, a California driver's license or identification card showing street address (not post office box) of such residence, current California vehicle registration card, or gas/electric/water bills). For residency based preferences the applicant must currently meet the criteria and for at least the past 6

months at the time of application (drawing entry).

Low to Moderate Income Household: a Household with total income of all Household members combined, that does not exceed the Program's income limits, which is 120% of Area Median Income for Santa Clara County adjusted for actual Household size; and whose total combined assets do not exceed the Program's asset limits. The current Program Income and Asset Limits are provided in sections 9c and 9d to these Guidelines and are updated annually. Please see additional explanation in Section 9c.

Minimum Borrower Contribution: Applicants are required to contribute at least 3% of the affordable sales price towards down payment and closing costs. A minimum of half of the required contribution must be the applicant's own funds.

Occupancy Standards: the minimum and maximum number of household members eligible to purchase and occupy a BMP home consisting of a certain number of bedrooms. The Occupancy Standards, when applied to each Applicant Household, take into account the characteristics of the household members listed in the application, such as age, gender, and familial relationship, if any, to determine the size of BMP home (number of bedrooms) an Eligible Household may purchase. These Standards are provided in Section 9B.

Orientation and Application Workshop-This free workshop outlines the BMP program, guidelines, and requirements. The workshop is required and attendance is mandatory for applicants and co-applicants, who are co-borrowers and/or placed on title. Non-borrowing spouses must also attend. Attendees must be on time and complete the two hour workshop.

Program Websites:

City of Santa Clara webpage: https://www.santaclaraca.gov/our-city/departments-a-f/community-development/housing-community-services-division/homeowners-homebuyers

Program Administrator webpages: http://www.HouseKeys7.com and www.myhousekeys.com

Primary Applicant: the Head of Household (see definition) of any Household which has submitted a Program Eligibility application of any kind. The Primary Applicant is the first listed Applicant on a Program Eligibility application, must be the primary borrower on the first mortgage loan, must take title to the BMP home, and will be the primary point of contact with the Program Administrator when communicating with the Household during the application process and (if approved) escrow period.

Priority Household: Please see section 9a of this guide.

Purchase-Ready: able to qualify for adequate financing to purchase a BMP home; able to provide a minimum down-payment of at least 3% or greater amount if required by the first mortgage lender, plus closing costs; certified attendance of the BMP Orientation and Application Workshop; and completion of a HUD-certified eight (8) hour homebuyer education course. Adequate financing shall include a conventional first-mortgage loan provided by an established residential lender that meets the requirements described in Section G of those guidelines, and may also include public-sector or non-profit junior loans, such as down-payment assistance loans or grants secured by the Applicant and approved by the City and the first mortgage lender. Down-payment may include gift funds if seasoned and documented as explained in these guidelines. Applicants with recent foreclosures, bankruptcies, credit scores below 640, or inadequate down-payment funds do not qualify as Purchase-Ready.

Reasonable Accommodation: accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford a disabled person, or a household with a disabled member, equal opportunity to apply for, use and enjoy a BMP home, including public and common use areas, as would be available to non-disabled persons or households in similar circumstances. The requested accommodation must be reasonably related to the particular disability of the household member and must be necessary in order to provide the household with equal access to housing. For instance, if a disabled household member requires a separate bedroom due to their disability, when the Occupancy Standards would otherwise require them to share a bedroom with another household member; they may request a Reasonable Accommodation to the Program Occupancy Standards in order to purchase a BMP home with an adequate number of bedrooms.

Restricted Resale Price: For the first five years after the unit is purchased, if the unit is sold, it must be sold by the homeowner to a BMP qualified new homebuyer at a Restricted Resale Price. The homeowner is required to notify the City and the City will determine a newly established Restricted Resale Price (RSP). The RSP shall be the Affordable Sales Price adjusted by any percent change in the Area Median Income from the date of the original BMP home purchase but not to exceed the current Affordable Sales Price that has been established for the bedroom size of the home. The City may increase the RSP to account for any City- approved individual capital improvements valued at greater than $2,000. No amounts are owed by the homeowner to the City if the home is sold at the Restricted Resale Price. A new BMP promissory Note is executed between the new buyer and the City of Santa Clara.

Unrestricted Resale Price: After the five-year resale restriction period ends, the homeowner may sell the home at an unrestricted resale price (fair market value), subject to the conditions outlined in Section H.

Valid Third-Party Documentation: documents issued directly by a public agency, private utility company, taxing entity, creditor, financial institution, school, employer, business, or Certified Public Accountant on such entity's own letterhead, verifying one or more eligibility criteria of any Applicant, Co-Applicant, or their dependents. Such documentation may be verified by Program staff through

direct contact with such agency/issuer by phone, email, or written inquiry to verify accuracy of document's contents. Written statements of parties with any direct or indirect interest in the BMP home purchase (i.e., persons related to Applicant by blood/family relationship, marriage, business ties (other than Certified Public Accountant, in the case of self-employment income) or other close personal relationship, do not qualify as Valid Third-party Documentation.

Working in Santa Clara: earning one's primary source of annual income (salary, wages, commissions) through employment by a Santa Clara employer licensed and permitted by the City, at a primary work-site in Santa Clara; or through operation of a Santa Clara-based business that is licensed and permitted by the City. Working in Santa Clara does NOT include volunteer or unpaid work, or self-employment consisting solely of operating a business entity established solely for the purposes of investment in a rental property. Income earned in Santa Clara must be verified by your paycheck stubs, tax returns, and/or other documentation described in the application forms. The qualifying household applicant must be the person whose name will appear on title and who will use the unit as their primary residence. For employment based preferences the applicant must currently meet the criteria and for at least the past 6 months at the time of application (drawing entry).

2. ONLINE WEB PORTAL DASHBOARD OVERVIEW

Information Profiles	**Program Center**	**Program File Cabinet**
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.	**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.**	**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.**

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	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.
2. Complete the Registration Wizard	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.
3. Browse the Program Center	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 "Request an Application I.D.". This creates the connection between you and the Program.
4. Request an Application I.D.	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.
5. Find an Opportunity and Enter an Opportunity Drawing	Each Opportunity is placed into an Opportunity Drawing that allows HouseKeys 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).

4. HOUSEHOLD INFORMATION PROFILES

HouseKeys 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.

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 HouseKeys website. If HouseKeys 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 <u>not</u> 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 HouseKeys 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, HouseKeys will begin processing the files for the Applicant Households who don't hold a Preference.

HouseKeys 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 our team or systems that negatively impacts an applicant. While HouseKeys will make every effort to correct mistakes, we cannot make any guarantees to any one applicant.

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 units 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: HouseKeys 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 E (Buyers): Authorization Form** for verification and sharing information with Registered Lenders
- Applicant must complete the **Application Packet Part 3: Intent to Abide Form** to confirm that the applicant understands the Program Requirements
- Applicant Households can only apply for one Opportunity Drawing 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, the 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 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, HouseKeys 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

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.

Note: This is a sample, please see the City Preferences section for to view all the priorities that may apply.

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 letterhead, with loan officer information, including their National Multistate License System (NMLS) ID number and packet must include:

- Uniform Residential Loan Application and Uniform Underwriting and Transmittal Summary
- Verification of Employment and Verification of Assets
- Credit Report and Automated Underwriting System Findings (e.g. Desktop Underwriter Findings)

This section sets forth the Program's underwriting standards related to affordability and risk mitigation, as well as financing requirements. Certain requirements apply to any loans or encumbrances against a BMP home during the entire term of restrictions, while some requirements apply at the point of initial purchase, and other prohibitions and/or requirements apply only to refinancing.

- Affordability Standards
- Financing Requirements
- Initial Purchase Financing
- Refinancing (see section 14)

AFFORDABILITY STANDARDS

Housing is considered affordable, according to most public-sector housing agencies, including the City of Santa Clara Housing and Community Services Division, HCD, and HUD, when total monthly housing costs do not exceed approximately 30-35% of a household's gross monthly income. This ratio varies slightly depending on the household's income level. These affordability standards apply at time of BMP home purchase and upon any proposed refinancing by a BMP homeowner.

