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Memorandum by City Manager's Office

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Leslye Krutko

**SUBJECT: HOMEBUYER PROGRAM
NEWSLETTER**

DATE: April 11, 2008

Approved

Date

4-11-2008

INFORMATION

Attached please find a copy of the sixth publication of "Heading Home," which shares information on the various homebuyer programs administered by the City. San Jose continues to support public school teachers and, with its Teacher Homebuyer Program (THP), provides up to \$65,000 deferred payment loans for the purchase of a home. The Program has proven to be a success by assisting over 600 teachers to purchase homes in San Jose. In an effort to keep public school teachers informed of San Jose's THP, the newsletter was mailed out to 18 Superintendents whose schools are located in the City of San Jose, and is being distributed to approximately 7,000 public school teachers. Also, an additional 4,000 copies were distributed to San Jose State University faculty and staff.

LESLEYE KRUTKO
Director of Housing

For more information, please contact Theresa Hayes,
Marketing & Communications Manager, at (408) 535-8234


Enclosure

Heading HOME

Serving Our San José Education Community ~ March, 2008

Congratulations

*to
San José's
600th
Teacher
Homebuyer!*


The Teacher Homebuyer Program
celebrated assisting its 600th
teacher in August 2007.

The program has been helping
teachers buy homes since 1999.


For more information call
408.975.4468
or visit the website
www.sjhousing.org


Look inside for information on:

- New Developments
 - Homebuyer Program\ Guidelines
 - Partnership Programs
- And more!



Kathy Pabilona returned to school at San Jose State University for a teaching degree after raising her five children. Although she was excited about pursuing her new profession, she thought that she would never be able to own a home in San José working as a teacher.

"Once I received my teaching degree, I knew the gate was open for me to teach anywhere. I was considering moving," said Kathy, "a 20% down-payment here is impossible."

She first heard about the Teacher Homebuyer program (THP) through an e-mail sent by a friend. Although she had one more year to complete her teaching degree, Kathy called Neighborhood Housing Services Silicon Valley (NHSSV) to find out more about the program. "At first, I couldn't believe it," said Kathy. "I realized that between mine and my husband's income, we could actually afford a home." Her plans to buy a home were to be put on hold, however, because shortly thereafter Kathy divorced and doubted if she could still qualify for a loan without the dual income. She still wanted to stay and teach in San José, so she called

NHSSV a year later, and found out that she could still qualify for a loan. Ecstatic, she quickly enrolled in the Homebuyer education classes. "The Homebuyer education courses were very good. I learned about all the different loans that are out there. These courses were necessary in order to get to the next step."

Implemented in June 1999, the THP was designed to attract and retain public school teachers to live and work in San José by helping them buy a home. The City of San José offers teachers a 0% interest deferred payment loan of up to \$65,000 depending on income. Participants must also attend Homebuyer education courses, meet household income limits and have an acceptable credit history to qualify for the program.

Since its inception, the THP has assisted over 600 teacher homebuyers. Because of its success, a similar program was created for San Jose State University (SJSU) tenure track faculty, and recently expanded to include all full-time staff at SJSU.

Kathy and two of her children now live at Hennessey Place, a city-assisted development built by students from Youthbuild, a program of the San José Conservation Corps. "The best thing about this program is that I have a real house. It is the first house that I have ever owned," said Kathy. "To be a single woman and to be a homeowner, is fantastic."



HOMEOWNERSHIP

Making the Dream Affordable

The City Welcomes San Jose State Staff to Homebuyer Program

On October 16, 2007, Sami Monsur waited excitedly to hear the outcome of a city council vote. If the vote passed, she would be the first full-time San Jose State University (SJSU) staff participant in the newly expanded SJSU Faculty and Staff Homebuyer Program (FSHP). "I had a feeling that it would pass," said Sami. "From that point on, it all happened very quickly. I received the keys to my house before Thanksgiving."

Sami, a resource analyst at the Connie L. Lurie College of Education at SJSU, has been working in her current position for three years. She first heard about the then named Faculty Homebuyer Program (FHP)

a month before the City Council vote from a colleague who directed her to meet with Beth Pugliese, Director of Commercial Services, Spartan Shops.

Originally, the FHP was modeled after the highly successful Teacher Homebuyer Program (THP) and created in May 2006 to attract and retain faculty. Recognizing the need and importance of non-professorial full-time staff positions as integral to the fabric of the SJSU community, the program was expanded by council vote a year later to include all full-time staff at SJSU such as counselors, administrators and researchers. The FSHP is a joint partnership between the City of San José's Housing Department and Spartan Shops, SJSU's commercial auxiliary.

