

# **CITY OF BERKELEY**

## **PROGRAM GUIDELINES & OPERATIONAL MANUAL**

### **Inclusionary and Below Market-Rate Ownership Housing Program**

**Health, Housing & Community Services Department**

**Date: November 2016**

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## I. DEFINITION OF TERMS

AMI	Area Median Income.
Annual Gross Income	Anticipated Gross Income for the twelve-month period following income determination, based upon documentation of the Household's year-to-date Gross Income and, in some cases, income in prior years.
Area Median Income (AMI)	The gross median income published annually by HUD for the Oakland-Fremont, CA HUD Metropolitan Statistical Area ("MSA").
Back End Ratio	The value of a Household's total debt, including housing payments, alimony, child support, car payments, installment debts, and revolving or open-ended debt accounts, such as credit cards, expressed as a function of total gross Household income.
BMC	Berkeley Municipal Code.
BMR (Inclusionary)	Below Market-Rate. For purposes of these Guidelines, "BMR" and "Inclusionary" shall be used interchangeably.
BMR Homeowner	Owner and Occupant of a BMR Unit.
BMR Homeownership Unit	A Below Market-Rate homeownership unit purchased by an eligible BMR Homeowner, also described as "Inclusionary Unit" or "Affordable Unit".
Certificate of Occupancy	Certificate issued by the City Building Department that allows people to occupy the building.
City	City of Berkeley.
City of Berkeley Inclusionary Housing Program Income and Rent Limits	Table produced annually by the City that establishes rents and income limits for BMR rental units for the calendar year.
Developer	The person or entity financially and legally responsible for construction and operation of the Project and fulfillment of the Project's Conditions of Approval.
Fair Market Appraisal	The value of a BMR Unit determined without regard to sales or rental restrictions on that unit by an independent appraiser.

First Right of Refusal	Option that allows the City the first opportunity to purchase BMR Units.
First-Time Homebuyer	<p>A Household that matches one of the following conditions:</p> <ul style="list-style-type: none"> <li>• None of the members have had an ownership interest in a principal residence for a three-year period ending on the purchase date of the property.</li> <li>• A single parent who has only owned a home with a former Spouse while they were married or, for registered domestic partners, for the duration of the registered partnership.</li> <li>• A displaced homemaker who has only owned a home with a Spouse.</li> <li>• An individual who has only owned a principal residence not permanently affixed to a permanent foundation, according to applicable regulations.</li> <li>• An individual who has only owned a property that was not in compliance with state or local building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.</li> </ul>
Gross Income	<p>The total income, before taxes and other deductions, received by all members ages 18 and over of the BMR Household, including:</p> <p>All wages, overtime pay, commissions, fees, tips, and bonuses; the net income from the operation of a business or profession; the full amount of Social Security payments, retirement/ pension benefits, disability benefits, death benefits, and other similar types of ongoing, periodic payments; payments in lieu of earnings, such as tuition assistance in excess of amounts required for tuition and fees, unemployment, disability, and welfare benefits, but, for public assistance, excluding any amount specifically designated for shelter and utilities; periodic allowances such as alimony and child support payments; income from Assets, as follows: for Household Assets greater than \$5,000, the actual amount of income derived from the Assets or the current HUD passbook rate of the Assets value, whichever is greater; for Household Assets of \$5,000 or less, the actual income derived from the Assets.</p>