The BMP Program affordability standards, used to review proposed home financing for affordability and risk avoidance, are shown on the table below:

Income Level	Maximum Percentage of Monthly Gross Income	
	Monthly Housing Cost (Front Ratio)	Total Monthly Debt (Back Ratio)
Very Low(30-50% of the AMI)	30	45
Low(51-80% of the AMI)	38	45
Moderate(81-120% of the AMI)	40	45

These standards show the maximum amounts of Debt to Income (DTI) home buyers can spend on monthly housing costs ("front end DTI ratio ") and secured monthly debt ("back end DTI ratio) in order to qualify to buy a BMP home. The buyer's actual income level determines which front end ratio applies, not the income level used to set the price for the BMP home, which may be slightly different than buyer's actual income level. Program staff will determine buyer's actual income level upon completing review of their application. Lenders may use a slightly different definition of "front end ratio" for their own underwriting purposes.

The Front-end ratio is calculated by dividing the total housing payment by the applicant's calculated monthly income. The BMP Program includes the expenses listed below to determine a buyer's monthly housing costs.

The amount of each housing expense is based on information provided in the buyer's application to purchase, including information provided by lender, and/or estimates based on customary costs for the area.

- Principal and interest payments on the first mortgage;
- Principal and interest payments, if any, on subordinate financing non-deferred loans;
- Real estate taxes (Property Taxes);
- Homeowner's insurance (for condominiums: at a minimum fire/hazard insurance for contents/interiors, and personal liability; for single family: standard homeowner's policy) Flood insurance premium, if applicable;
- Monthly Homeowners' Association dues (may include some or a portion of homeowner's property insurance and/or utilities) for condominiums and for homes located in a planned unit development (PUD).

The Back-end ratio or the total debt-to-income ratio is calculated by adding together the total monthly payments of all existing long term debt (debt with a remaining term of 10 or more months) and the total monthly housing payment and dividing that sum by the applicant's calculated monthly income.

The total monthly debt, or "back end ratio", includes monthly housing cost plus any other secured monthly debt payments, such as car loans, student loans, child support/alimony, credit card or other personal loan debt, outstanding medical debts, etc. that appear on Applicant's credit report, loan application and/or Program application. Regular monthly expenses that have not yet been incurred (i.e., regular monthly childcare/health care expenses, food, utilities etc. for current or future months) are not debt, and therefore are not

included in the back ratio.

FINANCING REQUIREMENTS

The following financing requirements apply both at time of home purchase, and to any subsequent refinancing:

a. Total encumbrances (liens, mortgages, loans or debts of any kind secured by the home) may not amount to more than 97% of the home's maximum (restricted) BMP home price, or actual appraised value, if less than the BMP price, at the time the encumbrance is incurred (when the loan is made to home buyer/owner). Another way to say this is that the combined loan-to-value (CLTV) ratio on a BMP home may not exceed 97% of the then- current BMP home price determined by Program staff. Liens include tax liens, court judgments, and other non- voluntary liens imposed by any party.

No mortgage or other residential loan secured by a BMP home (including home equity loans or lines of credit, etc.) may include any of the following terms or rates:

1. Prepayment penalty
2. Balloon payments
3. Negative amortization (such as interest-only payments, etc.)
4. Adjustable and/or non-prime interest rate

b. Home equity lines of credit (HELOCs) are prohibited.
c. Front and back ratios may not exceed the limits set forth above in the Affordability Standards subsection, using the ratios corresponding to the borrower's actual income level at time of loan application.
d. All first mortgage loans must be provided by a conventional residential lender with standard underwriting and loan servicing capabilities.

Initial Purchase Financing

All of the financing requirements listed above apply at time the BMP home is purchased, in addition to the following:

- Applicant must buy the home using a first mortgage loan equal to at least 70% and not more than 97% of the purchase price, provided by a conventional residential lender (including credit unions) with standard underwriting and loan servicing capabilities. Private-party, family member, or seller/agent loans, gifts, etc. may not be used in full or part as a substitute for a first mortgage equal to at least 70% of the home price.

- Public sector and/or non-profit loans or grants may be used (FHA, Housing Trust Silicon Valley, WISH, Cal-HFA, VA, etc.) for any combination of the following: first mortgage, junior financing, or down- payment/closing cost assistance, as long as CLTV does not exceed 97%.

- Any loans requiring repayment and secured by a deed of trust against the BMP home, including non-profit or public sector "soft loans", whether deferred or forgivable in full or in part, are considered loans, not grants. Such loans are included in the CLTV and subject to the 97% limit on CLTV noted above. Actual bona fidegrants and/or gifts (no deed of trust and no repayment due) are not included in the 97% CLTV limit.

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.
- Applicants must provide a complete Program Application Package, including exhibits and the supporting documents listed on the Document Checklist, to HouseKeys by the deadline stated in the Opportunity Drawing Notification.
- A $50 dollar City Municipal application fee will be due to the City.

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.

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. A fee of $500.00 will be due to the City.

RECEIVE PROGRAM LETTER OF ELIGIBILITY/INELIGIBILITY

Upon completing review of an application, Program staff will provide all Applicants with a written letter stating whether their household is eligible, and if so, the size(s) of BMP home (minimum and maximum number of bedrooms) for which their household qualifies, and any relevant information or instructions regarding available BMP homes. Each eligibility determination letter (eligible or ineligible) is valid for 180 days, after which time it expires and is no longer valid for any purpose.

Applicants determined ineligible may reapply 9 to 12 months (length may vary depending on reason at the discretion of UW and City) after receipt of the Program eligibility determination letter, if they believe their circumstances related to the reason for ineligibility have changed (i.e., significant changes in income, assets, household composition, credit score, down payment funds, etc.). In that case applicants must submit an entirely new complete application and pay the fee again. Each application must verify that Applicant meets all eligibility criteria at the time of submittal, independently of any verification provided in prior application(s).

Applicants wishing to appeal an eligibility determination may do so in accordance with the appeal procedure described in the next sections. Applicants making fraudulent statements or intentionally misrepresenting the facts in any application shall be permanently ineligible for the Program.

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

APPEAL (1st to the Administrator)

- 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 Management will review the Appeal and all documentation.
- 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
- Administrator is unable to hold properties for households in the application or appeal process. Administrator will move on to the next Application ID holder after the initial appeal review.

EXCEPTIONS AND APPEALS ESCALATED TO THE CITY

Exception Requests (to the City)

Any applicant believing that his/her situation warrants an exception to any part of these guidelines due to circumstances outside of his/her Household's control, such as refugee status, special needs, or other hardships or special circumstances, may request an exception by submitting a written letter to the Housing Division Manager at the City of Santa Clara, Housing and Community Services Division at the time of submitting an eligibility application of any kind. The exception request must specify which particular guideline or requirement the Household cannot meet for reasons beyond their control or other valid reasons, and/or describe the Household's unique circumstances which warrant one or more specific exceptions to be identified in the letter, referencing the page(s) and section(s) of these Guidelines and/or application form related to the request. Exceptions to the Program's Low to Moderate Income Household requirement are <u>not</u> granted, in order to comply with the Housing Policy.
If the need for an exception arises while an application is being reviewed, a request may be submitted at such time. If the need for an exception arises only after receipt of a determination letter issued by Program staff, it shall be submitted as an appeal of such determination, according to the appeal process described below.

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 and will be handled in accordance with the City's reasonable accommodations policy and these Guidelines.

The City's Housing Division Manager will consider the requested exception and will provide a letter response within 10 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Housing Division Manager may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the Community Development Director, as explained below.

Appeals Procedure (to the City)

Applicants may appeal any determination letter, including denial of a requested exception, by providing a written explanation of the reasons for their appeal, and any supporting evidence the applicant wishes to provide. The appeal letter must be delivered to the Housing Division Manager by mail or personal delivery within ten calendar days of issuance of the determination letter being appealed. Program and City staff are not authorized to assist applicants in drafting appeal letters, nor in determining appropriate grounds for appeal or appropriate forms of supporting evidence, beyond advising them of the contents of these Guidelines, application forms, and other published Program materials. Applicants may refer to these Guidelines and application forms, and/or seek their own advisors/counsel for guidance in determining what types of documentation would be reasonable. The Community Development Director shall review the appeal letter and issue a final determination within thirty calendar days or less of receipt. Appeal to the Community Development Director is the final administrative appeal.