In its newly expanded form, SJSU full-time faculty and staff are eligible for a 0% interest deferred payment loan of up to \$60,000. Participants must also meet household income limits and have an acceptable credit score to qualify for the program.

"The high cost of living here has a big impact on the younger staff," said Sami. "I've seen a lot of people leave the area or live in cheaper places and commute several hours to get to work. It affects their work and family life. I believe that this program will help a lot of young people that work at SJSU stay in San José. Owning a home is important because it gives you a sense of belonging and community."

Sami now lives a mile and a half east of the university in a two bedroom, one and a half bathroom single detached home. As an animal lover, one of the biggest reasons for Sami to become a homeowner was to find a permanent home for her and her pets. "I love it," said Sami. "I love the house and the neighborhood. I have a huge backyard, which is perfect for my dogs. The house even came with a chicken and a rooster!"

"I tell people," said Sami, who has been telling others about the program throughout SJSU, "with this program and with the housing downturn, if there is ever an opportunity to buy a home, this would be it, this one to two year window. This is a gift without a heavy load and a gift that I will have for the next 20 years."



"Beyond MLK" University-City Partnership



The Martin Luther King (MLK) library in Downtown San José opened in 2003 as the newest and largest library west of the Mississippi River. It is also the first jointly run library by both a public library system and a university. Building on the momentum created from the establishment of a jointly funded City/University library, the City of San José and San Jose State University (SJSU) officials continued to explore new ways of expanding their partnership "Beyond MLK."

Recognizing the high cost of living in San José, and the need to attract top talent to SJSU, on January 10, 2006, the City Council approved the creation of the SJSU Faculty Homebuyer Program. The SJSU Faculty Homebuyer Program (FHP) was originally modeled after the highly successful Teacher Homebuyer Program (THP) and designed to assist full-time tenure-track faculty.

A year after initially approving the creation of the FHP pilot program, the City Council authorized the program's expansion to include all full-time SJSU staff and the program was renamed the SJSU Faculty and Staff Homebuyer Program (FSHP). The FSHP and the THP help the City to attract and retain highly trained educators to San José. This benefits the community by providing a quality educational experience to San José students and contributes to San José being one of the most educated cities in the country.

The FSHP is a model program for other cities and universities across the nation. In fact, the partnership has been so successful that the City of San José is seeking to expand its partnerships to other colleges and universities, particularly the City's community colleges.

Need Help With Downpayment?

In addition to the THP and FSHP, the City of San José Housing Department offers downpayment assistance in select new housing communities in San José. A complete listing of new housing opportunities can be found at www.sjhousing.org under "Homebuyer Programs." Some of the new construction projects currently offering additional financial incentives are listed below:

Monte Vista at Cannery Square

Location: Auzerais Avenue and Sunol Street
Type: Condominiums
Units: 1 and 2 bedroom units
Completion Date: May, 2008
Contact: Sales office at 408.993.9502

Modern Ice

Location: Oakland and Berryessa Road
Type: Townhomes and Condominiums
Units: 2 to 4 bedroom units
Contact: Sales office at 409.299.0919

Villa Almendra

Location: Alma and Almaden Road
Type: Townhomes
Units: 2 and 3 bedroom units
Contact: Sales office at 408.279.2600

Skyline at Tamien

Location: Alma and Lick Avenue
Type: Condominiums
Units: 1 and 2 bedroom units
Completion Date: April, 2008
Contact: Sales office at 408.287.8439

Is Now a Good Time to Buy?

Buying a home is often the most expensive purchase and long-term investment decision that one will make in their lifetime. Despite the recent downturn in the housing market, there is still reason to be optimistic. For the first time in recent years, the housing market has turned in favor of the buyer, making it a "buyer's market." Most housing prices in San José have fallen, interest rates are low, and, most importantly, the number of homes on the market in San José has increased by 51% for single-family homes and 64% for condominiums from January 2007 to January 2008. Home sellers are in competition with one another to attract a limited number of new buyers.

Public school teachers and SJSU employees can take advantage of this new market by using the THP or FSHP to purchase a home anywhere within the City of San José. In addition, in targeted neighborhoods, housing developers are building affordable for-sale housing. Many of the new housing communities offer special financing and/or other incentives to attract new first-time homebuyers. Teachers and SJSU employees can combine the assistance offered through the THP or FSHP with the assistance offered in these new developments. With all these incentives and attractive financing options, now just might be the best time to start the search for your new home!

Source: Santa Clara County Association of Realtors (SCCAOR)

How to Get Started

STEP 1

Contact City staff at **408.975.4468** to discuss your eligibility for the THP or Spartan Shops staff at **408.924.2285** for the San Jose State University FSHP (*See Program Criteria*). City staff can mail you a City homebuyer loan application and list of lenders, or you can obtain this information from the website: www.sjhousing.org.

