

City of Ripon BMR Plus Housing Program

BMR Plus Housing Program Policies & Procedures

Adopted in May 2016, the Below Market Rate Plus Housing Program (“BMR Plus Housing Program”) provides opportunities to homebuyers who meet the Federal Housing Administration (“FHA”) lending limit requirements as outlined in these policies and procedures which provides a more affordable path to homeownership in the City of Ripon.

The BMR Plus Housing Program allows homebuyers to purchase eligible BMR Plus Housing program homes at a price not exceeding the upper FHA lending limits for San Joaquin County plus a 3.5% down payment, and provides down payment assistance for qualified buyers.

The BMR Plus housing program contains 2 main elements:

1. Qualified applicants are allowed to borrow funds for down payment assistance from the City of Ripon’s Affordable Housing Fund up to 3.5% of the upper FHA lending limit. The down payment assistance is considered a loan and shall be paid back pursuant to the requirements of the Affordable Housing Program ordinance (Ripon Municipal Code Chapter 16.194).
2. When the market value of the home exceeds that of the upper FHA lending limit, then the BMR Plus buyer will be required to sign an equity recapture agreement with the City of Ripon. This agreement shall require the BMR Plus buyer to repay one hundred percent (100%) of the difference between the actual sales price of the unit at time of purchase and fair market value of the unit at time of purchase (“City Subsidy”). The City Subsidy shall be considered a “silent loan” on the home. The City Subsidy is a deferred loan, therefore no payments are required and the loan shall not accrue any interest. The entire amount of the City Subsidy shall be paid back to the City of Ripon upon sale or transfer of the home or if there is a default of any of the program requirements. The BMR Plus equity recapture (the “City Subsidy”) will be secured by a recorded Deed of Trust and Resale and Refinancing Restriction Agreement.

Eligibility:

- ◆ Household Income—the applicant’s total household income cannot exceed California Housing Finance Agency (“CalHFA”) income limits for San Joaquin County. **Total Household income** criteria shall be established using CalHFA income guidelines.
- ◆ Applicant must have a minimum credit score of 660.
- ◆ Upon closing on the house, the applicant cannot own other real property.
- ◆ Applicant must have AUS (Automated Underwriter Approval)
- ◆ Loan must be a fixed interest rate loan and a term not to exceed thirty (30) years.
- ◆ Debt to Income Ratio (Front End) - 39%
- ◆ Debt to Income Ratio (Back End) - 49%
- ◆ The Applicant must come up with his/her/their own closing cost.
- ◆ Per CalHFA guidelines, no co-signer shall be permitted; however, gift funds are allowed.

Local Preference Criteria:

When homes are made available to eligible households under the BMR Plus Housing Program, the City will evaluate applications based on the following priority system:

- ◇ First priority will be given to eligible households who either reside or work within the City of Ripon's zip code or the City of Ripon's planning area as defined in the Land Use Element of the General Plan..
- ◆ Residency. For the purposes of the BMR Plus Housing Program, an applicant will be determined to live within the City of Ripon if the applicant's primary residence is located within the City of Ripon, the City of Ripon's zip code, or the City of Ripon's planning area as defined in the Land Use Element of the General Plan as of the date of application. The applicant must produce evidence of primary residence. Evidence may be a copy of a deed, lease, rental agreement, rent receipt, utility bill, or other documentation that indicates primary residence.
- ◆ Employment. For the purposes of the BMR Plus Housing Program, an applicant will be determined to work within the City of Ripon if the primary place of employment for at least one member of the applicant's household is located within the City of Ripon, the City of Ripon's zip code, or the City of Ripon's planning area as defined in the Land Use Element of the General Plan as of the date of application. If the applicant holds more than one job, the "primary place of employment" will be determined by the location of the job providing the greater annual income. If the applicant does not have a fixed place of employment, such as delivery personnel, repairpersons, or similar positions, the "primary place of employment" will be determined by the location where the most time employed is located. The applicant must produce evidence of employment and evidence may be pay stubs, W-2 forms, tax returns, employer certification, or other documentation indicating employment at a certain business location.

BMR Plus Program Process

- ◆ Applicants must meet all eligibility requirements of the program and must have an AUS (Automated Underwriter Approval) with an approved lender to qualify for the eligible applicant homebuyer list.
- ◆ A deadline for receiving eligible applications for the purchase of an FHA home shall be selected by the City of Ripon and the Developer. Upon closing of the eligibility list, an applicant will be selected from the list using a lottery system. The lottery shall take place at City Hall at a specified date and time. If multiple homes are being offered, eligible buyers will be selected to create a ranking list for the homes.
- ◆ A selected applicant shall be given 10 days to close escrow on the home upon selection or from the date of the City of Ripon's final building inspection, whichever is later, before moving to the next eligible buyer.
- ◆ Selected applicants shall sign all City of Ripon affordable housing documents prior to closing escrow on the home.
- ◆ Funds are deposited into the escrow account, and upon closing of escrow, the borrower moves into their home.

BMR Plus Program Processing Fees

- ◆ Program processing fees \$395.00
- ◆ Release of Lien/Reconveyance fees \$195.00
- ◆ Subordination fees \$95.00

(All fees shall be indexed annually, January 1st, by the CPI Index and rounded to the nearest dollar)

**City of Ripon
Department of Planning & Economic Development**

<http://www.cityofripon.org>

Ripon Municipal Code: Title 16.194



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