Unless applicant(s) has ratified a purchase contract and opened escrow to purchase a BMP home prior to submittal of an appeal letter, no BMP home will be held or reserved for Applicant while an appeal is being considered, and offers from other perspective buyers may be accepted by Seller(s) of BMP home(s) during this time. If applicant(s) is in escrow to purchase a BMP home, City shall not issue any escrow instructions until the Director has made a final determination regarding the appeal, other than to inform the escrow officer that he/she may not close until further written notice from the City. Upon the Director's determination of the appeal, Program staff shall proceed to either approve closing (if appeal was granted) or inform escrow that Applicant has been denied approval to purchase and buyer may not close on that home. The City and its Program Administrator shall not be responsible for any actions of seller, lender, or other parties regarding the escrow during the appeal period which may jeopardize buyer's ability to purchase the BMP home.

VIEW BMP HOME AND SIGN OFFER TO PURCHASE

After receiving the Program Eligibility determination letter verifying that the Applicant is eligible, Applicant will make an appointment to view the home (if available) and sign contract. If the home is under construction, the applicant may view floor plans, model homes

and builder's renderings prior to ratifying a contract for the home. Applicant must ratify the contract with the seller (or builder) within 5 days of confirmation of receipt of the BMP Program Eligibility letter and Financing Summary. The applicant will submit an initial deposit of 1% to 3% of the purchase price at the time the contract is signed.

ADMINISTRATION OF THE BMP TEST AND BMP LOAN DOCUMENT SIGNING

The Program Administrator will set an appointment with the applicant(s) for a one-on-one counseling session. At this one-on-one counseling session, the Program Administrator will review with the applicant(s) the program requirements and the BMP Loan documents. The Program Administrator will administer the required BMP test and the applicant(s) will sign the BMP Loan documents. The signing of the BMP Loan documents does not constitute final approval. The City will provide a final review and approval.

The prospective buyers will need to complete the following:

- Affirmative Buyer Disclosure and Acknowledgment of the Below Market Purchase Unit (aka Attachment #6)
- Verification of Homebuyer Awareness and Comprehension of the City of Santa Clara Below Market Purchase (BMP) Program Resale, Refinance, & Affordability Restrictions (aka Attachment #7)

FINAL APPROVAL AND CITY INSTRUCTIONS TO ESCROW

Final approval is provided after the Program Administrator has approved the file, applicant(s) has executed the BMP Loan Documents and the complete BMP file has been forwarded to the City for approval and signature. The City will require up to 10 business days to execute Final Approval and the BMP documents. Upon final approval, the City will forward the BMP Loan Documents and Escrow Instructions to the designated Title Company.

The City will provide its final closing conditions and instructions to escrow. The first lender (and any approved junior lenders) will provide final loan approval, buyer will deposit any outstanding down payment funds into escrow, and lender will fund the first mortgage loan. Escrow officer will record deed and other recordable documents and close escrow. Applicant is now a BMP homeowner!

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

The purpose of the Below Market Purchase (BMP) program is to provide long-term affordable homeownership opportunities for lower -income households. Households that purchase a BMP home will be required to sign affordable housing documents to ensure the home remains affordable, and the homeowner occupies the home, for the entire restricted term (generally 20 years). Per the Restriction Agreement, Owner grants to the City an Option to purchase the Residence on the terms in the manner set forth in the 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
2. The occurrence of any event of default

Please see sections 14 and 17 for more details and restrictions.

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 provider 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 date[1].

- **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.

8. EDUCATION AND TITLE REQUIREMENTS

First-Time Homebuyer Education Workshop Requirement

All applicants who will take title to the property (including non-borrowing spouses) must attend and complete a first-time homebuyer 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 BMP 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 BMP 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 BMP 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 BMP 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.
4. If any co-Applicant(s), due to his/her poor credit history or low credit score, would adversely affect Primary Applicant's ability to qualify for a mortgage, such co-Applicant may be exempted from the requirement to jointly apply for the first mortgage as a borrower. However, such co-Applicant will be executing the BMP loan documents and take joint title to the home with Applicant upon close of escrow.
5. Co-Applicants who are listed as financial dependents on the Applicant's or a co-applicant's tax returns need not be listed as borrowers on the loan application, nor take title to the home (unless desired by Applicant). The exception will be a non-borrowing spouse who is required to at least take title as community property or joint tenants

9A. ELIGIBILITY AND PREFERENCE CRITERIA FOR OWNERSHIP OF BMP UNITS

The City has established a priority system for allocating the limited number of affordable **Homeownership BMP units**. Priority shall be given to income eligible households/applicants who meet the City of Santa Clara Preference Criteria below. **The priority must be met by one of the applicants that will be listed as owners on title to the subject property for the Home Buyer Program.**

The preference system will be used to establish a ranking of applicants. Households that meet priority 1, will be reviewed first, then 2nd priority, so on so forth. Preferences will be evaluated at the time of opportunity drawing submission and verified during the application process. If it's discovered that an applicant does not meet the preference or lacks evidence that they meet the preference, they will lose their priority ranking number.

PREFERENCE/PRIORITY CRITERIA	
1st Priority Level **(Live AND Work)**	At least one applicant who will be listed as an owner on the title of the property who **both** currently lives within the City Limits of the City of Santa Clara **and** for at least the past 6 months at the time of application ***AND*** currently operates a business or is currently employed by a business or a public agency or quasi-public agency in the City of Santa Clara **and** for at least the past 6 months at the time of application.
2nd Priority Level **(Lives)**	At least one applicant who will be listed as an owner on the title of the property who currently lives within the City Limits of the City of Santa Clara and for at least the past 6 months at the time of application.
3rd Priority Level **(Works)**	At least one applicant who will be listed as an owner on the title of the property who currently operates a business or is currently employed by a business or a public agency or quasi-public agency in the City of Santa Clara and for at least the past 6 months at the time of application.
4th Priority Level **(All others)**	Any other qualified applicant household without regard to residency or employment.
Note:	• *The qualifying household applicant must be the person whose name will appear on title and who will use the unit as their primary residence.* • *For residency and employment based preferences the applicant must currently meet the criteria and for at least the past 6 months at the time of application (drawing entry).*

9B. OCCUPANCY STANDARDS FOR BMP 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 BMP homes are used efficiently, a household must be of a size equal to the number of bedrooms in the BMP unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMP 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 BMP Administrator will verify household occupancy once per year for the life of the 20 year BMP Agreement between the City and the homeowner(s).

To determine the size of BMP home (number of bedrooms) an Applicant may be eligible to purchase, the number of people in his/her household, and their age, gender and familial relationships (siblings, couples/spouses, parent, child, etc.) are considered.

The maximum occupancy allowed in a BMP home is two people per bedroom, plus one additional person. The minimum allowed is no less than one person per bedroom. However, couples and/or household members (particularly young siblings) of similar age and same gender may be required to share a bedroom. Reasonable accommodations to these standards may be requested in the case of medical or disability needs, and will be considered on a case-by-case basis.

Some households may qualify for a range of bedroom sizes (e.g., a 3-person household may qualify for a 1-, 2- or 3- bedroom home), depending on specific household characteristics, and may choose to buy whichever sized home they prefer, among those for which they qualify, assuming they can afford the home's price. Program staff will review household composition details provided in Program Applications and notify Applicants what home sizes they are eligible to buy.

Applicants can update their household profiles any time before entering an Opportunity Drawing by accessing their account in www.myhousekeys.com

[This section is continued on the next page]

BMP OCCUPANCY STANDARDS		
Number of Bedrooms	**Minimum Household Size**	**Maximum Household Size**
One	1	3
Two	2	5
Three	3	7
Four	4	9
Five	5	11

Determination of BMP Home Size

The Program's Occupancy Standards provided in Section 9b sets forth the minimum and maximum number of bedrooms allowed by household size. These standards are applied to each Applicant with consideration of the age, gender, and familial relationships, if any, of the actual household members as listed in Applicant's Eligibility Application, in order to determine the size of BMP home that Applicant may purchase.

