



BELOW MARKET RATE (BMR) BUYER & HOME SELECTION PROCESS OAK PLACE by KB Home in Gilroy

City of Gilroy BMR Program Overview

Neighborhood Housing Services Silicon Valley (NHSSV) in collaboration with the City of Gilroy’s Housing & Community Development Department is offering first time home buyers an opportunity to purchase new construction Below Market Rate (BMR) homes at Oak Place by KB Home in the City of Gilroy.

22 single family homes at Oak Place will be offered for sale at lower than market rate prices for various household income levels. Households that purchase a BMR home will be required to sign affordable housing documents (also known as resale agreements or BMR deed restrictions, as well as a BMR deed of trust and a promissory note) to ensure homes remain affordable and homeowner occupied for the restricted term of 30 years. If homeowners decide to sell within the first 30 years of the program, they must resell their home at a restricted sales price and by the terms defined in the affordable housing documents. BMR homeowners can resell their home to whomever they choose at market rate after 30 years.

NHSSV staff will determine household BMR program eligibility to purchase a home at Oak Place based on BMR program and first home mortgage requirements.

Open Houses: NHSSV hosts regularly scheduled BMR Open Houses for applicants interested in applying to the Gilroy BMR Program at Oak Place. Applicants should plan on attending one of these BMR Open Houses to view the development – check our website for upcoming dates & details. NHSSV is responsible for showing BMR applicants the BMR homes at Oak Place. Please contact us directly if you cannot attend a scheduled open house at HOO@nhssv.org.

Broker Referral Fee: A \$1,000 BMR Program Broker Referral Fee will be offered by NHSSV after a successful close of escrow. Brokers must register online at www.NHSNOW.org before clients attend a Homebuyer Opportunities Orientation (as described in Step 1 below).

NHSSV requires that all interested buyers apply to the BMR program and that applicants meet the following criteria and complete the steps listed below to purchase a BMR home at Oak Place:

Basic BMR Program Qualifications and Requirements

1. First Time Homebuyer (can’t have owned a home in the last 3 years)
2. Income: cannot exceed 90% of the AMI (area median income) – see table below
3. Credit Score: minimum 620 (in some cases higher)
4. Buyers’ contribution must be at least 3% of the sales price for down payment (buyers might also be required to contribute 3% - 4% of the sales price for closing costs. Prospective buyers must discuss these customary costs with their loan officer.)

Maximum Household Incomes for the City of Gilroy BMR program**:*

	1	2	3	4	5	6
90% AMI	\$66,465	\$75,960	\$85,455	\$94,950	\$102,555	\$110,160
80% AMI	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450
70% AMI	\$51,695	\$59,080	\$66,465	\$73,850	\$79,765	\$85,680
60% AMI	\$44,310	\$50,640	\$56,970	\$63,300	\$68,370	\$73,440

**As determined by the State of California’s Housing and Community Development Department **These are the 2014 maximum household annual gross income limits for BMR program eligibility. The income limits will be updated for 2015 as soon as they become available. The amounts on this table are not the income needed to qualify for a first home mortgage loan. Please speak to an NHSSV Approved Loan officer to see if you qualify for a first home mortgage loan.*

STEP 1: Attend a required Homebuyer Opportunities Orientation (HOO) BEFORE you apply.

Homebuyer Opportunities Orientations (HOOs) are hosted by NHSSV to assist interested applicants in the home purchase process and to review the affordable housing documents. HOO attendees will receive necessary information and documentation to start taking steps on the path towards BMR homeownership. This orientation lasts approximately 1.5 hrs. To sign up for a HOO please visit: <http://www.nhsnow.org>. If you submit your application to the BMR Department before you attend the HOO, your application will be suspended until you attend; this will cause a delay in the application process and you will need to resubmit updated income documentation.

STEP 2: Call a NHSSV approved BMR loan officer to apply for a first home mortgage

All applicants must be pre-approved for a first home mortgage loan with one of NHSSV’s approved loan officers.

First mortgage FHA loans are not compatible with the City of Gilroy’s affordable housing documents.

