



# GUIDELINES TO THE INCLUSIONARY ZONING REGULATIONS ORDINANCE



**CITY OF DUBLIN**  
Housing Division  
100 Civic Plaza, Dublin, CA 94568  
(925) 833-6610  
Housinginfo@dublin.ca.gov  
[www.dublin.ca.gov/housing/guidelines](http://www.dublin.ca.gov/housing/guidelines)

August 2018

# TABLE OF CONTENTS

---

1	Introduction	1
1.1	Definition of Terms	2
1.1.1	General Guidelines Terms	2
1.1.2	Terms for Ownership BMR Units	4
1.1.3	Terms for Rental BMR Units	5
2	Guidelines for All Residential Developers	7
2.1	Overview of Inclusionary Zoning Requirements	7
2.2	Inclusionary Zoning Process	7
2.3	Inclusionary Obligation	8
2.4	Rounding	8
2.5	Portion of the Obligation That Must Be Constructed	9
2.6	In-Lieu Fee Calculation	9
2.7	On-Site BMR Unit Requirements	10
2.7.1	BMR Units Requirements by Income Level	10
2.7.2	BMR Unit Size Requirements	11
2.7.3	Location of BMR Units within the Development	12
2.8	Housing Agreements	12
3	Household Requirements for BMR Renters and Owners	14
3.1	Overview	14
3.2	Household Size and Income	14
3.2.1	Maximum Total Household Income	14
3.2.2	Gross Household Income	15
3.2.3	Income Calculations	16
3.2.4	Income Calculation Methods	17
3.3	Assets	20
3.3.1	Asset Exceptions	20
3.4	Preference Points	20
4	Procedures for Ownership BMR Units	24
4.1	Overview	24
4.2	Requirements for Purchasing Ownership BMR Units	24
4.2.1	Maximum Sale Price of BMR Units	24
4.3	Application and Screening Process	28
4.3.1	Requirements for BMR Unit Applications	28
4.3.2	Credit Score	29
4.3.3	In-Person Consultation	30
4.3.4	Homebuyer Education Program	30
4.3.5	Title and Loan Requirements	30
4.3.6	Financing Requirements	30

## TABLE OF CONTENTS

---

4.4	Procedures for Initial Sale of BMR Units	34
4.4.1	The Marketing and Sales Plan for Initial Sale of Ownership BMR Units	34
4.4.2	Developer Process for BMR Units	35
4.5	Procedures for BMR Purchase	38
4.5.1	Qualifying and Purchasing a BMR	38
4.6	Post-Sale Procedures for BMRs	40
4.6.1	Owner-Occupancy Status Monitoring	40
4.6.2	Owner Occupancy Exception	40
4.6.3	Refinance Requirements	41
4.6.4	Refinance Procedure	41
4.6.5	Capital Improvements	42
4.7	BMR Unit Resale Procedures	45
4.7.1	Restricted Resale Price Calculation	47
5	Procedures for Rental BMR Units	51
5.1	Overview	51
5.2	The Marketing and Management Plan for Rental BMR Units	51
5.2.1	Next Available Unit Rule Exceptions	52
5.3	Application and Screening Process	52
5.4	Maximum Allowable Rents for BMR Units	53
5.4.1	Rental Utility Allowance	53
5.5	Monitoring	54
5.5.1	Annual Report Process	54
5.5.2	City Review of Rental BMR Units Annual Reports	55
6	Procedures for BMR Secondary Units	57
6.1	Definitions	57
6.2	Overview	57
6.3	Purchase Process	57
6.4	Rental Requirements for BMR Secondary Unit Owners	58
6.5	Tenant Income Verification	59
6.6	Annual Survey Requirements	59
6.7	Management Responsibilities	59
6.8	Refinance Requirements	59
6.9	Resale Requirements	60
7	Exceptions and Appeals	61
7.1	Overview	61
7.2	Exception Requests	61
7.3	Appeals Procedure	62

# TABLE OF CONTENTS

---

## LIST OF TABLES

Table 1. Required BMR Units by Income Category	10
Table 2. Allowable Household Size per BMR Unit	14
Table 3. Income Limits per Income Category (2017)	15
Table 4. Annual Income Calculations by Pay Frequency	17
Table 5. Preference Points	22
Table 6. Household Size Assumption for Maximum Sales Price Calculations	25
Table 7. BMR Ownership Household Qualifications	29
Table 8. Required Marketing and Sales Plan Contents	35
Table 9. Eligible and Ineligible Capital Improvements	44
Table 10. Maximum Monthly Rents	53

## LIST OF FIGURES

Figure 1. Inclusionary Zoning Process	8
Figure 2. Initial BMR Unit Sale Process for Developers	36
Figure 3. BMR Resale Procedure	39
Figure 4. BMR Unit Refinance Process	41
Figure 5. BMR Unit Refinance Process	46
Figure 6. BMR Rental Process	51
Figure 7. BMR Rental Monitoring Process	54
Figure 8. BMR Secondary Unit Sale Procedure	58
Figure 9. Exception Request Procedure	61
Figure 10. Appeals Procedure	62

## EXHIBITS

Exhibit 1. Resale Restriction Agreement and Option to Purchase	
Exhibit 2. Performance Deed of Trust	
Exhibit 3. Sample Marketing and Sales Plan	
Exhibit 4. Sample Marketing and Management Plan	
Exhibit 5. Good Faith Marketing Efforts Information	
Exhibit 6. Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants	
Exhibit 7. Secondary Unit Performance Deed of Trust	

## 1 Introduction

---

This document constitutes the Guidelines (these “Guidelines”) to the City’s Inclusionary Zoning Regulations Ordinance (the “Ordinance”) set forth in Chapter 8.68 of the City’s Municipal Code. The City Council’s purpose in adopting the Ordinance is to increase the diversity of housing prices/rents in the community and ensure that the range of prices/rents continues over time.

The purpose of these Guidelines is to assist in implementing the Ordinance. The Guidelines are intended to:

- Assist developers early in the development process to ensure that Residential Development projects are designed from the beginning in compliance with the requirements of the Inclusionary Zoning Regulations Ordinance;
- Inform developers, management firms, and owners of BMR Units and BMR Secondary Units of the procedures for selling, reselling, and renting BMR Units and BMR Secondary Units; and
- Provide households interested in renting or purchasing a BMR Unit with an overview of the eligibility requirements, the application and screening process, the restrictions on ownership, and the procedures for reselling a BMR Unit.

These Guidelines cover both the Below Market Rate (BMR) Ownership Program and the BMR Rental Program. While these programs share many of the same requirements, they involve distinct procedures and processes. The document is divided by each program for ease of use.

These Guidelines should be read in conjunction with the Ordinance. While every effort has been made to ensure that these Guidelines are consistent with the Ordinance, if there are any conflicts between these Guidelines and the Ordinance, the terms of the Ordinance shall prevail. In addition, the provisions of a Housing Agreement or Resale Restriction Agreement (or like agreement) recorded against a BMR Unit shall prevail over any general requirements of the Ordinance or these Guidelines.

Users of these Guidelines are encouraged to seek their own legal counsel to aid in understanding the requirements of the City’s Inclusionary Program. For any general questions regarding these Guidelines, users may call the City’s Housing Division at (925) 833-6610 or email [HousingInfo@Dublin.ca.gov](mailto:HousingInfo@Dublin.ca.gov).

The City will review and, to the extent necessary, update these Guidelines annually. The Community Development Director may make interim revisions, interpretations, or clarifications to these Guidelines. Any such revision, interpretation, or clarification shall not become effective until posted on the City’s website.

## 1. Introduction

---

### 1.1 Definition of Terms

#### 1.1.1 General Guidelines Terms

**Affordable Housing Agreement:** An agreement between the developer and the City for a Residential Development project which sets forth the developer's Inclusionary Obligation and the method by which the developer will comply with the requirements of the Ordinance. The agreement is recorded against the property(s) containing the BMR Units and requires, among other things, that the developer require purchasers of BMR Units to execute and record a Resale Restriction Agreement and Option to Purchase and Performance Deed of Trust. For rental BMR Units, the agreement establishes the rules and requirements for property management and BMR Unit administration.

**Area Median Income or AMI:** The Area Median Income adjusted for household size as published annually by the California Department of Housing and Community Development (HCD), based on the annual income calculations completed by the US Department of Housing and Urban Development (HUD).

**Below Market Rate (BMR) Unit:** A unit that is reserved for rent or for sale to Very Low-, Low-, or Moderate-Income households. BMR Units have restrictions recorded against them to ensure they remain affordable for a period as set forth in the Housing Agreement or Resale Restriction Agreement. Owner-occupied units are deemed affordable if the sales price results in annual Housing Expenses that do not exceed 35% of the maximum income level for Low- or Moderate-Income households, as applicable, adjusted for household size. Renter-occupied BMR Units are deemed affordable if they meet the annually updated maximum rent price restrictions as established in the Affordable Housing Agreement for each development.

**City:** The City of Dublin.

**City Council:** The legislative body of the City of Dublin.

**City Staff:** An employee or designee of the City of Dublin responsible for actions related to the Ordinance or these Guidelines.

**(These) Guidelines:** These Guidelines to the Inclusionary Zoning Regulations.

**HCD:** The California Department of Housing and Community Development.

**HOA:** Homeowners association.

**Homebuyer Education Workshop for Below Market Rate Buyers:** A HUD-approved 8-hour course designed to provide basic education specific to BMR Homebuyers. Refer to the City's website ([www.dublin.ca.gov](http://www.dublin.ca.gov)) for organizations that may offer this course. The date on the completion certificate for the class must be within 6 months of the date of application for a BMR Unit.

**Housing Expenses:** The sum of mortgage principal, interest, private mortgage insurance, taxes, insurances, and HOA dues, as applicable.

**HUD:** The US Department of Housing and Urban Development.

## 1. Introduction

---

**Inclusionary Obligation:** The number of BMR Units a developer is required to construct (or pay fees in lieu thereof) in a Residential Development project to comply with the Inclusionary Zoning Regulations.

**Inclusionary Zoning Regulations Ordinance:** Chapter 8.68 of the City of Dublin Municipal Code.

**In-Lieu Fee:** A fee paid by a developer in lieu of constructing BMR Units to satisfy up to 40% of its inclusionary obligation.

**Legal Resident:** A citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

**Low Income:** Total Household Income that is 51% to 80% of AMI, adjusted for actual household size.

**Marketing and Management Plan:** A plan required for rental Residential Developments that contains the information set forth in **Section 5.2** of these Guidelines.

**Marketing and Sales Plan:** A plan required for ownership Residential Developments that contains the information set forth in **Section 4.4.1** of these Guidelines.

**Maximum Income:** The maximum income for an income category (Very Low, Low, or Moderate) determined periodically by HCD based on AMI. See **Section 3.2.1** of these Guidelines for Maximum Incomes.

**Moderate Income:** Total Household Income that is 81% to 120% of AMI, adjusted for actual household size.

**Qualified Household:** Can include any group of persons, so long as such persons, when viewed as a whole, satisfy the eligibility requirements for a household. For an ownership BMR Unit or for a rental BMR Unit, a “qualified household” means a household that satisfies the requirements listed in **Section 3** of these Guidelines.

**Residential Development:** Includes, without limitation, detached single-family dwellings, multiple-dwelling structures, groups of dwellings, condominium or townhouse developments, condominium conversions, cooperative developments, mixed-use developments that include housing units, and residential land subdivisions intended to be sold or rented to the general public.

**Secondary Unit:** A legal secondary dwelling unit that has been approved by the City and that is reserved for occupancy by Very Low-, Low-, or Moderate-Income households at rents affordable to such households.

**Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants:** An agreement between the City and the owner of a Secondary Unit which is recorded against the property containing the Secondary Unit and requires, among other things, that the Secondary Unit be reserved for occupancy by Very Low-, Low-, or Moderate-Income households for an amount of time specified in the Affordable Housing Agreement or Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants.

**Senior:** A person 62 years of age or older for the purpose of qualifying for Preference Points.

## 1. Introduction

---

**Special Assessment:** A proportional fee charged to the BMR Unit Owner by an HOA to cover the cost of physical improvements to the entire building or common areas.

**Total Household Income:** All Gross Household Income and assets received during a calendar year (as calculated pursuant to **Section 3.2.2**).

**Very Low Income:** Total Household Income that is 50% or less of AMI, adjusted for actual household size.

**Veteran:** A person who served in the active military, naval, or air service and who was discharged or released therefrom under conditions other than dishonorable, for the purpose of qualifying for Preference Points.

### 1.1.2 Terms for Ownership BMR Units

**Administration Fees:** Fees charged by the City for BMR Unit–related transactions, including;

- An administrative transaction fee charged to the BMR Unit Owner/Seller for all sales and resales of BMR Units;
- An administrative transaction fee charged to the BMR Unit Owner or BMR Secondary Unit Owner for requests to subordinate the Resale Restriction Agreement and/or Performance Deed of Trust or requests to refinance a BMR Unit.

**Approved Capital Improvements:** Capital improvements to BMR Units that have been approved by the City pursuant to the procedure set forth in **Section 4.6.5**. The cost of such improvements may be added to the resale price of the BMR Unit.

**BMR Unit Owner:** A household that owns a BMR Unit.

**CalHFA:** The California Housing Finance Agency.

**Consent Agreement:** An agreement between the City and a Qualified Household which authorizes the City to access and review the Qualified Household’s credit reports or other personal or financial information to verify a Qualified Household’s compliance with the Resale Restriction Agreement, the Ordinance, and these Guidelines. This agreement must be executed by purchasers of ownership BMR Units prior to the close of escrow.

**Domestic Partners:** Two unmarried people, at least 18 years of age, who have lived together continuously for at least 1 year and who are jointly responsible for basic living expenses incurred during their domestic partnership. Domestic partners may not be persons related to each other by blood or adoption such that their marriage would be barred in the State of California. The City will consider an individual to be Owner’s domestic partner, exclusively for purposes of the Program and this Agreement, upon Owner’s presentation to the City of an affidavit or other acceptable evidence of the domestic partnership. No legal rights, obligations, or incidents of domestic partnership or marriage, as recognized under any local, state, or federal law, are granted, established, or implied by this Agreement or as a result of Owner’s and Owner’s household’s participation in the Program.

**First-Time Homebuyer:** A person who has not owned any interest in real property during the three-year period prior to the date of the household’s application to qualify for purchase of a BMR Unit, including without limitation, real property in which a household member’s name appears on title

## 1. Introduction

---

regardless of whether the member's interest in such property results in a financial gain, such property is located in another state or country, or the member has occupied such property as his or her primary residence. If any person has had his or her name on title of a property, but the property was sold more than 3 years prior to the date of application, the person is considered a First-Time Homebuyer.

**Immediate Family Member:** A mother, father, brother, sister, child, grandparent, or grandchild.

**Performance Deed of Trust:** A deed of trust recorded against a BMR Unit by the City which secures a BMR Unit Owner's compliance with the Resale Restriction Agreement and Option to Purchase.

**Principal Residence:** The place where a person resides on a substantially full-time basis during not less than 10 months per year. Children attending college and not living at home as their Principal Residence may not be counted as a household member.

**Priority List:** A list that ranks Qualified Households based on the number of Preference Points received.

**Resale Restriction Agreement and Option to Purchase, also known as Resale Restriction Agreement:** An agreement between the City and a BMR Unit Owner that is recorded against the BMR Unit and, among other restrictions, requires that the unit remain affordable to Low- or Moderate-Income households usually for a period of 55 years **or** as outlined in the Housing Agreement, restricts the resale price of the BMR Unit, requires the BMR Unit Owner to notify the City upon refinancing, reselling, or changing the title of a BMR Unit, and provides the City with an option to purchase or transfer the BMR Unit upon the occurrence of certain events.

### 1.1.3 Terms for Rental BMR Units

**Administration Fees:** Fees that are charged to each property with BMR Units to help cover the costs of monitoring and technical assistance provided by City Staff, as follows:

**Annual Monitoring Fee:** A fee charged by the City to the developer/property manager for the annual review of rental developments.

Fees may be adjusted from time to time by the City. All BMR rental developments will be notified of any change in fees.

**Maximum Monthly Rent:** The maximum allowable monthly rents for below market rate (BMR) rental units in Dublin. See **Section 5.4**.

**Monitoring Findings:** A letter indicating that a BMR rental development is out of compliance with recorded agreements. This may occur after annual monitoring is completed or when the City is informed of violations via tenant complaints or other means. This may result in action taken or fees charged by the City pursuant to the Affordable Housing Agreement to cure the findings. See **Section 5.5**.

**Next Available Unit Rule:** Rule that states when a BMR Unit is occupied by a tenant who no longer meets the BMR household or income eligibility requirements, the next available unit will be made available as a BMR Unit, and the current BMR Unit will convert to either market rate or some other subsidy status, as appropriate.

## 1. Introduction

---

**Property Management Firm:** Professional property managers that administer the day-to-day operations of a Residential Development project. May be an external contracted firm or staff associated with the developer or the property owner.

**Utility Allowance:** The amount maximum BMR rents must be reduced to account for utility costs. See **Section 5.4.1**.

## 2 Guidelines for All Residential Developers

---

### 2.1 Overview of Inclusionary Zoning Requirements

Residential Developments consisting of 20 residential units or more must comply with the Inclusionary Zoning Regulations Ordinance (Municipal Code Section 8.68.030.A). In general, the Ordinance requires that 12.5% of the units constructed in a Residential Development be reserved for occupancy by Low- and Moderate-Income households in for-sale units or by Very Low-, Low-, and Moderate-Income households in rental units. Such restricted units are defined as affordable units in Section 8.68.030.A, and are otherwise known as BMR Units. In addition to these Guidelines, developers should thoroughly review the Inclusionary Zoning Regulations Ordinance (Chapter 8.68 of the City's Municipal Code).