Generally, two household members of the same gender may share a bedroom (children, siblings, unrelated or related adults, etc.) but those of opposite gender will qualify for separate bedrooms. Couples of any kind (married, domestic partner, or unmarried couple) qualify for one bedroom. Children are not required to share a bedroom with a parent or other adult of any gender. Children of the same gender with an age difference of three or more years may qualify for their own bedroom, or may share, depending on the size of homes available and Applicant's preferences. Applicants with a live-in home health care aide or other special needs related to home size may request a reasonable accommodation to the Occupancy Standards if needed. Depending on the particulars of Applicant's household composition, Applicant may qualify for a range of home sizes (i.e., a five-person household might qualify for homes of 2-4 bedrooms), or just one size (i.e., a single adult household of 1 will only qualify for a 1-bedroom). Larger homes are generally priced higher than smaller homes; therefore, Applicant must also verify that they can afford the price of the BMP home they wish to purchase, in addition to meeting the Occupancy Standards.

9C. INCOME ELIGIBILITY CRITERIA

In order to qualify as an Eligible Household to purchase a BMP home, Households must qualify as Low to Moderate Income Households, which means that the total combined income and assets of all adult household members does not exceed the Program's income and asset limits, provided in Sec 10b to these Guidelines. Developments have an assigned maximum income limits as determined by the City of Santa Clara.

The City uses the California Department of Housing and Community Development's "Low to Moderate Income Limits" as the household income limit for the BMP Program. Low Income is defined as a Gross Household Income that does not exceed eighty percent (80%) of the Area Median Income (AMI) for Santa Clara County, adjusted for household size. Moderate income is defined as a Gross Household Income is at least eighty-one percent (81%) of the AMI and does not exceed one hundred twenty percent (120%) of the Area Median Income (AMI) for Santa Clara County, adjusted for household size. Gross Household Income is computed using the Part 5 method described in Section 1A. Income earned (or imputed) from assets, such as dividends, interest, rental income, etc., is included in the household's annual income pursuant to the Part 5 Method.

These income limits are generally updated by the California Department of Housing and Community Development (HCD) on an annual basis. The Program income limits are updated annually on the City of Santa Clara program website and website of the Program Administrator webpage shortly after HCD publishes the latest Low to Moderate Income Limits. Applicants must meet the income limits in effect on the date of their application to purchase a BMP home.

- "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 as a percentage of the published County Median Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size. **This calculation is not used for eligibility.**
- Whether or not applicant Household Income is below the published income category limit applicable to your household size (e.g. Low and Moderate)

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 BMP 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 maximum income limits or categories for a development may vary in accordance with their Affordable Housing Agreement.

The Household Income Limits used for the BMP Program are the Low to Moderate Income Limits established annually by HCD. These are maximum, not minimum, income limits, and include the incomes of all adults in the Household, of various types (see 10B for details). An Applicant's gross (pre-tax) annual household income, at the time of application, may not exceed the then-current Low to Moderate Income Limits for Applicant's actual household size and the designated Area Median Income for the BMP unit and the development.

9D. ASSET LIMITATION CRITERIA

In addition to meeting the income limit, there are restrictions on the amount of assets that a household may have to be eligible for the City BMP Program. Applicants' total combined household assets (as defined in 10B) may not exceed the following amounts, based on the age of the Primary Applicant:

City of Santa Clara BMP Program Asset Limits

Area Median Income	Maximum Gross Household Assets Allowed (Post-Closing)
Low Income Households	$60,000
Moderate Income Households	$100,000

Assets in IRS-recognized retirement accounts (IRA's, 401-k's, 403-b's, etc.), and future/potential pension benefits or insurance proceeds held in accounts not currently owned and controlled by the Applicant or Co-Applicant(s), are not counted toward the BMP Program Asset Limits (but must be listed on Application for determining gross household income, in accordance with Part 5, as explained in Sec 10b).

In determining whether Household's assets are within the Asset Limits, Program staff will require three months of the most current statements for each monetary asset (bank, credit union, non-retirement investment account statements) to determine current value of each asset. Non-monetary assets, such as stock options, mobile homes, commercial real estate, etc., will be valued based on a current valuation (not less than 90 days old) to be provided by a qualified third-party appraiser or estimator, which must be included in Applicant's eligibility application as required asset documentation. The Household's current total combined household assets, both on the application date (most recent monthly statements/valuations in application) less the down payment and estimated closing costs must be within these asset limits.

9E. FIRST-TIME HOME BUYER CRITERIA

All adults living in the same dwelling unit as the Primary Applicant ("Applicant's Household") at time of application must individually and collectively qualify as a First Time Home Buyer, pursuant to the definition provided in **Section A1.** and adapted from Title 25 of the California Code of Regulations §8201- First-time home buyer status is verified by each adult's federal and state tax returns, and current lease/ rental agreement of the Applicant's primary residence. All members of the Applicant's Household must be on the lease/rental agreement.

If Applicant resides in an owner-occupied home, whether as guest, family member of owner, or as a boarder/renter of a portion of the home, Applicant must provide:

a. a formal rental agreement
b. documentation of last six to twelve months of paid rental payments (cashed checks only) and share of utilities (copies of utilities bills required)

If any member of Applicant's current household owns any home (residential real property), Applicant and his/her household shall not be eligible for the Program unless such household member(the homeowner) meets one of the exceptions listed in the definition of first-time homebuyer (displaced homemaker, mobile homeowner, etc.) provided in Section 1A under First Time Home Buyer.

The Program is intended to provide those prospective first time home buyer households who could not otherwise afford to buy any home in Santa Clara, and have demonstrated the ability to rent a bona fide rental dwelling unit and pay all household expenses independently for at least six months with an opportunity to purchase a home in Santa Clara for long-term occupancy.

Applicants who own a home meeting the description provided in Exception 3 of the First Time Home Buyer definition (Section 1A) must sell such home prior to or concurrent with closing escrow on the BMP home purchase. The home must have a ratified sales contract and proof of initial deposit (receipt from Title Company) within 5 days of Program Eligibility notification. Additional documentation may be required. If the Applicant is unable to ratify a sales contract for the home, the applicant will be ineligible. Selected applicants will not be allowed to execute the purchase agreement until the documentation has been reviewed and approved. If Applicant's net proceeds of the sale would cause Applicant's Household to exceed the Program's asset limits as shown in Section 9D the household will not be eligible for the Program.

To verify FTHB status, HouseKeys 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. HouseKeys 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"

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.

In order to be determined eligible for the BMP Program, the Applicant must demonstrate in its application that it is an Eligible Household as defined in Section 1A and must verify the household composition and other eligibility requirements, as explained further below and in Program eligibility application instructions.

Verification of Household Composition

The Program eligibility application requires submittal of Valid Third-Party Documentation, as defined in Section 1A, to prove that each member of Applicant's Household resides and has resided at the same residential address for at least six months. Documents which show only a post office box as an address are not acceptable for the purpose of verifying an applicant's primary residence.

The documents required are listed in Program application forms. In the event an applicant is not able to provide a particular document, Program staff may agree to accept a legitimate alternative form of Valid Third-Party Documentation, or in the absence of a legitimate alternative, may determine that applicant has not provided sufficient documentation and therefore will not be considered part of the Household.

Program Staff is authorized to make the final determination of what constitutes "legitimate alternative" documentation to substantiate primary residential address or any other eligibility criteria, consistent with these Guidelines.

Only those household members who have adequately verified their membership and residency in the Household will be counted for the purpose of determining the size(s) of BMP home (number of bedrooms) the Applicant may purchase, although the income and assets of all household members listed by Applicant on application form (including any temporary or unverified occupants) must be counted toward the Household's gross income, as explained below in Low to Moderate Income Household in section 9c.

To be considered part of Applicant's household, any children under the age of 18 (including foster children) must be under full or partial (at least 50%) custody or legal guardianship of Primary Applicant or another Co-Applicant taking title to the BMP home, and/or must be listed as a dependent child on that party's tax returns.

