



## Housing and Human Services Division

# Affordable Homeownership

## Program Guidelines

The City's Affordable Homeownership Program (also referred to as the Inclusionary Housing Program) provides homeownership opportunities to income eligible, first-time homebuyers purchasing Below Market Rate homes (BMR's) in Livermore. The information provided in this document describes Guidelines for households applying for Below Market Rate homes and the applicant selection process. For the purposes of these Guidelines, "Applicant and "Buyer" are used interchangeably. These guidelines shall be updated from time to time and are subject to final interpretation by the City of Livermore Community Development Department, Housing and Human Services Division.

### **ELIGIBILITY QUALIFICATIONS**

#### ***First Time Home Buyer***

Applicant(s) must be first time homebuyers.

A first time homebuyer is defined as an individual or household that has not previously owned a home nor had an ownership interest in any improved real property within the last three (3) years.

#### ***Citizenship***

Applicant must be a U.S. citizen or lawfully permitted for permanent residence.

#### ***Income Limits***

Applicant(s) must meet the income eligibility limits set by the program in order to qualify for the program. Annual Income Limits adjusted by household size are based on the U.S. Department of Housing and Urban Development (HUD) Area Median Income for the Oakland-Fremont HMFA. Current Income Limits are available on the City's Website, as part of the Application or by contacting the City's Housing & Human Services Division.

#### ***Income Determination***

Gross Household Income shall mean all income, from whatever source derived, of all adult household members (18 years of age and older) but does not include income from dependents up to age 24 that are full time students whether or not such income is exempt from Federal Income Tax.

All financial accounts from all household members, regardless of age, must be included in the application. Household Income will be based on current income projected out 12 months from the time of application.

Funds in excess of \$5,000 will be included when determining household income. In such case, an asset test will be used (excluding the amount to be contributed as the Buyer's Down Payment, and retirement accounts such as 401K and 457K accounts). This income, if any, will be included as part of the household's total income.

Applicants must provide sufficient documentation of income, as outlined in the City's Affordable Homeownership Application, to the City for use in determining the applicant's income level. Final determination of an applicant's income level and program eligibility shall be the sole discretion of the Housing and Human Services Manager.

Federal and state income tax returns or IRS verification of non-filing status report will be required from all adult household members age 18 years and older.

Income shall include the following:

- a. Gross amount of wages and salaries before any payroll deductions, including over-time pay, compensation for services, commissions, fees, tips and bonuses;
- b. The net income of operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- c. Interest, dividends and royalties;
- d. Partnership distributions;
- e. Income from an interest in an estate or trust;
- f. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pension, disability, or death benefits and other similar types of periodic receipts;
- g. Payments in lieu of earnings, such as unemployment and disability compensation (not including temporary disability), workers compensation and severance pay;
- h. Public Assistance including but not limited to TANF, SSI, disability income;
- i. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- j. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the household or spouse.
- k. Asset income based on the cash value of assets as determined through the asset income test methodology.

### **Asset Limits**

Applicants' total household cash assets may not exceed 25% of the purchase price. The asset limit may be increased, subject to the approval of the Housing and Human Services Manager, for Very Low-Income households if contributed toward the down payment for the purpose of qualifying for a first mortgage or meeting backend debt to income affordability requirements.

In determining whether Household's assets are within the Asset Limits, staff will average each account's balance from the prior six-monthly statements for each monetary asset (bank, credit union, non-retirement investment account statements) to determine current value of each asset. Exclusions include assets in federally approved retirement savings accounts and pensions (IRA's, 401-k's, 403-b's, etc.).

For applicants who are self-employed persons/business owners, cash assets that are part of an active business which the applicant can demonstrate are for the exclusive use/operation of the business, and are not contributed towards the purchase or used to qualify for the purchase, may be excluded from income.

### **Credit**

Applicant(s) must have a minimum 'middle' (3 credit bureau reporting) FICO of 660, have no delinquent accounts, charge-offs with a balance, or collection accounts, and may not have filed bankruptcy within the last three (3) years. A FICO score between 650 and 660 will be considered based on a review of the Applicant's credit history *and* additional down payment contributed by the Applicant(s), subject to the approval of the Housing and Human Services Manager.

A credit report will be required from all adult household members (18 years of age and older). The credit requirement for non-applicant household members may be waived at the sole discretion of the Housing and Human Services Manager.

### **Down Payment**

Applicant(s) must provide funds in an amount equal to at least three percent (3%) of the purchase price for use as a down payment (not closing costs). The funds must be deposited with the Applicant's financial institution account for a minimum of three months from date of application. Funds must be deposited into escrow with verification provided to the City prior to execution of loan documents.

Funds from federally approved retirement accounts (i.e., 401K, 457, IRA, etc.) and income tax refunds, are acceptable up to one half (50%) of the required amount of seasoned funds. Verification from retirement account(s) financial institution of allowable withdrawal amount must accompany application.

### ***Closing Costs***

In addition to Down Payment, the applicant must have sufficient funds for closings costs, typically 3-5% of the purchase price. These funds do not need to be seasoned and may be gifted funds.

Buyer will be required to pay a document fee of \$400, which may be adjusted annually, due to the City of Livermore at the time of escrow closing.

If the Buyer also receives down payment assistance from the City, they will be required to pay any document fee applicable to that loan.

### ***Gifted Funds/Grants***

Grants or gifted funds shall not exceed 17% of the purchase price plus closing costs. Gifted funds shall be evidenced by a "gift letter" which must be submitted with the Affordable Homeownership Program Application. Gifted funds will count towards assets. Actual *bona fide* grants include those where no promissory note or deed of trust is executed by the borrower and no repayment is due.

### ***Education/Certification***

Applicants must successfully complete a City-approved first-time homebuyer education course providing a HUD-approved curriculum. Applicant must provide a Certificate of Completion prior to final approval.

## **FIRST MORTGAGE QUALIFICATIONS**

The first mortgage obtained for the purchase of the residence must have a term of no more than 30 years, be a fixed interest rate over the life of the loan with no negative amortization, balloon payments, or adjustable rate features. All First Mortgage loans must be provided by a program-approved lending institution with standard underwriting and loan servicing capabilities. Gifts or loans from individuals, family members, or seller/agent loans, gifts, etc. may not be used in full or part as a substitute for a first mortgage and will be subject to the gifted funds limit. The Housing and Human Services Manager reserves the right to identify additional prohibited loan types.

### ***Combined Loan-to-Value (CLTV) Limits***

Combined loan-to-value limits are 97% of the Affordable Sales Price and may be adjusted dependent upon secondary financing for closing costs. Appraised value must be confirmed prior to the City's submittal of documents to escrow through an appraisal report

prepared by a licensed real estate appraiser. The appraisal must have been completed within six months prior to the close of escrow. CLTV limit adjustments are subject to the Housing and Human Services Manager's approval.

***Debt-to-Income Ratio (DTI)***

Applicant's total "back-end" monthly debt to income ratio may not exceed 40% of the Applicant's total gross monthly income. Back-end debt includes monthly housing payments (principal, interest, taxes, insurance, and HOA) and any other secured and unsecured debt payments (e.g. car loans and credit cards). The City's Housing and Human Services Manager may allow an increase of the back-end ratio to 45% if the Applicant's down payment exceeds three and a half percent (3.5%) and Applicant's FICO score is greater than 720.

***Co-signers***

Applicant(s) may use a cosigner when qualifying for the first mortgage. However, the cosigners' total household income shall be included as part of the Applicant's total income when determining the Applicant's income eligibility level.

***Impound Account***

Buyer shall participate in a lender-sponsored Impound Account to cover property taxes on the Affordable Unit. The amount of funds required for the Impound Account will be based on the affordable sales price of the Unit at the time of purchase.

***Other Down Payment Assistance Loans***

The applicant may use other pre-approved down payment assistance loans requiring repayment and secured by a deed of trust against the BMR home, including non-profit or public sector loans, whether deferred or forgivable in full or in part. The total of Borrower's down-payment, gifted funds, and all assistance from secondary financing sources (including MAP funds) may not exceed 22% of the purchase price plus closing costs. Subject to the approval of the Housing and Human Services Manager, this amount may be increased for Very-Low to Low-Income households for the purpose of meeting first mortgage affordability requirements previously described.

**BMR OWNERSHIP AND OCCUPANCY REQUIREMENTS**

***Security***

As part of the Affordable Homeownership program Buyer(s) shall execute a promissory note secured by a deed of trust in favor of the City for an amount equal to the difference between the Fair Market 'Appraised Value' and the Affordable Sales Price. This loan is referred to as the City's Inclusionary Note ("Note") as attached to the City's Resale

Restriction Agreement (Exhibit A). The loan shall have no payments due as long as the Buyer/Owner is in compliance with the Resale Restriction Agreement. In the case of default or ineligible transfer of the property, the Note shall become due and the City shall recapture a portion of the Excess Sales Proceeds as described in the Resale Restriction Agreement. If the Below Market Rate Unit is resold through the City's Affordable Homeownership Program, obligations under the City's Inclusionary Note will be forgiven and the new eligible buyer will enter into a new Note and Deed of Trust with the City.

### ***Resale Restriction Agreement***

Buyer(s) shall execute a Resale Restriction Agreement ("RRA") as shown in Exhibit A which restricts how the buyer can sell the home and sets rules for owner occupancy. Resale restrictions will be in effect for 55 years.

