



Brisbane First Time Home Buyer Program Manual

Section 1, Program Description

A. Introduction

The Brisbane Redevelopment Agency (the Agency) is pleased to offer the Brisbane First-Time Homebuyer Program, hereinafter referred to as the **BFTHBP**. The Agency recognizes the serious financial obstacles that low and moderate income families face in attempting to achieve the "American Dream" of homeownership. Because of the high cost of purchasing a home, many low and moderate income families are forced to choose between permanently renting or relocating outside of the community in order to buy their first home. The **BFTHBP** will provide financial assistance in the form of a Silent Second Mortgage Loan. The BFTHBP will be available for low and moderate income buyers of single family homes or condominiums located anywhere within the City of Brisbane. It will serve qualified, low and moderate income, first time home buyers who:

1. at the time of filing an application have been a resident of Brisbane for at least one year; or
2. have an immediate family member (parent, child or sibling) who has been a resident of Brisbane for at least one year from the filing of an application; or
3. at the time of filing an application, had their primary employment (largest source of income) located within the City of Brisbane for at least one year; or
4. at the time of filing an application their primary employer has been the Brisbane School District, the Jefferson Union High School District or the San Mateo County Community College District for at least one year.

A low income buyer is a buyer whose household income does not exceed the maximum gross income, adjusted for household size, for a Lower Income Household in San Mateo County, as defined and published annually by the California Department of Housing and Community Development (HCD). A moderate income buyer is a buyer whose household income, adjusted for household size, does not exceed 120% of the Median Income in San Mateo County, as published annually by HCD.

This program is intended to coordinate with San Mateo County's existing Mortgage Credit Certificate Program ("MCC") which offers a federal income tax credit to first time homebuyers. However, the MCC program has different income limits than the BFTHBP and a buyer eligible for the BFTHBP may not qualify for a mortgage credit certificate. The Agency's contractor, First Home, Inc. will advise applicants regarding eligibility and how to apply for the MCC program.

B. Silent Second Mortgage Loan Program

The **BFTHBP** will lend qualified, moderate income, first-time homebuyers up to \$200,000 for the purchase of a home. The actual loan amount will be

the difference*, up to \$200,000, between the purchase price and the sum of the down payment plus the maximum first mortgage amount that is affordable under redevelopment law (see Affordability Requirement, Sec. 1.D.5., below) or the maximum first mortgage for which the buyer can qualify on the basis of income, whichever is less.

The **BFTHBP** will lend qualified, low-income, first-time homebuyers up to \$200,000 for the purchase of a home. The actual loan amount will be the difference*, up to \$200,000, between the purchase price and the sum of the down payment plus the maximum first mortgage amount that is affordable under redevelopment law (see Affordability Requirement, Sec. 1.D.5., below) or the maximum first mortgage for which the buyer can qualify on the basis of income, whichever is less.

*If this difference is greater than \$200,000 for a low or moderate-income buyer, the borrower must increase the down payment by an amount sufficient to complete the purchase of the unit. The first mortgage amount may not be greater than an amount that results in an affordable housing cost under redevelopment law (see Affordability Requirement, Sec. 1.D.5., below) or the unit will not be eligible for Agency assistance.

The loan term will be for 45 years; zero percent interest with contingent interest (Shared Appreciation) and principal due at the occurrence of a “triggering event”. Contingent interest will be a portion of the appreciation of the property at the time of the triggering event. Appreciation is primarily the difference between the original purchase price and the sale price of the property. For a triggering event other than a sale of the property, the appreciated value of the property will be determined by an appraisal or mutual agreement between the borrower and the Agency. The share of appreciation due as contingent interest will be equal to the ratio of the Agency loan to the purchase price. For example, if the home cost \$400,000 and the Agency loan was \$100,000, the Agency loan represents 25% of the purchase price of the home. The contingent interest would thus be 25% of any appreciation. If the house were sold for \$500,000, the appreciation would be \$100,000 and the contingent interest would be 25% of this amount or \$25,000. Appreciation Amount and Shared Appreciation are more fully defined in the Promissory Note, which is in Section 3. of this manual). The triggering events include; 1) a sale, lease, or unauthorized transfer of the property, 2) default on the terms of the Agency loan or Resale Restriction Agreement and 3) maturity (end of the 45 year term of the Agency loan). Events that trigger repayment of the loan principal and contingent interest are fully spelled out in the Promissory Note, Deed of Trust and Resale Restriction Agreement documents which are in Section 3. of this manual.

