

City of Marina

**Below Market Rate
Homeownership Program**

Administrative Policies and Procedures



Revised 2021



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Introduction

These Administrative Policies and Procedures of the City of Marina's Below Market Rate (BMR) Homeownership Program (the "Program") implement Chapter 17.45, "Affordable Housing" of the Marina Municipal Code. These procedures set forth the eligibility criteria and application requirements for prospective BMR home buyers, as well as long-term BMR home ownership requirements and related Program requirements as listed below.

The Program was established to provide affordable home ownership opportunities to moderate, workforce, and bridge income level qualified homeowners. The Program provides priority to purchase available BMR homes to those eligible home buyer households who currently live or work in Marina, as explained herein.

These Procedures may be amended from time to time and/or updated periodically, as determined necessary to accomplish the objectives of the Program and to guide Program administration. The City Attorney may approve revisions to forms within the Procedures as an administrative matter. Please refer to the footer date and the City's website www.cityofmarina.org to ensure the version of these Procedures is the most current available.

Section A. Definitions

The following words and terms have the meaning set forth below:

Applicant/Co-Applicant: a Head of Household and any adult members of his/her household aged 18 or older ("Co-Applicant(s)") who is/are interested in purchasing and residing in a BMR home, as evidenced by their signature(s) on a BMR program application submitted to the City. "Applicant" may be used herein to refer to the Applicant's entire Household and/or all adults in the Household, as the context requires. Primary Applicant refers to the first-named party on the application form, who must be the Head of Household, as defined herein. Co-Applicants are all other adult members of the Household aged 18 years or older.

Area Median Income (AMI)/Median Family Income (MFI): The midpoint in the income distribution with a specific geographic area. Income eligibility limits are established by the U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD). "Area" means metropolitan area of Non-metropolitan County.

Asset: a cash or non-cash item that can readily be converted to cash. The value of ordinary (i.e. non-investment) personal or household items, such as furniture and personal vehicles, are not considered assets for the purpose of BMR Program eligibility.

Below Market Rate (BMR) Home: a home developed and provided for sale to moderate, workforce or bridge income households pursuant to the Ordinance, at a price affordable to such household, as specified in the Ordinance, these Guidelines, and each Developer Agreement.



City: City of Marina, a municipal corporation and political subdivision of the State of California.

Eligible Household: a Household (see definition below) that is eligible to purchase a BMR home, as follows:

- A Household which is living together in the same dwelling unit at the time of and has been living together in the same dwelling unit for at least six months prior to the date of Program application. This must be proven with Valid Third-party Documents, as defined herein and listed as required attachments in Program applications forms, to verify that each member of the Household resides, and has been residing for six months, at the same dwelling unit and street address; and
- A Verified Income Qualified Household: Total gross (pre-tax) annual income and assets of all adult Household members aged 18 or older combined do not exceed the Program's income and asset limits, adjusted for the size of the Household; and
- All adult Household members, except elderly, disabled, or young adults who are listed as financial dependents on the federal tax returns of another Household member, must provide evidence of membership in the Household, which includes sharing financial resources and responsibility for basic housing expenses, including rent and utilities. Such evidence shall be provided in Program application forms, as described in application forms and/or instructions;
- All of the current members of Applicant's household must individually meet all Program eligibility requirements applicable to individuals as explained in **Section B** of these Guidelines.

Guidelines: these City of Marina Below Market Rate Home Ownership Program Guidelines.

Head of Household: an adult who is the primary tenant (i.e., first listed lessee) on a current lease for a rental dwelling or mobile home park space that is the adult's primary residence and is financially and/or legally responsible in full or part for all members of his/her household, if any. In the case of households headed by a couple (married, domestic partners, common law spouses, etc.), the adult who files federal tax returns on behalf of most or all of the dependents in the household is generally considered the head of household, however either member of the couple may apply as the household head, as long as he/she meets Program eligibility requirements and can obtain the financing and down-payment needed to purchase a BMR home. The Head of Household shall be listed as the Primary Applicant on the Application for Home Purchase a BMR home.

Household: all the persons who occupy a housing unit. The occupants may be , one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. (Code of Federal Regulations Title 24, Section 570.3). Household, for the purposes of determining Household eligibility and establishing Gross Household Income and assets includes any and all owner-occupants, temporary occupants, and



other occupants, regardless of such household member's interest in purchasing or occupying a BMR home, as explained in **Section B** of these Guidelines.

HCD: the California Department of Housing and Community Development.

HUD: United States Department of Housing and Urban Development.

Gross Household Income: the gross (pre-tax) amount of income of all adult household members that is anticipated to be received during the coming 12-month period, as further defined in Code of Federal Regulations Title 24, Part 5 (the "Part 5 method"). The Part 5 definition of gross household income is based on a list of income and asset inclusions and exclusions used to determine gross annual income. The definition of what is and is not included in annual income will be in accordance with the definition described in the U.S. Code of Federal Regulations in effect at time of application and may be located on the website of the U.S. Department of Housing and Urban Development at: <https://www.govinfo.gov/content/pkg/CFR-2000-title24-vol1/pdf/CFR-2000-title24-vol1-sec5-609.pdf>

The following table presents the Part 5 Annual Income inclusions as stated in the Code of Federal Regulations as of the date of adoption of these Guidelines

Income Inclusions

General Category	Statement from 24 CFR 5.609 (b) Annual income includes, but is not limited to:
Income from wages, salaries, tips, etc.	(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services
Business Income	(2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family
Interest & Dividend Income	(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph 24 CFR 5.609 (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family



	has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD
Retirement & Insurance Income	(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph 24 CFR 5.609 (c)(14) – Income Exclusions)
Unemployment & Disability Income	(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph 24 CFR 5.609 (c)(3) – Income Exclusions).
Welfare Assistance	(6) Welfare section assistance payments. <ul style="list-style-type: none">i. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:<ul style="list-style-type: none">a. Qualify as assistance under the TANF program definition at 45 CFR 260.31; andb. Are not otherwise excluded under paragraph 24 CFR 5.609 (c) – Income Exclusions.ii. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:<ul style="list-style-type: none">a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plusb. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
Alimony, Child Support, & Gift Income	(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling



Armed Forces Income	(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph 24 CFR 5.609 (c)(7) – Income Exclusions).
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Income Exclusions

This following table presents the Part 5 Annual Income exclusions as stated in the Code of Federal Regulations effective on the date of adoption of these Guidelines.

General Category	Statement from 24 CFR 5.609 (c) Annual income does not include the following:
Income of Children	(1) Income from employment of children (including foster children) under the age of 18 years
Foster Care Payments	(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone)
Inheritance and Insurance Income	(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph 24 CFR 5.609(b)(5) - Income Inclusions).
Medical Expense Reimbursement	(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member
Income of Live-in Aides	(5) Income of a live-in aide (as defined in 24 CFR5.403)
Student Financial Aid	(6) Subject to item 9 of the list of exclusions, the full amount of student financial assistance paid directly to the student or to the educational institution
"Hostile Fire" Pay	(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire
Self-Sufficiency Program Income	(8) <ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS)



	<p>c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program</p> <p>d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time</p> <p>e. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program</p>
Gifts	(9) Temporary, nonrecurring, or sporadic income (including gifts)
Reparation Payments	(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era
Income from Full-time Students	(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse)
Adoption Assistance Payments	(12) Adoption assistance payments in excess of \$480 per adopted child
Family Support Act	(13) Reserved
Social Security & SSI Income	(14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.



Property Tax Refunds	(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit
Home Care Assistance	(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home
Other Federal Exclusions	(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. The below list was published on May 20, 2014 . <ul style="list-style-type: none">a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b));b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (e.g., employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);c. Certain payments received under the Alaska Native Claims Settlement Act (43U.S.C.1626[c]);d. Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);e. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));f. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-04);g. The first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-8) This exclusion does not include proceeds of gaming operations regulated by the Commission;h. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under Federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For section 8 programs only (42 U.S.C. 1437f), any



financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-11, section 327) (as amended);

- i. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g);
- j. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange liability litigation, M.D.L. No. 381 (E.D.N.Y.) (Pub. L. 101-201 and 101-39);
- k. Payments received under the Maine Indian Claims Settlement Act of 1980 (Public Law 96-420, 25 U.S.C. 1721) pursuant to 25 U.S.C. 1728(c);
- l. The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
- m. Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(l)) for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32(l));
- n. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- o. Allowances, earnings and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637(d));
- p. Any allowance paid under the provisions of 38 U.S.C. 1833(c) to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05) children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1821), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821);
- q. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602);



	<ul style="list-style-type: none">r. Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931);s. Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C.1780(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC));t. Payments, funds or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));u. Deferred amounts from Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C.§1437a(b)(4));v. Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101) and administered by the Office of Native American Programs;w. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled Elouise Cobell et al. v. Ken Salazar et al., al., 816 F.Supp.2d 10 (Oct 5, 2011 D.D.C.), for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010 (Pub. L. 111 291);x. Any amounts in an “individual development account” as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4));y. Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)); and,z. Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by the States, local government, and disaster assistance organizations (42 U.S.C. 5155(d))
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Asset: An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included in the determination of asset value. The definition of what is and is not included in Assets generally follows the current definition



described in the U.S. Code of Federal Regulations and provided on the website of the U.S. Department of Housing and Urban Development.

The following table is primarily derived from the Part 5 Asset inclusions and exclusions as stated in the Code of Federal Regulations effective on the date of adoption of these Guidelines. [24 CFR Part 5]

Part 5 Annual Income Net Family Asset Inclusions and Exclusions

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, Treasury bills, certificates of deposit, mutual funds and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even if withdrawal would result in a penalty). While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment. After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum.
6. Annuity where the applicant has the option of withdrawing a balance (even if withdrawal would result in a penalty).
7. Retirement and pension funds.
8. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, cash from sale of assets, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
11. Mortgages or deeds of trust held by an applicant.
12. Assets disposed of for less than fair market value (e.g. property) when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than \$1,000.



Exclusions

1. Necessary personal property, except as noted in number eight (8) of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.
8. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation.
9. IRA, Keogh, and similar retirement savings accounts where benefits are being received through periodic payments
10. Lump sum payments where the money is used for something that is not an asset— e.g. a car or a vacation or education.

Living in Marina: occupying and renting, prior to application date, a bona fide dwelling unit within the Marina city limits, as evidenced by Valid Third-party Documentation (lease, a California driver's license or identification card showing street address (not post office box) of such residence, current California vehicle registration card, or gas/electric/water bills).

Low Income Household: a Household with total income of all Household members combined, as determined using the Part 5 method, that does not exceed the Program's income limits, adjusted for actual Household size, which are based on 80% of Area Median Income for Monterey County; and whose total combined assets do not exceed the Program's asset limits.

Maximum Sales Price: the maximum sale price that the BMR Homes are available for purchase by an eligible purchaser, by the City or by the City Designated Purchaser. The price shall be a purchase price which is affordable to a Moderate-Income Household, as adjusted by the assumed household size determined based on the number of bedrooms in the BMR Unit.

Moderate Income Household: a Household with total income of all Household members combined, as determined using the Part 5 method, that does not exceed the Program's income limits, adjusted for actual Household size, which are based on 120% of Area Median Income for Monterey County; and whose total combined assets do not exceed the Program's asset limits.



Occupancy Standards: the minimum and maximum number of household members eligible to purchase and occupy a BMR home of a certain number of bedrooms. The Occupancy Standards, when applied to each Applicant Household, take into account the characteristics of the household members listed in the application, such as age, gender, and familial relationship, if any, to determine the size of BMR home (number of bedrooms) an Eligible Household may purchase in most circumstances.

The maximum number of people in the unit is twice the number of bedrooms plus one but exceptions may be made depending upon the age of children and other factors. Households may be considered for unit sizes according to the following:

Number of Bedrooms	Minimum Household Size	Maximum Household Size
Studio	One	Two
One	One	Three
Two	Two	Five
Three	Three	Seven
Four	Four	Nine

Primary Applicant: Head of Household (see definition) of any Household which has submitted a Program application of any kind. The Primary Applicant is the first listed Applicant on a Program application, must be the primary borrower on the first mortgage loan, must take title to the BMR home, and will be the primary point of contact for Program staff when communicating with the Household during the application process and (if approved) escrow period.

Priority Household: Eligible Household which meets the criteria described in Section C. Geographic Preference (Priority)

Purchase-Ready: able to qualify for adequate financing to purchase a BMR home; able to provide a minimum down-payment of at least 3% or greater amount if required by the first mortgage lender, plus closing costs; and completion of a HUD-certified home buyer course. Adequate financing shall include a conventional first-mortgage loan provided by an established residential lender that meets the requirements described in **Section F** of these guidelines, and may also include public-sector junior loans or other down-payment assistance loans or grants secured by the Applicant and approved by the City and the first lender. Down-payment may include gift funds if seasoned and documented as explained in application forms. Applicants with recent foreclosures, bankruptcies, credit scores below 620, or inadequate down-payment funds do not qualify as Purchase-Ready.

Reasonable Accommodation: accommodations in Program rules, policies, practices, or services, when such accommodations may be necessary to afford a disabled person, or a household with a disabled member, equal opportunity to apply for, use and enjoy a BMR home, including public and common use areas, as would be available to non-disabled persons or



households in similar circumstances. The requested accommodation must be reasonably related to the particular disability of the household member and must be necessary in order to provide the household with equal access to housing. For instance, if a disabled household member requires a separate bedroom due to their disability, when the Occupancy Standards would otherwise require them to share a bedroom with another household member, they may request a Reasonable Accommodation to the Program Occupancy Standards in order to purchase a BMR home with an adequate number of bedrooms.

