

**POLICY****EFFECTIVE DATE:** 7/20/87**NO:** PO-LM-600.101**REVISION HISTORY:** 5/13/91; 11/14/94; 8/19/96; 5/25/99; 6/18/10**SUBJECT:** **HOUSING PROGRAM LENDING AUTHORITY**

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**1** Purpose

To state San Diego Housing Commission policy and program parameters for lending funds to finance housing activities.

**2** Policy

2.1 All San Diego Housing Commission (Commission) loans and grants will be approved in accordance with the stated Authority levels as shown on the attached Underwriting Criteria. All loans referenced in Underwriting Criteria Level 1 may be approved by the Chief Executive Officer of the San Diego Housing Commission (CEO) or designee. All loans referenced in Underwriting Criteria Level 2 may be approved by the Loan Committee. All other loans requiring Board of Commissioners of the San Diego Housing Commission (Board of Commissioners) approval will first be presented to the Real Estate Committee as an advisory Board to the Commission.

Loan and grant programs which have “tailored” terms and conditions expressly approved by the Board of Commissioners may vary from the Underwriting Criteria. The specific terms or conditions must be stated within the approved program. If a loan meets all the Underwriting Criteria as stated in Level One, with the exception of the tailored program terms, the loan may be approved by the CEO or designee.

2.2 In the event that an applicant has applied for grant funds in addition to loan funds, the requests shall be underwritten independently and in accordance with the criteria and limits stated in the attached Underwriting Criteria.

2.3 Notwithstanding levels of review specified in 2.1 above, processing and presentation by staff directly to the Board of Commissioners may be available for projects which meet Board of Commissioners authorized criteria contained in a published Notice of Funding Availability.

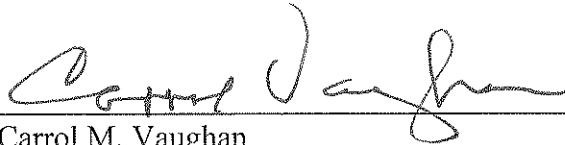
2.4 In the absence of a functioning Loan Committee, the Board of Commissioners shall consider and may approve loans as specified in Level Two of the Underwriting Criteria.

2.5 In the event that a loan application is not approved in accordance with Levels One and Two of the Underwriting Criteria, the applicant may request the decision be reviewed at a higher level, with the highest level being the Board of Commissioners.

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- 2.6 A quarterly report shall be provided to the Board of Commissioners stating all loans funded during that reporting period, status of loans in default and disclosure all loans modified by the CEO or the Loan Committee. The report will be forwarded to the Land Use and Housing Committee, on an informational basis, twice annually.

**Approved:**

Carrol M. Vaughan  
Executive Vice President & Chief Operating Officer

11/10/2010  
Date

**SAN DIEGO HOUSING COMMISSION  
UNDERWRITING APPROVAL THRESHOLDS FOR LOANS AND GRANTS**

<b>LEVEL ONE CHIEF EXECUTIVE OFFICER: The Chief Executive Officer or designee may approve loans which meet all of the following underwriting criteria:</b>				
	<b>FIRST TIME HOMEBUYER PROGRAM</b>	<b>ONE DWELLING UNIT OWNER OCCUPIED</b>	<b>2 TO 4 DWELLING UNITS WITH 1 UNIT OWNER OCCUPIED</b>	<b>1 TO 4 UNITS RENTALS</b>
A. Loan and/or Unit Limits	17% of Purchase Price	\$100,000	\$100,000	\$100,000
B. Maximum Loan-to-Completion Value Ratio	97%	95%	95%	90%
C. Owner Debt-to-Income Ratio	45%	45%	45%	40%
D. Property Debt Service	N/A	N/A	N/A	1.1
E. Approved Management and Affirmative Marketing Plan	N/A	N/A	N/A	N/A
F. Approved Operating Budget	N/A	N/A	N/A	Required
G. No Balloon Payment on Senior Liens				
H. Verifiable Owner Income				
I. Acceptable Credit Record				
J. Property Taxes are current				
K. Judgment not to exceed \$1,000 or subordinate to Housing Commission Loan				
L. Secure by Recourse Note and Trust Deed on the subject property				
M. No Negative Amortization				
N. Grants and unsecured loans not to exceed \$50,000				

**SAN DIEGO HOUSING COMMISSION**  
**UNDERWRITING APPROVAL THRESHOLDS FOR LOANS AND GRANTS**

<b>LEVEL TWO</b> <b>LOAN COMMITTEE:</b> The Loan Committee shall consider and may approve all loans which do not fall within the criteria cited in Level One, subject to the following limitations:				
	<b>FIRST TIME HOMEBUYER PROGRAM</b>	<b>ONE DWELLING UNIT OWNER OCCUPIED</b>	<b>2 TO 4 DWELLING UNITS WITH 1 UNIT OWNER OCCUPIED</b>	<b>1 TO 4 UNITS RENTALS</b>
A. Loan and/or Unit Limits	17% of purchase price	\$100,000	\$100,000	\$100,000
B. Maximum Loan-to-Completion Value Ratio	97%	95%	95%	90%
C. Owner Debt-to-Income Ratio	55%	55%	50%	50%
D. Property Debt Service	N/A	N/A	N/A	1.05
E. Approved Management Plan	N/A	N/A	N/A	N/A
F. Approved Operating Budget	N/A	N/A	N/A	Required
G. Balloon Payments on Senior Liens – 5 or more years				
H. Negative Amortized Loans permitted if overall Loan-to-Completion value does not exceed 80%				
I. Secured by Recourse Note and Trust Deed on the subject property				
J. Grants and unsecured loans not to exceed \$100,000				