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**	In addition to all the item required with the application document checklists the following items will be needed: The last 6 months bills for two different utility bills with your physical address and name (e.g. PG&E, Silicon Valley Power, Water or Cable) **NOTE: PO Box addresses are not acceptable.** A letter from your employer, on company letterhead verifying that you work within (inside) the city limits of the City of Santa Clara. It must be signed and dated by the HR Manager. It should reflect your start date and hours per week worked. If you are self-employed submit a copy of your business license for the current year.
Priority 2 Profile	**Verification of Priority 2**	The last 6 months bills for two different utility bills with your physical address and name (e.g. PG&E, Silicon Valley Power, Water or Cable)
Priority 3 Profile	**Verification of Priority 3**	A letter from your employer, on company letterhead verifying that you work within (inside) the city limits of the City of Santa Clara. It must be signed and dated by the HR Manager. It should reflect your start date and hours per week worked. If you are self-employed submit a copy of your business license for the current year
Member Profile	**IDENTIFICATION**	All applicants will need to provide positive identification including a copy of valid driver's license and a copy of a valid social security card.

Member Profile	**Permanent Resident Status**	All members of Applicant's household must provide acceptable documentation in Program application to verify that they are permanent legal residents of the U.S.: a. Either U.S.-born or naturalized citizens, permanent legal residents (holders of permanent "green cards"), or b. Spouses with pending permanent residency due to marriage to an Applicant who is a U.S. citizen or permanent legal resident. Acceptable documentation must be provided. c. Visas of any kind and/or temporary residency (temporary green cards) do not constitute permanent legal residency, except for temporary green cards of spouses as described above. d. Refugees and asylum-seekers may submit documentation from the federal immigration agency or a court order granting admission for permanent legal residency based on such status. Household members without proof of permanent legal residency in the U.S. are not prohibited from occupying the BMP home as guest of Applicant. If such household members have been residing in Applicant's household for more than 30 days at time of application, such household members must also be listed in Applicant's application, and must provide all required income and asset documentation for inclusion in Applicant's Gross Household Income and Assets. However, due to the temporary nature and/or uncertainty about duration of their stay in the U.S., such household members (visa-holders, etc.) will not be counted toward Applicant's Household size for the purpose of determining the size of BMP home (number of bedrooms) Applicant may purchase, in accordance with the Program Occupancy Standards
Member Profile	**HOUSEHOLD SIZE**	• 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 have to occupy the property for according to the signed deed restrictions, typically 20 years (please see the restriction for exact years) • **Please see Verification of Household Composition for more details**

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 AND ASSET INCLUSIONS Title 25, Section 6914**	"Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. "Income" shall consist of the following: (a) Except as provided in subdivision (b), "Exclusions", all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income a family. Income shall include, but not be limited to: (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses; (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business); (3) Interest and dividends; (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts; (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

		(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities, (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; (8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse
Income Profile	**INCOME AND ASSET EXCLUSIONS Title 25, Section 6914**	The following items shall not be considered as income: (1) Casual, sporadic or irregular gifts; (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses; (3) 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; (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income; (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire; (6) Relocation payments made pursuant to federal, state, or local relocation law; (7) Foster childcare payments; (8) 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 (9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

			a. National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs. b. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

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.

For employed applicants, annual income is generally derived by dividing the year-to-date gross income by the current pay period count and then by annualizing an estimated pay period amount by the total pay period count over one year (12 months). Please note that a Verbal and Written Verification of Employment may be required to be completed by the Employer issuing the pay statements.

#	**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

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 x 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

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.

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.

Type of Mortgage	**FINANCING**	• Applicant must provide a current loan pre-qualification/pre-approval letter from a conventional residential lender for a thirty-year, fixed-rate mortgage in an amount equal to at least 70% of BMP home price, which also meets the financing requirements described in this guide and be able to obtain final approval for such loan by close of escrow
Income Profile & **Expense Profile**	**HOUSING PAYMENT TO INCOME RATIO**	• To qualify, an applicant's total housing payment, including principal & interest, taxes, insurance, and association dues cannot exceed 30% (for Very Low Income), 38% (for Low Income), and 40% (for Moderate Income) of the income for Below Market (BMP) home. For example, for Moderate Income Household if your annual income is $90,000 your maximum monthly house payment cannot exceed $3,000 or $36,000 per year **(40% of $90,000 = $36,000 divided by 12 = $3,000).** • Additional debts will also be taken into consideration and cannot exceed 45% of income. • Non-borrowing applicant's debt will be added to ratios • Please refer to Section 5d. for more details
Expense Profile	**RENT HISTORY**	• Applicants/co-applicants will need to show the last 6 months of rent history • HouseKeys will review the current rent vs. the new housing payment for affordability. Any circumstance where the new housing payment exceeds 150% of current rent will be considered a "Payment Shock" risk. For example, if your current rent is $1,000 per month, then any housing payment exceeding $1,500 per month would be considered a potential payment shock risk ($1,000 x 150% = $1,500). • If Payment Shock risk exists, the underwriter may make an exception if compensating factors are present in the file (e.g. post-close reserves)
Asset Profile	**DOWN PAYMENT**	• Sufficient funds available for the down payment required by the BMP lender and closing costs. Applicant may be required by the BMP lender to increase the amount of down payment to qualify; • The first mortgage loan amount equal to 97% of the purchase price; • The minimum 3% 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;

		• The applicant will submit an initial deposit of 1-3% of the purchase price at the time the contract is signed.
Gift		Gift funds may be used towards Applicant's Down Payment or Closing Costs. Any gift funds must be documented in Program application with a gift letter and donor statement showing sufficient funds at the time of application. The funds will be transferred from the donor directly to the title company. Note: The buyers are still required to contribute 3%+ of their own funds as described on this guide. Please see the Gift under definitions in this guide for more details.

Liability Profile & **Credit Profile**	**CREDIT REPORT AND CREDIT SCORES**	• A credit report is required for all applicants and non-borrowing applicants • The credit report must include information from all three credit bureaus (Experian, TransUnion, Equifax) and use a mortgage-risk model (used by licensed mortgage lenders) • The lowest median (middle) score is used • The minimum credit score is 640 or higher; Lenders may require higher scores or higher standards regarding credit history • An applicant or co-applicant with an unsatisfactory credit report will be denied. • We will be reviewing the Credit Report to identify all of the account balances and monthly payments • The monthly payments on your credit report will be used to determine the total debt ratio (total debt and household payments divided by monthly income) • As stated above, the total debt ratio cannot exceed 45% of monthly income • All Purchase-Ready requirements must be fully documented as described in Application form. If any co-Applicant(s), due to his/her poor credit history or low credit score, would adversely affect Primary Applicant's ability to qualify for a mortgage, such co-Applicant may be exempted from the requirement to jointly apply for the first mortgage as a borrower. However, such co-Applicant will be executing the BMP loan documents and take joint title to the home with Applicant upon close of escrow.

10D. Public Record and Default Risk

In addition to determining home purchase readiness, the Program Underwriter must also determine the risk of the property being lost to foreclosure or the risk of a lien being attached to the property that can adversely affect the resale process or excess sale proceeds.

Public Record Profile	**PUBLIC RECORD SEARCH (DETERMINED USING A STATEMENT OF IDENTITY FORM)**	An applicant or Co-applicant may apply for consideration under the following circumstances: • Chapter 13 bankruptcy – after 4 years from discharge or 4 years from dismissal. • Chapter 7 – after 4 years from discharge • Short Sale/Deed in Lieu - after 4 years • Foreclosure - after 7 years • All applicants, co-applicants, and non-borrowing spouse cannot have liens outstanding at the time of the home purchase • All liens, including IRS liens, or any past due money owed to the IRS, shall be required to be paid off prior to being issued a program approval.

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**):

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 and the City Program staff (**Post-Close Stacking Order**) The City needs to receive the original BMP signed and conformed documents and original recorded BMP documents and Alta Policy.

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

Length of Escrow and Fall-Out Risk

The typical escrow period for a BMP Unit sale is 90 days. This period can stretch out longer if the property is under construction and there are delays. Applicant Households must be prepared for a long escrow period and to continually keep their file updated to comply with the one hundred twenty-day (120-Day) application review period. Households must be eligible and qualified through to close of escrow. Unfortunately, a change in the application file during the escrow period can cause the applicant Household to become disqualified and lose out on the purchase opportunity.