STEP 2

Contact Neighborhood Housing Services of Silicon Valley (NHSSV) at **408.279.2600** for a schedule of homeownership education classes.

STEP 3

Contact a lender of your choice to become pre-qualified for a mortgage loan. The City's Housing Department maintains a list of professional and experienced lenders sensitive to the needs of education professionals.

STEP 4

Select a realtor of your choice to start looking for a home. Once you have selected a home your lender will guide you through the process of applying for a loan. Your lender will also help you complete the City homebuyer loan application and submit the application to the City on your behalf. City staff are here to answer any of your questions along the way, **so call us today!**

How the Teacher and SJSU Programs Work

The City of San José Teacher (THP) and San Jose State University Faculty and Staff (FSHP) Homebuyer Programs were designed to assist public school teachers and full-time San Jose State University (SJSU) faculty and staff purchase a home in San José. The City provides deferred payment loans of up to \$65,000 to help eligible public school teachers purchase their first homes and loans up to \$60,000 for eligible SJSU employees. Participants in the program use private lenders and other sources to finance the remainder of their purchase price.

To qualify for the THP, participants must be employed full-time as a classroom teacher in a public, K-12 school in the City of San José. To qualify for the FSHP, participants must be considered full-time permanent employees of SJSU. In addition, income levels cannot exceed these limits:

Household Size	Maximum Qualifying Income \$40,000 loan - THP \$60,000 loan - FSHP	Maximum Qualifying Income \$65,000 loan - THP
1	\$ 88,600	\$66,610
2	\$101,300	\$75,960
3	\$113,900	\$85,500
4	\$126,600	\$94,950

Single-family detached homes, townhomes or condominiums for purchase must be located within the City of San José and be priced no more than \$732,000. In addition, homebuyers must qualify under the Affordable Housing Cost Limit.

Affordable Housing Cost Limits for Homebuyer Programs

Affordable Housing Cost Limits are the maximum housing costs allowed based on program guidelines. Housing costs include loan principal and interest payments, property taxes, insurance, homeowner association dues, a utility allowance (*other than phone*), and a maintenance and repair allowance. For an Affordable Housing Cost Limit Worksheet, please call Housing Staff at 408.975.4468.

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

Studio	\$2,369
1 Bedroom	\$2,708
2 Bedroom	\$3,048
3 Bedroom	\$3,385
4 Bedroom	\$3,654

All loans are made at 0% interest and are not due and payable until the home is sold or in 30 years, whichever comes first. Program participants are subject to a 45-year affordability restriction that is recorded against their property. If they wish to resell the property before the end of the term, special provisions will apply, including payment of an "equity share" to the City of San José.

For detailed information on the THP or FSHP, contact the San José Housing Department at 408.975.4468 or visit www.sjhousing.org.

Teachers Talk!



Bruce and Andrea Neff

4th Grade and 1st/2nd Grade teachers, Santa Theresa Elementary School, Oak Grove School District

The Teacher Homebuyer Program enabled us to fulfill our dream of becoming first-time homebuyers. Staff at the City of San José Housing Department were very helpful in explaining the THP program. They helped to make what is often a stressful experience a smooth and successful one. Thank you City of San José.



Michael and Kathryn Adduci

Music Professors, San Jose State University

"We found a place we could afford in a nice, safe neighborhood. It never would have happened without the program. Once we submitted our FHP application, the loan came through almost immediately. It was by far the easiest part of our entire home purchasing transaction."

10 THINGS TO DO

Before You Sign on the Dotted Line...

If you are thinking about getting a loan to purchase a home, refinance, or borrow money for home repairs, make sure you get the right loan to meet your needs. Asking questions and understanding the loan process can save you and your family from excessive fees and possibly foreclosure. For assistance and referrals on home loans contact *Don't Borrow Trouble Silicon Valley* at **408.283.1284**, or visit our website at **www.sjhousing.org**.

Helpful Tips

DO YOUR HOMEWORK - Familiarize yourself with the home loan process and what you can afford. Attend a homeownership education course or meet with a homeownership counselor. These services are available locally and often without a fee.

KNOW YOUR CREDIT RATING - Understand your credit rating and its impact on your loan qualifications. Obtain a copy of your credit report and review it with your mortgage counselor. Visit **www.sjhousing.org** for information on where to obtain a copy of your credit report.

SHOP AROUND - Get the best loan for your needs. Question loan offers made by mail, over the Internet, the telephone, or by someone who comes to your door uninvited. Talk to at least three lenders, get a "Good Faith Estimate" from each lender, and compare their fees and the total cost of the loan.

