



SAN DIEGO
HOUSING
COMMISSION

**Clean & Green Program
CDBG Funds**

HOMEOWNERS EARNING 80% OR LESS OF AREA MEDIAN INCOME (AMI)

Program Overview:

The Clean & Green Program offers 30 year deferred loans to low-income owner-occupied homeowners citywide in conjunction with the First Time Homebuyer Program (FTHB). The Clean & Green loan is property rehabilitation program with an emphasis on energy efficiency and water conservation. The program helps people keep up their homes which in turn helps families and the community by providing pride of ownership and positive effects on neighborhood quality and stability.

Eligible Homeowners:

1. An eligible homeowner must be the owner of record of a one unit residential property, and must occupy the property as his/her principal place of residence.
2. Households with a gross income of 80 percent or less than the San Diego County Area Median Income (AMI), as adjusted for household size. Gross household income will be calculated based on the guidelines stated below. Homeowners are required to provide all pertinent information required by the Housing Commission in order to establish household income. For the purpose of determining household size, any person claimed as a household member must have lived in the home for a minimum of one year prior to the application date.

2017 Maximum Income Limits <i>effective April 2017</i>			
Household Size	80% Income Limit	Household Size	80% Income Limit
1	\$50,950	5	\$78,600
2	\$58,200	6	\$84,400
3	\$65,500	7	\$90,250
4	\$72,750	8	\$96,050

Eligible Properties:

Owner-occupied, single-family detached residence located within the City of San Diego. Condominiums and Townhomes are not eligible for Clean and Green rehabilitation funding.

Maximum home value cannot exceed \$570,000 (effective April 2017), as determined by the appraisal completed at the time of purchase.

Property Condition:

Lead Inspection: San Diego Lead Hazard Prevention and Control Ordinance requires all properties built prior to 1978 be tested for lead hazards. Therefore, a lead inspection and risk assessment is required on all properties built prior to 1978. If lead hazards are found in a property and the condition of the hazards are poor, then lead remediation or abatement work must be performed. All work must be performed by

licensed contractors with an EPA certification, RRP training and California Department of Public Health supervisor/worker certification.

Cost of lead remediation/abatement should be covered by the loan, unless there is a significant amount of lead resulting in an expense beyond the program limits. All lead inspection/risk assessment results are reported to the City of San Diego's Environmental Services Department, as required by law.

Loan Amount:

Clean & Green FTHB Program: 8% of purchase price, up to \$25,000 (minimum of \$10,000)

Loan Terms:

1. Loan Term:
30 year deferred loan with no monthly or annual payments.
2. Interest Rate:
Three percent (3%) simple interest on the outstanding principal.
3. Due:
Due upon sale, cash-out refinance, non-owner occupancy, or maturity.
4. Loan to Value:
The combined loan to value (CLTV) of the first trust deed loan, Housing Commission FTHB loan, Housing Commission Clean & Green loan, and any other senior or subordinate financing shall not exceed 105%.
5. Loan Assumption:
Generally, Clean & Green loans are not assumable. The loan must be paid in full upon sale or transfer of the property. However, under certain terms and conditions, the loan may be assumed *with prior written consent of the Housing Commission*.
6. Refinance/Subordination Agreements:
Clean & Green loans can be subordinated to the refinancing of the existing first trust deed loan in order to lower the interest rate or reduce the loan term. Cash out refinancing requires full repayment of the FTHB loan and Clean & Green loan.

Assets:

The asset reserve is limited to \$10,000 for the first household member, plus \$500 for each additional household member. Liquid assets of all family members, including children, must be considered. Verifiable retirement accounts are excluded from the asset limitation.

Credit Guidelines:

- Minimum credit score: 640
- Homeowners with a foreclosure or short sale within the last five years must provide a letter of explanation and substantial back-up documentation as to the cause
- A credit report will be obtained for all parties on title and any non-borrowing spouse. All debts of the non-borrowing spouse will be used in the debt-to-income calculations
- All collections and judgments must be paid in full

Income Qualifying For Eligibility Only:

The combined income of all members of the household 18 years of age and over who are currently living together as a family, have lived together for 12 months or more and will be living in the property must be included in the determination of income. The household’s income will be projected as an annual income. It should be assumed that today’s circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary. Income on assets is considered when determining if a household is 80% or less of AMI. For the purpose of determining eligibility income, all income is included even if there is less than a two year history.

Income Calculations for Underwriting:

Program guidelines require the combined income of all persons on title, including a non-borrowing spouse (if applicable), must be included in the calculation of income. The household’s actual / averaged income will be calculated for underwriting purposes. It should be assumed that today’s circumstances would continue for the next 12 months, unless there is verifiable evidence to the contrary.