As a condition of receiving the Agency loan, and to guarantee that the unit remains affordable for at least the 45 year term of the loan, the buyer will be

required to sign and record a Resale Restriction Agreement on the property, which will limit the future resale price of the home. The agreement will require that, if the borrower wishes to sell the property, the Agency will have the option to purchase the property at the restricted price. The Agency may, instead of purchasing the home itself, assign its right to purchase the home to another public agency, a nonprofit corporation, or to an Eligible Purchaser. If the Agency does not exercise its option to purchase the property, the property must be sold to a low income buyer if the borrower is low income or a low or moderate income buyer if the borrower is moderate income and the new buyer, upon approval by the Agency, will be able to receive a new loan from the Agency for the amount of outstanding principal and interest amount due under the Agency loan. The maximum resale price of the property will be set according to an index based on the cumulative increase in the median income for San Mateo County as published by HCD. The resale restriction will remain in effect for 45 years from the close of escrow. The Agency's option to purchase and the restrictions on resale of the home are fully spelled out in the Resale Restriction Agreement which is included in Section 3. of this manual. The restricted price may be adjusted to reflect the value of Eligible Capital Improvements. (See Section 1.C.6., below)

The buyer will be required to make a down payment of at least 3% of the purchase price of the property and cover normal closing costs associated with the purchase of a home. The first mortgage lender may require a larger down payment. Fees payable to First Home, Inc., the Agency's contractor, will be paid by the Agency, not the buyer.

C. Borrowers' Eligibility Requirements

Borrowers are eligible for the BFTHBP if they meet the following criteria. The Agency or its contractor, First Home, Inc., will determine and certify the borrowers' eligibility based on these criteria.

1. First Time Homebuyer

A "First-time Homebuyer" is defined as an individual who has not had any ownership interest such as fee simple, joint tenancy, tenancy in common, life estate, shareholder in a cooperative, or interest held in trust for the applicant that would constitute an ownership interest if held by the applicant, in their primary residence, in the past three years as of the date of application. All applicants and co-owners/co-borrowers must meet the First-time Homebuyer requirement.

In addition, an individual who is divorced or legally separated from his or her spouse is also considered a First Time Homebuyer if the individual, while married, owned a home with his or her spouse but no longer has an

ownership interest in the home as a result of a court approved dissolution proceeding or property settlement.

2. Household Income - See Attachment #1 Income Limits

A moderate income borrower's household income must not exceed 120% of the median income for San Mateo County, adjusted for household size, as published annually by the California Department of Housing and Community Development (HCD). A low income borrowers' household income must not exceed the Lower Income limit for San Mateo County, adjusted for household size, as published annually by HCD.

Household shall be defined as a single person; or two or more persons sharing residency whose income resources are available to meet the household's needs and who are related by blood, marriage or operation of law, or who have registered as domestic partners, or who give evidence of a stable relationship which has existed over a period of one year. In addition, all co-owners and/or co-borrowers shall be considered as part of the household for purposes of determining program eligibility.

Pursuant to Title 25 California Code of Regulations §6914, "Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a re-determination at the end of such a period.

"Income" shall consist of the following:

(a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

(1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;

(2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);

(3) Interest and dividends;

(4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).

(6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus;

(B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,

(7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).

Where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(b) The following items shall not be considered as income:

(1) Casual, sporadic or irregular gifts;

(2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;

(5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;

(6) Relocation payments made pursuant to federal, state, or local relocation law;

(7) Foster child care payments;

(8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;

(9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

(A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

(B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

Current income from all household members over the age of 18 who are not full time students, listed for purposes of qualifying under the household size criteria, must be included for purposes of qualifying under household size income criteria. (If an individual is counted as a member of the household in order to meet the household size income limit criteria, then that member's income must also be included in the determination of household income.) For additional information regarding Co-Borrowers' requirements, see Program Requirements, 1.E.4., below.

3. Live or Work in the City of Brisbane

For at least one year immediately prior to the date of application and currently, Borrower must have either:

- a) Established their primary residence in the City of Brisbane; or
- b) Established their primary source of employment (largest source of income) in the City of Brisbane.

4. Immediate Family of Current Brisbane Resident

As an alternative to 3., above, a buyer may qualify for BFTHBP if he or she has a parent or sibling who has established their primary residence in the City of Brisbane for at least one year prior to the date of application.

5. Employee of School District Serving Brisbane

As an alternative to 3. and/or 4., above, a buyer may qualify for the BFTHBP if he or she has, for a period of at least one year from the date of application, had their primary source of employment with the Brisbane School District, the Jefferson Union High School District or the San Mateo County Community College District.

