



SAN DIEGO  
HOUSING  
COMMISSION

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# City of San Diego First-Time Homebuyer Program for Middle-Income, Black, Indigenous, People of Color (BIPOC) Households

## Guidelines

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**CITY OF SAN DIEGO FIRST-TIME HOMEBUYER PROGRAM FOR MIDDLE-INCOME,  
BLACK, INDIGENOUS, PEOPLE OF COLOR (BIPOC) HOUSEHOLDS**

**GUIDELINES**

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## **PURPOSE**

This procedure describes the San Diego Housing Commission (Housing Commission) Black, Indigenous and other People of Color (BIPOC) First-Time Homebuyer (FTHB) Program, eligibility requirements, and procedure for submitting applications.

## **DESCRIPTION**

The San Diego Housing Commission, in partnership with the Reinvestment Task Force and supported by Wells Fargo's multi-year Wealth Opportunities Realized through Homeownership ("WORTH") grant, offers a down payment and closing cost assistance program to help BIPOC households earning between 80% and 150% of the area median income ("AMI") with the purchase of a home in the City of San Diego.

This procedure contains the requirements pertaining to the program funding sources as well as the Housing Commission Lending Policy 600.101. The Housing Commission may revise the procedures from time to time, terminate and/or place the program on hold at its sole discretion. The Housing Commission at its sole discretion may make exceptions to any procedure which is not driven by funding source regulations or the Housing Commission Lending Policy 600.101. Additionally, the Housing Commission may require borrowers to provide additional information and/or supporting documentation necessary to determine eligibility for the program.

Funding will be issued on a first-come first-approved basis. Borrower must be under contract for a home purchase.

This program cannot be used in conjunction with other SDHC First-Time Homebuyer programs or the Affordable For-Sale Housing Program. New construction developments are not permitted.

## **PROGRAM ASSISTANCE**

\$40,000 down payment and closing cost assistance [Loan of \$20,000 to be used toward Down Payment, plus a Grant of \$20,000 to be used toward Closing Costs]

OR

\$20,000 Grant to be used toward down payment and closing cost assistance.

## **LOAN TERMS**

Interest Rate: 1.5% simple interest

Term: 15 years

The Loan is deferred with no monthly payments required for years 1 through 7. Beginning in year 8, the outstanding principal and interest will be converted to an amortized loan with fixed monthly payments for a period of 96 months. There is no prepayment penalty, and payments can be made at any time.

The Loan also becomes due if property is sold, leased, conveyed, refinanced, transferred or further encumbered within the 15 years.

Borrowers will execute a Promissory Note, Deed of Trust, and CC&Rs.

## **GRANT TERMS**

The Grant will be forgiven at the end of 3 years if the property remains owner occupied.

## ELIGIBILITY REQUIREMENTS

Assistance under this program is for eligible borrowers who self-identify as black, indigenous or other person of color. This includes borrowers that self-identify as Hispanic/Latinx and any race other than white.

Income Limit	80% - 150% AMI ( <i>see income limits below</i> )
Maximum Debt-to-Income Ratio	50% (not applicable when applying for the grant only)
Middle Credit Score	640 (not applicable when applying for the grant only)
Down Payment - Minimum	1.5% of purchase price (not applicable when applying for the grant only)
Down Payment – Maximum	25% of the purchase price
Maximum Liquid Assets Reserves	\$50,000
Maximum Liquid Assets within 2 months of opening escrow.	\$90,000

**The subject property must be occupied as the primary residence of the borrower.** Not occupying the property while the loan is outstanding will result in the principal and interest becoming immediately due along with default interest of 10%. Program participants must notify the SDHC to arrange payoff of their loan prior to moving out of the property or refinancing their first mortgage.

**Qualified applicants and all household members over the age of 18 must be a first- time homebuyer.** A First-Time Homebuyer is defined as a person who has not owned a home within the last three years. This includes ownership of property in another country. Applicant still meets definition of FTHB if they own a mobile home that is not fixed to permanent foundation.

Subordinate financing at time of purchase is allowed provided the loan is forgiven after a period of time or deferred with no payments required for 30 years. Subordinate financing documents must record after all SDHC loans/grants. Cannot be combined with other SDHC programs.

See the City of San Diego Program Guidelines for Income Calculation and Credit requirements. The Credit, DTI, and down payment requirements are not applicable when applying for the grant only.