Valid Third-Party Documentation: documents issued directly by a public agency, private utility company, taxing entity, creditor, financial institution, school, employer, business, or Certified Public Accountant on such entity's own letterhead, verifying one or more eligibility criteria of any Applicant, Co-Applicant, or their dependents. Such documentation may be verified by Program staff through direct contact with such agency/issuer by phone, email, or written inquiry to verify accuracy of document's contents. Written statements of parties with any direct or indirect interest in the BMR home purchase (i.e., persons related to Applicant by blood/family relationship, marriage, business ties (other than Certified Public Accountant, in the case of self-employment income) or other close personal relationship, do not qualify as Valid Third-party Documentation.

Very Low-Income Household: a Household with total income of all Household members combined, as determined using the Part 5 method, that does not exceed the Program's income limits, adjusted for actual Household size, which are based on 50% of Area Median Income for Monterey County; and whose total combined assets do not exceed the Program's asset limits.

Workforce Income Household: a Household with total income of all Household members combined, as determined using the Part 5 method, that does not exceed the Program's income limits, adjusted for actual Household size, which are based on 150% of Area Median Income for Monterey County; and whose total combined assets do not exceed the Program's asset limits.

Working in Marina: people who work at least thirty-five (35) hours per week, earning one's primary source of annual income (salary, wages, commissions) through employment by a Marina employer licensed and permitted by the City, at a primary work-site in Marina; or through operation of a Marina-based business that is licensed and permitted by the City at time of application. Working in Marina does NOT include volunteer or unpaid work, or self-employment consisting solely of operating a business entity established solely for the purposes of investment in a rental property. Income earned in Marina must be verified by your paycheck stubs, tax returns, and/or other documentation described in the application forms. Business owners, consultants or individuals who do business in Marina, but who do not have a physical location in the City of Marina will not be considered as working in the City of Marina



Section B. Buyer Eligibility Criteria

Applicants must meet the following criteria to be eligible to purchase a BMR home, either individually as Primary Applicant or Co-Applicant(s), or collectively as a Household, as specified herein:

1. Eligible Household
2. Income Qualified Household
3. Purchase-Ready

The five eligibility criteria terms are defined in **Section A** of these Guidelines and/or described in each section below. Applicants must fully document that their Household meets each eligibility requirement by providing all forms of Valid Third-party Documentation requested in the Program application forms.

Eligible Household

In order to be determined eligible for the BMR Program, the Applicant must demonstrate in its application that it is an Eligible Household as defined in **Section A** and must verify the household composition and other eligibility requirements, as explained further below and in Program application instructions.

Verification of Household Composition

The Program application requires submittal of Valid Third-Party Documentation, as defined in **Section A**, to prove that each member of Applicant's Household resides and has resided at the same residential address for at least six months. Documents which show only a post office box as an address are not acceptable for the purpose of verifying an applicant's primary residence. The documents required are listed in Program application forms. In the event an applicant is not able to provide a particular document, Program staff may agree to accept a legitimate alternative form of Valid Third-Party Documentation, or in the absence of a legitimate alternative, may determine that applicant has not provided sufficient documentation and therefore will not be considered part of the Household. The Housing Program Administrator is authorized to make the final determination of what constitutes "legitimate alternative" documentation to substantiate primary residential address or any other eligibility criteria, consistent with these Guidelines.

Only those household members who have adequately verified their membership and residency in the Household will be counted for the purpose of determining the size(s) of BMR home (number of bedrooms) the Applicant may purchase, although the income and assets of all household members listed by Applicant on application form (including any temporary or unverified occupants) must be counted toward the Household's gross income, as explained below.

To be considered part of Applicant's household, any children under the age of 18 (including foster children) must be under full or partial custody or legal guardianship of Primary Applicant



or another Co-Applicant taking title to the BMR home, and/or must be listed as a dependent child on that party's tax returns.

Income and Asset Qualifications

The Marina City Council established the BMR program with the goal of achieving a diverse mix of housing types to accommodate a broad range of lifestyles and income levels. BMR units shall be sold only to workforce, bridge, moderate, low or very low-income households as defined in **Section A**. The City uses California Department of Housing and Community Development (HCD) Income Limits as the household income limit for the BMR Program. Applicants must meet the income limits in effect on the date of their Application for Home Purchase a BMR home. HCD updates the income limits that define very low, low, moderate, or workforce income households periodically. Current maximum incomes for each income category by household size are available on the City's website at www.cityofmarina.org or on the HCD website at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

A definition of what sources of income and assets are included in total Income and Assets is contained in **Section A**. Income earned (or imputed) from assets, such as dividends, interest, rental income, etc., is included in the household's annual income pursuant to the Part 5 Method.

Total household assets are compared to the asset limits using a six-month average of the Household's total assets according to monthly statements and/or other valuations for each of the six months prior to application date. The six-month average is used to avoid Applicant "asset dumping" (asset liquidation or transfer to other parties) just prior to Program application, in order to meet the asset limits. Assets held in IRS-recognized retirement accounts (401-k's, IRA's, etc.) are not included for the purpose of determining whether an Applicant meets the Program asset limits.

Assets are limited to a maximum value of:

- \$150,000 or 20% of the value of the home to be purchased, whichever is higher, for applicants 54 years and younger.
- \$175,000 or 20% of the value of the home to be purchased, whichever is higher for applicants over the age of 55.

Applicant eligibility determinations are valid for 90 days from the date of the Program eligibility letter. If the Applicant is still in escrow to purchase a BMR home within 90 days of the date of the Program eligibility letter, Applicant must provide additional income and asset documentation for the intervening months since the Program eligibility letter was issued. If Applicant is not in escrow when the 90-day period expires, the eligibility letter will expire, and Applicant must complete and submit a new application, and pay the application fee again, in order to make a subsequent offer on a BMR home. Applicants may submit updated eligibility documentation prior to the expiration of the eligibility letter, in order to extend the term of their eligibility by 60 days, to allow additional time to submit an offer on a home.



Purchase-Ready

Applicant must be Purchase-Ready at the time they apply, as follows:

1. Mortgage Qualification: Applicant must provide a current loan pre-qualification letter from a conventional residential lender for a thirty-year, fixed-rate mortgage in an amount equal to at least 80% of BMR home price, which also meets the financing requirements described in **Section F**, and be able to obtain final approval for such loan by close of escrow;
2. Down Payment: Sufficient savings available for a down payment of at least three percent (3%) of the home price, plus closing costs of approximately three percent (3%) of the home price (collectively “Down Payment”). Gift funds may be used to provide not more than the lesser of: 50% of Applicant’s total Down Payment, or 10% of the BMR home price. Any gift funds must be documented in Program application with a gift letter and all Down Payment funds must be “seasoned”, as described further in application form. Program approval to purchase will be conditioned upon Applicant’s deposit of Down Payment, in the amount stated in Application for Home Purchase, into escrow by the closing date noted in purchase contract. If lender requires a higher down payment, Applicant must meet requirement as stated in loan pre-qualification letter.
3. Credit Score/History: Credit score(s) of 620 or higher, and no bankruptcies or foreclosures within three years prior to application date. Lenders may require higher scores or higher standards regarding credit history.
4. Homebuyer Education: Primary applicant must have taken a HUD-certified home buyer course and provide a certificate or proof of completion in Program application. Various online and in-person HUD-approved home buyer education providers are listed in Program outreach materials and website. Course must be completed prior to making an offer on a BMR home.

All Purchase-Ready requirements must be fully documented as described in Application form. If any co-Applicant(s), due to his/her poor credit history or low credit score, would adversely affect Primary Applicant’s ability to qualify for a mortgage, such co-Applicant may be exempted from the requirement to jointly apply for the first mortgage as a borrower, however such co-Applicant must take joint title to the home with Applicant upon close of escrow. Co-Applicants who are listed as financial dependents of Primary Applicant, or of another co-Applicant included as borrower on the loan, on such Applicant’s tax returns need not be listed as borrowers on the loan application, nor take title to the home (unless desired by Applicant), except any financial dependent spouses of Primary Applicant, who are required to at least take title as community property or joint tenants.



Section C. Geographic Preference (Priority)

The Program provides a geographic preference (“Priority”) to purchase BMR homes to Applicants with the following Geographic Preferences, in order of Priority:

1. People who work at least thirty-five (35) hours per week in a business or agency with a physical location within the City of Marina (see definition of Work in Marina).
2. Employees of the City of Marina including reserve police officers and volunteer firefighters who work at least thirty-five (35) hours per week.
3. Public and private educational institution employees that work at least thirty-five (35) hour per week at an educational institution within the City of Marina.
4. People who live in Marina (see definition of Live in Marina).

One point will be assigned to a household based on each characteristic which will assist in determining the ranking of each applicant to the BMR Waiting List. Households may qualify for points based on meeting more than one characteristic but may not obtain more than one point for each category for a particular characteristic regardless of the number of household members meeting the particular characteristic. Under no circumstances will the City of Marina permit discrimination against any applicant or program participant based upon race, color, religion, creed, age, disability, sex, sexual orientation, marital status, source of income, ancestry, veterans status, or national origin.

Applicants who have been determined by Program staff to qualify for a Geographic Preference will receive First Priority to purchase available BMR homes. Applicant(s) must provide Valid Third-Party Documentation as described in application forms, in their Eligibility Applications to support their request for Priority status.

Priority to purchase will be provided to First Priority Applicants through a sixty (60) day “Priority Application Period,” during which offers to purchase any particular BMR home will be accepted only from Applicants with a valid First Priority Eligibility letter issued by Program staff. This period consists of the first sixty calendar days that a BMR home has been offered and marketed for sale to the general public by the City and/or Seller, using reasonable and customary residential real estate marketing methods. The beginning date of this Period shall be mutually established by City and Seller. The Priority period dates will be noted in any notices or advertisements for sale issued by the City or Seller.

Applicants who do not qualify for First Priority status may submit an Eligibility Application at any time for potential approval as a non-Priority Eligible Household, however Sellers may not accept an offer to Purchase from such Applicants until the appropriate Priority period(s) have expired for that particular home or development.

Whenever there is a Waiting List that exceeds the number of available BMR homes at any new development or for a particular home, the sales process shall include a random drawing, as



further described in **Section E**. Qualified and eligible households that have received a Letter of Eligibility will be invited to participate in the random drawing. The results of each of the random drawings become the rank order of applicants on the “Waiting List” for BMR sales. After the initial sales of BMR units in a development project, the remaining waiting list households will be eligible to purchase new or resale BMR units when they become available.

Section D. Application Process for Buying a BMR Home

The main steps of the BMR home buyer application process is described in this Section. Assistance is available upon request to applicants requiring interpretive services and/or other accommodations due to limited English proficiency and/or disabilities, pursuant to the City’s Language Access Plan, disabled access, and reasonable accommodations procedures. Detailed application instructions are provided in Program application forms. This Section describes the actions and steps necessary to purchase a BMR home.

Pre-Application Steps

Before submitting an Application for Eligibility/Waiting List (Form O-1), Applicants should review the Buyer Eligibility Criteria found in **Section B** and complete the three steps described below.

1. Receive program outreach materials

The City provides various Program outreach materials online, in print at City facilities, or upon request, and holds workshops to introduce the Program to the public and provide prospective buyers when units are available to overview the Program. Applicants should review these materials and/or attend a presentation to determine if they are interested in the Program.

2. View available BMR homes

While this step is not mandatory, Applicants are encouraged to view one or more available BMR homes prior to submitting an application, to make sure they are interested in the available BMR homes and the neighborhoods where they are located. Once Applicants have been determined eligible, they may view available homes again prior to selecting and making an offer on any particular home.

- New homes: Applicants may view model homes or plans, and drawings provided by the City and/or Developer, or the actual BMR home if construction has been completed.
- Resale homes: Applicants may view the home’s exterior and/or interior prior to submitting an application. To view the interior, applicants must contact the listing real estate agent to make a viewing appointment.

3. Obtain pre-qualification for a first mortgage loan

Applicant(s) must obtain a pre-qualification letter for a thirty-year, fixed-rate first mortgage from a financial institution or lender providing conventional, non-predatory, residential mortgages. The letter must state the maximum amount Applicant could borrow in a conventional first mortgage that meets the loan requirements explained in **Section F**, and the amount of down



payment required by lender. All adult Applicants must be named on the pre-qualification letter and must take joint title to the home, unless Program staff has granted an exception for one or more adults, as described in **Section B**.

Applying to the Eligibility/Waiting List

Assistance is available upon request to applicants requiring interpretive services and/or other accommodations due to limited English proficiency and/or disabilities, disabled access, and reasonable accommodations procedures.

During the process of applying to the Waiting List and remaining on the Waiting List, applicants who intentionally make false statement or misrepresent any facts on the Application for Home Purchase a BMR unit will be removed from the BMR waiting list and barred from re-applying or purchasing a BMR unit in Marina in the future. If the City should discover that a purchase was completed by a purchaser who intentionally made false statements or misrepresented the facts in order to appear eligible to purchase the unit, the City will treat this as a breach of the resale restrictions and may exercise any remedies allowed under the resale agreement including a forced sale of the unit and the imposition of any civil penalties that apply.

1. Application Submittal

The first step to purchase a BMR unit is to complete an Application for Eligibility/Waiting List (Form O-1) with any supporting documentation requested and submit it to the Housing Program Administrator for review of completeness and eligibility. Applicants may obtain the Eligibility/Waiting List Application from Program staff at City Hall, or on the City's website at www.cityofmarina.org. Application periods for particular developments or homes may be limited to specific dates or may be open indefinitely until the home(s) are no longer available for sale. Applicants must complete the application according to the instructions provided, pay the required application fee, and submit the application to the City Housing Program Administrator. If the application is determined to be incomplete, staff will return the entire package to the Applicant for completion. Until staff has determined the application to be complete, staff will not review the application or issue any determination of eligibility. Staff makes every effort to review all completed applications and issue a determination letter within 21 days or less of the date of submittal of a complete application.

