

CITY of SAN JOSE

# TEACHER and CREDENTIALLED STAFF HOMEBUYER PROGRAM



*California's Most  
Educator-Friendly City*



Housing

# TEACHER AND CREDENTIALLED STAFF HOMEBUYER PROGRAM

## ELIGIBLE APPLICANTS

Public school teachers and credential staff, employed full time at a K-12 school located within the City of San José or at a public school where 50% or more of the students are San José residents. (e.g. Rosemary, Castlemont, Westmont High, Prospect High, and Alta Vista)

## PROGRAM CRITERIA

- A teacher or credentialed staff member must hold one of the following California credentials – Emergency Credential, Intern Credential, Preliminary, Permanent, Life, or Professional Cleared Credential in the following:

### For Teachers:

Single Services, General Secondary, Physically Handicapped, Multiple Subject, Standard Secondary, Severely Handicapped, General Elementary, Learning Handicapped, Clinical Rehabilitative Services, Standard Elementary, Education Specialist (e.g. Deaf, Visually Impaired)

### For Staff Members:

School Nurse Credential, Clinical or Rehabilitation Service Credential, Pupil Personal Services Credential- (e.g. School Counseling, School Social Work, School Psychology, Child Welfare and Attendance) Library Media Teacher Service Credential, Designated Subjects Vocational Education Teaching Credential

### For Administrators:

Administrative Service Credential, General Secondary School Administration Credential, Administration Services Credential (*Examination*), General Secondary School Supervision Credential, Standard Supervision Credential, General Administration Credential, Standard Administration Credential, General Supervision Credential, General Elementary School Administration Credential, The Supervision Credential, General Elementary School Supervision Credential, General School Principal or Supervision Credential

- Currently does not own a home as a primary residence
- Have a household gross income that does not exceed 120% of median income for Santa Clara County, adjusted for family size. Please refer to the Santa Clara County *Eligibility Criteria* sheet for the eligible income levels.
- City-assisted households generally may not purchase a larger home than is actually required to meet the needs of the household. Maximum unit size is calculated at total household size plus one bedroom. For example, a minimum household size of two persons is eligible to purchase a three-bedroom home and a three person household is required to purchase a four bedroom home.
- A property inspection by a City Housing Inspector may be required and the home must meet Housing Quality Standards as defined by the Housing Department and comply with the City's local, state and federal building codes. In addition, the Department may conduct a lead based paint test for properties built prior to 1978. If the home contains chipping lead based paint or does not meet the local building code, the property will not be eligible.
- Completion of a HUD certified homebuyer education program is required prior to loan approval. You must obtain your homebuyer education from one of these organizations: Neighborhood Housing Services Silicon Valley (NHSSV) - **408.279.2600**, Association of Community Organizations for Reform Now (ACORN) - **408.297.3053**, Project Sentinal - **408.720.9888**, or Consumer Credit Counseling Service (CCCS) - **800.540.2227**. Applicants will be required to submit a certificate of completion as a part of their loan application. Classes offered through individual lenders or online providers are not eligible.

The Teacher and  
 Credentialed Staff  
 Homebuyer Program  
 (THP) is an integral  
 part of the City's  
 effort to make  
 San José California's  
 most educator-  
 friendly city. The goal  
 is to attract and retain  
 public school teachers  
 and credentialed staff  
 who are needed to  
 provide equality  
 education for San José  
 youth. To assist in  
 achieving this goal,  
 the THP offers a  
 deferred-payment  
 loan of \$35,000 or  
 \$50,000 depending on  
 applicants income.

\*Approval of all  
 loans is subsequent  
 to meeting all  
 underwriting  
 criteria stated in the  
**General  
 Guidelines.**

## TEACHER HOMEBUYER PROGRAM

- Have a minimum credit score of 600 (this also applies to co-borrowers)
- Comply with the City's Underwriting Guidelines. The Guidelines can be viewed from [www.sjhousing.org/program/HB/Underwriting.pdf](http://www.sjhousing.org/program/HB/Underwriting.pdf)

### ELIGIBLE PROPERTIES

Owner-occupied, single-family detached homes, townhomes, mobilehomes and condominiums located within the City of San José municipal boundaries.

The maximum home purchase price is \$712,500. In addition, your total monthly housing cost cannot exceed the "Affordable Housing Cost" limit as shown on the *Eligibility Criteria* sheet. Total monthly housing expenses include: loan principal and interest payment, property taxes, insurance, homeowner association dues, utilities (other than phone), maintenance, and repair.

### LOAN LIMITS

The maximum THP loan amount is \$35,000 and \$50,000 depending on teacher income and total monthly housing payment.

### LOAN TERMS

The THP is a deferred repayment loan, due and payable in 45 years or upon transfer of the title.