6. Qualify for a First Mortgage

Borrower must qualify for a first mortgage secured by a deed of trust from a lender who will use Freddie Mac or Fannie Mae affordable lending qualifying criteria or other prudent and appropriate qualifying criteria commonly used in the lending industry.

The down payment requirement will be determined by the first mortgage lender, however, the combined loan to value (CLTV) of the first mortgage and the Agency loan and any Agency approved junior loans shall not exceed 97%

D. Property Requirements

1. Purchase Price

Maximum purchase price for a home eligible for assistance under the **BFTHBP** shall be the median home sale price for the previous month in San Mateo County as published by data reporting services generally used in the real estate industry, such as DataQuick. Purchase price shall be defined as the total cost of acquiring a residential unit from the seller. Acquisition cost **includes** all amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the seller) as consideration for the residence. **Not included in the purchase price** is the usual and reasonable closing costs related to the purchase of the property paid by the buyer. These closing costs may include expenses such as title insurance, transfer tax, recording fees, "points", legal fees, recurring and non-recurring closing costs.

2. Location

Property must be located within the City limits of Brisbane.

3. Single Family Residence

The property must be a single family residence defined as an attached or detached residential unit or condominium which allows the Agency loan to be secured by the program's standard deed of trust.

4. Primary Residence

The purpose of this program is to assist qualified borrowers purchase their primary residence in Brisbane. **THE PROPERTY MUST BE OCCUPIED BY THE BORROWER. USE OF THE PROPERTY FOR RENTAL PURPOSES IS NOT ALLOWED AND WILL CAUSE THE LOAN TO IMMEDIATELY BECOME DUE AND PAYABLE, ALONG WITH**

PENALTIES AND THE BUYER COULD BE REQUIRED TO SELL THE PROPERTY TO THE AGENCY OR A NEW, QUALIFIED BUYER.

5. Affordability Requirement

For the unit being assisted to be eligible for Agency funds, the purchaser's housing cost must not exceed the affordable housing cost as defined by Health & Safety Code §50052.5(b). For a moderate income purchaser with a household income up to 110% of the area median income, the maximum affordable housing cost is 35% of 110% of the median income, adjusted for family size appropriate for the unit. Appropriate family size is two persons for a one bedroom unit, three persons for a two bedroom unit, four persons for a three bedroom unit and five persons for a four bedroom unit. For moderate income households earning between 110% and 120% of the median income, maximum affordable housing cost is 35% of the household's actual income. In addition, total housing cost for a moderate income household may not be less than 28% of that household's actual income. For low income households with gross income between 50% and 70% of the area median income (San Mateo County), as published annually by HCD, the maximum affordable housing cost is 30% of 70% of area median income adjusted for family size appropriate to the size of the unit. For households between 70% of the area median income and the Lower Income limit for San Mateo County, as published annually by HCD, the maximum affordable housing cost is 30% of the actual income of the household.

Title 25 California Code of Regulations, §6920 defines housing cost of a purchaser as all of the following costs associated with a particular housing unit: (a) principal and interest on mortgage loans, and any loan fees associated therewith; (b) property taxes and assessments; (c) fire and casualty insurance; (d) property maintenance and repairs; (e) a reasonable allowance for utilities not including telephones; (f) homeowners association fees; and (g) space rent, if any.

Utility allowances shall be based on U.S. Department of Housing and Urban Development (HUD) forms as calculated by the San Mateo County Division of Housing. For detached homes the allowance shall be \$87 for one bedroom, \$106 for two bedrooms, \$124 for three bedrooms, and \$151 for four bedrooms. For attached units, the allowance shall be \$85 for one bedroom, \$103 for two bedrooms, \$119 for three bedrooms, and \$145 for four bedrooms.

If the maximum Agency loan, combined with the maximum loan that can be accommodated in the affordable housing cost or the maximum loan for which the buyer can qualify, whichever is less, is not sufficient to complete the purchase of the home, the buyer must increase the down payment by an

amount sufficient to cover the difference or the unit will not be eligible for Agency assistance.

6. Capital improvements

If the owner has made Eligible Capital Improvements, as defined in Section 2.H., below, to the property that he/she wishes to include in the calculation of the restricted sales price (see Section 1.B., above), a description of the improvements, the date the improvements were made, a copy of the letter granting prior Agency approval of the improvements, evidence of cost of the improvements, and an appraisal of the value added to the property by the Eligible Capital Improvements must be submitted to the Agency at the time the owner notifies the Agency of his/her intention to sell the property

The adjustment to the restricted sales price for such Eligible Capital Improvements shall be limited to increases in value to the property as a result of the improvements as determined by an appraisal, including any depreciation in value of the capital improvements since the time of installation, and not the cost of construction of the improvements to the property. The restricted sales price shall include a downward adjustment, where applicable, in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of the Brisbane Building Code, as well as any other repairs needed to put the home into a "sellable condition". Items necessary to put a home into sellable condition shall be determined by the Agency or its designee, and may include cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

The rules pertaining to improvements to the property are fully spelled out in the Resale Restriction Agreement which is included in Section 3. of this manual.

