

# CalHome Program

## Application for General Program Funding NOFA

### Mortgage Assistance and/or Owner-Occupied Rehabilitation

California Department of Housing and Community Development  
Financial Assistance Division  
P.O. Box 952054, Sacramento, CA 94252-2054  
Or  
1800 3<sup>rd</sup> Street, MS 390-2  
Sacramento, CA 95811  
916-327-8255

This application, if approved for funding, will be a part of your Standard Agreement with the Department of Housing and Community Development (HCD). In order to be considered for funding, all sections of this application, including attachments and exhibits, must be complete and accurate. **Application forms must not be modified.** No facsimiles, incomplete applications, or application revisions will be accepted prior to, or after the application deadline. Applications must meet all eligibility requirements upon submission. Applications containing material internal inconsistencies will not be rated and ranked. Use **Exhibit A, Attachment Checklist**, as an aid in completing the application. HCD must receive in its office a complete original application in a three ring binder **no later than 5:00 P.M. Wednesday, March 20, 2013.**

For purpose of this NOFA, this will be a Program NOFA which will include first-time homebuyer mortgage assistance activities and owner-occupied activities.

#### SECTION I. APPLICATION SUMMARY:

- A. Name of Applicant: City and County of San Francisco, Mayor's Office of Housing
- B. Applicant Address: 1 S Van Ness Avenue, 5<sup>th</sup> Floor  
City: San Francisco Zip Code: 94103
- C. Chief Executive Name and Title: Olson Lee, Director
- D. Contact Person Name and Title: Brian Cheu, Director of Community Development
- E. Phone Number: (415) 701-5500 FAX: (415) 701-5501 E-Mail: brian.cheu@sfgov.org
- F. Proposed Activity:

You may apply for one or two program activities, the aggregate amount of both activities may not exceed the maximum application amount, and the amount for any one activity may not be less than the minimum activity amount, as specified in the NOFA. The maximum amount is \$1 Million for most jurisdictions or \$1.5 Million for High Population Areas. Only apply for the amount that you know you can use. Recipients who do not use at least 95% of their funds will be penalized in future funding rounds for not meeting performance goals. Localities shall only be eligible to apply for an award of CalHome funds for a local program within its jurisdictional boundaries. A nonprofit corporation may propose programs in a county or counties in which they have operated a housing program within the past 4 years, or in a county or counties for which the nonprofit corporation has an existing 523 technical assistance services agreement with the United States Department of Agriculture.

Activity: Submit Appropriate Attachment Number	No. of CalHome Assisted Units Proposed	County or Counties of Activity	Census Tracts if Proposing 100% Rural Activity*
1.FTHB Mortgage Assistance Program	20	San Francisco	N/A
2.Owner-Occupied Rehabilitation Program	13	San Francisco	N/A
<b>Total</b>	33		

\* If your activity is located entirely within a rural census tract or non-metro county as defined in the CalHome Program Regulations and you want to receive consideration for the rural set-aside, you must provide the census tract or tracts or list the non-metro county information in the table above. If the proposed area is rural, applicants must indicate census tract numbers in order to receive consideration under the rural set-aside. Programs in rural census tracts must document that their program is located in a rural area. Follow the steps outlined below to determine if your proposed program is located in a rural area, and to document this rural area status. Programs located in the following counties do not have to provide documentation of their rural status, and will be considered rural applicants:

Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Sierra, Siskiyou, Tehama, Trinity and Tuolumne.

Below are two alternate ways to qualify if your site is not located within one of the counties listed above:

**Alternative 1: Rural Housing Services (RHS) Eligible Area** – With an established address, go to the USDA Rural Development website to qualify if the site is RHS-eligible:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Once on the website, look to the left hand side of this page and click on "Income and Property Eligibility". On the page that follows, under "Property Eligibility", click on your program type (single family) and follow the instructions so that you may enter your program address. If your program is RHS-eligible, you will be able to print a map indicating that the program is eligible. Submit this documentation with your application.

If your program is not listed as RHS eligible, or if you do not yet have a site address, go to Step 2.

**Alternative 2, Step 1: Small City Status** - Is your program located within or adjoining a city with a population of 40,000 or less that is not part of a Census-designated urbanized area?