### AMOUNT REQUIRED FOR DOWNPAYMENT/CLOSING COSTS

Generally the lender closing costs will require an estimated 3% of the purchase price for either a down-payment or closing cost. Payment of closing costs by the seller is acceptable to the City.

### SECURITY FOR THE THP LOAN

The borrower will be required to execute an affordability restriction and a promissory note, secured by a recorded deed of trust.

### APPROVED LENDERS

The City leverages its loan funds with those provided by private lenders. For a list of participating lenders, visit our website at [www.sjhousing.org/program/HB/LenderList.pdf](http://www.sjhousing.org/program/HB/LenderList.pdf) or call the phone number listed below.

### APPLICATION PROCESS

The THP application is included as part of the loan package that the mortgage lender, selected by the teacher, submits to the City for approval. The Housing Department reviews and processes the application package. Following the commitment of THP funds, loan documents are prepared by the City and the other lender(s) to complete the loan closing.

### AFFORDABILITY RESTRICTIONS

The property will be subject to a 45-year affordability restriction. The restriction requires either:

1. The property be sold only to an income-qualified household at an affordable price, or
2. The City and the borrower share any net increase in equity that accrues between the date of the original purchase and the date of sale. If the teacher prepays the THP loan and remains the homeowner, the affordability restriction will remain in effect.

For additional information and application forms, visit [www.sjhousing.org](http://www.sjhousing.org) or contact the Teacher Homebuyer staff at:

City of San José - Housing, Homebuyer Programs  
200 East Santa Clara Street, San José, CA 95113

**Phone 408.975.4468**

Fax 408.998.3183

[korey.richardson@sanjoseca.gov](mailto:korey.richardson@sanjoseca.gov)



*Teacher and Credentialed Staff Homebuyer Program*

# QUESTIONS AND ANSWERS

The Teacher and Credentialed Staff Homebuyer Program (THP) is an integral part of the City's effort to make San José *California's most educator-friendly city*. The goal of the program is to attract and retain public school teachers and credentialed staff to provide quality education for San José youth. To achieve this goal, the THP offers a deferred-payment loan of \$35,000 or \$50,000, depending on the applicants income.

## ELIGIBLE APPLICANTS

### 1. Who qualifies for the program?

A teacher or credentialed staff member who:

- is employed full-time at a public K-12 school located within the City of San José municipal boundaries or who teaches at a public school where 50% or more of students are San José residents (*e.g. Rosemary, Castlemont, Westmont High, Prospect High, and Alta Vista*)
- holds one of the following California credentials:  
Emergency Credential, Intern Credential, Preliminary, Permanent, Life or Professional Cleared Credential in one of the following categories:

**For teachers:** Single Services, Standard Elementary, Multiple Subject, General Elementary Severely Handicapped, Standard Secondary, Learning Handicapped, General Secondary, Clinical Rehabilitative Services, Education Specialist (*e.g. Deaf, Visually Impaired*), Physically Handicapped

**For Staff Members:** School Nurse Credential, Clinical or Rehabilitation Service Credential, Pupil Personal Services Credential - (*e.g. School Counseling, School Social Work, School Psychology, Child Welfare and Attendance*), Library Media Teacher Service Credential, Designated Subjects Vocational Education Teaching Credential

**For Administrators:** Administrative Service Credential, General Secondary School Administration Credential, Administration Services Credential (Examination) General Secondary School Supervision Credential, Standard Supervision Credential, General Administration Credential, Standard Administration Credential, General Supervision Credential, General Elementary School Administration Credential, The Supervision Credential, General Elementary School Supervision Credential, General School Principal or Supervision Credential

- has a household gross income that does not exceed 120% of median income for Santa Clara County, adjusted for family size. Please refer to the Santa Clara County *Eligibility Criteria* sheet for the eligible income levels.
- does not currently own a primary residence
- have a minimum credit score rating of 600 (this also applies to co-borrowers)
- complies with the City's Underwriting Guidelines. The Guidelines can be viewed from [www.sjhousing.org/program/HB/Underwriting.pdf](http://www.sjhousing.org/program/HB/Underwriting.pdf)

**2. Is the Program open to other professionals who may hold a teaching credential but who are not full-time K-12 teachers (e.g. school nurses, counselors)?**

Yes, the homebuyer program was expanded as of November 18, 2008 to include credentialed staff and administrators.

**3. I already own a home. Can the program help me buy another home?**

No, not if you are currently living in your home and it is your principal residence.

**ELIGIBILITY OF PROPERTIES**

**1. Where does the home I buy have to be located?**

The home **must** be located within the City of San José municipal boundaries. It cannot be located within a "county pocket" even if the property has a San José address.