E. Other Program Requirements

1. Borrower's Education

IT IS REQUIRED THAT ALL BORROWERS ATTEND a Homebuyer workshop approved by the Agency in order to participate in the BFTHBP. Evidence of completion of the Homebuyer workshop will be required as part of the application package.

2. Application

Applications will be processed on a first come first served basis. However, qualified applications received at and within 47 days following the first Agency sponsored Homebuyer Workshop may be ranked in priority by lottery. ONLY complete applications will be accepted. All applications will be submitted to the Agency for loan approval by First Home, Inc.

3. Fee

Applicants will submit a NON-REFUNDABLE CREDIT REPORT FEE OF \$40.00* with their loan application.

*subject to revision from time to time

4. Co-Borrowers

All Co-Borrowers and/or Co-Owners must meet the income limit requirements. All Co-Borrowers and/or Co-Owners must meet the First Time Homebuyer requirement. At least one member of borrower's household must meet other borrower eligibility requirements in Section 1.C., above.

5. Inheritance

In the event of death of the borrower, there are limitations on the ability of the borrower's heir to retain ownership of the property and to assume the Agency loan. Heir can keep the unit and receive a new agency loan if they are in the same or lower income category as the original buyer. In other words, if the original buyer received a loan of up to \$100,000 as a moderate income buyer, an inheriting person can be low or moderate income and the subsidy would stay in place. If, in this case, the heir is low income, the heir may apply to the Agency for additional assistance but the Agency is under no obligation to grant additional assistance to the heir. If the original buyer received a loan of up to \$200,000 as a low income buyer, inheriting person must be low income. If not qualified as an eligible low or moderate income household, the heir must sell the home to the Agency or a qualified buyer within one year. A non-qualifying heir is not required to occupy the home for the one year period but, if the heir rents the property during this one year period, the tenant must be a low or moderate income household and the rent must be set at an affordable rent level as defined by California Redevelopment Law. The rental agreement must be approved in advance by the Agency.

The rules pertaining to inheritance are fully spelled out in the Resale Restriction Agreement which is included in Section 3. of this manual.

2. Administration and Procedure

A. Introduction

The Agency has hired a Contractor, First Home, Inc., to administer the BFTHBP and assist borrowers in completing the necessary application forms and performing all the steps necessary to complete the home buying process. In general, those interested in participating in the BFTHBP will work with First Home, Inc. to apply for the Homeownership Program. First Home, Inc. will also work with applicants to assist with the first mortgage loan application procedures. The Homeownership program eligibility application must be completed in addition to the application for a mortgage from the first mortgage lender. First Home, Inc. will document the applicant's eligibility for the BFTHBP and compliance with all California Redevelopment Law requirements.

The Brisbane Redevelopment Agency is the sponsor for the BFTHBP and the funds for the program come from the Agency's Low and Moderate Income Housing Fund. All loans made under this program must comply with the requirements of California Redevelopment Law. The Agency has delegated its administrative functions of the BFTHBP to First Home, Inc. through a Professional Services Agreement.

B. Loan Origination and Homeownership Program Application

1. The Borrower applies for the Brisbane Homeownership program by completing a program eligibility application. First Home, Inc. will provide the applicant with the necessary forms. The information on the application will be verified in the same manner as information on the first mortgage lender's application is verified.

To verify applicant's first time homebuyer status, First Home, Inc. and the Agency will need to examine the applicant's federal income tax returns for the last three (3) years. In the event tax returns are not available, a letter from the landlord, a lease/rent agreement, or copies of canceled rent checks may be substituted.

2. First Home, Inc. will certify that both the applicant and the property meet the Program criteria and are eligible for assistance under the BFTHBP.
3. First Home, Inc. or the Agency will calculate the appropriate Agency loan amount using the Eligibility Worksheet
4. Applicant applies for a first mortgage as instructed by the first mortgage lender. The Lender will process the application using their standard procedure.