Head of Household	A person within a household responsible for paying more than half the cost of meeting household expenses in any given year.
HOA or Homeowners Association	A nonprofit association that manages the common areas of a condominium or planned unit development (“PUD”). Unit owners pay a fee to the association to maintain areas owned jointly.
HOA / Homeowners Association Dues	Monthly payments due to an HOA for the upkeep, maintenance and improvement of common areas in a residential building.
Household	Any person or persons residing or intending to reside in the same Unit, whether related or not.
Household Assets	Something of value that can generate income, including but not limited to: cash in savings/checking accounts, trusts, stocks, bonds, Treasury bills, certificates of deposit, mutual funds, money-market accounts, retirement accounts, pension funds (periodic receipts from retirement accounts are counted as income, lump sum payments are counted as assets), cash value of life insurance policies, lump sum receipts (monetary gifts, inheritance, settlements, insurance claims, one-time lottery winnings).
HUD	United States Department of Housing and Urban Development.
Inclusionary Housing Program	City of Berkeley program for inclusion of BMR units in residential housing Projects that either 1) include five (5) or more units; 2) were originally constructed after August 14, 1986 and are expanded to a unit count in excess of five (5) units; or 3) are located on lots with size and zoning designation allowing five (5) or more units to be constructed. Codified in BMC Chapter 23C.12.
Inclusionary Housing Program Ordinance	Chapter 23C.12 of the Berkeley Municipal Code, as amended from time to time.
Limited Equity Cooperatives	A corporation made up of the people who live in the housing, where the individual resident owns a share(s) of stock in the corporation and has the right to occupy a unit under a long-term lease. The corporation restricts the initial and resale price of the shares of stock in the cooperative corporation so that the shares remain affordable to low-income families and moderate income families.

Marketing Plan	Written documentation provided in a City-prescribed format containing information on Project advertising, Owner outreach, and other means by which the Owner will attract and select BMR residents for occupancy.
Maximum Household Income	The maximum income allowed for a Household applying for a BMR Unit as determined by Household size, derived from annual AMI values published by HUD and republished in the City of Berkeley Inclusionary Housing Program Income and Rent Limits table.
Maximum Sales Price	The purchase price to be paid by the buyer of an Inclusionary/BMR Unit that is affordable to an appropriate-sized Household whose income is no more than 80% of AMI (or the AMI cap required by a project's Regulatory Agreement/Notice of Limitation on Use) reported for the Oakland-Fremont Metropolitan Statistical Area (MSA) for households of that size.
Maximum Resale Price	The purchase price to be paid by a buyer of a unit owned and sold by a BMR Homeowner.
Mortgage	A loan secured by a lien against the BMR Homeownership Unit.
MSA	Metropolitan Statistical Area.
Notice of Limitation on Use of Property	A restrictive agreement between the City and a Project Owner recorded against a Project and containing the specific occupancy and use restrictions applicable to the Project, as defined in the Project's <u>Use Permit</u> , pursuant to the requirements of the BMC. (In some developments, these restrictions are prescribed in the Regulatory Agreement.)
Performance Deed of Trust	An encumbrance recorded against the property of a BMR Ownership unit, signed by the BMR Homeowner that secures the BMR obligations and provides the City recourse to enforce the Resale Restriction.
Primary Residence	A dwelling, such as a rental unit or single family home, where a Household lives for at least ten months out of the year.
Project	A specific housing development that includes in its Conditions of Approval a requirement to construct BMR Units.

Regulatory Agreement	A restrictive agreement between the City and a Project Owner recorded against a Project and containing the specific occupancy and use restrictions applicable to the Project, as defined in the Project's Use Permit, pursuant to the requirements of the BMC. (In some developments, these restrictions are called the Notice of Limitations.)
Renter Household	Household with an income at or below 80%AMI who temporarily rents a BMR Ownership Unit.
Resale Restriction	A restrictive agreement between the City and a BMR Homeowner recorded against a Project and containing the BMR requirements applicable to the BMR Homeowner and future BMR Homeowners that purchase the BMR Unit.
Spouse	A partner in a marriage or a registered domestic partner
Transfer	Any voluntary or involuntary sale, assignment or transfer of any interest in a BMR Unit.
Unit	A portion of a building designed for, or intended for the exclusive use of, persons living as one household.
Use Permit	A permit issued by the City of Berkeley pursuant to the requirements of Title 23 of the BMC that identifies, among other things, all applicable occupancy and use restrictions for a particular Project.
Utility Allowance	A dollar amount established periodically by the Berkeley Housing Authority based on HUD standards for the cost of basic utilities that are paid by tenants.

