



City of San José Department of Housing The Works Homebuyer Program Summary

The Program

The Homebuyer Program at The Works offers a City downpayment assistance loans for the condominium units. Funds from a private lender, other programs, and the household are used to finance the remainder of the purchase price.

Plan #:	BEGIN Loan	Maximum Sales Price
Contact builder	up to 20% of the sales price	100% of the Average Area purchase price, currently set at \$675,000

The BEGIN (Building Equity and Growth in Neighborhoods) Loan is funded by Proposition 1C funds. Prop 1C, also known as The Housing & Emergency Shelter Trust Fund Act of 2006, was approved by California voters in November of 2006. The total amount of funding available for homebuyers at The Works is \$820,000.

Borrower Eligibility

- The household income cannot be greater than the amount shown below. Household income is the income received from all household members, including adult children and non-applicant spouses.

<i>Household Size</i>	<i>Maximum Qualifying Income</i>
1	\$ 87,000
2	99,450
3	111,850
4	124,300
5	134,250

- The borrower and any co-borrower(s) must be first-time homebuyers and cannot have owned a home as a principal residence for the past three years. An exception is allowed for a “displaced homemaker” or a single parent who, while married, owned a home with his or her spouse.
- The total amount financed cannot exceed 100% (including any upfront PMI) of the sales price. Therefore, the City funds can only be used for downpayment assistance. The use of City funds for closing costs, buydowns, or prepaids are not eligible (max CLTV 100%).
- Normally, the borrower, other household member(s), and any other co-borrower(s) must have a minimum 620 credit score. Also, the maximum housing cost-to-income ratio is 43%, and the maximum total debt-to-income ratio is 48%.
- The buyer(s) must complete a HUD-approved 8-hour homebuyer education class. The City recommends potential buyer(s) to complete the course offered through Project Sentinel, call (408) 720.9888 to sign-up (\$25 per person cost). Additional HUD-approved 8-hour classes are offer through Neighborhood Housing Services Silicon Valley (San Jose), Unity Council (Oakland), and Asian Inc. (San Francisco).
- All homes must be “owner occupied” for the life of the loans and “cash-out” refinances of your first mortgage are allowed only when the total combined liens are less than or equal to 90% of the fair market value at the time of proposed refinance. In addition, the City will subordinate its loan to “cash-out” refinancings no more than once every five years.

- Borrowers may not have greater than \$60,000 in liquid assets after the close of escrow.
- There is a minimum household size of two persons in order to purchase a three bedroom unit.

Your monthly housing costs cannot exceed an “Affordable Housing Cost” limit. Total monthly expenses for property taxes, insurance, homeowner association dues, loan principal and interest payments, utilities (other than phone) and maintenance and repair currently cannot exceed \$2,657 for the one-bedroom, \$2,990 for the two-bedroom units, and \$3,321 for three-bedroom units.

Financial Terms

BEGIN Loan – The BEGIN loan interest rate is set at 3% simple interest, deferred, due in 30 years.

Loan Security--The loan is secured by a subordinate deed of trust.

Amount Required for Down Payment/Closing Costs— While the transaction may be 100% financed, the City does require a minimum buyer contribution of 1% of the sales price, from his/her own funds, to close the transaction. However, the builder may require an additional earnest money deposit.

Amortization Schedule for a \$80,000 loan:

Year	Interest	Balance	Year	Interest	Balance
1	\$2,400	\$82,400	16	\$2,400	\$118,400
2	2,400	84,800	17	2,400	120,800
3	2,400	87,200	18	2,400	123,200
4	2,400	89,600	19	2,400	125,600
5	2,400	92,000	20	2,400	128,000
6	2,400	94,400	21	2,400	130,400
7	2,400	96,800	22	2,400	132,800
8	2,400	99,200	23	2,400	135,200
9	2,400	101,600	24	2,400	137,600
10	2,400	104,000	25	2,400	140,000
11	2,400	106,400	26	2,400	142,400
12	2,400	108,800	27	2,400	144,800
13	2,400	111,200	28	2,400	147,200
14	2,400	113,600	29	2,400	149,600
15	2,400	116,000	30	2,400	152,000

If you continue to own your home at the end of thirty years, you will receive a balloon payment notice from the City of San Jose in the amount of \$152,000 (\$80,000 original balance plus \$72,000 interest).

For more information about the homes, and the selling process, please contact the The Works sales office at (408) 288.8826, or visit www.theworkssanjose.com

For more information, please visit the website at www.sjhousing.org/program/homebuyer.html and/or contact Marcelo Mota at (408) 975.4462 or marcelo.mota@sanjoseca.gov, Tomasa Moreno at (408) 975.4448 or tomasamoreno@sanjoseca.gov, or Korey Richardson at (408) 975.4468 or korey.richardson@sanjoseca.gov.

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