While the Ordinance requires that 12.5% of the units in the Residential Development be BMR Units, the Ordinance permits the developer to meet up to 40% of this obligation by paying an In-Lieu Fee (subject to approval by the City Council). Thus, there is a “must-build” requirement of 60% of the BMR Units in the Residential Development. BMR Units must remain affordable for a period of 55 years, enforced through affordability restrictions recorded against the property.

In addition, the Inclusionary Zoning Regulations Ordinance requires that BMR Units:

- Be constructed concurrently with the market-rate units in the Residential Development;
- Have a similar range of bedrooms to the market-rate units in the Residential Development;
- Not be distinguished by design or materials from the market-rate units in the Residential Development; and
- Be reasonably dispersed throughout the Residential Development.

A developer may also satisfy its Inclusionary Obligation by dedicating land, constructing BMR Units off-site, credit transfer, or alternative means if determined by the City Council to satisfy the purpose of the ordinance. See Section 8.68.040 of the Inclusionary Zoning Regulations for alternate methods of complying with the requirements of the Ordinance.

### 2.2 Inclusionary Zoning Process

Developers should address how to comply with the Inclusionary Obligation when submitting an application to the City for a Residential Development that includes 20 or more residential units. City Staff is available to discuss options for meeting the Inclusionary Obligation with developers. For example, if a developer intends to build only the minimum number of BMR Units and to pay an In-Lieu Fee for the remaining units, staff can, for planning purposes, inform the developer of the preliminary number of BMR Units the developer would be required to build, the income levels and sizes of the required BMR Units, and the amount of the In-Lieu Fee under the then-current fee schedule. The inclusionary zoning process is shown in **Figure 1**.

## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

After a Residential Development application is submitted to the Community Development Department for review, a Project Review Committee (PRC) meeting is generally held. In this meeting, City Staff and interested agencies involved in the development process review the Residential Development and give preliminary comments to the developer.

Prior to or following the PRC meeting, City Staff will send a letter to the developer indicating the developer's Inclusionary Obligation for the Residential Development as preliminarily proposed. A copy of this letter will also be directed to the City's Project Planner responsible for the Residential Development. The purpose of this letter is to provide the developer information on the Inclusionary Obligation as early as possible in the development process. The City recognizes that the Residential Development is likely to evolve over time and that the Residential Development will likely change prior to obtaining City entitlements. However, this information is provided early in the process as a service to the developer for planning purposes.

The developer's method of satisfying the Inclusionary Obligation will be formalized in an Affordable Housing Agreement or like agreement between the City and the developer, prior to the recordation of the first final map or the issuance of the first building permit, whichever occurs first, for the development.

### 2.3 Inclusionary Obligation

Developers of residential projects subject to Section 8.68.030.A of the Inclusionary Zoning Regulations Ordinance must meet an Inclusionary Obligation equivalent to 12.5% of the total number of proposed dwelling units, unless subject to an exception approved by the City Council. **Example 1** shows a sample calculation of the Inclusionary Obligation.

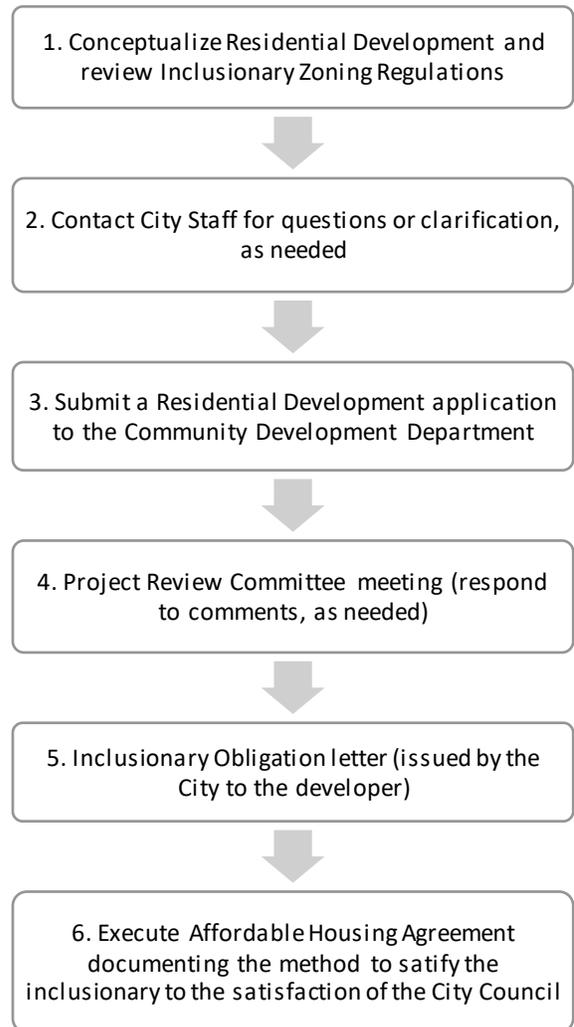
#### Example 1. Inclusionary Obligation Calculation

The developer proposes a 224-unit subdivision. The Inclusionary Obligation is 28 of the 224 total units proposed (224 units x 12.5% = 28 BMR Units).

### 2.4 Rounding

In making this calculation, any decimal fraction less than or equal to 0.50 is disregarded and a decimal fraction greater than 0.50 is construed as a unit. An example of the treatment of fractions in calculating the Inclusionary Obligation is shown in **Example 2**.

Figure 1.  
Inclusionary Zoning Process



## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

---

### Example 2. Treatment of Fractions in Calculating the Inclusionary Requirement

The developer proposes a 316-unit subdivision. The Inclusionary Obligation is 39 of the 316 total units proposed, after rounding the decimal fraction down (316 units x 12.5% = 39.5 BMR Units).

## 2.5 Portion of the Obligation That Must Be Constructed

The Ordinance requires that the developer provide 60% of the Inclusionary Obligation by constructing affordable units. The developer may opt to pay an In-Lieu Fee for up to 40% of its Inclusionary Obligation. Using the scenarios from **Example 1** and **Example 2**, **Example 3** illustrates the calculation of the number of BMR Units that must be constructed.

### Example 3. Determining the "Must-Build" Obligation

**Example 3.A** The developer proposes a 224-unit subdivision, for which the Inclusionary Obligation is 28 of the 224 proposed units.

***Must-Build (60%)***

60% of 28 units = 16.8 units

The must-build obligation is 17 units.

***In-Lieu Fee Option (40%)***

40% of 28 units = 11.2 units

The developer may pay an In-Lieu Fee for up to 11 units.

**Example 3.B** The developer proposes a 316-unit subdivision, for which the Inclusionary Obligation is 39 of the 316 units.

***Must-Build (60%)***

60% of 39 units = 23.4 units

The must-build obligation is 23 units.

***In-Lieu Fee Option (40%)***

40% of 39 units = 15.6 units

The developer may pay an In-Lieu Fee for up to 16 units.

## 2.6 In-Lieu Fee Calculation

The amount of the In-Lieu Fee is set by Resolution of the City Council. Resolution No. 56-02 provides that the In-Lieu Fee per BMR Unit is adjusted annually on July 1 to reflect the greater of the percentage change either in (a) the Bay Area Urban Consumer Price Index as of February of each year, or (b) the HUD Fair Market Rent limits for the Oakland Primary Metropolitan Statistical Area that are in effect at the time. The fee as of July 1, 2017, is \$174,795 per BMR Unit required. Please contact the Housing Division for the most up-to-date in-lieu fee.

**The entire In-Lieu Fee amount for the Residential Development is due and payable upon issuance of the first building permit for the Residential Development or at a time otherwise specified by the City Council.**

Using the scenarios from **Examples 1, 2, and 3**, **Example 4** illustrates the calculation of the amount of the In-Lieu Fee as of July 1, 2017:

## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

---

### Example 4. In-Lieu Fee Calculation

**Example 4.A** The developer proposes a 224-unit subdivision. In-Lieu Fees may be paid for 11 units.

$$11 \times \$174,795 = \$1,922,745$$

**Example 4.B** The developer proposes a 316-unit subdivision. In-Lieu Fees may be paid for 16 units.

$$16 \times \$174,795 = \$2,796,720$$

## 2.7 On-Site BMR Unit Requirements

### 2.7.1 BMR Units Requirements by Income Level

Pursuant to Section 8.68.030.B of the Inclusionary Zoning Regulations Ordinance, the BMR Units included in each Residential Development project must be allocated to Very Low-, Low-, and Moderate-Income households in the manner described in **Table 1**.

**Table 1. Required BMR Units by Income Category**

Income Level	For-Sale Units	Rental Units
Moderate	60%	50%
Low	40%	20%
Very Low	—	30%

If the allocation calculations result in a decimal fraction, the rounding rules contained in Section 8.68.030.A and explained in **Section 2.4**, above, apply. In addition, if the allocation calculation results in fewer units than would otherwise be required, one additional unit should be allocated to the lowest income level with the decimal fraction closest to 0.50 (Section 8.68.030.B). **Example 5** illustrates the calculation of the number of BMR Units that must be provided at each income level and how the rounding requirement is implemented.

## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

### Example 5. Rental Development BMR Unit Composition

A rental Residential Development includes 200 units. The Inclusionary Obligation is 25 BMR Units. The developer chooses to pay an In-Lieu Fee for 40% of the Inclusionary Obligation, which equals 10 units. The must-build requirement (60% of the BMR Units) is 15 BMR Units. The number of units per income category is calculated as follows:

Moderate-Income households: 50% of 15 = 7.5

Low-Income households: 20% of 15 = 3

Very Low-Income households: 30% of 15 = 4.5

Since two of these numbers are fractions at exactly 0.50, the additional required unit must be provided in the lower-income category. Thus, the unit income mix would be:

7 Moderate-Income units

3 Low-Income units

5 Very Low-Income units

### 2.7.2 BMR Unit Size Requirements

The Ordinance requires that the same proportion of bedrooms be reflected in the BMR Units as are in the market-rate units. The rounding conventions described in Municipal Code Section 8.68.030.A and explained in **Section 2.4** are used if the allocations result in decimal fractions. **Example 6** illustrates the determination of the number of BMR Units that must be provided at each unit size.

### Example 6. BMR Unit Bedroom Requirements

A developer proposes a 200-unit rental Residential Development and is paying In-Lieu Fees for 40% of the BMR Units. The must-build obligation is 15 units. The overall Residential Development includes:

50 one-bedroom units (25% of total)

100 two-bedroom units (50% of total)

50 three-bedroom units (25% of total)

Therefore:

25% of the BMR Units are to be one-bedroom units

50% of the BMR Units are to be two-bedroom units

25% of the BMR Units are to be three-bedroom units

#### ***To determine bedroom requirement per income category:***

If 5 of the units are Very Low-Income units, using the percentages above, the requirement for bedrooms are:

25% of 5 = 1.25 one-bedroom units

50% of 5 = 2.5 two-bedroom units

25% of 5 = 1.25 three-bedroom units

Therefore, the development would be required to provide:

1 one-bedroom unit

3 two-bedroom units

1 three-bedroom unit

The same calculation is performed to determine the number of bedrooms for the Low- and Moderate-Income units.

## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

---

### 2.7.3 Location of BMR Units within the Development

The Inclusionary Zoning Regulations Ordinance requires that BMR Units be reasonably dispersed throughout the Residential Development. The purpose of this requirement is to avoid concentration of the BMR Units in a particular location within a development, effectively segregating them from the rest of the Residential Development. There are many ways by which to implement this requirement, and consultation with Community Development Department staff is recommended prior to developing the final site plan.

## 2.8 Housing Agreements

Section 8.68.50 of the Inclusionary Zoning Regulations Ordinance requires the developer to execute one of the following Housing Agreements with the City:

- **Affordable Housing Agreement.** An agreement between the developer and the City for a Residential Development project that includes ownership BMR Units (and potentially BMR Secondary Units). Such agreements are recorded against the property on which the Residential Development is being constructed; set forth the developer's Inclusionary Obligation and the method by which the developer will comply with the requirements of the Inclusionary Zoning Regulations Ordinance; and require, among other things, that the developer require purchasers of BMR Units to execute a Resale Restriction Agreement and Option to Purchase with the City. The Affordable Housing Agreement is effective until all the In-Lieu Fees are paid, all the BMR Units are constructed and sold, and all the BMR Units are subject to a Resale Restriction Agreement.
- **Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants.** An agreement between the developer and the City for a Residential Development project that includes rental BMR Units. Such agreements are recorded against the property containing the BMR Units; set forth the developer's Inclusionary Obligation and the method by which the developer will comply with the requirements of the Inclusionary Zoning Regulations Ordinance; and require, among other things, that the BMR Units are reserved for occupancy by Very Low-, Low-, and/or Moderate-Income households at rents affordable to such households for a period of not less than 55 years.

The two Housing Agreements described above set forth the legal requirements for certain Residential Development projects for compliance with the Inclusionary Zoning Regulations Ordinance. The Housing Agreements are recorded against the property on which the Residential Development is being constructed, run with the land, and survive transfer or sale of the land. If a developer executes a Housing Agreement for a particular Residential Development project but the project is not built and new entitlements are sought for the applicable property, the developer must execute a new Housing Agreement, which would replace the existing agreement.

Among other things, the Housing Agreements must contain the following information:

1. A description of how the developer will comply with its Inclusionary Obligation (whether through unit construction and/or payment of an In-Lieu Fee).
2. Whether the BMR Units will be ownership or rental units.
3. The number of BMR Units the developer will construct for each income category.

## 2. GUIDELINES FOR ALL RESIDENTIAL DEVELOPERS

---

4. The size of the BMR Units the developer must construct for each income category.
5. Depending on the nature of the development, the timing of construction of the units to ensure that the BMR Units are constructed concurrently with the market-rate units.
6. If the development proposes ownership BMR Units, a requirement that the developer prepare and obtain City approval of a Marketing and Sales Plan, prior to issuance of any building permits in the Residential Development, indicating how the developer plans to sell the BMR Units. This requirement is discussed in additional detail in **Section 4.4.1**.
7. If the development proposes ownership BMR Units, there is a requirement that the developer require the purchasers of such units to execute a Resale Restriction Agreement or a Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants and a Performance Deed of Trust. A sample Resale Restriction Agreement is attached as **Exhibit 1**. A sample Performance Deed of Trust is attached as **Exhibit 2**. A sample Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants is attached as **Exhibit 6**.
8. If the development proposes rental BMR Units, the developer is required to provide a Marketing and Management Plan as described in **Section 5.2** to the City for its approval and prepare the Annual Report described in **Section 5.5.1**.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

## 3 Household Requirements for BMR Renters and Owners

---

### 3.1 Overview

While the overall processes for BMR renters and owners differ, each program must conform to the same household composition and income requirements. These requirements are detailed in this section, and they apply to both programs.

### 3.2 Household Size and Income

The size of the household is determined by the number of people living in a household at the time of application. To qualify for a BMR Unit, the size of a household must be compatible with the size of the unit being rented or purchased. These standards are established to maximize occupancy of affordable units which avoiding overcrowding or unsafe conditions.

The household size for each BMR Unit may not be less than one person per bedroom. Consult with the City of Dublin for further clarification. **Table 2** contains the household size recommended for each BMR Unit based on the number of bedrooms.

**Table 2. Recommended Household Size per BMR Unit**

Unit Size (Number of Bedrooms)	Household Size (Number of Persons)
0 (studio)	1-2
1	1-2
2	2-4
3	3-6
4	4-8

#### 3.2.1 Maximum Total Household Income

To be eligible for a BMR Unit, the applicant's Total Household Income must not exceed the applicable Maximum Income. Total Household Income means the household's Gross Annual Household Income (see **Section 3.2.2**) plus assets calculated pursuant to **Section 3.3**. Maximum Income is determined annually by HCD based on Area Median Income. The income limits are updated once per year during the spring, and associated maximum rental rates are created using these income limits. **Table 3** shows the Maximum Incomes for Alameda County for 2018.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

Table 3. Income Limits per Income Category (Effective May 1, 2018)

Income Category	% of Area Median Income*	Household Size (Number of Persons)							
		1	2	3	4	5	6	7	8
Very Low	50%	\$40,700	\$46,500	\$52,300	\$58,100	\$62,750	\$67,400	\$72,050	\$76,700
Low	80%	\$62,750	\$71,700	\$80,650	\$89,600	\$96,800	\$103,950	\$111,150	\$118,300
Median <sup>1</sup>	100%	\$73,100	\$83,500	\$93,950	\$104,400	\$112,750	\$121,100	\$129,450	\$137,800
Moderate	120%	\$87,700	\$100,250	\$112,750	\$125,300	\$135,300	\$145,350	\$155,350	\$165,400

Source: HCD State Income Limits for 2018

\* Percentages shown are general definitions; however, actual figures may not equate exactly to the percentage due to adjustments based on US Department of Housing and Urban Development and California Department of Housing and Community Development methodologies.

1. Median Income category is only to be used as a reference point for understanding Alameda County income limits, it does not represent an official income category for rental or ownership BMR Units.

