

MANDELA
GATEWAY

HomeBricks

CITY OF
OAKLAND



Mandela Gateway Townhomes Supplemental Information Packet



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Overview

The Mandela Gateway Supplemental Information Packet is a collection of documents intended to assist you with the application process. The documents include information on the home, a summary of the resale and other restrictions, eligibility requirements, affordability indicators, and forms you may need to submit with your application. The application has been streamlined to contain only required information that must be returned, while this packet can be used as a reference to assist you in understanding the process and timeline.

Contacting HomeBricks

Mailing Address	HomeBricks – Mandela PO Box 193430 San Francisco, CA 94119
Website	www.homebricks.com
Email	mandela@homebricks.com
Phone	(415) 495-HOME (4663) Option 150
Fax	(415) 738-7930

Project Description

Mandela Gateway Townhomes is a high-quality, newly constructed, homeownership community designed to meet the needs of low and median income households in Oakland. It is being developed by Mandela Gateway Townhomes, LLC, with financing by the Oakland Housing Authority, the City of Oakland, and the Redevelopment Agency of the City of Oakland. The homes are located on 8th Street between Mandela Parkway and Center Street.

The following is a breakdown of the last unit offered at Mandela Gateway Townhomes:

Qty	Income Limit	Bedrooms	Type	Approximate Sq Ft	Effective* Sales Price
1	Median	3	Flat	1242	\$184,424

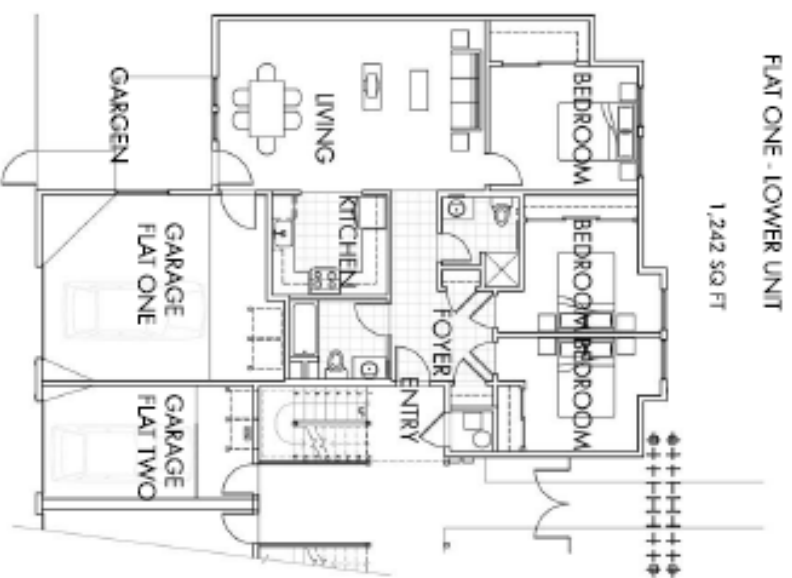
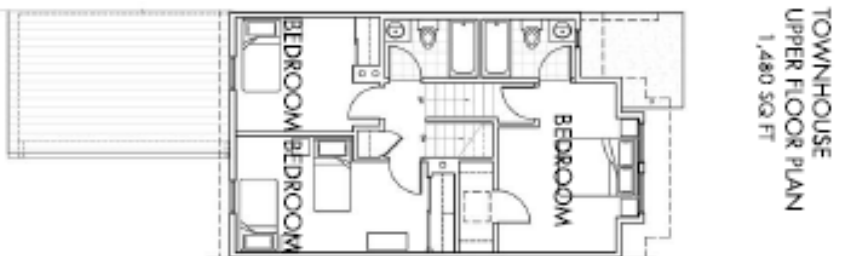
* Based on sales price of \$221,424 and down payment assistance loan of \$37,000.

Amenities

The homes at Mandela Gateway are located conveniently close to many Bay Area destinations, such as the shopping and entertainment at Jack London Square, Bay Street, and the Emeryville Public Market. There are sports and music events nearby at the Oakland Coliseum and Arena, and the homes are just around the corner from the West Oakland BART Station. Each home will include a washer/dryer hook-up, one-car garage, patio, and a shared landscape area. Two units are accessible to the mobility, vision, and hearing impaired.

Floor Plans

(square footage is approximate)



Summary of Restrictions

The City of Oakland and the Oakland Redevelopment Agency (the “City”) provided a subsidy of \$2,250,400 for the development of the Mandela Gateway Townhomes project with the purpose of making the homes affordable to low and moderate-income families. This means the City has provided an average subsidy of over \$160,000 per home. The City will permanently preserve these publicly assisted affordable homes in the community to provide affordable homeownership opportunities to future buyers.

