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FIRST TIME HOMEBUYER LOAN PROGRAM GUIDELINES

— SEPTEMBER 2024 —



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1 INTRODUCTION

The City of Dublin (City) First Time Homebuyer Loan Program (Program, FTHLP) provides financial assistance, in the form of a deferred loan, to income-qualified first time buyers who wish to buy a home in the City.

These FTHLP Guidelines (Guidelines) describe loan terms, eligibility requirements, and procedures. Users of these Guidelines are encouraged to seek their own legal counsel to aid in understanding the requirements of the FTHLP. For any general questions regarding the Program or these Guidelines, users may call the City's Housing Division at (925) 833-6610.

The effective date of these Guidelines is September 3, 2024. The City will review and, to the extent necessary, update these Guidelines annually. The City Manager may approve minor revisions, interpretations, or clarifications to these Guidelines. Any such revision, interpretation, or clarification shall become effective when posted on the City's website.

Non-Discrimination

All persons have the right to file a written application for a mortgage loan. An eligible Borrower is a person (or persons) who is obligated to the repayment of a loan by the signing of the note. Loans to corporations, partnerships, or syndications are not acceptable.

The City does not discriminate in granting or denying loans or in setting terms and conditions of a loan, with regard to race, color, age, religion, gender, marital status, sexual orientation, national origin, or ancestry of the Applicant; nor with regard to the racial or ethnic composition of the neighborhood, geographic areas surrounding the property or with regard to income derived from any public assistance program.

2 DEFINITION OF TERMS

As used in these Guidelines, the following terms shall be defined as follows:

Administration Fees:

- The City Council shall, by resolution, establish a fee charged by the City to the loan recipient for the underwriting, processing, and serving of the approved loan.
- A reimbursement fee charged by the City to the Applicant at the time of application for a credit report. The fee amount varies based on actual cost.

Fees may be adjusted from time to time by the City.

Applicant: A household that has submitted an application for a loan under the City's First Time Homebuyer Loan Program.

Area Median Income (AMI): The Area Median Income adjusted for household size as published annually for Alameda County by the California Department of Housing and Community Development (HCD).

Below Market Rate (BMR) Units: A Below Market Rate or BMR Unit is a unit that is reserved for sale to Low- or Moderate-Income households. BMR Units have restrictions recorded against them to ensure they remain affordable for a set period of time. For additional information regarding BMR Units in the City, refer to the Guidelines to the Inclusionary Zoning Regulations Ordinance.

Borrower: A household that has been approved for or has received an FTHLP loan.

CalHFA: The California Housing Finance Agency.

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 Program or these Guidelines.

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 loan application, including without limitation, real property in which a household member's name appears on the title 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 the title of a property, but the property was sold more than three years ago from the date of application, the person is considered a First Time Homebuyer.

Gross Household Income: All income, from whatever source derived, of all adult household members (18 years of age and older), whether or not such income is exempt from federal income tax. Refer to **Section 4.2.1** for a list of income sources and exceptions.

Guidelines: These First Time Homebuyer Loan Program Guidelines.

HCD: The California Department of Housing and Community Development.

HOA: Homeowners Association.

Homebuyer Class: A United States Department of Housing and Urban Development, Fannie Mae, or City-approved course designed to provide basic education for First Time Homebuyers. Refer to the City's website (<https://www.dublin.ca.gov/housing/education>) for organizations that may offer this course. The date on the completion certificate for the class must be within six months of the date of application for a Loan.

Housing Expenses: Principal, interest, private mortgage insurance, taxes, insurances, and HOA dues.

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

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

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.

Loan Committee: The Loan Committee is appointed from time to time by the City Manager and generally consists of senior staff from the City's Community Development and Finance Departments as well as a representative from the City Manager's office. The Loan Committee reviews loan applications and approves, conditionally approves, or denies loan applications. Decisions require a two-thirds vote.