Go to the State Department of Finance website to verify the city's population estimate:

<http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php>

If the city has a population of 40,000 or less, print the page of Table E-1 which indicates this, and go to Step 3. If the city is more than 40,000, STOP. Your program may not be located in a rural area. Proceed to Step 2 to confirm if your area is rural or not.

**Step 2: Census Map** - If the proposed program is located in an incorporated city of 40,000 or less, or in the unincorporated area adjoining that small city, the program may be considered rural if the program's census tract is not designated "as an urbanized area" or "part of an urbanized area."

a) Go to the Census Bureau's 2010 Census website at:

<http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

b) Under "Access Data by Geography" select the "street address" link (regardless of whether the program has an established address).

c) On the subsequent screen, enter the program's address or that of another nearby property located within the same census tract (as close to the program as possible). Select "Go" and additional information will display at the bottom of the page.

d) Select "Census Tract" in the Geographies section of the enhanced screen and select "Map It."

e) Print the census tract map provided and your jurisdiction's population estimate from Table E-1, (see Step 1 above), and submit these two documents with the application. The map may show the census tract as "urban" according to the legend provided with the map. However, the census tract will only be considered urban if the map includes bold face type with a "UA" designation. If the map includes no such designation, or shows the census tract as urban but has a "UC" designation, the census tract is still considered rural.

If you tried both of these alternatives and the end result shows that your program is not classified as rural, but you believe that it should be considered rural, or if you have other questions, problems, or concerns in determining rural designation pursuant to the above process, please contact Raymond Victor at (916) 327-8255.

G. Proposed Grant Amount:

\*\$1,500,000

\* If the grant request is over \$1,000,000 (up to \$1,500,000), the city, county, or nonprofit will need to provide the following: The name of the city or unincorporated areas of counties with a population of over 400,000. If a County operates their programs in the small cities within the county as well as the unincorporated areas, we will allow the aggregate population of the unincorporated areas plus these small cities to be combined for determining the maximum award amount only where we have letters/resolutions from the included small cities verifying the County's authority to operate with the cities. A list of cities and unincorporated areas of counties in California with population over 400,000 is included in this application labeled **Exhibit D**. Please provide the required documentation as **Attachment 3**.

H. Brief Description of Each Program Activity Applied for:

The Mayor's Office of Housing will utilize this Mortgage Assistance Program award to provide down-payment assistance loans to the purchasers of Below Market Rate (BMR) units. The Mortgage Assistance loans will be payment deferred, accrue 0% interest and will be due with a share of appreciation upon resale or in 30 years, whichever comes first. BMR units are priced as affordable to households earning 90% of the Area Median Income, while CalHome loans will be made available to households earning at or below 80% of the HCD low income limits, thus filling a substantial affordability gap and making the dream of homeownership available to lower income households. The maximum loan amount will be \$36,000 or 15% of the purchase price, whichever is less. This is especially important in the Latino, African American and the Asian communities in San Francisco, where the average household income is lower than that of the area median for the entire population.

The owner-occupied rehabilitation loans will be payment deferred, 3% interest and due in 30 years or upon sale of the property, transfer of title, or non-occupancy, whichever comes first. Loans from this CalHome award will be made available to households earning 80% of AMI or below, thus providing affordable financing to households who would otherwise not be able to afford property rehabilitation. The maximum loan amount will be \$50,000 and will not exceed a 105% post-work loan to value (LTV). This type of financing is especially important to low-income homeowners whose properties are dilapidated and are faced with health and safety issues and sanctions from local building inspection and health departments. The CalHome loan will address minor to intermediate rehabilitation work and will most likely be coupled with existing programs to address a more holistic rehabilitation, including healthy home and energy efficiency retrofits.

## **SECTION II. LEGISLATIVE REPRESENTATIVES:**

A form is included in this application labeled **Exhibit B**. Please complete the information on this form and attach as **Attachment 5**.

## **SECTION III. GOVERNING BOARD RESOLUTION:**

Attach the resolution, duly executed by the governing board of the local public agency or nonprofit corporation, granting authority to make an application to HCD for a funding commitment from the CalHome Program. Label as **Attachment 6** Governing Board Resolution. Please review the sample resolution which is included in this application package as **Exhibit C**. Be sure that the resolution authorizes a signatory for submittal of this application and the resolution is an action of the governing body of the applicant. If someone signs the application other than the person authorized in the resolution, submit evidence that shows that the person signing has the authorization to sign. Such evidence could be in the form of an ordinance or code, or an opinion from the applicant's legal counsel. Include such authorization with **Attachment 6**.

