

**CITY OF SAN PABLO
RESIDENTIAL REHABILITATION LOAN PROGRAM ("REFRESH")
ELIGIBILITY CRITERIA AND GENERAL TERMS
(COMPONENT OF SPLASH PROGRAM)**

Program Objectives

- Improve living conditions for residents by addressing deferred maintenance (e.g., roofing, weatherizing, painting, or windows)
- Improve “aging in place” mobility/ADA accommodations
- Enhance property values in the community
- Promote sustainable practices in home renovations

What the Program Does Not Do

- Substantial home renovations

Eligibility Criteria

- Resident must own and occupy a home in the City of San Pablo and be household-qualified as low-income (80% AMI or lower)
- Resident must have a proposal from a licensed contractor who also has a City of San Pablo business license (or is willing to provide one before the loan is executed) and shares a certificate of insurance
- Resident must go through a bonafide process that requires City Deed of Trust to Secure Loan on Title, Plan Check, Permit & Inspection
- Resident must obtain an appraisal
- Current home Loan-to-Value (LTV) ratio must be 70% or less, i.e., demonstrate at least 30% equity in the house
 - fully owned homes are exempt from this requirement
- Loan is for deferred maintenance items and/or to alleviate significant health and safety issues
- Home must be insured
- Applicant qualifications are the same as for SPLASH First-Time Homebuyer Loans, including credit and other criteria

Does Not Qualify

- A home with a reverse mortgage
- A home in a trust *unless* the Trustees (or at least one of them) are trust beneficiaries and occupy the home
- A homeowner in bad standing with the City or County (e.g., has outstanding property taxes, unpermitted work citations that have not been resolved, etc.)

Loan

- Maximum loan is \$40,000

- Applicant must have 5% of rehab cost to apply for loan.
 - Example: Scope of Work/Bid is \$40,000
 - Homeowner's portion is \$2,000
 - Loan amount would be \$38,000
- Loan is limited to deferred maintenance and/or to alleviate significant health and safety issues.
- Loan is paid as progress payments and will mirror the City's permitting and Notice of Completion (NOC) process with 10% held in reserve until punch list complete and Contractor signs NOC taking full responsibility to pay all subs within 30 days.
- Reference checks on the contractor are the responsibility of the homeowner.
- No loan will be made where the contractor is requesting more than a standard 10% deposit from homeowner
- Loan is 5% simple interest, no payment, due in full at end of term of 30 years and is subject to annual compliance.
- Full repayment before term triggered by:
 - Sale of home
 - Home is no longer owner-occupied (home has been rented)
 - Transfer of title
 - Failure to comply within 90 days with annual compliance
 - House becomes uninsured
 - A reverse mortgage is taken out on the home
 - Refinancing of home unless City consents
- Loan must be repaid when the home is sold or any other triggering event listed above occurs

General Application Process for Applicants

1. Complete application form and submit documents (taxes, pay stubs, etc.) that allows Administrator to income qualify applicant
 2. Provide proposal or signed contract from a licensed contractor with detailed Scope of Work (e.g., structural repairs, energy efficiency upgrades, accessibility modifications, etc.) with pricing detail, full cost, timeline and payment schedule
 - Submit copy of contractor's license, certificate of insurance and City of San Pablo business license
 3. Once Administrator receives completed application with all documents, Administrator pulls three reports:
 - Credit report
 - Title report
 - Permitting report
- If approved:**
4. Applicant signs a promissory note and deed of trust
 5. Applicant executes a loan agreement
 6. City records the deed of trust
 7. Applicant pays deposit to contractor (needs to be documented)

Milestones once loan is approved

8. Applicant's Contractor provides evidence of submitted plans to Plan Check and Applicant starts financial empowerment coaching
 - 10% payment
9. Applicant's Contractor pull permit (provides copy to Administrator)
 - 20% payment
10. Applicant's Contractor passes City Inspection (provides copy to Administrator)
 - 60% payment
11. Applicant's Contractor submits Notice of Completion from City's Community Development Department (provides copy to Administrator), completes punch list and signs NOC that only Contractor is responsible for paying its subs in the next 30 days – City, Homeowner, Administrator have no liability
 - Final 10% payment

Administrator Monitoring and Evaluation

- Ensure annual owner occupancy compliance
- Provide annual report on inquiries and conversion to education, application and loans

Follow-Up Support

- Provide additional homeowner education, including resources on standard home maintenance
- Provide additional financial coaching
- Refer applicants to ancillary services, if desired