

MAYOR'S OFFICE OF HOUSING CITY AND COUNTY OF SAN FRANCISCO



GAVIN NEWSOM
MAYOR

DOUGLAS SHOEMAKER
DIRECTOR

RESALE PROCEDURES FOR CONDO CONVERSION BMR UNITS

Per Ordinance #320-08, all Condo Conversion BMR Units are subject to the marketing procedures outlined in the 2007 Inclusionary Housing Procedures Manual (See Procedures Manual Section II (D)(5), pages 22-26). The procedures below outline the resale process for all Condo Conversion Program BMR units.

Resale Pricing

1. No less than 30 days prior to marketing the BMR unit, the owner on title must request that the Mayor's Office of Housing (MOH) establish the restricted sales price of the unit. The following information must accompany the owner's resale price request:
 - a. For owners who are opting into the updated program under Ordinance #320-08, submit a complete Opt-in Checklist.
 - b. A signed and dated letter stating the intent to sell the unit. This letter should include a request for pricing of the unit.
 - c. A copy of the Settlement Statement (HUD-1) from the owner's purchase of the unit. This document can be located among the owner's original closing materials.
 - d. A signed listing agreement with a real estate agent who will list the unit on the Multiple Listing Service (MLS) and at least one citywide housing forum, such as Craig's List.
 - e. Documentation of all capital improvements for which the owner wishes to receive credit. Owners must submit the following documentation of eligible capital improvements.
 - Itemized list of each capital improvement using the capital improvements spreadsheet
 - Legible receipts or invoice that show the name of the establishment or seller, date and amount for each listed capital improvement
 - Proof of payment for each listed capital improvement
 - Contractor invoices must show the contractor's license number and company name
 - When work is done where a permit is required, a signed copy of the permit must be provided

At MOH's discretion, MOH will schedule an inspection of the capital improvements to verify the information provided. All codes, laws and regulations must be followed. Please note that the

owner may not get capital improvement credit for all requested items if the improvements do not fit within MOH's Capital Improvements Policy.

- f. Documentation of all special assessments for which the owner wishes to receive credit. Special assessments are those payments that are in addition to the homeowner's regular HOA dues. Regular HOA dues are not eligible under this policy. Documentation of special assessments must include:
 - Itemized list of each special assessment
 - Invoice from the homeowner's association verifying the amount and date the assessment was billed to the particular BMR unit
 - Proof of payment for each special assessment
2. MOH will price the unit within 30 days of the complete submission of all of the documentation listed above. MOH will send a letter to the owner stating the resale price, including all approved capital improvements and special assessments.
3. Owners must contract with a real estate agent to list the unit on the Multiple Listing Service (MLS) and at least one citywide housing forum, such as Craig's List. This listing ensures that the unit will be broadly advertised. MOH will add up to 5% to the BMR resale price to pay the owner's realtor and the buyer's realtor. If the owner is selling the property to the existing tenant, MOH will add up to 2% of the BMR resale price to pay the realtor for the transaction. It is assumed that each realtor will earn half of this amount; however, this can be negotiated between the parties involved.

Marketing Requirements

1. Seller's real estate agent must submit the MOH website template and the MLS language for approval by MOH no less than 5 business days prior to listing the property. MOH will work with the real estate agent to list the property on MOH's website and distribute an email to a list of interested buyers.
2. Seller's real estate agent must list the announcement of the resale unit on the Mayor's Office of Housing website for a period of no less than 14 days. The property may not be listed on the MLS prior to being listed on MOH's website.
3. Seller's real estate agent must list the property on the MLS and at least one citywide housing forum, such as Craig's List, for a period of no less than 14 days, with a notation that the property is designated for households of low- or moderate- income and a link to the MOH website for additional information on the program.
4. Seller's real estate agent must hold at least two open houses for the unit, one on a weekday evening and one during the weekend. Seller's agent must notify MOH of the date and time of the open house for inclusion on its website. During the open house, seller's agent must collect names of interested homebuyers and submit this documentation to MOH.
5. Seller's real estate agent must provide interested buyers with general information about the program, the maximum income requirements, the MOH Condo Conversion Purchase Application, as well as any additional forms that the agent requires for the transaction. Buyers may also be referred to the MOH Website for further information on the program.

6. Seller's real estate agent must set an offer deadline of no less than 14 days from the date on which the listing is posted on the MOH website. Offer letters must state an amount no higher than the maximum resale price set by MOH. Seller's real estate agent will collect MOH Purchase Application and all required materials, as listed on the application. The San Francisco Purchase Agreement must disclose the fact that the unit's resale price is controlled by the City and County of San Francisco and include contingencies for the buyer's income approval by MOH and a loan approval by a BMR lender.
7. No more than 24 hours after the application deadline, seller's real estate agent must send MOH a pre-formatted excel list of all applicants. This list is final and cannot change after being submitted to MOH.
8. Seller's real estate agent will hold a public lottery to develop a ranked list of potential BMR buyers. BMR buyers must meet the requirements of Post-Legislation Owners to participate in the lottery. Numbers will be placed in a vessel and chosen in random order. Lotteries will take place at the Mayor's Office of Housing and be monitored by MOH staff. All members of the public are welcome to attend. Applicants do not need to attend to be considered for the BMR unit.
9. Seller's real estate agent shall contact the potential BMR buyers to notify them of their ranked order resulting from the lottery. The seller's agent must work with BMR buyers in their numerical ranked order.
10. BMR buyers must execute their purchase contract within 5 business days of being notified of the lottery results and be approved for a mortgage loan within 14 days of executing the purchase contract. If the buyer does not meet these deadlines, the real estate agent must notify MOH. MOH may allow the real estate agent to move to the next potential BMR buyer in the ranked lottery order.

Closing Procedures

1. Seller's real estate agent is responsible for ensuring that the MOH Condo Conversion Purchase Application and all required attachments are complete. It is the seller's real estate agent's responsibility to submit the complete application packet to MOH.
2. MOH will review complete applications and send an approval or disapproval letter to the buyer within 15 business days of the receipt of a complete application. This 15-day period may be extended if MOH requires further information to verify the buyer's qualifications. MOH will not review any incomplete application packets.
3. Once all required documents have been received and the buyer has been approved, MOH will draft the City's closing documents for buyer(s) to sign at closing. These documents will be sent directly to the title company within 5 business days of final approval.

Contact Information:

Condo Conversion BMR Program - Mayor's Office of Housing
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
(415) 701-5500
www.sfgov.org/moh