## **SECTION IV. APPLICANT INFORMATION:**

A. The applicant is a (check one):  City  County  City and County  Nonprofit Corporation

1. If a Nonprofit Corporation, Submit copies of:

IRS approval of 501(c) (3) status: as **Attachment 7a**

Secretary of State Letter of Good Standing: as **Attachment 7b**

Articles of Incorporation: as **Attachment 7c**

Bylaws: as **Attachment 7d**

List of names of Board of Directors: as **Attachment 7e**

Financial Statements (for the last 2 fiscal years, one of which must be must be audited): as **Attachment 7f**

#### **SECTION V. ACTIVITY ATTACHMENT:**

Applicants must complete at least one attachment:

Attachment 1, First-Time Homebuyer Mortgage Assistance, or  
Attachment 2, Owner-Occupied Rehabilitation Program

These attachments are part of this application. At least one must be completed and must be included or the application will not be complete and will be ineligible for funding consideration.

# **ATTACHMENT 1**

**PROGRAM: FIRST-TIME  
HOMEBUYER MORTGAGE  
ASSISTANCE PROGRAM**

# CalHome Program Application

## Attachment 1 First-Time Homebuyer Mortgage Assistance Program

This Application form is for homebuyer mortgage assistance to first-time homebuyers of new or existing homes, or for purchase of existing homes to be rehabilitated by the homebuyer. An applicant may only apply for funds under this attachment when it will be providing the services required in Section 7729 of the program regulations.

### SECTION I. APPLICANT INFORMATION

Name: City and County of San Francisco, Mayor's Office of Housing

### SECTION II. FIRST-TIME HOMEBUYER PROGRAM EXPERIENCE

- A. Provide the following information for each year of first-time homebuyer program operation for 12 consecutive months, by calendar year. Applicant organizations should only list those homebuyer for units for which they provided the mortgage assistance services.

PERMANENT FINANCING FUNDING SOURCE(S)							NO. OF PURCHASE ESCROWS  UNDERWRITTEN AND CLOSED	AVERAGE AMOUNT OF ASSISTANCE PROVIDED PER BUYER					
YEAR	DALP	CITY 2ND LOAN	CalHome BMR-DALP	MA / ADDI	TND	PIC		DALP	CITY 2 <sup>ND</sup> LOAN	CalHome BMR-DALP	MA / ADDI	TND	PIC
2012	17	-	19	9	2	-	47	\$63,124	-	\$35,122	\$13,556	\$20,000	-
2011	26	1	-	8	4	1	40	\$71,495	\$79,000	-	\$15,137	\$20,000	\$20,000
2010	17	2	1	2	12	5	44	\$67,315	\$55,000	\$36,000	\$10,000	\$20,000	\$20,000
2009	70	0	33	-	14	4	125	\$99,882	*	\$34,689	-	\$20,000	\$20,000
2008	39	1	21	-	7	4	73	\$110,207	\$43,000	\$32,520	-	\$20,000	\$20,000
2007	20	15	-	-	-	-	35	\$108,185	\$127,500	-	-	-	-
2006	41	5	-	39	-	-	85	\$48,061	\$80,079	-	\$17,501	-	-
2005	36	11	-	34	-	-	81	\$55,748	\$77,868	-	\$16,680	-	-
2004	-	16	-	-	-	-	16	-	\$85,016	-	-	-	-
2003	-	22	-	-	-	-	22	-	\$81,379	-	-	-	-

\* Grant Right of First Refusal

- B. For years 2008 through 2012, provide a narrative of applicant's history and experience with the proposed activity, including evidence of program operation for each year listed: e.g., board resolution authorizing the program; award letters; program financial pages from annual audit, annual reports or other evidence that will demonstrate program operation. **(Attach as Exhibit 1-1)**

**SECTION III. LOAN UNDERWRITING EXPERIENCE**

- A. For the years 2008 through 2012, the total number of homebuyer loans applicant has underwritten and closed, which included preparation of loan documents and escrow instructions. # 329