### ***Resale Process***

#### ***a. Noticing Requirements***

Below Market Rate Unit owners that wish to sell their unit must refer to their specific Resale Restriction Agreement to determine their options for resale and contact the City to request an Estimated Payoff Summary which will calculate the owners' estimated net proceeds under the allowed option(s). Should the owner decide to sell the unit through the City's BMR program, owner shall follow the steps outlined in the packet 'Steps for Reselling your BMR Home' (Exhibit B) and submit the 'Notice of Intent to Transfer' form to the City or its designee at least 120 days prior to the desired close of escrow. A resale fee of \$4,475, which may be adjusted annually, is due to the City of Livermore upon the close of escrow to help the City recover third-party costs involved in marketing, screening, and selecting a new eligible buyer(s) for the home.

#### ***b. Inspection and Repair Policy***

Owners who wish to sell their unit through the City's BMR program must comply with the 'Inspection and Repair Policy' (Exhibit B). Termite and roof clearances must be obtained prior to the close of escrow. It is the owner's responsibility to submit to the City and provide the new buyer with a termite and roof clearance along with a home inspection report from a licensed home inspector before the property can be marketed. The City will conduct a final inspection to ensure that the home meets code and habitability standards. If code, building permit, or habitability deficiencies are found by the City, the City may reserve the right to condition loan approval upon remediation and clearance of those deficiencies.

### ***Owner Occupancy***

Buyer(s) shall use the home purchased under this program as their primary residence and must live in the unit at least 10 months out of the year and shall certify this owner

occupancy status annually for the City, as seen in Exhibit C of the RRA. In addition, the Buyer shall not rent or lease their home or any part thereof in accordance with the conditions of the City's Resale Restriction Agreement.

### ***Taxes and Insurance Monitoring***

The City will require an ALTA Title Insurance policy in the amount of the City loan. The City will require a copy of Evidence of Insurance for hazard and or flood insurance policies in an amount at least equal to the replacement value of the improvements and showing the City of Livermore, its successors and assigns as an additional loss payee. The Buyer will be required to pay a one-time tax service fee to the City at the close of escrow

### ***Refinancing and Subordination Requirements***

BMR Owners may not refinance to take out equity or appreciation. Refinancing is limited to reduction of interest rates or payments on the property. BMR owners may only refinance up to the amount of the existing first mortgage balance at the time of refinance plus: (i) reasonable closing costs as approved by the Housing and Human Services Manager and (ii) the current balance of existing down payment assistance loans or similar debt as approved by the City which is senior to the City's loan. A refinance fee of \$650, which may be adjusted annually, is due to the City of Livermore upon the close of escrow. This fee may be financed as a non-recurring closing cost. Please refer to the "Subordination Terms and Conditions" (Exhibit C).

## **OTHER REQUIREMENTS**

### ***Options – New Construction Units***

Options are limited to no more than 5% of the Below Market Sales Price (Total Affordable Sales price will not exceed the Below Market Sales Price plus Options). If options are purchased for new construction units, the cost must be added at the Buyer's expense and must be paid in advance of the close of escrow; there are no refunds for purchased options.

Utilization of the City's mortgage assistance programs is subject to the HHS Manager approval if options such as standard window coverings to meet HOA requirements and energy efficiency or installed lighting upgrades are purchased. Other cosmetic, entertainment related or premium upgrades are not permitted to be purchased in combination with accessing City mortgage assistance funds.

For property assessment purposes, the price of the Affordable Units plus Options shall be the amount reported to the Alameda County Assessor's Office.

### ***Annual Owner Occupancy Monitoring***

Borrowers must submit an annual certification and provide documentation to verify the unit remains as the Borrower's primary residence. The City reserves the right to monitor the owner occupancy status of Below Market Units on an annual basis.

## **APPLICATION & SELECTION PROCESS**

- a) Online Pre-applications will be sorted by the number of preference points awarded and placed into one of the priority groups as outlined below.
- b) Applicants will then be randomly sorted (drawn) through a 'Lottery' style selection process within each priority group. Each applicant will be given a number (rank). The Lottery process is open to the public.
- c) The City Clerk's Office may certify this process and the rank numbers assigned to each applicant.
- d) Applicants will be notified in writing of the results of the selection process within one week of the selection process.
- e) In rank order, applicants may be invited to submit a full application. There is a one-time application fee of \$125, payable to the City of Livermore, which must be submitted along with the application in order for the application to be considered.

Applicant(s) must submit a complete application to the City's Housing and Human Services Division or their designee during the application period. Incomplete applications are subject to disqualification.

In certain circumstances the City may opt to hold an open application process where applications will be accepted and ranked on a first come – first served basis.

### ***Priority Groups***

Applicants will be grouped according to the number of preference points earned from the Preference Categories. The Priority Groups will be established and processed based on the number of preference points (highest to lowest number of points) earned through any combination of Preference Categories.



## ***Preference Categories***

### **A) Teacher (2 preference points)**

- i) To qualify under this category at least one member of the household must be a credentialed teacher who is employed as a teacher on Full-Time status by the Livermore Valley Joint Unified School District for at least six months.
- ii) Applicant shall provide verification of continued employment for one year following date of full application.
- iii) Employees excluded from this category are:
  - (1) Temporary employees.

### **B) Emergency Responder (2 preference points)**

- i) To qualify under this category a household must have at least one member who is a full time regular employee of the City of Livermore with one of the following job titles:
  - (1) Police Officer, Sergeant, Lieutenant, or Community Services Specialist.
  - (2) Firefighter or Firefighter-Paramedic with the Livermore-Pleasanton Fire Department.
- ii) Employees excluded from this category are:
  - (1) Temporary/Contract employees.
  - (2) Employees who have received a performance evaluation of 'Unsatisfactory' at their most recent performance review.

### **C) Resident (2 preference points)**

- i) To qualify under this category a household must have a primary residence (residential dwelling unit) within the incorporated city limits and have resided at the residence for a minimum of six months prior to the date of application submittal.

### **D) Work in the City of Livermore (2 preference points)**

- i) To qualify under this category a member of the household must work as a full-time (minimum of 32 hours per week) permanent employee at a business within the corporate city limits. This may be verified through a City of Livermore business license.
- ii) Employees who are employed as contract or temporary employees are not eligible to receive preference points under this category.
- iii) Households whose income is based on retirement or disability income must provide documentation showing that this income is based on previous employment within the corporate city limits to receive preference points under this category.

E) Tenant of a Rent Restricted Unit in the City of Livermore (1 preference point)

- i) To qualify under this category members of the household must reside in a recognized subsidized rental-housing unit. These units are defined by having deed or regulatory restrictions recorded against the property restricting rents on all or a portion of their units to low income tenants.
  - (1) Tenants must be a current tenant and be in Good Standing with the property management company of the complex.
  - (2) Eligible tenants include only those occupying a rent restricted, below market rate unit and who are not in the process of a just cause eviction.
  - (3) Tenants who occupy a market-rate unit in a rent-restricted complex do not qualify under this category.
- ii) Tenants enrolled in the Section 8 Housing Choice Voucher Homeownership Program of the Housing Authority of the City of Livermore are eligible to receive this preference point.
- iii) The City of Livermore Housing and Human Services Division maintains a list of rent restricted apartment complexes.

F) U.S. Military Veteran (1 preference point)

- i) To qualify under this category, a household must have at least one member who is a Veteran of the U.S. military. The eligibility definition of veteran status shall be according to the military service requirements for the VA home loan guarantee program.

## **ELIGIBILITY VERIFICATION**

At the time of receipt of eligible applications, an initial determination of income eligibility will be made based solely on the information supplied in the application. After the selection process, information on applications will be verified to the extent not already done before the selection process.

- a) Fulfilling Program requirements is the sole responsibility of the applicant. Failure to fully satisfy the above program requirements as determined by the City may result in loss of opportunity to purchase a home under this program.
- b) Applicant eligibility will be determined by the Housing and Human Services Manager. All determinations are final.

### ***Household Size / Description***

A household is defined as all persons who reside in a housing unit. Persons included in the household must be living together in one location for a minimum of six (6) months prior to the initial date of the application. Applicants must demonstrate legal guardianship of all dependents.

Starting at the highest Priority Group, household size will be matched to available units according to the Minimum and Maximum Household Size standards. These standards have been established to maximize occupancy of the affordable units, and avoid overcrowded and unsafe conditions.

Number of Bedrooms/Unit	“Minimum Household Size”	“Maximum Household Size”
1 bedroom	1 person	2 persons
2 bedroom	1 person	4 persons
3 bedroom	3 persons	7 persons
4 bedroom	4 persons	9 persons

### **Disabled Persons**

If a wheelchair-accessible unit is offered as one of the affordable units, preference will be given to a household that has at least one member of the household with a documented permanent physical disability that impairs mobility. In some developments, mortgage assistance and/or preference will be given to households with at least one member with a permanent disability. The individual claiming disabled person status must submit verification from a licensed medical doctor of the disability and its effect on the individual’s ability to maintain full time employment. Final determination of qualifying disability is the sole discretion of the Housing and Human Services Manager

### ***Appeal***

To appeal a disqualification, you must provide a written letter of appeal to the City of Livermore, Housing Programs Manager at 1052 S. Livermore Avenue, Livermore, CA 94550 or via electronic mail to: [housing@cityoflivermore.net](mailto:housing@cityoflivermore.net). Include your name, the reason for your appeal and any necessary supporting documentation. Your appeal must be received within five (5) business days from the date of the disqualification letter to be considered. Available units will not be held during the appeal procedure. If a unit is not available at the completion of the appeal procedure and the appeal is granted, the applicant will be put back on the list in its original ranking position.