Households or individual applicants unable to produce any particular document required in the application form for legitimate reasons beyond their control (natural disaster, military service, refugee status, domestic violence, witness protection program, disability etc.) may request an exception for that particular document, pursuant to the exception procedures explained in **Section E** of these Guidelines. Upon such request, Program staff may request a reasonably equivalent alternative document, and/or any additional supporting documentation deemed necessary by the Housing Program Administrator to verify eligibility of the Applicant/Co-Applicant and/or their entire Household.

2. Receive Program Letter of Eligibility/Ineligibility

Upon completing review of an application, Program staff will provide all Applicants with a written letter stating whether their household is eligible, and if so, the size(s) of BMR home



(minimum and maximum number of bedrooms) for which their household qualifies, and any relevant information or instructions regarding available BMR homes. Household size eligibility is defined in **Section A**. Each eligibility determination letter (eligible or ineligible) is valid for 90 days, after which time it expires and is no longer valid for any purpose. For Applicants applying to be placed on a Waiting List for a particular development or home, an approved Letter of Eligibility will qualify them to remain on the list for up to one year at which time they will be required to reapply through an Application for Recertification of Eligibility/Waiting List (Form O-2) to receive an updated Letter of Eligibility. The Waiting List and any Random Drawing will be administered as described in **Section E**.

Applicants must keep the City informed of current mailing address, telephone contact information, and changes in the applicant's place of employment, household composition, or any substantial changes of income that may affect the applicant's eligibility to remain on the waiting list.

Applicants determined ineligible may reapply 90 days after receipt of the Program eligibility determination letter, if they believe their circumstances related to the reason for ineligibility have changed (i.e., significant changes in income, assets, household composition, credit score, down payment funds, etc.). In that case applicants must submit an entirely new complete application and pay the fee again. Each application must verify that Applicant meets all eligibility criteria at the time of submittal, independently of any verification provided in prior application(s).

Applicants wishing to appeal an eligibility determination may do so in accordance with the appeal procedure described in **Section E**. Applicants making fraudulent statements or intentionally misrepresenting the facts in any application shall be permanently ineligible for the Program.

Application to Purchase a BMR Home

Applicants that are selected to purchase new homes based on their ranked order on the Waiting List and/or Applicants that have a valid Letter of Eligibility are ready to take the final steps to purchase their BMR home.

1. Attend HUD-approved Home Buyer Class

Applicants shall complete a HUD-approved home buyer education class prior to submitting an offer to purchase a BMR home. This is for the benefit of the home buyer to ensure that they fully understand the process of home buying, the various options available in selecting a home and a loan, and the potential consequences of each decision. A list of HUD-approved home buyer classes is provided on the City's website at www.cityofmarina.org. Online and in-person classes are available. Most classes provide a certificate of completion to attendees. Applicants shall include this certificate, or equivalent written verification from the provider, with their Application for Home Purchase. Applicants shall also make an appointment with Program staff to review all BMR home buyer disclosures and agreements after being determined eligible for the Program and prior to submitting an offer to purchase a BMR home.



2. Select an available BMR home and sign offer to purchase

After receiving a Letter of Eligibility verifying that the Applicant is eligible, Applicant may view available homes and submit an offer on the available BMR home of their choice, within the size range for which they qualify. Seller shall request, and Applicant shall provide Seller with a copy of Applicant's Letter of Eligibility from Program staff prior to accepting an offer to purchase a BMR home. Sellers accept offers on a first-come, first-served basis (among applicants with a Letter of Eligibility for the appropriate home size). Multiple applicants may possess a Letter of Eligibility at the same time, therefore if an applicant is interested in a particular BMR home, he/she should make every effort to submit an offer as soon as possible following receipt of Letter of Eligibility by communicating directly with seller or seller's agent to arrange an appointment to submit.

3. Submit Application for Home Purchase, with accepted purchase contract, to City

Applicant completes and submits Application for Home Purchase (Form O-3), attachments and applicable Application Fee. Attachments include a copy of the purchase contract signed by buyer and seller, with contingencies for final Program approval, loan approval, and inspections, original BMR Addendum, a copy of the workshop certification, and the non-refundable Application Fee. If the Application for Home Purchase is being submitted more than 90 days after the date of any income and asset documentation provided in Eligibility Application (but eligibility letter has not yet expired), current documents (such as pay stubs and bank statements) must also be included with the Application for Home Purchase.

4. Application for Home Purchase conditionally approved or denied by City

The City will review the Application for Home Purchase to verify that the terms of the purchase contract, proposed financing, and associated application contents meet all program requirements, and that Applicant's household remains eligible, prior to issuing a Conditional Letter of Approval to permit the opening of escrow.

5. Final Approval and City instructions to Escrow

Final approval is provided after the Applicant and Applicant's Lender complete the Application for Home Purchase by providing copies of Applicant's first mortgage loan application forms, required lending and settlement disclosures from the lender, and conditional approval of first mortgage and any junior loans. If proposed financing does not meet the Program's financing requirements (**Section F**), application will be denied until/unless Applicant can secure adequate financing, or loan terms are adjusted by Lender, before the loan contingency must be released under the Purchase Contract.

Each purchaser of a BMR dwelling unit shall certify, prior to close of escrow and on an annual basis, in a form acceptable to the city, that the unit has been purchased and shall be maintained as the purchaser's *primary place of residence* with a minimum continuous occupancy of ten (10) out of twelve (12) months of the year. Upon request of the City no less than annually, the BMR unit owners shall provide a notarized certification of owner occupancy and documentation required to verify owner occupancy.



Also prior to the close of escrow, the purchaser(s) shall sign a certification, indicating receipt of and understanding of the Administrative Procedures including the terms of the Resale Restriction and Note that shall be returned to the City and retained in the purchasers' files.

Section E. Program Administration

The City's Housing Program Administrator is authorized to administer the Program and to establish, maintain, and modify periodically as needed, a reasonable application process to solicit prospective buyers and determine the eligibility or ineligibility of applicants based on information provided in applications and/or obtained from third parties authorized to release such information, as provided in Program application and release forms. A summary of administrative procedures is provided below. Some of these procedures are described in more detail in administrative documents maintained by Program staff and made available upon request.

Public Outreach and Marketing

Program staff provides Program information online, via email and print brochures, and at various public presentations and seminars.

Interest Lists

Program staff maintains an interest list for prospective buyers and other interested parties to request current information about BMR homes available for sale and other Program news. Anyone wishing to receive such notices may sign up to be on the interest list by completing and submitting either the online form on the Program's website, or a paper copy of the form, available at City Hall or upon request. Email is the primary form of communication with those on the list however persons unable to use email due to disabilities or other hardships may request another form of notification, subject to budget limitations. Program announcements are generally sent to those on the interest list as needed. Persons on the list are responsible for notifying Program staff if/when their email address or primary contact information has changed.

The interest list is not a waiting list, and it does not provide any priority, preferences, eligibility, or any other special status or rights to anyone on the list. Being on the interest list does not provide any party with any rights to or interests in a BMR home in particular or in general, or to any other BMR program benefits.

Staff will notify those on the interest list when new or resale BMR homes become available for sale, along with seller's contact information and any scheduled open house dates, and any special eligibility requirements, application processes, and/or Priority period dates. Upon receipt of such notices, prospective applicants may submit applications according to the instructions in the email notice, application forms, and these Guidelines. Applications are reviewed in the order in which they are received and determined complete. Those applicants deemed eligible may proceed with the remainder of the application process as described in **Section D**.



Application Review and Determination of Eligibility

The City of Marina will accept and review applications for completeness upon receipt. Incomplete applications will be returned to the applicant with instructions for completion. Upon determination of completeness, staff will determine applicant's eligibility based on the contents of the application. Staff will endeavor to provide a Letter of Eligibility Determination within twenty-one (21) days of receipt of a complete application. This letter will state whether the Applicant is eligible or ineligible, and if eligible, the size(s) of BMR home his/her Household may purchase. Staff will schedule an appointment with Applicant to answer any questions, discuss available listings, and explain the next steps in the process of buying a BMR home. At the same time or at a subsequent appointment, staff will review all of the Program's disclosure forms and legal agreements with the Applicant.

Determination of BMR Home Size

The Program's Occupancy Standards provided in **Section A** set forth the minimum and maximum number of bedrooms allowed by household size. These standards are applied to each Applicant with consideration of the age, gender, and familial relationships, if any, of the actual household members as listed in Applicant's Eligibility Application, in order to determine the size of BMR home that Applicant may purchase.

Generally, two household members of the same gender may share a bedroom (children, siblings, unrelated or related adults, etc.) but those of opposite gender will qualify for separate bedrooms. Couples of any kind (married, domestic partner, or unmarried couple) qualify for one bedroom. Children are not required to share a bedroom with a parent or other adult of any gender. Children of the same gender with an age difference of three or more years may qualify for their own bedroom, or may share, depending on the size of homes available and Applicant's preferences. Applicants with a live-in home health care aide or other special needs related to home size may request a reasonable accommodation to the Occupancy Standards if needed, as described in subsection 3 below. Depending on the particulars of Applicant's household composition, Applicant may qualify for a range of home sizes (i.e., a five-person household might qualify for homes of 2-4 bedrooms), or just one size (i.e., a single adult household of 1 will only qualify for a 1-bedroom). Larger homes are generally priced higher than smaller homes, therefore Applicant must also verify that they can afford the price of the BMR home they wish to purchase, in addition to meeting the Occupancy Standards.

Waiting Lists

A Waiting List(s) for a particular development, multiple developments, and/or particular home type or size (such as all three-bedroom homes, or all single-family homes, etc.) may be created and maintained, if demand for particular home type or location, or BMR homes in general, warrants. The Housing Program Administrator shall determine if and when buyer demand warrants establishment of a Waiting List, in order to avoid confusion and/or disputes among sellers and buyers regarding home sales. In that event, Applicants will be placed on the Waiting List for which they have applied, in the order that their Eligibility/Waiting List Applications were received and determined eligible for the Program and the particular Waiting List.



Some units may be specially constructed to be accessible or adaptable for people with disabilities. Persons with disabilities will participate in the random drawings as described in this Section, but in the event an accessible or adaptable unit becomes available, the first person with disabilities on the waiting list will be selected for the unit.

At least once each year, the City will contact the applicants on the BMR Homeownership waiting list and request certification of continuing Eligibility by submission of an Application for Recertification of Eligibility/Waiting List (Form O-2).

Lottery/Random Drawing

If unusually high demand is anticipated for a particular development, home, or group of homes, staff may hold a lottery to establish a Waiting List for such homes. If the Waiting List exceeds the number of homes that are or will be available in a particular development or particular home type, a lottery or random drawing will be held. A preliminary (i.e., abbreviated or self-verified) application process may be used solely for placement on the Waiting List and/or to enter a lottery pool, to be followed by the standard application process described in **Section E**, for those at the top of the list.

Random Drawing Procedure

Drawings will be held at a location and at a date and time which has been publicly announced. Applicants will be notified and are free to attend. The drawing of applications, names or numbers will be conducted by a local elected official or their designee. The results of each of the random drawings become the rank order of applicants on the “Waiting List” for BMR sales.

A. Random Drawing #1 – First Priority Preference Applicants – City of Marina

Applicants that have submitted an Eligibility/Waiting List (Form O-1), received a Program Letter of Eligibility, and have submitted Valid Third-Party Documentation to support their City of Marina Priority Preference.

1. Applicants are given one point for each preference category(s) the household qualifies for. Households cannot receive more than one point for each preference category.
2. Applicants receive one assigned Lottery number for every point they qualify for (i.e. 2 priority points = two Lottery numbers).
3. On the day of the random drawing, Lottery numbers are pulled. As each number is pulled, City staff record the number and name(s) of the applicant associated with that number, in the order they are drawn to create the rank order.

B. Random Drawing #2 – No Priority Preference Applicants - All other Applicants

Applicants that have submitted an Eligibility/Waiting List (Form O-1) and received a Program Letter of Eligibility.

1. Each applicant is assigned a Lottery number.



2. On the day of the random drawing, Lottery numbers are pulled. As each number is pulled, City staff record the number and name(s) of the applicant associated with that number, in the order they are drawn to create the rank order.

Exceptions and Appeals

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 Housing Program Administrator prior to submitting an application of any kind. 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 to the Program's Household Income requirements are not granted, in order to comply with the Ordinance.

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 Program staff, it shall be submitted as an appeal of such determination, according to the appeal process described below.

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

The City's Housing Program Administrator will consider the requested exception and will provide a letter response within 10 calendar days, stating if the requested exception can be granted in full or part and the reason for such decision. The Housing Program Administrator may approve or deny such request. If denied, Applicants may submit an appeal of such denial to the City Manager, as explained below.

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 the applicant wishes to provide. The appeal letter must be delivered to the Housing Program Administrator by mail or personal delivery within ten calendar days of issuance of the determination letter being appealed. 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 City Manager shall review the appeal letter



and issue a final determination within thirty calendar days or less of receipt. Appeal to the City Manager is the final administrative appeal.