## I. APPLICABLE PROJECTS AND HOMEOWNER ELIGIBILITY

### A. Applicable Project Restrictions

#### 1. Project Types.

Inclusionary obligations apply to:

- a. Developments of 5 or more units
- b. Rehabilitation Projects for buildings constructed after August 14, 1986 that add Units to produce a new Unit count of 5 or more
- c. Residential housing projects proposed on lots whose size and zoning designation allow construction of five or more Units

#### 2. Regulatory Documents

The following documents contain the regulatory requirements for the BMR Homeownership Units.

- a. City of Berkeley Inclusionary Housing Ordinance, BMC Chapter 23C.12
- b. Regulatory Agreement (*Notice of Limitation on Use of Property*) signed between the City and the Developer. This is recorded with the Alameda County Recorder's Office.
- c. Resale Restriction signed between the City and the BMR Homeowner. This is recorded with the Alameda County Recorder's Office.
- d. Performance Deed of Trust signed by the BMR Homeowner. This is recorded with the Alameda County Recorder's Office.

Each project's and BMR Homeowner's recorded agreements includes the requirements to comply with the BMR program. In addition, these guidelines provide more details on how to comply. In the case of a conflict between these guidelines and the recorded agreements, the recorded documents will prevail.

## **B. BMR Homeowner Qualifications**

A qualifying household must:

1. Be a First-Time Homeowner
2. Meet income limits-Except for buyers of limited equity cooperatives, BMR units must be sold to households with incomes at no more than 80% AMI. Initial buyers of Limited Equity Cooperatives must have incomes at or below 120% AMI.

*Special Limited Equity Cooperative Rule:* After the initial sale of the BMR Unit to a BMR Homeowner, subsequent buyers of BMR Units in Limited Equity Cooperatives must have Gross Incomes of no more than 44% of the Maximum Resale Price of the BMR Unit, and incomes must not exceed 110% AMI at the time of sale.

3. Meet the financing conditions required to purchase the BMR Unit at the price specified by the BMR Developer and approved by the City, including funding a down payment of at least 5% of the affordable purchase price, and, as applicable, payments for closing costs, HOA reserves, and lender fees.
  - i. BMR Homeowners must purchase the BMR Units with a minimum 5% down payment. At least 3% of the down payment must be from the BMR Homeowner's own savings, as demonstrated through financial records (i.e., savings account or money market statements showing funds available for a six-month period). Homeowners may not record junior liens on the units to secure down payment assistance funds, unless the City has approved the use of such funds, they are issued by a public agency, and they carry a below-market interest rate.
  - ii. Back-End Ratio of the buyer cannot exceed 45%.
4. Reside in the BMR Homeownership Unit as the Household's permanent, sole residence.
5. Occupy the Unit within 60 days of completion of purchase
6. As required by the BMR ordinance, Section 23C.12.070, City residents will have first preference for BMR units. Second preference will be given to eligible persons employed in the City. In some cases where the property's

funding source requires equal preference between residents who live or work in the City, preference will be applied equally to residents and workers in the City, subject to approval by the City.

## II. INITIAL SALES PROCEDURES AND DEVELOPER RESPONSIBILITIES

### A. Methodology for Pricing Initial Sale of BMR Homeownership Units

Per Section 23C.12.070, new BMR Homeownership Units must be sold at a price that is affordable to an appropriate-sized household whose income is no more than 80% of the Area Median income reported for Oakland-Fremont MSA.