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

Maximum Income: The Maximum Income for the Moderate Income category determined periodically by HCD based on AMI. See **Section 4.2.1** of these Guidelines for Maximum Incomes.

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

Preference Points: Points assigned to persons employed in the City of Dublin, public service employees working for a public agency within the City of Dublin, Dublin residents, Seniors (62+), Veterans, persons who are permanently disabled (with written verification from a physician or show receipt of Supplemental Security Income or Social Security Disability Insurance), persons who are Immediate Family Members of a Dublin resident, and persons who are required to relocate from a Dublin residence due to demolition of the residence or conversion of the residence from a rental to an ownership unit. Persons with Preference Points are given priority over other Qualified Households in the disbursement of loan funds.

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.

Program: Activities related to the City of Dublin First Time Homebuyer Loan Program.

Qualified Household: A "Qualified Household" means an Applicant household that satisfies the requirements listed in **Section 4** of these Guidelines.

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

Total Household Income: All Gross Household Income and assets received (as calculated pursuant to **Section 4.2.1**).

2 DEFINITION OF TERMS

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.

3 LOAN TERMS

3.1 Overview of Loan Terms

The terms, requirements, and conditions for loans approved through the FTHLP are outlined in **Table 1** and described further below.

Table 1. Loan Terms and Requirements

Term or Requirement	Below Market Rate Homes	Market Rate Homes
Loan Amount	Up to 20% of the purchase price, with a maximum of \$100,000.	Up to 20% of the home purchase price, with a maximum of \$100,000.
Interest Rate	3%, simple interest	
Loan Term	30 year, deferred payment	
Repayment	Repayment of principal and interest is due upon the sale of the property, upon the formal filing and recording of a notice of default, or the expiration of the loan term (whichever is earliest).	Repayment of principal and interest or equity share is due upon the sale of the property, payoff, or refinance of the first mortgage, upon the formal filing and recording of a notice of default, or the expiration of the loan term (whichever is earliest).
Equity Share	Loans on BMR homes are subject to an equity share provision only upon the first sale of the home following the expiration of the restricted affordability period.	Upon the events described in "Repayment" above, Borrowers of loans for market rate properties are subject to a payment of either accrued interest or equity share, whichever is greater. See Section 3.5 for a description of equity share.
Prepayment	Borrower(s) may prepay the Loan at any time without penalty (provided that the payment covers the principal as well as the accrued interest or equity share).	
Acceptable Primary Mortgages	See Section 3.2 .	
Position on Title/Layered Financing	The City must be in second position on title, behind only a primary mortgage, except when the borrower is also using other similar County, State, or governmental programs, such as the Alameda County AC Boost, CalHFA, etc., that require a second position on title, at which time the City may subordinate in a third or fourth position on title. Borrowers may utilize assistance loans other than those listed above, but they must be subordinate to the City's FTHLP loan.	
Co-Signatories (not allowed)	The loan shall contain no co-signatories. Only the approved Borrower's name(s) may be on the deed.	
Fees	Applicants are subject to the following fees: Fee for a credit check, due at the time of application (reimbursement, based on actual cost).	

	Fee established by City Council resolution for loan underwriting, processing, and servicing, due upon close of escrow.
Use of Loan Funds	Loan funds may be used for down payment assistance and to pay for non-recurring closing costs associated with the home purchase. Loans may not be used for repairs, room additions, or non-real property purchases.
Property Eligibility	Properties must be located in the City of Dublin and may be a single-family home, condominium, or a manufactured home (subject to secondary market eligibility requirements).
Inspection Reports	The Applicant must provide home and pest inspection reports (see Section 3.3).

3.2 Financing Requirements

All Applicants must be able to secure a primary home loan through a lending institution. Applicants may use a lender of their choice, provided that the lender adheres to the City’s Guidelines for acceptable loan products. Applicants must provide a pre-approval letter, uniform residential loan application, and loan estimate from their chosen lender at the time of application for a FTHLP loan.