**SECTION IV. LOAN SERVICING EXPERIENCE**

- A. For the years 2008 through 2012, the total number of homebuyer loans closed for which the applicant was the named beneficiary on the loan documents. # 329
- B. As of the CalHome NOFA issuance date, the total number of homeowner loans in the applicant's portfolio. # 779
- C. Number of loans identified in B. above that are being directly serviced by the applicant. # 779
- D. Number of loans identified in B. above that are being serviced by a third party. # 0
- E. As of the CalHome NOFA issuance date, the total number of homebuyer loans the applicant is servicing for another entity. # 0
- F. If there are zero loans identified in C, D **and** E, submit a narrative identifying how loans will be serviced, how the servicing activities will be funded or provided and the procedures for implementing loan servicing operations. **In addition** to the narrative, attach either: 1) a budget that provides an identified source of financing, for a period of at least 5 years, for contracting loan servicing with a third party who is in the business of loan servicing; 2) a commitment letter from a third party, who is in the business of loan servicing, willing to provide loan servicing at no cost to the applicant; or 3) the résumé of a current employee(s) of the applicant that describes the employee(s)'s experience in homeowner loan servicing. **(Attach as Exhibit 1-2)**

**SECTION V. PROGRAM TARGETING**

- A. Number of homebuyers to be assisted with this application for CalHome funds # 20

- B. Program will be operated **entirely within a federally defined Qualified Census Tract(s) located in Appendix B in the training manual** (ONLY MARK YES IF ALL HOMES TO BE ASSISTED WITH CALHOME FUNDS SHALL BE LOCATED IN THE AREA(S) IDENTIFIED HERE):

Yes \_\_\_\_\_ No  \_\_\_\_\_

Federally defined Qualified Census tract(s) No. \_\_\_\_\_

- C. Nonprofit corporations must list the county or counties in which the program will be operated. county/counties \_\_\_\_\_

- D. Provide the data source used to project median sales price: HUD – By definition, Below Market Rate (BMR) units are sold at a price specified in the planning approvals or other use restrictions which may be lower than the fair market value of comparable units.





2. Volunteer labor: Yes \_\_\_\_\_ No \_\_\_\_\_  
 No. of hours of guaranteed volunteer onsite construction labor per unit: \_\_\_\_\_ hrs
3. A youth construction skills training program: Yes \_\_\_\_\_ No \_\_\_\_\_  
 Name of program: \_\_\_\_\_  
 No. of hours of guaranteed youth construction training onsite construction labor per unit, provided by participants age 16 to 24 years old only: \_\_\_\_\_ hrs
4. **If the answer to A. 1, 2 or 3 above is yes**, indicate the minimum number of onsite construction labor hours per unit to be provided by the homebuyer: \_\_\_\_\_ hrs

- B. Describe the criteria for participation in your contributed labor program. **(Attach as Exhibit 1-4)**
- C. Attach a copy of the agreement form used for the contributed labor program. **(Attach as Exhibit 1-4a)**
- D. Provide description of activities performed by contributed labor participants. **(Attach as Exhibit 1-4b)**
- E. Provide description of activities normally contracted out. **(Attach as Exhibit 1-4c)**
- F. What percentage of total onsite construction labor per unit will be performed by contributed labor:  
 \_\_\_\_\_%

Please provide evidence of previous administration of the type of contributed labor program proposed in this application. This could include, but not be limited to, the nonprofit corporation charter or a copy of the board resolution authorizing the program supported by documentation of completed projects; or copies of contracts with contributed labor participants. **(Attach as Exhibit 1-4d)**

**SECTION VIII. HOMEBUYER EDUCATION**

- A. Does the applicant currently provide homebuyer education classes?  
 Yes \_\_\_\_\_ No  \_\_\_\_\_

If not, describe arrangements for providing homebuyer education in Attachment 4 - Additional Documentation.

# **EXHIBIT 1-1**

## **FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAM NARRATIVE**

### **History and Experience with Homeownership activities**

The Mayor's Office of Housing (MOH) is the Housing Finance Agency for the City and County of San Francisco. MOH consists of three primary program units: Housing Development, Single Family Housing and Planning and Monitoring. The first-time homebuyer programs are administered through the Single Family Housing Programs. Five FTE staff positions are dedicated to the homeownership program activities — 1 full-time director, 1 full-time program manager, 3 full-time loan underwriters and 1 part-time processor.