*Sales Price Terms.* The sales price for a BMR Homeownership Unit shall be established by determining the maximum mortgage a BMR Homeowner at 80% AMI can afford (or 120% AMI for Limited Equity Cooperatives) based on the following assumptions:

- A 30-year fixed mortgage at the interest rate for that covers 95% of the sales price
- Assumed Household size is total bedroom count of the home +1.
- A mortgage interest rate of the current average, as determined by Freddie Mac: <http://www.freddiemac.com/pmms/>
- Buyer/lender paid mortgage insurance as calculated by the lender
- A 5% cash down payment provided by the Homeowner
- Monthly payments of HOA Dues, as established by the Developer
- Monthly payments of property taxes, as established by the Alameda County Assessor and City of Berkeley at the time of purchase

### B. Marketing Procedures for Initial Sale of BMR Units

The BMR Developer is responsible for initially marketing the BMR Homeownership Units, as described below:

*Marketing Plan.* At least 45 days prior to marketing the BMR Homeowner Units, the Developer must submit a draft marketing plan to the City for review and approval. The City will approve or reject the marketing plan in writing within 10 business days of submission. Rejections will be based upon the Developer's failure to include the minimum components in the marketing plan described below and/or the City's determination that the marketing plan insufficiently reaches a wide cross-section of Berkeley citizenry potentially eligible to participate in the Program. If the City rejects the marketing plan, the City will cite the reasons for withholding approval in writing. The Developer shall then submit a revised plan for City approval, which the City shall approve or reject in

accordance with the procedures stated above. This process shall continue until the City approves the plan.

The marketing plan shall include at least the following:

- Narrative of development, including overall description of the project, location, total number of units, amenities, parking availability, and other descriptive features;
- Name, address, phone number and email address of the Developer and Sales Agent;
- Name, address, phone number and email address of the escrow officer and title company;
- Overview of BMR Ownership Units, including the Unit count at the Project, breakdown by affordability level, unit square footage, number of bedrooms, proposed Maximum Sales Price, and proposed HOA dues;
- BMR Homeowner eligibility standards and required qualifications;
- List of newspapers and/or other publications where Units will be advertised and in which languages;
- List of civic groups, churches and other non-profit organizations to which Developer will transmit electronic or hard copy information for distribution;
- Berkeley local businesses, community areas and other key City locations to which Developer will transmit electronic or hard copy information for distribution;
- List of websites where Units will be advertised (i.e., Craigslist, Developer/property-specific website);
- Sample of flyer, electronic notices, and print advertisements;
- Start date and duration of initial marketing period;
- Expected delivery date of BMR Ownership Units.
- Process to hold a lottery (as described below) for BMR Ownership Units or conduct a first-come-first-served application process (subject to City approval); and

The marketing plan shall also include procedures for the following stages in the Unit reservation process:

- Distributing and accepting applications;
- Establishing eligibility;
- Reserving a Unit; including the required deposit amount;

- Sequentially ordering applicants on a waiting list for different Unit types if Unit demand exceeds supply;
- Developer's and applicants' process for completing purchase due diligence (e.g., Unit inspection opportunities and mortgage lender communications); and
- Cancellation of Unit reservation if applicant is unable or unwilling to close acquisition transaction and notification of next eligible household on waiting list.

All BMR applicants completing the Unit reservation process established by Developer and approved by the City must have the opportunity to tour the building and their designated units at least 45 days prior to any acquisition closing deadline.

### C. Selection of Applicants through Lottery

To comply with the City's live/work preferences, as stated in Section I. B6, Developer must establish methods during the lottery process to give preference to people living and working in the City.

*Pre-Lottery Process:* Interested applicants must submit completed applications by the application deadline. Developers may review applications for eligibility with the BMR program before or after applicants' names are placed in the lottery.

Upon accepting the application, the BMR Developer must provide the applicant with a notice explaining how the lottery process will work and the process for informing applicants of their status post-lottery

*Post-Lottery Process.* The Developer shall adhere to the following process following the lottery for a BMR unit:

- Notify in writing all applicants of their position in the lottery.
- Determine eligibility of lottery winners if the Developer has not already done so.
- For applicants that the Developer determines to be eligible, Developers must submit Income Verification documents listed in Section E to the City for the City's approval of applicants.
- Issue a letter of approval or disqualification after the City has reviewed the application and notified the Developer of the applicant's eligibility
- Proceed with the sale for approved applicants

In the case of a request for reconsideration of a BMR application, and when such a BMR unit is available, the Developer shall maintain one appropriately- sized BMR Unit for the disqualified applicant for a ten (10) day period from the date of the issuance of a disqualification letter but need not hold the applicant's preferred BMR unit. The applicant shall be given three (3) days to submit any additional paperwork s/he wishes to share with the BMR Developer for consideration. The Developer shall be given five (5) days to respond to applicant's request for reconsideration. Within ten (10) days of applicant's request for reconsideration, the Developer shall issue an approval or disqualification letter explaining the results of the re-evaluation.