3.2.1 Acceptable Primary Loan Products

The City reserves the right to deny a loan or reject loan products for primary loans if the City believes in its sole discretion that there is a stronger likelihood that the loan product would potentially result in loss of loan funds due to the purchasers’ inability to comply with the terms of the loan.

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

Acceptable Primary Mortgage Loan Products

- Fixed mortgages up to 30 years
- Maximum 100% combined loan to value

3.2.2 Prohibited Primary Loan Products and Unacceptable Mortgage Features

The following loan products and mortgage features are generally unacceptable to the City:

- 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)

3.2.3 Down Payment

The Borrower is required to make a minimum down payment of at least 3% of the sales price. Funds must be placed into escrow prior to the close of escrow and must come from acceptable sources and be verified and properly documented per Federal Housing Administration guidelines.

3 LOAN TERMS

3.3 Property Inspection Reports

The Applicant must obtain and provide pest inspection and home inspection reports for the property from licensed professionals. The pest inspection report must confirm that the structure is sound and any noted pest infestations must be resolved as recommended in the report. The home inspection report must cover all major systems, including, but not limited to, electrical, plumbing, drainage, the foundation, paint, and appliances. Reports should be provided to the City as early as possible during the escrow period to ensure funding and a timely close of escrow.

3.4 Recorded Loan Documents

The City will prepare and the Borrower will sign a set of documents that describe agreed-upon loan terms and ongoing Program requirements. These documents will be executed at the close of escrow and recorded on the property's title. City Staff will discuss the basic provisions of these documents with the Borrower(s) at the in-person consultation prior to the close of escrow; however, Borrowers should review these documents thoroughly prior to signing.

3.4.1 Loan Documents for Below Market Rate Homes

Sample loan documents for FTHLP loans on BMR Units are provided in **Exhibits 1, 2, and 3**. Documents include the Loan, Occupancy, Refinancing, and Resale Restriction Agreement with Option to Purchase (**Exhibit 1**), Deed of Trust, Assignment of Rents, Fixture Filing and Security Agreement (**Exhibit 2**), and Secured Promissory Note (**Exhibit 3**). BMR Units are also subject to the provisions described in the Guidelines to the Inclusionary Zoning Regulations Ordinance.

3.4.2 Loan Documents for Market Rate Homes

Sample loan documents for FTHLP loans on market rate units are provided in **Exhibits 4, 5, and 6**. Documents include the Loan and Equity Share Agreement (**Exhibit 4**), Deed of Trust, Assignment of Rents, Fixture Filing and Security Agreement (**Exhibit 5**), and Secured Promissory Note (**Exhibit 6**).

3.5 Equity Share

3.5.1 Below Market Rate Units

BMR Units are not subject to an equity share provision upon resale or prepayment or in the occurrence of default; however, BMR Units must pay an equity share to the City upon the first sale of the property following the expiration of the restricted resale period. This requirement is described in the Guidelines to the Inclusionary Zoning Regulations Ordinance and in the Loan, Occupancy, Refinancing, and Resale Restriction Agreement with Option to Purchase (**Exhibit 1**).

3.5.2 Market Rate Units

Upon the sale of the property, repayment of the loan (due to a refinance or as an optional prepayment), or the occurrence of any default event, the Borrower must pay the City the loan principal as well as the greater of the accrued simple interest or an equity share. The equity share is based on the amount of the FTHLP loan in proportion to the value of the property and the amount by which the property has increased in value, based on an appraisal or resale purchase contract. The calculation is described in detail in the Loan and Equity Share Agreement in **Exhibit 4** and demonstrated in a sample calculation in **Example 1**.

Example 1. Equity Share Calculation

The Borrower purchased a property for \$700,000 and the City provided an FTHLP loan of \$70,000. The loan amount (\$70,000) is equivalent to 10% of the sale price.