#### 3.2.2 Gross Household Income

Gross Household Income means all income from all adult household members (18 years of age and older) derived from all sources as established in the Internal Revenue Code (Title 26, Subtitle A, Chapter 1, Subchapter B, Part I, Section 61), whether or not such income is exempt from federal income tax. Such income includes, **but is not limited to**, the following:

- Compensation received from an employer
  - Compensation includes salary, overtime pay, bonuses, tips, and any other pay received, including cash, checks, or other forms of payment
  - Other pay can include compensation for special working conditions, such as hazard pay, or one-time payout of unused vacation and sick leave
- Alimony, spousal and child support
- Cash, including cash from the sale of personal property
- Pensions, if at an age where pension is being received as income
- Public benefits including, but not limited to, CalWORKS, Supplemental Security Income (SSI), and disability income
- All interest, dividends, and royalties
- Income derived from private businesses
- Rental income
- Compensation for services rendered, such as freelance, online businesses, side businesses, and self-employment, and including any payments, fees, fringe benefits, commissions, tips, and bonuses
- Stipend received for participation in a mentor, learning, or education opportunity
- Gains from dealings in private and/or commercial property
- Gambling winnings
- Annuities, life insurance, and endowment contracts

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

- Income from discharge of indebtedness or debt forgiveness
- Gross partnership contributions or distributions
- Income from an interest in an estate or trust

#### Exceptions:

1. Gross Household Income does not include income earned by a household member who is between the ages of 18 and 26 and meets **both** of the following criteria:
  - a. Is claimed as a **dependent** of a household member on their federal income taxes; **and**
  - b. Is a **full-time student** (12+ units; school transcript must be provided).
2. Gross Household Income does not include payments to a household member from a governmental fund if **both** of the following requirements are satisfied:
  - a. The payments do not represent compensation for services rendered; and
  - b. The payments are part of a governmental need-based subsidy program including, but not limited to, housing choice vouchers or Section 8 federal housing assistance payments; CalFresh benefits; or Women, Infants, and Children (WIC) assistance.

For purposes of determining Gross Household Income, each person 18 years of age or older must present **all** of the following (and all documentation must be kept in tenant files for a period of not less than 3 years):

- A complete set of federal and state income tax returns for the past **2 years**. In the case where taxes have not been filed for either of the past 2 years, a letter of verification of non-filing from the Internal Revenue Service is required.
- Most current SSI statement of benefits, if applicable.
- Four most recent and consecutive pay stubs, if applicable.
- Three most recent and consecutive statements for all financial accounts, including, but not limited to, savings accounts, checking accounts, retirement accounts, 401(k) accounts, stock accounts, and other accounts held in the applicant(s) name(s), whether held individually or together.

If a household member is self-employed, in addition to the information above, that household member must submit profit and loss statements for the past 3 years (if applicable) and a current profit and loss statement for the year. The self-employed tenant must identify which banking accounts are used for business and personal. The City and/or the Property Manager reserves the right to request additional information needed to verify self-employment income.

#### 3.2.3 Income Calculations

Income calculations align with the California Tax Credit Allocation Committee methodology and are summarized in this section. Income will be projected based on income documentation and will vary depending on pay frequency. For reference, **Table 4** shows different calculations for varying pay periods. The City and/or Property Manager will use all three income calculation methods and use the highest income projection of the three for qualification purposes.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

Table 4. Annual Income Calculations by Pay Frequency

Pay Frequency	Annual Income Calculation
Monthly	Monthly income amount x 12
Twice Monthly	Twice monthly income amount x 24
Biweekly	Biweekly income amount x 26
Weekly	Weekly income amount x 52
Hourly	Hourly income x 40 (or whatever normal hours per week may be) x 52

#### 3.2.4 Income Calculation Methods

All forms of income will be included in the income calculation. Sections 3.4.1.1 through 3.4.1.5 outline different calculations and documentation requirements for each form.

##### 3.2.4.1 Regular Income

During the qualification process, income shall be calculated three ways. Upon conducting these calculations, the highest income calculation will be used to determine eligibility. The three calculations will allow consideration of a variety of income situations, including variable hourly income, regular overtime pay, or temporary income changes in income. The following three ways will be used:

- 1. Verification of Employment from Employer.** A letter from the applicant's employer stating the position, terms of employment, full-time or part-time status, salary/hourly rate, and overtime rate. This letter must indicate whether the employee will regularly receive overtime.
- 2. Year-to-Date (YTD) Calculation.** This calculation will use the hourly, monthly, or annual pay based on the verification **and** pay stubs. **Examples 7 and 8** show how income may be calculated.
- 3. Average Number of Hours and Overtime as Listed on Pay Stubs.** This calculation uses the four most recent and consecutive pay stubs as described in **Section 3.2.2** above in order to calculate the average pay. **Example 9** shows how income this may be calculated.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

#### Examples 7 and 8. Year-to-Date Income Calculation

**Example 7.** The applicant's pay stub indicates the following:

- \$1,500 income (gross)
- Full-time (40 hours per week)
- Biweekly pay (26 pay periods per year)
- No regular overtime

YTD Calculation:

$\$1,500 \times 26$  pay periods per year = **\$39,000 annual salary**

**Example 8.** The applicant's pay stub indicates the following:

- \$25 per hour
- Full-time (40 hours per week) plus overtime
- Twice monthly pay (24 pay periods per year)
- \$150 in overtime each pay period

YTD Calculation:

$\$25 \times 40$  hours per week = \$1,000 per week

$\$1,000 \times 4$  weeks = \$4,000 per month

$\$4,000$  per month  $\times 12$  months = \$48,000

$\$150$  per pay period overtime  $\times 2$  pay periods per month = \$300 in overtime per month

$\$300$  monthly overtime  $\times 12$  months = \$3,600 estimated overtime per year

**\$48,000 full-time salary + \$3,600 overtime = \$51,600 total salary**

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

<b>Example 9. Average Number of Hours and Overtime Calculation</b>			
Applicant is paid once weekly at an hourly rate of \$20 and an overtime rate of \$30.			
<i>Pay stub 1:</i> 40 regular hours 5 overtime hours	<i>Pay stub 2:</i> 30 regular hours 0 overtime hours	<i>Pay stub 3:</i> 40 regular hours 3 overtime hours	<i>Pay stub 4:</i> 40 regular hours
7 overtime hours			
<u>Calculation for regular hours:</u> $40 + 30 + 40 + 40 / 4 = \text{average } 37.5 \text{ regular hours}$			
<u>Calculation for overtime:</u> $5 + 0 + 3 + 7 / 4 = \text{average } 3.75 \text{ overtime hours}$			
<u>Calculation for total income*:</u> \$20 regular rate x 37.5 regular hours = \$750.00 \$30 overtime rate x 3.75 overtime hours = \$112.50 <b>\$750.00 + \$112.50 = \$862.50 weekly pay x 52 weeks = \$44,850.00</b>			
*Adjustments will need to be made to this calculation depending on the frequency of pay based on the calculations in <b>Table 4</b> , above.			

#### **3.2.4.2 Income from Self-Employed or Non-Corporation Wages**

A self-employed applicant is also considered to have variable income. Gross annual income calculations will be based on the current year's income projections or expectations. In order to reach these projections, the previous 2 years' net income shown on Schedule C of the federal income tax returns, plus net income before taxes from the applicant's signed, year-to-date Profit and Loss Statement, will be reviewed.

#### **3.2.4.3 Income from Social Security and Supplemental Security Income**

Third-party income verifications received directly from the source of income are a valid means of verifying gross income. The current year's Social Security Award letter for regular Social Security and the most current verification letter for Supplemental Security Income constitute a third-party income verification.

#### **3.2.4.4 Income from Pensions, Annuity Payments, Etc.**

Pension and annuity payment (and other similar income) shall also be verified through third-party documentation or a statement/letter that verifies the total amount from this income source.

#### **3.2.4.5 Income from Gifts**

Income from gifts must include a signed and dated statement from the person providing the gift indicating the amount and frequency of the gift. For occupants of BMR rental units, an updated statement must be collected during recertification each year and be kept in the applicant's file. All gifts that are not used for the down payment will be counted as assets and incorporated into the income calculation.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

#### 3.3 Assets

An asset test will be applied to all applicants to determine whether they satisfy the income requirements. Tax Credit rental communities may have different asset requirements for renters. If an applicant has assets that exceed \$30,000, the following amounts will be added to the applicant's Gross Household Income to determine the household's Total Household Income:

- 10% of all assets valued at between \$30,001 and \$130,000
- 30% of all assets valued over \$130,000

The maximum assets allowed are \$250,000. Households with assets in excess of \$250,000 will be disqualified. Assets include, but are not limited to, cash, all savings and checking accounts, stocks, bonds, real estate, gifts, and other sources of money. See **Section 4.3** for greater detail on gift, asset, and cash requirements for the homeownership program.

Funds that are excluded from the asset test include:

- Pensions and federally approved retirement savings accounts, such as IRAs, Roth IRAs, and 401(k)s; however, retired applicants who receive income from their retirement account must include such income as Gross Household Income on their application;
- Funds that are in 529 education savings accounts; and
- Funds that will be used toward the down payment on the unit/home, with a maximum of up to 20% of the purchase price.

**Example 10** illustrates the calculation for determining income with assets.

Example 10. Determining Income with Assets
<p><b>Example 10.A</b> A household of three earns \$50,000 a year and has \$150,000 in total household assets</p> <p><math>\\$150,000 - \\$30,000 = \\$120,000</math> (which is less than \$130,000)</p> <p>10% of \$120,000 = <b>\$12,000</b></p> <p>New total household income: <math>\\$50,000 + \\$12,000 = \\$62,000</math></p>
<p><b>Example 10.B</b> A household of three earns \$50,000 a year and has \$200,000 in total household assets</p> <p><math>\\$200,000 - \\$30,000 = \\$170,000</math> (which is more than \$130,000)</p> <p>10% of \$130,000 = <b>\$13,000</b></p> <p>30% of balance of \$40,000 = <b>\$12,000</b></p> <p>New total household income: <math>\\$50,000 + \\$13,000 + \\$12,000 = \\$75,000</math></p>

##### 3.3.1 Asset Exceptions

In certain circumstances, households with a senior or disabled household member may be allowed an exception to the asset requirements described in this section. The City may require that applicants submit a written request explaining the need for an exemption pursuant to the Exceptions procedures described in **Section 7.2** of these Guidelines.

#### 3.4 Preference Points

Applicants for BMR Units will be screened by the developer or its designated party for initial eligibility based on the requirements set forth in **Section 3**, which includes household qualification

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

information for both ownership and rental BMR Units. If there are more qualified applicants than units available, Qualified Households will be ranked based on the number of Preference Points they receive. The City and the developer will apply the Preference Point system in the initial sale of ownership BMR Units and leasing of rental BMR Units, as applicable. *The Preference Points system is not applied in the subsequent resale of ownership BMR Units.*

The Preference Point system set out in the Inclusionary Zoning Regulations Ordinance provides priority to certain households who are deemed to have a priority need for housing in Dublin. Priority groups are shown in **Table 5**. Each household may only claim Preference Points once for any given category. The Ordinance provides that even if two persons in the household qualify for Preference Points for the same category, the points are only awarded for one person. For example, if a husband and wife are both employed in Dublin, the couple receives only 3 Preference Points for being employed in Dublin. Similarly, if two seniors make up a household, they would be entitled to only 1 Preference Point.

Some developments may seek to serve the specific housing needs of one or more segments of the population, such as seniors, disabled persons, or veterans. Some such developments may utilize a preference system that varies from the system described in the Inclusionary Zoning Regulations Ordinance and described herein to prioritize these target households. Alternative preference systems must be approved by the City Manager and described in detail in the approved Marketing and Sales Plan for ownership BMR Units or in the Marketing and Management Plan for rental BMR Units (see **Section 4.4.1** for detail regarding the Marketing and Sales Plan, and **Section 5.2** for detail regarding the Marketing and Management Plan).

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

Table 5. Preference Points

Priority	Points	Proof Required
Employed in Dublin for at least 6 months	3	Copy of first and most recent pay stub establishing length of employment; or Letter from employer, on company letterhead, indicating continuous employment for the past 6 months; or If self-employed in Dublin, then the business must have a current City business license for at least 6 months at the time of application.
Public service employee in Dublin*	1	Copy of first and most recent pay stub establishing length of employment; or Letter from employer, on company letterhead, indicating continuous employment for the past 6 months; or For a newly hired teacher at a State-accredited school, who will be working in Dublin, a copy of employment contract; and A letter from employer confirming employment and employer contact information.
Has resided in Dublin for at least 1 year	3	Copy of two utility bills (PG&E or water), one from at least 1 year ago and one most recent utility bill, both showing the applicant with a Dublin address; or Copy of a current rental agreement.
Seniors (62 and over)	1	A valid state driver license; or A valid state identification card (with photo); or A valid passport.
Permanently disabled	1	Doctor's note confirming that applicant is permanently disabled; or Other verification from a state agency establishing permanent disability status; or Verification of receipt of SSI or SSDI.
Veteran	1	A military department record of service such as an original military service record or certified copy. The document must contain the length, time, and character of the service.
Has an immediate family member who is a Dublin resident and who has continuously lived in Dublin for at least 1 year**	1	Copy of two utility bills (PG&E or water), one from at least 1 year ago and one most recent utility bill, both showing the immediate family member with a Dublin address; or Copy of the immediate family member's current rental agreement; and Copy of birth certificates for self and immediate family member, establishing relationship; or Other legal document establishing relationship.
Must move because housing is to be demolished or converted to condo	1	Letter from apartment owner or management firm verifying the imminent condominium conversion or demolition of the unit; and Confirmation from the City's Community Development Department.

\* A public service employee is a person who is employed by a public agency such as the City of Dublin, a firefighter or police officer assigned to work in Dublin, BART, DSRSD, or USPS working in Dublin.

\*\* Immediate family is defined as a mother, father, brother, sister, child, grandparent, or grandchild currently living together for 6 months or more.

### 3. HOUSEHOLD REQUIREMENTS FOR BMR RENTERS AND OWNERS

---

**Example 11** demonstrates how Preference Points are calculated.

#### **Example 11. Preference Points Calculation**

**Example 11.A** An applicant for a BMR Unit both lives in Dublin (for at least 1 year) and works in Dublin (for at least 6 months). This individual will receive the following points:

Lives in Dublin	3 points
Works in Dublin	<u>3 points</u>
Total number of points	= 6 points

**Example 11.B** One member of an applicant household works in Dublin and is a schoolteacher. This household will receive the following points:

Works in Dublin	3 points
Public service employee	<u>1 point</u>
Total number of points	= 4 points

# 4 Procedures for Ownership BMR Units

---

## 4.1 Overview

The ownership program includes additional procedures for the marketing, sale, annual monitoring, refinancing, and resale of Ownership BMR Units. This section includes information on each part of the BMR Ownership Program.

## 4.2 Requirements for Purchasing Ownership BMR Units

This section applies to all BMR Units, including resales and new BMR Units.

### 4.2.1 Maximum Sale Price of BMR Units

BMR Units are priced to be affordable to households that are at or below certain designated income levels. The sale price of comparable market rate units or even comparable BMR Units has no bearing on the resale price of a particular BMR Unit. The maximum sales price for a BMR is based on several factors, including:

1. The applicable State of California Income Limits for Alameda County in effect at the time the unit is put on the market,
2. The number of bedrooms, and
3. The estimated total monthly housing payment, which includes the costs of the mortgage payment (principal and interest), HOA dues, property taxes, utilities, homeowner's insurance and private mortgage insurance (if applicable).

Pursuant to Section 8.68.020A.2 of the Inclusionary Zoning Regulations Ordinance, owner-occupied units are deemed affordable units if the sales price results in annual housing expenses that do not exceed 35% of the maximum income level for Low- and Moderate-Income households, adjusted for household size. The price is then rounded to the nearest \$100. The maximum sale price for for-sale BMR Units is based on a designated income percentage that is intended to be affordable to a greater range of households in each applicable income category.

- For Low-Income households (household income of between 51% and 80% of Area Median Income), the maximum sales price is determined based on a total monthly housing payment equivalent to one-twelfth of 35% of 70% of the AMI for Alameda County.
- For Moderate-Income households (household income of between 81% and 120% of Area Median Income), the maximum sales price is determined based on a total monthly housing payment equivalent to one-twelfth of 35% of 110% of the AMI (per HCD Regulations).

In addition, the maximum sales price is based on the number of bedrooms in the BMR Unit instead of the number of persons in the particular household. For example, if a developer is selling a two-bedroom unit, the sales price would be calculated under a "number of bedrooms, plus one" rule for

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

the assumed household size.<sup>1</sup> The assumed household size is based on the size of the residential unit, as shown in **Table 6**.

**Table 6. Household Size Assumption for Maximum Sales Price Calculations**

Unit Size (Number of Bedrooms)	Assumed Household Size (Number of Persons)
1	2
2	3
3	4
4	5

The City uses the following assumptions to calculate the maximum sales price that developers must use in the initial sale of BMR Units. Note, however, that a Qualified Household's actual Housing Expenses may differ from these assumptions.

- *Interest* – 15-year average of the 30-year fixed rate mortgage (FRM) rate for the West Region.
- *Mortgage Term* – fixed rate for 30 years.
- *Buyer's Down Payment* – the calculation uses 5% which is typical. The minimum required for the City of Dublin is 3%.
- *Taxes* – 1.25% of the estimated sale price of the unit.
- *HOA Dues (if any)* – For new units, the City will require the developer to provide an estimate of the HOA dues by unit size. For resales, the actual, current amount of the HOA dues will be used.
- *Insurance* – homeowner's insurance. The cost of homeowner's insurance may be calculated based on an estimate provided by the developer. (If the homeowner's insurance is covered by an HOA structure, homeowner's insurance need not be included, but it must be documented that the HOA will provide adequate insurance.)
- *PMI* – private mortgage insurance. Because most BMR Unit buyers will not have total down payment proceeds of 20%, and instead will have a minimum required down payment of 3%, they will be subject to private mortgage insurance, which is estimated at .74% of the sale price of the unit. (.74% is a mid-range estimate based on average PMI costs.)
- *Utilities* – Costs include heating, cooking, other electrical and water heating. Depending on whether or not an HOA already covers water and trash collection, these costs may need to be included.
- *Other* – may include special assessments or fees for special assessment districts.