#### D. Establishment and Use of a Waiting List for Initial Sales

Following the identification of households deemed eligible to purchase the BMR Units, and if demand for the BMR Units has exceeded supply, the Developer shall establish and maintain a waiting list, and draw from the waiting list in sequential order if necessary to replace any potential BMR Homeowner that becomes unable, for whatever reason, to purchase the Unit. The waiting list will be used exclusively for initial sales. Initial buyers will not be expected to sell to a buyer on the waiting list.

#### E. Application Process and Requirements

After the Developer determines eligibility of applicants, the City must approve the applicant for eligibility before the purchase can proceed. The City will work with the approved buyers to execute the required documents. The Developer must submit the following documents and adhere to all applicable requirements.

*Income Verification Documents.* BMR Homeownership applications provided to the Developer and the City must contain the following documents in order to determine eligibility:

- Past three (3) years IRS returns
- Past three (3) years W-2 forms
- Three (3) current and consecutive pay stubs or equivalent
- Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors
- Federal Tax Form T4506
- California Driver's License or State ID

- Loan preapproval from a qualified mortgage lender

*Application & Income Documentation Submission to City.* Developer must submit all income documentation and the application to City for City's approval of applicant's eligibility for the BMR Homeownership Program. City shall verify or deny eligibility within 5 business days and provide a written certification of eligibility or reason for denial.

*Purchase Documents.* After Developer accepts applications and City certifies applicant's eligibility, Developer must provide the following documents to the City:

- Purchase agreement executed by Developer and BMR Homeowner
- Mortgage loan commitment letter
- Fair Market Appraisal
- Preliminary Title Report
- Lender's Loan Application
- Lender's Loan Estimate( document combining Good Faith Estimate and Estimated Settlement Statement)

*Escrow/Closing Documents.* Before proceeding with the acquisition closing, the City will require execution of the following documents and submit them into escrow:

- Resale Restriction Agreement
- Performance Deed of Trust

*Post-Closing Documents.* The City will require the title company to provide City the following documents:

- Recorded Resale Restriction Agreement
- Recorded Performance Deed of Trust
- Closing Disclosure

### **III. BMR HOMEOWNERSHIP: ONGOING RESPONSIBILITIES AND RESALE PROCEDURES**

#### **A. Occupying/Renting Unit**

BMR Homeowners must occupy their unit as their permanent, sole residence. Renting BMR Homeownership Units is prohibited, except in the case of a City-approved, temporary lease to an eligible household permitted pursuant to the following situations:

- Temporary work assignment.

- Health care assistance required for family member living beyond commuting distance.

*Renter Household eligibility.* Any household renting the unit must meet the following requirements:

- Have an income at or below 80% AMI
- Be at least 18 years old
- Not have ownership interest in any property, either as a permanent residence or investment

*Submittal Documents Required for Temporary Renting.* If BMR Homeowners wish to temporarily rent out their unit, they must submit a written request to the City along with the following documentation:

- Draft lease with a maximum term of 12 months
- Reason for lease, with appropriate documentation, such as: (1) a letter from employer for work-related assignment; or (2) a letter from a physician, hospital or hospice confirming the need for care and the location of the family member's residence.
- 3 most recent pay stubs of renter household
- Other non-wage income as listed on the Appendix B-Source Documentation
- Most recent tax return of renter household
- Most recent W-2 of renter household
- If, within the last year, the renter household was a dependent of someone else, provide the most recent tax return of that other person (not necessary for foreign tax returns)
- If renter household was someone else's dependent on the most recent tax year but the applicant states they are currently independent, the applicant must provide a signed statement from that person stating the amount of the financial assistance within the last 12 months and how much will be provided within the next 12 months
- 2 months of the most recent bank statements of renter household
- Letters of explanation for unusual circumstances of renter household

*Maximum Income and Rents.* The maximum income and rents of the renter household as shown in the most current income and rent limits provided by the City. A Utility Allowance must deducted for any utilities paid by the tenant.

