



**City of Campbell
Below Market Rate (BMR Program)
Application Guide
January 5, 2026**



Ownership Application Guide Below Market Rate (BMR) Program

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INTRODUCTION

This Ownership Application Guide includes the guidelines, policies, and procedures that comprise the City of Campbell Affordable Ownership Program for Below Market Rate (BMR) homes.

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

The Program Application Guide and other relevant information (e.g., Ordinance procedures and income limits) will be amended and updated from time to time. All proposed changes are subject to approval by City Council prior to implementation and shall comply with state and federal affordable housing laws.

BMR Program Contact Information:

Online: <https://campbellca.gov/635/Below-Market-Rate-Program>

Email: campbell@housing-group.org

Phone: (650) 265-4501

Address: City of Campbell Housing Department - 70 N. First Street Campbell, CA 95008

ALL GUIDELINES ARE SUBJECT TO CHANGE WITHOUT NOTICE.



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APPLICATION PROCESS

Applicants will be selected through a lottery and assigned rankings based on the City's preference system.

Orientation

All applicants must attend an orientation before entering a lottery.

Orientation dates will be posted on the Program's website. You may also sign up to receive email notifications about upcoming sessions at: <https://housing-group.org/campbell/interestlist.html>

During the orientation, attendees will learn:

- Income and other eligibility requirements for the Below Market Rate (BMR) Homeownership Program
- Income, asset, and household documentation requirements
- Program rules and resale restrictions
- Lending and mortgage-readiness expectations, including required pre-approvals
- Real estate process information, including working with realtors and purchase timelines
- The buyer selection process, including the lottery process, ranking, and next steps after selection
- Key deadlines and required forms for completing the full application
- How to prepare for a home purchase, including common pitfalls and important tips

Preference and Ranking

In all instances, the work-for Campbell, live in Campbell / work in Campbell / preference will be used and verified during the application process. Applicant Households that meet the stated preference criteria will be assigned a higher ranking.

Mortgage Loan Requirements

The applicant Household must obtain a first mortgage pre-approval from a lender who has pre-approved the BMR Program documents. Applicant Households 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.



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Program Application Completion

Applicants/Co-applicants, and or household members who submit inaccurate information, altered documentation, or false documentation or certifications, will be disqualified.

Application Review

- The application package will be reviewed, and if complete, it 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

Application Underwriting

- The Underwriter will complete the review and issue an approval/denial 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 applicant. .

Appeal

- If the applicant does not agree with the decision, the applicant Household will have 3 business days to appeal. The applicant Household will need to submit clear and sufficient documentation why they feel the decision is inaccurate, within the timeframe given.
- The Appeal and all documentation will be reviewed.
- The applicant will be contacted regarding the status of the appeal approximately 7 business days from the date it was submitted. The applicant will be notified if additional time is needed.
- Properties are unable to be held for households in the application or appeal process.

Application Changes: No Application changes are 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, domestic partner or 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 phone number or other non-qualifying information.



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

BELOW MARKET RATE OWNERSHIP PRICING AND CITY'S PURCHASE OPTION

The purpose of the Below Market Rate (BMR) program is to provide long-term affordable homeownership opportunities for low and moderate-income households. Households that purchase a BMR 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 45 years). As agreed to in the affordable housing documents, a homeowner may choose to sell the BMR home during the restricted term; however, the home will be sold at the restricted price. BMR units are priced using the formula defined in the City's Inclusionary Ordinance.

"Affordable ownership cost" means average monthly housing costs during the first calendar year of a household's occupancy, as determined by the City, including mortgage payments, loan insurance fees, if any, property taxes, reasonable allowances for utilities and property maintenance and repairs, homeowners insurance and homeowners association dues, if any, which do not exceed the following:

- 1. For lower-income households: one-twelfth of thirty percent of seventy percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*
- 2. For moderate-income households: one-twelfth of thirty-five percent of one hundred ten percent of area median income, adjusted for assumed household size based on presumed occupancy levels of one person in a studio apartment, two persons in a one bedroom unit, three persons in a two bedroom unit and one additional person for each additional bedroom thereafter.*

Area median income (AMI) is the household income for the median (i.e., middle) household in a region. Each year, the Federal Department of Housing and Urban Development (HUD) calculates the median income for every metropolitan region in the country. 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.

If the owner wishes to sell during the restricted term, the City has the option to either



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purchase the BMR home for the restricted price or assign the BMR home to another eligible buyer for the restricted price. The City is not obligated to purchase but the seller is obligated to give the City the option to do so. Homeowners can sell their home at a market rate price at the end of the restricted term.

FIRST-TIME HOMEBUYER EDUCATION AND TITLE REQUIREMENTS

First-Time Homebuyer Education Workshop Requirement

All applicants who will take title to the property must attend and complete a first-time homebuyer education workshop and share a copy of their current certificate of completion.