**Example 12** shows how the sale price is calculated. The example is broken into three processes.

**First:** The first amount to be determined is how much of their monthly income a household at the designated income level can allocate to their total monthly housing expenses, for those expenses to be considered affordable. These monthly housing expenses include the costs of

---

<sup>1</sup> These assumptions are for the purpose of determining sales price only and are not enforceable occupancy limits or restrictions, and shall not be included as limiting or eligibility criteria in the marketing or sales of BMR Units.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

the mortgage payment (principal and interest), HOA dues, property taxes, utilities, homeowner's insurance and private mortgage insurance (if applicable).

**Second:** The formula tallies all the housing expenses except the amount of the mortgage payment. Then the formula takes the amount the household can affordably spend on their housing expenses (#1 above) and subtracts all the other estimated housing expenses. The result is the maximum amount that the monthly mortgage payment must be, to be considered affordable to a household at the designated income level.

**Third:** To translate the maximum monthly mortgage payment amount into the maximum sale price, the calculation uses a Present Value formula, which is a financial formula that calculates the present value of a loan based on a constant interest rate and a set monthly payment.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

<b>Example 12. BMR Unit Sales Price Calculation</b> <i>(three-bedroom home for a four-person Moderate-Income household)</i>	
Fixed APR interest (based on 15 yr. average of interest rates, adjusted annually)	4.5%
Monthly interest rate (annual rate / 12 months)	.38%
Mortgage term 30 year (total term * 12 months)	360
Typical Down Payment (minimum required is 3%, example uses 5%)	5%
Income upper limit for qualification purposes (120% of AMI)	\$116,900
Expected income for households in the median to moderate range (110% of AMI)	\$107,140
Annual Amount of income available for housing expenses (35% of 110% of AMI)	\$37,499
<b>Monthly amount of income available for housing expenses (annual amount / 12 months)</b>	<b>\$3,125</b>
<b>MONTHLY HOUSING EXPENSES</b>	
Property Taxes (estimated at 1.25% of sales price)*	\$497
HOA Dues (estimated monthly cost)	\$275
Insurance (estimated monthly cost)	\$50
Mortgage Insurance (estimated at .74% of mortgage / 12 for monthly cost)**	\$233
Utilities (estimated monthly cost)	\$158
<b>SUBTOTAL HOUSING EXPENSES (does not include mortgage)</b>	<b>\$1,213</b>
<b>Monthly mortgage amount (monthly amount of income available for housing expenses MINUS subtotal from line above)</b>	<b>\$1,912</b>
<b>MAXIMUM AFFORDABLE SALE PRICE CALCULATION</b>	
Monthly mortgage amount	\$1,912
<b>Maximum Affordable Sales Price (Present Value of Monthly Mortgage payment at set interest rate for duration of 30 yr. mortgage)***</b>	<b>\$397,320</b>
Buyer's down payment amount (5%)	\$19,866
Mortgage principal	\$377,454
<p>*Sales Price calculator uses set formulas to calculate property taxes so that it is correct after all other variables have been entered.</p> <p>**Mortgage insurance is required for mortgages financing more than 80% of the total sales price. Actual rates are variable dependent on the borrower's credit risk, the percentage of the sales price being financed, and location of the unit.</p> <p>***Present Value is a financial formula that calculates the present value of a loan based on a constant interest rate and a set monthly payment.</p>	

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

### 4.3 Application and Screening Process

All applicants must complete the application that has been approved by the City as part of the Marketing and Sale Plan (outlined in **Section 4.4.1**) and to provide the required supporting documentation by the deadline set forth in the plan. The developer should plan accordingly to ensure that applicants are not qualified more than 6 months before the move-in date for the unit.

Complete application packets should include at a minimum:

1. Complete application document;
2. Income and asset documentation set forth in **Sections 3.2.3-4** and **3.3**;
3. Reservation instrument showing the address, number of bedrooms, and sales price (if an initial sale);
4. A loan preapproval letter and Loan Estimate;
5. A signed Disclosure Statement (Exhibit F of the Resale Restriction Agreement);
6. A signed credit report authorization and release or other consent and verification letter;
7. Copy of recent tri-merge credit report; and
8. Evidence of a minimum of 3% available funds to be used as a down payment.

#### 4.3.1 Requirements for BMR Unit Applications

A household is qualified to participate in the BMR Ownership program if it satisfies the requirements stated in **Table 7**.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

Table 7. BMR Ownership Household Qualifications

Qualification Requirement	Description
Income	The household's Total Household Income must not exceed the applicable Maximum Income set forth in <b>Section 3.2.1</b> .
First-Time Homebuyer	No member of the household may have owned any interest in real property during the three-year period prior to the household's BMR Unit application date, as defined by HUD.
Owner Occupancy	The household will occupy the unit as its Principal Residence within 30 days of the close of escrow on the unit. The owner must reside in the unit; no rental of the unit in any kind is permitted unless authorized by the City's Housing Division.
Size	The household is of a size meeting the household size criteria set forth in <b>Section 3.2</b> .
Homebuyer Education	All title holders of the property must take a HUD-approved or City-approved 8-hour homebuyer education workshop prior to the anticipated close of escrow date and receive a certificate of completion. The certificate of completion must be dated within 6 months of the date of application.
Credit Score	All applicants have a minimum FICO credit score of 620 (see <b>Section 4.3.2</b> ).
Residency/Citizenship	All household members must be either a citizen or national of the United States or a qualified alien defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). H-1B Visa holders are considered temporary residents under PRWORA. Citizenship is based on status at time of application submittal.
Loan Preapproval	Homebuyers must be prequalified for a home loan that conforms to the requirements established in <b>Section 4.3.5</b> .
Debt to Income Ratio	Homebuyers' proposed debt (based on current liabilities and proposed housing payment) may not exceed 45% of the household's monthly income.

Qualification determinations may be appealed in accordance with the procedures described in **Section 7**.

Qualified Households are subject to specific requirements and restrictions regarding BMR Unit financing and title and loan structure.

### 4.3.2 Credit Score

For ownership BMR Units, a credit check will be conducted on all adults (other than dependents) in the household. Applicants must have sufficient creditworthiness to qualify. Creditworthiness means that:

1. All household individuals shall have a minimum of 3 years since Chapter 7 or Chapter 13 bankruptcy discharge date and/or foreclosure/short sale and evidence of reestablished credit is provided; and
2. All persons appearing on the mortgage shall have a minimum FICO credit rating of 620 points from all three credit agencies.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

Alternative Credit History is permitted with satisfactory references from a minimum of four trade lines and 12 months of consistent payment records. One of the trade lines must be a 12-month verification of rent history.

### 4.3.3 In-Person Consultation

All members of the BMR Unit buyer household must attend an in-person meeting with City Staff to discuss BMR Unit resale restrictions and ongoing requirements prior to close of escrow. Following issuance of a qualification letter, City Staff will work with the buyers to determine a mutually convenient meeting time. At the meeting, the buyers will review and sign a disclosure statement agreeing to the terms and conditions of the program.

### 4.3.4 Homebuyer Education Program

Every person on the property title must successfully complete a City-approved Below Market Rate 8-hour homebuyer education class prior to the close of escrow and must provide the City with evidence of completion.

### 4.3.5 Title and Loan Requirements

No cosigners are permitted on any BMR loan products. All adult household members must appear as an owner or co-owner on the BMR Unit title and must cosign for any purchase loan for the BMR Unit with the following exceptions:

1. Legal dependents of titleholders as claimed on the most recent tax return or legal minor children of titleholders. Spouses or domestic partners are not considered dependents.
2. Recent immigrants with insufficient credit history, defined as persons who have 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 loan denial, including a copy of the applicant's credit report.

### 4.3.6 Financing Requirements

All BMR Unit buyers must be able to secure a loan through a lending institution for a BMR Unit. For new BMR Units, the developer may require that all applicants get prequalified from the developer's preferred lender at the time of application. However, once an applicant receives approval to purchase a unit, applicants may use a lender of their choice, provided that the lender adheres to the City's Guidelines for acceptable loan products. The City does not have a preferred lender list at this time but can provide lenders who are familiar with BMR loan products.

#### *4.3.6.1 Acceptable Loan Products to Purchase or Refinance a BMR Unit*

The City reserves the right to reject loan products if the City believes in its sole discretion that there is a stronger likelihood that the loan product would potentially result in loss of the BMR Unit due to the purchasers' inability to comply with the terms of the loan.

Following is a nonexclusive list of the loan products that may be acceptable to the City. The list is not intended to be exhaustive, and other loan products may be evaluated upon request.

#### *Acceptable First Mortgage Loan Products*

- Fixed mortgages up to 40 years

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

- Maximum 100% combined loan to value

##### *Prohibited Loan Products and Unacceptable Mortgage Features*

- Interest-only loans
- Negative amortizing loans
- Adjustable rate loans
- Balloon payment loans
- Lines of credit that exceed the resale price of the unit
- Stated income loans
- Excessive points and fees (more than what is typical of the market at the time)

##### *All-Cash Sales*

All-cash sales are not permitted.

##### *Down Payment Requirements*

The buyer is required to make a minimum down payment of at least 3% of the sales price, with a maximum down payment of 20% of the sales price. No exceptions will be made to the requirement. Funds must meet the following criteria:

- Funds must come from acceptable, verifiable sources that are properly documented per Federal Housing Administration Guidelines;
- Funds must be deposited with the applicant's financial institution account for a minimum of 3 months from date of application;
- Funds must be placed into escrow prior to the close of escrow;
- Funds used for the 3% down payment may not be used toward closing costs. The applicant is still responsible for paying any applicable closing costs.

##### *Gift Funds*

One-time gift funds may be used towards the down payment, or closing costs, given that the buyer still supplies a minimum of 3% towards the down payment from their personal funds. The down payment—including gift funds and buyer's 3% down payment funds—cannot exceed 20% of the total purchase price. Reoccurring gifts or larger gifts will be considered as assets and included in the income calculation. All gifts must be clearly identified in a "gift letter" which must be submitted with the application.

##### *Debt to Income Ratio*

Homebuyers' proposed debt (based on current liabilities and proposed housing payment) may not exceed 45% of the household's monthly income. Mortgage lenders may set lower debt to income ratio limits, and the average limit for lenders in the Dublin area is 43%.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

### *First Mortgage Loan to Value Ratio*

Borrower must provide funds in an amount equal to a minimum of 3% of the purchase price for use as a down payment. **The 3% must be applied to the purchase price so the combined loan to value ratio does not exceed 100%.** This applies for all VA or FHA loans as well.

### *Closing Costs and Deposits*

The buyer is responsible for all closing costs related to the mortgage for the purchase of the BMR Unit, including, but not limited to, title fees, escrow fees, and loan origination fees (approximately 2% to 3% of the purchase price). The buyer may be “gifted” funds to pay for these closing costs, as discussed above.

The buyer may take advantage of other down payment assistance programs to assist with closing costs with approval from the City.

### *Down Payment Assistance*

The City reserves the right to reject down payment assistance products if the City believes in its sole discretion that there is a stronger likelihood that the down payment assistance product would potentially result in loss of the BMR Unit due to the purchasers' inability to comply with the terms of the assistance. For information about the City's Down Payment Assistance Program, please contact the Housing Division at (925) 833-6610 or [Housinginfo@dublin.ca.gov](mailto:Housinginfo@dublin.ca.gov).

### *4.3.6.2 Recorded Documents (Resale Restriction Agreement and Performance Deed of Trust)*

The Inclusionary Zoning Regulations Ordinance requires that all BMR Units be deed restricted to income eligible households for a period of 55 years. As a result, BMR Unit buyers must execute a Resale Restriction Agreement and a Performance Deed of Trust. These documents must be signed by all title holders and recorded.

### *Highlights of the Resale Restriction Agreement*

The following sections highlight some of the restrictions in the Resale Restriction Agreement. This list is not intended to be exhaustive. A sample Resale Restriction Agreement is provided in **Exhibit 1**.

**Principal Residence Requirement.** The BMR Unit must be owner-occupied and may not be used as an investment or rental property. BMR Unit Owners are required to occupy the BMR Unit as their Principal Residence. The City monitors this requirement on an annual basis (see Annual Survey/Owner-Occupancy Monitoring below). BMR Unit Owners are further prohibited from renting **any** part of their unit without prior written approval from the City. Refer to **Section 4.6** for a discussion of circumstances in which a BMR Unit Owner may be approved to rent out a BMR Unit and related provisions. Failure to adhere to these requirements could constitute an Event of Default under the Resale Restriction Agreement. Failure to occupy the BMR as a primary residence will result in a Notice of Default with the City of Dublin being owed all rents, profits, revenues or income received on the property plus any applicable penalty fees.

**Resale of BMR Unit.** The City of Dublin is not responsible for locating or providing qualified buyers for BMR Units; however, all potential buyers must be qualified by the City before the sale can proceed. BMR Unit Owners may only sell their units to a Qualified Household or to the City for a restricted price calculated pursuant to **Section 4.2**. A BMR Unit Owner must follow the requirements set forth

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

in **Section 4.7** when selling his or her unit. The City has the right of first refusal on all BMR homes in the City of Dublin.

**Appreciation Share.** Upon the first sale of the BMR Unit after the end of the 55-year term of the Resale Restriction Agreement, the owner must pay to the City an amount equal to 25% of the difference between the actual sales price and the adjusted resale price calculated pursuant to the formula set forth in **Section 4.7.1**. For example, if a BMR Unit was originally purchased for \$200,000 (actual sale price) and at the end of 55 years sells for \$500,000 (adjusted resale price), the equity in the unit is \$300,000. The amount owed to the City would be 25% of the \$300,000, or \$75,000.

**Title Changes.** A BMR Unit Owner cannot make changes to the title on a BMR Unit without prior written approval from the City. BMR Unit Owners must request changes to title in writing before making **any** changes to the title to a BMR Unit and are responsible for all costs associated with adding or removing a person to or from the title. In the case of a change in the household makeup, due to either marriage, divorce, legal separation, death, or other occasion that will cause a person to move in or to vacate the BMR Unit, BMR Unit Owners should contact the City to ascertain how to add or remove names from the Resale Restriction Agreement and Performance Deed of Trust.

**City's Option to Purchase.** The City has the option to purchase a BMR Owner's unit upon the occurrence of certain events, including, but not limited to, the City's receipt of a Notice of Intent to Transfer from the BMR Unit Owner, bankruptcy of the BMR Unit Owner, City issued Notice of Default, or foreclosure. The City may also choose to transfer its purchase option to an individual or organization of its choosing. A BMR Unit Owner must notify the City when it desires to sell its BMR Unit by submitting a Notice of Intent to Transfer (see Exhibit B to the Resale Restriction Agreement) to the City. If the City decides not to purchase the unit, the City will send the BMR Unit Owner a Conditional Consent to Transfer letter, along with a packet of information that will assist the BMR Unit Owner in finding a Qualified Household to purchase the unit.

**Refinancing BMR Units and Taking Cash Out.** In general, BMR Unit Owners may refinance their units only to take advantage of a new loan that benefits the BMR Unit Owner financially (e.g., a lower interest rate with lower monthly payments). BMR Unit Owners must contact the City in writing for prior written approval of **all** refinancing. Taking cash out of the unit is not allowed unless the cash will be used for Approved Capital Improvements as outlined in **Section 4.6.5**.

**Maintenance Requirements.** The BMR Unit Owner is required to maintain the property in good, safe, and habitable condition and in compliance with all applicable laws, ordinance, regulations, and other codes. The Resale Restriction Agreement entitles the City to inspect the BMR Unit upon receiving a Notice of Intent to Transfer to determine whether there are any adjustments to be made to the City's calculation of the resale price.

**Annual Survey/Owner-Occupancy Monitoring.** Each year, the City of Dublin will verify compliance with the Principal Residence requirement. An annual monitoring survey will be emailed to the owner(s) of each BMR Unit, usually around the anniversary date of the purchase of the unit. Each owner **must** complete and return the survey along with qualifying documentation within the prescribed time frames in the notice. *Failure to return the survey and documentation could place the BMR Unit Owner(s) in default of the Resale Restriction Agreement.* In addition, pursuant to the Consent Agreement, the City may access and review the BMR Unit Owner's credit reports or other financial or personal information to verify the BMR Unit Owner's compliance with the Resale Restriction Agreement and these Guidelines.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

**Estate Planning.** Upon the death of a BMR Unit Owner, the inheriting owner must notify the City of the BMR Unit Owner's death within 30 days of the date of the death and must sell the BMR Unit to a Qualified Household at a restricted resale price within 180 days (or longer if approved by the City due to market conditions) **unless all of the following apply:** (i) the inheriting owner is the legal child or stepchild of the BMR Unit Owner; (ii) the City verifies that legal child or stepchild qualifies as a Qualified Household; and (iii) the legal child or stepchild signs a Resale Restriction Agreement and a Performance Deed of Trust.

### 4.4 Procedures for Initial Sale of BMR Units

This section applies to developers of new ownership BMR Units.