MOH has over 20 years experience administering the homeownership programs, which includes the following programs that offer financial assistance: City Second Loan Program, Downpayment Assistance Loan Program (DALP), the American Dream Downpayment Initiative (ADDI), Extra Credit Home Purchase Program (ECHPP), Mortgage Revenue Bond Program (MRB) with mortgage assistance, and Below Market Rate CalHome Downpayment Assistance Loan Program (BMR DALP). We also administer non-financial assistance homeownership programs, which include the Inclusionary Below Market Rate (BMR), Mortgage Credit Certificate (MCC) and Condominium Conversion BMR Programs. Although BMR program purchases do not involve a transfer of funds from the City, there is a lien on the individual BMR units for the difference between the restricted (BMR) price and the appraised market value of the property. This difference is substantial in the current market climate, and the City underwrites the liens utilizing the same criteria and underwriting guidelines as the downpayment assistance programs.

### **Community Need**

San Francisco has one of the highest percentages of households overpaying for housing in California. 38% of San Francisco homeowners pay over 30% of their income to cover housing costs. For low income households - households earning less than or equal to 80% HAMFI - cost burdens are often even higher. 58% of low-income homeowners pay over 30% of their income for housing costs, and 41% of low-income homeowners pay over 50% of their income for housing costs. The overall homeownership rate for households with incomes below 80% of HAMFI is only 25%.

Sources: 2010 CHAS(Comprehensive Housing Affordability Strategy) Data; 2005-2009 American Community Survey, 5-year estimates

### **Feasibility**

The City of San Francisco will use this funding allocation to assist first time homebuyers of BMR units. These units are priced by the San Francisco planning code section 415 to be affordable for households earning 90% of AMI. The CalHome funds will allow the City to subsidize these units to make them affordable to families at 80% of AMI.

### **City Second Loan Program**

The Mayor's Office of Housing offers second loans to eligible first-time homebuyers with deferred payments for 40 years or due on sale, rental or title transfer. This program is offered to first-time homebuyers of certain townhouses that were fully or partially developed with public funds in various neighborhoods throughout the city. The maximum loan is \$100,000 or 20% of the purchase price; whichever is less. The amount of subsidy awarded depends on the household's income: the higher subsidy amount is given to those households who earn lower incomes compared to the area median (AMI). The City loan is in second position on title after the first mortgage and can be repaid at any time

without penalty. Repayment includes the principal and proportional share of appreciation of the value of the property at time of resale.

**Downpayment Assistance Loan Program (DALP)**

The Downpayment Assistance Loan Program (DALP) assists eligible buyers purchase their first home, defined as any single-family detached residential, condominium or townhouse unit throughout the City and County of San Francisco. The maximum loan amount is \$100,000 or 20% of the purchase price; whichever is less. As with the City Second Loan Program, the maximum subsidy is awarded to those households who earn lower incomes when compared to the AMI. The loan is deferred for 40 years, or due on sale, rental or title transfer. Repayment includes the principal and proportional share of the appreciation of the value of the property at the time of resale.

**Below Market Rate Downpayment Assistance Loan Program (BMR DALP) –**

The purpose of the CalHome BMR DALP is to support existing homeownership programs targeted at lower and very-low income households. The Mayor's Office of Housing administers several programs to assist low-income first time homebuyers. The BMR DALP will be used to provide downpayment assistance loans to households at or below 80% of the HCD low income Limits to purchase below market rate (BMR) condominium units.

**Below Market Rate (BMR) Inclusionary Housing Program** - Section 415 of the San Francisco Planning code allows qualifying developers to build on or off-site below market rate units instead of paying a required affordable housing fee. The code requires that 15% of all newly constructed dwellings (with 5 or more units) be reserved as affordable to middle-income households. Developers may also fulfill this obligation by building affordable units off-site, in which case they must build 20% of their market-priced units. BMR units are priced to be affordable to households earning 90% of the area median income. Three full time staff members at MOH administer the program, calculating the obligations of the developers for each site, approving marketing plans for the units, working closely with the homeownership counseling agencies to advertise among qualified households, overseeing the lottery to distribute the units, reviewing household applications and underwriting the transactions for the purchase of the individual units.

