

**RESOLUTION NO. 2003-011**

**ADOPTED BY THE SACRAMENTO CITY COUNCIL**

ON DATE OF

**JAN - 9 2003**

**ADOPTION OF THE CREATE A LOAN PROGRAM AND  
MODIFICATIONS TO THE AGENCY UNDERWRITING GUIDELINES**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

Section 1. The Executive Director is authorized to adopt the Create a Loan Rehabilitation Program as described in Attachment I, establish administrative guidelines for implementation of the program, and to develop and execute any and all required loan documents, loan agreements, and necessary regulatory agreements for use with the Create a Loan Program.


Section 2. The Sacramento Housing and Redevelopment Commission is delegated the authority to make future changes to the program as necessary for program implementation or administration.

Section 3. A public hearing having been held, the Sacramento Housing and Redevelopment Agency is authorized to amend the 2003 Action Plan to reflect the modification of the Single Family Rehabilitation Loan Program to include the Create a Loan Rehabilitation Program.

Section 4. The Sacramento Housing and Redevelopment Agency is authorized to adopt modifications to the Agency Underwriting Guidelines as described in Attachment II, for program implementation or administration.

  
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MAYOR

ATTEST:

  
\_\_\_\_\_  
CITY CLERK

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**“Create a Loan” Program**  
**“Loans tailored to meet our customer and neighborhood’s needs”**

**City and Countywide Program Features**

- available to low-income homeowners, 80% of area median
- loans to \$50,000
- repayment:
  - fully amortized payments of principal and interest
    - 15 year term up to \$10,000
    - 20 year term - \$10,001 to \$35,000
    - 30 year term - \$35,001 to \$50,000
  - payments of principal and interest may be deferred for:
    - Senior Citizens, and
    - non-seniors whose existing housing expense is at least 35% of their income
    - 20 year terms, may be extended upon request
- 4% simple interest rate
- Property improvements according to Agency Property Rehabilitation Standards. General property improvements are allowed subject to limits of PRS standards.
- For loans less than \$10,000, some Agency PRS standards may be waived with emphasis being placed on safety, exterior beautification and “curb appeal”. (This will allow single or dual-purpose activities, i.e. painting, roofs, air conditioners, etc. without requiring termite repairs). Fence repair/installation may be allowed with the use of tax increment funds.
- Combined loan to value ratio up to 95%

**Special Target Area “Perks”**

- Exterior beautification grant of \$10,000, available with a loan of up to \$50,000 for a total assistance maximum of \$60,000. This grant is not a stand alone, but part of the rehabilitation loan package. The grant portion of the package may not exceed 50% of the total cost.
- Special refinancing of up to \$5,000 (of available loan funds) may be used to refinance any lien on the property including liens, judgements or other indebtedness secured by the property. This does not include delinquent personal or property taxes.

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- Deferred payment loans
- 0% interest rate
- Combined loan-to-value ratio up to 100%
- Higher income-limits may be allowed with tax increment funding

#### Mobile Home Repair Program Features

- available to low-income homeowners, 80% of area median
- loans from \$2,000 to \$25,000
- 15 year deferred payment loans
- 4% simple interest rate
- combined loan-to-value ratio up to 90%
- Funds may be used for repairs and improvements to a manufactured home necessary to protect or improve the basic livability or utility of the property as defined by Section 1704 of Title 25, California Code of Regulations.

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**Credit Matrix and Underwriting Guidelines  
Single Family Rehabilitation Loan Programs**

Mortgage Payment History	Consumer Payment History	Liens/Judgements	Debt Ratios
Payments must be current and in the last 24 months, no more than:	Some slow pays, past dues, collections and charge offs allowed with credit explanation and compensating factors Explanations include:	Involuntary liens or judgements would have to be paid off or, if possible, may be subordinated to Agency lien position	Calculated to establish deferral
(4) 30 day lates	• medical reasons	Special Refinancing - Target Areas \$5,000 (not for taxes)	Deferred loans: • existing housing/income ratio at least 35%, or
(1) 60 day lates	• unemployment	subordination would require title insurance for lien position	• after rehab housing/income ratio at least 40%
(0) 90 day lates	• death in family		Amortized loans: • total debt/income ratio shall not exceed 55%
no foreclosures last 24 months	• divorce		
	• other hardships		
<b>Bankruptcy</b>	Compensating factors include:	<b>Delinquent Taxes</b>	<b>Maximum Combined Loan-to-Value Ratios</b>
Bankruptcy must be fully discharged for at least 12 months with re-establishment of credit with no blemishes	• lower loan-to-value	State or Federal delinquent income taxes or liens not allowable	• non-target areas 95%
	• lower debt/ ratio	Delinquent Property taxes must be brought current	• target areas 100%
		Property Tax Postponement may be allowed	
		City Utility payments must be current	

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