#### 4.4.1 The Marketing and Sales Plan for Initial Sale of Ownership BMR Units

Prior to the issuance of building permits for any ownership BMR Units, the developer must submit a Marketing and Sales Plan to the City for approval. The Marketing and Sales Plan must contain the components described in **Table 8**. A sample Marketing and Sales Plan is attached as **Exhibit 3**.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

**Table 8. Required Marketing and Sales Plan Contents**

Component	Description
Narrative Summary	<p>A 1-page narrative summary suitable for advertising the availability of the BMR Units on the City web page and other locations. The summary must include:</p> <ul style="list-style-type: none"> <li>• A description of the total number of BMR Units and market-rate units in the Residential Development;</li> <li>• The HOA dues for each BMR Unit;</li> <li>• The amenities included in the unit; and</li> <li>• Contact information for sales representatives (including a name, telephone number, address, and email address).</li> </ul>
Application Process Explanation	An explanation of the application process and the deadline for submitting applications. If the development is phased, the developer must establish deadlines for each phase of the development that includes BMR Units.
Selection Process Explanation	An explanation of the buyer selection process, including an explanation of the Preference Point system.
Sales Training Timelines	Timeline for the developer's sales staff to meet with the City's Housing staff to receive training on the sale selection and application process.
Application Timelines	Timelines for application submittals buyer selection. If the development is a phased project, information must be provided on the number of phases and the timelines for those phases.
Marketing Materials	Copies of materials that will be used to market the BMR Units.
Application Packet	<p>The application packet must include:</p> <ul style="list-style-type: none"> <li>• Application for Inclusionary Unit</li> <li>• Disclaimer for BMR Units</li> <li>• Credit Authorization and Release</li> <li>• Signed Sample Resale Disclosure Statement</li> <li>• Required Supporting Documentation Checklist</li> <li>• Highlights of Dublin Resale Restriction Agreement</li> </ul>

No marketing of the BMR Units shall begin until the developer has received written approval of the Marketing and Sales Plan from the City and the developer's sales staff has met with City Staff for training so that the sales staff understands and can explain the application process.

### 4.4.2 Developer Process for BMR Units

The developer must comply with the following process to sell the BMR Units (see **Figure 2** for an overview):

- 1. Application Collection and Screening.** Developer collects applications for the period of time set forth in the approved Marketing and Sales Plan. Developer screens applicants to determine whether they satisfy the requirements for Qualified Households set forth in **Section 3**. Developer also performs a credit check on applicants as set forth in **Section 4.3**. The credit check must be completed to proceed with review of the application.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

##### 2. Preference Points/Priority List.

Developer sorts and ranks the Qualified Households based on the Preference Points and creates a Priority List with those applicants with the most Preference Points at the top, followed by all other applicants in descending order based on the number of Preference Points received. If more than one qualified applicant receives the same number of Preference Points or if some applicants receive no Preference Points, the developer will rank the Qualified Households based on other objective criteria outlined in its approved Marketing and Sales Plan. For example, the developer may date stamp all applications and, in the case of a tie, rank the Qualified Households based on who applied first, or the developer may choose to hold a lottery to break ties. However, whichever criteria the developer uses must be set forth in its approved Marketing and Sales Plan.

##### 3. Priority List and Application Packets Submittal.

Developer completes the Priority List within 30 days of the application deadline outlined in the Marketing and Sales Plan. Developer submits **complete** application packets of Qualified Households (including supporting documentation) to the City within 45 days of the planned close of escrow.

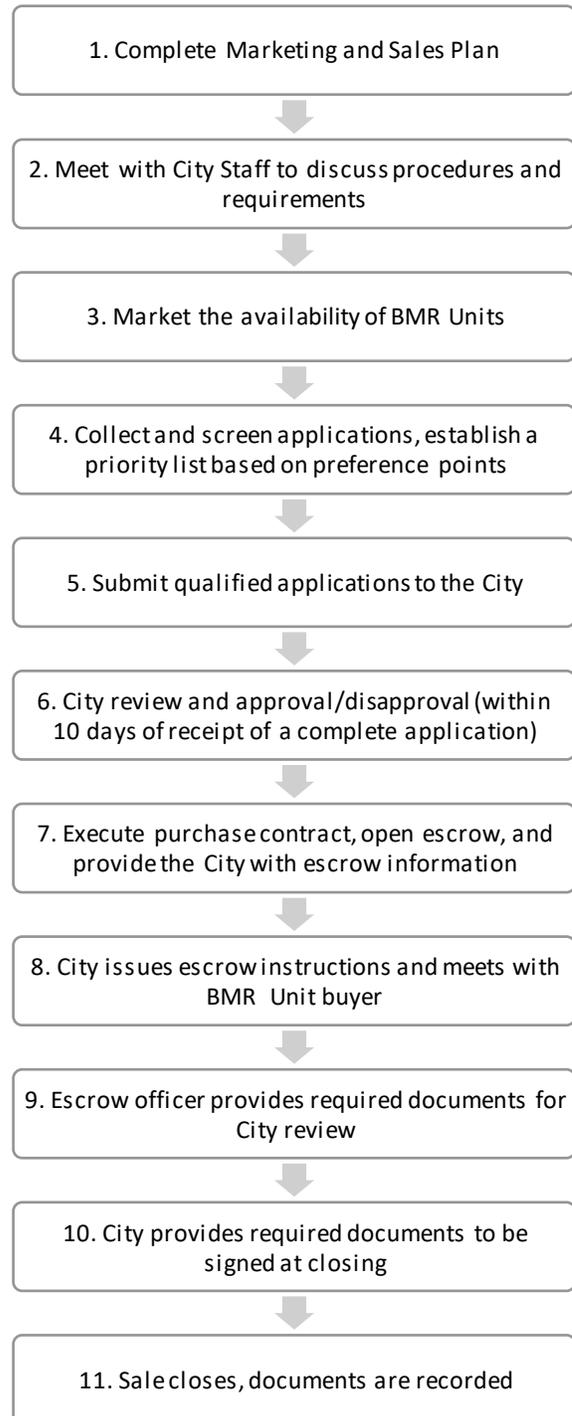
##### 4. City Review and Verification.

The City reviews the application packets to verify the applicants are Qualified Households. The City will make every effort to review the applications within 10 working days of receiving a complete application packet.

##### 5. Qualification/Disqualification.

Once the City has verified that the applicant is a Qualified Household, the City will send the developer a conditional qualification letter (or similar document) indicating the applicant's name and income level, the maximum sale price of the unit (see **Section 4.2** for more detail on establishing the sale price), and any requirements that must be met before moving forward with the applicant. The conditional qualification letter is valid for 6 months from the date of the letter. A copy of the application packet, along with income verification for the household, will be retained

Figure 2.  
Initial BMR Unit Sale Process for Developers



#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

by the City as proof of the buyer's qualification to purchase the BMR Unit. If the City determines that the applicant is not a Qualified Household, the City will send the developer an ineligibility letter. An applicant who has been deemed to be ineligible may not reapply for a period of 1 year from the date of the ineligibility letter.

The developer bears the responsibility of ensuring that applicants are not qualified more than 6 months before a BMR Unit becomes available and closes escrow. Applicants must be requalified if close of escrow is to take place more than 6 months from the date of the conditional qualification letter. Applicants may or may not qualify to purchase a BMR Unit upon requalification. In addition, the price of the BMR Unit may change upon requalification.

Conditional approvals are based on information supplied to the City by the developer or its agent. If any material changes to the financial conditions, marital status, employment status, or other information are made known prior to loan closing, the developer, its agent, or the lender must notify the City of Dublin in writing of these changes. The City expressly reserves the right to reverify the applicant(s) and may void or cancel this conditional approval or other approval at any time prior to the loan closing if material changes affect the qualification status of the buyer(s). Material changes to the composition of the household (such as household members added or removed) during the application process will result in the application being moved to the bottom of the Priority List.

Qualification determinations may be appealed in accordance with the procedures described in **Section 7**.

**The sale cannot proceed until all required documents are provided to the City and the developer receives a written qualification letter from the City.**

6. **Offer to Purchase/Purchase Agreement.** The developer will offer the unit to Qualified Households based on the Priority List, offering the BMR Unit first to those applicants with the most Preference Points, then to other applicants in descending order. The developer and the applicant will enter into a purchase agreement. A copy of the signed agreement must be provided to the City.
7. **Escrow Instructions.** The developer will provide the City with the name and address of the title company closing the sale and the name of the escrow officer. The City will prepare and send escrow instructions to the escrow officer.
8. **Receipt of Documents.** The escrow officer will submit the following documents to the City:
  - Appraisal, Title Report, Completed and Signed Uniform Residential Loan Application; Loan Estimate, Estimated Settlement Statement, Closing Disclosure, Note, and Deed of Trust;
  - Completed, executed, and notarized Resale Restriction Agreement and Option to Purchase; and
  - Completed, executed, and notarized Performance Deed of Trust.
9. **Compliance Review.** Prior to the City sending the Resale Restriction Agreement and Option to Purchase and Performance Deed of Trust to the title company for signing, the City will review all final documents for completeness and compliance with Program requirements.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

**10. Prepare and Record Documents.** When all documents have been received and are deemed in compliance with Program requirements, the City will prepare and send the Resale Restriction Agreement and Performance Deed of Trust to the escrow officer to be reviewed and signed by the BMR buyer. Once signed by the buyer, the escrow officer will send the original documents to the City. The City will prepare the Request for Notice of Default for each of the buyer's loans and secure the signature of the City Manager or his/her designee on the necessary documents. The City will send the original signed Resale Restriction Agreement, Performance Deed of Trust, and Request(s) for Notice of Default to the escrow officer for recording. After close of escrow, the title company will provide the City with a Final Settlement Statement and \$1,500 check for the City Administration Fee.

If at any time during the application, screening, or sale process, an applicant requires translation services, the developer will provide such services at the developer's sole cost and expense.

### 4.5 Procedures for BMR Purchase

This section applies to households interested in purchasing a BMR Unit.

#### 4.5.1 Qualifying and Purchasing a BMR

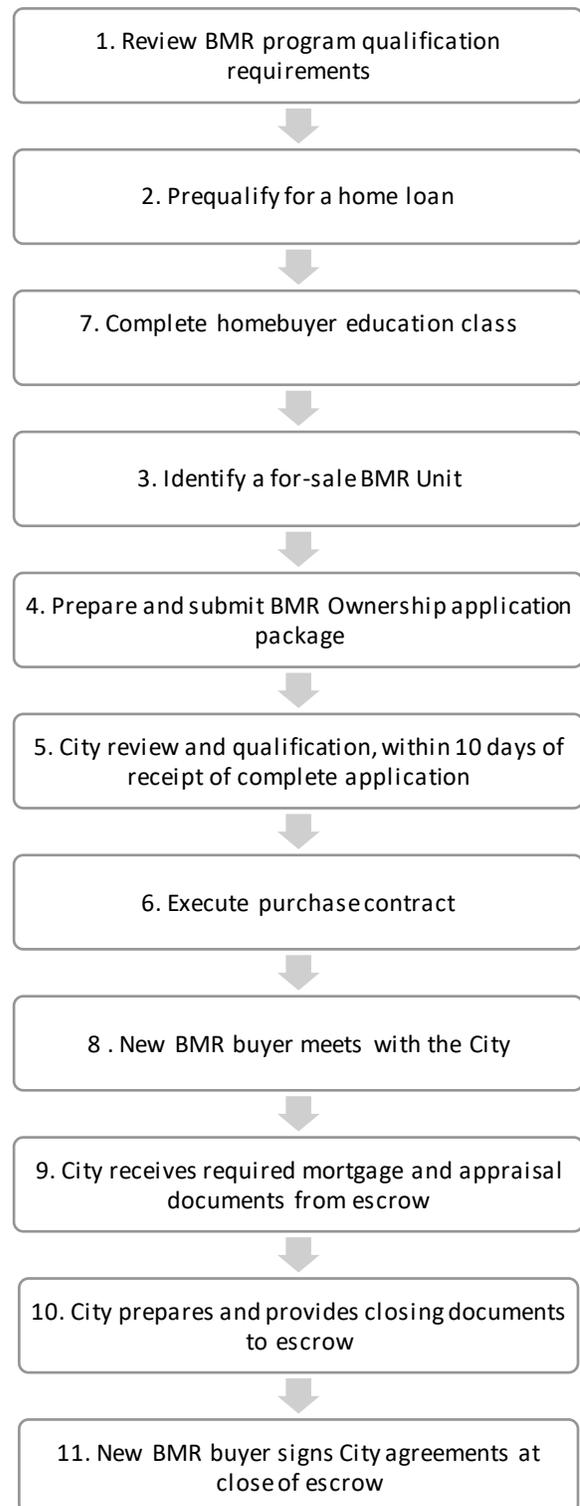
The following are the general steps for qualifying for and purchasing a BMR Unit (see **Figure 3** for an overview):

1. **Review Qualification Requirements.** Potential BMR Unit buyers should review these Guidelines and confirm that they meet established qualification requirements (see **Section 3**).
2. **Prequalify with a Lender.** Potential BMR Unit buyers should work with a lender of their choosing to get prequalified to purchase a home. Potential financing must meet the requirements described in this section. This step is necessary in the preparation of a complete application and will give the buyers a clear understanding of the amount of money they are eligible to borrow for a home purchase.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

3. **Identify a BMR Unit.** If eligible, potential buyers should identify and view BMR Units available for sale, including newly constructed units or resale units (available BMR Units must be listed on the City's website).
4. **Prepare Application Package.** When the BMR buyers find a BMR Unit that they would like to purchase, the potential buyers should work with a real estate agent or developer's sales staff to confirm eligibility, complete the City's BMR homeownership application, and compile qualification materials. The complete application must be submitted to the City's Housing Division. Buyers should also follow other offer and material submittal requirements and timelines as established by the listing agent or developer.
5. **City Review and Qualification Determination.** The City will make every effort to review the application and qualification materials and determine program eligibility within 10 working days of receipt of a complete application. If the application is approved, the City will send the developer or agent a conditional qualification letter (or similar document). The letter will be valid for 6 months from the issue date. Applicants who are determined ineligible will receive an ineligibility letter. Ineligible applicants may not reapply to purchase any BMR Unit for a period of 1 year from the date of the ineligibility letter.
6. **Execute Contract.** Once the BMR buyer household has confirmed eligibility and received a conditional qualification letter from the City, the BMR buyer should execute a purchase contract with the seller. The agent should open escrow and provide escrow information to the City. The City will prepare escrow instructions and submit them to the escrow officer.
7. **Homebuyer Education.** Potential BMR Unit buyers must complete an 8-hour

Figure 3.  
BMR Purchase Procedure



## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

homebuyer education course prior to the anticipated close of escrow date (see definition in **Section 1.1**).

8. **In-Person Consultation.** Potential BMR buyers must schedule and complete an in-person consultation with City Staff (see below).
9. **City receives mortgage and appraisal documents from escrow.** City Staff reviews documents to make sure they are consistent.
10. **City provides closing documents to escrow.** City Staff will prepare all closing documents and deliver them to escrow.
11. **Sign Paperwork.** Following receipt of required paperwork from the escrow company, the City will prepare the Resale Restriction Agreement and Performance Deed of Trust for the BMR buyer to sign at close of escrow. Once the BMR Unit buyer has signed, the paperwork will be delivered to the City for signature. The City will forward this paperwork as well as a request for notice of default on the BMR Unit buyer's loan to the escrow officer for recordation.

### 4.6 Post-Sale Procedures for BMRs

#### 4.6.1 Owner-Occupancy Status Monitoring

The BMR Unit Owner is required to occupy the BMR Unit as his/her Principal Residence. The City conducts monitoring of the owner-occupancy status of the BMR Unit on an annual basis. The BMR Unit Owner must complete annual owner-occupancy monitoring surveys and submit these to the City (see below). These surveys will be sent electronically, and the owner is responsible for ensuring the Housing Division has their correct contact information at all times. Failure to complete the annual monitoring shall be considered a default of the Resale and Restriction Agreement.

#### 4.6.2 Owner Occupancy Exception

Ownership BMR Units are subject to an owner-occupancy requirement. However, under the following limited circumstances, a BMR Unit Owner may be permitted to temporarily rent his or her unit (not to exceed 12 months) to a Qualified Household (see **Section 3** for household requirements which apply to both renters and owners) to alleviate one or more of the following specified hardships:

- The BMR Unit Owner is unable to resell the unit as described in **Section 4.7**;
- The BMR Unit Owner must temporarily relocate for employment purposes; or
- The BMR Unit Owner must attend to personal health problems or the health problems of an immediate family member.

The temporary rental is reviewed on a case by case basis and shall not exceed 12 months under any circumstance. The BMR Unit Owner must request and obtain **advance** written permission from the City to rent the BMR Unit before advertising the unit and selecting a qualified tenant. Once the request is approved and a qualified tenant is selected, the BMR Unit Owner must execute a rental agreement that clearly states:

1. That the term of the rental is for a limited period of time (not to exceed 12 months);

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

2. The amount of the monthly rental payment (set in accordance with the maximum monthly rent calculated in accordance with the Ordinance and published annually **or** the BMR Unit Owner's total monthly housing costs [mortgage payment – principal plus interest, HOA fees, and property taxes], **whichever is less**).

The BMR Unit Owner must submit a copy of the executed rental agreement to the City and, within 10 days of execution of the rental agreement, sign a Rental Regulatory Agreement with the City. The signed Rental Regulatory Agreement will be recorded against the property.

Failure to obtain permission for temporary rental shall result in payment to City of any rents or income received from the home rental, and/or legal fees required to bring the home into compliance, as outlined in the Deed of Trust and Resale Agreement. A Notice of Default will be recorded for any unpermitted rental not cured within thirty days from official notice.