The Borrower sells the property 20 years later for \$1,100,000. The property has appreciated by \$400,000 ($\$1,100,000 - \$700,000 = \$400,000$).

The City portion of the increased value is 10%, which equals \$40,000 ($\$400,000 \times 10\% = \$40,000$).

If the \$40,000 City share is greater than the accrued simple interest on the loan, the Borrower would owe the City a total of \$110,000 (\$70,000 in principal and \$40,000 in equity share).

4 HOUSEHOLD QUALIFICATIONS

4.1 Household Qualifications

A household must meet the requirements stated in **Table 2** to qualify for a Loan. **Section 4.2** provides additional detail on certain requirements.

Table 2. Applicant Household Qualifications

Qualification Requirement	Description
Income	The household's Total Household Income must not exceed the income limit set forth in Section 4.2.1 .
Assets	The household may have no more than \$250,000 in total assets, excluding pensions and federally approved pre-tax savings accounts.
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.
Owner Occupancy	The household will occupy the unit as its Principal Residence within 60 days of the close of escrow on the unit.
Homebuyer Education	All title holders of the property must take a HUD or Fannie Mae-approved or City-approved First Time Homebuyer class and receive a certificate of completion. The certificate of completion must be dated within one year of the date of application.
Credit	All Applicants have a minimum FICO credit score of 620 (see Section 4.2.2) and must not have filed for bankruptcy in the last seven years. Persons with records of deeds-in-lieu of foreclosure or judicial or non-judicial foreclosure are subject to a seven-year waiting period before they may be considered for an FTHLP loan.
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.
Loan Preapproval	Homebuyers must be preapproved for a home loan that conforms to the requirements established in Section 3.2 .
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 (see Section 4.2.4).

Applicant households may request exceptions to qualification requirements. Procedures for exception requests are described in **Section 6**.

4.2 Description of Qualification Requirements

4.2.1 Household Income

4.2.1.1 Maximum Total Household Income

To be eligible for a FTHLP loan, the Applicant's Total Household Income must not exceed the current Moderate-Income limit. Total Household Income means the household's Gross Household Income (see **Section 4.2.1.2**) plus assets calculated pursuant to **Section 4.2.1.4**. Maximum Income is determined annually by HCD based on Area Median Income. **Table 3** shows the Maximum Income limits for Alameda County for 2024.

Table 3. Program Income Limits by Household Size (2024)

Household Size	Income Limit
1 person	\$130,800
2 persons	\$149,500
3 persons	\$168,150
4 persons	\$186,850
5 persons	\$201,800
6 persons	\$216,750
7 persons	\$231,700
8 persons	\$246,650

Source: HCD State Income Limits for Moderate-Income Households, 2024

4.2.1.2 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 provided 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, but is not limited to, salary, overtime pay, and other pay
- Other pay can include, but is not limited to, compensation for special working conditions or one-time payout of unused vacation and sick leave
- Alimony, spousal, and child support
- Cash
- Pensions, if at an age where pension is being received as income
- Public benefits including, but not limited to, CalWorks, Social Security Income, and disability income
- All interest, dividends, and royalties
- Income derived from private businesses
- Rental income

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- Income from pensions
- Compensation for services rendered including 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
- Income from discharge of indebtedness
- Gross partnership contributions or distributions
- Income from an interest in an estate or trust

For purposes of determining Gross Household Income, each person 18 years of age or older must present **all** of the following:

- A complete set of federal and state income tax returns for the past three years, including all schedules (signed and dated) and W-2 forms (in the case where taxes have not been filed for any of the past three years, a letter of verification of non-filing from the Internal Revenue Service is required).
- Four most recent and consecutive pay stubs.
- Three 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, the member must submit profit and loss statements for the past three years (if applicable), and a current profit and loss statement for the year.