CHOOSE YOUR LOAN AGENT WISELY - Beware of anyone who tells you to falsify information on the loan application.

CHECK YOUR LOAN AGENT'S QUALIFICATIONS - Ask your loan officer if they are licensed to originate mortgage loans and confirm it with the California Department of Real Estate at **www.dre.cahwnet.gov**. If they are a mortgage broker, ask if they are a member of the California Association of Mortgage Brokers.

ASK FOR CLARIFICATION - Understand all of the costs and fees in your loan. If any of the items in your loan contract are not clear, **Ask Questions!** Don't sign anything you don't completely understand.

ENSURE AFFORDABILITY - Make sure you can afford the loan's monthly payments, especially if it has a variable interest rate. Ask what the maximum monthly payment would be over the life of the loan. Don't agree to a loan program with payments you cannot comfortably afford.

TAKE CHARGE - Don't let anyone pressure you to sign a contract. A good deal today should be available tomorrow.

COMPLETE CONTRACTS - Don't sign any blank forms or documents that aren't filled in completely. If an item is supposed to be blank, draw a line through the space and initial.

READ AND REVIEW - Make sure the loan contract contains only the terms to which you agreed. Request your loan documents three days before escrow closes. Bring the completed loan documents to a mortgage counselor for review.

Ask Marlene



Marlene Santiago, NHSSV's Foreclosure Prevention Counselor, sat down for a Q&A to discuss the foreclosure crisis and what she and NHSSV can do to help homeowners.

Q *In your opinion, what is the cause of the current foreclosure crisis?*

A The root of the foreclosure crisis began when lenders started offering high-risk loans. One type of high-risk loan is the stated income loan with 100% financing. This loan program does not require the applicant to verify their income or assets to qualify. Many high-risk loans have reached their adjustable-rate mortgage (ARM) reset anniversary, leading to increased interest rates and unaffordable mortgage payments.

Q *What can organizations like NHSSV do to help people who are about to foreclose on their home?*

A As a counselor, I help clients review the terms of their mortgages and I act as a liaison between the client and their mortgage lender. I also help them analyze their budget and their repayment options to determine if they can continue to make payments on their home.

Q *What steps should a homeowner take if they fall behind in their mortgage payment?*

A It is important that the homeowner immediately call their lender to find out what options they have. Some lenders have a reset department designed to help borrowers understand their repayment options. Some clients prefer to seek advice from an outside agency and can call Project Hope at 888.995.HOPE.

NHSSV has a direct partnership with Project Hope, a free national hotline service, staffed by homeownership counselors, 24 hours a day, 7 days a week. Project Hope refers **80%** of NHSSV foreclosure clients.



*NHSSV and The City of San José
Strong Neighborhoods Initiative Program
Presents*

A Series of Exciting and Informative Classes In Homebuyer Education and Foreclosure Prevention Counseling

*Free Weekly Classes in *SNI Neighborhoods*

Capacity is limited. To Register, please call **408.279.2600 x221**

Helping families
achieve and
maintain
their dream of
homeownership

COME AND LEARN ABOUT

- How to Repair Your Credit
- Budget Counseling
- Down Payment Assistance Programs
- Good Loans vs. Bad Loans
- Foreclosure Prevention
- Predatory Lending



NHSSV Housing Education Program for SNI Neighborhoods

Schedule of Classes

(All Classes Begin at 6:30 pm and End at 8:30 pm)

SNI Area	Date	Location
East Valley/680	Thursday, April 17, 2008	Emma Prusch Farm Park
Mayfair	Thursday, April 24, 2008	Mexican Heritage Plaza
Gateway East	Tuesday, April 29, 2008	Police Athletic League (PAL) Stadium
Tully/Senter	Thursday, May 8, 2008	Santee Community Portable
West Evergreen	Thursday, May 15, 2008	Meadowfair Community Center
K.O.N.A	Monday, May 19, 2008	Slonaker Elementary School
Edenvale/Great Oaks	Thursday, May 29, 2008	Edenvale Library
Hoffman/Via Monte	Thursday, June 4, 2008	Pat Dando Hoffman/Via Monte Neighborhood Center
Seven Trees	Thursday, June 12, 2008	Seven Trees Elementary School
Camden/Hillsdale	Wednesday, June 18, 2008	Neighborhood Development Center
Silverleaf	Tuesday, June 24, 2008	Edenvale Library

Registration is required. For more information contact NHSSV at 408.279.2600

*Strong Neighborhoods Initiative

City of San José - Housing • 408.535.3860 • Fax: 408.998.3183
200 East Santa Clara Street • San José, California 95113
www.sjhousing.org



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