### ***Withdrawal of Application***

If a selected applicant chooses to withdraw from purchasing a home for reasons other than financial, the applicant will not be eligible to participate in this program for a period of two (2) years from the date of withdrawal.

### ***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 grounds for immediate disqualification from the Program. Submittal of intentionally false, misleading or incomplete information in a Program application will result in denial of eligibility to participate in the Program, termination of any real estate purchase documents, and the applicant(s) will be permanently banned from the Program.

Attachments:

Exhibit A: Form of City Resale Restriction Agreement

Exhibit B: Steps for Reselling Your BMR Home

Exhibit C: City Subordination Terms and Conditions

# EXHIBIT A

**COMPLIMENTARY RECORDING**  
REQUESTED PURSUANT TO  
GOVERNMENT CODE SECTION 27383

When Recorded Mail To:

**City Clerk**  
**City of Livermore**  
**1052 So. Livermore Avenue**  
**Livermore, CA 94550**

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## RESALE RESTRICTION AGREEMENT

Owner: \_\_\_\_\_

Residence: \_\_\_\_\_  
**Livermore, CA 94551**

This Resale Restriction Agreement (the "Agreement") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2020 by and between the City of Livermore, a municipal corporation (the "City") and \_\_\_\_\_ (the "Owner").

### RECITALS

A. There is currently a shortage of single family housing in the City of Livermore that is affordable to low income households, causing many low and moderate income households to be unable to purchase single family homes.

B. To assist low and moderate income households in purchasing single family homes, the City has granted developers certain regulatory concessions and in return developers have agreed to cooperate with the City in developing affordable single family homes.

C. In order to further its plan to assist in the purchase of homes by low and moderate income households, the City has developed a secondary financing program designed to assist qualified purchasers to purchase single family homes while preventing unfair windfall profits to the purchasers (the "Affordable Homeownership Program").

D. Without the City's Inclusionary housing requirements, which require the developers to build homes at an affordable price, the Owner would not have had the opportunity to purchase a single family residence.

E. The City's secondary financing represents the value that the owner has received as a result of the City's Inclusionary requirements.

F. The Owner desires to purchase an affordable single family home and to participate in the Affordable Homeownership Program.

G. The Owner has qualified for City financing with a combined household income which does not exceed the lesser of (1) Eighty percent (80%) of median income of Alameda County, adjusted for actual household size, as published by the California Department of Housing and Community Development, or (2) the qualifying limits for lower income households as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, adjusted for actual household size, as published by the California Department of Housing and Community Development.

H. The City wishes to establish resale controls to protect its financial interest in the Residence and to provide for the continued availability of affordable housing.

I. In order to protect its financial interest and its program of providing housing for low income households, the City has required the Owner to execute, in addition to this Agreement, a promissory note in favor of the City (the "City Note").

J. This Agreement and the City Note shall be secured by a deed of trust in a lesser lien position (the "City Deed of Trust") subordinate to the lien of that deed of trust executed by the Owner in favor of the First Lender.

K. The purpose of this Agreement is to place resale controls on the Residence and establish eligibility requirements for subsequent purchasers.

L. The City intends to apply the production of this Residence, to the extent permitted by law, toward the satisfaction of the requirements of Health and Safety Code Section 33413(b)(2).

## **AGREEMENT**

NOW, THEREFORE, in consideration of the benefits received by the Owner and the City, the Owner and the City agree, as follows:

### 1. DEFINITIONS

The following terms are specially defined for this Agreement:

A. "Affordable Purchase Price" shall mean the maximum purchase price for Low Income (80% AMI) housing, adjusted for number of bedrooms, as adopted annually by the City Council of the City.

B. "Affordable Rent" shall mean the lesser of the actual housing costs (including mortgage, homeowners' insurance, hazard and flood insurance, homeowners' association dues) or City affordable rental maximum plus reasonable and customary property management services fee.

C. "City Option" shall mean the City's option to purchase Residence as defined in Section 15.A.

D. "Excess Rental Proceeds" shall mean all rental proceeds collected by the Owner that exceed the Affordable Rent.

E. "Excess Sales Proceeds" shall mean the portion of the gross sales proceeds received by the Owner from a subsequent purchaser, which exceeded the Affordable Sales Price for the Residence that is due to the City. The amount of Excess Sales Proceeds due to the City shall be no greater than the equivalent amount of 3% compounded annual interest on the principal amount of the City Note for a maximum of twenty (20) years. The actual amount of excess sales proceeds due to the City shall be calculated according to the number of years outstanding on the City's Note.

F. "Fair Market Value" shall be determined by an appraisal of the Residence performed as provided in the Resale Restriction Agreement. Nothing in this subparagraph shall preclude the Owner and the City from establishing the Fair Market Value of the Residence by mutual agreement in lieu of an appraisal.

G. "First Lender" shall mean \_\_\_\_\_ .

H. "First Lender Deed of Trust" shall mean the deed of trust from Owner to \_\_\_\_\_ .

I. "First Lender's Loan" shall mean the loan to Owner made by \_\_\_\_\_ and any loan to Owner in the name of or held by CalHFA.

J. "Median Income" shall mean the median annual income, adjusted for household size, for a household in Alameda County as published by the California Department of Housing and Community Development.

K. "Proposed Purchaser" shall mean the potential home buyer proposed by the Owner to purchase the Residence from the Owner.

L. "Sales Price" shall mean the maximum sales price that the Owner may receive for any Transfer of the Residence to an eligible Purchaser, as calculated in accordance with Section 14 below.

M. "Transfer" shall mean any sale, assignment or transfer, voluntary or involuntary, of any interest in the Residence, including, but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, (other than as may be permitted in Section 8 of the Resale Restriction Agreement) or an interest evidenced by a land contract by which possession of the Residence is transferred and Owner retains title, or deed of trust.

A Transfer shall not include a transfer by gift, devise or inheritance: (i) to an existing spouse, domestic partner, surviving joint tenant, or child; (ii) by an Owner to a spouse or domestic partner where the spouse or domestic partner becomes the co-owner of the Residence; (iii) between spouses as part of a marriage dissolution proceeding; (iv) to an existing spouse or domestic partner of Owner by devise or inheritance following the death of Owner; (v) by Owner into an inter vivos trust in which Owner is the beneficiary; or (vi) refinance of the First Mortgage meeting the requirements of Section 17 of this Agreement; provided, however, that Owner shall provide written notice of all such transfers to City; and Owner shall continue to occupy the Residence as his or her principal place of residence (except where the transfer occurs pursuant to subsection (iii) or (iv) above, in which event the transferee shall owner-occupy the Residence and affirmatively assume Owner's obligations under this Agreement and the City Note.



## 2. DESCRIPTION OF PROPERTY

This Agreement concerns the real property commonly known as, \_\_\_\_\_, Livermore, California, (the "Residence"), which is more fully described in Exhibit A attached hereto and incorporated by reference.

## 3. TERM OF AGREEMENT

The term of this Agreement shall commence as of the date of this Agreement and shall expire on that date fifty-five (55) years from the date of this Agreement (the "Term").

## 4. OWNER CERTIFICATIONS; OWNER OCCUPANCY MONITORING

The Owner certifies that all financial and other information provided in order to qualify to purchase the Residence is true and correct as of the date first written above.

The Owner further covenants and agrees to occupy the Residence as Owner's primary residence for the duration of Owner's ownership and shall not rent or lease the property or portion thereof during the Term of this Agreement without prior written approval of City. The Owner shall be considered as occupying the Residence if the Owner is living in the Residence for at least ten months out of each calendar year. The City may grant a temporary waiver of this occupancy requirement for good cause in its sole discretion. Without limiting the generality of the foregoing, any absence from the Residence by Owner for a period 60 days or more days shall be deemed an abandonment of the Residence as the primary residence of Owner in violation of the conditions of this Section 4. On or before May 1 of each calendar year, the Owner shall provide an annual written certification to the City, in the form shown in Exhibit C, that the Owner is occupying the Residence as Owner's principal place of residence, and that Owner is not renting the Residence, or any portion thereof, to another party. Owner shall comply with all applicable laws relating to the use and maintenance of the Residence, including but not limited to the City of Livermore Municipal Code, City of Livermore Planning and Zoning Code, and all other local, state and federal laws.

## 5. NO CRIMINAL ACTIVITY

Owner agrees that no resident residing on the Property, their guests or persons under their control shall permit, engage in, or facilitate criminal activity on the Property, in

any building on the Property, or in the streets bordering the Property. This includes, without limitation the foregoing: (i) the illegal manufacture, sale, distribution, use or possession with the intent to manufacture, sell, distribute or use a controlled substance as defined in Section 102 of the Controlled Substances Act (21 U.S.C. § 802); (ii) the unlawful discharge of firearms; and (iii) all acts or threats of violence, harming, or intending to harm a person or property.