NHSSV’s approved loan officers have approved the BMR affordable housing documents and any down payment assistance that may be available. Loan officers will determine if applicants qualify for a home mortgage and the qualification amount of the home mortgage. The loan officer will issue a first home mortgage pre-approval letter for the maximum loan amount applicants can afford.

You are not required to use NHSSV’s approved BMR loan officers to obtain a first home mortgage loan but are strongly encouraged to do so. It is NHSSV’s experience that most loan officers are not able to finance mortgages on BMR programs. If you decide to use a NON-approved BMR loan officer, the loan officer must obtain written program approval for the affordable housing documents and escrow process from their legal department and underwriter before BMR application submission. The program approval must be signed by your selected loan officer’s legal department and their underwriter. Your loan officer’s program approval must be included with your initial BMR application or your application will be denied and you will have to re-apply once your loan officer can prove BMR program approval. Instructions on how to use a NON-approved loan officer are on our website.

NHSSV’s approved BMR loan officers:

Loan Officer	Loan officer	Phone	Email
Tuan Q. Ngo NMLS#: 997149	NHSSV	408.579.6522	tngo@nhssv.org
Martin Vergara NMLS#: 1217452	NHSSV	408.579.6575	mvergara@nhssv.org
John Norgard NMLS#: 278667	Guild Mortgage	408.390.1913	jnorgard@guildmortgage.net

*Tip: You can start gathering the items needed for you BMR application while waiting for your first home mortgage pre-approval letter. If you submit a BMR application without a home mortgage pre-approval, your BMR application will be denied for turning in an incomplete BMR application. BMR applications must contain the **most current** paystubs, banks statements and all the items on the BMR application checklist. Remember: NHSSV’s Lending Department is different than the NHSSV BMR Department. Each department has its own files and process. You can download or request the BMR application at: www.nhssvnow.org or HOO@nhssv.org*

STEP 3: Apply to the BMR Program with a first home mortgage pre- approval letter

Upon obtaining a first home mortgage pre-approval letter, please submit your **COMPLETE** BMR application package to the BMR Department and a BMR file number will be assigned to you. Your BMR file number and/or information on your application will determine the order in which your application will be processed by the BMR Processor (not the BMR Underwriter). The BMR Processor will send you a “Customized Needs List” via email (unless an email address was not provided on your BMR application) to request any additional information that may be needed to further clarify your income, household size or other program qualifying information. You will have 3 business days to submit the requested items; emails and faxes are not acceptable. Complete application packages will be submitted to the BMR Program Underwriter

regardless of the date you submitted your application or your assigned file number. Households may not apply more than once unless the applicants have been denied officially by NHSSV and are ready to re-apply.

When the BMR Processor determines your file is complete, you will receive a “Notice of Submission” informing you that your application has been submitted to the BMR Program Underwriter. The BMR Program Underwriter will determine if your household meets the BMR Program Guidelines by determining qualifications based on your household size, income, credit score, affordability down payment and/or down payment assistance needed (if available) and other criteria. The BMR Program Underwriter will issue a BMR pre-approval, suspense or denial. You will receive a BMR pre-approval number if the Underwriter approves your file. The BMR pre-approval number will be used in the “First Come First Served” home selection process.

Please note: The BMR application is for the BMR Program and not an application for a specific unit. NHSSV can’t hold or reserve properties for applicants that are in the middle of the application process, suspended, denied or in the appeal process. NHSSV will immediately move on to the next applicant. In addition, households using gifts for down payment and/or for closing cost must submit the gift letter(s) and the donor’s bank statements showing availability of full funds with your application. If you are unable to provide proof in a timely manner that the funds are available, you will be considered ineligible. Please review the BMR Application carefully for other BMR Program Disclosures.

STEP 4: Home selections for BMR pre-approved applicants

Applicants will be added to the pre- approval list for Oak Place based on BMR pre-approval numbers. The pre-approval #'s determine the order in which homes will be selected.

