

CITY OF YUBA CITY
STAFF REPORT

Date: September 20, 2022
To: Honorable Mayor & Members of the City Council;
From: Development Services Department
Presentation By: Ben Moody, Public Works & Development Services Director

Summary

Subject: City Housing Loan Programs Administration - Agreement with Habitat for Humanity

Recommendation: Adopt a Resolution authorizing the City Manager to enter into the Subrecipient Agreement with Habitat for Humanity Yuba/Sutter for the administration of the City's housing loan programs with the finding that entering into the Agreement is in the best interest of the City

Fiscal Impact: \$75/hour up to \$12,500 to be used for general administration. A maximum of 21% of available program funds (depending on the loan fund) to be used for activity delivery costs. A total of \$153,324 available for general administration and activity delivery costs, should all available funds be loaned out.

Purpose:

To authorize the City Manager to enter into a Subrecipient Agreement with Habitat for Humanity Yuba/Sutter for the administration of the City's housing loan programs.

Council's Strategic Goal:

This item addresses Council's goal of infrastructure in that it utilizes the existing loan funds that the City has obtained.

Background:

The City has been a recipient of HOME Investment Partnership Program (HOME), CalHome Funding, and Community Development Block Grant Program (CDBG) funding for several years. These funds have allowed the City to operate two housing loan programs for Yuba City residents; the First-Time Homebuyer (FTHB) loan program and Owner-Occupied Housing Rehabilitation (OOR) loans. These programs provide an option for income-qualified homebuyers and homeowners to obtain low-interest loans for purchasing or rehabilitating affordable permanent housing.

Historically, the Regional Housing Authority acted as the administrator for these City housing loan programs, however, in January 2022, the Regional Housing authority notified the City that they would no longer be providing housing loan program services. The City's FTHB and OOR programs have been on hold since that change, while staff worked to find a new administrator for these programs.

With current housing market costs, specific state and federal guidelines, utilizing loan funds and identifying a new program administrator has proved difficult.

Analysis:

Habitat for Humanity Yuba/Sutter (Habitat) expressed interest in taking on the role as the new administrator of the City’s loan programs. Habitat currently acts as the administrator for several surrounding jurisdictions’ loan programs and has also hired staff that has experience and familiarity with the City’s housing loan programs.

Habitat has had discussions with City Staff and has drafted a Subrecipient Agreement that outlines the amount of funding available for program activity delivery, as well as general administration. These amounts are set by State and Federal regulations on how much of the program funding can be used for the administration of the loan programs. The administration of the City’s loan programs that Habitat would perform includes; marketing the loan programs, application intake and screening, inspections of units, ensuring loan and City program policy requirements are met, and the management of property owners and contractors.

The proposed Agreement term will expire on December 31, 2024, at which time, both parties have the option to extend the Agreement for an additional three (3) years with updated loan fund balances, with mutual agreement.

Fiscal Impact:

The Subrecipient Agreement outlines a total of approximately \$922,000 in program funds available for housing loans with a maximum of \$153,324 of those existing loan funds being available for reimbursement costs associated with the administration of the loan programs, (should all available funds be loaned out). These numbers are based on existing fund balances and the maximum percentages that State or Federal loan program regulations allow to be used for administration. Funds paid to Habitat will come directly from the loan program balances, with the applicable Activity Delivery funds only being reimbursable after the successful delivery of a loan.

Line Items	HOME General Admin	HOME Activity Delivery	CalHome Activity Delivery	CDBG Activity Delivery	Total Budget
HOME Housing Rehabilitation Program Mgmt. (\$201,446 Activity Budget)	\$6,250	\$42,304	N/A	N/A	\$48,554
HOME Homeownership Assistance Program Mgmt. (\$227,804 Activity Budget)	\$6,250	\$14,807	N/A	N/A	\$21,057
CalHome 2006 & 2011 (Reuse funds) - Housing Rehabilitation Program Mgmt. (\$331,198 Activity Budget)	N/A	N/A	\$49,679	N/A	\$49,679
CDBG (Program Income) - Housing Rehabilitation Program Mgmt. (\$162,071 Activity Budget)	N/A	N/A	N/A	\$34,034	\$34,034
TOTAL	\$12,500	\$57,111	\$49,679	\$34,034	\$153,324

The existing \$12,500 for HOME general administration is the amount left for the term of that grant. However, 10% of program income balances (beyond the grant term) can be used for general administration. This comes from loan payoffs and payments. Activity delivery costs can be reimbursed once staff time turns into a funded project. The City holds 3% of the total 24% allowable activity delivery funds to account for any failed applications.

CDBG allows for 17% of program income to be used for general administration and CalHOME Reuse funds allow 15% of program income to be used for activity delivery, but does not have general administration funds.

To summarize costs; \$75/hour up to \$12,500 can be used for general administration with a maximum of 21% for HOME loan program funds, 17% for CDBG, and/or 15% CalHOME loan program funds to be used for activity delivery costs, when staff time is used for a funded loan project, to be paid to Habitat for Humanity from existing loan balances.

Alternatives:

Do not authorize the City Manager to enter into the proposed Subrecipient Agreement with Habitat for Humanity Yuba/Sutter and provide directions for proceeding with the City's housing loan program administration.