BMR Homeowners must notify the City upon their return and resumption of occupancy in the Unit. Failure to do so will trigger non-compliance with the applicable regulatory restrictions and the City shall be entitled to take all action necessary to enforce the BMR restrictions.

## **B. Method for Setting Resale Price**

Inclusionary/BMR Homeownership units must be sold according to the Resale Restriction. Unless otherwise stated in the Resale Restriction, the maximum resale price cannot exceed the original sales price plus customary closing costs multiplied by the lower of the resulting sales price based on either an increase in the Consumer Price Index or a change in median household incomes.

The Resale Restrictions for some units allow 50% of the capital improvements to be included in the resale price. If the specific unit's Resale Restriction includes this, a capital improvement shall be defined as the addition of a permanent structural improvement to a unit or the restoration of some aspect of the property which materially adds to the value of the property, appreciably prolongs its useful life and has a useful life of more than one year. No adjustment to resale price shall be granted for routine repair, replacement or maintenance including but not limited to interior and exterior painting; plastering and replacing broken windows; replacement of window coverings and carpets; cleaning; fumigation; routine landscaping; repair of all standard services, including electrical repair, plumbing repairs, and carpentry; and repair and replacement of appliances.

## **C. Application Process and Requirements**

At least 30 days prior to closing (unless Resale Restriction states otherwise), the BMR Homeowner must collect the following documents from the buyer and submit them to the City:

### Income and Loan Verification Documents

- Past three (3) years IRS returns
- Past three (3) years W-2 forms
- Three (3) current and consecutive pay stubs or equivalent
- Three (3) current and consecutive statements from every liquid asset account or personal cash holdings, including all custodial accounts held for minors

- Federal Tax Form T4506
- California Driver's License or State ID
- Loan preapproval from an qualified mortgage lender
- Purchase agreement executed by Developer and BMR Homeowner
- Mortgage loan commitment letter
- Fair Market Appraisal
- Preliminary Title Report
- Lender's Loan Application
- Lender's Loan Estimate( document combining Good Faith Estimate and Estimated Settlement Statement)

*Acquisition Closing.* Before proceeding with the acquisition closing, the City will require execution of the following documents and submit them into escrow:

- Resale Restriction Agreement
- Performance Deed of Trust

*Post-Closing Documents.* Following the closing, the selected title company must send to City the following documents:

- Recorded Resale Restriction Agreement
- Recorded Performance Deed of Trust
- Closing Disclosure

#### **D. Annual Reporting**

Owners of a BMR unit will be required to submit Appendix A-Self-Certification of Owner Occupancy Form annually. The form shall provide information regarding occupancy status, changes in title and any other information City of Berkeley may reasonably require in order to monitor compliance with the BMR Unit's restrictions.

#### **IV. CITY MONITORING ACTIONS OF BMR HOMEOWNERSHIP UNITS**

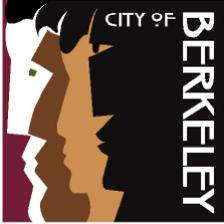
The City of Berkeley has the following responsibilities for monitoring

- Maintain database of Homeownership BMR owners
- Annually mail Self-Certification of Owner Occupancy Forms to all BMR Homeowners with a deadline for return submission.
- Review all Self-Certification of Owner Occupancy submissions and record the completeness of each response.

- Make adjustments, as required to contact information, current owner status and other notes to BMR Homeownership owner database.
- Follow-up with all partial or non-responders owners to the annual compliance monitoring to ensure continued compliance with the program's requirements.