Unless appellant opened escrow to purchase a BMR home prior to submittal of an appeal letter, no BMR home will be held or reserved for Applicant while an appeal is being considered and offers from other potential buyers may be accepted by Seller(s) of BMR home(s) during this time. If appellant is in escrow to purchase a BMR home, City shall not issue any escrow instructions until the City Manager has made a final determination regarding the appeal, other than to inform the escrow officer that he/she may not close until further written notice from the City. Upon the City Manager's determination of the appeal, Program staff shall proceed to either approve closing (if appeal was granted) or inform escrow that Applicant has been denied approval to purchase and buyer may not close on that home. City shall not be responsible for any actions of seller, lender, or other parties regarding the escrow during the appeal period which may jeopardize buyer's ability to purchase the BMR home.

Section F. Financing and Affordability Requirements

This section sets forth the Program's underwriting standards related to affordability and risk mitigation, as well as financing requirements. Certain requirements apply to any loans or encumbrances against a BMR home during the entire term of restrictions, while some requirements apply at the point of initial purchase, and other prohibitions and/or requirements apply only to refinancing.

- Initial Purchase Price
- Affordability Standards
- Financing Requirements
 - Initial Purchase financing
 - Refinancing

Initial Purchase Price

The initial sales price of a BMR unit shall be set in conformance with MMC Chapter 17.45 and CA Health and Safety Code 50052.5. The maximum sales price of each home offered under the City of Marina Below Market Rate Housing Program will be computed using the following income levels as guidelines.

The total housing costs, including mortgage expenses, taxes and insurance, homeowner association dues, utilities, and an allowance for maintenance and repairs, paid by a qualifying household shall not exceed a specified percentage of their gross income, adjusted for household size appropriate for the unit, as follows:

- Very Low-Income Households: 30 percent of 50 percent of the Monterey County median income.



- Low Income Households: 30 percent of 70 percent of the Monterey County median income.
- Moderate Income Households: 35 percent of 110 percent of the Monterey County median income.
- Workforce Income Households: 35 percent of 150 percent of the Monterey County median income.

Affordability Standards

Housing is considered affordable, according to most public-sector housing agencies, HCD, and HUD, when total monthly housing costs do not exceed approximately 30% of a household's gross monthly income. This ratio varies slightly depending on if the home is owned or rented, and on the household's income level. These affordability standards apply at time of home purchase and upon any proposed refinancing.

The BMR Program affordability standards, used to review proposed home financing for affordability and risk avoidance, are shown on the table below:

Income Level	Maximum Percentage of Monthly Gross Income	
	Monthly Housing Costs (Front Ratio)	Total Monthly Debt (Back Ratio)
Very low	30	45
Low	35	50
Moderate	40	50
Workforce	40	50

These standards show the maximum amounts home buyers can spend on monthly housing costs ("front ratio") and secured monthly debt ("back ratio) in order to qualify to buy a BMR home. The buyer's actual income level determines which front ratio applies, not the income level used to set the price for the BMR home, which may be slightly different than buyer's actual income level. Program staff will determine buyer's actual income level upon completing review of their application. Lenders may use a slightly different definition of "front ratio" for their own underwriting purposes.

The Program includes the expenses listed below to determine a buyer's monthly housing costs. The amount of each cost item is based on information provided in the buyer's Application for Home Purchase, including information provided by lender, and/or estimates based on customary costs for the area.

- Monthly principal and interest payments on first mortgage and any other mortgage/home financing with monthly payments due



- Property taxes and assessments
- Homeowner's association dues (may include some or a portion of homeowner's property insurance and/or utilities)
- Homeowner's insurance (for condominiums: at a minimum fire/hazard insurance for contents/interiors, and personal liability; for single family: standard homeowner's policy)
- Utilities
- Maintenance and repairs

The total monthly debt, or "back ratio", includes monthly housing cost plus any other secured monthly debt payments, such as car loans, student loans, child support/alimony, credit card or other personal loan debt, outstanding medical debts, etc. that appear on Applicant's credit report, loan applicant and/or Program application. Regular monthly expenses that have not yet been incurred (i.e., regular monthly childcare/health care expenses, food, utilities etc. for current or future months) are not debt, and therefore are not included in the back ratio.

Financing Requirements

The following financing requirements apply both at time of home purchase, and to any subsequent refinancing:

- Total encumbrances (liens, mortgages, loans or debts of any kind secured by the home) may not amount to more than 98% of the home's maximum (restricted) BMR home price, or actual appraised value, if less than the BMR price, at the time the encumbrance is incurred (when the loan is made to home buyer/owner). Another way to say this is that the combined loan-to-value (CLTV) ratio on a BMR home may not exceed 98% of the then-current BMR home price determined by Program staff. Liens include tax liens, court judgments, and other non-voluntary liens imposed by any party.
- No mortgage or other residential loan secured by a BMR home (including home equity loans or lines of credit, etc.) may include any of the following terms or rates:
 - Prepayment penalty
 - Balloon payments
 - Negative amortization (such as interest-only payments, etc.)
 - Adjustable and/or non-prime interest rate
- Home equity lines of credit (HELOCs) are prohibited.
- Front and back ratios may not exceed the limits set forth above in the Affordability Standards subsection, using the ratios corresponding to the borrower's actual income level at time of loan application.
- All first mortgage loans must be provided by a conventional residential lender with standard underwriting and loan servicing capabilities.



Initial Purchase Financing

All of the financing requirements listed above apply at time the BMR home is purchased, in addition to the following:

- Applicant must buy the home using a first mortgage loan equal to at least 80% and not more than 98% of the purchase price, provided by a conventional residential lender (including credit unions) with standard underwriting and loan servicing capabilities. Private-party, family member, or seller/agent loans, gifts, etc. may not be used in full or part as a substitute for a first mortgage equal to at least 80% of the home price.
- Public sector and/or non-profit loans or grants may be used (FHA, Housing Trust, Cal-HFA, VA, etc.) for any combination of the following: first mortgage, junior financing, or down-payment/closing cost assistance, as long as CLTV does not exceed 98%.
- Any loans requiring repayment and secured by a deed of trust against the BMR home, including non-profit or public sector “soft loans”, whether deferred or forgivable in full or in part, are considered loans, not grants. Such loans are included in the CLTV and subject to the 98% limit on CLTV noted above. Actual *bona fide* grants and/or gifts (no deed of trust and no repayment due) are not included in the 98% CLTV limit.

Refinancing Requirements

Refinancing requirements include all the requirements listed under the Financing Requirements section above, in addition to the following:

- Homeowners must obtain the City's written approval to refinance prior to refinancing or encumbering their BMR home with any new debt at any time after their purchase of the home. In order to obtain written approval, homeowners must complete and submit an Owner Request for City Subordination to Refinanced First Mortgage Loan (Form O-4) and pay the Program's processing fee at least ten days before City approval is needed. Submittal of the form and the fee does not guarantee approval of the homeowner's proposed loan.
- Refinancing includes refinancing any outstanding mortgages or loans on the home, taking out a new loan (junior loan, home equity line of credit, second or third mortgage, reverse mortgage, personal loan, etc.) to be secured by the home, and/or otherwise encumbering the home with any lien.
- Refinancing may not cause the total combined loan-to-value (CLTV) ratio of all encumbrances on the home to exceed 98% of the BMR home price, as determined by Program staff at the time of the proposed refinancing.
- All proposed refinance loans must meet the all the requirements listed in the Financing Requirements section above, which prohibit terms such as negative amortization, adjustable interest rates, balloon payments, and lines of credit.
- Homeowners are strongly encouraged to contact the Program staff for current Program refinancing requirements prior to paying any loan application fees, credit check fees, or other non-refundable fees, to find out whether their desired refinancing is allowable on a



BMR home. Current information on refinance approval procedures, loan requirements, Program forms, and fees, is available upon request from Program staff. Lenders may also contact the Program staff for this information.

Section G. BMR Ownership and Occupancy Requirements

Once a home buyer has purchased a BMR home, they must comply with the requirements of these Guidelines, the Ordinance, the BMR Program’s “Home Owner’s Occupancy and Resale Restrictions Agreement” (the Agreement) and BMR Deed of Trust recorded against their home, for the required term of affordability, as described below. The Agreement and a disclosure summarizing its requirements is provided to all buyers prior to purchase. This section provides a brief summary of the long-term Program requirements contained in the Agreement. In case of any difference between these Guidelines and the buyer’s recorded BMR Agreement, the Agreement recorded against buyer’s home shall prevail.

Term of Restrictions

BMR owner-occupied units for very low, low, moderate, and workforce-income households shall be reserved for income-eligible households for a minimum of 45 years, with the 45-year time restriction beginning again at the time of each resale, as stated in Section 17.45.060.3 of the City’s Municipal Code.

Primary Residence & Owner Occupancy

Within 30 days of close of escrow, Applicant and his/her entire household (“Homeowner”) must move into and establish the BMR home as their primary residence. Homeowner and all co-owners listed on title must occupy the BMR home as their primary residence for the entire term or until home is sold. Children aged less than 18 years and any adult household members not on title are not subject to this requirement.

Primary residence consists of living in the home (and not residing in any other home) for at least ten months of each calendar year. Exceptions for individual homeowners can be requested in case of hardship, such as illness/special needs requiring extended stays in health care facilities, or active duty military service, pursuant to the exception procedures in **Section E** of these Guidelines. Exceptions apply to the individual involved, not the entire household. If the entire household needs to move permanently from the home with no definite date of return, it must be sold pursuant to the Agreement and these Guidelines.

Homeowner must maintain a homeowner’s property tax exemption on the BMR home and may not claim a homeowner’s exemption on any other home, for the duration of their ownership of the BMR home. If Homeowner fails to maintain a homeowner’s property tax exemption for the BMR home, the home will no longer be considered his/her primary place of residence for Program compliance monitoring purposes.



Should Homeowner or any co-Owner cease to occupy the unit and/or be removed from title, any remaining owner, heir or occupant should notify the Housing Program Administrator immediately in writing. Program staff will inform the notifying party about their options for maintaining, transferring, or selling the home in compliance with Program requirements.

Annual Certification of Owner Occupancy

Homeowners must provide the City with an annual written certification that they continue to occupy their home as their primary residence, with Valid Third-Party Documentation (such as property tax statement, utility bill) of such occupancy. Homeowners must annually submit an Annual Owner Occupancy Certification (Form O-5) to the Housing Program Administrator. The City may request additional documentation from the owner(s) if needed to verify primary residency in the home. In the event Program staff fails to provide any Homeowner with the certification form in a given year, Homeowners are still required to provide written verification of their occupancy on an annual basis, using the form provided by the City in a prior year, or by writing a letter to the City, attention Housing Program Administrator.

Rental of BMR Home Prohibited

Homeowners may not rent out the home or any portion of it to any party, including family, friends, or other tenants, whether for actual paid rent or gifts, bartered services, assistance or any other form of compensation. Other occupants staying in the home as guest of owner (i.e., for no compensation whatsoever) may not substitute for Homeowner(s)' required occupancy and primary residence in the home. Total occupancy of the BMR home may not exceed the maximum provided in the Occupancy Standards described in **Section A** at any time.

In the event of a hardship (involuntary event) requiring Homeowner's entire household to move for a certain time period, and Homeowner is unable to sell the home without incurring a loss, or Home Owner wishes to return and re-occupy the home as their primary residence, Home Owner may request City approval to rent out the home for up to two years at a rent affordable to a lower-income household, pursuant to the BMR program rents or other lower-income rent limit utilized by the City. Homeowner must obtain the City's prior written approval prior to renting out the BMR home, pursuant to the exception procedures in **Section E**. If the exception is granted by the City, the approval letter will inform the Homeowner of the applicable rent limit and any associated requirements. The rental must meet the conditions described in the Buyer's Occupancy and Resale Restriction Agreement - With Option to Purchase.

Unauthorized Sale or Transfer of Home Prohibited

According to the terms of the Agreement, the City has first right of refusal to purchase the home for the then-current BMR purchase price, if a Homeowner wishes to sell during the term as further described in **Section H**. If Homeowner wishes to sell the home or transfer any ownership in the home to or from any party, or into a trust of any kind during the Term of Restrictions, Homeowner must contact Program staff and submit an Owner's Notice of Intent to Transfer/Sell (Form O-6) prior to completing the proposed transfer, for written authorization, if the proposed transfer is allowable, or to verify that transfer is prohibited. Exceptions to this prohibition against sale or transfer may be made in very limited cases such as marriage, divorce, or death of a



Homeowner (for certain types of heirs only), as set forth in more detail in the Agreement and Deed of Trust.

Homeowners are strongly encouraged to contact Program staff in case of any desired or necessary transfer, for assistance in determining whether the proposed Transfer is allowable or prohibited, and for written approval if such transfer is allowable. Transfers include selling the home outright to another party, adding or removing any party from title to the home, including actual persons, trusts, and, in the case of refinancing, lenders or other institutions, and leasing of any portion of the home, or leasing the entire home.

Maintenance of Home

Homeowner is required to maintain home in a decent, safe and sanitary condition, free of hazards, code violations, and nuisances, in compliance with the Agreement, Deed of Trust, Homeowners' Association covenants, if any, the Marina Municipal Code, and other applicable health and safety codes and laws. Homes may not be used for any non-residential use, or as a vacation home, vacation rental, or any use other than as Homeowner's primary residence. Homeowner may operate a home-based business in the home to the extent permissible according to the Marina Municipal Code, if licensed and permitted by the City, and if ancillary to the primary use of the home as Homeowner's primary residence.

Homeowner must pay any and all assessments levied against the home when due, including homeowners' association dues and special assessments, property taxes, parcel taxes, special district assessments, etc., just as any other property owner must pay such taxes and assessments. The BMR program does not provide Homeowner any protection, exemption, waiver, or reduction of any such taxes, fees or assessments legally charged to Homeowner. Homeowner must adequately budget for such expenses like any other homeowner.