Title Requirements

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

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

ELIGIBILITY FACTORS AND PREFERENCE CRITERIA FOR OWNERSHIP OF BMR UNITS

The City's Inclusionary Housing Ordinance establishes a priority system for allocating the limited number of affordable ownership I units. First priority (for up to ten percent of all affordable units) shall be given to income eligible employees of the City of Campbell. Second priority is given to income eligible existing Campbell residents and third priority is given to income eligible persons employed within the city limits of the City of Campbell. If a particular address is in question, Program will check with City staff to determine if the property is within the City's jurisdictional boundaries.

The preference system will be used to establish a ranking of applicants. An eligible household will be ranked according to where they live or work. While an applicant who



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lives or works within the city limits will have priority over an applicant who does not, residency/employment status is not a requirement for the Program, and all individuals and households may apply. Households comprised of applicants who do not reside or work in Campbell may occupy a BMR unit if there are no eligible Campbell residents or workers on the eligibility list for occupancy.

BMR PREFERENCE CRITERIA*	
Priority 1: Work for City (for up to 10% of units)	Must currently work for the <i>City of Campbell</i> government entity at least 20-hours per week, and held their position for at least 6-months Employee must have passed probation
Priority 2: Live in Campbell	Must currently live in Campbell and maintained residency for at least 6-months
Priority 3: Work in Campbell	Must currently work at a business located in Campbell at least 20-hours per week, and held position for at least 6-months. This category includes Campbell School District employees. The district office is located in Campbell although the school building may be located in another city.

*Eligibility will be evaluated prior to processing the applicant's file.

Occupancy Standards For BMR Units

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

To ensure that the City's limited BMR homes are used efficiently, a household must be of a size equal to the number of bedrooms in the BMR unit. Pursuant to fair housing laws, the maximum occupancy allowed in a BMR unit is two people per bedroom, plus one additional person. 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 lottery or within 30-days from the time that the first file is requested from applicants.



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The City's BMR Program will verify household occupancy once per year for the life of the restriction term (generally 45-years).

Note: Maximum Household size is subject to change per property management or Affordably Housing Agreement documents.

PROGRAM 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

Income Eligibility Criteria

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

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

- "Very low-income Household" means a household whose household income does not exceed very low-income limits applicable to the County
- "Lower-Income Household" means a household whose household income does not exceed the lower income limits applicable to the County.
- "Moderate-Income Household" means a household whose household income does not exceed one hundred twenty percent of the area median income 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



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Income (calculated by dividing Household Income by the published Median Income Amount) applicable to your household size

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

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 BMR Program, your household's combined gross annual income cannot exceed the maximum income limit for your household size, as established by the HCD. All household members ages 18 or older must have their income verified. Household members that do not work or will not have any income in the next 12 months must complete a zero-income affidavit.

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

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 BMR Program. For households applying to be an owner of a BMR unit, the limit is 50% of household AMI plus the down-payment up to 20% of the BMR price, post-closing (after the close of escrow).

Asset limit = 50% of household AMI plus the down-payment up to 20% of the BMR price

So for example, the asset limitation for a 4-person household purchasing a 3-bedroom moderate income home with a 20% down payment would be approximately \$185,000 where AMI is \$150,000 and the BMR price is \$550,000.

ASSET LIMITATION EXAMPLE		
Maximum Household Income	Example Purchase Price	Example Asset Limit
\$150,000: (50% = \$75,000)	\$550,000: (20% = \$110,000)	\$185,000: (\$75,000 + \$110,000)



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There is also a minimum loan amount of 70% of the purchase price. So, for example, with a Sales Price of \$550,000 the first loan amount cannot be lower than \$385,000. All-cash purchase escrows will not be allowed.

The Program will review household income and assets for all owner-occupants, temporary occupants, and other occupants, regardless of such household member's interest in purchasing or occupying a BMR home. To determine total household assets, the Program will review the household's total assets according to monthly financial statements and/or other valuations. A six-month average will be calculated just prior to Program application to determine eligibility and avoid applicant "asset dumping" (asset liquidation or transfer to other parties). Assets held in IRS-recognized retirement accounts (401-k's, IRA's, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits. However, retirement and insurance payments will be used to determine gross household income.

First-Time Home Buyer Criteria

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

- (1) A displaced homemaker who, 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; or
- (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 existing BMR homeowner who no longer meets the occupancy standards in these guidelines and otherwise qualifies to purchase a larger or smaller BMR home at the time of re-application.

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

- Applicants who own a mobile home are not considered home owners under the BMR program and are eligible to participate. However, if the mobile home unit is not sold and is retained by the homeowner, the property will be included in asset income calculations along with any rental income.



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- Ownership in timeshares.
- Beneficiary of a trust for which the trustor/trustee is still living.
- Ownership of shares in a limited equity co-op.

To verify FTHB status, underwriting 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. The Program 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 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.