## SELF-CERTIFICATION

A signed Self-certification Race and Ethnicity Form will be the required method of BIPOC identification for purposes of establishing program eligibility. This form is available for download on the SDHC website. <https://sdhc.org/housing-opportunities/first-time-homebuyers/participating-lenders/>

## ELIGIBLE PROPERTIES

Eligible properties include existing single family detached homes, condominiums, townhomes, and manufactured homes located in the City of San Diego. New construction developments are not permitted.

## MAXIMUM SALES PRICE

The Current maximum sales price for attached and detached properties is: \$1,250,000.

## MINIMUM / MAXIMUM INCOME LIMITS *Effective April 2023*

Household Size	Minimum Income 80% AMI	Maximum Income 150% AMI
1	\$77,200	\$122,650
2	\$88,200	\$140,150
3	\$99,250	\$157,700
4	\$110,250	\$175,200
5	\$119,100	\$189,200
6	\$127,900	\$203,250
7	\$136,750	\$217,250
8	\$145,550	\$231,250

## HOMEBUYER EDUCATION

All borrowers, and any non-borrowing spouse must **complete Pre-Purchase Counseling AND Homebuyer Education**. These are two different classes, both are required.

Borrower(s) must use a provider on the SDHC approved Homebuyer Education Provider list which can be downloaded from the [SDHC website](#).

## HOW TO APPLY

Interested buyers must work with a loan officer from SDHC's Participating Lender List which can be downloaded from the [SDHC website](#). The loan officer will be the primary point of contact from pre-approval to loan closing. The loan officer collects all required documentation and submits the application on the borrower's behalf to SDHC.

Participating Lenders - The BIPOC First-Time Homebuyer program will operate utilizing the same processes as the current low-income (up to 80% AMI) First-Time Homebuyer Program. See the Submission, Processing and Funding section of the City of San Diego Guidelines published on the SDHC website at: <https://sdhc.org/housing-opportunities/first-time-homebuyers/participating-lenders/>

## Penalties for Misrepresentation by Applicant or Lender / Loan Officer

Strict penalties may be imposed on any applicant or Participating Lender making a material misstatement, misrepresentation or fraudulent act on documents submitted to the Housing Commission. Any person making a negligent material misstatement or misrepresentation in any application, affidavit or certification made in connection with the application for the SDHC's programs, shall be subject to all applicable fines and penalties. Any applicant or participating loan officer found to have made a material misstatement, misrepresentation or fraudulent act on documents submitted to the Housing Commission will be banned from applying for or working with SDHC programs.



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)

## APPENDIX

*This form is available for download on SDHC website*



## **SELF-IDENTIFICATION FORM**

### Race and Ethnicity

#### First-Time Homebuyer Program

Primary Borrower's Name (First, Middle Initial, Last)	Birthdate (Month/Day/Year)

#### Invitation to Self-Identify Race and Ethnicity

The San Diego Housing Commission (SDHC) is a recipient of grant funding on behalf of the San Diego Homeownership Equity Project, comprised of community partners, SDHC, and the San Diego City-County Reinvestment Task Force, to expand homeownership opportunities for the region's people of color. SDHC is subject to agreements set forth in grant funding contracts for data collection pertaining to homebuyer demographics, including but not limited to race and ethnicity. In order to comply with these agreements, and to increase the capacity to monitor progress toward the project's mission, SDHC requests participants in the First-Time Homebuyer Program to voluntarily self-identify their race and ethnicity. The information provided will be kept confidential and used in the form of aggregated data for reporting in accordance with federal and state laws, executive orders, regulations, and grant funding requirements. This information may be used to identify supplementary funding resources that might be applicable to you, as determined by SDHC.

**Instructions:** The two questions below are designed to identify your ethnicity and race. Regardless of your answer to question 1, please also answer question 2.

**Question 1.** Are You Hispanic or Latino? (A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.)

☐ Yes ☐ No

**Question 2.** Please select the racial category or categories with which you most closely identify by checking the appropriate box or boxes. Check as many as apply.

RACIAL CATEGORY (Check as many as apply)	DEFINITION OF CATEGORY
<input type="checkbox"/> American Indian or Alaska Native	A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
<input type="checkbox"/> Asian	A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
<input type="checkbox"/> Black or African American	A person having origins in any of the black racial groups of Africa.
<input type="checkbox"/> Native Hawaiian or Other Pacific Islander	A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
<input type="checkbox"/> White	A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.