Improvements

Owners of affordable units should retain records of capital improvements of more than \$2,000 or greater than 1% of the purchase price that require a building permit. The depreciated values of capital improvements may be added to the BMR value of the home at resale and thereby increase the capital return to the owner. Improvements are defined as substantial structural or permanent fixed improvements, which cannot be removed without substantial damage to the premises and that add value to the Home.

Maintenance of Hazard Insurance

The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Home (adjusted every five (5) years by appraisal, if requested by City), naming the City as an additional insured. Additional insurance requirements are set forth in the City Deed of Trust. The Owner shall provide the City with evidence of required insurance coverage every year, submitted with the Annual Owner Occupancy Certification (Form O-5).



Default and/or Foreclosure

In the event that Homeowner receives a notice of default from any entity other than the City, this will be considered a default under the City's BMR deed of trust as well, and City may pursue any available legal remedies to avoid loss of the home to the Program through foreclosure, including exercising its option to purchase, and/or assigning such option to an eligible buyer prior to foreclosure. City will cooperate with Homeowner and lender to the extent possible to resolve a default under any other deed of trust, in order to avoid foreclosure and maintain the home in the BMR program. City shall not be obligated to take any actions to preserve Homeowner's ownership interest in the home, nor to pay any sums owed by Homeowner or take any legal action in favor of either party related to a default or foreclosure. In the event City does not exercise its option and a foreclosure occurs, the Agreement will be released by the City and such home will no longer be bound by the Program restrictions. Homeowner may be obligated to pay excess proceeds, if any are obtained through foreclosure sale, to the City, as described in the Agreement. Terms of default under the Agreement and BMR deed of trust are defined in more detail in those documents recorded against each home.

End of BMR Term

If Homeowner has complied with the Agreement through the end of the Term and has not sold or transferred the BMR home prior to the termination date, the home shall be released from the Agreement and the City Deed of Trust and a Release of Agreement and reconveyance of the Deed of Trust shall be recorded by the City upon request of Homeowner. After recordation of such release, home shall be a market-rate home and Homeowner shall no longer be subject to the Program restrictions, including these Guidelines, the Ordinance, and the Agreement.

Section H. Procedures for Sale of The BMR Unit

The terms and conditions of sales procedures in this document also apply to resales.

Resale Procedures

If Homeowner wishes to sell the BMR home during the Term, Homeowner shall complete and submit the Notice of Intent to Transfer/Sell (Form O-6), available upon request, to the City. Upon receipt of a completed Notice of Intent to Sell form, Program staff will notify Home Owner of the current maximum BMR purchase price limit for his/her home, whether the City is interested in exercising its first right of refusal, whether or not there is currently a waiting list or interest list of interested buyers, and related resale procedures. If City decides not to opt to exercise its option, it may refer eligible potential buyers from its waiting list and/or interest list to Seller. If no buyers are interested and/or referred to Homeowner, he/she must either identify a prospective buyer, or list the home with a realtor.

Once Homeowner has identified a prospective buyer, Homeowner shall refer such buyer to the Program staff for application instructions and eligibility certification. If the initial buyer(s) are not eligible, Homeowner shall continue to refer prospective buyers until one is determined eligible. The first buyer to be determined eligible by Program staff, and to have his/her offer accepted by Homeowner, shall complete the remainder of the standard application and purchase



procedures described in **Section D**. Upon closing, a new Agreement executed by the new Buyer will be recorded against the home. Homeowner (seller) will receive any proceeds due from close of escrow as in a standard sale, except that the home price shall not exceed the then-current maximum BMR price as determined by Program staff.

If there are no Eligible applicants on a Waiting List, and the Homeowner is unable to obtain a valid purchase offer from any Eligible Household (verified by Program staff) after marketing the home for 180 days, using standard real estate marketing procedures, including listing the home with a realtor and on the MLS for at least 180 days, the City may opt to either purchase it at the BMR price, or authorize the Homeowner to sell the Home at market-sales price unrestricted by the resale agreement, subject to the requirement that the City shall receive from the Homeowner any portion of the sale proceeds which is in excess of the maximum BMR purchase price.

Contract Requirement and BMR Disclosures

The program requirements allow the seller to sell the unit only to eligible applicant(s) and follow the procedures described in these guidelines. The seller of a BMR unit must attach the City's Addendum to Purchase Agreement (Form O-7), to the real estate sales contract which outlines conditions specific to deed restricted affordable units. After the sellers and buyers sign the Addendum to Purchase Agreement, a representative of the City will sign it and return copies to the sellers and buyers. Also, at the time of signing of the Addendum to Purchase Agreement, the buyer must sign a receipt acknowledging receipt of the BMR Borrower Disclosures (Form O-8).

Closing Costs

Closing costs shall be shared between buyer and seller in the manner that is customary to the division of closing costs in Monterey County.

Certification of Receipt of Administrative Procedures

At the close of escrow, the purchaser(s) shall sign a Certification of Homeowner Receipt of Program Requirements (Form O-9), indicating receipt of and understanding of the BMR Homeownership Program Administrative Procedures including the terms of the Homeowner's Occupancy and Resale Restriction and Promissory Note that shall be returned to the City and retained in the purchasers' files.

Recorded Resale Restrictions, Promissory Note, and Deed of Trust

All transactions of BMR units sold or refinanced are required to endorse and record:

- Homeowner's Occupancy and Resale Restriction Agreement with Option to Purchase
- Promissory Note
- Deed of Trust and Security Agreement
- Request for Notice of Default to the City on any other loans on the house



AB987 Notice of Affordability Restrictions on Transfer of Property

In accordance with State law, the Notice of Affordability Restrictions on Transfer of Property will also be signed at escrow and recorded.

Preparing Unit for Sale

The Owner occupying a BMR unit subject to resale restrictions shall cooperate with the City in providing necessary documents, maintaining the unit in a clean and repaired condition, and complying with appointments needed to complete the sales transaction.

Making Unit Available for Inspection and Inspection Report

Within thirty (30) days of the date of the Owner's Notice of Intent to Sell, the owner shall allow the City, or its designee, to inspect the home to determine its physical condition. If requested by the City, following such inspection, the owner shall obtain and deliver to the City a home inspection report prepared by a licensed home inspector.

If requested by the City, the owner shall make the unit available to City staff or their agent for routine maintenance so that the unit is in an acceptable condition to show to prospective purchasers. All costs for such routine maintenance will be deductive from the Owner's portion of the sales proceeds.

Pest Inspection and Repairs of Damage

The owner shall order and pay for a pest inspection. Within the sooner of (a) sixty (60) days from the date of delivery of the Owner's Notice of Intent to Sell, or (b) prior to close of escrow on the Transfer, the Owner shall repair all damage noted in the pest report including damage caused by infestation or infection by wood-destroying pests.

Condition of unit at time of sale

The Owner of the BMR unit shall ensure that the unit is clean and in good repair and available to be shown to prospective buyers. Time periods for City purchase and close of escrow shall not begin to run until the City has inspected the unit and has determined that the seller has maintained the unit and that all deferred maintenance has been eliminated. If Owner fails to deliver the unit in a clean and maintained condition, City will have the right to enter the premises, make necessary repairs, and be reimbursed.

Determining Affordable Resale Price

As stated in the "Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase", the price received by the seller of a BMR unit shall be limited to the lesser of (i) the Indexed Value of the Home; or (ii) the Fair Market Value of the Home.

Indexed Value. The Indexed Value of the Home means the sales price of the Home at the time of purchase by the Owner increased by the percentage of increase in the Area Median Income from the date of the original purchase of the Home by the Owner to the date of receipt by the City of the Owner's Notice of Intent to Transfer.



Where applicable, the Indexed Price shall include an upward adjustment reflecting the value of any substantial structural or permanent fixed improvements which the Owner has made to the Home after Owner's purchase of the Home. No such adjustment shall be made except for improvements: (a) made or installed by the Owner or Owner's contractor which conformed with applicable building codes at the time of installation; (b) which extends the useful life or improves the functionality of the Home; (c) approved in writing in advance by the City or its designee; and (d) whose initial costs exceed Two Thousand Dollars (\$2,000) or one percent (1%) of the original Purchase Price of the Home (whichever is greater). All approvals for such improvements shall be subject to Owner's receipt of a building permit. Improvements meeting the above requirements are referred to in this Agreement as "Eligible Capital Improvements." The adjustment to the Indexed Price for such Eligible Capital Improvements shall be limited to appraised increases in value to the Home as a result of the improvements (pursuant to an appraisal), including any depreciation in value of the capital improvements since the time of installation, and not the cost of construction of the improvements to the Home. The Indexed Price shall include a downward adjustment, where applicable, in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of the Marina building Code, as well as any other repairs needed to put the Home into a "sellable condition". Items necessary to put a Home into sellable condition shall be determined by the City or its designee, and may include cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

Fair Market Value If it is necessary to determine the Fair Market Value of the Home, it shall be determined by a qualified real estate appraiser approved in advance by the City. If possible, the appraisal shall be based upon the sales prices of comparable properties sold in the market area during the preceding three (3)-month period. The cost of the appraisal shall be shared equally by the City and the Owner, unless the appraisal is obtained from a new purchaser, or unless the appraisal is necessary because the Owner wishes to refinance the First Mortgage Loan in accordance with these guidelines, in which event the Owner shall pay the cost of the appraisal. Nothing in this section shall preclude the Owner and the City from establishing the Fair Market Value of the Home by mutual agreement in lieu of an appraisal pursuant to this section.

The sales price is restricted for forty-five (45) years of homeownership. The sales price is determined by the City of Marina. Upon completion of forty-five (45) years of continuous occupancy, the unit may be sold at fair market value. However, the 45-year term begins anew with each sale and is only removed upon 45-years ownership by one owner.

Section I. Program Compliance

Burden of Proof of Eligibility

Participation in the Program is a privilege, not a right, as there are not enough BMR homes for all Eligible Households. All applicants bear the burden of proof to demonstrate that their



Household meets all the Program Eligibility Requirements by submitting complete applications with all required Valid Third-Party Documentation. Failure to adequately demonstrate such eligibility, by providing incomplete applications or otherwise not complying with these Guidelines or associated application instructions, will result in a determination of Ineligibility and denial of Program benefits.

Program staff is not required to prove that Applicants are ineligible, only that they failed to adequately demonstrate their eligibility in their application, and/or failed to submit a complete application, failed to secure adequate financing, or failed to deposit required down-payment and closing cost funds into escrow.

The City of Marina may contact any source provided by Applicant or included in his/her application to verify Applicant information, and/or request information from those sources named or described generally on the Program's Authorization to Release Information Form included in Application for Home Purchase.

False Statements or Misrepresentations

Any false statement(s), intentional misrepresentation of the facts, or false representations submitted as part of any Program application, occupancy certification, or other Program submittal in order to obtain an eligibility determination or verify Program compliance constitutes an act of fraud and may be prosecuted accordingly. Submittal of intentionally false, misleading or incomplete information in a Program application will result in denial of eligibility to participate in the Program.

If the City should discover that a purchase was completed by an owner(s) who intentionally made false statements or misrepresented the facts in order to appear eligible to purchase the property, this will constitute fraud and/or default under the Agreement, and the City will use all available legal remedies to bring the home into compliance, and/or impose any criminal or civil penalties allowed by law.

If the City determines that BMR owner(s) have made intentionally false statements or misrepresentations in their annual occupancy certification in order to appear compliant with Program requirements, it will use any enforcement measures available under the Ordinance, these Guidelines, the Deed of Trust, and/or Agreement to restore compliance.

Unauthorized Rental, Sale, or Transfer of BMR Home

If any portion of the BMR home is rented out, sold or otherwise transferred in full or part without prior City approval, the City may use all available legal remedies to bring the home into compliance, and/or impose any criminal or civil penalties allowed by law, including possible sale of the property and/or requiring Home owner(s) to reimburse the City for all rent that was collected in violation of Program requirements, or the amount of any presumed rent, based upon prevailing market-rate rents for a comparable rental unit, or for any excess sale proceeds, as explained further in the BMR Agreement recorded against the home.



Severability

If any one or more of the provisions contained in these Program Guidelines shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provisions shall be deemed severable from the remaining provisions contained in the Guidelines, and the Guidelines shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

Appendices

City of Marina Below Market Rate Homeownership Program Applications & Forms

Form O-1 – Application for Eligibility/Waiting List

Form O-2 – Application for Recertification of Eligibility/Waiting List

Form O-3 – Application for Home Purchase

Form O-4 – Owner Request for City Subordination to Refinanced First Mortgage Loan

Form O-5 – Annual Owner Occupancy Certification

Form O-6 – Owner’s Notice of Intent to Transfer/Sell

Form O-7 – Addendum to Purchase Agreement

Form O-8 – BMR Borrower Disclosures

Form O-9 – Certification of Homeowner Receipt of Program Requirements

Further documents that are required to be recorded will be provided by the City at time of sale:

- Homeowner’s Occupancy and Resale Restriction Agreement with Option to Purchase
- Notice of Affordability Restrictions on Transfer of Property
- Promissory Note
- Deed of Trust and Security Agreement
- Request for Notice of Default to the City on any other loans on the house

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-1 –Homeownership Program Application for Eligibility/Waiting List

The information you provide on these forms will be used to determine whether you meet the Buyer Eligibility Criteria as described in **Section B** of the BMR Homeownership Program.

Please fill out this form completely. Any incomplete applications will not be processed. This is a preliminary application for Eligibility and the Waiting List. If your household is authorized to pursue the purchase of a BMR unit, you will be directed to submit an Application for Home Purchase. It is very important to submit in writing any changes to your contact information. All correspondence will be mailed to the most current address listed on your application.