C. Underwriting Requirements

1. Fannie Mae and/or Freddie Mac has established requirements for the underwriting of first mortgage loans. The Agency's intent is to approve loans that follow these guidelines. First Home, Inc. will maintain a list of approved first mortgage lenders that will accept the Agency's subordinate loan.
2. Borrowers must demonstrate compliance with the Borrower's Eligibility Requirements (Section 1. C.), Property Requirements (Section 1. D.) and Other Program Requirements (Section 1. E.).
3. The first mortgage loan must have a fixed interest rate for at least the first five years of the loan term.
4. The Borrower must make a down payment of at least three percent (3%) of the purchase price from their own funds.
5. The Borrower may retain no more than \$20,000 in net financial assets, excluding tangible personal property.

D. Agency Loan Approval

1. Once the First Mortgage has been approved, the Lender will submit to the Agency a reservation request packet, which will include:
 - Reservation of Fund Request
 - Income Eligibility Calculation Sheet
 - Signed Disclosure and FAQ
2. The Agency will review the reservation request packet. Both the Lender and Applicant will be informed within 72 hours of loan reservation approval or denial.
3. Upon the borrower entering into contract, First Home will submit the following documents to the Agency for their review and processing:
 - Request for Disbursement Set-up
 - Wiring information
 - Loan Agreement
 - Pre-approval letter
 - Promissory Note
 - Deed of Trust
 - Truth in Lending
 - Escrow instructions

E. Loan Closing

1. The First Mortgage Lender will prepare its loan documents in its normal manner.
2. The Agency will have the reviewed loan documents signed and delivered to escrow for the borrower to sign.
3. Both the First Mortgage and Second Mortgage documents will be executed by the Borrowers in escrow.
4. The escrow company will send the First Mortgage Lender and Agency complete sets of all documents signed in escrow. In addition, a copy of the First Mortgage Lender's escrow instructions will be provided to the Agency.
5. Upon review and approval of the Funding Packet, the Agency will deposit funds into the escrow. Lender and Applicant are advised to allow at least 10 days from receipt by the Agency of the Borrower's acknowledgment and acceptance of the Agency's loan approval containing loan terms and conditions to close escrow.
6. Lenders' CLTA Title Insurance for the Agency loan will be required.
7. Hazard Insurance as required by the First Mortgage Lender will also be required by the Agency.

F. Subordination

Subordination of the Agency Silent Second Mortgage Loan will be limited to Borrowers that:

1. are refinancing the existing First Mortgage for the purposes of reducing their monthly housing expenses or financing capital improvements to the home which have been approved by the Agency*;
-and -
2. are refinancing no more than the amount of the balance of the first mortgage plus the cost of refinancing and the cost of any Agency approved capital improvements*, if any;
-and -
3. are not taking any cash out of the refinance other than permitted above*;
-and -
4. have sufficient equity in the property so that the total loans to value is at least the same after the refinance as it was when the property was purchased.

-and -

5. the total new housing cost does not exceed Affordable Housing Cost as defined by California Redevelopment Law. (See Affordability Requirement, Sec. 1.D.5.)

Loans made by other public agencies for the purpose of increasing affordable home ownership opportunities may also be permitted with prior approval by the Agency.

*The borrower must provide assurance to the satisfaction of the Agency that the funds will be utilized for the construction of the approved capital improvements. Only Eligible Capital Improvements, as described in Section 2.H., below, will be approved by the Agency for this purpose.

G. Junior Loans

Junior loans (third mortgages and equity lines of credit) are prohibited without the express written consent of the Agency. Junior loans shall be approved only under the following conditions:

1. The total new housing cost does not exceed Affordable Housing Cost as defined by California Redevelopment Law. (See Affordability Requirement, Sec. 1.D.5.)
2. There is sufficient equity in the property so that the total loans to value is at least the same after adding a junior loan as it was when the property was purchased.
3. The proceeds are to be used only for capital improvements to the home that have been approved by the Agency*.

Loans made by other public agencies for the purpose of increasing affordable home ownership opportunities are also permitted with prior approval by the Agency.

*The borrower must provide assurance to the satisfaction of the Agency that the funds will be utilized for the construction of the approved capital improvements. Only Eligible Capital Improvements, as described in Section 2.H., below, will be approved by the Agency for this purpose.

H. Eligible Capital Improvements

No approval shall be given for financing for capital improvement except for those that meet the following criteria:

1. Those made or installed by the Owner or his/her contractor which conform to applicable building codes at the time of installation.

2. Are approved in writing in advance by the Agency or its designee.
3. The initial costs exceed Two Thousand Dollars (\$2,000) or more.
4. The improvements will extend the useful life or improve the functionality of the property.
5. Are installed with all required permits from the City of Brisbane.

I. Loan Servicing

Loan Servicing will be provided by the City of Brisbane Finance Dept. Some of the loan servicing duties may be provided by an Independent Contractor, who reports directly to the City of Brisbane Finance Dept.