## 6. NO RENTING OR LEASING OF HOME

The Owner shall not rent or lease the Residence, or any portion thereof, to another party, unless such rental or lease is first approved in writing by the City. The City shall approve the renting or leasing of the Residence only if *all* of the following conditions are met: (1) the term of the rental or lease is not greater than twelve (12) months and cannot be extended without City approval; (2) the Owner demonstrates to the City's reasonable satisfaction that the Owner will incur substantial hardship, that would at the City's discretion not otherwise be remedied through the sale of the property, if he or she is not permitted to rent or lease the Residence to a third party; (3) the tenant qualifies as an Income Eligible Household, as certified to the City, and (4) the rent for the Residence does not exceed the Affordable Rent. Any rental or lease of the Residence in violation of this Agreement is prohibited, and shall be a default under this Agreement and the City Deed of Trust. The Owner further agrees that, in the event the Owner rents or leases the Residence to a third party in violation of this Section 6, any Excess Rental Proceeds paid to the Owner by the lessee over the Affordable Rent shall be due and payable to the City immediately upon receipt thereof by the Owner. Owner agrees that the collection of rents shall be monitored and administered through an independent, licensed property manager who shall be pre-approved by the City. Such Excess Rental Proceeds shall be considered a recourse debt of the Owner to the City, as evidenced by the Note, which the City may collect by legal action against the Owner, including by foreclosure under the City Deed of Trust. The Owner hereby agrees that City shall not be responsible for any relocation, eviction, legal or moving expenses if the lessee is required to vacate the premises.

## 7. MAINTENANCE AND INSURANCE REQUIREMENTS

A. Maintenance. The Owner shall maintain the Residence, including landscaping, in good repair and in a neat, clean and orderly condition (and, as to landscaping, in a healthy condition) and in accordance with all applicable laws, rules, ordinances, orders and

regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction and all their respective departments, bureaus, and officials. Owner will not permit deterioration of the Residence, and shall make all repairs and replacements necessary to keep the Residence in good condition and repair. Failure by the Owner to maintain the Residence shall constitute a default under this Agreement for which the City may exercise the City Option to purchase the Residence pursuant to Section 15 below. In case of default, funds to clean-up or repair damage to the property shall come from the Owner.

B. Insurance. The Owner shall maintain a standard all risk property insurance policy equal to the replacement value of the Residence (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 Section 2 of the City Deed of Trust. The Owner shall provide the City with evidence of required insurance coverage upon request of the City.

## 8. SALE AND TRANSFER RESTRICTIONS

A. Prohibition on Transfer. Any Transfer without satisfaction of the provisions of this Agreement is prohibited and shall constitute a default by Owner for which the City may exercise the City Option pursuant to Section 15 below.

B. Inheritance. In the event a Transfer occurs by devise or inheritance due to death of the Owner, the administrator of the Owner's estate or the person inheriting the Residence shall provide written notice to the City of the Owner's death within thirty (30) days of the date of death and the following procedures shall apply:

1. If the person inheriting the Residence (the "Inheriting Owner") is a qualified inheritor under the City's definition of eligible parties not subject to Transfer (an "Inheriting Party"), that person shall provide the City documentation of his or her qualifications as an Inheriting Party, to be verified by the City. If the Inheriting Party fails to provide required documentation demonstrating the his or her relationship to the Owner within 60 days of the date of the Owner's death, the party shall be deemed not to qualify as an Inheriting Party. The Inheriting Party shall succeed to the Owner's interest and obligations under this Agreement, the City Note, and the City Deed of Trust and shall execute an assumption agreement containing the terms of the Agreement, City Note and Deed of Trust between the Inheriting Owner and the City and recorded against the Residence.

2. If the Inheriting Owner is not a qualified Inheriting Party, he or she shall Transfer the Residence to an Eligible Purchaser at a price not exceeding the Affordable Purchase Price, pursuant to the procedures set forth in Sections 9 through 14 below and the City may exercise the City Option pursuant to Section 15 below. Prior to initiating a Transfer pursuant to this section, the Inheriting Owner shall provide the City with an Owner's Notice of Intent to Sell within sixty (60) days of the date of death of the Owner.

3. Failure of an Inheriting Owner to follow the procedures and file the notices described in this Section 8 shall constitute a Default under this Agreement and the City may then exercise any of the remedies set forth in Section 18 below, including, without limitation, exercise of the City Option upon Default.

## 9. NOTICE OF INTENDED TRANSFER

In the event the Owner intends to Transfer or vacate the Residence, the Owner shall promptly notify the City in writing of such intent. The written notice shall be given in accordance with Section 26 of this Agreement at least one hundred twenty (120) days prior to the actual date of the Transfer or vacation of the Residence, or such other time period as may be mutually agreed upon by the Owner and the City. Said notice from the Owner shall be sent by certified mail, return receipt requested. Following receipt of such notice, the City may notify the Owner within thirty (30) days regarding exercise of the City Option. If the City chooses not to exercise the City Option, City will notify prospective Eligible Purchasers of the Residence that the Residence is available for purchase and shall further provide a Response Notice to Owner that will include the following information: (1) the maximum qualifying income for an Eligible Purchaser; (2) the certifications required of an Eligible Purchaser; and (3) the Sales Price the Owner may receive for the Residence, calculated by the City pursuant to Section 14 below. The Owner may receive referrals for Eligible Purchasers by the City and or its approved homeownership counseling provider for a reasonable administrative fee.

## 10. REPAYMENT OF CITY NOTE UPON TRANSFER BY OWNER

If a Transfer of the Residence occurs to other than an Eligible Purchaser, the Owner shall pay all amounts due under the City Note (Exhibit B). Thereafter, this Agreement shall terminate and have no further effect.

## 11. ASSUMPTION OF THE CITY NOTE

If the Owner transfers the Residence to an Eligible Purchaser in a transaction that meets the Eligible Transfer requirements of Section 13 of this Agreement, the City will allow the Eligible Purchaser to assume the obligations under the City Note and the City Deed of Trust, subject to the Eligible Purchaser executing a new promissory note in the amount of the difference between the Fair Market Value and the Affordable Sales Price at the time of Transfer and a new deed of trust in favor of the City and a new resale restriction agreement. Upon the approval of an Eligible Purchaser's assumption of the Owner's obligations under the City Note and the City Deed of Trust and the execution of a new promissory note, deed of trust and resale restriction agreement by the Eligible Purchaser, the City shall release the Owner from any obligations under this Agreement, the City Note, and City Deed of Trust. The Eligible Purchaser's assumption of the Owner's obligations under the City Note and City Deed of Trust shall be credited by Owner to the Eligible Purchaser as a partial payment of the purchase price for the Residence in the amount of the City Note.

## 12. TRANSFER BY OWNER

The Owner may sell the Residence to a person of the Owner's choosing (the "Proposed Purchaser") on the terms set forth in this Section.

A. Transfer to Ineligible Purchasers. If the Owner Transfers the Residence in a transaction that does not meet the Eligible Transfer requirements of Section 13 below, the Owner shall first pay (i) all of the principal and interest due to the First Lender, and (ii) all principal and amounts owed on the City Note. Thereafter this Agreement shall terminate and have no further effect.

B. Transfer to Eligible Purchaser. If the Owner Transfers the Residence in a transaction that meets the Eligible Transfer requirements of Section 13 below, the City shall allow the obligations under the City Note to be assumed by the Eligible Purchaser pursuant to Section 13. A. (5) and (6) of this Agreement. The maximum amount that the Owner may receive for the Transfer after the payment of customary and reasonable closing costs for the sale of the Residence shall be lesser of: 1) the Fair Market Value of the Residence; or 2) the Affordable Purchase Price in effect at the date of sale as established by Council, subject to any adjustments due to Advances by the City or as described further in Section 14.

### 13. ELIGIBLE TRANSFER

A transfer that meets the requirements set forth in this Section shall qualify as an approved Transfer to an Eligible Purchaser ("Eligible Transfer").

A. Disclosures and Submittals. The Owner and the Proposed Purchaser shall provide the following information to City:

1. The name, address and telephone number in writing of the Proposed Purchaser.

2. A signed financial statement of the Proposed Purchaser in a form acceptable to the City and any other supporting documentation requested by the City. The financial information shall be used by the City to determine the income eligibility and credit worthiness of the Proposed Purchaser.

3. The proposed sales contract and all other related documents, which shall set forth the terms of the sale of the Residence, including the following terms:

- a. The sales price, setting out the amount of the first loan and the amount of the City Note which is to be assumed; and
- b. The price to be paid by the Proposed Purchaser for the Owner's personal property, if any, and for the services of the owner, if any.

4. A written certification, from the Owner and the Proposed Purchaser, in a form acceptable to the City that the sale shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by the City. The certification shall also provide that the Proposed Purchaser or any other party has not paid and will not pay to the Owner, and the Owner has not received and will not receive from Proposed Purchaser or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to the City, including personal property. The written certification shall also include a provision that in the event a Transfer is made in violation of the terms of this Agreement or false or misleading statements are made in any documents or certification submitted to the City, the City shall have the right to file an action at law or in equity to make the parties terminate and/or rescind the sales contract and/or declare the sale void, notwithstanding the fact that the sale may have closed and become final as between the Owner and the Proposed Purchaser. In any event, any costs, liabilities or obligations incurred by Owner and/or the Proposed Purchaser for the return of any moneys paid or received in violation hereunder or for any costs and legal expenses, shall be borne by Owner and/or the Proposed Purchaser and

they shall hold the City harmless and reimburse their expenses, legal fees and costs for any action they reasonably take in good faith in enforcing the terms of this Agreement. An executed resale restriction agreement by the Proposed Purchaser with substantially the same provisions as this Agreement and subject to City approval. The recordation of the resale restriction agreement shall be a condition of the City's approval of the proposed sale. The City may require the Proposed Purchaser to pay a reasonable fee to the City and reimburse it for out of pocket costs to cover the costs of administering its rights and obligations under this Agreement.

