

## **City of Union City Affordable Home Buyer Program**

### ***General Information on Below Market Rate (BMR) Home Resales and Eligible Buyer Minimum Requirements***

Please visit the City's website at [www.unioncity.org/BMR](http://www.unioncity.org/BMR). At this website you can:

1. See listings of BMRs once they are on the market.
2. Sign up for the Affordable Housing Interest List by entering your email address. Once you are signed up, you will receive email notifications when BMRs become available and other information about affordable housing opportunities in Union City.
3. Access additional information and resources.

#### **Tips for Preparing to Purchase a BMR**

1. Work directly with a real estate agent. Only realtors have access to the MLS (Multiple Listings Service). BMRs are identified as affordable homes when they are posted on the MLS. Realtors can look for BMRs for you in all your preferred communities throughout the greater region.
2. You may also wish to get the ball rolling by taking a homebuyer education workshop course. Details on these are provided at the website link above. If your offer on a BMR is selected by the seller, taking a home buyer education workshop will be a requirement to be able to purchase the home.
3. Work with a bank/lender to learn what you can afford and obtain a pre-approval for a primary mortgage. When working with a lender, it is recommended that you ask if they have been preapproved with the Mortgage Credit Certificate (MCC) Program. This program offers a reduction in federal income tax and is administered by the Alameda County Housing and Community Development Department (HCD). Contact Alameda County HCD early in your home-buying process and secure this income tax reduction before your close of escrow or you will miss the chance. Lenders must be preapproved and submit these applications on behalf of their clients. You can find out more about the program and access a list of approved lenders by calling 510-670-5246 or visiting: [www.acgov.org/cda/hcd/homeownership/mccprogram/index.htm](http://www.acgov.org/cda/hcd/homeownership/mccprogram/index.htm)
4. Review the BMR Resale Process Overview and Eligible Buyer Minimum Requirements below to ensure that the program is a good fit for your household.

## **BMR Resale Process Overview for Prospective Buyers**

The way that the BMR resale process works, as a broad overview, is the following:

1. A current owner decides that they are ready to sell their home.
2. The City works with the seller to ensure that the home will be sold in good condition and for no more than the specified maximum resale price.
3. The seller and their realtor make the home available for open houses and showings by appointment.
4. Prospective buyers work with their realtor to submit an offer to the seller's realtor.
5. The seller selects one of the buyers' offers (the maximum resale price is set to affordable levels so there is no bidding war) and enters into a purchase contract.
6. Once the City receives the purchase contract from one of the realtors, the selected buyer will be contacted by the City to schedule an appointment to submit their application. ***The City does not accept any applications until a buyer and seller have entered into purchase contract.*** The City will evaluate the application while the buyer and seller are in escrow.
7. Once the buyer has been approved, the City finalizes documents required for the transaction. ***BMR homes are subject to owner-occupancy and resale restrictions and the selected buyer will be required to sign a resale restriction agreement.*** These documents will be provided to the title company for the buyer to sign at the close of escrow, along with the other documents associated with the transaction.
8. Sale closes.

## **Eligible Buyer Minimum Requirements**

**To be eligible to purchase a BMR, households must meet the following minimum requirements:**

1. Household size is appropriate for the number of bedrooms.
2. All adult household members are First Time Homebuyers:
  - a. Defined as: Individuals who have not owned a residential property during the three-year period before applying for participation in the home buyer program, regardless of whether or not the individual'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.
  - b. Exceptions to this definition include:
    - I. An individual who owned a home with a former spouse during their marriage.
    - II. An individual who has owned a principle residence that was not permanently affixed to a permanent foundation, according to applicable regulations.
    - III. An individual who has owned a property that was not in compliance with state or local building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
3. The **maximum gross combined income** from **all adult members** of the household may not exceed the applicable Income Limits for Alameda County by household size. For these amounts, visit the City's website at [www.unioncity.org/BMR](http://www.unioncity.org/BMR).
4. Legal resident.
5. Retained a real estate agent.

### **Eligible Buyer Minimum Requirements Continued**

6. Minimum credit score of 660.
7. Able to make a minimum down payment of 3% of the sales price, using buyer's own funds. Down payment funds must be held in an account in the applicant's name for at least six months prior to submitting an application. Gift funds are acceptable as long as (1) the buyer contributes a minimum of 3% from their own funds and (2) the gift funds plus the buyer's down payment do not exceed a total of 20% of the purchase price.
8. Pre-approved for a primary mortgage which includes all adult members of the household. (Be advised that, to qualify for your loan, it is possible that your lender will require a down payment that is larger than the City's minimum requirement.)
9. Must have sufficient cash reserves to cover a minimum of two months of housing expenses (in the amount estimated on the loan application). These funds cannot be used toward the purchase of the home.
10. Debt to income (DTI) ratios must be within the following limits:
  - a. Front-end: 40% maximum: The "front-end" ratio is the proportion of monthly housing costs as a percentage of monthly income. Monthly housing costs include mortgage (principal and interest), private mortgage insurance (if applicable), hazard insurance, property taxes, condominium fees or dues, and utilities.
  - b. Back-end: 45% maximum: The "back-end" ratio is the proportion of monthly housing costs plus all other monthly debt payments (e.g. student loans, car payments, credit cards) as a percentage of monthly household income.
  - c. If household income is below 80% Area Median Income (AMI), as adjusted for household size, DTI limits are 35% front-end and 40% back-end.
11. Preference will be given to eligible buyers who live and/or work in Union City.
12. If your application is approved, completion of a HUD-approved, 8-hour Homebuyer Education Workshop is required.
  - d. The Homebuyer Education Workshop must be completed within the 6 months prior to close of escrow.
  - e. Completing a Homebuyer Education Workshop early on in the home buying process is strongly recommended.
  - f. For a list of locally available options see this web site: [www.unioncity.org/BMR](http://www.unioncity.org/BMR)

#### **Affordable Home Buyer Program - Contact Information**

**Web site:** [www.unioncity.org/BMR](http://www.unioncity.org/BMR)