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:
 - Is claimed as a dependent of a household member on such member's federal income taxes.
 - 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 **all** of the following requirements are satisfied:
 - The payments are based on the recipient's or the recipient's family's financial need.
 - The payments do not represent compensation for services rendered.
 - The payments are part of a governmental housing subsidy program including, but not limited to, Housing Choice Voucher (Section 8) federal housing assistance payments.

4.2.1.3 Income Calculation

- a. **Wage and Salary.** If an Applicant is a full-time employee (usually 30 to 40 hours per week) or an employee with consistent regular hours or income, or income with overtime or adjustments as a regular part of their job, one of the formulas listed in **Table 4** will be used to determine the Applicant's salary. Bonuses, commissions, and limited overtime may be calculated into the annual income calculation. In the case of unclear income or

income that is somewhat difficult to calculate, please contact the City. The City will make the final determination as to which income calculation formula to use.

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

- b. **Variable Income.** For Applicants who are part-time employees or employees with variable hours every pay period (or variable hours less than 40 hours per week), inconsistent income or hours, frequent overtime, bonuses and commissions, etc., their annual salary will be calculated using year-to-date income, plus the previous year's income (from same income source or employer), divided by the number of months reviewed (UP TO BUT NOT EXCEEDING 12 MONTHS) times 12 to arrive at their annual income. If there is no previous year income from the same employer, or the job was started mid-year, the current income year to date using the calculation explained in (b) above will be used. If an Applicant works consistently 40 hours per week and has occasional or regular overtime, the calculation listed in (b) above will be used to calculate income.
- c. **Inconsistent or Temporary Change in Income Due to a Temporary Circumstance.** If an Applicant has a temporary situation (seven months or less) that makes income calculation difficult, a verification of employment may be used to calculate the Applicant's income based on a normal annual time period. Or, the income may be calculated based on the person's hourly rate times their normal working hours (as shown in item (b) above).
- d. **Self-Employed or Non-Corporation.** A self-employed Applicant is also considered to have variable income. Gross annual income calculations will be based on the previous two 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, divided by the appropriate number of months (NOT TO EXCEED 12 MONTHS) times 12 to arrive at the annual income.

4.2.1.4 Assets

An asset test will be applied to all Applicants to determine whether they satisfy the income requirements. 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. Pensions and federally approved retirement savings accounts, such as IRAs, Roth IRAs, and 401ks, are excluded; however, retired Applicants who receive income from their retirement account must include such income as Gross Household Income on their application. **Example 2** illustrates the calculation for determining income with assets.

4 HOUSEHOLD QUALIFICATIONS

Example 2. Determining Income with Assets

Example 2.A A household of 3 earns \$100,000 a year and has \$150,000 in total household assets

$\$150,000 - \$30,000 = \$120,000$ (which is less than \$130,000)

10% of \$120,000 = **\$12,000**

New Total Household Income: $\$100,000 + \$12,000 = \$112,000$

Example 2.B A household of 4 earns \$150,000 a year and has \$200,000 in total household assets

$\$200,000 - \$30,000 = \$170,000$ (which is more than \$130,000)

10% of \$130,000 = **\$13,000**

30% of balance of \$40,000 = **\$12,000**

New Total Household Income: $\$150,000 + \$13,000 + \$12,000 = \$175,000$

4.2.2 Credit Score

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

4.2.3 Homebuyer Education Program

Borrower(s) must successfully complete a HUD, Fannie Mae-, or City-approved First Time Homebuyer class prior to the close of escrow and must provide the City with evidence of completion. The completion date must be within one year of the proposed date of loan funding.

4.2.4 Debt to Income Ratio

Applicant(s) must have a debt to income ratio of no greater than 45%. This is determined by calculating the Applicants' monthly debt obligations, including (but not limited to) estimated monthly housing expenses, car payments, and other loan obligations and comparing it to the Applicants' monthly Household Income.