Recommendation:

Adopt a Resolution authorizing the City Manager to enter into the Subrecipient Agreement with Habitat for Humanity Yuba/Sutter for the administration of the City's housing loan programs with the finding that entering into the Agreement is in the best interest of the City

Attachments:

1. Attachment 1 - Subrecipient Agreement with Habitat for Humanity for City Housing Loan Program Administration
2. Attachment 2 - Resolution Authorizing the City Manager to Enter into Subrecipient Agreement with Habitat for Humanity Yuba/Sutter

Prepared By:
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Administrative Analyst

Submitted By:
Diana Langley
City Manager

**SUBRECIPIENT AGREEMENT BETWEEN THE
CITY OF YUBA CITY AND HABITAT FOR HUMANITY YUBA/SUTTER**

This subrecipient agreement (the “**Agreement**”) is made and entered into as of the date of execution by both parties evidenced by the later of the dated signatures hereto, by and between the **CITY OF YUBA CITY, a government instrumentality**, whose address is 1201 Civic Center Blvd., Yuba City, CA 95993 (the “**CITY**”), and **HABITAT FOR HUMANITY YUBA/SUTTER, a nonprofit corporation**, having its principal office at 202 D Street, Marysville, CA 95901 (the “**Program Operator**”).

WHEREAS, the **CITY** has entered into a Standard Agreement No. **18-HOME-12598**, referred to as STANDARD AGREEMENT, to receive funding from the HOME Investment Partnerships Program, referred to as HOME, from the State of California, Department of Housing and Community Development, referred to as HCD, to finance the City of Yuba City Housing Rehabilitation Program, referred to as PROGRAM; and

WHEREAS, the **CITY** also utilizes funds available through Community Development Block Grant (CDBG) Entitlement (Program Income funds available) and CalHome (Reuse funds available) to finance the PROGRAMS; and

WHEREAS, among the eligible uses of HOME, CDBG, and CalHOME is the provision of Owner-Occupied Housing Rehabilitation Assistance and/or Homeownership Assistance; and

WHEREAS, the purpose of the HOME, CDBG, and CalHome Program Owner-Occupied Housing Rehabilitation Assistance is to increase the supply of decent, safe, sanitary, and affordable housing for households with combined incomes at or below 80% of the area median income adjusted per household size; and

WHEREAS, the **CITY** has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer one or more HCD-funded housing rehabilitation programs. The rehabilitation program described herein and hereinafter referred to as the “Program” is designed to provide assistance to eligible homeowners for correction of health and safety items, as well as code violations, located within the Program’s eligible area. The Program provides this assistance in the form of deferred payment loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary and code compliant home, referred to herein as “housing unit”. The Program will be administered by HABITAT FOR HUMANITY YUBA/SUTTER; and

WHEREAS, the CITY has identified HABITAT FOR HUMANITY YUBA/SUTTER as an eligible “Program Operator” (as such term is defined in 24 CFR 92.2) capable of administering the Program on behalf of the CITY; and

WHEREAS, the CITY COUNCIL approved RESOLUTION_____ approving the Program Operator for the purpose of establishing and operating the Program; and

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants set forth herein, the CITY and Program Operator do agree, for themselves and for their respective successors and assigns, as follows:

SECTION 1: GENERAL PROGRAM DESCRIPTION; ROLES & RESPONSIBILITIES

1.1 Program Description:

As further described herein and in the City of Yuba City’s Housing Rehabilitation Program Guidelines, the PROGRAM is designed to provide assistance to eligible homeowners for correction of health and safety items, as well as code violations, located within the Program’s eligible area. The Program provides this assistance in the form of deferred payment loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary and code compliant home.

1.2 CITY Role & Responsibilities

The CITY is responsible for the operation of the Program and compliance with applicable federal requirements, including the HOME requirements outlined in 24 CFR part 92,. This will include, but not be limited to, the following:

1.2.1 Program Design

Furnishing the Program Operator with the Program Guidelines and any other Program requirements, including any future changes to HOME regulations or HOME Program guidance issued by HUD;

1.2.2 Environmental Review

Completing necessary environmental reviews and/or determinations pursuant to 24 CFR 92.352 and 24 CFR 58;

1.2.3 Reporting to HCD

Preparing and submitting reports to HCD including but not limited to Project Set-up and Completion, Quarterly Performance, Quarterly PI, Administrative Draw Down Requests, and Annual Performance Report;

1.2.4 Program Operator Monitoring

Completing remote and on-site monitoring reviews of the Program Operator's operation of the Program.