**2. What type of home can I buy?**

The THP loan can be used to purchase a single-family detached home, a townhome, or a condominium. The City offers up to \$15,000 towards the purchase of a mobilehome.

**3. What is the maximum allowable home purchase price?**

The current maximum purchase price is \$712,500. Your monthly housing cost cannot exceed the "Affordable Housing Cost" limit. The Affordable Housing Cost limit is the maximum allowable monthly housing cost applicable to your property as shown on the *Eligibility Criteria* sheet. Monthly costs include: loan principal and interest payments, property taxes, insurance, homeowner association dues, utilities (other than phone), maintenance, and repair.

**FINANCIAL TERMS**

**1. How large of a City loan can I qualify for?**

The maximum City loan is \$35,000 and \$50,000 depending on your income. The Housing Department may approve a lower amount, based upon your housing-to-income ratio and the amount of liquid assets that will be available after the close of escrow.

**2. What are the City loan repayment terms?**

The THP loan is due and payable in 45 years, or upon sale or transfer of the property, whichever occurs first.

**3. How much of my own money will be needed to buy the home?**

Generally, you will need 3% of the purchase price for either downpayment or closing costs. Zero-percent downpayment programs are acceptable if approved by the senior lender. Adding a downpayment from personal funds or from assistance programs will increase your purchasing power or decrease your monthly mortgage payment. Payment of the closing costs by the seller is acceptable to the City.

**4. To help buy my home, may I combine the City's program with other assistance?**

Yes! The City encourages teachers to combine programs. The City of San José has prepared a First Time *Homebuyer's Quick Reference Guide* to assist you in locating additional assistance programs. The Guide can be view from [www.sjhousing.org/program/HB/QuickRef.pdf](http://www.sjhousing.org/program/HB/QuickRef.pdf).

## 5. Can I refinance the non-City loans?

Yes, if the Housing Departments gives advance approval. The amount refinanced cannot exceed 90% of the combined loan-to-value.

## 6. If I am no longer working at a San José public school during the City loan term, do I have to immediately repay the loan?

No, the City loan only needs to be repaid in 45 years or upon transfer of title to the home.

## 7. If I need to move, can I rent out the home?

With prior written consent, the City may allow a temporary rental period of up to 60 days. Approval must be obtained by the City's Loan Management Division. If the home is not continuously occupied by the owner, except as provided above, repayment of the City loan will be required.

### AFFORDABILITY RESTRICTIONS

#### 1. Are there affordability restrictions?

Yes, you are subject to a 45-year affordability restriction that is recorded against the property. If you want to resell before this term is up, you must first notify the Housing Department. **You have two resale choices:**

- You may sell to another person who earns less than 120% of Area Median income. Documents certifying the income of the new buyer will be verified and reviewed by City staff. The new buyer must be willing and able to accept the City's affordability restrictions and assume the existing City loan (provided that the loan documents allow for an assumption) and the resale price for the unit will be restricted to an Affordable Housing Cost Limit. If the above conditions are met, you will not be required to pay the City an "equity share." Please call the City's Loan Management Division at 408.975.4428 to review your loan terms prior to selling your home.
- You may sell the unit at fair market value, repay the City loan, and pay the City an "equity share." The equity share is the City's proportionate share of the difference between the original purchase price and the resale price (less City approved selling costs and improvements). *Note: In most cases, prepayment of your City loan while you continue to own your home will not remove the affordability restrictions from your residence.* Please call the City's Loan Management Division at 408.975.4428 to review your specific loan terms prior to selling your home.

Note: In the event the resale price is less than your original purchase price, no equity-share will be due to the City. However, you will be required to repay the original City loan amount.

**2. How does the equity share provision work?**

The equity share is the City's proportionate share of the difference between the original purchase price and the resale price (*less City approved selling costs and improvements*). This share is the ratio of the City loan amount to the original purchase price. Below is an example which illustrates the calculation of the equity share formula.

<b>Equity-share example:</b>	
Possible resale price	\$600,000
Original sales price	400,000
Accrued equity	\$200,000
Less reasonable capital improvements approved by City	\$ 2,000
Less reselling costs	40,000
Equity subject to sharing (\$200,000 - \$42,000)	<u>\$158,000</u>
City equity-share percentage ( $\$35,000 / \$400,000$ )	8.75%
Equity-share due to the City ( $\$158,000 \times 8.75\%$ )	\$13,825
Original purchase price	\$400,000
City loan	\$ 35,000
Original first loan amount	<u>\$365,000</u>
<b>Property Resale example:</b>	
Possible Resale price	\$600,000
Repayment of first loan	\$365,000
Repayment of City loan	\$ 35,000
Payment of equity-share	\$ 13,825
Reselling costs	<u>\$ 40,000</u>
Amount due to homeowner	\$146,175

**THE PROCESS**

**1. Which lender can I use?**

You may use any lender of your choosing. As a courtesy, the Housing Department maintains a list of active program lenders. The List of Lenders can be viewed from [www.sjhousing.org/program/HB/LenderList.pdf](http://www.sjhousing.org/program/HB/LenderList.pdf).