The City will record resale restrictions on each home to ensure that the homes stay affordable for the future. The resale restrictions place significant requirements and limitations on the homeowners, including limiting the price of the home when it is resold. This way, the City can ensure that the significant public funds invested in the development of the project will not be lost when the home is sold.

The City’s affordability restrictions include, but are not limited to, the following provisions:

1. Restrictions on Resale:

The homeowner can only sell his/her unit to a qualified low or median-income household approved by the City. In addition, the resale price is restricted to an affordable sales price determined by the City, (in accordance with California Redevelopment Law), at the time of resale. This means that the homeowner may not sell his/her unit for its market value.

It is very difficult to predict what the specific financial impacts will be on each individual homebuyer that purchases a unit through this program. The determination of future sales prices are dependent on many factors, including how much the area’s income levels have changed and the current interest rates. But buyers who purchase a unit under this program will not be able to realize substantial gains in the value of their home, since it cannot be sold for the market price.

The City also has the first right to purchase the house. This means that the homeowner needs to notify the City in writing of their intention to sell the home before placing the house on the market. The City has 60 days to choose to exercise its right and purchase the house at an affordable sales price.

If the City does not exercise the right, the homeowner or their agent must find a potential 1st time homebuyer who is income qualified and meets other City underwriting criteria. The City will review required documentation on the potential buyer’s income and certify that the buyer qualifies as a moderate-income household and meets the other requirements for this City program. The actual resale price will be determined by the City prior to resale. The resale price is primarily determined by the area’s current income levels, interest rates, and other factors. The determination of the sales price is not influenced by market prices of similar homes.

2. Restrictions on Refinance:

There are also restrictions on the refinancing of loans secured against the home. In order for the City to determine if a refinancing will be permitted, the owner needs to notify the City in writing of their intention to refinance.

The City will need to review documents (provided by owner) to determine the following criteria:

1. Owner’s total debt to income ratio does not exceed 50%
2. Owner’s housing cost to income ratio does not exceed 40%
3. If the owner is refinancing to borrow additional funds, the amount will be restricted, as shown in the example below (based on the hypothetical homeowner’s original sales price of \$180,000):

Sample Refinancing Scenario

	From the 1 st thru 5 th Year	From the 6 th thru 10 th Year	From the 11 th thru 15 th Year	From the 16 th thru 20 th Year	From the 21 st thru 30 th Year
Cumulative Maximum Amount of Cash Out	20% of Original Sales Price	40% of Original Sales Price	60% of Original Sales Price	80% of Original Sales Price	100% of Original Sales Price
Example: Original Sales Price: \$180,000	\$36,000	\$72,000	\$108,000	\$144,000	\$180,000

3. Other Restrictions:

Renting not Permitted

The homeowner must live in the unit as his/her principal residence. Renting is not permitted.

Homebuyers Counseling Requirement

Homebuyers are required to attend a pre-purchase homeownership counseling program approved by the City. Each subsequent buyer is also required to complete a City approved homebuyer counseling program prior to being approved by the City.

Home Inspection Requirement

At resale, a pest control inspection and a home inspection by certified inspectors must be done on the unit. A copy of the reports must be provided to the City for its review as a precondition to approving the resale.

4. Recording Documents:

The resale restrictions will be recorded at the time of closing, and will remain in place PERMANENTLY. The restrictive covenants will run with the land in perpetuity, and the subsequent buyers will also be legally bound to them. Buyers will be provided these documents in advance for review.

Specifically, the following documents will be recorded against each unit:

1. Declaration of Resale and Occupancy Restrictions and First Option to Purchase executed by the initial homebuyer.

Eligibility Requirements

To be eligible to buy these homes:

- You must be a 1st time homebuyer
- You must live in the home (you cannot rent it out)
- Your household must have a minimum of three members
- Your annual household income must be below the limits, adjusted for household size, in the following table:

2009 Income Limits – Alameda County

Persons in Household	Median Income Limits 100% AMI*
3	\$80,400
4	\$89,300
5	\$96,400
6	\$103,600
7	\$110,700

*AMI means "Area Median Income"

For example: according to the above table, if your household contains 4 people, and your total household income is \$56,000 per year, you would be under the median income limit (\$89,300), and eligible to purchase a home in the median income category.

Monthly Payment Estimates

The City of Oakland's affordable homeownership program sets sales prices based on estimates of total housing costs (mortgage, utilities, HOA dues, etc.) for a household at each income level

The following two examples provide an idea of what your monthly housing payment might be. Your housing payment includes your mortgage, property taxes, insurance, Homeowner's Association dues, and a little left over for maintenance reserves:

Example #1: Median Income Home

If you qualify for a median income home, have around \$11,000 for a down payment, and get a mortgage with a 7.25% interest rate, your estimated monthly housing payment may be around \$2,200.