1.3 Program Operator Role & Responsibilities

In addition to the responsibilities listed in **Exhibit A**, Program Operator is responsible for the routine implementation of the Program, including interaction with applicants to the Program and Contractors. In all cases, Program Operator will implement the program in compliance with the CITY's Program Guidelines and all applicable federal requirements. In no case will the Program Operator be considered the "responsible entity" for environmental reviews required under 24 CFR 58. In its role, Program Operator will:

1.3.1 Marketing

Market and advertise the Program pursuant to the CITY's affirmative marketing plan, in accordance with the requirements in 24 CFR 92.351, including the requirements to (i) identify those portions of the population of the CITY that are least likely to apply, (ii) establish specific marketing actions (e.g. advertising in specialty publications, native languages, etc.) intended to reach such populations, and (iii) maintain records of the results of such activities;

1.3.2 Application Intake

Develop needed application materials and establish and implement an application process in accordance with the CITY's Program Guidelines;

1.3.3 Screening

Review individual applications, including income determinations, in accordance with the CITY's Program Guidelines and the HOME requirements in 24 CFR part 92 to establish applicants' eligibility for the Program and notify applicants of their status;

1.3.4 Inspections

In accordance with the CITY's Program Guidelines, inspect units to ensure that such units meet the Program's property standards, including but not limited to conducting visual assessments of potential lead-based paint hazards in any properties constructed prior to 1978 in accordance with 24 CFR part 35;

1.3.5 Program Policies

Apply the CITY's Program Guidelines, including any updates thereto provided by the CITY pursuant to the notice provisions in Section 5.2 of this Agreement, ensuring that housing rehabilitation projects meet all HOME and Program requirements;

1.3.6 Management of Contractors and Property Owners

During the term of a contract between Contractor and property owner, address questions, concerns, or disputes between Contractors and property owners, provide clarifications of Program Guidelines, federal, and HOME requirements, and otherwise work with Contractors and owners to ensure effective and compliant delivery of assistance.

SECTION 2: USE AND DISBURSEMENT OF HOME FUNDS

2.1 HOME, CDBG & CalHOME Budget

As part of this Agreement, the CITY is providing up to \$429,250 in HOME funding for project expenses (i.e., direct costs of assisting homeowners), up to \$12,500 in HOME funding for allowable administrative expenses, and \$57,111 in HOME funding for activity delivery. The City is also providing \$331,198 in CalHOME Reuse funds for project expenses with \$49,679 available for activity delivery, and \$162,071 in CDBG Program Income funds for project expenses with \$34,034 available for activity delivery.

2.1.1 ITEMIZED BUDGET

The following line item budget is the basis for determining the amount of PROGRAM OPERATOR costs eligible for reimbursement by CITY. (See SCOPE OF WORK, Exhibit A, for a description of each reimbursable activity.)

Line Items	HOME General Admin	HOME Activity Delivery	CalHome Activity Delivery	CDBG Activity Delivery	Total Budget
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TOTAL	\$12,500	\$57,111	\$49,679	\$34,034	\$153,324

Total budget amounts for are based on a maximum 21% of the Housing Rehabilitation Activity Budget for HOME and CDBG, a maximum of 15% of the Housing Rehabilitation Activity Budget for CalHOME, \$12,500 total Home General Administration expenses for Housing Rehabilitation and Homeownership Assistance, and a maximum 6.5% of the HOME Homeownership Assistance

Activity Budget. HOME Loan Portfolio Management services will be billed at a cost of no more than \$75 per hour and will be paid from General Administration.

HOME Program Income that is required to be expended prior to drawdown of open grant funds will be reimbursed by CITY to PROGRAM OPERATOR up to a maximum of 21% of the HOME Program Income loan amount.

Each invoice submitted to CITY by the PROGRAM OPERATOR must include the following:

1. Running total of expenditures to date by line item for HOME, CDBG, and CalHOME compensable services.
2. Documentation of services provided or expenditures, including copies of invoices, contracts, receipts, bills, time sheets, or other references documenting the charges billed to the CITY or incurred by PROGRAM OPERATOR.

2.1.2 BUDGET ADJUSTMENTS

A budget adjustment is defined as a change in value for reimbursable line items without a change in the dollar value for reimbursable services rendered by PROGRAM OPERATOR. CITY may consider PROGRAM OPERATOR budget adjustments after submittal of a formal proposal, including the following documentation:

- a) Progress report outlining expenditures, milestones achieved to date and an outstanding balance;
- b) Proposed budget outlining projected costs for the entire duration of the contract, highlighting where actual costs are expected to differ from the original budget;
- c) Explanations and justifications for changes in each line item; and
- d) Plan outlining expected uses of additional funds received.

2.1.3 BUDGET AMENDMENTS

A budget amendment is defined as a change in value for reimbursable line items and a change in the dollar value for reimbursable services rendered by PROGRAM OPERATOR. CITY may consider PROGRAM OPERATOR budget amendments after submittal of a formal proposal, including the same documentation required for a budget adjustment as listed above; however, a budget amendment also requires a formal contract amendment approved in a resolution by the CITY.

2.1.4 CHARGE RATE SCHEDULE

PROGRAM OPERATOR will request reimbursement for this agreement based on an actual cost for actual work basis. Reasonableness, allowability and allocability of costs not to exceed the budget noted above.

2.2 Term

This Agreement shall become effective upon the execution of this Agreement by the City of Yuba City and shall expire on **December 31, 2024**. The term of this Agreement may be extended up to an additional three years by mutual agreement of the City and Program Operator.