**2. I want to make an offer on a home. How rapidly can I receive the City funds to pay for the home?**

The City loan approval normally occurs within eight working days after receipt of a complete City loan application from your selected lender. Funding can occur within 11 days, subject to any conditions identified in the City's loan approval. Be sure to note the "pending approval of financing" in any offer that you may make, to protect you from loss of a deposit on an offer.

### 3. The program sounds great! What are the next steps?

- Completion of a HUD certified homebuyer education program is required prior to loan approval. You must obtain your homebuyer education from one of these organizations:

Neighborhood Housing Services Silicon Valley (NHSSV) - **408.279.2600**

Association of Community Organizations for Reform Now (ACORN) - **408.297.3053**

Project Sentinal - **408.720.9888**

Consumer Credit Counseling Service (CCCS) - **800.540.2227**

Applicants will be required to submit a certificate of completion as a part of their loan application. Classes offered through individual lenders or online providers are not eligible.

- Contact a lender to become pre-approved for a 1st mortgage loan. Your lender will ask you to sign the City application ([www.sjhousing.org/program/HB/LoanApp.pdf](http://www.sjhousing.org/program/HB/LoanApp.pdf)) and will forward to the City of San José at a later date. Your lender forward these items to the City of San José at a later date.
- Work with the real estate agent of your choice to assist you in the search for your new home. NHSSV can provide this service, if you have not already selected a real estate agent. Your lender will send the completed THP loan application to the City's Housing Department.
- Get final loan approvals from your lender.
- Sign the loan documents.

*Move in and enjoy your new home!*

For additional information contact the Homebuyer staff at: [www.sjhousing.org/program/thp.html](http://www.sjhousing.org/program/thp.html) or contact the Homebuyer staff at:

City of San José - Housing  
Homebuyer Programs  
200 East Santa Clara Street  
San José, CA 95113

**Phone 408.975.4468**

Fax 408.998.3183

E-mail [korey.richardson@sanjoseca.gov](mailto:korey.richardson@sanjoseca.gov)

To request an accommodation or alternative format for City-sponsored meetings, events or printed materials, please contact the Housing Department at 408.535.3860 or 408.294.9337 (TTY) as soon as possible, but at least three business days before the meeting/event.



# ELIGIBILITY Criteria

Annual Income limits for Santa Clara County based on a median income of **\$103,500** for a family of four, as of June 17, 2010.

The income limits listed below per household size represents the maximum amount of household income allowable for assistance for each level. Household size includes all members living in the home.

Income Level	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low	\$21,750	24,850	27,950	31,050	33,550	36,050	38,550	41,000
Very Low	\$36,250	41,400	46,600	51,750	55,900	60,050	64,200	68,350
Low	\$56,500	64,600	72,650	80,700	87,200	93,650	100,100	106,550
<b>THP (90%)*</b>	<b>\$65,205</b>	<b>74,520</b>	<b>83,880</b>	<b>93,150</b>	<b>100,620</b>	<b>108,045</b>	<b>115,515</b>	<b>122,850</b>
Median	\$72,450	82,800	93,150	103,500	111,800	120,050	128,350	136,500
<b>Moderate**</b>	<b>\$86,950</b>	<b>99,350</b>	<b>111,800</b>	<b>124,200</b>	<b>134,150</b>	<b>144,050</b>	<b>154,000</b>	<b>163,950</b>

*NOTE: Eligibility criteria is subject to change annually.*

### Affordable Housing Cost Limits for Homebuyer Programs

Affordable Housing Cost Limits are the maximum housing costs allowed based on program guidelines. Housing costs include loan principal and interest payments, property taxes, insurance, homeowner association dues, utilities (other than phone), and maintenance and repair.

([http://www.sjhousing.org/program/HB/AHCL\\_worksheet.pdf](http://www.sjhousing.org/program/HB/AHCL_worksheet.pdf))

Total monthly expenses cannot exceed the following Affordable Housing Cost Limits:

	Moderate-Income Household
Studio	\$2,326
1 Bedroom	\$2,657
2 Bedroom	\$2,990
3 Bedroom	\$3,321
4 Bedroom	\$3,587



Housing

\*Maximum household income to qualify for the \$50,000 San José Teacher Homebuyer Program (THP) loan.

\*\*Maximum household income to qualify for the \$35,000 THP loan.