**Police In The Community Program (PIC)** - A downpayment assistance loan program for San Francisco police officers purchasing a first home in San Francisco. Borrowers must provide verification of employment with the SFPD as an officer in good standing.

**Teacher Next Door Program (TND)** - A loan program to assist teachers employed with the San Francisco Unified School District in purchasing a first home in San Francisco. This loan is forgiven after 10 years provided all program requirements are met.

**Mortgage Credit Certificate (MCC)**

MCC is a tax credit which reduces the amount of federal income taxes due from the homebuyer. Lenders use this information to qualify homebuyers for a larger mortgage amount than the buyer could normally afford with the same income.

The tax credit represents 15% of the mortgage interest paid annually on a dollar for dollar basis.

**Loan Servicing Experience:**

The Planning and Monitoring unit of the Mayor's Office of Housing carries out monitoring of deferred first time homebuyer loans originated by the office. The properties are monitored annually to ensure that owner-occupancy and other program requirements are being met. If homeowners are found to be out of compliance, the Planning and Monitoring unit will issue notices of default and take other steps to bring the borrowers into compliance. The Planning and Monitoring unit also responds to requests for subordinations, demands, prepare loan payoffs, execute reconveyance instructions, and generally service all loans. MOH currently has 2 full-time staff members performing servicing and monitoring functions for single family loans.

# **ATTACHMENT 2**

**PROGRAM: OWNER-OCCUPIED  
REHABILITATION PROGRAM**

# CalHome Program Application

## Attachment II Owner-Occupied Rehabilitation Program

This Application form is for rehabilitation of owner-occupied homes. An applicant may only apply for funds under this attachment when it will be providing the services required in Section 7733 and Section 7735 of the program regulations.

### SECTION I. APPLICANT INFORMATION

Name: Mayor's Office of Housing, Lead Hazard Control and Housing Rehabilitation Programs

### SECTION II. OWNER-OCCUPIED REHABILITATION PROGRAM EXPERIENCE

- A. Provide the following information for each year of owner-occupied rehabilitation program operation for 12 consecutive months, by calendar year. Applicant organizations should only list those rehabilitated units for which they provided the rehabilitation services including loan underwriting and escrow closing.

Year	NO. OF HOME REHABILITATIONS COMPLETED				NO. OF ESCROWS CLOSED BY APPLICANT ORGANIZATION				AVERAGE AMOUNT OF ASSISTANCE PROVIDED PER OWNER			
	CF	CH	UP	CAL	CF	CH	UP	CAL	CF	CH	UP	CAL
2012	0	0	0	2	0	0	0	2	0	0	0	\$37,500
2011	0	0	0	7	0	0	0	7	0	0	0	\$46,429
2010	1	6	0	13	1	6	0	13	\$25,000	\$75,600	\$0	\$37,883
2009	0	3	10	6	0	3	10	6	\$0	\$99,000	\$2,653	\$27,333
2008	2	14	16	7	2	14	16	7	\$18,500	\$93,948	\$2,429	\$98,096
2007	4	5	3	1	5	6	3	0	\$12,268	\$107,640	\$3,367	\$45,600
2006	1	9	5	0	6	6	5	0	\$15,000	\$91,437	\$1,590	\$0
2005	8	7	71	0	3	4	71	0	\$8,625	\$60,417	\$1,869	\$0
2004	4	24	38	0	4	24	38	0	\$11,563	\$64,098	\$1,686	\$0
2003	0	16	0	0	0	16	0	0	\$0	\$50,411	\$0	\$0

\* CF=CERF, CH=CHRP, UP=UUP, CAL=CalHome

- B. For years 2008 through 2012, provide a narrative of applicant's history and experience with the proposed activity, including evidence of program operation for each year listed: e.g., board resolution authorizing the program; award letters; program financial pages from annual audit, annual reports or other evidence that will demonstrate program operation. **(Attach as Exhibit 2-1)**



**SECTION III. LOAN UNDERWRITING EXPERIENCE**

- A. For the years 2008 through 2012, the total number of homeowner rehabilitation loans applicant has underwritten and closed, which included preparation of loan documents and escrow instructions. # 87