All **HOME approved project funds** must be expended by **February 2, 2023, or by Housing and Community Development's approved extension date**. The Program Operator shall have until **February 25, 2023** to make final requests for reimbursement. The deadline to submit all Drawdown Requests as defined by the STANDARD AGREEMENT (Exhibit C) between the City of Yuba City and Housing and Community Development is **April 2, 2023**, per Exhibit A , Section 5 of the **Standard Agreement 18-HOME-12598**.

2.3 Anticipated Production

The CITY and Program Operator anticipate at least 6 households will receive assistance from HOME Funds, 6 households from CalHOME Funds, and 3 households from CDBG Funds under this Agreement.

2.4 Project Completion Deadlines

The Program Operator must provide the CITY with all necessary project information. All **HOME approved project funds** must be expended by **February 2, 2023**. All **CDBG and CalHOME funds** must be expended by **December 31, 2024**.

2.5 Program Income

CITY and Program Operator acknowledge and agree that if any "**Program Income**," as defined in 24 CFR 92.2, is received by the Program Operator, Program Operator will promptly remit Program Income to the CITY.

2.6 Disbursement of Funds

Program Operator must remit disbursement requests (or, in the case where no reimbursement is due, a report explaining inactivity) at least quarterly and may request payments no more than once per month. In all cases, Program Operator is prohibited from requesting HOME funds from the CITY until such funds are needed to pay HOME-eligible costs. Requests for disbursements are limited to the amount needed at the time of such request.

2.6.1 Reimbursement Basis

The CITY will provide HOME funds to the Program Operator for Program costs on a reimbursement basis only.

2.6.2 Project Costs

Program Operator will submit a request for funds to the City for housing rehabilitation costs.

All requests for project-specific soft costs must be supported by (i) time-sheet documentation for any costs associated with Program Operator staff, (ii) invoices for any third-party costs, and/or (iii) other source documentation (e.g. receipts and mileage logs for travel expenses, etc.).

2.6.3 Administrative Costs

Requests for payment of eligible administrative costs must be supported by time-sheet documentation for any costs associated with Program Operator staff, invoices for any third-party costs, and/or other similar documentation.

2.6.4 Final Payment

Program Operator shall submit a final payment request by December 3, 2024.

SECTION 3: ADMINISTRATIVE AND PROGRAM REQUIREMENTS

3.1 Applicability of Uniform Administrative Requirements

In performing under this Agreement, the requirements of 2 CFR part 200 apply to the Program Operator, except for the following provisions: §200.306, §200.307, §200.311 (except as provided in 24 CFR 92.257), §200.312, §200.329, §200.333, and §200.334. The provisions of 2 CFR 200.305 apply as modified by 24 CFR 92.502(c). If there is a conflict between definitions in 2 CFR 200 and 24 CFR part 92, the definitions in 24 CFR part 92 govern. While not intended to be an exhaustive list, Program Operator acknowledges that the requirements of 2 CFR 200 include, inter alia, compliance with:

3.1.1 Procurement

Standards and procedures consistent with 2 CFR 200.318 through 200.326 related to the procurement of property or services with HOME funds;

3.1.2 Audit

The requirement under 2 CFR 200.501 that the Program Operator must obtain a single- or program-specific audit if, during any given Program Operator fiscal year, Program Operator expends more than \$750,000 in federal funds;

3.1.3 Cost Principles

The cost principles included in 2 CFR 200 Subpart F, including that any costs charged to HOME be supported by adequate documentation, allocable to the program, necessary, and reasonable.

3.2 Administrative Funding

Within the funding limit provided in Section 2.1, Program Operator may use HOME funds for administrative expenses associated with operating the Program. Eligible administrative costs include costs associated with activities described in the general management oversight and coordination requirements at 24 CFR 92.207(a) to the extent that such activities are allowable under this Agreement. These include, but may not be limited to, costs associated with coordinating and overseeing the Program; advertising and promoting the Program, including affirmatively marketing the Program pursuant to the requirements of 24 CFR 92.351; maintaining appropriate Program records, including financial records, and submitting progress, financial, and other reporting to the CITY; taking applications, conducting intake interviews, and otherwise processing applications that do not proceed; and conducting required unit inspections.

3.2.1 Treatment of Income Determination and Inspection Costs

Pursuant to 24 CFR 92.206, the Program Operator may also use HOME project funding for its project-specific soft costs associated with determining the income eligibility and completing property inspections of homes.

Alternatively, the costs associated with determining the income eligibility and completing property inspections of, may be charged as an administrative cost, provided that in no case may a single item of cost be charged both as an administrative expense and as a project-related soft cost as provided for herein.

3.3 Reversion of Assets

Upon receipt of the final payment by the CITY under this Agreement and after payment by the Program Operator of any final eligible costs under this Agreement, the Program Operator must transfer to the CITY any remaining HOME funds on hand and any accounts receivable attributable to the use of HOME funds to the CITY.

