

# Executive Home Loan Program

## *City of San José*

San Jose City Council  
May 25, 2010  
Agenda Item 3.2

# Guiding Principles

- Program provides a recruitment tool that does not constitute a benefit entitlement
- City is not overly zealous in efforts to attract executive candidates
- Program provides reasonable housing assistance when San Jose's housing costs make relocation undesirable
- Program encourages new executives to live in San Jose and connect with the community they serve

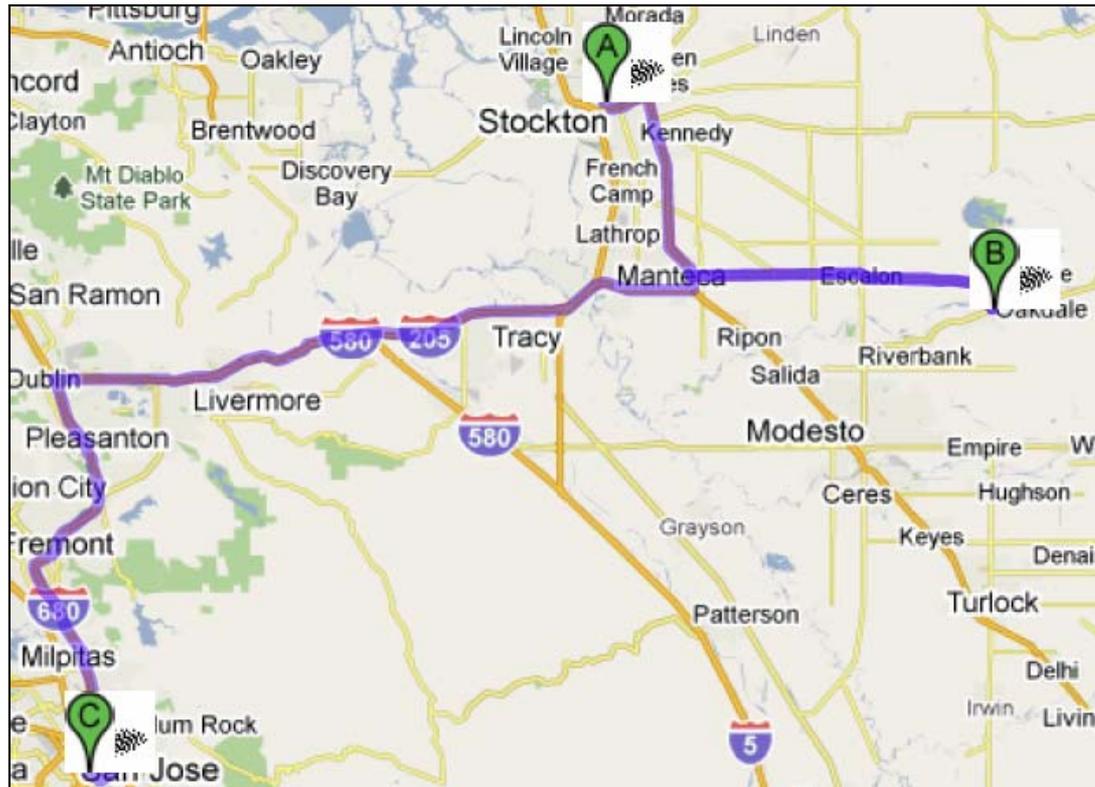
# Proposed Changes

PROGRAM ELEMENT	PROPOSED CHANGE
Eligible Executive Positions	No change
Principal Residence	<ul style="list-style-type: none"> <li>▪ Borrower certifies in loan application (new requirement)</li> <li>▪ Used the majority of the year</li> <li>▪ Other factors established to determine principal residence</li> </ul>
Loan Amount and Term	<ul style="list-style-type: none"> <li>▪ LTV &lt; or equal to 95% of purchase price</li> <li>▪ City loan &lt; or equal to 50% of purchase price</li> <li>▪ City loan &lt; or equal to first loan or \$250k (whichever is lower)</li> </ul>
Qualifying Criteria	<ul style="list-style-type: none"> <li>▪ Commute distance (IRS guidelines)</li> <li>▪ Principal residence (Treasury Regulations)</li> <li>▪ Cost differential in median home prices</li> </ul>

# Commuter Distance

**A** – Previous Work, Stockton    **B** – Home, Oakdale    **C** – City Hall, San Jose

If driving distance from B to C is more than 50 miles longer than B to A, the distance criteria is met.



# Proposed Changes (cont.)

PROGRAM ELEMENT	PROPOSED CHANGE
Interest Rate	No change
Cost	Cost recovery fees will be imposed for loan originations, loan servicing and any approved refinancing
Loan Repayment	Mandatory payroll deductions
Property Location	No change.
Repayment Acceleration	<ul style="list-style-type: none"> <li>▪ Modify existing 6-month repayment requirement</li> <li>▪ Increase interest rate to current market (rate floor and ceiling established for case-by-case modifications)</li> <li>▪ Require full amortization</li> <li>▪ Add a balloon payment requirement</li> <li>▪ Allow borrower to convert to rental property</li> </ul>
Documentation	New application form and administrative guidelines