Student loan debt may be excluded from the monthly debt obligation calculation if the Applicant can provide documentation that repayment of the loan is deferred for a period of at least three years from the application date.

4.2.5 Preference Points

The Preference Point system provides priority to certain households who are deemed to have a priority need for housing in Dublin. Priority criteria are shown in **Table 5**. Loans may be approved for households who are not eligible for any Preference Points.

Preference Points vary based on category and do not distinguish between adults and children. See **Table 5** for details and requirements. If two persons in the household qualify for Preference Points for the same category, the maximum preference points for that category would be two points. For example, if a husband and wife are both employed in Dublin, the couple receives only 2 Preference Points for being employed in Dublin. However, if two Seniors make up a household, they would be entitled to only 1 Preference Point, as that category has a maximum of one preference point for household.

4 HOUSEHOLD QUALIFICATIONS

Preference Points

Priority	Points	Proof Required
Employed in Dublin	3 points maximum, one per household member	Copy of recent pay stub establishing employment in Dublin; If self-employed in Dublin, then the business must have a current City business license. Must have been employed within the City of Dublin for at least six months.
Public service employee in Dublin*	1 per household	Copy of recent pay stub or letter from employer, on company letterhead, establishing public service in Dublin; 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.
Resides in Dublin	3 points maximum, one per household member	Copy of utility bill (PG&E or water), showing the Applicant with a Dublin address; or Copy of a current rental agreement. Must have been a resident of the City of Dublin for at least one-year.
Seniors (62 and over)	1 per household	A valid state driver license; or A valid state identification card (with photo); or A valid passport.
Permanently disabled	1 per household	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 per household	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	1 per household	Copy of utility bill (PG&E or water), 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.

4 HOUSEHOLD QUALIFICATIONS

Priority	Points	Proof Required
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** 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.*