### 4.6.3 Refinance Requirements

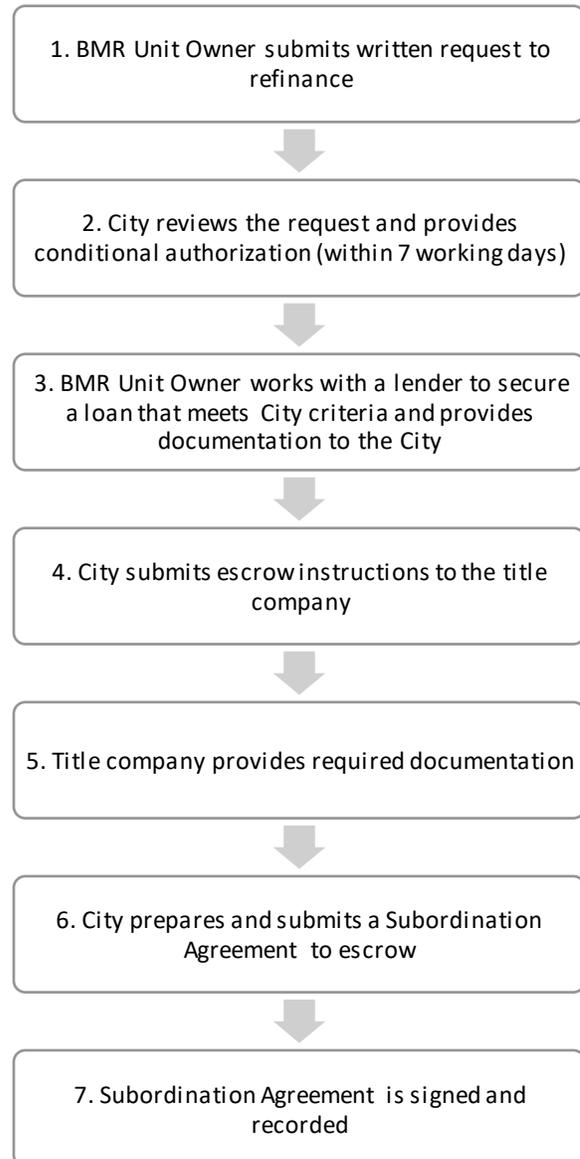
BMR Unit Owners may refinance their units; however, financing terms are subject to the restrictions noted in **Section 4.3.6**, and the terms stated in the Resale Restriction Agreement. BMR Unit refinances are subject to an administrative fee.

### 4.6.4 Refinance Procedure

BMR Unit Owners must comply with the following procedures when refinancing an ownership BMR Unit (see **Figure 4** for an overview of the refinance process):

1. **Inform the City.** The BMR Unit Owner must inform the City of his or her desire to refinance. Notification must be submitted in writing and must be accompanied by a copy of the BMR Unit Owner's most recent mortgage statement.
2. **City Review.** The City will review the refinance request within 7 working days to verify that the proposed loan terms are in keeping with City requirements and terms outlined in the Resale Restriction Agreement. If the loan is found acceptable, the City will issue a conditional authorization letter to the BMR Unit Owner. The letter will outline documentation needed by the City, which typically includes an Appraisal, Loan Estimate, and Title Report.

Figure 4.  
BMR Unit Refinance Process



## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

3. **Document Preparation and Closing.** Once all requested documents are received and deemed acceptable, City Staff will issue escrow instructions to the title company. The instructions will outline the final documents the City needs to prepare closing paperwork. Once received, the City will prepare and submit a Subordination Agreement to the title company to be reviewed and signed by the BMR Unit Owner and the bank. The documents will then be signed by the City and recorded.

### 4.6.5 Capital Improvements

BMR Unit Owners may make modifications to improve their home for maintenance and aesthetic purposes, as allowed by the HOA, if applicable. For certain Approved Capital Improvements (i.e., permanent changes that improve the health, safety, or efficiency of the home), the adjusted resale price of the BMR Unit will be increased. Approved Capital Improvements are limited to those improvements paid out of pocket by the BMR Unit Owner. Repair costs paid by an insurance company are excluded. It is the responsibility of the BMR Unit Owner to keep cost and accounting records of all Approved Capital Improvements. **Capital Improvement credits will only be reviewed and authorized if requested prior to work being completed.**

#### *Capital Improvements Minimum and Cap*

To be considered in the adjusted resale price, the initial cost of capital improvements must total \$1,000 or more. In order to maintain the affordability of the BMR Unit for subsequent buyers, at the time of sale, BMR Unit Owners may receive credit for Approved Capital Improvements up to a maximum of 5% of the adjusted resale price.

#### *Procedure for Requesting Approval of Capital Improvements*

The City will approve allowed capital improvements that improve the health and safety conditions of a BMR Unit. To request such approval, the BMR Unit Owner must:

1. Complete a Request for Capital Improvement form and submit the form along with a cost estimate for the capital improvement(s);
2. Receive written approval from the City **prior** to commencing any improvements; and
3. Submit documentation to the City within 30 days of completion of the improvements verifying that such improvements have been completed.

Upon receipt of the request and estimate for capital improvements, City Staff will review the request for compliance with these Guidelines. The City will categorize requests into three categories: (1) Eligible Capital Improvements; (2) Eligible Replacement and Repair; and (3) Ineligible Costs. Each category is described below.

The City will send a letter to the BMR Unit Owner approving or denying the requested capital improvements within 30 days of original receipt. A copy of the letter will be maintained in the BMR Unit's file at the City of Dublin for inclusion in the adjusted resale price calculation when the unit is resold.

Once the City has approved the capital improvements, the BMR Unit Owner may proceed with the work, obtaining permits from the City's Building and Safety Division, if applicable. Within 30 days of completion of the improvements and sign-off by the City's Building and Safety Division, if applicable, the BMR Unit Owner must submit all of the following information:

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

- A copy of the receipt/invoice for each eligible improvement;
- Proof of payment, such as a cancelled check, bank account statement, or credit card bill;
- A copy of the building permit, if required; and
- A picture or pictures of the completed work.

The City may, at its discretion, visit the job site to view the completed work.

##### *Eligible and Ineligible Capital Improvements*

**Table 9** provides examples of improvements that are eligible, partially eligible, and ineligible for capital improvement credit.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

Table 9. Eligible and Ineligible Capital Improvements

	Eligible Capital Improvements	Eligible Replacement and Repair	Ineligible Costs
Description	Includes major structural system upgrades, some new additions to the unit, and improvements related to increasing the health, safety, and energy efficiency of the BMR Unit.	Includes in-kind replacement of existing amenities, repairs, and general maintenance that keeps the property in good working condition.	Include cosmetic enhancements, installations with limited useful life spans, and nonpermanent fixtures.
Percentage Credited	100%	50%	0%
Example Improvements (lists are not exclusive)	Major electrical wiring system upgrade Major plumbing system upgrade Upgrade to double-paned windows Room additions (bedroom or bathroom additions not allowed) Installation of additional closets and walls Alarm system Removal of toxic substances such as asbestos, lead, or mold/mildew Insulation Upgrade to Energy Star built-in appliances, as follows: Furnace Water heater Stove/range Dishwasher Microwave hood	Electrical maintenance and repair Plumbing maintenance and repair, such as: Supply line Sinks Flooring (tile, linoleum, or hardwood) Countertops Cabinets Bathroom tile Bathroom vanity Replacement of built-in appliances, as follows: Furnace Water heater Stove/range Dishwasher Microwave hood Garbage disposal Fireplace maintenance or in-kind replacement (gas) Heating system Lighting system (recessed)	Fireplace tile and mantel Decorative wall coverings or hangings Window treatments (blinds, shutters, curtains, etc.) Installed mirrors Shelving Refinishing of existing surfaces Nonpermanent fixtures, such as: Track lighting Portable appliances (refrigerator, microwave, stove/oven, etc.) Installations with limited useful life spans, such as: Carpet Painting of existing surfaces Window glass

#### Special Assessments

HOA-initiated Special Assessments are considered capital improvements and will be added to the resale price of the BMR Unit. In order to receive credit for Special Assessments, homeowners must submit the following documentation within 3 months of payment:

- Invoice for Special Assessment;
- Proof of payment, such as a cancelled check, bank account statement, or credit card bill.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

### *Building Permits*

It is the responsibility of the BMR Unit Owner to ascertain whether the work to be performed requires a City building permit and, if so, to obtain such permit. Any work that is done without a required permit will automatically be deemed ineligible as a capital improvement expense whether or not it fits within the definition of an Eligible Capital Improvement or Eligible Replacement and Repair. BMR Unit Owners may call the City of Dublin Building and Safety Division at (925) 833-6620 to inquire about building permits.

### *Homeowners Association Approval*

The Homeowner is responsible for ensuring any capital improvements are allowed under the HOA Covenants, Conditions, and Restrictions (CC&Rs). The City shall not be responsible for obtaining approval or replacing any installed capital improvements that were not permitted by the CC&Rs. At time of resale, any capital improvements that must be removed per HOA rules shall be paid for and completed by the seller prior to close of escrow.

### *Room Additions/Modifications*

The addition of a bedroom or bathroom to a BMR home or a Restricted Secondary Unit is not permitted. Other room modifications or additions may be approved at the discretion of the Community Development Director.

## 4.7 BMR Unit Resale Procedures

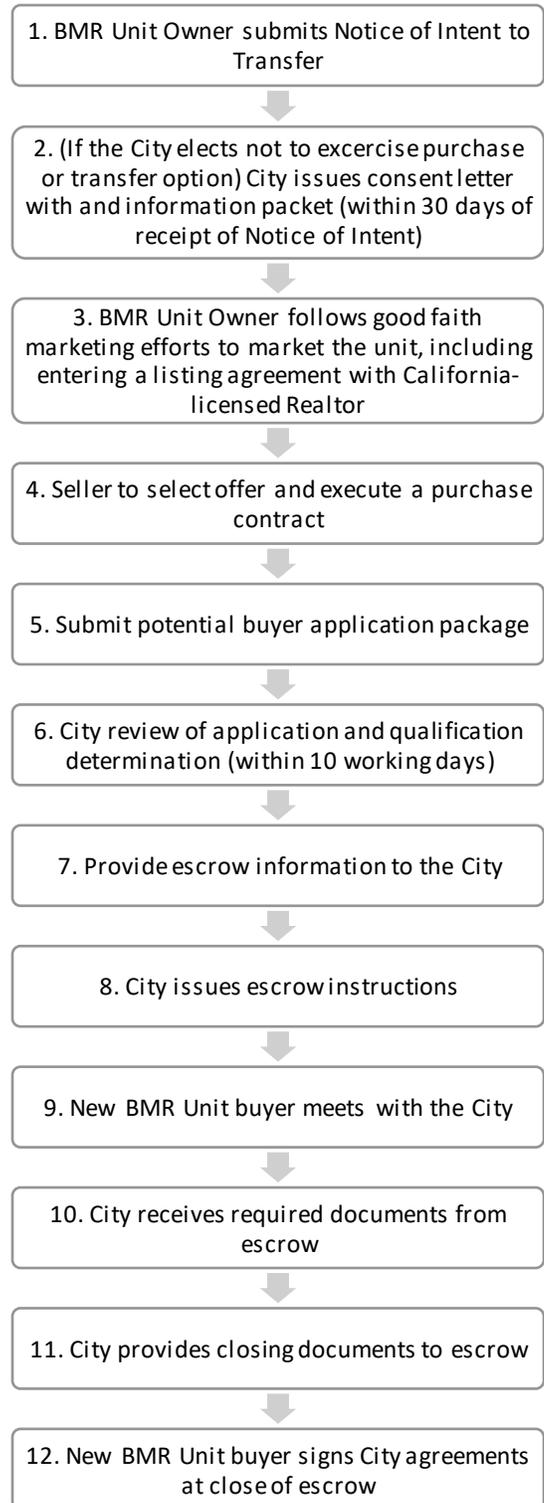
BMR Unit Owners must comply with the following procedures when reselling an ownership BMR Unit (see **Figure 5** for an overview of the resale process):

1. **Inform the City.** The BMR Unit Owner must inform the City of his or her intent to sell the unit by filling out a Notice of Intent to Transfer (Exhibit B to the Resale Restriction Agreement) and submitting it, along with any letters from the City for Approved Capital Improvements, to the City. (The owner may still decide not to sell his/her unit after submitting these documents.)
2. **City Option to Purchase/Consent to Transfer.** The City may exercise its option to purchase the unit or transfer its right to purchase the unit to a designated entity. The City will make this determination and inform the BMR Unit Owner of its intent within 30 days of receipt of the Notice of Intent to Transfer. **Owner should not enter a listing agreement with an agent nor list the unit on the Multiple Listing Service until receiving the City's Consent to Transfer letter.** If the City opts not to purchase the unit or transfer its purchase option, the City will send the BMR Unit Owner a *Conditional Consent to Transfer* letter and a packet of information that will assist the BMR Unit Owner in finding another Qualified Household to purchase the unit. The Conditional Consent to Transfer letter will be valid for 180 days from the date of the letter and will include the maximum restricted resale price of the unit and any other conditions of sale such as the good faith marketing efforts.

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

3. **Marketing.** The BMR Unit Owner must market the unit with a licensed Realtor or Broker and pay all fees associated with the sale of the unit. Upon entering into a listing agreement with a licensed Realtor pursuant to the requirements of this section, the agent must contact the City to learn the requirements for listing the property. All marketing tools must indicate the BMR Unit is part of the specific program and the current income limits, and must be reviewed by the City prior to publications, please contact the Housing Division for the required language. The payment of Real Estate Commission shall not be used as a negotiation tool for a prospective buyer. The Commission paid by Seller must be equal to the amount identified at time of unit listing.
4. **Execute Purchase Contract.** The BMR Unit Owner executes a purchase contract with the qualified buyer and opens escrow. The BMR Unit Owner's Realtor will provide a copy of the contract to the City along with the name, address, and phone number of the title company handling the transaction and the name of the escrow officer.
5. **Potential Buyer Application.** Once the potential buyer's offer has been accepted, at least 30 days prior to the anticipated date of the close of escrow, the prospective buyer must submit the following documentation to City Staff for approval:
  - a. The buyer qualification documentation set forth in **Section 3**;
  - b. Evidence of completion of a below market rate homebuyer education workshop;
  - c. A loan preapproval letter and Loan Estimate;
  - d. A signed Disclosure Statement (Exhibit F of the Resale Agreement);
  - e. A signed Credit Authorization and Release Form, or similar document;
  - f. Copy of official, recent, tri-merge credit report (or check to City of Dublin to run a report);

Figure 5.  
**BMR Unit Resale Process**



#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

- g. Copies of federal income tax returns for the last 3 years (including the most recent year) with all related schedules (i.e., W2s) or IRS verification of non-filing (if applicable);
- h. Copies of financial statements from all accounts for the 3 most recent months;
- i. Copy of identification documentation: current United States passport; or state-issued photo identification card and social security card;
- a. Letter(s) of explanation (for any uncommon financial, employment, or other unique events or circumstances); and
- b. Evidence of 3% available funds to be used as a down payment.

6. **Potential Buyer Qualification.** The City will notify the owner within 10 business days of receipt of complete packet of documentation as listed above of its approval or disapproval of the prospective buyer. The City reserves the right to request additional information to confirm eligibility. Please note- no applications will be accepted by City staff unless their purchase offer on a BMR home has been accepted.

##### 4.7.1 Restricted Resale Price Calculation

The resale price of a BMR Unit is dependent on Area Median Income (AMI) at the time of sale and the value of Approved Capital Improvements and is rounded to the nearest \$100.

The resale price is equal to:

1. The lowest of the (i) original price paid by the owner for the BMR Unit, increased by an amount equal to the original price multiplied by the percentage increase in AMI between the effective date of the Resale Restriction Agreement and the date the City receives the owner's Notice of Intent to Transfer (for instance, if the original price of the unit was \$200,000 and the median income increases 2% between the effective date of the Resale Restriction Agreement and the date the City receives the owner's Notice of Intent to Transfer, the unit price will increase by 2%, or \$4,000, to \$204,000); **or** (ii) the fair market value of the BMR Unit as determined by an appraiser approved in writing by the City; **plus**
2. The cost of Approved Capital Improvements (with the City's approval evidenced in writing); **minus**
3. The cost to repair damage to the BMR Unit and to place the unit into saleable condition (the City will make the determination of what is considered damage to a unit, normal wear and tear shall not be included); such items may include, but are not limited to, ripped or torn carpet, damage to kitchen or bathroom appliances or fixtures, broken light fixtures, broken or missing tiles and/or grout around tiles, or damage to floors; **minus**
4. The amount of all costs advanced by the City for the payment of mortgages, taxes, assessments, insurance premiums, HOA dues, and/or associated late fees, costs, penalties, interest, attorneys' fees, pest inspections, resale inspections, and other expenses related to the BMR Unit which the owner has failed to pay or has permitted to become delinquent.

See **Example 13** for a sample maximum restricted resale price calculation.