3.4 Compliance with Other Federal Requirements

Program Operator must comply with all applicable federal requirements, including those listed in 24 CFR part 92, Subpart H and 24 CFR part 5, Subpart A, and the nondiscrimination requirements of section 282 of the Act, as amended. This includes, but is not limited to, compliance with:

3.4.1 Equal Opportunity and Fair Housing

In accordance with 24 CFR 92.350 and 92.351, no person shall on the ground of race, color, religion, sex, disability, familial status, national origin, or age be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any Program activity funded in whole or in part from HOME funds. In addition, Program Operator shall develop

and operate the Program in accordance with the requirement contained in 24 CFR 5.105, including but not limited to the following requirements:

- a) The requirements of the Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended by Executive Order 12259 (3 CFR 1958 B1963 Comp., P. 652 and 3 CFR 1980 Comp., P. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and of the Civil Rights Act of 1964 (42 U.S. C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1;
- b) The prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing Regulations at 24 CFR Part 146,
- c) The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8;
- d) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;
- e) The requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60;
- f) The requirements of 24 CFR 92.351, 2 CFR 200.321, Executive Orders 11625, as amended, and 12432 (concerning Minority Business Enterprise), and 12138, as amended (concerning Women’s Business Enterprise); and
- g) The requirements of 24 CFR 5.105(a)(2) requiring that HUD-assisted housing be made available without regard to actual or perceived sexual orientation, gender identity, or marital status and prohibiting Program Operators, owners, developers, or their agents from inquiring about the sexual orientation or gender identity of an applicant for, or occupant of, HUD-assisted housing for the purpose of determining eligibility for the housing or otherwise making such housing available. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity.

3.4.2 Lobbying Disclosure Requirements

In accordance with the requirements of 24 CFR part 87, the Program Operator certifies, to the best of its knowledge and belief, that:

- a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an PROGRAM OPERATOR, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any PROGRAM OPERATOR, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Program Operator shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;
- c) The Program Operator shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all such lower-tier parties shall certify and disclose accordingly; and
- d) Program Operator acknowledges that this certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

3.4.3 Drug-Free Workplace

The drug-free workplace requirements of 2 CFR part 2429;

3.4.4 Debarred or Suspended Entities

By signing this Agreement, Program Operator certifies that it is not presently listed by any federal PROGRAM OPERATOR as debarred, suspended, or proposed for debarment from any federal contract activity. If during the term of this Agreement this information changes, Program Operator shall notify CITY without delay. Such notice shall contain all relevant particulars of any debarment, suspension, or proposed debarment. Further, in carrying out its responsibilities hereunder, Program Operator will not employ, contract with, or otherwise make use of subcontractors, service providers, consultants, or any other party that is debarred, suspended, or proposed for debarment from any federal contract activity.

3.4.5 Environmental Review

While the CITY is responsible for environmental reviews and determinations under this Agreement, Program Operator will cooperate and assist in documenting the environmental status of each assisted unit, including but not limited to the initial preparation of an *Environmental Review for Activity/Project that is Exempt or Categorically Excluded Not Subject to Section 58.5* checklist. In no case will Program Operator request funding for a housing rehabilitation project with respect to a specific unit to be assisted without notification from the CITY that the project is either exempt from environmental review or that needed reviews have been completed.

3.4.6 Lead Based Paint

Program Operator will ensure that all assisted units in properties which were originally constructed prior to 1978 pass a visual assessment pursuant to the requirements of 24 CFR 35.

3.4.7 Conflict of Interest

Pursuant to 24 CFR 92.356, no employee, agent, consultant, officer, or elected official or appointed official of the CITY or the Program Operator, individually known as a “**Covered Person**,” that exercises or has exercised any functions or responsibilities with respect to HOME-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to HOME-assisted activities, is eligible to receive HOME assistance under the Program or to have a financial interest or financial benefit in any contract, subcontract, or other agreement with respect to the HOME-funded activities contemplated in this Agreement, or the proceeds from such activities. This provision shall apply to both Covered Persons and those with whom they have business or immediate family ties, during their tenure with the CITY or Program Operator or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a Covered Person. In the event a Covered Person, or a person with whom the Covered Person has business or family ties, is otherwise eligible and applies to the Program, Program Operator will immediately notify the CITY. CITY, in its sole discretion, may pursue an exception from HUD under the provisions of 24 CFR 92.356(d) to allow participation notwithstanding the conflict of interest. Only HUD may grant such an exception; neither the CITY nor the Program Operator may grant such an exception on its own. Moreover, the CITY and Program Operator shall comply with the conflict of interest requirements in 2 CFR 200.317 and 2 CFR 200.318 in the procurement of property and services.

3.4.8 Consultant Activities

Program Operator will comply with the reasonable rate of compensation requirements in accordance with 24 CFR 92.358.