5. An executed deed of trust and a promissory note from the Proposed Purchaser in favor of the City except that the principal amount of the new promissory note shall equal the difference between the Fair Market Value and the Affordable Purchase Price at the time of Transfer. The new promissory note shall be subject to the Affordable Homeownership Program terms at the time of Transfer.

6. Upon the close of the proposed sale, certified copies of the recorded deed of trust, a copy of the recorded resale restriction agreement, a copy of the final sales contract, settlement statement, escrow instructions, and any other document which the City may reasonably request.

B. Eligibility Of Purchaser. A purchaser who meets the following requirements shall be an Eligible Purchaser ("Eligible Purchaser"):

1. Each purchaser shall certify that he or she will occupy the Residence as his or her principal residence. The Residence shall be considered the principal residence of the purchaser if the purchaser lives in the Residence for at least ten (10) months out of each calendar year.

2. The combined income for all household members of the purchaser does not exceed the lesser of (i) Eighty percent (80%) of median income of Alameda County, adjusted for actual household size, as published by the California Department of Housing and Community Development, or (ii) the qualifying limits for lower income households as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, adjusted for actual household size, as published by the California Department of Housing and Community Development.

#### 14. DETERMINATION OF SALES PRICE

A. To Eligible Purchaser. The maximum sales price (the "Sales Price") that the

Owner may charge for a Transfer of the Residence to an Eligible Purchaser shall be lesser of: (i) the Fair Market Value of the Residence; or (ii) the Affordable Purchase Price, plus the amount of the Excess Sales Proceeds. In the event that the sum of the Affordable Purchase Price plus the amount of the Excess Sales Proceeds under the City Note exceeds the Fair Market Value of the Residence, the amount of the City Note shall be reduced until the sum of the Affordable Purchase Price plus the amount of the City Note equals the Fair Market Value. No adjustments to the Affordable Purchase Price shall be made for any improvements or upgrades to the unit.

B. Adjustments to Owner's Net Proceeds Sales Price. The owner's net proceeds may be decrease by the amount necessary to repair damage to the Residence, if any, and to place the Residence into saleable condition as reasonably determined by the City including, without limitation, amounts attributed to cleaning; painting; replacing worn carpeting and window coverings; making necessary structural, mechanical, electrical and plumbing repairs; addressing damage noted in the pest report, and repairing or replacing built-in appliances and fixtures. Owner hereby covenants to, at Owner's expense, maintain the Residence in the same condition as in existence on the date of City's Notice of Exercise, reasonable wear and tear excepted to cover any advances made by the City.

C. To Ineligible Purchaser. The sales price that the owner may charge for a Transfer of the Residence to an Ineligible Purchaser shall be reached by mutual consent between the owner and buyer of the residence. If the residence is sold to an ineligible purchaser the owner will be subject to conditions set forth in Section 12. A. of this Agreement.

D. Payment to City of Excess Sales Proceeds. If the Owner Transfers the Residence at an unrestricted price pursuant to this Section 14, or if the Owner makes a Transfer in violation of this Agreement, the Owner shall pay the principal balance of the City Note plus any Excess Sales Proceeds to the City.

## 15. OPTION TO PURCHASE

A. City Option to Purchase. Owner hereby grants to the City an option to purchase all of Owner's right, title and interest in and to the Residence ("City Option") upon the occurrence of an Option Event as defined in Section 15. C. below, subject to the terms and conditions contained herein.



B. Assignment of the City Option. The City may assign the City Option to another government entity, a nonprofit affordable housing or service provider, or a person or family that qualifies as an Eligible Purchaser. The City's assignment of the City Option shall not extend any time limits contained herein with respect to the exercise period of the City Option or the period within which the Residence must be purchased.

C. Events Giving Rise to Right to Exercise Option. The City shall have the right to exercise the City Option upon the occurrence of any of the following events (each an "Option Event"):

1. Receipt of a Notice of Intent to Transfer (as defined in Section 9);
2. Any actual, attempted or pending sale, conveyance, transfer, lease or other attempted disposition of the Residence or of any estate or interest therein, except as defined as Events not constituting a Transfer in Section 1.M.;
3. Any actual, attempted or pending encumbrance of the Residence, including without limitation by way of mortgage or deed of trust, or by judgment, mechanics, tax or other lien, except as provided in Section 17 below;
4. Recordation of a notice of default and/or notice of sale pursuant to California Civil code section 2924 (or successor provisions) under any deed of trust or mortgage with a power of sale encumbering the Residence;
5. Commencement of a judicial foreclosure proceeding regarding the Residence;
6. Commencement of a proceeding or action in bankruptcy, whether voluntary or involuntary, pursuant to Title 11 of the United States Code or other bankruptcy statute, or any other insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship, concerning the Owner; or
7. Any violation by Owner of any provision of this Agreement including, without limitation, the conditions set forth in Sections 4, 5, 6, and 7 above.

## 16. FAIR MARKET VALUE

If it is necessary to determine the Fair Market Value of the Residence, the Fair Market Value shall be determined by a real estate appraiser approved by the Owner and the City. The cost of the Appraisal shall be borne equally by the Owner and the City.

Nothing in this section shall preclude the Owner and the City from establishing the fair market value of the Residence by mutual agreement in lieu of an appraisal pursuant to this section.

#### 17. REFINANCING OF THE RESIDENCE

If authorized by a First Lender, Owner may refinance the First Lender's loan provided the loan amount of such refinancing does not exceed the then outstanding balance of the First Lender's loan plus 2% non-recurring closing costs. However, Owner may not refinance a First Lender's loan with a loan that contains any provisions for negative amortization or balloon payments. Upon Owner's request, the City shall subordinate the City Deed of Trust to a deed of trust or mortgage made by or held by an institutional lender or investor which is given in connection with any refinancing of the First Lender's Loan which meets the criteria set out in this Section 17 of this Agreement.

#### 18. DEFAULTS AND REMEDIES / DEFAULT BY OWNER

Upon a violation of any of the provisions of this Agreement by the Owner, the City shall give written notice to the owner specifying the nature of the violation. If the violation is not corrected to the satisfaction of the City within thirty (30) days after the date the notice is mailed, or within such further time as the City determines is necessary to correct the violation, the City may declare a default under this Agreement. Upon the declaration of a default or if the Owner makes any misrepresentation in connection with receiving any benefits under this Agreement, the City may: (a) declare all amounts due under the City Note immediately due and payable without further demand and may invoke the Power of Sale under the Deed of Trust; and/or (b) exercise the City Option; and/or (c) apply to a court of competent jurisdiction for specific performance of this Agreement, for an injunction prohibiting a proposed sale or transfer in violation of this Agreement, for a declaration that a transfer in violation of this Agreement is void, or for any such other relief at law or in equity as may be appropriate.

#### 19. NOTICE OF DEFAULT AND FORECLOSURE

A request for notice of default and any notice of sale under any deed of trust or mortgage with power of sale encumbering the Residence shall be recorded by the City in the Office of the Recorder of Alameda County for the benefit of the City. The City may declare a default under this Agreement upon receipt of any notice given to the City

pursuant to Civil Code Section 2924b, and may exercise its rights as provided in Section 15 of this Agreement.

In the event of default and foreclosure, the City shall have the same right as the Owner to cure defaults and redeem the Residence prior to the foreclosure sale. Nothing herein shall be construed as creating any obligation of the City to cure any such default, nor shall this right to cure and redeem operate to extend any time limitations in the default provisions of the underlying deed of trust or mortgage.

If the City failed to file the request for notice of default, the City Option shall commence from the date the notice of default is given by the City to the Owner.

## 20. BINDING EFFECT

This Agreement shall bind, and the benefit hereof shall inure to, the Owner, his or her heirs, legal representatives, executors, successors in interest and assigns, and to the City and its successors, until the earlier of (a) the date the City Note is repaid, or (b) the date of a Transfer of the Residence to an Eligible Purchaser in accordance with Section 12. B. above, or (c) at least 55 years from the date of this Agreement.

## 21. SUPERIORITY OF AGREEMENT

The Owner covenants that he or she has not, and will not, execute any other agreement with provisions contradictory to or in opposition to the provisions hereof, and that, in any event, this Agreement is controlling as to the rights and obligations between and among the owner, the City and their respective successors.

## 22. RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUSTS

Notwithstanding any other provision hereof, this Agreement shall not diminish or affect the rights of a First Lender under the First Lender's Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Residence and the provisions of this Agreement shall be subordinate to the lien of a First Lender Deed of Trust and shall not impair the rights of a First Lender, or such lender's assignee or successor-in-interest (including but not limited to the United States Department of Housing and Urban Development (HUD), Federal National Mortgage Association (FNMA), or the Veterans Administration, if applicable), to exercise its remedies under the First Lender Deed of Trust in the event of default under the First Lender Deed of Trust by the Owner. Such remedies under a First Lender Deed of Trust include the right of foreclosure or acceptance of a deed

or assignment in lieu of foreclosure. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Agreement shall be forever terminated and shall have no further effect as to the Residence or any transferee thereafter; provided, however, if the holder of such First Lender Deed of Trust acquired title to the Residence pursuant to a deed or assignment in lieu of foreclosure this Agreement shall automatically terminate upon such acquisition of title, provided that (i) the City has been given written notice of default under such First Lender Deed of Trust, which requirement shall be satisfied by recordation of a notice of default under California Civil Code Section 2924, and (ii) the City shall not have cured the default under the First Lender Deed of Trust within ninety (90) days of such notice.