Administrator's Roles vs. City's Roles

HouseKeys Role in BMP Program Admin	City Role in BMP Program Admin
1. Orientations	1. Refinances
2. Maintain Applicant List	2. Pre-Closing Audit (Closing Docs)
3. Maintain Inventory Database	3. Routing for City Signatures
4. Program Service Tickets (Resales and Refinances)	4. Resales after 5 year restricted period ends
5. Developer Onboarding – Project Set Up for Applicants to Apply	
6. Drawing Setup to Rank Applicants	
7. File Requests and Underwriting to issue Eligibility Certification	
8. Closing Doc Preparation (Quiz and Acknowledgment)	

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

A “Transfer” is defined in the Transfer is defined in Below Market Purchase Program Covenants, Restrictions and Option to Purchase, Section 1. Section 14 States the Covenants are “binding on Successors and Assigns”. Please review all the BMP documents for more details.

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 BMP home. The requested accommodation must be reasonably related to the particular disability of the household member and must be necessary in order to 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 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. The City of Santa Clara may have grant money available to cover a portion of the costs to implement ADA-Compliant modifications to a home.

14. SHORT TERM AND LONG-TERM BMP OWNERSHIP AND OCCUPANCY REQUIREMENTS

Once a home buyer has purchased a BMP home, they must comply with the requirements of these Guidelines, the Housing Policy,

the BMP Program's "Covenants, Restrictions and Option to Purchase" (the Restrictions) and BMP Deed of Trust recorded against their home, for a term of twenty years or until/unless they sell the home during the twenty-year term. If the home is sold prior to the end of the restricted resale period, the new buyer will be subject to a new twenty-year term. The Restrictions and a disclosure summarizing its requirements are provided to all buyers prior to purchase. This section provides a brief summary of the short and long-term Program requirements contained in the Restrictions. In case of any difference between these Guidelines and the buyer's recorded BMP Restrictions, the Restrictions recorded against buyer's home shall prevail.

A. Terms of Restrictions.
BMP homes are restricted for 20 years, as stated in the recorded Owner's Covenants, Restrictions and Option to Purchase.

- Year 1 through 5 of ownership: Known as the Restricted Resale Period. A BMP homeowner who decides to sell their home must sell at a restricted sales price to an eligible homebuyer as defined by the resale restrictions. The principal amount of the BMP Promissory Note is forgiven and another principal amount is established for the new owner. Equity share is capped.
- Year 6 through 20 of ownership: A BMP homeowner can resell their home to whomever they choose at the current, unrestricted fair-market price. The BMP homeowner will pay off the principal amount of the BMP Promissory Note at the sale of the home. The BMP homeowner shall pay a share of the increase in equity in the home to the City or the interest on the BMP Promissory Note, whichever is less. After the 20th year of ownership: Resale restrictions expire. The homeowner is required to pay back the outstanding principal of the BMP Promissory Note. The homeowner is able to realize all of the market-driven appreciation in the home above its initial market value. No equity share to the City is required.

B. Primary Residence & Owner Occupancy
Within 30 days of close of escrow, Applicant and his/her entire household ("Owner") must move into and establish the BMP home as their primary residence. Owner and all co-owners listed on title must occupy the BMP home as their primary residence for the entire term or until home is sold. Children aged less than 18 years and any adult household members not on title are not subject to this requirement.

Primary residence consists of living in the home (and <u>not</u> residing in any other home) for at least ten months of each calendar year. Exceptions for individual homeowners can be requested in case of hardship, such as illness/special needs requiring extended stays in health care facilities, or active duty military service, pursuant to the exception procedures in Section F of these Guidelines. Exceptions apply to the individual involved, not the entire household. If the entire household needs to move permanently from the home with no definite date of return, it must be sold pursuant to the Restrictions and these Guidelines**.**

Owner must maintain a homeowner's property tax exemption on the BMP home and may not claim a homeowner's exemption on any other home, for the duration of their ownership of the BMP home. If Owner fails to maintain a homeowner's property tax exemption for the BMP home, the home will no longer be considered his/her primary place of residence for Program compliance monitoring purposes.

Should Owner or any co-Owner cease to occupy the unit and/or be removed from title, any remaining owner, heir or occupant should notify the City of Santa Clara Housing and Community Services Division immediately in writing. City staff will inform the notifying party about their options for maintaining, transferring, or selling the home in compliance with Program requirements.

C. Annual Certification of Owner Occupancy

Owners must provide the Program staff with an annual written certification that they continue to occupy their home as their primary residence, with Valid Third Party Documentation (such as insurance statement and utility bill) of such occupancy. Program staff will provide Owners with an Occupancy Certification form annually for Owner to complete and submit. Program staff may request additional documentation from the owner(s) if needed to verify primary residency in the home.

D. Rental of BMP Home Prohibited

Owners may not rent out the home or any portion of it to any party, including family, friends, or other tenants, whether for actual paid rent or gifts, bartered services, assistance or any other form of compensation. Other occupants staying in the home as guest of owner (i.e., for no compensation whatsoever) may not substitute for Owner(s)' required occupancy and primary residence in the home. Total occupancy of the BMP home may not exceed the maximum provided in the Occupancy Standards (Section 9b) at any time.

E. Unauthorized Sale or Transfer of Home Prohibited

According to the terms of the Restrictions, the City has first right of refusal to purchase the home for the then- current BMP purchase price if an Owner wishes to sell during the term. If Owner wishes to sell the home or transfer any ownership in the home to or from any party, or into a trust of any kind during the Term of restrictions, Owner must contact City staff prior to completing the proposed transfer, for written authorization, if the proposed transfer is allowable, or to verify that transfer is prohibited. Exceptions to this prohibition against sale or transfer may be made in very limited cases such as marriage, divorce, or death of an Owner (for certain types of heirs only), as set forth in more detail in Covenants, Restrictions and Option to Purchase and Promissory Note. Additional detail is provided in the Restrictions and in the BMP disclosures, copies of which are available from the Housing and Community Services Division upon request.

Owners are strongly encouraged to contact City staff in case of any desired or necessary transfer, for assistance in determining

whether the proposed Transfer is allowable or prohibited, and for written approval if such transfer is allowable. Transfers include selling the home outright to another party, adding or removing any party from title to the home, including actual persons, trusts, and, in the case of refinancing, lenders or other institutions, and leasing of any portion of the home, or leasing the entire home.

15. RESALE PROCEDURES- YEAR 1 THROUGH YEAR 5 (TRANSFER BY OWNER AT A RESTRICTED RESALE PRICE)
If Owner wishes to sell the BMP home during the Term, Owner shall complete and submit the "Notice of Intended Transfer" (NIT) form (see sample form sec 17), available upon request, to the Housing and Community Services Division. The NIT must be delivered to the City at least ninety (90) days prior to the intended date for vacating the Residence or executing the Transfer.