3.5 Recordkeeping

Program Operator shall maintain detailed records of all its activities under this Agreement, including records on all persons served pursuant to this Agreement. Representatives of the CITY will maintain administrative and financial records as required by 24 CFR 92.508, applicable to the activities to be carried out under this Agreement, including but not necessarily limited to:

3.5.1 General Administrative and Financial Records

- a) Information about contractors, vendors, and other service providers to include, but not necessarily be limited to, verification of non-debarment and suspension, verification of qualifications and experience, legally binding contracts and agreements, invoices and payment records, and related correspondence (see 24 CFR Part 24 and 2 CFR part 2424);
- b) Financial information including, but not necessarily limited to, audits and related correspondence, accounting and financial records, indirect cost analyses, and internal controls and reconciliations;
- c) Financial records identifying the source and use of funds for each person assisted under the Program pursuant to this Agreement, as well as well as underlying documentation (e.g. timesheet records, invoices/receipts, proof of payment, etc.) for all costs charged to HOME;
- d) Records demonstrating compliance with the Uniform Administrative Requirements of 2 CFR 200, as applicable;

3.5.2 Program Recipient Records

Program recipient records in accordance with 24 CFR 92.508(a)(3) that demonstrate that each HOME-assisted project met the requirements of the HOME program including but not limited to:

- a) Full descriptions of each household assisted with Program funds;
- b) Income determination proving eligibility and records to document the eligibility each household;
- c) Records, consistent with the Program Guidelines, demonstrating that each Program assisted unit meets the Program's property standards;

- d) Records demonstrating that each assisted household is income eligible in accordance with 24 CFR 5.603;
- e) Copies of project documentation including construction contract and change orders;
- f) Program Operator will return all records to the City upon project completion;

3.5.3 Records of Other Federal Requirements

Other records that include documentation of compliance with other federal requirements in accordance with 24 CFR 92.508 that includes the following requirements to the extent applicable to the Program:

- a) Documentation of Program Operator's efforts to affirmatively further fair housing, including both marketing efforts and records on the extent to which each racial and ethnic group and single-headed households (by gender of household head) applied for, participated in, or benefited from the Program;
- b) Records concerning lead-based paint in accordance with 24 CFR Part 35;
- c) Records supporting any requests for exceptions to the conflict of interest provisions in accordance with 24 CFR 92.356.

3.6 Record Retention

All Program records will be returned to the City upon project completion and be maintained by the City for the lifetime of the loan. Notwithstanding, if there are litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have commenced before the expiration of the retention periods outlined, such records must be retained until completion of the actions and resolution of all issues, or the expiration of the retention period, whichever occurs later.

3.7 Reporting Requirements

The Program Operator agrees to submit any and all reports required by the CITY or HCD within 30 days of the CITY or HCD's request. The Program Operator will provide updates on Program implementation to the CITY on a quarterly basis. A quarterly report to City will include information on the marketing and startup of the Program, number of applications received, challenges or concerns about implementation, and estimates of the timing of upcoming commitments and expenditures of HOME funds.

The CITY reserves the right to unilaterally alter, supplement, or otherwise modify the frequency, content, or form of delivery of required reports as needed to maintain adequate oversight of the Program, address changes to HOME regulations, or to address findings related to noncompliance by the Program Operator.

SECTION 4: DEFAULT AND TERMINATION

4.1 Default

The following are considered a default by the Program Operator under this Agreement:

1. Program Operator fails, in any manner, to fully perform and carry out any of the terms, covenants, and conditions of this Agreement;
2. Program Operator refuses or fails to proceed with the work and tasks contemplated in this Agreement in accordance with such diligence as will ensure their completion within the time fixed by the schedule set forth in this agreement;
3. Material noncompliance with any applicable HOME regulatory requirements in 24 CFR part 92 or any other applicable federal requirements; or any applicable State or local law, regulation, ordinance, or requirement related to the Program; and
4. Dissolution or other termination of existence; insolvency; forfeiture of right to do business in the State of California or business failure; appointment of a receiver of any part of the Program Operator's property; the calling of any meetings of, or the assignment for the benefit of, creditors of the Program Operator; or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the Program Operator which are not dismissed within 60 days.

4.2 Termination

4.2.1 Without Cause: CITY and PROGRAM OPERATOR will have the right to terminate this Agreement without cause by giving thirty (30) days prior written notice of intention to terminate pursuant to this provision, specifying the date of termination. CITY will pay to PROGRAM OPERATOR the compensation earned for work performed and not previously paid for to the date of termination. CITY will not pay lost anticipated profits or other economic loss. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from PROGRAM OPERATOR of any and all plans, specifications and estimates, and other documents prepared by PROGRAM OPERATOR in accordance with this Agreement. No sanctions will be imposed.

4.2.2 With Cause: This Agreement may be terminated by either party should the other party:

- a) be adjudged a bankrupt, or
- b) become insolvent or have a receiver appointed, or
- c) make a general assignment for the benefit of creditors, or
- d) suffer any judgment which remains unsatisfied for thirty (30) days, and which would substantively impair the ability of the judgment debtor to perform under this Agreement, or
- e) materially breach this Agreement. Material breach includes but is not limited to PROGRAM OPERATOR failing to perform obligations under this Agreement, and PROGRAM OPERATOR failing to perform obligations in accordance with the PROGRAM'S time schedules set forth in STANDARD AGREEMENT.

