



**REDEVELOPMENT  
HOUSING ENHANCEMENT LOAN PROGRAM GUIDELINES**

**HOMEOWNERS EARNING 100% OR LESS OF AREA MEDIAN INCOME (AMI)**

**Program Overview:**

The Housing Enhancement Loan Program (HELP) was created by the Redevelopment Agency of the City of San Diego to increase, improve and preserve the supply of housing occupied by individuals and families of extremely low, very low, low and median income within specified redevelopment areas. HELP provides 10-year forgivable loans to homeowners for interior and exterior improvements. This program is funded by the Redevelopment Agency and is administered by the San Diego Housing Commission.

**Redevelopment Areas:**

In order to qualify for participation in the program, a home must be located within a specific redevelopment area. Funding is subject to change and may not be available in all redevelopment areas. Please refer to the attached maps for a description of the eligible redevelopment areas.

**Eligible Homeowners:**

1. An eligible homeowner must be the owner of record of a one- or two- unit residential property, and must maintain and occupy said property as his/her principal place of residence. The property is considered to be the principal place of residence if he/she has resided at the property for a period of not less than eleven (11) months in any calendar year and thereafter will reside in the property for period of no less than (11) months in any calendar year.
2. Households with a gross income of 100 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			
Household Size	100% Income Limit	Household Size	100% Income Limit
1	\$55,500	5	\$85,650
2	\$63,450	6	\$92,000
3	\$71,350	7	\$98,350
4	\$79,300	8	\$104,700

**Eligible Properties:**

Owner-occupied, single-family detached residence, two unit residential property, condominium, or townhouse located within the boundaries of the specific redevelopment area.

Maximum home value cannot exceed \$570,000; effective April 2017. Staff will determine the home value through a report provided by Chicago Title using similar properties in the immediate area with comparable square footage and number of bedrooms that sold within the past six months.

The property could not have benefited previously from any financial assistance provided pursuant to the Housing Commission rehabilitation programs.

**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:**

Subject to the availability of funds, each redevelopment area has a maximum loan amount. The actual loan amount will be determined on a case-by-case basis depending on the needs of the home and the scope of work to be performed. Please refer to the table below for the maximum loan amounts per redevelopment area:

Loan Amounts			
Redevelopment Area	Maximum Loan Amount	Redevelopment Area	Maximum Loan Amount
City Heights	\$30,000	North Park	\$30,000
College Grove	\$25,000	San Ysidro	\$30,000
Crossroads	\$25,000	Southeast SD	\$30,000
Linda Vista	\$20,000		

**Loan Terms:**

1. **Loan Term:**  
The term of the loan shall be ten (10) years from the recording date of the Deed of Trust and Declaration of Conditions, Covenants and Restrictions.
2. **Interest Rate:**  
Three percent (3%) simple interest on the outstanding principal.
3. **Loan Forgiveness:**  
The loan, together with the accrued interest, shall be incrementally forgiven at the rate of 20 percent annually in years six through ten. Forgiveness is contingent upon the homeowner continuing to own and occupy the rehabilitated property as his/her principal place of residence and complies with all other terms and conditions of the loan set forth in the Program Guidelines, Deed of Trust and Declaration of Conditions, Covenants and Restrictions.
4. **Event of Default - Repayment of Loan and Accrued Interest:**  
If at any time prior to the end of the tenth (10) year from the date of the loan, the homeowner fails to own and occupy the rehabilitated property as his/her principal place of residence, or fails to comply with all other terms and conditions of the loan; the remaining prorated (unforgiven) portion of the loan, together with all accrued and unforgiven interest, shall become immediately due and payable to the Housing Commission, if the default is not cured in its entirety within 30 calendar days of written notice from the Housing Commission.

Upon the occurrence of an event of default, the Housing Commission loan, together with accrued and unforgiven interest, shall be repaid as follows:

End of Year	Percent of Loan to be Repaid
1 to 5	100%
6	80%
7	60%
8	40%
9	20%
10	0%

5. Acceleration Clause:

The Deed of Trust contains an acceleration clause, which will call the entire loan to become due and payable upon certain events during the 10 year term, including the following:

- Transfer or sale of the property
- If the property is no longer owner-occupied
- Discovery of willful misrepresentation or fraud in connection with any aspect of HELP loan
- Renting of the property
- Cash-out refinance

6. Loan to Value:

The combined loan to value (CLTV) of the first trust deed loan, Housing Commission HELP loan, and any other senior or subordinate financing shall not exceed 90% of the market value.

7. Refinance/Subordination Agreements:

HELP loans can be subordinated to the refinancing of the existing first trust deed loan in order to lower the interest rate and/or reduce the loan term. Cash-out refinance is not allowed.

**Assets:**

The asset reserve is limited to \$20,000 per household. 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 100% 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](http://www.sdhc.org)*

*Updated April 26, 2017*

<b>Applicant Eligibility</b>	<b>Standards</b>
Documentation	<ul style="list-style-type: none"> <li>• If married: spouse must sign SDHC forms regardless of vesting.</li> <li>• If unmarried: need copy of final divorce decree and judgment from the court.</li> <li>• Death certificate for deceased spouse if on other property liens</li> <li>• Non-US Citizen: copy of permanent alien registration card (green card)</li> <li>• Copy of driver' s license or other photo ID</li> </ul>
<b>Income</b>	<b>Standards</b>
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
<b>Assets</b>	<b>Standards</b>
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.
<b>Liabilities</b>	<b>Standards</b>
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.
<b>Credit History</b>	<b>Standards</b>
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.