Buyers designated next in line for home selection have the first opportunity to purchase the next home released by NHSSV (based on the builder’s delivery schedule) and based on their program eligibility, AMI level & mortgage loan pre-approval amount. Households can purchase above their AMI range, however, they cannot purchase below their AMI range – i.e. a 90% AMI household cannot purchase an 80% AMI home. NHSSV will try to make every effort to take into consideration the bedroom count you have specified in your application but no guarantees can be made. The greatest emphasis will be made to ensure affordability and AMI eligibility.

Once NHSSV releases a home into the BMR program, the BMR Department will privately contact you with information about the home. Applicants will have 3 days (weekends included) to decide to purchase the available BMR home and to inform the BMR Underwriter in writing, via email. If you do not want to purchase the available home or if you fail to inform the BMR Underwriter that you are interested in a timely manner, you will be moved to the bottom of the BMR pre- approval list for Oak Place and assigned a new pre-approval number. Depending on the number of applicants on the Oak Place pre-approval list, you may not have another opportunity to purchase a home if you decline the first offer.

Due to the limited availability of Down Payment Assistance Programs (DAP), households that don’t require DAP, have a higher priority for selecting a BMR home at Oak Place regardless of their BMR pre-approval number.

STEP 5: Final BMR & Loan Approval

Your loan officer will submit your complete loan application to their mortgage underwriter for final approval of your first home mortgage loan. The BMR Department will simultaneously update your BMR status and submit applications for various Down Payment Assistance Programs. You will be required to supply both your loan officer and the BMR Department with your updated pay stubs, verifications of employment, and any new tax documents from all buyers in your household.

STEP 6: Affordable Housing Documents Review & Affidavit

Buyers will meet one-on-one or in small group setting to review the City of Gilroy’s affordable housing documents and sign a BMR affidavit acknowledging their understanding of the BMR program.

STEP 7: Purchase Contract

After you decide to purchase a home at Oak Place, NHSSV staff will refer you to the KB sales agents to complete your purchase contract and appropriate real estate documents. You will need to have a deposit check for 1% of the sales price ready for the purchase contract appointment with KB Home. Your total/remaining deposit and closing costs will need to be available within 2 weeks of the close of escrow.

Initials _____

STEP 8: 8-Hour Home Buyer Education Certification (must be HUD approved)

All qualified applicants need to attend a mandatory 8-hour homebuyer education class preferably prior to entering into a purchase contract. This class will cover finances, budgeting, credit issues and financing that the majority of the home buyers are receiving. The class is usually held on a Saturday. Dates and times for classes are available online at www.nhsnow.org. If you have already attended this class in the last 6 months, please alert the NHSSV staff immediately. The 8-hour Home Buyer Education Certificate is only good for 1 year. It's ok to submit your certificate(s) after the applicant receives the BMR Approval but **before** closing the transaction. The class you take must be a live (in person); online classes are not acceptable.

STEP 9: Close of escrow

Prior to final escrow closing, you will meet with NHSSV staff to sign papers accepting the secondary loans (Down Payment Assistance) and the affordable housing documents that are required for your BMR home purchase. Upon final loan approval, all loan documents and previously signed affordable housing documents are sent to the escrow officer at the title company.

Once the home is complete and has been released by the City of Gilroy for occupancy, the title company's escrow officer will be notified. The escrow officer will coordinate an appointment with you to sign your escrow documents, all mortgage notes and deeds of trusts, and deposit your funds for closing costs. (Please note that all funds to escrow near the close of escrow must be in the form of a cashier's check). After signing your loan documents, the documents are returned to the loan officers for review and funding approval. Upon verification of funding, ownership of the home is transferred from KB Home to the buyer(s).

NHSSV may change program or selection process at their sole discretion at any time without notice. Persons submitting applications containing misrepresentations or falsifications will be subject to immediate disqualification from this and any future housing programs administered by NHSSV.

I/We certify and acknowledge that we have read, agree and understand all the information.

Applicant Name _____

Applicant Signature _____ Date _____

Co-Applicant Name _____

Co-Applicant Signature _____ Date _____

