

SMCCCD Second Loan Program Requirements

Revised May 1, 2008

- Ten year loan; maximum amount of \$75,000
- Restricted to owner-occupied homes within reasonable commute distance to the District.
- Interest and payment free for five years; required interest payment is due when the employee sells or refinances the home, or at the end of the 10 year term of the loan.
- Beginning in year six, 4% simple interest for the term of the loan, paid monthly
- When the employee sells, refinances or leaves District employment (other than retirement) the College District will be paid the required interest payment for the first 5 years of the loan which is calculated as:

District loan amount (divided by) purchase price (multiplied by) sale or refinance or appraised value (minus) original purchase price (minus) improvements paid for by the employee.

- Loan can be called or converted to the current market rate (at the District's discretion) if the employee leaves College District employment.
- The program prohibits the use of loans that have negative amortization, pre-payment penalties, and shorter term interest-only options. Variable rate loans will normally not be allowed without the express written consent from the District.
- Employees must meet the following underwriting guidelines:

Low FICO Score range	High FICO Score range	Down Payment Required	Months Reserve Required	CLTV including SMCCD Loan	Homebuyer Education Requirement	Homebuyer Counseling Requirement	Maximum Back Ratio Allowance
640	659	20%	3	80%	Yes	Yes	45%
660	679	10%	3	90%	Yes	Yes	45%
680	719	5%	3	95%	Yes	Yes	45%
720	850	3%	3	97%	Yes	Yes	45%

Eligibility:

- All regular District employees.
- Adjunct faculty members who have been continuously employed for three years or six semesters.
- Employees cannot be under federal or state mandated wage garnishment or involved in progressive disciplinary procedures.