**V. APPENDICES**

- Appendix A-Self-Certification of Owner Occupancy Form
- Appendix B-Source Documentation



## Self-Certification for Owners and Renters of BMR Units

**PLEASE ANSWER THE QUESTIONS APPLICABLE TO YOU, SIGN, AND RETURN.**

Please provide the requested information and sign below.

If there are additional household members on title, please make a copy and provide the same information for each person or request a copy be mailed to you.

If you feel that this request has reached you in error or if any information is incorrect, please let us know by leaving a comment in the section provided at the end of this form.

If you are not the owner of this home, please check the following box, fill out the applicable sections below and return this form in the return envelope provided:

### STEP 1: ANSWER THESE QUESTIONS

What is your address \_\_\_\_\_  Yes  No

Are you living in this home as your principal residence?

Have you contracted to sell, transferred or conveyed your interest the home to anyone since you originally purchased?  Yes  No

If yes, please explain: \_\_\_\_\_

\_\_\_\_\_  
Is your home currently in good repair?  Yes  No

### OWNERS ONLY-STEP 2: CERTIFY THAT YOU OWNER-OCCUPIED YOUR HOME DURING A MINIMUM OF 10 OF THE LAST 12 MONTHS

By signing below, I «HomeOwner» hereby certify to the City of Berkeley under penalty of perjury that I occupy the home located at «Property», Berkeley, CA (the “Home”) as my

principal place of residence, acknowledge that the above information is true and correct to the best of my knowledge and that I have occupied my Home for \_\_\_\_\_ (please write in) months out of the past 12 months.

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**RENTERS ONLY-STEP 3: CERTIFY THAT YOU RENTED AND OCCUPIED THIS HOME DURING THE LAST 12 MONTHS**

By signing below, I Renter hereby certify that I have occupied my Home for \_\_\_\_\_ (please write in) months out of the past 12 months.

Print Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**OWNERS REQUIRED, RENTERS OPTIONAL-STEP 4: ATTACH PROOF OF OCCUPANCY**

**Please attach BOTH of the following items:**

- A. A copy of your most PG&E bill showing address of your home and the name of at least one of the owners on title.

AND





Health, Housing & Community  
Services

## **SOURCE DOCUMENTATION**

### **What Are Acceptable Source Documents?**

Source documents are written documentation, generated by a third party (such as an employer) that verifies the income sources that the applicant reports.

#### **Acceptable source documents include:**

- Wage statements for approximately the last 3 consecutive pay periods.
- Unemployment compensation statements, pensions, financial aid, disability, Social Security, and other forms of periodic non-wage income;
- Third party verifications from employers, banks or others with first-hand information about the applicant's finances. These verifications should be in writing, and can include documented telephone interviews.
- Prior year tax returns including W-2s.

#### **Assets (also included in calculation of income)**

The owner's representative must submit 2 months of the applicant's bank statements to the City to review asset calculations. In addition, the owner's representative is responsible for verifying asset information from all sources listed below.

The income from assets will be added to the income. If the total cash value of household's net assets exceeds \$5,000, then the imputed income from assets for the following year would be calculated as follows: the greater of the actual income derived from all net household assets or Total Cash Value of assets multiplied by .06% (current passbook savings rate as determined by HUD).

- Assets include, but are not limited to, the following:
- Cash held in savings and checking accounts, safe deposit boxes, homes, etc.
- For savings accounts, report current balance. For checking accounts, use the average balance for the last 2 months.
- Revocable Trusts. Include the cash value of any revocable trust available to the family.
- Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, money market accounts.
- Individual retirement, 401k accounts. Included when holder has access to the funds. (Do not count withdrawals as income)
- Retirement and pension funds. Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets.
- Cash value of life insurance policies available to the individual before death (excluding value of term insurance, which has no cash value to the individual before death).
- Lump sum receipts or one-time receipts (monetary gifts, inheritance, settlements on insurance claims, one-time lottery winnings, etc.)