Debt-to-Income Ratio:

The borrowers monthly housing debt, including mortgage payments, property taxes, property insurance, and if applicable, mortgage insurance and homeowner’s association dues; *plus* all other household monthly debt (including credit cards, automobile payments, etc.), cannot exceed 45 percent of the borrower’s gross monthly income.

These guidelines are provided as a basis for the determination of program eligibility and underwriting of deferred loans. The Housing Commission, at its sole discretion, may make exceptions to any guideline which is not driven by the Housing Commission Policy 600.101.



The San Diego Housing Commission (SDHC) is committed to affirmatively furthering fair housing by promoting fair and equal housing opportunities for individuals living in the City of San Diego. This commitment extends to all housing programs managed or owned by SDHC and to all grant-funded programs provided by SDHC. It is the policy of SDHC to provide services without regard to race, color, religion, national origin, ancestry, age, gender, familiar status or physical/mental disability. For more on our commitment to affirmatively furthering fair housing visit our website at www.sdhc.org

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Applicant Eligibility	Standards
Documentation	<ul style="list-style-type: none"> • If married: spouse must sign SDHC forms regardless of vesting. • If unmarried: need copy of final divorce decree and judgment from the court. • Death certificate for deceased spouse if on other property liens • Non-US Citizen: copy of permanent alien registration card (green card) • Copy of driver' s license or other photo ID
Income	Standards
Alimony and Child Support	Copy of divorce decree and/or child support agreement, with six months proof of payment.
Disability Income	Copy of award letter from payer.
Social Security Income	Copy of award letter from payer.
Retirement or Pension Income	Copy of award letter or W-2 from payer.
Workers Compensation Benefits	Copy of award letter from payer.
Unemployment Compensation	Copy of award letter from payer.
Financial Aide (student loans, etc.)	Copy of award letter from payer.
Interest or Dividend Income	Two years 1040s, copies of current statements verifying buyer's assets.
Tax Returns	Two years tax returns, signed.
Salaried Borrowers	Most recent pay stubs covering minimum of two month's income. If there are multiple employers, all pay stubs showing year-to-date earnings.
Part-Time Employment	Most recent pay stubs covering a minimum of two months
Bonus and Overtime Income	Must be documented on pay stub. Will be used if there is a two-year history and likelihood of continuation.
Self-Employed	Two years tax returns with schedule C and a year-to-date signed profit and loss statement.
Commission Only	Two years tax returns with schedule C and a year-to-date signed and dated profit and loss statement <u>or</u> most current pay stubs covering a minimum of one month
Assets	Standards
Checking and Savings Accounts	Three months most recent bank statements.
Stocks and Bonds	Must be verified by brokerage firm or similar company and statement of account.
Saving Bonds	Copy of bond.
401K or Retirement Accounts	Copy of account statement and letter from employer verifying that borrower does <u>not</u> have access to the funds, if applicable.
Liabilities	Standards
Alimony/Child Support	Include as debt if over six months remaining. Need copy of divorce decree.
Installment Loans	Include as debt if over six months remaining.
Revolving Accounts	Use payment stated on credit report or application, whichever is higher. If payment is not stated, use the higher of \$10 or 5% of the outstanding balance owing.
Student Loan	If loan is deferred for one year or more, do not include as a monthly obligation. If less than a year deferment or borrower making payments, include as a debt.
Credit History	Standards
Credit Reports	Will be a "three repository merged" credit report.

	Any items not belonging to borrower must be removed from the report. Credit report cannot be dated more than 60 days from loan funding.
Collections	All unpaid collections must be paid. Need letter of explanation from borrower.
Derogatory Credit	Letter of explanation is required for all derogatory credit. No accounts can be past due at the time of loan application.
Bankruptcy	General rule is that a minimum of two years has elapsed since the bankruptcy was discharged with no derogatory rating since the discharge. Borrower must have rebuilt their credit. A copy of the bankruptcy filing, discharge papers and letter of explanation are required.
Notice of Default	A minimum of three years must have elapsed since a Notice of Default was rescinded. Borrowers must provide a letter of explanation and back-up regarding the cause of the default.
Judgments, Garnishments and Involuntary Liens	No outstanding judgments, garnishments or involuntary liens are allowed.
Inquires	Any inquires within the last 90-days must be explained.
No or Limited Credit History	Alternative credit history is required. Utility payment records (at least six months most recent statements), cell phone receipts (past six months) or other personal loans (past 12 months). Need three forms of credit history.