PART I. CONTACT INFORMATION:

Primary Applicant Name (Print Clearly)

_____ Last Name _____ First Name _____ Initial _____

_____ Present Address _____ City _____ State _____ Zip _____

_____ Home Number _____ Work Number _____ Cell Number _____

Number of Years at Current Address: _____ No. of years at current employer: _____

_____ Name of Employer _____ Address _____ City _____

_____ Job Title/Occupation: _____ Email: _____

Co-Applicant Name (Print Clearly)

_____ Last Name _____ First _____ Initial _____

_____ Present Address _____ City _____ State _____ Zip _____

_____ Home Number _____ Work Number _____ Cell Number _____

Number of Years at Current Address: _____ No. of years at current employer: _____

_____ Name of Employer _____ Address _____ City _____

_____ Job Title/Occupation _____ Email: _____

Date/Time
App. Rcv'd

App.#:

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART II. HOUSEHOLD COMPOSITION:

Please state the members of your household that you anticipate will live in the BMR unit. Only those household members who have adequately verified their membership and residency in the Household will be counted for the purpose of determining the size(s) of BMR home (number of bedrooms) the Applicant may purchase.

To be considered part of Applicant’s household, any children under the age of 18 (including foster children) must be under full or partial custody or legal guardianship of Primary Applicant or another Co-Applicant, and/or must be listed as a dependent child on that party’s tax returns.

Unit size unit requested: 2Bedroom 3Bedroom 4 Bedroom 5 Bedroom

List below all persons who will be living in the unit in the next 12 months.

Household members	Age	Birthdate	Sex	Relationship to Applicant

Do you expect any additions to the household within the next twelve (12) months due to adoption, unborn child, etc.?

Name & Relationship: _____

Explanation: _____

Do you have full custody of your child(ren)? Yes No

If no, please explain custody arrangements: _____

Is a household member enrolled, or will enroll as a part-time or full-time student? Yes No

Name of Household Member: _____

Name of Educational Institution: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART IV. HOUSEHOLD INCOME, ASSETS, AND SUBSIDIES:

See Income and Asset Qualifications in **Section B** of the BMR Homeownership Program.

INCOME: Indicate below annual income received from all sources by all household members. Sources may include employment, social security, aid to families with dependent children, alimony and child support, pensions, interest and dividends, and unemployment benefits.

Total Household's Estimated Annual Income	\$
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ASSETS: Indicated below the total estimate value of all net household assets for all members, including minors, of the household. Assets mean the value of equity in real property such as savings, stocks bonds, and other forms of capital investment. Do not include personal automobiles or furniture.

Total Household's Assets	\$
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PART V. RESIDENT SELECTION PLAN:

Please check all of the following that apply. The table applies to the Geographic Preferences. Applicants will be assigned the maximum number of preference points allocated to each category regardless of the number of household members exhibiting the particular Preference characteristic. Do not check a preference if no verifiable documentation is available.

Check if applies	Geographic Preference (First Priority)
	People who work at least thirty-five (35) hours per week in a business or agency with a physical location within the City of Marina (see definition of Work in Marina)
	Employees of the City of Marina including reserve police officers and volunteer firefighters who work at least thirty-five (35) hours per week
	Public and private educational institution employees that work at least thirty-five (35) hour per week at an educational institution within the City of Marina
	People who live in Marina (see definition of Live in Marina)

Additional Documentation Requested:

- A Letter from Lender with Pre-Approval for Mortgage
- Valid Third-Party Documentation verifying Preference Eligibility

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART VI. CERTIFICATIONS:

To the best of my/our knowledge and belief, I/We certify that the foregoing information is true, complete, and correct.

I/We understand that inquiries may be made to verify the information on this form and false statements, or omissions are grounds for disqualification and/or prosecution under the full extent of applicable California law.

I/We understand that any and all information provided will be used to determine eligibility for substantial public benefits and any and all information contained in the records kept by the City can and will be used for monitoring, auditing and establishing eligibility and priority preference for the city of Marina's Below Market Rate (BMR) Homeownership Program; otherwise this information is confidential.

I/we certify that I/we will occupy the BMR unit as primary residence.

SIGNATURES of all persons over 18:

Applicant 1 _____ Date: _____

Applicant 2 _____ Date: _____

Applicant 3 _____ Date: _____

Applicant 4 _____ Date: _____

Filing Fee:

The application filing fee is attached in the following form:

Personal check: _____ Cashier's check _____ Money order _____

Once completed, please submit the City of Marina Homeownership Program Application for Eligibility/Waiting List to:

City of Marina
BMR Housing Program
211 Hillcrest Avenue
Marina, CA 93933

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-2 – Homeownership Program Application for Recertification of Eligibility/Waiting List

At least once each year, the City will contact the applicants on the BMR Home Ownership waiting list and request certification of continuing Eligibility by submission of an Application for Recertification of Eligibility/Waiting List

The information you provide on these forms will be used to determine whether you meet the Buyer Eligibility Criteria as described in **Section B** of the BMR Homeownership Program.

PART I. CONTACT INFORMATION:

Primary Applicant Name (Print Clearly)

_____	_____	_____	
Last Name	First Name	Initial	
_____	_____	_____	_____
Present Address	City	State	Zip
_____	_____	_____	
Home Number	Work Number	Cell Number	

Number of Years at Current Address: _____ No. of years at current employer: _____

_____	_____	_____
Name of Employer	Address	City
_____	_____	
Job Title/Occupation:	Email:	

Co-Applicant Name (Print Clearly)

_____	_____	_____	
Last Name	First	Initial	
_____	_____	_____	_____
Present Address	City	State	Zip
_____	_____	_____	
Home Number	Work Number	Cell Number	

Number of Years at Current Address: _____ No. of years at current employer: _____

_____	_____	_____
Name of Employer	Address	City
_____	_____	
Job Title/Occupation	Email:	

Date/Time
App. Rcv'd

App.#:

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART II. HOUSEHOLD COMPOSITION:

Please state the members of your household that you anticipate will live in the BMR unit. Only those household members who have adequately verified their membership and residency in the Household will be counted for the purpose of determining the size(s) of BMR home (number of bedrooms) the Applicant may purchase.

To be considered part of Applicant’s household, any children under the age of 18 (including foster children) must be under full or partial custody or legal guardianship of Primary Applicant or another Co-Applicant, and/or must be listed as a dependent child on that party’s tax returns.

Unit size unit requested: 2Bedroom 3Bedroom 4 Bedroom 5 Bedroom

List below all persons who will be living in the unit in the next 12 months.

Household members	Age	Birthdate	Sex	Relationship to Applicant

Do you expect any additions to the household within the next twelve (12) months due to adoption, unborn child, etc.?

Name & Relationship: _____

Explanation: _____

Do you have full custody of your child(ren)? Yes No

If no, please explain custody arrangements: _____

Is a household member enrolled, or will enroll as a part-time or full-time student? Yes No

Name of Household Member: _____

Name of Educational Institution: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART IV. HOUSEHOLD INCOME, ASSETS, AND SUBSIDIES:

See Income and Asset Qualifications in **Section B** of the BMR Homeownership Program.

INCOME: Indicate below annual income received from all sources by all household members. Sources may include employment, social security, aid to families with dependent children, alimony and child support, pensions, interest and dividends, and unemployment benefits.

Total Household's Estimated Annual Income	\$
---	----

ASSETS: Indicated below the total estimate value of all net household assets for all members, including minors, of the household. Assets mean the value of equity in real property such as savings, stocks bonds, and other forms of capital investment. Do not include personal automobiles or furniture.

Total Household's Assets	\$
--------------------------	----

PART V. RESIDENT SELECTION PLAN:

Please check all of the following that apply. The table applies to the Geographic Preferences. Applicants will be assigned the maximum number of preference points allocated to each category regardless of the number of household members exhibiting the particular Preference characteristic. Do not check a preference if no verifiable documentation is available.

Check if applies	Geographic Preference (First Priority)
	People who work at least thirty-five (35) hours per week in a business or agency with a physical location within the City of Marina (see definition of Work in Marina)
	Employees of the City of Marina including reserve police officers and volunteer firefighters who work at least thirty-five (35) hours per week
	Public and private educational institution employees that work at least thirty-five (35) hour per week at an educational institution within the City of Marina
	People who live in Marina (see definition of Live in Marina)

Additional Documentation Requested:

- A Letter from Lender with Pre-Approval for Mortgage
- Valid Third-Party Documentation verifying Preference Eligibility

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART VI. CERTIFICATIONS:

To the best of my/our knowledge and belief, I/We certify that the foregoing information is true, complete, and correct.

I/We understand that inquiries may be made to verify the information on this form and false statements, or omissions are grounds for disqualification and/or prosecution under the full extent of applicable California law.

I/We understand that any and all information provided will be used to determine eligibility for substantial public benefits and any and all information contained in the records kept by the City can and will be used for monitoring, auditing and establishing eligibility and priority preference for the city of Marina’s Below Market Rate (BMR) Homeownership Program; otherwise this information is confidential.

I/we certify that I/we will occupy the BMR unit as primary residence.

SIGNATURES of all persons over 18:

Applicant 1 _____ Date: _____

Applicant 2 _____ Date: _____

Applicant 3 _____ Date: _____

Applicant 4 _____ Date: _____

Filing Fee:

The application filing fee is attached in the following form:

Personal check: _____ Cashier’s check _____ Money order _____

Once completed, please submit the City of Marina Homeownership Program Application for Eligibility/Waiting List to:

City of Marina
BMR Housing Program
211 Hillcrest Avenue
Marina, CA 93933

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-3 –Homeownership Program Application for Home Purchase

The prerequisite steps to submitting an Application for Home Purchase are outlined in **Section D** of the BMR Homeownership Program. The steps include, receiving program outreach materials; viewing available BMR homes; obtaining pre-qualification for a first mortgage; applying to the Eligibility/Waiting List; receiving program Letter of Eligibility/Ineligibility; and, attending a HUD-approved home buyer class. Please be sure to review the “Administrative Policies and Procedures for the BMR Homeownership Program,” in their entirety before submitting an Application for Home Purchase.

The following are the instructions for completing the application form. Each section of the Application for Home Purchase describes the appropriate documentation that must be attached to the application in order for it to be complete. Final eligibility to purchase a BMR home will not be determined until the application is complete and confirmation of a loan commitment is submitted to the City of Marina BMR Housing Program. Additional information may be requested.

Either mail or deliver the completed application and requested documentation to:

**City of Marina, BMR Housing Program
211 Hillcrest Avenue
Marina, CA 93933**

All applications and the authorization forms must be fully completed and dated with original signature(s). Please complete all spaces on the form; if a space on the application does not apply, please write N/A (Not applicable). Incomplete applications and applications without complete verification documentation will not be processed. If you have any questions after reading these instructions that accompany the application or the BMR Administrative Procedures, please contact the Marina BMR Housing Program Administrator.

PART I. CHECKLIST FOR BMR PURCHASE APPLICATION

Provide the requested documentation in the order listed below for applicant, co-applicant (if applicable) and household members 18 and older (“HH” member).

	Applicant	Co-Applicant	HH Member
INCOME			
Copies of the last TWO (2) most recent signed Tax Returns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of the last THREE (3) consecutive months’ paycheck stubs (may be required to submit additional copies depending on pay structure)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Self-employment – 1 year of tax returns or statement from CPA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pension/VA/Retirement/Annuities Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social Security Verification Statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability/SSI/Unemployment Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Spousal/Child Support – Provide copies of Interlocutory Decree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dividends, Interest: Copies of THREE (3) recent statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rental income: lease, deed, mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recurring contributions from other sources verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other source: verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ASSETS			
Checking Accounts: TWO (2) most recent statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Savings Accounts: TWO (2) most recent statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual Fund/Money Market Fund: TWO (2) most recent statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificates of Deposit (COD): TWO (2) most recent statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stocks: Copy of Certificates of Proof of Purchase AND current statement AND any documentation of current value (online, newspaper, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Including, savings bonds: copy of each	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real estate property/mobile home: loan statement, letter from licensed broker or bank estimating market value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other assets with value greater than \$10,000: appraisals, other verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profit Sharing Plan, IRA, 401K, PERS, TSP or other retirement account: copies of 2 most recent statements and documentation stating penalties for withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gift: Gift Letter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal Loan: Loan Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stock option verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Down payment Assistance Loan from City or Other: Loan Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other: Verification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Required Documents			
Copies of your social security card, birth certificates or driver’s license or passport for each household member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Documentation of preferences that you have claimed under the Resident Selection Plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART II. CONTACT INFORMATION:

If more than two applicants are submitting an application, attach another sheet with the co-applicant's information. Every member of the household 18 years of age or older who intends to live in the BMR unit must submit income information and be listed as a Co-Applicant.

Primary Applicant Name (Print Clearly)

_____	_____	_____	
Last Name	First Name	Initial	
_____	_____	_____	_____
Present Address	City	State	Zip
_____	_____	_____	
Home Number	Work Number	Cell Number	
Number of Years at Current Address: _____	No. of years at current employer: _____		
_____	_____	_____	
Name of Employer	Address	City	
_____	_____		
Job Title/Occupation:	Email:		

Co-Applicant Name (Print Clearly)

_____	_____	_____	
Last Name	First	Initial	
_____	_____	_____	_____
Present Address	City	State	Zip
_____	_____	_____	
Home Number	Work Number	Cell Number	
Number of Years at Current Address: _____	No. of years at current employer: _____		
_____	_____	_____	
Name of Employer	Address	City	
_____	_____		
Job Title/Occupation	Email:		

Date/Time
App. Rcv'd

App.#:

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART III. HOUSEHOLD INFORMATION

Please state the members of your household that you anticipate will live in the BMR unit. Only those household members who have adequately verified their membership and residency in the Household will be counted for the purpose of determining the size(s) of BMR home (number of bedrooms) the Applicant may purchase, although the income and assets of all household members listed by Applicant on application form (including any temporary or unverified occupants) must be counted toward the Household's gross income, as explained below.