Resale Year 1 through Year 5: A BMP homeowner who decides to sell their home within this time period must sell to an eligible BMP-qualified, new buyer (a first-time buyer with an income not exceeding the designated area median income of the BMP unit) at a re-established restricted resale price. The principal amount of the City Loan is forgiven and a new principal amount of the City Loan is established for the new homeowner.
Upon receipt of a completed NIT form (see Sec. 17), City staff will determine the Restricted Resale Price for the home. City will then notify Owner of the current maximum BMP purchase price limit for the BMP home, whether the City is interested in exercising its first right of refusal, whether or not there is currently a waiting list or interest list of interested buyers, and related resale procedures. If City decides to exercise its option, it may designate an Eligible Household and the Owner shall prepare the home for sale as follows:

a. Within thirty (30) days of delivery of the Owner's Notice of Intended Transfer, the Owner shall: allow the City, or its designee, to inspect the Home to determine its physical condition including condition of floor coverings, of the paint, and wear and tear to the home, and observe any repairs to the home. If requested by the City following such inspections, the Owner shall obtain and deliver to the City a home inspection report prepared by a licensed home inspector and a termite inspection report by a licensed structural pest control operator;

b. Within fifteen (15) days of receipt of the request from the City for home inspection and termite reports, the Owner shall obtain and deliver to the City a home inspection report prepared by a licensed home inspector and a termite inspection report of the home by a licensed structural pest control operator;

c. Within the sooner of (a) Sixty (60) days from the date of receipt of the City's Intent to exercise the Purchase Option or (b) prior to close of escrow on the Transfer, the Owner shall repair the damages noted in the City's inspection reports, the Property Inspection Report and the Termite report including damage caused by water damage, infestation or infection by wood-destroying pests, all plumbing and electrical repairs and any repairs that are necessary to meet City Code requirements and Health and Safety requirements;

d. Within Sixty (60) days from the date of receipt of the City's Intent to exercise the Purchase Option, the Owner will hold an open house for interested Eligible Households to view the home. Owner will refer any interested and Eligible Household to the City or its designee for eligibility determination;

e. If the Home is vacant, the Owner shall maintain the Home, including the exterior landscaping if not maintained by the Homeowners Association, in good condition and shall maintain utility connections until the close of escrow on the Transfer;

f. In the event of exercise of the Purchase Option by the City, the Owner shall permit a final walk- through of the Home by the City, or the City's designee, the Eligible Purchaser (if any) within the final five (5) days prior to close of escrow on the Transfer;

g. Upon the City's notification of its intention to exercise the Purchase Option it will subsequently complete the purchase of the Residence within one hundred twenty (120) days from receipt of the Notice of Intended Transfer.

G. Resale Procedures- Year 6 through Year 20 (Transfer by Owner at an Unrestricted Resale Price)
If Owner wishes to sell the BMP home during the Term and after the expiration of the Resale Restriction Period, Owner shall complete and submit the "Notice of Intended Transfer" (NIT) form in Sec. 17, Also available upon request, to the Housing and Community Services Division. The NIT must be delivered to the City at least ninety (90) days prior to the intended date for vacating the Residence or executing the Transfer.

Resale Year 6 through Year 20: A BMP homeowner can resell their home to whomever they choose at the current, unrestricted fair-market price. The BMP homeowner will pay off the principal amount of the City Loan at the sale of the home. The BMP homeowner must also pay a share of the increase in equity in the home to the City or the interest on the BMP Promissory Note, whichever is less.

Upon receipt of a completed NIT (Sec. 17) form, City staff will determine the share of the increase in equity of the home. City will then notify Owner of the current share of the increase in equity of the home and whether the City is interested in exercising its first right of refusal, and related resale procedures. The Owner shall not contract with a real estate broker to sell the Residence until the Owner has received the City's Response letter pursuant to the Notice of Intended Transfer, as the services of a broker will not be required if the City exercises the Option to Purchase the Residence.

If City decides not to opt to exercise its option, the City will notify the Owner in writing. Upon receipt of this notification, Owner can list the home with a realtor, prepare it for sale and identify a prospective buyer.

Once Owner has identified a prospective buyer, the owner is required to send to City staff:

a. A copy of the Multiple Listing Service Listing Sheet,
b. A completed Payoff request form that was sent from the City with all requested documents
c. Effective July 2018 The City will require that an administrative fee be paid in addition to the loan amount that will be due. The amount of the fee will be indicated on the City's Payoff Request Form.

H. Maintenance of Home

The Owner is required to maintain home in a decent, safe and sanitary condition, free of hazards, code violations, and nuisances, in compliance with the Covenants, Deed of Trust, Homeowners' Association covenants, if any, the City of Santa Clara Municipal Code, and other applicable health and safety codes and laws. Home may not be used for any non-residential use, or as a vacation home, vacation rental, or any use other than as Owner's primary residence. Owner may operate a home-based business in the home to the extent permissible according to the City of Santa Clara Municipal Code, if licensed and permitted by the City, and if ancillary to the primary use of the home as Owner's primary residence.

Owner must pay any and all assessments levied against the home when due, including homeowners' association dues and special assessments, property taxes, parcel taxes, special district assessments, etc., just as any other property owner must pay such taxes and assessments. The BMP program does not provide Owner any protection, exemption, waiver, or reduction of any such taxes, fees or assessments legally charged to Owner. Owner must adequately budget for such expenses like any other homeowner.

I. Default and/or Foreclosure

In the event that Owner receives a notice of default from any entity other than the City, this will be considered a default under the City's BMP deed of trust as well, and City may pursue any available legal remedies to avoid loss of the home to the Program through foreclosure, including exercising its option to purchase, and/or assigning such option to an eligible buyer prior to foreclosure. City will cooperate with Owner and lender to the extent possible to resolve a default under any other deed of trust, in order to avoid foreclosure and maintain the home in the BMP program. City shall not be obligated to take any actions to preserve Owner's ownership interest in the home, nor to pay any sums owed by Owner or take any legal action in favor of either party related to a default or foreclosure. In the event City does not exercise its option and a foreclosure occur, the Covenants will be released by the City and such home will no longer be bound by the Program restrictions. Terms of default under the Covenants and BMP deed of trust are defined in more detail in those documents recorded against each home.

J. End of BMP Term

Upon the end of the twenty year term of the BMP unit, the BMP homeowner is required to pay back the principal of the City Loan and

is able to realize all of the market-driven appreciation in the home above its Initial Market Value (IMV). Resale restrictions expire and the BMP homeowner is no longer required to pay the City a share in the increase in equity in the home or interest on the BMP loan. Upon receipt of payment for the BMP Promissory Note, the home shall be released from the Covenants and the City Deed of Trust and a Release of Covenants and Reconveyance of the Deed of Trust shall be recorded by the City upon request of Owner. After recordation of such release, home shall be a market-rate home and Owner shall no longer be subject to the Program restrictions, including these Guidelines, the Housing Policy and the Agreement.

16. REFINANCING

Refinancing requirements include all of the requirements listed under subsection 2, Financing Requirements, in addition to the following:

1. Homeowners must obtain the City's written approval to refinance prior to refinancing or encumbering their BMP home with any new debt at any time after their purchase of the home. In order to obtain written approval, homeowners must complete and submit a Subordination request form with the required documents at least 30 business days before City approval is needed. Submittal of the request form does not guarantee approval of the homeowner's proposed loan. Effective July 2018 the City will require payment of an administrative fee to be submitted with the Subordination Request Form. The amount of the fee will be indicated on the Subordination Request form.

2. Refinancing includes refinancing any outstanding mortgages or loans on the home, taking out a new loan (junior loan, home equity line of credit, second or third mortgage, reverse mortgage, personal loan, etc.) to be secured by the home, and/or otherwise encumbering the home with any lien.

3. Refinancing may not cause the total combined loan-to-value (CLTV) ratio of all encumbrances on the home to exceed 95% of the initial BMP purchase price.

4. All proposed refinance loans must meet all of the Financing Requirements listed in subsection 2, which prohibit terms such as negative amortization, adjustable interest rates, balloon payments, reverse mortgages, and lines of credit.

5. Homeowners are strongly encouraged to contact City staff for current Program refinancing requirements prior to paying any loan application fees, appraisal fees, credit check fees, or other non-refundable fees, to find out whether their desired refinancing is allowable on a BMP home. Current information on refinance approval procedures, loan requirements, Program forms, and fees, is available upon request from Program staff. Lenders may also contact the City staff for this information.

17. PROGRAM COMPLIANCE

Burden of Proof of Eligibility

Participation in the Program is a privilege, not a right, as there are not enough BMP homes for all Eligible Households. All applicants bear the burden of proof to demonstrate that their Household meets all of the Program Eligibility Requirements by submitting complete applications with all required Valid Third-Party Documentation. Failure to adequately demonstrate such eligibility, by providing incomplete applications or otherwise not complying with these Guidelines or associated application instructions, will result in a determination of Ineligibility and denial of Program benefits.

Program staff is not required to prove that Applicants are ineligible, only that they failed to adequately demonstrate their eligibility in their application, and/or failed to submit a complete application, failed to secure adequate financing, or failed to deposit required down-payment and closing cost funds into escrow.