For any of the occurrences except item v., termination may be effected upon written notice by the terminating party specifying the date of the termination. Upon a material breach, the Agreement may be terminated following the failure of the defaulting party to remedy the breach to the reasonable satisfaction of the non-defaulting party within thirty (30) days of the receipt of written notice specifying the breach. If the breach is not remedied within that thirty (30) day period, the non-defaulting party may terminate the agreement on further written notice specifying the date of termination. If the nature of the breach is such that it cannot be cured within a thirty (30) day period, the defaulting party may, submit a written proposal within that period which sets forth a specific means to resolve the default. If the non-defaulting party consents to that proposal in writing, which consent shall not be unreasonably withheld, the defaulting party shall immediately embark on its plan to cure. If the default is not cured within the time agreed, the non-defaulting party may terminate upon written notice specifying the date of termination. CITY will pay to PROGRAM OPERATOR the compensation earned for work performed and not previously paid for to the date of termination. CITY will not pay lost anticipated profits or other economic loss, nor will CITY pay compensation or make reimbursement to cure a breach arising out of or resulting from such termination.

4.2.3 Effects of Termination: Expiration or termination of this Agreement shall not terminate any obligations to indemnify, to maintain and make available any records pertaining to the Agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination contract activities.

4.2.4 Suspension of Performance: Independent of any right to terminate this Agreement, the authorized representative of CITY for which PROGRAM OPERATOR'S services are to be performed, may immediately suspend performance by PROGRAM OPERATOR, in whole or in part, in response

to health, safety or financial emergency, or a failure or refusal by PROGRAM OPERATOR to comply with the provisions of this Agreement, until such time as the cause for suspension is resolved, or a notice of termination becomes effective.

SECTION 5: ADDITIONAL PROVISIONS

5.1 Fees to homeowners or members of households prohibited

Program Operator is prohibited from charging application or other fees for the purpose of covering costs of administering the Program.

5.2 Notice

Except in the case of a notice of default, which must be delivered via mail or delivery service, the CITY may issue written notices as required or anticipated herein to the Program Operator via email, facsimile, mail, delivery service, or in person as may be appropriate. Notices delivered via electronic means or in person will be deemed delivered on the same day. Notices delivered via mail or delivery service shall be deemed delivered five (5) days after being placed in the United States mail or delivery service, postage pre-paid, addressed to the Program Operator as follows:

HABITAT FOR HUMANITY YUBA/SUTTER
ATTN: JOSEPH HALE, CEO
202 D STREET
MARYSVILLE, CA 95901

Notices due the CITY shall be in writing and may be delivered via email, facsimile, mail, delivery service, or in person as may be appropriate. Notwithstanding, a notice of default to the CITY must be delivered via certified mail with return receipt requested and shall be deemed delivered upon signature of a CITY representative. Notices to the CITY should be addressed as follows:

CITY OF YUBA CITY
ATTN: DIANA LANGLEY, CITY MANAGER
1201 CIVIC CENTER BLVD.
YUBA CITY, CA 95993

5.3 CITY Liability

The CITY shall have no liability except as specifically provided in this Agreement. The CITY, by execution of this Agreement, assumes no liability for damages caused to persons or property by reason of Program Operator providing goods or services herein or for injury to any employee, agent or subcontractor of the Program Operator performing under this Agreement.

5.4 Indemnification

Program Operator shall indemnify and save and hold CITY, and its successors or assigns, harmless from and against any negligent claims, liabilities, losses and causes of action which may arise out of Program Operator's activities under this Agreement, including all other acts or omissions to act on the part of Program Operator, including any person acting for or on its behalf, and, from and against any orders, judgments, or decrees which may be entered and from and against all costs, attorneys fees, expenses and liabilities incurred in the defense of any such claims, or in the investigation thereof. Program Operator's indemnity shall not expire with the expiration or termination of this agreement but will continue indefinitely.

5.5 Insurance

See attached Exhibit B. Throughout the term of this Agreement, Program Operator must maintain general liability (\$2,000,000 per occurrence and \$2,000,000 aggregate) and automobile liability insurance (\$1,000,000 per accident), and errors and omissions insurance (\$1,000,000 per occurrence and \$2,000,000 annual aggregate). The CITY must be listed as an additional insured party on each of the required insurance policies with at least 30 days' notice prior to expiration. Program Operator must also maintain workers compensation coverage in an amount specified by state law.

5.6 Independence of Program Operator

Nothing in this Agreement shall be deemed or construed to represent that Program Operator, or any of Program Operator's employees or agents, are the agents, representatives, or employees of the CITY. Program Operator acknowledges that it is an independent contractor in its performance under this Agreement. Anything in this Agreement that provides the CITY with the right to direct Program Operator in its performance of its obligations under this Agreement is solely for purposes of compliance with local, state, and federal regulations.

5.7 Assignment

This Agreement is binding on the CITY and Program Operator, and their respective successors and assigns. Program Operator shall not assign or transfer its interest in this Agreement without the prior written approval of CITY which shall be in the CITY's sole and exclusive discretion.

5.8 Amendments

This Agreement may be modified or amended only if the amendment is made in writing and is signed by both parties. Notwithstanding, in the event that (i) HUD imposes new or modified requirements in the HOME Program through regulation, administrative notice, publication, or other notice, or (ii) HUD specifically identifies violations of HOME program requirements pertaining to this Agreement or the Program undertaken hereunder, Program Operator agrees to comply with any new or modified requirements to ensure this Agreement and the activities hereunder remain in or are brought into compliance with such requirements. The CITY shall

provide prompt notice to the Program Operator of any such modifications. Program Operator further agrees to execute an amendment to modify the terms of this Agreement in such manner as necessary to formally reflect and implement new HOME requirements or correct identified deficiencies.