To be considered part of Applicant's household, any children under the age of 18 (including foster children) must be under full or partial custody or legal guardianship of Primary Applicant or another Co-Applicant taking title to the BMR home, and/or must be listed as a dependent child on that party's tax returns.

List below all persons who will be living in the unit in the next 12 months.

Household members	Age	Birthdate	Sex	Relationship to Applicant

Do you expect any additions to the household within the next twelve (12) months due to adoption, unborn child, etc.?

Name & Relationship: _____

Explanation: _____

Do you have full custody of your child(ren)? Yes No

If no, please explain custody arrangements: _____

Is a household member enrolled, or will enroll as a part-time or full-time student? Yes No

Name of Household Member: _____

Name of Educational Institution: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART V. HOUSEHOLD INCOME, ASSETS, AND SUBSIDIES:

See Income and Asset Qualifications in **Section B** of the BMR Homeownership Program. List the Gross Annual Income of all Household Members 18-years of age and older. Attach additional sheets if needed.

Income Source	Applicant	Co-Applicant	HH Member	Total
Wages, Salaries, Tips, etc.	\$	\$	\$	\$
Business Income	\$	\$	\$	\$
Interest & Dividend Income	\$	\$	\$	\$
Retirement & Insurance	\$	\$	\$	\$
Unemployment & Disability	\$	\$	\$	\$
Welfare Assistance	\$	\$	\$	\$
Alimony, Child Support & Gift	\$	\$	\$	\$
Armed Forces Income	\$	\$	\$	\$
Other Income	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

Are any members of the Household currently not employed? _____ Yes _____ No

Name(s): _____

Are any members of the Household currently not receiving income from any sources?
_____ Yes _____ No

Name(s): _____

PART VI. ASSETS

List the Assets of all Household Members 18-years of age and older. Attach sheets if needed.

Assets Readily Available						
<i>Applicant (A)</i>			<i>Co-Applicant (CA)</i>		<i>HH Member over 18 (HM)</i>	
A	CA	HM	Name of Bank	(Chkng/Svngs)	Account #	Balance
						\$
						\$
						\$
						\$

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Cash Value of Stocks/Bonds						
A	CA	HM	Name of Institution	Account Type	Account #	Value
						\$
						\$
Cash Value of Mutual Funds/Money Market Accounts						
A	CA	HM	Name of Institution	Account Type	Account #	Value
						\$
						\$
Certificates of Deposit						
A	CA	HM				Value
						\$
						\$
Cash on Hand/Or Other (safe deposit box, home)						
A	CA	HM				Value
						\$
						\$
Cash Value of Revocable Trusts						
A	CA	HM				Value
						\$
						\$
Equity in rental property or other capital investments (real property presently owned-estimated market value less outstanding debt (attach list))						
A	CA	HM				Value
Lump sum or one-time receipts such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements						
A	CA	HM				Value
Other personal assets with cash value greater than \$10,000: do not include furniture or autos						
A	CA	HM				Value
Total of All Sources Listed Above						\$

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Other Sources of Cash

If the total assets listed above are insufficient to meet the down payment required, you may have sources, other than the above, from which the required amount for down payment and closing costs will be provided. Please indicate what amounts would be available to you from the following sources, and specify other sources not listed below: Attach letters from each source.

Assets Readily Available				
<i>Applicant (A)</i>		<i>Co-Applicant (CA)</i>		<i>HH Member over 18 (HM)</i>
Gift Letter				
A	CA	HM		Value
				\$
				\$
Down Payment Assistance Loan/Grant				
A	CA	HM		Value
				\$
				\$
Other				
A	CA	HM		Value
				\$
				\$
Total of All Sources Listed Above				\$

TOTAL ASSETS	\$
---------------------	-----------

PART VII. VERIFICATION OF GEOGRAPHIC PREFERENCE (PRIORITY)

When you submitted an Application for Eligibility/Waiting List, you may have certified to the City that your household deserves priority because of certain characteristics. That priority statement and documentation must be attached to this application in order for it to be complete. Please check all of the following that apply.

Check if applies	Geographic Preference (First Priority)
	People who work at least thirty-five (35) hours per week in a business or agency with a physical location within the City of Marina (see definition of Work in Marina)
	Employees of the City of Marina including reserve police officers and volunteer firefighters who work at least thirty-five (35) hours per week
	Public and private educational institution employees that work at least thirty-five (35) hour per week at an educational institution within the City of Marina
	People who live in Marina (see definition of Live in Marina)

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART VIII. CERTIFICATIONS:

To the best of my/our knowledge and belief, I/We certify that the foregoing information is true, complete, and correct.

I/We understand that inquiries may be made to verify the information on this form and false statements, or omissions are grounds for disqualification and/or prosecution under the full extent of applicable California law.

I/We understand that any and all information provided will be used to determine eligibility for substantial public benefits and any and all information contained in the records kept by the City can and will be used for monitoring, auditing and establishing eligibility and priority preference for the city of Marina's Below Market Rate (BMR) Homeownership Program; otherwise this information is confidential.

I/we certify that I/we will occupy the BMR unit as primary residence.

SIGNATURES of all persons over 18:

Applicant 1 _____ Date: _____

Applicant 2 _____ Date: _____

Applicant 3 _____ Date: _____

Applicant 4 _____ Date: _____

Filing Fee:

The application filing fee is attached in the following form:

Personal check: _____ Cashier's check _____ Money order _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

PART X. AUTHORIZATION TO RELEASE INFORMATION:

Applicant 1 _____ SSN: _____
Address _____

Applicant 2 _____ SSN: _____
Address _____

Applicant 3 _____ SSN: _____
Address _____

Applicant 4 _____ SSN: _____
Address _____

I/We the undersigned, hereby authorize the City of Marina to request copies of any and all information about my/our income, assets, employment, etc. for the purpose of verification of information provided on my/our Application for Home Purchase a BMR home.

SIGNATURES of all persons over 18:

Applicant 1 _____ Date: _____

Applicant 2 _____ Date: _____

Applicant 3 _____ Date: _____

Applicant 4 _____ Date: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-4 –Owner Request for City Subordination to Refinanced First Mortgage Loan

To: City of Marina ("City")
From: _____ ("Primary Owner")
Property Address: _____ ("Home")
Date: _____

The Owner hereby requests the City to approve the Owner's refinance of the existing first mortgage on the Home. The Owner provides the following information which it certifies to be true and correct:

1. Original Purchase Price of Home: \$ _____
2. Original Principal Balance of exiting First Mortgage Loan \$ _____
3. Interest Rate of Existing First Mortgage Loan: \$ _____
4. Outstanding Principal and Interest on existing First Mortgage Loan (as of date of this Request) \$ _____
5. Outstanding Principal and Interest due on all other mortgage loans on the Home. \$ _____
 - (a) \$ _____
 - (b) \$ _____
6. Principal Amount of Proposed New First Mortgage Loan: \$ _____
7. Interest Rate of Proposed New First Mortgage Loan: \$ _____

The Owner hereby certifies the above information is true and correct and this Owner Request is executed under penalty of perjury on _____ [insert date].

Signed by all Owners on Title:

By: _____ Date: _____
By: _____ Date: _____
By: _____ Date: _____
By: _____ Date: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-5 – Annual Owner Occupancy Certification

To: City of Marina ("City")
From: _____ ("Primary Owner")
Property Address: _____ ("Home")
Date: _____

By signature below, I _____ [insert name or names of Owner] hereby certify to the City under penalty of perjury that I/we occupy the home located at _____ [insert address] (the "Home") as my/our principal place of residence and that I/we have occupied the Home for _____ (__) [insert number] months of the calendar year _____ [insert previous calendar year]. Attached to this letter is a copy of _____ [insert utility bill or driver's license] showing my place of residence.

I also certify that I have not leased part or all of the Home to a third party, except _____. (Note: prior written approval of City required for any rental of the Home)

This Owner Occupancy Certification is signed on _____, 20____, under penalty of perjury.

Signed by all Owners on Title:

By: _____ Date: _____
By: _____ Date: _____
By: _____ Date: _____
By: _____ Date: _____

Due Date: February 1 of each calendar year.

Attach copy of utility bill or driver's license showing address of Home and proof of property insurance (hazard).

Number of Bedrooms: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-6 –Owner’s Notice of Intent to Transfer/Sell

To: City of Marina ("City")
From: _____ ("Primary Owner")
Property Address: _____ ("Home")
Date: _____

Please be notified pursuant to Section 7 of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase between Owner and City dated _____ (the "Resale Agreement"), that the Owner intends to transfer the Home listed above.

A. The following information is provided to the City pursuant to Section 7 of the Resale Agreement:

1. Address of Home: _____
2. Date Owner purchased Home: _____
3. Purchase Price paid by Owner when Home was purchased: _____
4. Date Owner intends to vacate Home: _____
5. Date Home will be placed on market: _____
6. Name and phone number of person for City to contact to schedule inspection:
_____ and _____
(name) (phone number)

B. As required by Section 7 of the Resale Agreement, the following documents are attached to this Notice:

1. Copy of HUD-1 Settlement Statement from Owner's purchase of the Home
2. If Owner has made Eligible Capital Improvements to the Home that Owner wishes to include in the City's calculation of Indexed Price, check box below

Yes, I have made Eligible Capital Improvements pursuant to Section 11 of the Resale Agreement. They are [describe improvements] _____

_____ and were completed on _____ [insert date].

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

- C. I have not yet listed the Home for sale with a multiple listing service or contacted a real estate broker or financial institution. I agree to prepare the Home for sale by:
- obtaining a pest control report within thirty (30) days of the date of this notice,
 - repairing all damage noted in the pest report within the sooner of: (i) sixty (60) days from the date of this notice, or (ii) two (2) weeks prior to close of escrow or the transfer of the Home ,
 - allowing the City or its designee to inspect the Home within thirty (30) days of this notice,
 - if requested by the City following the City's inspection, I will obtain a home inspection report from a licensed home inspector,
 - maintaining utility connections until the Home is transferred,
 - permitting a walk through by the City prior to close of escrow or the transfer.

This Owner's Notice of Intent to Transfer is certified by Owner to be true and correct and is signed on _____ [insert date] under penalty of perjury.

Signed by all Owners on Title:

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-7 – Addendum to Purchase Agreement

**CITY OF MARINA
AFFORDABLE HOUSING PROGRAM
ADDENDUM TO PURCHASE AGREEMENT**

For ____ *[address]* ____
Marina, California

BETWEEN

This Addendum to the Purchase Agreement ("Contract"), dated _____, 202__, is by and between _____, ("SELLER") and _____, ("BUYER") and the City of Marina ("City").

I. The BUYER HEREBY AGREES AND ACKNOWLEDGES THAT:

1. Buyer may not move personal belongings or Buyer or Buyer's household into the inclusionary housing unit (the "Property") until Close of Escrow as evidenced by recordation of the grant deed transferring title to the Property to the Buyer by the County Recorder's Office.
2. Financing for the acquisition of the Property cannot exceed 98% of the purchase price paid by the Buyer for the Property. In the event Buyer refinances the Property or obtains additional financing subsequent to the Close of Escrow such financing may not exceed 98% of the Maximum Restricted Resale Price as defined in the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase entered into between the Buyer and the City ("Resale Restriction"). The determination of the Maximum Restricted Resale Price of the Property is always determined by the City of Marina and any refinancing is always subject to approval by the City.
3. The CITY is not responsible for any costs related to this transaction incurred by the BUYER, including, but not limited to, moving expenses, rent, security deposit losses, closing costs, or any other costs related to purchase and occupancy of the Property.

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

II. BUYER AND SELLER MUTUALLY AGREE, ANY OTHER PROVISIONS OF THE CONTRACT TO THE CONTRARY NOTWITHSTANDING, THAT THE FOLLOWING PROVISIONS ARE HEREBY INCORPORATED INTO THE CONTRACT:

Purchase Price. The purchase price (the "Purchase Price") of the Property is \$_____. The Purchase Price has been established in accordance with the provisions of the City of Marina inclusionary housing program as set forth in Chapter 17.45 of the Marina Municipal Code and administrative regulations established with respect thereto, as the same may be amended from time to time (such ordinance provisions and regulations are collectively referred to as the "Ordinance").

Notice of Principal Residence. Buyer hereby acknowledges and agrees that Buyer will occupy the Property as Buyer's principal residence in accordance with the provisions of the Ordinance and the provisions of the Resale Restriction entered into by the Buyer and the City.

Compliance with Affordable Housing Ordinance. It is agreed and understood that the Property is subject to the terms and conditions of the Ordinance and the terms of the Resale Restriction, including, without limitation, price controls, occupancy requirements, financing and sales restrictions applicable to the Property.

Resale Restriction Provisions. Buyer(s) acknowledge(s) and agree(s) that they have read and understood the provisions of Chapter 17.45 of the Marina Municipal Code pertaining to Affordable Housing attached as Exhibit A, the City Disclosure document regarding the Resale Restriction, and the Resale Restriction. Buyer(s) acknowledges and agree(s) that the provisions of the Resale Restriction will be recorded against the Property as well as a Deed of Trust securing such obligations.