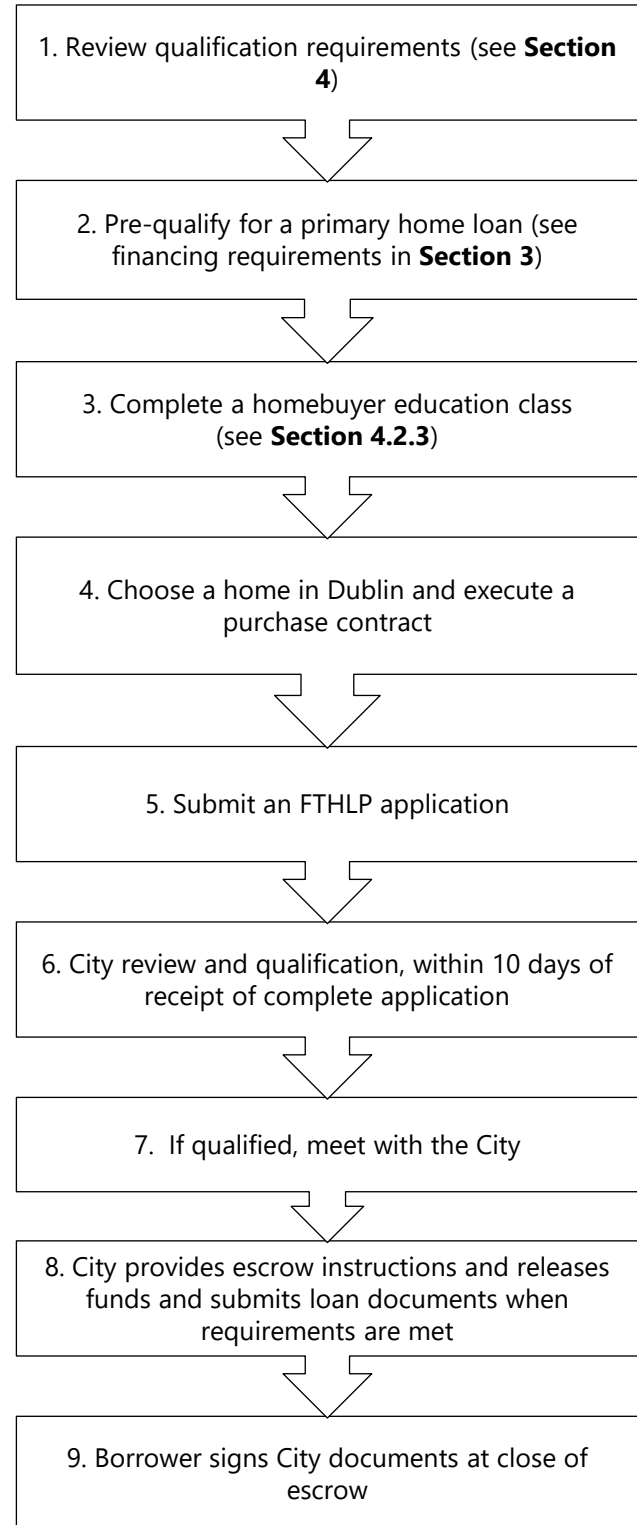
5 Procedures

Figure 1. Loan Application Process

5.1 Loan Application, Approval, and Funding Procedures

The following are the general steps for qualifying for and finalizing a loan (see **Figure 1** for an overview):

1. **Review qualification requirements.** Potential Applicants should review these Guidelines and confirm that they meet established qualification requirements (see **Section 4**).
2. **Pre-qualify with a lender.** Potential Applicants should work with a lender of their choosing to get pre-qualified to purchase a home. Potential financing must meet the requirements described in **Section 3**. This will be necessary for preparing 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. The City is available to speak with lenders to clarify Program terms and requirements.
3. **Homebuyer education.** Potential Applicants must complete a First Time Homebuyer Class (see **Section 4.2.3**)
4. **Execute a purchase contract.** Potential Applicants should work with a real estate agent to find a desirable home for sale in the City. Homes may be BMR Units (most available BMR Units are listed on the City's website) or market rate properties. Prepare an offer and execute a purchase agreement on the home of your choosing.
5. **Submit a FTHLP application.** Prepare and submit a complete FTHLP application packet to the City's Housing Division. Be sure to include supporting documentation for income and asset verification (contact City Staff or view the City's website for an application package). The application should be submitted at least four weeks prior to the scheduled close of escrow.
6. **City Staff/Loan Committee review and qualification determination.** The City will make every effort to review the application and



5 PROCEDURES

qualification materials and determine eligibility within 10 working days of receipt of a complete application. The application will be considered by City Staff in the Housing Division (to determine application completeness and basic qualification) and the City's Loan Committee. If approved, the City will send the Applicant a conditional approval letter. Applicants who are determined to be ineligible will receive a denial letter.

7. **Buyer consultation.** All adult members of the approved Borrower household must schedule and complete a consultation with City Staff to discuss loan terms, restrictions, and ongoing requirements. At the meeting, Borrowers will review and sign a loan estimate.
8. **Loan documents.** Following completion of the consultation, City Staff will prepare escrow instructions and submit them to the escrow officer. The instructions will describe the documentation the City will need in order to prepare loan agreements and fund the loan. Documents will include (but may not be limited to) a title report, home and pest inspection reports, an appraisal, and documents regarding the primary loan.
9. **Sign paperwork.** Following receipt of required paperwork from the escrow company, the City will prepare the appropriate loan documents for the Borrower to sign at closing (see **Section 3.4**). Once the Borrower 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 Borrower's primary loan to the escrow officer for recordation.
10. **Monitoring and correspondence.** The Borrower must complete annual surveys to the City and should contact City Staff with any questions. Any default on the signed agreements may result in the City calling the loan due immediately. Borrowers must contact the City when contemplating a sale or refinance.

