Below Market Rate (BMR) Program

PROGRAM REQUIREMENTS

Financing
Applicants must qualify for a first mortgage secured by a deed of trust from a lender using appropriate qualifying criteria commonly used in the lending industry. Most lenders will require a down payment of at least five (5) percent of the purchase price and require you to pay closing costs that average approximately three (3) percent of the purchase price. Closing costs include loan fees, escrow fees, title insurance, inspections, prorated interest and property taxes, etc. The County requires three (3) percent down payment.

Please note, the ability to qualify for and obtain a loan, in order to purchase a home, will depend on the borrower’s income, debt and credit history.

Asset Restrictions
Under the BMR program, households with liquid assets (cash, stocks, bond, CDs, etc.) that do not exceed 150 percent of the value of the BMR unit will be considered eligible. The majority of assets must be spent to purchase the unit. Assets in federally recognized retirement programs are exempt from counting towards the asset limit. In addition, the applicant cannot own other real property. Identify any income exclusions, such as clothing, furniture, cars; property interest in Indian Trust Lands; assets in applicant’s name, but for benefit of someone else; equity in cooperatives used as primary residence; non-liquid assets generating no income; term life insurance; and assets that are part of an active business (rental property business assets must be excluded from this list).

Deed Restriction
The BMR program shall be subject to deed restrictions. A deed restriction will require that on the initial offering of the home for resale, the County will be given the first right of refusal to purchase the below market rate home for the prevailing affordable price at the income level for which it was initially set aside. The County may also assign their right to an appropriate income-eligible buyer. The deed restriction will also prohibit sales or transfer of the property except with the written consent of the County and at a price computed. Unit must be kept as owner-occupied and cannot be a rental and must remain affordable.

Resale
The Department of Housing shall monitor and work with the homeowner for the resale of the designated BMR. A written notice of decision to sell must be submitted to the County of San Mateo. The property must be provided in good repair and salable condition, or the cost of rehabilitating the home will be reimbursed to the County of San Mateo out of the proceeds of the sale. The restricted resale price shall be established by the County of San Mateo based upon the original recorded deed restrictions.

Occupancy Requirements
The inclusionary unit shall be the owner’s principal place of residence. To be considered as a principal place of resident the owner shall live in the unit. The County will monitor the occupancy of the unit on an annual basis. Occupancy is a minimum of one person per bedroom.
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(continued)

Monitoring
The owner shall agree to pay an annual monitoring fee each year for the term of required affordability. The amount of the fee shall be set by the County and may be adjusted periodically as necessary to cover the County’s administrative cost. Annual monitoring will the owner occupancy requirement and prohibition against rental of the dwelling.

Lottery Process
Department of Housing will accept eligible applications and then pre-qualify applicant’s name for the lottery. Pre-qualifying means that the information submitted by the applicant regarding basic eligibility will be verified. Those who pre-qualify will then have their name included in the lottery.

Names drawn from the lottery will be notified in rank order and asked to submit an additional, full application with required documents.

It is important to note that being asked to submit a full application is not a guarantee that an applicant will be given the opportunity to purchase a BMR Unit. Higher ranked applicants may be offered and accept available BMR Unit before a particular applicant’s application is considered.

Questions:
Additional questions should be directed to:

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