### 23. AMENDMENTS AND MODIFICATIONS

This Agreement, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of any party hereto, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

### 24. SEVERABILITY

If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or condition and the validity or enforceability of the remaining terms, covenants or conditions shall not in any way be affected.

### 25. CONTROLLING LAW

The terms of this Agreement shall be interpreted under the laws of the State of California.

### 26. NOTICES

Notices under this Agreement must be delivered to the addresses below by deposit in the United States mail or by overnight delivery service, with postage prepaid and

delivery confirmation and shall be deemed to be effective as of the date received or the date delivery was refused as indicated on the return receipt as follows:

To the Owner:

To the City:                      City of Livermore  
   1052 S. Livermore Ave.  
   Livermore, CA 94550  
   Attn: City Manager

## 27. INTERPRETATION OF AGREEMENT

The terms of this Agreement shall be interpreted so as to avoid speculation on the Residence and to insure to the extent possible that its sales price and mortgage payment remain affordable to persons and families of low income.

## 28. EXHIBITS

Any exhibits referred to in this Agreement are incorporated in this Agreement by such reference.

## 29. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on or as of the date first written above.

CITY OF LIVERMORE:

OWNER:

By: \_\_\_\_\_  
**Marc Roberts**, City Manager

\_\_\_\_\_

Approved as to form:

CO-OWNER:

\_\_\_\_\_  
Name:  
Title: (Deputy/Assistant) City Attorney for  
City of Livermore

\_\_\_\_\_

Exhibits

- A Residence Description
- B City Note
- C Sample Owner Occupancy Certification Form

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certification is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

}

County of Alameda }

On \_\_\_\_\_, before me, Rebecca Cox, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public (Seal)

# EXHIBIT 'A'

## Legal Description



EXHIBIT 'B'  
Promissory Note

**NOTICE TO BORROWER:**

**Loan No.**

THIS DOCUMENT CONTAINS PROVISIONS  
RESTRICTING REALES AND ASSUMPTIONS

**PROMISSORY NOTE**

Secured by a Deed of Trust

\$

Dated:

Livermore, California

FOR VALUE RECEIVED, the undersigned (the "Borrower") promises to pay to the order of the City of Livermore, a municipal corporation ( the "City") at 1052 South Livermore Ave., Livermore, California, or such other place as the City may designate in writing, the principal sum of \$ plus any amounts due the City as Excess Sales Proceeds.

1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Resale Restriction Agreement, executed by the parties and of even date herewith.

2. Purpose of City Note. Borrower is purchasing the Residence pursuant to the City's Affordable Homeownership Program, which makes homes available at a price affordable to low or moderate income households. Pursuant to the City's Affordable Housing Ordinance, Livermore Development Code Section 10.06.050, the purchase price of the Residence is substantially below the market value to ensure the Residence will be affordable for purchase by low or moderate income households. Because the purchase price has been set below the market value, the Borrower is required and has agreed to execute a Resale Restriction Agreement that restricts the price of the Residence upon resale and requires the Borrower to pay any Excess Sales Proceeds to City upon resale . In addition, the Resale Restriction Agreement prohibits the renting or leasing of the Residence except with prior written approval of the City.

3. Borrower's Obligation. This Note evidences the Borrower's obligation to pay the City the principal amount of \_\_\_\_\_ Dollars (\$) plus Excess Sales Proceeds for the repayment of the financial assistance provided to the Borrower by the City in connection with the purchase of the Residence as defined in Paragraph 4, below.

4. Security. This Note is secured by a Deed of Trust (the "Deed of Trust") dated the same date as this Note recorded against the property located at \_\_\_\_\_, Livermore, California (the "Residence").

5. Repayment. The total amount of the principal and any Excess Sales Proceeds owed under this Note shall immediately become due and payable (i) in the event of an uncured default by Borrower under this Note, the Deed of Trust, or the Resale Restriction Agreement between the City and Borrower, or (ii) on the date a Transfer is made to other than an Eligible Purchaser whether voluntarily, involuntarily, or by operation of law and whether by deed, contract of sale, gift, devise, bequest or otherwise

There shall be no payments due on amounts owed under this Note so long as the Borrower owns the Residence and is not in violation of any provisions of this Note, the Resale Restriction Agreement, or the Deed of Trust. This Note is due and payable upon sale or transfer of title.

At the request of the Borrower, the City shall relieve Borrower of all obligations under this Note, provided that the Residence is sold to an Eligible Purchaser pursuant to the Resale Restriction Agreement, and the Eligible Purchaser executes a new resale restriction agreement, deed of trust, and a new promissory note pursuant to provisions of the Resale Restriction Agreement.

The City shall forgive the principal due under this Note at the time of a Transfer or repayment of this Note to the extent necessary to ensure that the Borrower's obligations to repay the principal due on this Note and on all promissory notes secured by deeds of trust superior to the Deed of Trust do not exceed the Fair Market Value of the Residence.

6. Assumption of Note is Restricted. Borrower acknowledges that this Note is given in connection with the purchase of the Residence as part of a program of the City to assist in the purchase of homes by low or moderate-income persons. Consequently, this Note is not automatically assumable, but is subject to Section 711.5 of the California Civil Code, which allows the City to accelerate all amounts due under this Note if any subsequent sale or transfer of the Residence of any kind does not comply with the provisions of the Resale Restriction Agreement executed between the Borrower and the City and dated the same date as this Note.

7. Prepayments. Borrower may prepay all or any amount of the principal balance due under this Note.

8. Default and Acceleration. Upon the occurrence of an uncured default under this Note, the Resale Restriction Agreement or the Deed of Trust, the City shall have the right to declare the full amount of the principal along with any Excess Sales Proceeds under this Note immediately due and payable. Any failure by the City to pursue its legal and equitable remedies upon default shall not constitute a waiver of the City's right to declare a default and exercise all of its rights under this Note, the Deed of Trust, and the Resale Restriction Agreement. Nor shall acceptance by the City of any payment provided for herein constitute a waiver of the City's right to require prompt payment of any remaining principal and interest owed.

9. No Offset. Borrower hereby waives any rights of offset it now has or may hereafter have against the City, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

10. Waiver; Attorneys' Fees. Borrower and any endorsers or guarantors of this Note, for themselves, their heirs, legal representatives, successors and assigns, respectively, severally waive diligence, presentment, protest, and demand, and notice of protest, dishonor and non-payment of this Note, and expressly waive any rights to be released by reason of any extension of time or change in terms of payment, or change, alteration or release of any security given for the payments hereof, and expressly waive the right to plead any and all statutes of limitations as a defense to any demand on this Note or agreement to pay the same, and jointly and severally agree to pay all costs of collection when incurred, including reasonable attorneys' fees. If an action is instituted on this Note, the undersigned promises to pay, in addition to the costs and disbursements allowed by law, such sum as a court may adjudge reasonable as attorneys' fees in such action.

11. Severability. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. No Waiver by the City. No waiver of any breach, default or failure of condition under the terms of this Note shall be implied from any failure of the City to take, or any delay by the City in taking, action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and a waiver of any term of the Note must be made in writing and shall be limited to the express written terms of such waiver.

13. Joint and Several Obligations. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

14. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

15. Non-recourse; Assignment by City. This Note constitutes a portion of the unpaid balance of the purchase price of the Residence. Borrower shall have no personal liability for any deficiency on this Note and the only remedy available to the City or any holder in due course shall be foreclosure pursuant to law as provided in the Deed of Trust. The City may assign its right to receive the proceeds under this Note to any person and upon notice to Borrower by the City all payments shall be made to the assignee.

DATE:

BORROWER:

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DATE:

CO-BORROWER:

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EXHIBIT 'C'



Annual Compliance Report  
Certificate of Owner Occupancy

**Due by May 1<sup>st</sup> Annually**

Address: \_\_\_\_\_ Livermore CA

I/We hereby certify that I/we have continuously occupied the unit located at the above named address as our Primary Residence as defined according to the City's loan documents. I/We understand that failure to occupy the unit as our Primary Residence shall be cause for default under the City's loan agreements.

Signature(s):

Date:

\_\_\_\_\_  
\_\_\_\_\_

Copy of the most current (April) PG&E statement/bill included (first page only).

Changes to phone or email contact? Please update here:

\_\_\_\_\_

For concerns about providing this information, changes in property owner status or other questions, please contact the City's Housing and Human Services Division at (925)960-4580.

**Mail or deliver completed form and documents to:**

City of Livermore  
Housing and Human Services Division  
1052 S. Livermore Avenue  
Livermore, CA 94550

# EXHIBIT B



## Steps for Reselling your Below Market Rate Home

This packet includes information on reselling your Below Market Rate (BMR) home. When you bought your home through the BMR Affordable Homeownership Program, you entered into a Resale Restriction Agreement (RRA) with the City that restricts the use and sale of your home. You must refer to your specific agreement to determine your options for resale. Owners interested in selling their home must provide advance notice to the City and are advised to follow the steps below:

### **Step 1: Request an Estimated Payoff Summary from the City**

Contact the City and request an estimated payoff summary. This calculation will estimate your net proceeds under each option for resale. Should you have the option to sell at Market Rate and decide to sell at Market Rate, you only need to follow Step 2 - Notify the City. You *do not* need to follow Steps 3-5. For a Market Rate Sale, your Title/Escrow company will request the necessary documentation from the City related to your City Promissory Note(s) and/or any other loan, if any, which would be due for repayment. If you choose the option to sale through the BMR Program to another eligible buyer, you must follow Steps 2-5 below.

