



# City of San José Department of Housing Dream Home Homebuyer Program

## The Program

The Dream Home Program is funded from the American Recovery and Reinvestment Act (ARRA) of 2009, commonly referred to as the Neighborhood Stabilization Program and was enacted for the purpose of revitalizing the economy. The primary mission of the Dream Home Program is to mitigate blight, enhance neighborhoods with quality construction, incorporate Green Building features and assist low- and moderate-income homebuyers. Only certain single-family homes located in certain census tracts are available through this program. The City has created exclusive partnerships with Community Rehabilitation Partners (CRP) and Cypress Group to implement the acquisition, rehabilitation, and resale aspects of the Dream Home Program.

## How it Works

The renovated homes will be listed on the Multiple Listing Service. The buyer(s) will be selected based on the [City's Selection Criteria](#). Only income-eligible buyers may qualify to purchase a home from CRP/Cypress and receive a mortgage assistance loan from the City.

### **Available homes:**

Certain renovated homes located in designated census tracts (homes currently owned by CRP/Cypress Group)

### **Final Sales Price to buyer:**

"After rehabilitation value" (appraised value)

### **City Loan Amounts:**

The maximum and minimum loan amounts are based on the buyer(s) household income. Lower-income households qualify for loans of up to 20% of the final purchase price. Moderate-income households qualify for loans of up to 10% of the purchase price. The City loan can be used for mortgage assistance but not for closing costs.

### **General Information:**

Income Range	Household Size					
	1	2	3	4	5	6
Lower-Income	\$53,000	\$60,600	\$68,150	\$75,700	\$81,800	\$87,850
Moderate-Income	\$88,200	\$100,800	\$113,400	\$126,000	\$136,100	\$146,150



The household income cannot be greater than the amount shown above. Household income is the income received from all household members, including all adult household members and non-applicant spouses. The City will use the Section 8/Part 5 federal definition of income for assisted households.

- The City requires that the buyer provide funds for at least one-half of any lender required downpayment. For example, a buyer receiving an FHA loan must contribute 1.75% of the sales price towards the minimum lender required downpayment of 3.5%.
- Dream Home assisted buyers may not use other City administered downpayment assistance programs in combination with this program. However, buyers are free to utilize other non-city loan sources, as available.
- The borrower and any co-borrower may not have any concurrent ownership of any other real property-including investment property.
- The buyer and any other co-borrower(s) must have a minimum 620 credit score. Also, the maximum housing debt-to-income ratio is 43%, and the maximum total debt-to-income ratio is 48%.
- The buyer must have a minimum housing debt ratio of 28%.
- The buyer(s) must complete a HUD-approved 8-hour homebuyer education class. The City recommends potential buyer(s) to complete the course offered through Project Sentinel, call (408) 720.9888 to sign-up (\$30 per person or couple cost). Additional HUD-approved 8-hour classes are offered through Neighborhood Housing Services Silicon Valley (San Jose), Unity Council (Oakland), and Asian Inc. (San Francisco).
- "Cash-out" refinances of your first mortgage are allowed only when the total combined liens are less than or equal to 90% of the fair market value at the time of proposed refinance. In addition, the City will subordinate its loan to "cash-out" refinancings no more than once every five years.
- Borrowers may combine an Dream Home loan only with a fully amortized fixed rate mortgage.
- Borrower(s) may not have greater than \$60,000 in liquid assets after the close of escrow. Actual or imputed income from all financial assets, including retirement accounts, will be included in the buyer's annual income.
- All homes must be occupied by the owner and the City will verify owner-occupancy annually.
- The City will not provide a home warranty to the buyer. All homes are sold "as is."
- The City maintains a list of lenders as a courtesy to all loan applicants, however, buyers are free to select any lender that is willing to combine a first mortgage loan with the City's Dream Home second loan.
- All applicants are free to use his/her own realtor or be represented by the listing agents, CRP or Cypress. Buyer's agent should review the Dream Home Listing and Acceptance Offer Form for directions on how to submit offers to purchase Dream Home homes.

**Financial Terms**

*Simple-Interest Loan*—The Dream Home loan is deferred, due and payable in 30 years or at time of resale. The City loan has a set 3% simple interest rate and is not assumable by a future buyer.

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

*Minimum Initial Earnest Money Deposit*—The borrower must make a good faith earnest money deposit of at least \$1,500 when submitting offers to purchase Dream Home assisted homes.

**For More Information**

For more information about the available homes, please ask your real estate agent to contact CRP representatives Weda Gray at 408.715.1156/Stephanie Golden at 408.715.1188 or Cypress Group’s Karl Lee at 408.934.8865, Karl’s email address is: [KarlLee@ResultsPros.com](mailto:KarlLee@ResultsPros.com).

All City loans will be underwritten in conformance with the City’s loan underwriting guidelines. For more information about the Dream Home mortgage assistance loan program, [Dream Home loan application](#), and/or [general underwriting guidelines](#) contact City staff: Marcelo Mota at (408) 975.4462 [Marcelo.Mota@sanjoseca.gov](mailto:Marcelo.Mota@sanjoseca.gov) or Korey Richardson at (408) 975.4468 [Korey.Richardson@sanjoseca.gov](mailto:Korey.Richardson@sanjoseca.gov)

I (We) acknowledge that I (we) have read the foregoing Dream Home information and believe to the best of my (our) knowledge that we are eligible for the City of San Jose Dream Home program.

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Name of Applicant (Print)

Name of Applicant (Print)

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Signature of Applicant

Date

Signature of Applicant

Date