



PROGRAM OVERVIEW

CODE VIOLATION ENFORCEMENT-DEFERRED REHAB LOAN PROGRAM

Background Information

The San Francisco Mayor's Office of Housing and Community Development (MOHCD), Code Violation Enforcement-Deferred Rehab (COVER) Loan Program offers low-interest loans to low-to-moderate income property owners. The program, funded by the Department of Building Inspection (DBI) and administered by MOHCD offers loans to property owners whose goal is to address code deficiencies and code violations found on their properties and were cited a Notice of Violation or Notice of Abatement by DBI.

To be eligible for a COVER Loan, households must meet specific income, asset, and property requirements as detailed below. Loans are available to low-to-moderate income property owners who are unable to secure conventional financing and/or who have no other resources available to them.

How to Apply for a Housing Rehabilitation Loan

You can obtain an application by visiting our website at www.sfmohcd.org

Loan Type	Maximum Loan Amount	Maximum Unit Size	Interest Rate	Loan to Value (LTV)	Loan Term
COVER	Case-by-case basis	1-4	1%	105%	Deferred payments for a period of five (5) years.

Qualifications

Property Qualifications

The property must meet all the following criteria to be eligible for a COVER loan:

- The property must be a permanent structure within the City and County of San Francisco.
- All residential units must meet the San Francisco Planning Department's definition of "dwelling unit" and fully conform with Planning Code requirements applicable to the site, including zoning, General Code compliance, and any relevant neighborhood plan controls.
- Properties must have an outstanding Notice of Violation and/or Notice of Abatement issued by the Department of Building Inspection.



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- The property must be free of all liens not approved by MOHCD. 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.

Rehabilitation work must address:

- Building code deficiencies and violations as described in Notice of Violation and/or Notice of Abatement cited by the Department of Building Inspection.

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. For the purpose of the asset test, the Homeowner's primary residence and martial possessions will not be 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.
 - a. For COVER loans, 2% of the household's asset holdings will be added to the household's income.
3. Properties 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. The amounts are adjusted on an annual basis by household size.

Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	9 Person
120%	\$96,850	\$110,700	\$124,500	\$138,350	\$149,400	\$160,500	\$171,550	\$182,650	\$193,700

Derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Rent Area (HMFA) that contains San Francisco

Closing documents associated with the COVER Loan Program

Once your loan is approved, MOHCD will work with you to close your loan. All titleholders to the property will be required to sign the following documents:

Loan Agreement – An agreement that details the parameters and conditions of the loan.

Promissory Note – A note that promises to repay the loan at certain interest rate within the term of the loan.

Deed of Trust – The deed is used to record the lien against the property. Any future liens against the property that jeopardize the City's security and interest in the property are subject to the approval of the MOHCD.



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Notice of Default – A notice of default is recorded for each existing lien against the property. MOHCD will be notified should any of the existing liens default.

Additional Loss Payee – The additional loss payee form instructs your current homeowner insurance policy holder to add the City and County of San Francisco as an additional loss payee on your account. This ensures the City is notified of insurance lapses, cancellations or other activity associated with the subject property.

Truth in Lending – The truth in lending statement provides information on the actual cost of the loan when interest is taken into account.

Notice of Right to Cancel – The notice of right to cancel provides the borrower a three (3) day window in which to cancel the loan.



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The following has been provided to you for your convenience and is meant to be a general guide of the COVER Loan Program.

Step 1: Refer to the Code Violation Enforcement Rehab Introductory letter you received in the mail.

Step 2: Review the COVER Program information and loan application available on our website here: www.sfmohcd.gov

Step 3: Complete the COVER application along with all supporting documents and submit via Sharefile available on our website. You will be asked to create an account. If you are unable to send your complete application online, you may mail or drop off your documents to:

Mayor's Office of Housing & Community Development
COVER Loan Program
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Main (415) 701-5500

Step 4: A representative will contact you via email and/or mail to confirm receipt of your application, request for missing or supplemental documentation.

Step 5: Once your application is complete, submitted documentation will be reviewed for eligibility.

Step 6: The Property owner may begin contacting contractors and must compile at least three (3) bids for necessary work to address each Notice(s) of Violation. The bids must be provided to MOHCD for review. The property owner will inform MOHCD which contractor they have chosen to perform the work. The property owner must provide a fully executed work and cost summary. Awarded contractors must conform to all City requirements and become a city-certified vendor prior to starting work.

Click here for instructions to become a city-certified vendor

Step 7: Full property appraisal is ordered. Eligibility is finalized. Loan is underwritten and submitted for full loan funding. Loan funds will be deposited into an escrow account to await disbursement.

Step 8: An approval letter and copies of full loan documents will be sent to the property owner(s) for review. A date for the loan contract signing will be provided on the approval letter. Loan documents

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must be executed in person at the Mayor's Office of Housing and Community Development. Executed documents shall be notarized and recorded accordingly prior to the start of construction.

Step 12: Construction may begin once the property owner has received a Notice to Proceed from MOHCD via email.

Step 13: Property Owner will receive the COVER Loan Disbursement Packet. The property owner must complete all forms and provide all documentation to request payment funds for the contractor after the work is completed.

Step 13: The Property owner is responsible for initiating start of construction, project oversight, scheduling the final walkthrough with DBI and obtain written project completion confirmation for their records.

Step 14: Should there be any change orders, the property owner must provide change orders immediately to MOHCD for review and approval. If a change order is approved, an Addendum to the original loan agreement will be executed prior to the release of additional funds and copies of fully executed change orders must be provided to MOHCD. For change orders to reduce work, the remaining funds will be used to pay off the principal loan balance.

Step 15: Property Owner must provide the completed disbursement packet to MOHCD to initiate payment. The disbursement packet will be reviewed; once approved, the actual disbursement amount will be sent directly to the contractor via ACH. If additional funds were requested for change orders, payment for change orders shall follow once evidence of completed change order work is provided.

Step 16: Property Owner will be provided a project closure letter with updated principal loan balance. The property owner will also receive copies of all executed loan documents for his/her records.

Step 17: Enjoy your home!