5.2 Pre-Qualification

The City will accept applications for preliminary review and pre-qualification. This review will confirm that the Applicant meets the qualifications described in **Section 4**, with the exception of the debt-to-income ratio, which cannot be determined until the City is provided with an estimate of monthly housing costs for a specific home. Applications for pre-qualification are subject to costs to reimburse the City's direct cost to obtain a credit report. Pre-qualification applications are reviewed by City Staff in the Housing Division but are not reviewed by the Loan Committee. Following the review, City Staff will issue a letter of eligibility. Note that Program funding is limited and a letter of eligibility does not guarantee that funds will be available to the Applicant if/when they are requested.

5.3 BMR Unit Refinancing

BMR Unit Borrowers may keep the FTHLP loan intact through a refinance, provided that the new loan meets City standards. BMR Unit Borrowers must notify the City of their intent to refinance and follow the refinance procedures outlined in the Guidelines to the Inclusionary Zoning Regulations Ordinance.

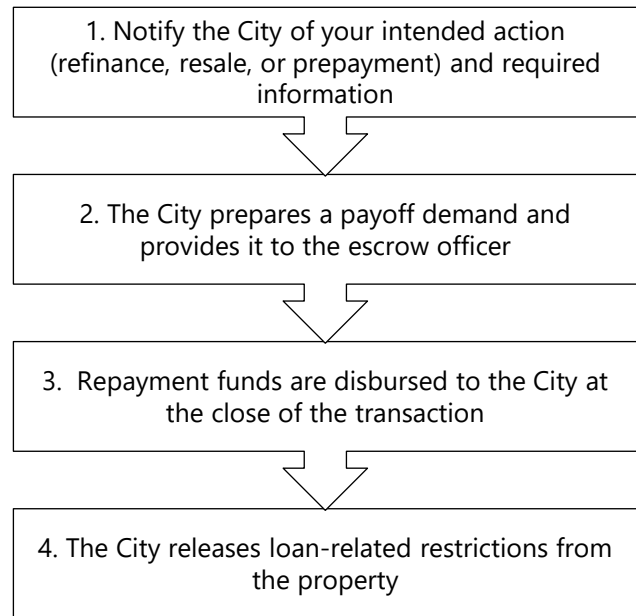
5.4 Loan Payoffs

Market rate home Borrowers must pay off the FTHLP loan in the event of a refinance or resale and have the option to prepay the loan at any time. BMR Unit Borrowers must pay off the FTHLP loan in the event of a resale and have the option to pay off the loan during a refinance or may choose to prepay the loan at any time. An overview of the payoff process is outlined in **Figure 2**.

The following are the general steps for the loan payoff process (see **Figure 2** for an overview):

1. **Provide notice and documentation.** The Borrower must provide the City with the following:
 - a. A written notification of the Borrower's intended action.
 - b. A current property appraisal or a resale purchase contract.
 - c. The name and contact information of the escrow officer managing the transaction, as well as an escrow number.
2. **City prepares payoff demand.** The City will calculate the accrued interest and equity share, if applicable, and prepare a payoff demand for the greater of the two. The equity share calculation is described in **Section 3.5**. The City will provide a copy of the payoff demand to the Borrower and submit the demand to the escrow officer.
3. **Funds disbursed to the City.** The escrow officer will disburse repayment funds to the City as stated in the payoff demand upon the close of the transaction.
4. **Release and reconveyance.** The City will prepare appropriate documents to release the loan documents (as described in **Section 3.4**) from the property.

Figure 2. Loan Payoff Process



6 Exceptions

Any
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Figure 3. Exception Request Procedure

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 exception request procedure is outlined in **Figure 3**.

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

Exceptions 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.

Exceptions will be considered by City Staff, including authorized persons in the Housing Division and/or members of the Loan Committee. The City will provide a letter response within 10 calendar days, stating whether the requested exception can be granted in full or part and the reason for such decision.

applicant believing that his/her situation warrants exception to any part of these Guidelines due to