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

### Example 13. Maximum Restricted Resale Price Calculation

A BMR Unit Owner purchased her home in 2008 for \$300,000 and would like to sell the unit in 2017. The BMR Unit Owner received City approval to replace worn carpeting (eligible at 50% of total cost) for a credit of \$2,000. The maximum restricted resale price is calculated as follows:

Purchase price (2008)	\$300,000
Area Median Income (2008)	\$86,100
Area Median Income (2017)	\$97,400
Percentage change in median income from 2008 to 2017	13.12%
Increase in value	\$39,360
Approved Capital Improvement credits	\$2,000
Maximum Restricted Resale Price (2017)	\$341,360

#### 4.7.1.1 BMR Unit Marketing

BMR Unit Owners shall follow current best practices for home marketing. The City will provide BMR Unit Owners with a Good Faith Marketing Efforts Information packet with the City's Conditional Consent to Transfer letter (see **Exhibit 5** for sample good faith marketing efforts information). Compliance with the following provisions constitutes a good faith marketing effort:

- **BMR Unit Condition** – The BMR Unit shall be offered for sale in a condition similar to or better than at the time of the BMR Unit Owner's purchase. The BMR Unit shall be kept and maintained in decent, safe, and sanitary conditions (e.g., ensuring carpets are professionally cleaned, facilities such as bathroom and kitchen are in proper operating condition, illumination and lighting of unit are adequate, unit is free of vermin and rodent infestation, unit is structurally sound). Alterations that may result in a reduction in value (such as removal of walls, bedrooms, or bathrooms, or downgrades to appliances, flooring, or finishes), or poorly maintained or inoperable items will be corrected prior to the initiation of BMR Unit marketing at the expense of the existing homeowner/seller. A home inspection must be conducted for all BMR home sales; any significant repairs needed to the home or included appliances shall be the responsibility of the seller prior to close of escrow.
- **Professional representation** – The BMR Unit Owner will execute a listing agreement with an active Realtor, currently licensed by the California Bureau of Real Estate. Listing a BMR Unit as 'For Sale by Owner' is prohibited. The seller of the home shall be responsible for paying all real estate commission costs, up to a maximum of 6%. No removal of these set commission costs or credits are allowed by the buyer or buyer's agent to promote their offer.
- **City of Dublin website** – The BMR Unit Owner or Owner's agent will submit a copy of the MLS listing prior to activation to the Housing Division to advertise the resale on the City of Dublin's website.
- **Listing** – The BMR Unit will be listed as an active property on the Multiple Listing Service (MLS) maintained by the East Bay Association of Realtors. The listing must be sent to City Housing staff prior to activating the listing to ensure all language is appropriate. The listing will include the following:

#### 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

- **BMR Unit photographs** – At least one exterior photograph and at least three well-lit interior photographs of the BMR Unit in keeping with current industry practices.
- **Property data** – Pertinent data including, but not limited to, asking price (at or below the maximum restricted resale price), location, square footage, number of bedrooms, number of bathrooms, unit features and amenities, development features and amenities, current amount of HOA dues (if applicable), and information about parking spaces and restrictions.
- **BMR Unit statement** – A clear statement that the home is a BMR Unit and that potential buyers must meet income and other requirements. The statement must comply with the City’s Required Multiple Listing Service Language Requirements (see good faith marketing efforts sample information).
- **Professional showings** – The BMR Unit Owner and the agent will make the home available for at least two open houses including a weekend open house, a week day open house, and individual showings with interested buyers and agents representing interested buyers. The first open house must occur at least 24 hours after the listing has been approved by the City and placed in the MLS and City website.
- **Offer Acceptance Due Date** – The BMR Unit Owner and the agent will set an Offer Acceptance Due Date that is at least 5 days after the date of the second unit showing. No maximum number of offers may be set.

##### 4.7.1.2 Fees Associated with the Selling of a BMR Unit

The BMR Unit Owner (the seller) is responsible for all fees associated with the sale of the unit including, but not limited to, all *pre-determined* real estate commission costs, transfer tax fees, and the City’s Administration Fee, which may be adjusted on an annual basis as part of the City’s Fee Schedule. These fees cannot be negotiated or paid for by the buyer or buyer’s agent to leverage an offer.

##### 4.7.1.3 Special Exceptions for Units Unable to Resell

The City may offer special consideration where the BMR Unit Owner has been unable to attract a buyer and at least one of the following conditions applies:

- The BMR Unit Owner has made a good faith effort to market the BMR Unit for 6 or more months, as defined in this section;
- The resale price for the BMR Unit is at or below current comparable market-rate units; or
- Financing for the BMR Unit is unavailable due to pending litigation in the project or the ratio of rental to ownership housing units in the project is unacceptable to lenders.

On a case-by-case basis, upon request by the BMR Unit Owner, the City will consider granting one or more of the following exceptions on a one-time basis:

1. The BMR Unit Owner may rent the unit to a Qualified Household for a maximum of 12 months in keeping with the provisions of **Section 3** (see also **Section 4.6.2**);
2. A one-time waiver of the first-time homebuyer qualification requirement for a potential BMR buyer;
3. A one-time waiver of the asset test for a potential buyer;

## 4. PROCEDURES FOR OWNERSHIP BMR UNITS

---

BMR Unit Owners who are unable to sell and may seek an exception should contact City Staff for a consultation. Sufficient evidence of the above conditions must be provided to Housing Division Staff prior to consultation.

### 4.7.1.4 Release of Resale Restrictions

Upon written request by the BMR Unit Owner, the City may authorize the release of resale restrictions and allow a BMR Unit Owner to sell the BMR Unit at a market-rate price where the BMR Unit Owner has been unable to attract a qualified buyer and at least one of the following conditions applies:

- **Proven hardship.** The BMR Unit Owner has made a good faith effort (BMR Unit Owner has complied with **all** marketing provisions as set forth in this section) to sell the BMR Unit for 9 or more months and has a specific need to sell the home due to financial or personal hardship. Eligible hardships include:
  - A change in annual household income that has resulted in housing costs (mortgage payment, HOA dues, property taxes, and property insurance) exceeding 75% of monthly income;
  - Relocation of employment to a work site that is 60 miles or more from the City of Dublin; or
  - The maximum restricted resale price, as provided by City Staff in the current Consent to Transfer letter is below or within 10% of that of recent (within 3 months) sales prices of comparable nearby market-rate homes as evidenced by documentation of these comparable sales (list prices are not acceptable).
- **Excessive time on market.** The BMR Unit Owner has made a good faith effort (BMR Unit Owner has complied with **all** marketing provisions as set forth in this section) to sell the BMR Unit for 9 or more months.

In either instance, sales in which resale restrictions are approved for release are subject to all of the following requirements:

1. **Excess proceeds.** The City is entitled to 100% of any increase between the market-rate resale price as stated in the purchase contract and the maximum restricted resale price, as quoted by City Staff in the Consent to Transfer letter.
2. **Resale price.** The allowable contract market-rate resale price is subject to City approval, based on a formal evaluation by a City-approved appraiser. If the City requires the services of an appraiser other than the appraiser retained to evaluate the property in connection with the buyer's loan, the City will pay the cost of the appraisal (to be deducted from City proceeds in the closing process and reflected on the final settlement statement).
3. **Owner occupant.** The subject BMR Unit must be sold to a buyer who will personally occupy the unit. Sales to investors are prohibited. The buyer's intent to occupy must be reflected in the ratified purchase agreement and on loan documents, if applicable.
4. **Loan repayment.** If the BMR Unit Owner took out a City First-Time Homebuyer Loan Program loan, the loan must be repaid in full (principal plus interest) during or before the close of escrow.

## 5 Procedures for Rental BMR Units

### 5.1 Overview

After the Affordable Housing Agreement is executed, and prior to the issuance of any building permits, the developer of a project that includes rental BMR Units must prepare and submit a Marketing and Management Plan to the City of Dublin Housing Division for approval. A sample Marketing and Management Plan is attached as **Exhibit 4**. After the Marketing and Management Plan has been approved by the City, and prior to the rental of any units, the developer must screen, rank, and qualify eligible tenants and send a priority list to the City of Dublin's Housing Division. This should happen within 30 days, if possible. **Figure 6** provides an overview of the BMR Unit rental process.

### 5.2 The Marketing and Management Plan for Rental BMR Units

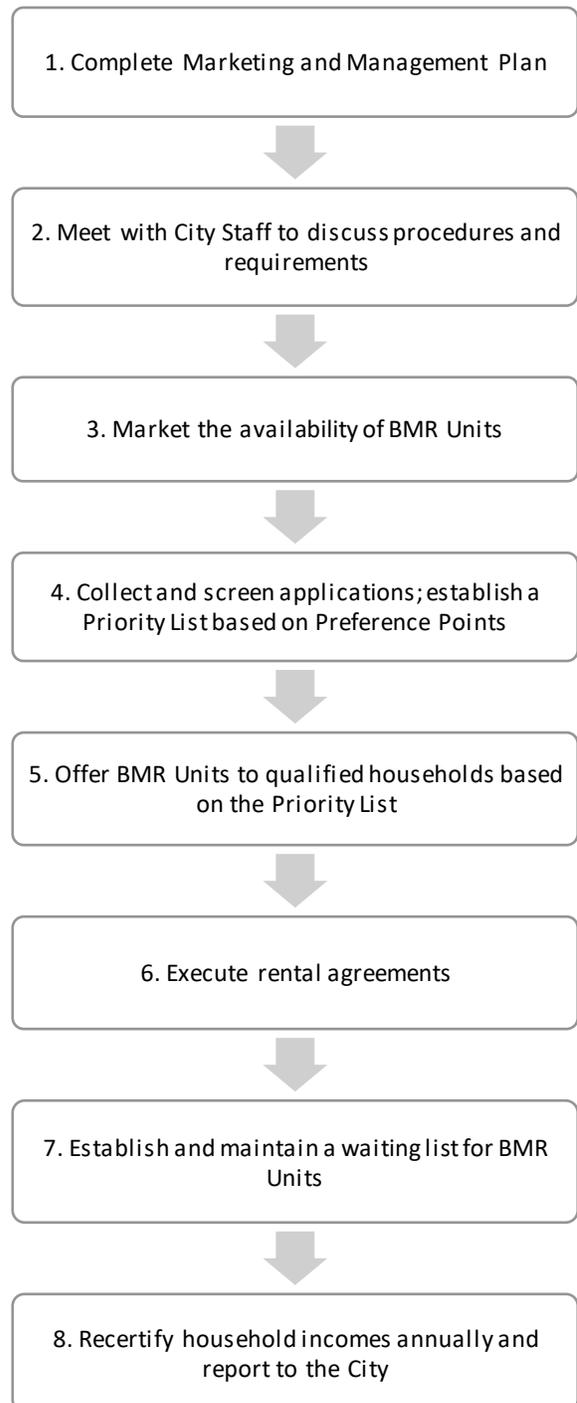
Prior to the issuance of building permits, the developer must submit a Marketing and Management Plan to the City for its approval.

The Marketing and Management Plan must contain the following information:

- A plan outlining how the property management firm will market and maintain the rental BMR Units, including how the Preference Points system will be applied in the leasing of rental BMR Units;
- How the property management firm will maintain a waiting list for the BMR Units;
- How the management firm will verify applicants' Total Household Income, both initially and annually in the recertification process;
- How the property management firm will review and implement annual rent increases;
- Details on the amenities, rent costs, and other details that may differ between market-rate units and BMR Units;

Figure 6.

**BMR Rental Process**



## 5. PROCEDURES FOR RENTAL BMR UNITS

---

- A clear process for managing resident complaints, including complaint escalation procedures;
- Information on the units to be made available for publication on the City’s website;
- A contact telephone number; and
- The names of those individuals responsible for contact and communication with the City.

### 5.2.1 Next Available Unit Rule Exceptions

In some circumstances, property owners may have difficulty qualifying applicants for BMR Units due to a combination of issues including lack of vacancy, a shortage of suitable units in assorted sizes, and differing requirements based on different funding sources. In some cases, this difficulty can result in failure to meet the City’s requirements—including maintaining the correct number of BMR Units. Property owners should include a policy in their Marketing and Management Plan that details alternate procedures that will provide property managers with an exception to the Guidelines while continuing to meet the intent of the BMR Program, to address situations where strict adherence is impossible due to market or other external forces.

The City may allow the property owner to propose alternative procedures as an exception to certain qualification rules, if the property owner can provide clear evidence that the failure is a result of external market forces, such as those mentioned above. Property owners may contact the Housing Division in writing to propose these additions to their internal procedures. City Staff will then require that these alternate policies are detailed in writing and combined into the development’s internal Marketing and Management Plan. Property owners may not proceed in operating under these revised policies without prior, written approval from City Staff.

## 5.3 Application and Screening Process

The property owner and their leasing staff are responsible for occupant selection and documentation of rental BMR Units. The leasing staff should be trained to understand and explain the rental application process to applicants.

The leasing staff must require each applicant to complete and return to them a Rental BMR Unit Application packet.

For the initial lease of rental BMR Units, the property owner’s leasing staff must do the following:

1. Collect applications for a specified time period.
2. Screen applicants to determine whether they satisfy the requirements for Qualified Households set forth in **Section 3**.
3. Sort and rank the applications of Qualified Households based on the Preference Points and produce a Priority List with those applicants with the most Preference Points at the top, followed by all other applicants in descending order based on the number of Preference Points received. If more than one applicant receives the same number of Preference Points or if some applicants receive no points, the developer will use other objective criteria set forth in the approved Marketing and Management Plan to select occupants. For example, the management firm may date stamp all applicant applications and, in the event of a tie, offer the unit to the Qualified Household that applied first, or the management firm may choose

## 5. PROCEDURES FOR RENTAL BMR UNITS

---

to hold a lottery to break ties. However, whichever criteria the management firm uses must be set forth in the approved Marketing and Management Plan.

4. Complete the Priority List within 30 days of the application deadline and submit the list to the City for approval.
5. Offer the BMR Units to applicants based on the Priority List, offering first to those applicants with the most points, then to other applicants in descending order.
6. Execute a Rental Agreement with the tenant that notifies the tenant that he or she may not sublease the unit and that annual certification is required.
7. Maintain applications with income verification and recertification for the City to review during annual on-site monitoring.

Qualification determinations may be appealed by the property owner in accordance with the procedures described in **Section 7**. The Marketing and Management Plan describes the process for marketing, screening, and application procedures after the initial lease-up (i.e., unit turnover).

### 5.4 Maximum Allowable Rents for BMR Units

Certain BMR developments are required to set their rents below City-imposed limits. These limits are based on a percentage of the annual limits, as produced by HCD each year. The calculations by income level are shown in **Table 10**. The City of Dublin will publish the annual rents every spring. Each BMR development shall use the rents established by the City as a **maximum** rent charged, and lower rents can always be charged to BMR tenants.

**Table 10. Maximum Monthly Rents**

Income Level	Maximum Rent Calculation
Very Low (50% AMI)	30% of the annual very low-income limit divided by 12
Low (80% AMI)	30% of the annual low-income limit divided by 12
Moderate (120% AMI)	30% of 110%* of AMI divided by 12
<i>Rents based on calculation of unit size by number of bedrooms according to income level designation.</i>	

*\*Rent based on 110% AMI to ensure moderate income rent is below market rate rent.*

Each year, the City will distribute a memorandum to all BMR rental developments that includes updated maximum monthly rents for each unit type, according to the calculations above. These income limits and maximum rents are published once a year. Should the BMR rental property decide the rents should be increased due to the City's new maximum rents, Property Managers must follow all California laws and Civil Codes for legal rent increase protocol. The City has the right to modify these calculations as needed on an annual

#### 5.4.1 Rental Utility Allowance

If the tenant is required to pay for utilities, the maximum rent must be reduced to account for the cost of those utilities (the Utility Allowance), not including the cost of telephone or internet service. This allowance is determined by the Housing Authority of Alameda County. More information can be found at [www.haca.net](http://www.haca.net).

## 5. PROCEDURES FOR RENTAL BMR UNITS

### 5.5 Monitoring

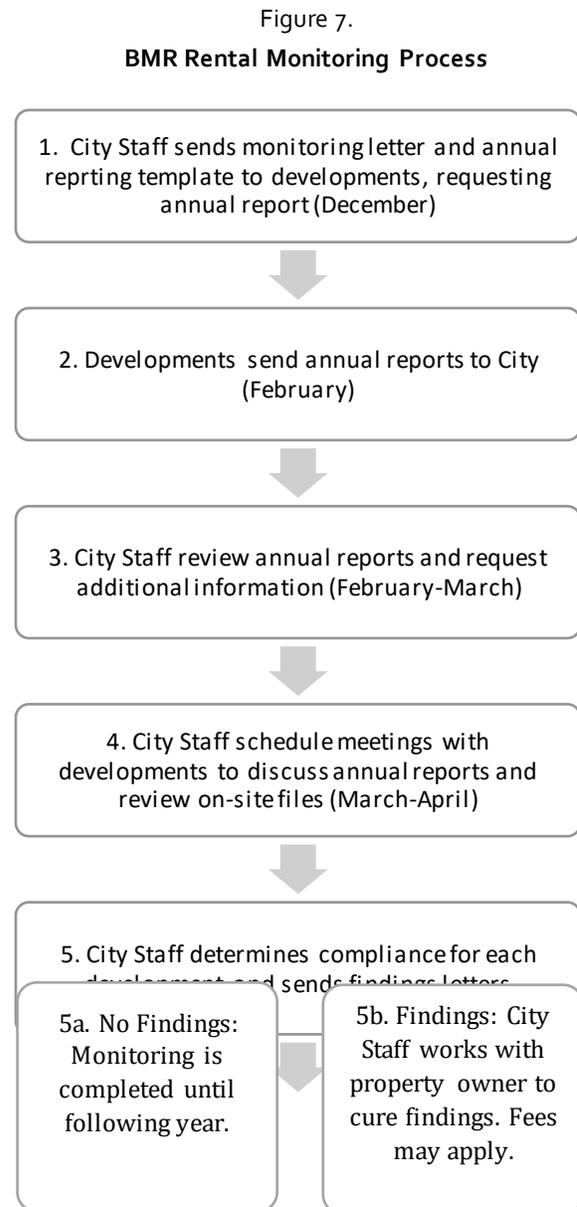
Pursuant to Section 8.68.050.B of the Inclusionary Zoning Regulations Ordinance, the property owner (or the owner's authorized agent) of the development must submit an annual report to the City. **Figure 7** outlines the monitoring and findings process.