The Program Administrator may contact any source provided by Applicant or included in his/her application to verify Applicant information, and/or request information from those sources named or described generally on the Program's Authorization to Release Information Form included in application forms.

False Statements or Misrepresentations

Any false statement(s), intentional misrepresentation of the facts, or false representations submitted as part of any Program application, occupancy certification, or other Program submittal in order to obtain an eligibility determination or verify Program compliance constitutes an act of fraud and may be prosecuted accordingly. Submittal of intentionally false, misleading or incomplete information in a Program application will result in denial of eligibility to participate in the Program, and the applicant(s) will be permanently banned from the Program.

If the City should discover that a purchase was completed by an owner(s) who intentionally made false statements or misrepresented the facts in order to appear eligible to purchase the property, this will constitute fraud and/or default under the Covenants, and the City will use all available legal remedies to bring the home into compliance, and/or impose any criminal or civil penalties allowed by law.

If the City determines that BMP owner(s) have made intentionally false statements or misrepresentations in their annual occupancy certification in order to appear compliant with Program requirements, it will use any enforcement measures available under the

Housing Policy, these Guidelines, the Deed of Trust, and/or Covenants to restore compliance.

Unauthorized Rental, Sale, or Transfer of BMP Home
If any portion of the BMP home is rented out, sold or otherwise transferred in full or part without prior City approval, the City may use all available legal remedies to bring the home into compliance, and/or impose any criminal or civil penalties allowed by law, including possible sale of the property.

Severability
If any one or more of the provisions contained in these Program Guidelines shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in the Guidelines, and the Guidelines shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

Non-Liability for Negligence, Loss, or Damage
Owner acknowledges, understands and agrees that the relationship between Owner and City or its designee is solely that of borrower and lender, and that City and its assigns neither undertakes nor assumes any responsibility for or duty to Borrower to select, review, inspect, supervise, pass judgment on or inform the Borrower of the quality, adequacy or suitability of the Residence or any matter. City and its assigns owes no duty of care to protect the Borrower against negligent, faulty, inadequate or defective building or constructions or any condition of the Residence and Borrower agrees that neither Borrowers or Borrower's heirs, successors or assigns shall ever claim, have or assert any right or action against the City for any loss, damage or other matter arising out of or resulting from any condition of the Residence and will hold City and its assigns harmless from liability, loss or damage for these things.

18. BMP PROGRAM FEES: All Fees Are Non-Refundable and subject to Annual Adjustment Payable to the City of Santa Clara

Fee Name	Purpose	Amount
BMP Applicant Affordable Housing Application Fee	Applicant's Program Application Package is submitted to determine they are qualified to participate in the Opportunity Drawing and have received a final ranking number.	$50
BMP Purchase Application	Review and verify the applicant's BMP Application and submitted documents for processing and underwriting to include issuing a Program Eligibility and Qualification Certification to applicant that is valid for 180 days. This review also determines if Applicant's household is eligible to purchase the size of home (number of bedrooms) indicated in the Purchase Contract. Preparation of escrow instructions; final coordination with loan and escrow officers, buyer and seller, developer's real estate agents; preparation of the BMP promissory note, deed of trust, and covenants, and other City and closing document legal forms. One on one appointment to administer BMP test and coordinate BMP document signing and notarization.	$500
Loan Payoff Administration Fee paid to City of Santa Clara (Owners)	City staff review of documentation requested on Payoff Request From required from the borrower, the title company, real estate agent, Payment of potential recording fees paid to County Recorder's Office... Staff administration for calculation of loan payoff amounts, prepare payoff letters, wire information and coordination with outside vendors. Prepare Reconveyance of Deed of Trust and Release of Covenant and Option to Purchase recorded documents. City department review, approval, signature and notarization of legal documents.	$1065.00 OR $780.00
Subordination Request Administration fee paid to City of Santa Clara at time of refinance request (Owners)	Staff review of documents required on Subordination Request Form. Review new loan application documentation including loan application, underwriting, income and ratios, appraisal review and lender terms. Review of current and proposed loan terms. Coordination with title company, lender and borrower for receipt of documentation and review. Preparation of Subordination Agreement and Request of Notice documents for recording. City department review, approval, signatures and notarization of legal documents. Coordinate close of escrow and final signed loan documents from lender or title company.	$1,131.00

Note: Program fees are subjected to change annually without notice.

19. SAMPLE FORM: NOTICE OF INTENDED TRANSFER (BMP OWNER) (AKA EXHIBIT V)

To: City of Santa Clara- Housing and Community Services Division ("City")

From: _____("Owner")

Home Address: _____("Home")

Date: _____

Please be notified that the Owner intends to transfer the Home listed above.

A. The following information is provided to the City pursuant to Section 5 of the Covenants, Restrictions and Option to Purchase Agreement:

1. Address of Home: _____
2. Date Owner purchased Home: _____
3. Resale Restriction Period Expires: _____
4. Purchase Price paid by Owner when Home was purchased: _____
5. Date Owner intends to vacate Home: _____
6. Date Home will be placed on market: _____
7. Name and phone number of persons for City to contact to schedule inspection:

Name_____ Phone_____
Email_____
Name_____ Phone_____
Email_____

8. As the Owner of the above mentioned BMP home, I/we are:
   ☐ Within the Resale Restriction Period (Year 1 through Year 5)
   ☐ Within the Unrestricted Resale Period (Year 6 through Year 20)

As required by Section 5 of the Covenants, Restrictions, and Option to Purchase Agreement, the following documents are attached to this Notice:

1. Copy of HUD-1 Settlement Statement from Owner's purchase of the Home
2. If Owner has made Eligible Capital Improvements to the Home that Owner wishes to include in the City's Calculation of New Restricted Sales Price, check box below

   ☐ Yes, I have made Eligible Capital Improvements pursuant to Section 13 of the Resale Agreement.
   They are_____**[describe improvements]** and were
   completed on_____**[insert date]**.

   I am attaching the following documents to this letter:

   a. copy of City letter granting prior approval of these improvements;
   b. evidence of cost of these improvements;
   c. Appraisal showing value added to Home by the improvements.

B. I understand that if the home is **within** the Restricted Resale Period (Year 1 through Year 5). I agree to prepare the Home for sale by:

1. allowing the City or its designee to inspect the Home within thirty (30) days of this notice,
2. Not listing the Home for sale with a multiple listing service, or contacting a real estate broker until I/we have received notification of whether the City intends to exercise its option,
3. obtaining a pest control report within Fifteen (15) days of the date of City's request for the inspection,
4. if requested by the City following the City's inspection, I will obtain a home inspection report from a licensed home inspector within Fifteen(15) days of the date of City's request for the inspection,
5. repairing all damage noted in the home inspection and pest report within the sooner of: (i) sixty (60) days from the date of this notice, or (ii) two (2) weeks prior to close of escrow or the transfer of the Home,
6. maintaining utility connections until the Home is transferred,
7. permitting a walk through by the City and/or designated Purchaser prior to close of escrow or the transfer.

C. I understand that if the home is **within** the Unrestricted Resale Period (Year 6 through Year 20). I agree to prepare the Home for sale by:

1. Not listing the Home for sale with a multiple listing service, or contacting a real estate broker until I/we have received notification of whether the City intends to exercise its option,

2. If City decides not to exercise its option, the City will notify the Owner in writing. Upon receipt of this notification, Owner can list the home with a realtor, prepare it for sale and identify a prospective buyer. Once Owner has identified a prospective buyer, the owner is required to send:
   a. Letter certifying the Owner and the proposed buyer, have not paid, have no agreement to pay and will not pay, to the other such party, or to any other person, any money or other consideration in addition to the consideration described in the terms of the sale and the transaction is an Arms-length transaction.
   b. A copy of the Multiple Listing Service Listing Sheet must accompany this letter.
   c. A copy of the ratified purchase agreement and all addendums and counteroffers.
   d. Copy of HUD-1 Estimated Settlement Statement from the Title Company

This Owner's Notice of Intended Transfer is certified by Owner to be true and correct and is signed on _____**[insert date]** under penalty of perjury.

By:_____
Owner

By:_____
Owner