**SECTION IV. LOAN SERVICING EXPERIENCE**

- A. For the years 2008 through 2012, the total number of all types of homeowner rehabilitation loans closed for which the applicant was the named beneficiary on the loan documents. # 61
- B. As of the CalHome NOFA issuance date, the total number of homeowner rehabilitation loans in the applicant's portfolio. # 396
- C. Number of loans identified in B. above that are being directly serviced by the applicant. # 396
- D. Number of loans identified in B. above that are being serviced by a third party. # 0
- E. As of the CalHome NOFA issuance date, the total number of homeowner loans the applicant is servicing for another entity. # 0
- F. If there are zero loans identified in C, D **and** E, submit a narrative identifying how loans will be serviced, how the servicing activities will be funded or provided and the procedures for implementing loan servicing operations. **In addition** to the narrative, attach either: 1) a budget that provides an identified source of financing, for a period of at least 5 years, for contracting loan servicing with a third party who is in the business of loan servicing; 2) a commitment letter from a third party, who is in the business of loan servicing, willing to provide loan servicing at no cost to the applicant; or 3) the résumé of a current employee(s) of the applicant that describes the employee(s)'s experience in homeowner loan servicing. **(Attach as Exhibit 2-2)**

**SECTION V. PROGRAM TARGETING**

- A. Number of homeowners to be assisted with this application for CalHome funds #13
- B. Program will be operated **entirely within a federally defined Qualified Census Tract(s) located in Appendix B in the training manual** (ONLY MARK YES IF ALL HOMES TO BE ASSISTED WITH CALHOME FUNDS SHALL BE LOCATED IN THE AREA(S) IDENTIFIED HERE):  
Yes \_\_\_\_\_ No   
Federally defined Qualified Census tract(s) No
- C. Nonprofit corporations must list the county or counties in which the program will be operated.  
County/counties N/A

**SECTION VI. FINANCING**

A. Subordinate Financing (other than CalHome) (check all that apply):

Describe the financing structure for any subordinate financing to be provided in addition to the CalHome loan. Do not list the CalHome loan:

Source of Financing	Proposed Lien Position*
Conventional first mortgage loan	1 <sup>st</sup>
HELOC- Equity Line of Credit (if any)	2 <sup>nd</sup>
CalHome Loan	3 <sup>rd</sup>

**\*Note: Assume the existence of a first mortgage.**

# **EXHIBIT 2-1**

## **OWNER-OCCUPIED REHABILITATION**

### **PROGRAM NARRATIVE**

**History and Experience with Property Rehabilitation Activities**

The Mayor's Office of Housing (MOH) is the Housing Finance Agency for the City and County of San Francisco. MOH consists of three primary program units: Housing Development, Single Family Housing and Planning and Monitoring. MOH's Housing Rehabilitation Program, which addresses substandard and deferred maintenance housing conditions, is an integral part of the Single Family Housing unit and includes programs to address lead remediation, correct housing and building code deficiencies, accessibility modifications, major and minor property rehabilitation.

MOH's mission in providing these property rehabilitation programs is to preserve San Francisco's existing housing stock and to provide low-income homeowners with decent, safe and sanitary housing. Participants in the program typically are not able to secure home rehabilitation financing from commercial lenders and rely on the City as a lender of last resort. Three FTE staff positions are dedicated to the housing rehabilitation program activities—1 full time program manager, 1 full time underwriter, and 1 construction manager.

MOH has over 20 years of experience providing affordable financing to low-income homeowners to address deferred property maintenance. The following table provides information on programs that MOH has offered in the past.

<b>LOAN FEATURES</b>						
<b>Loan/Grant Type</b>	<b>Maximum Loan/Grant Amount</b>	<b>Unit Maximum</b>	<b>Interest Rate</b>	<b>LTV</b>	<b>Terms of the Loan/Grant</b>	<b>Funding Source</b>
<b>CERF</b>	\$15,000 per unit	3 units	0%	95%	Sale, Title Transfer, or non-owner-occupied	Department of Building Inspections
<b>CHRP</b>	\$125,000 one unit \$200,000 two units	2 units	3%	95%	Sale, Title Transfer, or non-owner-occupied	CDBG annual federal grant
<b>CalHome</b>	105% LTV	4 units	3%	105%	30 years or Sale, Title Transfer, or non-owner-occupied	CA Depart. of Housing and Community Development
<b>GRANT FEATURES</b>						
<b>UUP</b>	\$4,000 per unit	3 units	N/A	N/A	N/A	Department of Building Inspections
<b>Lead Hazard Control</b>	\$8,300 per unit	None	N/A	N/A	5-year commitment to give priority to low-income families with children under 6 years old when re-renting	(HUD) Office of Healthy Homes and Lead Hazard Control (OHHLHC)

