



# ZERO INTEREST Loan PROGRAM

## Program Purpose

The Zero Percent Interest Loan Program offers technical and financial assistance to lower-income property owners to make a wide range of repairs or improvements to their home. The goal of this program is to achieve long term and sustainable improvements that will enable property owners to maintain decent, safe, and sanitary living conditions. The program serves as a vital tool in preserving the affordable housing stock in San José through rehabilitation of homes owned and occupied by lower-income property owners.

## Eligible Applicants

Owner-occupants, whose gross annual income does not exceed 80% of the Santa Clara County Area Median Income (AMI), adjusted for household size. *Please refer to the Eligibility Criteria for eligible income levels and asset restrictions (see attached for household size).*

## Eligible Properties

Owner-occupied single-family or duplex properties located in the City of San José.

## Loan Limit

The maximum loan amount ranges from \$15,000-\$40,000. However, the final loan amount will be the actual cost of repairs or improvements as determined by Housing Department staff. The loan may be offered in combination with other Housing Department grants.

## Terms

- The actual cost of repairs can not exceed \$40,000
- Annual interest rate is 0%
- The maximum term for the City's loans are as follows:

Loan Amount	Loan Term
\$15K or less	15 years
\$15K-40K	30 years

- Property must have been owned by applicant for a minimum of one year prior to application
- Repairs and improvements will be prioritized by the Housing Rehabilitation Inspector based on health and safety

*\*Programs are subject to change without notification*

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*Preserving Homes,  
Enhancing Lives*



Housing

## Z E R O I N T E R E S T L O A N P R O G R A M

- Loan approval is subject to underwriting criteria and asset limitations in effect at the time of application
- Certain improvements may be ineligible or beyond the scope of these funds; this decision is determined by the Housing Rehabilitation Inspector
- The City's loan must be paid in full upon sale of the property, property transfer, refinance or at loan term, whichever one comes first
- Loan payments may be deferred based on the applicant's income, housing expenses and loan amount
- Loans are made at the discretion of the Housing Department

### **Security for the City's Loan**

The loan will be recorded as a lien against the real property and will be due upon maturity of loan, sale, re-finance, or transfer of property.

### **Eligible Repairs**

Improvements under the Zero Interest loan may include:

- Roof repair, furnace and water heater repair/ replacement, plumbing, electrical, window repair, stairway, porch, and deck repairs, floor covering and interior paint, disabled accessibility, exterior paint, weatherization and energy efficiency upgrades, seismic retrofit, bathroom and/or kitchen improvement and other emergency repairs as authorized by Housing staff

### **Ineligible Repairs**

- Pools, spas and hot tubs, outdoor cooking facilities, storage sheds, patio covers, furniture and window coverings

### **Application Process**

A Housing Rehabilitation Inspector will contact the homeowner to set up an inspection appointment. The inspector will conduct a complete inspection of the property, including the inside of the home. If the Inspector determines the loan amount is adequate to resolve all repairs, and that your property has no other serious health and safety related issues, the inspector will provide you with a loan application. Once the application is submitted and basic program eligibility has been established, the application will be processed for approval. Following approval, Housing Department staff will coordinate with the homeowner to select a contractor to perform the needed work.

### **Application Process**

When the City's loan exceeds a certain dollar amount per unit, equal to 25% of the median sales price of single-family homes in San José (*please refer to the Eligibility Criteria for loan amounts*), the property will be subject to a 30- year affordability restriction that runs with the land. This restriction requires either that: (1) the property be sold only to an income-qualifying family at an affordable price, or (2) the City and the borrower share any increase in equity that accrues between the date of the rehabilitation loan and the date of sale.

### **Contact Information**

City of San José, Department of Housing  
200 East Santa Clara Street, 12th floor, San José, California 95113  
408.975.4440 Housing Rehabilitation, [www.sjhousing.org/program/repairs.html](http://www.sjhousing.org/program/repairs.html)