### **Step 2: Notify the City**

If you choose to sell your home through the City's BMR Program, submit the 'Notice of Intent to Transfer' form to the City at the address below, **at least 120 days prior** to your desired close of escrow (final date of sale).

### **Step 3: Submit the Cost Reimbursement Agreement**

Upon receiving your Notice of Intent to Transfer, the City will send you the 'Affordable Homeownership Program Cost Reimbursement Agreement', which you must sign and submit to the City. The agreement helps the City recover third-party costs involved in marketing, screening and selecting a new eligible buyer(s) for your home. The reimbursable costs to market and identify a buyer for your home is \$5,000 (for the 2020 Program Year). If the seller terminates the sales transaction prior to completion of the resale process, the seller will be responsible for any costs incurred up until that time. Once the agreement has been signed and submitted to the City, the City will refer you to Hello Housing who will facilitate the remaining portion of the sale.

### **Step 4: Select a Real Estate Agent**

Next, select your real estate agent. Keep in mind that working with a real estate agent who is familiar with the City's program can help facilitate the process. Upon request, Hello Housing will provide you with a list of agents who are familiar with our program, or you may select the agent of your choice. After you have signed a Listing Agreement with your agent, send a copy to Hello Housing. Real estate agent expenses is your responsibility as the seller and is not covered under the third-party reimbursable costs to the City.

### **Step 5: Conduct the Required Inspections and Repairs**

Prior to listing your home for sale, you or your agent must contact Hello Housing to set up a time for the City or its designee to do a walk-through inspection of your home to ensure it is in good and marketable condition. The following inspection reports are required and must be submitted to Hello Housing for the City to review prior to listing your home for sale:

- **Home Inspection Report**
- **Pest Inspection Report**
- **Agent Visual Inspection Disclosure (CA Association of Realtors Form AVID)**



In the event repairs are noted, the City will deliver written notice to the seller specifying the repairs which need to be completed at the seller's expense prior to marketing the home, entering into a sales contract with a new buyer, and in any event prior to close of escrow. **Be sure to read and follow the instructions outlined in the 'Property Inspection and Repairs Policy' which is attached to this packet.** If you have any questions or would like to submit your documentation, please contact:

City of Livermore Housing and Human Services Division  
Attention: Affordable Homeownership Program  
Phone: (925) 960-4580 (Housing Line)  
Email: [housing@cityoflivermore.net](mailto:housing@cityoflivermore.net)  
1052 S. Livermore Avenue, Livermore, CA 94550

**NOTICE OF INTENT TO TRANSFER**

(Through the City’s of Livermore Affordable Homeownership Program)

To: City of Livermore (“City”) 1052 S. Livermore Avenue, Livermore, CA 94550

From: \_\_\_\_\_ [Insert name(s) of Owner]  
 (“Owner(s) ”)

Property Address: \_\_\_\_\_ (“Home”)

Date: \_\_\_\_\_

Please be notified that the Owner(s) intends to transfer the property listed above through the City’s Affordable Homeownership Program. Owner is aware that it may take on average up to 120 days for the transaction to place. The owner will remain in compliance with the City’s Resale Restriction agreement, not move from the property, nor rent any portion of the home until the close of escrow. Owner also acknowledges that the Home will not be marketed through the Affordable Homeownership Program until the following items have been completed and submitted to the City:

- 1. Cost Reimbursement Agreement
- 2. Home Inspection Report
- 3. Pest Inspection Report
- 4. Agent Visual Inspection Disclosure (CAR Form AVID)

Owner further agrees to allow the City or its designee to inspect the Home within 30 days of this notice and that in the event any repair is noted, the Housing Division will deliver written notice to the Owner specifying the required repairs and requesting the repairs be completed as a condition of resale. The owner must complete the repairs at the owner’s cost prior to listing the Home for sale through the Affordable Homeownership Program.

Date: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Owner

Name: \_\_\_\_\_  
Owner

**Submit to:**

City of Livermore Housing and Human Services Division

Attention: Affordable Homeownership Program

Phone: (925) 960-4585 direct | Housing Line: (925) 960-4580

Email: [housing@cityoflivermore.net](mailto:housing@cityoflivermore.net)

Mailing Address: 1052 S. Livermore Avenue, Livermore, CA 94550



## **AGREEMENT FOR AFFORDABLE HOMEOWNERSHIP PROGRAM COST REIMBURSEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Livermore, a municipal corporation (“City”), and (“Owner”).

### **RECITALS**

A. There is currently a shortage of housing in the city of Livermore that is affordable to low income households, causing many low and moderate income households to be unable to purchase a home.

B. In order to further its plan to assist in the purchase of homes by low and moderate income households, the City has developed a secondary financing program designed to assist qualified purchasers to purchase single family homes while preventing unfair windfall profits to the purchasers (the “Affordable Homeownership Program”).

C. Owner purchased \_\_\_\_\_ (“Property”) through the City’s Affordable Homeownership Program on \_\_\_\_\_ and entered into a Resale Restriction Agreement with the City on \_\_\_\_\_.

D. Through the Resale Restriction Agreement, Owner agreed to certain restrictions on the use of the Property, including options on how Owner could sell the home.

E. Owner now desires to sell the Property through the City’s Affordable Homeownership Program.

F. City has entered into an agreement with Hello Housing to assist the City in the marketing of the Property to eligible potential homebuyers, screening of applicants, selection of a qualified homebuyer, preparing loan documents, reviewing first mortgage lender documents of a refinance, and facilitating home sale through the close of escrow.

G. In order to maintain the longevity of the Affordable Homeownership Program, City desires to recoup the costs involved in the sale of the Property, which provides a direct benefit to Owner.

### **AGREEMENT**

**NOW, THEREFORE,** City and Owner hereby agree that the aforementioned recitals are true and correct and further agree as follows:

1. Owner purchased \_\_\_\_\_ (the “Property”) on \_\_\_\_\_ through the City’s Affordable Homeownership Program. Owner has requested City to assist with the sale of the Property through the Affordable Homeownership Program.

2. City has directed Hello Housing, on Owner's behalf, to provide the service to Owner identified below and has paid Hello Housing to provide such services.

3. Certain costs are associated with the sale of the Property through the Affordable Homeownership Program, as follows:

a.  Cost associated with marketing the Property, the screening of applicants, the selection of a qualified homebuyer, preparation of loan documents, and coordinating with the realtor and escrow company on the resale of the Property through the Close of Escrow.

b.  Costs associated with revising the title on loan documents at an hourly rate of \_\_\_\_\_, in an amount not to exceed \_\_\_\_\_.

c.  Costs to subordinate to a refinanced first mortgage.

4. Owner acknowledges that Owner has received a direct benefit from the services provided by Hello Housing identified above and agrees to reimburse City for the costs it incurred related to this service. The total amount Owner agrees to reimburse City is \$ \_\_\_\_\_. Such amount shall be paid by Owner to City in full:

a.  From Owner's proceeds at close of escrow on the Property which is payable upon an escrow demand to be submitted by the City as a condition of closing. If Owner terminates the transaction at any time prior to sale then Owner shall be responsible for the portion of the fee that is due for any prior services rendered.

b.  Owner shall pay to the City, a deposit equal to 50% of the total amount due prior to the start of the service. Upon completion of services and receipt of invoice from City Owner shall pay to the City the remaining balance due.

5. Owner understands that these services do not include preparation of the Purchase and Sale Agreement and other services of a licensed real estate agent which is the responsibility of the Owner to be contracted directly as part of the City's resale procedure.

6. Owner shall defend, indemnify and hold City, its elected officials, officers, directors, employees, agents, and designated volunteers harmless from and against any and all loss, liability, damage, including but not limited to reasonable attorney, consultant and expert fees, and court costs arising out of or in connection with this Agreement, except for the gross negligence and willful misconduct of City, its elected officials, officers, directors, employees, agents, and designated volunteers.

7. This Agreement may be executed in counterpart by delivering a facsimile or secure electronic copy of the signed agreement to the other party, followed by delivery of the original documents bearing the original signatures. However, failure to deliver the original documents does not affect the enforceability of this Agreement.

In concurrence and witness whereof, and in recognition of the mutual consideration provided therefore, the parties have executed this Agreement, effective on the date first written above.

**OWNER:**

**Dated:**

\_\_\_\_\_  
Name:

\_\_\_\_\_

**OWNER:**

**Dated:**

\_\_\_\_\_  
Name:

\_\_\_\_\_

**CITY OF LIVERMORE:**

**Dated:**

\_\_\_\_\_  
Marc Roberts  
City Manager

\_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Assistant/City Attorney

SAMPLE

## **Property Inspection and Repairs Policy**

(For BMR homes resold through the City of Livermore Affordable Homeownership Program)

This Property Inspection and Repair Policy (“Policy”) outlines the property inspection requirements and repair policies and obligations of a BMR owner/seller when selling their home. The purpose and interpretation of these policies and procedures is to ensure that new low and moderate income buyers of BMR homes are able to enjoy resale BMR homes as move-in ready.