THE RESALE RESTRICTION AND DEED OF TRUST PROVISIONS, AMONG OTHER THINGS, INCLUDE RESTRICTIONS ON FUTURE TRANSFERS, OCCUPANCY AND REFINANCING AND PROVIDE THAT THE PROPERTY HEREBY CONVEYED SHALL BE SUBJECT TO ALL THE PROVISIONS OF THE RESALE RESTRICTION, THE DEED OF TRUST AND ORDINANCE.

THE TOTAL AGGREGATE AMOUNT OF INDEBTEDNESS THAT MAY BE SECURED BY THE PROPERTY HEREBY CONVEYED SHALL NOT EXCEED 98% OF THE PURCHASE PRICE FOR THE PROPERTY. THE PROPERTY IS BEING SOLD TO THE BUYER SUBJECT TO A RIGHT OF THE CITY OF MARINA TO ACQUIRE THE PROPERTY HEREBY CONVEYED ON CERTAIN TERMS IN ACCORDANCE WITH THE PROVISIONS OF THE RESALE RESTRICTION AND THE DEED OF TRUST.

Buyer to Advise Lenders of Inclusionary Housing Program Requirements. Buyer shall provide each lender to which Buyer applies for financing of the purchase of the Property a complete copy of the Contract including the City Deed of Trust, the

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Resale Restriction and Addendum to Purchase Agreement and advise each lender that the Resale Restriction includes requirements with which any financing documents provided must comply.

No liability of Affordable Program (as defined in this paragraph). The Buyer and Seller expressly acknowledge and agree that the City of Marina, including all of its' employees, agents, contractors, representatives and counsel shall have no liability to either party and are hereby unconditionally and forever released from any and all liability whatever in connection with the purchase and sale of the Property.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF MARINA ("CITY")

By _____

("BUYERS")

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

("SELLERS")

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

By: _____ Date: _____

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-8 –BMR Borrower Disclosures

BORROWER'S BORROWER DISCLOSURE STATEMENT CITY OF MARINA BELOW MARKET RATE HOUSING PROGRAM

The City of Marina (the "City") had adopted an Inclusionary Housing Ordinance that requires that developers of housing within the City provide certain units at prices affordable to very low, low- and moderate-income households. The home you are purchasing has been made affordable by the City's inclusionary housing program requirements.

As a condition of purchasing the home, the City will require you to sign a City Promissory Note, a Deed of Trust, and a Buyer's Occupancy and Resale Restriction with Option to Purchase Agreement (the "Resale Restriction Agreement"). **The Deed of Trust and the Resale Restriction Agreement will be recorded against your property.**

This Disclosure Statement explains the major provisions of the City Note, the Deed of Trust, and the Resale Restriction Agreement to help you understand their requirements. **You should, of course, read all of the City loan documents and become completely familiar with them¹**

A. REQUIREMENTS IN EFFECT FOR FORTY FIVE-YEAR TERM

The requirements that are in the Resale Restriction Agreement apply for as long as you own your home.

B. PRIMARY RESIDENCE AND LEASING YOUR HOME

Under the terms of the City documents, your home must be your main place of residence. This means you must live in your home no less than ten (10) months out of each calendar year. Each year, you must sign a statement for the City that certifies that you are living in your home as the main place in which you live. In addition, you cannot lease or rent out your home. If you violate these requirements, the City may sue to enforce them, and you will owe the City any rental proceeds you have collected. The City may also declare the amounts owed under the promissory note and the Deed of Trust immediately due and payable or exercise the other default provisions further explained in Section K of this Disclosure Statement.

C. MAINTAINING YOUR HOME/ PROPERTY INSURANCE

By signing the Resale Restriction Agreement, you agree to keep your home and landscaping in good repair and in neat, clean, and orderly condition and to prevent deterioration of the home. You also agree to keep a standard homeowner's insurance policy, with the City named as an additional insured. The insurance policy shall be in an amount equal to the

¹ Numerical examples are included in this Disclosure Statement to help you better understand the concepts, terms and provisions of the Resale Restriction and related documents. Please be aware that these are simply to show how things work and that they are not intended to represent your specific situation. If you follow along with a calculator, you may not get exactly the same answers. Any small differences may be due to how your calculator "rounds-off" numbers.

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replacement value of the home. Every five (5) years, the replacement value will be reviewed and adjusted as needed, if requested by the City.

D. NOTICES TO CITY

1. Notice of Intent to Vacate, Sell, Assign or Transfer.

If you decide to move from your home, or to sell, assign or transfer your home or any partial interest in your home, or if you record a mortgage or deed of trust against your home (for example, you refinance your first mortgage), you must promptly let the City know in writing.

2. Delivery of Required Notices.

Any notice you must give to the City under the terms of the City documents must be sent by certified mail, return receipt requested, or express delivery service with a delivery receipt. Notices are considered effective as of the date received or the date delivery was refused.

E. CITY HAS OPTION TO PURCHASE

When you agreed to purchase your home, you agree that if you transfer, sell, or move from your home at any time, the City holds an option to purchase your home at a restricted sales price to keep the house affordable. In other words, the City has the first opportunity to buy your home before anyone else. Instead of buying the home itself, the City can also give its right to buy your home to an eligible low or moderate-income household like yourself or to another agency or nonprofit corporation. The City does not have the option to purchase your home, however, in the case when a transfer is to an existing husband, wife, or domestic partner, to a husband, wife, or domestic partner who then becomes a co-owner of the home, to a husband or wife as part of a marriage or a divorce, to a husband, wife, or domestic partner upon death of the borrower, or to an inter vivos trust in which you are the beneficiary or upon refinancing of the mortgage on the home if the refinancing is in accordance with the terms of the Resale Restriction. In addition, the City does not have the option to purchase your home, if your child or stepchild inherits your home, qualifies as a low or moderate-income household under the City Inclusionary Housing requirements and complies with the Resale Restriction Agreement.

1. Time Limits.

If the City decides to use (or assign) its option to buy your house, it shall notify you within thirty (30) days after it receives your notice to sell, transfer or move from the home. The purchase of your house under the City option shall take place within ninety (90) days of the date it notifies you that it (or its designee) will exercise the option to buy your home.

2. Preparing Home Upon City Exercise of Option.

If the City exercises (or assigns) its option on your home, you are responsible for putting the home in good condition for sale. You must take the steps set forth in Section 7 of the Resale Restriction Agreement to prepare the home for sale.

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F. SALES PRICE OF HOME IS RESTRICTED: DETERMINATION OF MAXIMUM SALES PRICE

The City's Inclusionary Housing program made it possible for you to purchase your home. The City also wants to make sure that others like you get the same chance. Therefore, in connection with the purchase of your home, you have entered into the Resale Restriction Agreement. The Resale Restriction Agreement limits the sales price of your house if you sell during the term of the Resale Restriction Agreement. The maximum sales price that you can receive is the **lower** of the Indexed Price, as described in section (1) below, and the Fair Market Value, as described in section (2).

Indexed Price. The Indexed Price is calculated as follows:

- (a) The purchase price of your home at the time you entered into the Resale Restriction Agreement, which is referred to in the Resale Restriction Agreement as the "Owner's Base Price".
- (b) increased by the percentage increase in the median income for Monterey County (from the date of you entered into the Resale Restriction Agreement to the date the City received the notice to sell). Median income figures are published yearly by the United States Department of Housing and Urban Development ("HUD") and the California Department of Housing and Community Development ("HCD"). City calculations involving area median income will be based on the HUD figures.

Plus

- (c) If you have made substantial structural improvements or permanent fixed improvements to the home that were approved by the City in advance and whose initial cost exceeds Two Thousand Dollars (\$2,000) or one percent (1%) of the Owner's Base Price the Indexed price may be increased for the value of the improvements.

The Actual Sales Price You Receive May Be Considerably Less Than Indexed Price. The sales price you actually get for the home may be significantly less than the Indexed Price because of conditions in the housing market. The Indexed Price is the maximum price that you could receive for the home. It is not a guaranteed amount and you should not count on receiving that amount. If the Fair Market Value of your home is less than the Indexed Price, then you will receive the Fair Market Value as the sales price of your home.

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The Example below shows how the Indexed Price formula works.

EXAMPLE You sell your house after having lived in it for eight (8) full years. The Owners Base Price of your home at the time you entered into the Resale Restriction Agreement was Four Hundred Thousand Dollars (\$400,000). The median income for a family of four when you purchased your home was Seventy-Five Thousand Dollars (\$75,000), as published by HUD. Median income at the time of sale has increased to \$100,000. While you lived in your home, you have kept your home in good condition and repair but you have not done any structural or permanent improvements).

[i] Owners Base Price of Home \$ 400,000

MULTIPLIED BY

[ii] Median Income Increases 33% over the eight years .33%
\$100,000 - \$75,000/\$75,000= 33%

EQUALS \$132,000

INDEXED PRICE (Owners Base Price plus 33%) \$ \$532,000

Fair Market Value. The Resale Restriction Agreement allows the Fair Market Value to be determined in one of two ways. First, it can be established by an appraisal done by a real estate appraiser chosen by you, the owner. If the appraisal is used in connection with a sale, you and the City will split the cost of the appraisal (except when the appraisal is obtained from the new purchaser who has already paid or is going to pay for the appraisal). If the appraisal is used in connection with a refinancing, you will bear the cost of the appraisal.

The Resale Restriction Agreement also includes a second way to determine the Fair Market Value of your home. You and the City can mutually set the amount of the Fair Market Value. Both you and the City would have to agree on this particular method (instead of hiring an appraiser) and to the Fair Market Value amount. If you and the City fail to agree on the Fair Market Value, either one can require use of the appraisal method.

G. YOUR SALE OF THE HOME IF THE CITY DECIDES NOT TO USE ITS OPTION

If after you have given the City notice of your intention to sell, otherwise transfer or move from your home, and the City chooses not to exercise (or assign) its option to purchase your home or fails to purchase the home within the ninety (90)-day period, you may then sell your home to an "Eligible Purchaser." An Eligible Purchaser is a moderate-income household who will live in the home. The City will provide you with the current income limits when you sell your home.

Likewise, if the City does not exercise (or assign) its option to purchase your home or fails to purchase your home within the ninety (90)-day period, you are responsible for putting your home on the market, keeping the home in an orderly condition, making the home available to show to agents and prospective buyers, and providing potential purchasers with the Eligible Purchaser requirements, including the income qualifications and the City's form of disclosure

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statement summarizing the terms of the buyer's occupancy and resale restriction agreement with option to purchase.

Once you find a potential Eligible Purchaser, you will refer the proposed purchaser to the City so that the City can determine if, in fact, he or she meets the requirements of an Eligible Purchaser. If the proposed purchaser qualifies as an Eligible Purchaser, the City will also determine if such purchaser is eligible to receive assistance from the City for the purchase of the Home. You and the proposed purchaser must give specific information and documents to the City as described in the Resale Restriction Agreement. The Eligible Purchaser will be required to sign a new promissory note, resale restriction agreement, and deed of trust to the City.

When the sale of your home to the Eligible Purchaser is completed, you must submit to the City the information and documents specified in the Resale Restrictions Agreement. Additionally, you must pay all the principal and interest due to the lender of the first mortgage.

H. REFINANCING FIRST MORTGAGE LOAN; NEW JUNIOR LOANS

The Resale Restriction Agreement allows you to refinance your first mortgage loan but places restrictions on the amount received by you from the refinancing. Following refinancing of your first mortgage, the principal amount of the refinanced Mortgage plus closing and escrow costs related to the refinance cannot exceed 98% of the Maximum Restricted Resale Price. The City will not approve a refinancing that involve reverse mortgages. Additionally, any subordination that the City may agree to execute in connection with a refinance must include notice and cure rights deemed adequate by the City.

I. INHERITANCE.

If your child or stepchild inherits your home, and qualifies as a low or moderate income household and otherwise complies with the Resale Restriction Agreement, your child or stepchild may occupy the home, provided that the child or stepchild signs a new resale restriction agreement, note and deed of trust to the City which shall apply only for the amount of time remaining under the term of the documents you executed. If someone other than your child or stepchild inherits you home, that person must transfer the home to the City or an Eligible Purchaser for the restricted price in compliance with Section 6 of the Resale Restriction Agreement.

J. DEFAULT PROVISIONS

When you purchase the home at the reduced price, you agree to meet all of the conditions of the City documents. If you violate any provisions of the documents, you are considered to be in default under the Resale Restriction, Note and Deed of Trust. Also, if you default under any other loan on the home, such as the first mortgage, you would also be considered to be in default under the Resale Restriction, Note and Deed of Trust. If you do not correct the violation, the City could exercise its option and buy your home for the restricted price. The City could foreclose on your home. In addition, if you sell your home for greater than the restricted price, you shall be liable to the City for "Excess Sales Proceeds" as defined in the Resale Restriction Agreement, the amount by which the gross sales proceeds received by you from the new purchaser exceed the restricted price for the home).

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Please sign the enclosed copy of this Borrower Disclosure Statement in the space provided below and return it to the City, at 211 Hillcrest, Marina, CA 93933.

I have read and understand the above Borrower Disclosure Statement.

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

CITY OF MARINA BELOW MARKET RATE (BMR) HOME PURCHASE PROGRAM

Form O-9 –Certification of Homeowner Receipt of Program Requirements

The undersigned received a copy of the Administrative Policies and Procedures for the City of Marina Below Market Rate (BMR) Homeownership Program. Further, the undersigned understand that the BMR Administrative Policies and Procedures require compliance with the requirements described in these Procedures, the Addendum to Purchase Agreement, BMR Borrower Disclosures, Homeowner’s Occupancy and Resale Restriction Agreement with Option to Purchase, Promissory Note, Deed of Trust and Security Agreement and any other Program or Recorded requirements and restrictions.

Property Address: _____

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower

By: _____ Dated: _____
Signature of Borrower

Print Name of Borrower