Application Criteria

Household Size, Location & Member Identification

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

Criteria	Criteria Description
Verification of Residence Location	<ul style="list-style-type: none"> • At least one member of the applicant Household, who will be taking title to the property, must provide the following proof of residency for the 6 months preceding their lottery entry: <ul style="list-style-type: none"> ○ One utility bill with a City address dated within 45 days preceding the application date for the BMR Unit. Utility bills can include gas, electric, garbage, or water; or ○ Current paystubs with City address; or ○ A current, formal lease with a City address
Verification of Employment Location	<ul style="list-style-type: none"> • Program shall verify that a person works in the City by reviewing an applicant's paystubs. If an applicant's employer is not based in City, or if a person's paystubs do not reflect a City work address, the applicant must supply a letter from the employer stating that the person works primarily in City and demonstrates that at least 75% of their working hours are in City



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IDENTIFICATION	<ul style="list-style-type: none"> • 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.
HOUSEHOLD SIZE	<ul style="list-style-type: none"> • Any household members not living in the same household at the time of application will need to be a co-applicant for the first mortgage loan and on title to form a household • Tax returns and current addresses will be used to determine household size • All applicants, co-applicants, married couples, partners, domestic partners etc. that are on title will have to occupy the property for 45 years per the signed deed restrictions

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. Program 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 Program may request up to 4 of the most recent year-to-date pay statements and the previous year's final pay statement. Program 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 Program. 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.



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#	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

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.

Application Criteria Description

- The gross amount, before any payroll deduction, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
- The net income from the operation of a business or profession (for this purpose, expenditure for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business). The adding back of certain deductions will be subject to underwriter approval (e.g. depreciation).
- Interest, dividends and other net income of any kind from real or personal property.
- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as outlined in "exclusions" section)
- Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on a passbook savings rate, published by HUD.
- Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;



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The following is an abbreviated list of items that are excluded from income:

- Casual, sporadic or irregular gifts
- Amounts which are specifically for or in reimbursement of the cost of medical expenses
- Lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses
- Foster child care payments
- The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household

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 Program. In cases, where the variable income item is a one-time occurrence, the amount will be removed from the annualized calculation of income and added in a one-time total to determine the annual income.

Example: An applicant earns \$60,000 per year based on base monthly pay statements of \$5,000 ($\$5,000 \times 12$). In addition to the base income show, the applicant received a \$2,500 one-time bonus in the first quarter of the year. If annualized, the \$2,500 quarterly bonus would total \$10,000 and the total income would be **\$70,000** (\$60,000 base + \$10,000 annualized bonus income). If proper documentation shows that the \$2,500 is a one-time payment, and Program is able to verify and validate this information, the \$2,500 would be added to the \$60,000 base. The alternative total income would be **\$62,500** (\$60,000 base + \$2,500 one-time bonus).

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



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Self-Employed Income: All self-employed applicants must submit a notarized Self-Employed Affidavit provided by Program. If self-employed for 2 or more years, Program 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, Program 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, Program 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.

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.

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

Additional Notes on Income Calculation

If applicant has recently changed positions with employer, the Program will 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 submitted documents and shared information is 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 Program.

Determining Mortgage and Home Purchase Readiness



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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. The following table summarizes the information needed by the Underwriter to approve a household:

HOUSING PAYMENT TO INCOME RATIO	<ul style="list-style-type: none"> To qualify, an applicant's total housing payment, including principal & interest, taxes, insurance, and association dues cannot exceed 40% of the income for Below Market (BMR) home. For example, 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
RENT HISTORY	<ul style="list-style-type: none"> Applicants/co-applicants will need to show the last 6 months of rent history The Program 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 \times 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)
DOWN PAYMENT	<ul style="list-style-type: none"> The minimum down payment for the BMR program is 3% of the purchase price with 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 6 months A gift can be used for any down payment amount more than 3% of the purchase price Note: In some cases, mortgage financing programs may require 5% of the purchase price in order to be approved



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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. The following table summarizes the information needed by the Underwriter to reduce risk and approve a household:

CREDIT REPORT AND CREDIT SCORES	<ul style="list-style-type: none"> • 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 620 • 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
PUBLIC RECORD SEARCH (DETERMINED USING A STATEMENT OF IDENTITY FORM)	<ul style="list-style-type: none"> • An applicant or Co-applicant may apply for consideration under the following circumstances: <ul style="list-style-type: none"> • Chapter 13 bankruptcy – after 2 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.



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TRANSACTION AND DOCUMENT HANDLING

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 Program:

1. Loan Application with final figures and lending terms (currently known as a 1003)
2. Uniform Underwriting and Transmittal Summary (currently known as 1008)
3. Mortgage Loan Commitment Letter
4. 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 Program's file.

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 Program:

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

Length of Escrow and Fall-Out Risk

The typical escrow period for a BMR Unit sale is 90 days. This period can stretch out longer if the property is under construction and there are delays. Applicant Households must be prepared for a long escrow period and to continually keep their



Ownership Application Guide Below Market Rate (BMR) Program

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.

REASONABLE ACCOMMODATION AND EXCEPTION REQUESTS

Accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford persons with disabilities, or a household with a member with disabilities, equal opportunity to apply for a BMR home. The requested accommodation must be reasonably related to the particular disability of the household member, and must be necessary in order to 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, Program may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Program Processor and Program Underwriter to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

Exceptions related to disabilities (reasonable accommodations) may be requested according to this procedure, with a brief description of the exception(s) needed due to the Applicant's disability. The City and Program 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 Program may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the Program.