Owners of Below Market Rate homes (BMR Homes) are required to maintain the quality of their homes and ensure that they are in good repair and clean condition upon resale to new eligible buyers. In addition, all appliances, finishes, and fixtures must be fully operable and free of deficiencies or damage. The home may not be sold as-is, and any damage by abnormal or excessive wear and tear or because of neglect, abuse, or insufficient maintenance, must be repaired as a condition of the resale, including components that are not damaged but have reached the end of their useful lives.

### **I. Property Inspection Requirements**

To determine a home’s condition and identify needed repairs, all of the following property inspections and disclosure documents must be submitted as part of the Owner’s Notice of Intent to Transfer.

- a. Home Inspection Report:** The homeowner/seller must order, at their own cost, a home/property inspection report performed by certified home inspectors. The inspection should include, but is not limited to, roof, electrical system, wiring, heating and air conditioning, insulation, plumbing, window and door operation, and functional condition of appliances and finishes.
- b. Pest Inspection:** The owner/seller must order and pay for a pest inspection which involves an inspection for any evidence of termite activity and/or dry rot damage, or moisture conditions that could lead to an atmosphere for wood destroying organisms or termites.  
If any issues are found, a pest inspection will identify those items as a *Section One* item, or a *Section Two* item. *Section One* items are issues “currently” active, in need of immediate repair, and will be considered required repairs in order to sell. *Section Two* items are not as urgent but still may be required to be repaired.
- c. City Inspection:** The owner/seller or their Realtor must contact the City to set-up a time for the City or its designee to conduct a walk-through inspection of the home. In the event repairs are noted, the City will deliver written notice to the owner specifying the repairs needed as a condition of sale. In general, the owner must complete the repairs at the owner’s cost prior to marketing of the property and in any case prior to the close of escrow.

- d. **Agent Visual Inspection Disclosure (California Association of Realtors Form AVID):** The Owner's listing agent must conduct a reasonably competent and diligent visual inspection of the home, and fill out the AVID form. Any material fact affecting the home's value, desirability, and intended use shall be properly disclosed pursuant to California Civil Code 2079.

## II. Repair Policies and Procedures

### Repair Policies

The damage that must be repaired includes but is not limited to:

- 1) Violations under the City of Livermore Building Code (the "Code") either through visual inspection or notice from the City;
- 2) Pest and Roof damage identified in the required inspection reports, as described above;
- 3) Defects in electrical system, wiring, heating and air conditioning, insulation, plumbing, and functional condition of finishes;
- 4) Appearance of toxic substances (such as asbestos, lead, or mold);
- 5) Needed repair to appliances furnished to owner upon purchase of the property;
- 6) Holes and other defects in walls (including exterior walls if the repair responsibility is with the homeowner), ceilings, floors, doors, windows, screens, carpets, countertops and similar appurtenances; and,
- 7) Repairs needed, as determined by the City, to put the property into a marketable and clean condition, including without limitation, cleaning, painting and replacing flooring.

### Repair Procedures

In the event any repair is noted, the City of Livermore Housing Division staff will deliver written notice to the owner/seller specifying the repairs and requiring the repairs be completed as a condition of resale. The owner must complete the repairs at the owner's cost prior to listing the home for sale. In very limited cases, the Housing Division may permit the owner to commence the resale process while completing the documented repairs, but all work must be completed to the satisfaction of the Housing Division before closing escrow. The City or its designee will inspect the home to assess the repairs or view the progress of work.

## Home Inspection and Cleaning Checklist

*This checklist addresses the basic cleaning and compliance items that will be assessed as part of the inspection process. Homeowners should use this checklist to review the conditions of their homes prior to formal inspections of the property. The following checklist is meant to be used as a tool only and may not be all-inclusive.*

- Complete Your Own Walk-Through**  
Take note of damage or cleaning issues that that could potentially raise questions. Also, check smoke and carbon monoxide detectors to ensure they are working properly.
- Perform Minor Repairs**  
Prior to the home inspection, complete minor repairs that you are capable of doing yourself. Patch holes in the wall, replace cracked floor tiles, test all light fixtures, replace any dead lightbulbs, broken or lose door handles, and fixture coverings.
- Check Appliances**  
Homes must be sold with the same functioning appliances as when originally purchased, but the appliances need not be the same at the time of purchase. Run all of those appliances to make sure everything works as it should. If you decide to repair or replace anything, do so before the home inspection.
- Gather Receipts and Warranties**  
Another important item on your home inspection checklist is to gather all necessary paperwork. Assemble a folder of warranty and maintenance information. Include receipts you have filed away to prove the age of fixtures and appliances. For example, the City may need to know when you last had your carpet cleaned or replaced to determine any replacement or cleaning that is needed.
- Inspect Toilets and Plumbing**  
Make sure to check out your plumbing system before your inspection. Many times, running toilets may simply be the result of a bad seal. This small repair can be corrected by purchasing a new flapper prior to the inspector's visit.
- Check for Mold and Mildew**  
Mold is a health issue for homebuyers. Even the minor appearance of mold will need to be fixed prior to selling your home. Make sure bathrooms are caulked, and then check for signs of mold and mildew in damp areas of the home, such as bathrooms.
- Change Air-Conditioning and Heater Filters**  
A clogged HVAC filter can significantly alter your heater or air conditioner's performance. Ensure that you change the filters before the inspector tests your system.

□ **Cleaning**

Make sure you thoroughly clean the entire home including but not limited to:

Surfaces: Throughout the home, thoroughly clean the surfaces of all walls, doors, door framing, trim and baseboards.

Flooring: Clean flooring and grout tile (if applicable), vacuum and steam clean the carpeting throughout the home. Treat stains with an appropriate product. If stains cannot be satisfactorily removed or if the condition is worn beyond sellable condition, the carpet will need to be replaced.

Windows: Clean all windows, window coverings and windowsills, including the interior areas revealed when windows are opened. Remove appearance of stains or rust on the window framing. Remove films or stickers. Cracked windows are not acceptable.

Kitchen and Bathroom: Clean all appliances inside and out. Clean out interiors and surfaces of all kitchen and bathroom cabinetry and drawers, as well as hardware and towel bars. Clean all sinks, bathtubs, showers and toilets. All hardware should be secure.

Backyard/Outdoor Patio: Sweep up leaves; get rid of clutter; remove pet waste and make sure area is clean.

Roof: Clean gutters and remove debris.

If you are unable to thoroughly clean the entire home to an open house showing standard, you should hire a cleaning service to have it professionally cleaned.

## EXHIBIT C



Subordination Fee: \$650

### Subordination Terms for City of Livermore

Regarding the refinancing of the first mortgage loan, the City of Livermore will consider subordination to a refinanced first loan under the following conditions:

- 1) **Loan Amount:** May not exceed the outstanding balance of the first lenders' loan plus: (i) reasonable closing costs as approved by the City and (ii) the current balance of existing down payment assistance loans or similar debt as approved by the City which is senior to the City's loan. NO CASH OUT; and
- 2) **Loan Terms:** Must have a fixed interest rate over the life of the loan and may not contain any provisions for negative amortization, pre-payment or balloon payment, or changes in payments. When the junior loan is a CalHome loan, the first mortgage must mature concurrently with or after the CalHome Loan; and,
- 3) **Mortgage Insurance:** The loan cannot contain provisions requiring borrower to finance mortgage insurance
- 4) **Impound Account:** Impound account for taxes and insurance is required; and,
- 5) **Hazard / Flood Insurance:** 'City of Livermore, its successors and assigns' must be named as additional Loss Payee on insurance.

In addition, the following documents must be provided to the City of Livermore or its designee,

- Written request for such consideration, including the proposed closing date and loan payoff amount, signed by the borrower(s) or Form 1003.
- Current title report
- Uniform Underwriting Transmittal and Summary (Fannie Mae Form 1008 or similar)
- Status of client's Mortgage Credit Certificate program (if applicable)

Upon approval of the subordination request, the Lender or Title Company must provide the City or its designee with the following:

- Subordination Agreement(s) **Note: Please allow 15 business days for the Agreement(s) to be approved by the City and returned.**

#### Prior to the close of escrow:

- Estimated Settlement Statement
- Copy of refinancing lender's Deed of Trust (may be 'sample')
- Copy of the refinancing lender's executed Promissory Note which will be senior to the City's loan documents.
- Copy of Hazard Insurance (and Flood Insurance if applicable) Certificate naming '**City of Livermore, its successors and assigns**' as additional Loss Payee.

Following the Close of Escrow, the Title/Escrow Company must provide the City with the following:

- Copy of Final Combined Settlement Statement
- Conformed copies of Subordination Agreement and Request for Copy of Notice of Default





Subordination Fee: \$650

- Subordination Refinance Fee: Check or Money Order in the amount of \$650, made payable to the City of Livermore

Required documentation should be forwarded to the City for processing, to:

**Mail to: City of Livermore  
c/o Hello Housing  
1242 Market Street, 3<sup>rd</sup> Floor  
San Francisco, CA 94102**

**Email: Livermore@hellohousing.org  
Phone: (415) 863-3036**

If you have any questions concerning this process, please contact Zoe McGeary, Program Manager with Hello Housing at (415) 863-3036.