NOTE: The Monthly Payment assumptions above are simply estimates of housing costs and do not guarantee what your monthly housing costs will be. Actual costs to each buyer will vary. For example, if you qualify for an interest rate on a mortgage that is lower than the estimated 7.25%, your monthly housing costs may be lower than the above estimates. If your mortgage interest rate is higher, your monthly housing costs may be higher than the above estimates. Likewise, if you have more than 5% of the sales price to use as a down payment, your loan amount will be lower, and your monthly housing costs will be lower as well. Utility costs will also vary depending on utility rates and usage by the household.

Acceptable 1st Mortgage Products

Any mortgage used with the program may not have negative amortization, principal increases, balloon payments, deferred interest payments, or be an interest only or adjustable rate mortgage.

Acceptable Secondary Mortgage Assistance

Because the City has already invested a substantial amount to make these homes affordable, you may not receive assistance from the City of Oakland 's Mortgage Assistance Program (MAP) or other City subsidies. You may, however, utilize non-City 2nd mortgages, assuming lenders accept the City's regulatory restrictions and meet mortgage requirements listed in previous section.

Alternate Lenders or Brokers

Median income buyers who wish to use another lender or broker will be required to deliver an "Alternate Lender / Broker Form" (included in this packet) to your lender or broker of choice. This form summarizes acceptable mortgage products for this program and requires your lender or broker to confirm in writing that their company will accept the terms of the resale restrictions.

This form is required for your protection. It is very common for lenders or brokers to approve applicants for an affordable home without a proper understanding of the restrictions of the program. It is typical in these scenarios for the applicant's loan financing to fall apart at the last minute, causing them to lose their opportunity to purchase an affordable home. We therefore encourage use of a lender knowledgeable about the terms of the City's resale restrictions. Whichever lender you choose, the same deadlines apply. Applicants use lenders or brokers unfamiliar with this program at their own risk.

We don't request that you present the Alternate Lender/Broker form to your lender or broker of choice until we have performed an initial screening of your file. The form, however, must be returned to HomeBricks within one week after it has been requested.

Transferring Your Application to the Lender and the City of Oakland

There is a section of your application in which you allow HomeBricks to submit your application and supporting documentation to the City of Oakland, Wachovia, Citibank, or to your lender or broker of choice. This service is free of charge, and allows you to avoid having to repeat an extensive loan application process. If income information is more than six months old at the time it's submitted to the City for approval, the City of Oakland will require updated documentation.

Homebuyer Training Certificate:

Before applications can be submitted for final approval by the City of Oakland, you must provide HomeBricks with a certificate of completion of a Homebuyer Training Seminar. These can be obtained by any HUD certified counselor, such as Lao Family (510) 533-8850, NID (510) 268-9792, or the Unity Council (510) 535-6900. This certificate is not required at the time of application submission, but must be completed by the time HomeBricks submits applications to the City for final approval.

Application Deadlines

Applications are now being processed on a first come first served basis.

Applications may be sent to HomeBricks via:

Mail: HomeBricks – Mandela, PO BOX 193430, San Francisco, CA 94119.

HomeBricks Pre-Screening

HomeBricks will pre-screen applications in the order in which they are received, both for the City's program requirements and for basic lender criteria. If your application appears to fall outside the parameters of the program, HomeBricks will not prevent you from continuing the application process, but we will contact you for a consultation to discuss your situation and confirm that you wish to continue. This free service is offered to prevent you from spending unnecessary time and energy on an application that will most likely be denied later on by a lender or the City. This time may better spent with a credit counselor to prepare for the next opportunity, or by applying for another development with parameters that match your profile.

Deadline for Loan Approval

Because HomeBricks must screen many applications for income eligibility before submitting them for lender approval, not all files will be submitted at the same time. Files are screened and submitted in order of the lottery numbers. You will be notified when your application has been screened and will have 6 weeks to receive a pre-approval letter from your lender.

Loan Denial

If your loan application is denied your lender or broker of choice, you will have until the end of your original 6 week deadline to provide an approval letter from another lender. If, at the time of your initial application screening and consultation, HomeBricks finds that your loan application has a high probability of being denied, and you wish to continue with your loan submission, we strongly urge you to submit your application to a backup lender or broker of your choice immediately. We can help you do so. Waiting for an official denial from one lender before submitting to another may not provide you with enough time to receive an approval before the 6 week deadline from initial submission.

Contract Signing

If HomeBricks determines that you are eligible for the program, and you submit an acceptable loan approval before the 6 week deadline (see [Deadline for Loan Approval](#) section above), you be notified and have 1 week to meet with a sales agent, select a unit, and enter into contract. The contract will contain a contingency in the event the City determines you do not qualify and does not approve the application. A \$1,000 refundable deposit will be required at the time of unit selection and signing of a purchase contract.