#### 5.5.1 Annual Report Process

By December 15 of each year, the City will send a letter to BMR property managers to request the annual report. This letter will include a copy of the Annual Report Form for completion and certification and an invoice for the annual monitoring administration fees. The property owner is free to use any format that is most convenient for the report, but is required to include the information listed above. The property owner will have 45 days from the date of the letter to submit the report.

The annual report must include at a minimum the following information for each rental BMR Unit. Additional information may be requested as necessary.

- Unit number;
- Total Household Income;
- Number of people residing in the BMR Unit;
- Move-in date;
- Last recertification date (if applicable);
- Monthly rents charged and proposed to be charged (if rent increases are scheduled) for the BMR Unit;
- Affordability level (i.e., Very Low-Income, Low-Income, or Moderate-Income);
- Number of bedrooms and bathrooms;
- Housing Choice Voucher Program (Section 8) Status (Yes or No);
- Housing Choice Voucher Program (Section 8) Allowance (if applicable);
- Vacancy of BMR Units during the previous year (number of days).
- Identify if there was any change in property management staff who oversees the BMR certification and rentals.



## 5. PROCEDURES FOR RENTAL BMR UNITS

---

### 5.5.2 City Review of Rental BMR Units Annual Reports

The City will review the annual monitoring report and inform the property owner if any additional information is needed.

All units that are a part of the City's Inclusionary Zoning Regulations Ordinance will be reviewed during monitoring each year. As per the Affordable Housing Agreements, the BMR Units are required to remain affordable for a period of 55 years and must be monitored annually during that period.

Some Residential Developments use multiple funding sources to provide lower-cost housing. These sources can include tax credits, state and federal grants, and other public and private funding, each of which has unique reporting and monitoring requirements. Projects that use multiple funding sources can include a mix of units with different reporting and monitoring requirements. If a Residential Development is financed through a subsidy program that has stricter occupant selection or occupant documentation requirements than the City, the City will still review the project's annual reports, but may elect to rely on the alternate subsidy program's monitoring or audit reports and associated documentation for evidence of program compliance. Property management firms with a mix of subsidized units should send to the City copies of the documentation that is required and produced for other monitoring agencies as part of their annual monitoring report.

#### 5.5.2.1 On-Site Visit

The City will perform an annual site visit during February and March to monitor the records of all BMR Units following receipt of the Annual Report. The City will provide at least 2 weeks' notice to the property owner and/or leasing staff as to the date of the site visit. Files for all BMR Units must be made available for review at the request of the City. The purpose of the monitoring is to ensure compliance with the City's Inclusionary Zoning Regulations Ordinance, these Guidelines, and the City-approved Marketing and Management Plan. Site visits may include unit inspections. If a site audit will include unit inspections, the City will provide the list of units to be inspected with sufficient notice so that tenants can be notified and given advance notice per state law.

#### 5.5.2.2 Follow-Up from the City

After the conclusion of the annual monitoring process, the City will send the property owner an official "findings" letter indicating whether there were any compliance issues identified through the review process.

#### 5.5.2.3 Letter with No Findings

A letter indicating "no findings" or "no official findings" means that the development is in compliance for the applicable monitoring year, and no additional action will be required until one of the following occurs:

- The City receives a complaint or concern from a tenant (during any time of the year) that may indicate violation of recorded agreements; or
- Monitoring for the next year commences.

#### 5.5.2.4 Letter with Findings

A letter indicating that a development has received "findings" means that the development is out of compliance with an aspect of the program. Findings letters may be issued anytime throughout the year and do not need to be related to the annual monitoring process to remain valid. For instance, findings may be revealed as a result of tenant complaints. Follow up audits due to findings may be

## 5. PROCEDURES FOR RENTAL BMR UNITS

---

subject to additional monitoring fees depending on severity of finding, and as outlined in the City's Fee Schedule.

### *5.5.2.5 Cure to Findings*

The findings letter will outline compliance violations as well as steps the property owner must take to cure the findings. Activities to cure findings may include but are not limited to:

- Preparing additional procedural documents (Marketing and Management Plans, maintenance plans, complaint response policies, etc.) to ensure all City requirements are met and staff are adequately trained in administration of the BMR Program;
- Completing an additional annual report in a City-specified reporting format and allowing the City to conduct additional audits;
- Conducting tenant outreach to determine remediation efforts, if tenant complaints resulted in findings;
- Providing additional BMR Units as a good faith effort to show dedication to BMR Unit residents;
- Providing discounts to BMR Unit tenants who have been impacted by findings.

All findings letters will include a timeline for the development to complete required activities. Extensions will be approved at the discretion of City Staff. Penalties and fines may be imposed upon developments that fail to respond in a timely manner or that receive consistent findings.

# 6 Procedures for BMR Secondary Units

---

## 6.1 Definitions

**Secondary Unit:** A legal secondary dwelling unit on an owner’s property that has been approved by the City of Dublin as a rental BMR Unit for purposes of compliance with the Ordinance and that is reserved for Very Low-, Low-, or Moderate-Income households. This definition only applies to secondary units developed under the City’s affordable housing program and does not apply to all secondary units in the city.

**Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants:** An agreement between the City and the owner of a Secondary Unit which is recorded against the property containing the Secondary Unit and requires, among other things, that the Secondary Unit be reserved for occupancy by Very Low-, Low-, or Moderate-Income households for an amount of time specified in the Affordable Housing Agreement or Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants.

## 6.2 Overview

The City Council may approve BMR Secondary Units as part of the developer’s proposal for an alternate method of compliance with the Inclusionary Zoning Regulations Ordinance.

The owner of a BMR Secondary Unit must sign a Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants and Performance Deed of Trust, which will be recorded against the property. The agreement and deed will remain in effect regardless of any sale, assignment, or transfer of the property, unless the agreement and deed are terminated by the City in writing. Failure or refusal to sign the required Agreements will result in a Notice of Default placed on the property.

## 6.3 Purchase Process

Buyers and sellers of homes that include a BMR Secondary Unit must coordinate with the City during the purchase and sale process (see **Figure 8** for an overview). Key steps are as follows:

1. **Initial Sale by Developer.** For the initial sale of homes with a restricted secondary unit, the developer must explain the rent restrictions associated with the secondary unit and provide potential buyers with a sample of the Secondary Unit Regulatory Agreement (see **Exhibit 6**). At least 30 days prior to the anticipated close of escrow, the developer must submit a completed contact sheet, a disclosure statement signed by the potential buyer, and a preliminary title report to the City. Failure to provide the City with the required buyer information could result in delayed building permits issued or administrative fees.

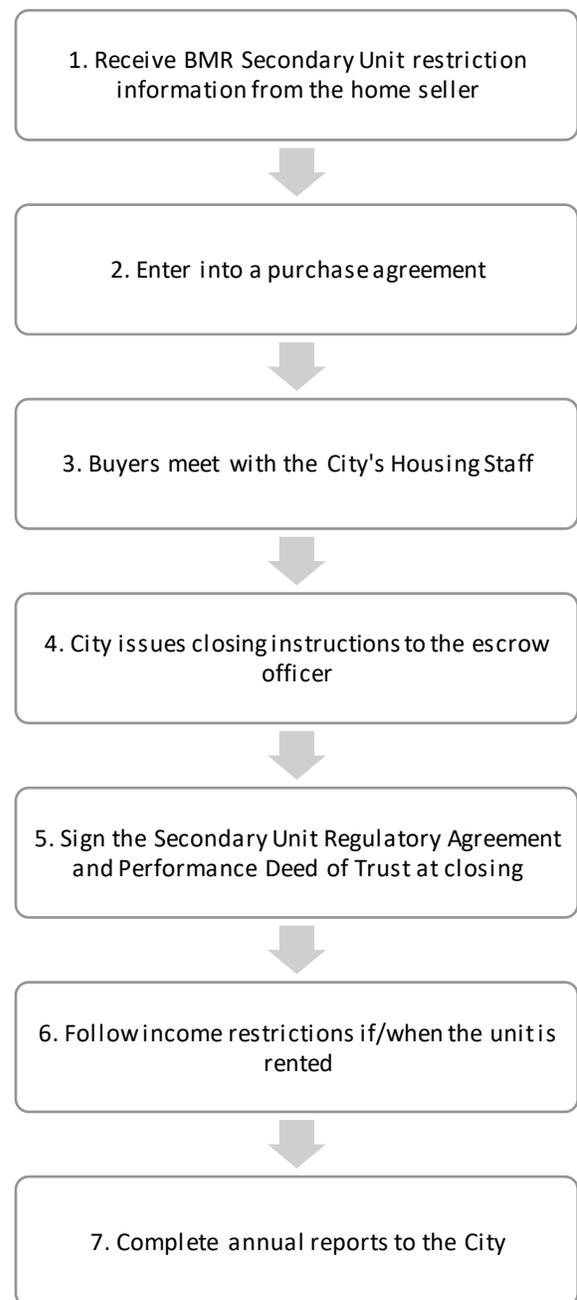
## 6. PROCEDURES FOR BMR SECONDARY UNITS

2. **Meeting with City's Housing Division.** Potential buyers of homes with BMR secondary units must meet with City Staff to discuss the rental limitations and requirements associated with the BMR secondary units and review the *Secondary Unit Regulatory Agreement and Performance Deed of Trust*. At the meeting, buyers will review and sign a disclosure statement. For initial sales by the developer, the City will contact the potential buyer upon receipt of the contact sheet from the developer to arrange the meeting. For resales, real estate agents or potential buyers must contact City Staff directly to arrange the meeting.
3. **Escrow Instructions.** Following the meeting with the potential buyers, the City will issue escrow instructions to the title officer who will facilitate the closing of the transaction. The instructions will clearly inform the title officer of documents the City will need to review prior to providing the Secondary Unit Regulatory Agreement and Performance Deed of Trust. The seller of the home that includes a BMR Secondary Unit is responsible for payment of the City's administrative fee to cover the cost of the transaction.
4. **Close of Escrow.** Following receipt and satisfactory review of all documents requested in the escrow instructions, the City will provide the Secondary Unit Regulatory Agreement and Performance Deed of Trust for execution at closing.

### 6.4 Rental Requirements for BMR Secondary Unit Owners

If the owner rents the BMR Secondary Unit, the owner shall rent the unit to a Qualified Household (see **Section 3**). Rental of the unit to a non-qualified tenant or use of the unit as a short-term rental will result in action taken by the City Attorney and may result in payment of legal fees and/or income received. The owner shall ensure that all leases and contracts with tenants prohibit subleasing of the BMR Secondary Unit. All leases or contracts must be a minimum of 30 days. The Owner must submit a copy of the annual lease agreement with BMR tenant to the City during annual reporting.

Figure 8.  
**BMR Secondary Unit Sale Procedure**



## 6. PROCEDURES FOR BMR SECONDARY UNITS

---

### 6.5 Tenant Income Verification

Prior to a household's initial occupancy of a BMR Secondary Unit and annually on every anniversary of the originally closing date thereafter, the owner or its authorized agent shall obtain from the tenant written documentation verifying each tenant's eligibility containing all of the following, including additional documentation as the City may reasonably require:

- Number of people in the household; and
- Total Gross Household Income.

### 6.6 Annual Survey Requirements

The City will monitor the status of the occupancy of the BMR Secondary Unit on an annual basis. A survey will be emailed to the owner(s) of the home containing the BMR Secondary Unit, on the anniversary date of the home purchase (close of escrow). The owner will complete the online annual survey and provide a copy of their home owner's insurance policy in conformity with the requirements of Section 8.68.050.B of the Inclusionary Zoning Regulations Ordinance, together with a certification that the property is in compliance with the requirements of the Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants. The annual survey will, at a minimum, verify whether the BMR Secondary Unit is being rented, and if so, the owner is required to provide the City the following information:

1. The address of the BMR Secondary Unit;
2. The monthly rent charged and proposed to be charged;
3. The number of people residing in the unit; and
4. The Total Household Income of residents; and
5. A copy of the lease agreement.

Upon the City's request, the owner will provide the City a copy of the verifying documentation and such additional information as the City may reasonably request from time to time in order to show compliance with the Secondary Unit Regulatory Agreement and Declaration of Restrictive Covenants.

### 6.7 Management Responsibilities

The owner will be responsible for all management functions with respect to the property, including without limitation the selection of tenants, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. Except as the City may otherwise agree in writing, the City will have no responsibility for management or maintenance of the property. The contracting of management services to a management entity does not relieve owner of its primary responsibility for proper performance of management duties.

### 6.8 Refinance Requirements

Owners of BMR Secondary Units must inform the City if they intend to refinance their home and are subject to an administrative fee for the City's review and preparation of the Subordination Agreement. The City and the owner will follow a procedure similar to that outlined in **Figure 4** and

## 6. PROCEDURES FOR BMR SECONDARY UNITS

---

described in **Section 4.6**, except that BMR Secondary Units are not subject to the same financing restrictions as BMR Units.

### 6.9 Resale Requirements

For a resale of the home with a Restricted Secondary Unit by the home's existing owner, the Seller of the home and/or their Real Estate Agent must notify the City prior to sale of home. The City shall ensure the MLS listing has the appropriate language and that the new buyer of the home follows the steps below. New buyer information must be provided to the City during escrow so that the City can ensure all Agreements are updated with the new information and so the buyer is aware of all program requirements. As outlined in the City Fee Schedule, Seller is responsible to pay the Resale Transaction Fee to the City at close of escrow. Failure to notify the City of sale and subsequent failure to transfer the Regulatory Agreement may result in further administrative or legal fees charged to the unit Seller.

## 7 Exceptions and Appeals

---

### 7.1 Overview

The City has policies in place for any applicant who believes that his/her situation warrants an exception or appeal to the Guidelines. The procedures for exceptions and appeals are outlined in this section.

### 7.2 Exception Requests

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 City prior to submitting an application of any kind. The exceptions request procedure is outlined in **Figure 9**.

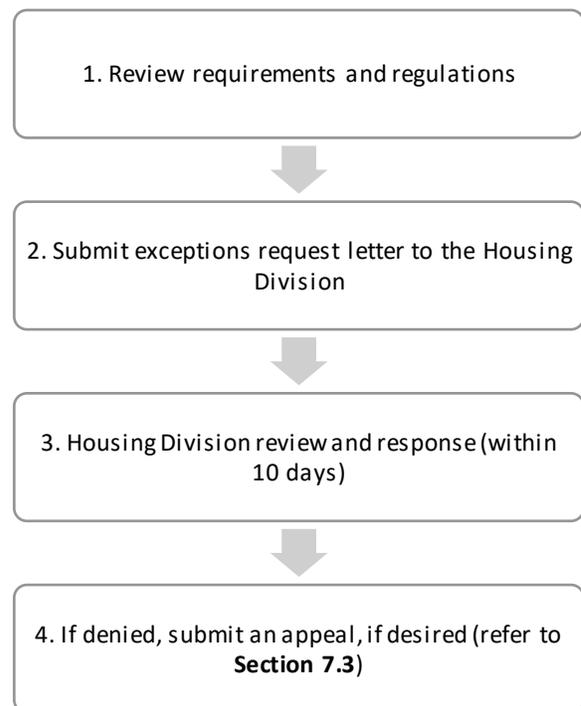
The exception request must specify which particular guideline or requirement the household cannot meet for reasons beyond their control or other valid reasons, and/or describe the household's unique circumstances which warrant one or more specific exceptions to be identified in the letter, referencing the page(s) and section(s) of these Guidelines and/or application form related to the request.

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 City Staff, an exception request will be submitted as an appeal of such determination, according to the appeal process described in **Section 7.3**.

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

The City will consider the requested exception and will provide a letter response within 10 calendar days, stating whether the requested exception can be granted in full or in part and the reason for such decision. If denied, applicants may submit an appeal, as explained in **Section 7.3**.

Figure 9.  
**Exception Request Procedure**



## 7. EXCEPTIONS AND APPEALS

### 7.3 Appeals Procedure

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 they wish to provide. The appeals procedure is outlined in **Figure 10**.

City Staff is 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 appeal will be considered by the Community Development Director. The appeal letter must be delivered by mail, email, or personal delivery within 10 calendar days of issuance of the determination letter being appealed. The Community Development Director will review the appeal and make a determination within 10 calendar days.

If denied, the applicant may submit an appeal letter to the City Manager. The City Manager will review the appeal and issue a determination within 10 calendar days or less of receipt. Determinations by the City Manager will be considered final.

Unless the appellant opened escrow to purchase a BMR Unit prior to submittal of an appeal letter, no BMR Unit will be held or reserved for the applicant while an appeal is being considered, and offers from other prospective buyers may be accepted by seller(s) of BMR Unit(s) during this time. If the appellant is in escrow to purchase a BMR Unit, the City will not issue any escrow instructions until a final determination regarding the appeal has been made, other than to inform the escrow officer that he/she may not close until further written notice from the City.

The City is not responsible for any actions of the seller, lender, or other parties regarding the escrow during the appeal period which may jeopardize the buyer's ability to purchase the BMR Unit.

Figure 10.  
Appeals Procedure