Loans are available to rehabilitate owner-occupied residential properties of up to four units. The program provides 3% interest, deferred loans to one- to four-unit residences. Payments of principal and accrued interest are deferred until a change of title through sale or transfer, rental of property, non-occupancy of property by the Homeowner, or thirty (30) years from the date of the loan closing, whichever comes first.

### **Loan Qualifications**

The property must be free of all liens not approved by MOH. These are often negative liens such as for delinquent taxes, judgments, mechanics liens or any other liens that could jeopardize the City's loan security. More specifically;

- . The property must be a permanent structure within the City and County of San Francisco.
- . The property must be one (1) to four (4) attached unit dwelling units.
- . The property must be the Homeowner's primary residence.

Rehabilitation work must address:

1. Corrections of current code violations of the City and County of San Francisco Housing Codes and/or Building Codes
2. Corrections to meet HUD Section 8 Housing Quality Standards (HQS)
3. Accessibility modifications for owners
4. Lead based paint hazard control and removal of environmental hazards such as asbestos, mold, and mildew
5. General improvements may be included for up to 20% of the total rehabilitation costs after all required work has been identified in the scope of work

### **Applicant Qualifications**

1. The owner must be the legal owner of the property to be rehabilitated and must occupy the property. Each Homeowner must be named on the property's title.
2. An asset test will apply to all applicants. 2.5% of assets' cash value over \$5,000 or the actual income from the assets, whichever is higher will be added to the total annual household income. For the purpose of the asset test, the Homeowner's primary residence and marital possessions are not considered liquid assets. Retirement funds held in a pension account, retirement fund, 401k plan, 403b plan, trust fund, or similar asset that is not available for liquidation are exempt from the asset test.
3. All property must carry hazard insurance and the City and County of San Francisco must, at the time of the loan, be listed as loss payee.
4. The household gross income must meet the income guidelines as determined by program. MOH's property rehabilitation loans vary by funding. The majority of the loans are available to households with a combined income of no more than HUD's Low-Income mark. The amounts are adjusted on an annual basis by household size.

Each loan is carefully underwritten and approved in order to balance the client's needs and MOH's security. At closing, the following documents are thoroughly explained to the borrower to ensure fully understanding of the borrower's obligations under the loan agreement and Promissory Note.

Borrower will be expected to execute a Loan Agreement, Promissory Note, Additional Loss Payee Transmittal Sheet, Truth in Lending, Notice of Default, Notice of Right to Cancel and Deed of Trust.

### **Loan Servicing Experience**

The Planning and Monitoring unit of the Mayor's Office of Housing carries out monitoring of deferred first-time homebuyer loans originated by the office. The properties are monitored annually to ensure that owner-occupancy and other program requirements are being met. If homeowners are found to be out of compliance, the Planning and Monitoring unit will issue notices of default and take other steps to bring the borrowers into compliance. The Planning and Monitoring unit also responds to requests for demand, prepare loan payoffs, execute reconveyance instructions, and generally service the deferred rehabilitation loans. MOH currently

has one full time staff member performing servicing and monitoring functions for single family loans.

**Community Needs**

San Francisco has a large number of individuals living at or below the federal poverty level. An estimated 99,043 (or 12.3%) of the population live at or below the federal poverty level and 12.4% or 50,488 live in overcrowded housing. Given these circumstances, the Mayor's Office of Housing rehabilitation loans are in high demand often exceeding annual allocations.

**Feasibility**

The City and County of San Francisco has 376,942 housing units of which 82.4% or 310,600 were built prior to 1980, making San Francisco a prime market for housing rehabilitation services.

**In Development**

MOH is actively working with other City agencies to incorporate green building techniques and materials in our housing rehabilitation loan projects. Additionally, MOH has begun a pilot Healthy Homes Program to address environmental safety hazards including mold, asbestos and mildew.