City Income Verification

After you have signed your purchase contracts, HomeBricks will send the City a copy of your complete application for official certification of eligibility under the City program. The City of Oakland will provide final approval that each buyer meets City requirements.

Closing

Once you have received all final approvals, a HomeBricks sales agent will assist you through the close of escrow and key delivery. More information will be provided as that time comes.

Deactivation Policy

The application process contains a number of deadlines each applicant must meet, such as:

- Submission of a complete application
- Compliance with requests for missing or outdated documentation

- Submission of conditional mortgage pre-approval compliant with City guidelines
- Selection of a specific home
- Execution of Purchase Contract
- City approval
- Close of escrow

Due to the number of applications to process, it is extremely important that you comply with all requests for documentation or other tasks in a timely manner. If you do not comply with requests for action by HomeBricks or your lender within 1 week of the request, your application will be deactivated until you comply with the requested task. If your file is deactivated, other applicants who sent applications in after yours will be processed and may eventually be offered a home. Once you comply with a missed deadline, your file will be reintroduced to the processing order, and remaining homes, if any are left, will be offered to you as you complete the approval process.

HomeBricks Website

Internet users may visit www.homebricks.com to create a free, private HomeBricks account. With this account you will receive a username and password that allow you 24 hour access to:

- Check the status of your application.
- Confirm receipt of items you've sent
- Communicate directly with HomeBricks staff
- Check deadline dates to remain in compliance
- RSVP for HomeBricks workshops
- Receive periodic updates on this campaign
- Receive notices of future affordable opportunities
- Review and download all pertinent documentation

You are not required to create a HomeBricks account to apply for this campaign, but if you have access to the internet, at home or through a public library or local homeownership counselor, use of this free tool may greatly enhance your application experience.

Affirmative Fair Marketing Procedures

HomeBricks' goal is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, AIDS, or AIDS Related Condition.

The Mandela Gateway Townhomes Development has two units which are accessible to the mobility, vision and hearing impaired. Persons with disabilities are encouraged to apply.

Fair Credit Reporting Act

As part of the screening process, HomeBricks will obtain a credit report at no charge to you. Under California and federal law you have certain rights regarding your credit report. For example, the Federal Fair Credit Reporting Act (FCRA) is designed to promote accuracy, fairness, and privacy of information in the files of every "consumer reporting agency" (CRA). Most CRAs are credit bureaus that gather and sell information about you -- such as if you pay your bills on time or have filed bankruptcy -- to creditors, employers, landlords, and other businesses. You can find the complete text of the FCRA, 15 U.S.C. 1681-1681u, at the Federal Trade Commission's web site (<http://www.ftc.gov>).

For a general summary of your rights under the Federal Fair Credit Reporting Act please visit <http://www.ftc.gov/bcp/online/pubs/credit/fcrasummary.pdf>. For more information on California's credit reporting requirements please visit: <http://ag.ca.gov>.

Mandela Gateway Townhomes

Alternate Lender / Broker Form

This form is to confirm that the alternate lender or broker you have chosen, who is not one of the lead lenders for this development, understands that these are affordable homes that contain restrictions on resale price and acceptable mortgage types, among others. Your alternate lender's company may require review and approval of the legal restrictions documents, which does not extend your deadline for submitting a pre-approval letter.

To be completed by the Applicant:

I, _____, as a representative of my household, understand that
[Please print name clearly]
delay or error by my lender or broker of choice due to improper understanding of the resale restrictions or other program requirements may result in the loss of my opportunity to purchase a home.

Signed

Date

To be completed by the alternate lender or broker:

I, _____, understand that the first mortgage product used with this
[Please print name clearly]
program may not have negative amortization, principal increases, balloon payments, deferred interest payments, or be an interest only or adjustable rate mortgage.

I understand that these homes contain title restrictions, such as an Option to Purchase by the City, and a Resale Restriction. I will take the appropriate measures to confirm my ability to fund this loan before issuing a pre-approval letter.

I understand that there is 6 week deadline from the time I receive this application for my client to submit a pre-approval level to HomeBricks, and that failure by me in a timely manner may result in the loss of my client's ability to purchase an affordable home.

Signed

Company

Date

Alternate lender can obtain the Declaration of Resale Restrictions by contacting HomeBricks at mandela@homebricks.com or by calling (415) 495-HOME (4663) x 150. Questions about the Declaration of Resale Restrictions can be directed to Marge Gladman, Housing Development Manager, City of Oakland at mgladman@oaklandnet.com or (510) 238-7137.

Please sign and fax back to (415) 738-7930