5.9 Interpretation

This Agreement is the sole agreement between the two parties, and no prior or subsequent discussions, negotiations, or agreements, whether verbally or in writing, shall be merged with this Agreement. Any question or dispute regarding the interpretation of the terms of this Agreement shall be decided by the CITY. The CITY's decision on any dispute under this Agreement, which shall be furnished in a manner of their choosing, shall be final and binding. In the event of a conflict between this Agreement, the Program Guidelines, and/or other regulatory requirements, the regulatory requirements control and the CITY reserves the right to resolve the conflict and determine the Program Operator's compliance with such provisions.

5.10 Applicable Law

This Agreement shall be construed and interpreted in accordance with California law. In the event of legal action resulting from a dispute hereunder, the parties agree that the State and federal courts of the State of California shall have jurisdiction and that the proper forum for such action shall be in Sacramento, California.

5.11 Headings & Pronouns

The headings in this Agreement are for convenience only and do not affect the meanings or interpretation of the contents. Where appropriate, all personal pronouns used herein, whether used in the masculine, feminine, or neutral gender, shall include all other genders, and singular nouns used herein shall include the plural and vice versa.

5.12 Severability

If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

IN WITNESS WHEREOF, the CITY and Program Operator have indicated their acceptance of the terms of this Agreement by their signatures below on the dates indicated.

CITY OF YUBA CITY		
	_____	_____
	Diana Langley, City Manager	Date

PROGRAM OPERATOR: HABITAT FOR HUMANITY YUBA/SUTTER		
	_____	_____
	Joseph Hale, Chief Executive Officer	Date

ATTEST: CITY CLERK, CITY OF YUBA CITY		
	_____	_____
	Jackie Sillman, City Clerk	Date

EXHIBIT "A(1)" – SCOPE OF WORK

City of Yuba City Housing Rehabilitation Program (PROGRAM)
HOME, CDBG and CalHome Funds

PROGRAM OBJECTIVE

The purpose of the PROGRAM is to complete rehabilitation of eligible housing units located in the City of Yuba City. The units must be occupied by members of the Low to Moderate Income Group (LMI) as defined by the U.S. Department of Housing and Urban Development (HUD) and HCD.

PROGRAM GOALS

PROGRAM OPERATOR shall be held to the same goals, milestones, performance measurements, and requirements as entered into by CITY in STANDARD AGREEMENT and more thoroughly explained in the grant application. PROGRAM OPERATOR will assist CITY in the achievement of the following PROGRAM goals by the contract expiration date:

1. The CITY and Program Operator anticipate at least 3 households will receive assistance from HOME Funds, 6 households from CalHOME Funds, and 3 households from CDBG Funds under this Agreement.

PROGRAM SERVICES

COMPENSABLE SERVICES: PROGRAM OPERATOR will perform the following compensable services as outlined in the City-approved Program Guidelines (referred to as PROGRAM GUIDELINES) in implementation of PROGRAM activities, including administration and expenditure of HOME Program Income.

1) Refinement of housing rehabilitation program plans, procedures and forms: subject to review and approval by CITY, PROGRAM OPERATOR will establish, or make any necessary revisions to, the housing rehabilitation program design and procedures (including but not limited to the priorities among applicants and among rehabilitation measures, the limits and structure of financial assistance, and the recapture and affordability policies), as well as any other necessary forms, documents or sample contracts.

2) Outreach: PROGRAM OPERATOR will conduct sufficient advertisement of the housing rehabilitation program and other forms of outreach to ensure that enough eligible applicants participate in the program to meet the housing rehabilitation program goals.

3) Intake/assessment of eligibility: PROGRAM OPERATOR will assist property owners and residents in the completion of applications to permit eligibility determinations for rehabilitation assistance. PROGRAM OPERATOR will make provision for translation services to meet the needs of non-English-speaking applicants. In the event of applicants who have impaired mobility or

other disabilities, PROGRAM OPERATOR will make provisions for completing the application at the applicant's residence or other acceptable procedures for ensuring equal access to services.

Initial eligibility determination of households/structures will be made by the PROGRAM OPERATOR on the basis of satisfaction of income requirements, the apparent need for rehabilitation measures to correct relevant housing code or Housing Quality Standard (HQS) deficiencies, and any other pertinent criteria set forth in the approved program design.

4) Work write-ups: for each eligible unit to be assisted, PROGRAM OPERATOR will complete a detailed work write-up of the rehabilitation to be performed, including estimated costs of each activity, materials to be used, and industry or regulatory standards to be met. This write-up will be initialed and dated by the homeowner.

5) Solicitation and selection of contractors: PROGRAM OPERATOR will assist approved applicants in the identification, proper solicitation, and selection of contractors qualified to perform the authorized rehabilitation of eligible housing units. PROGRAM OPERATOR will provide forms and sample contract formats for the applicants to use in contracting with the contractors and will assist the applicant in ensuring that the description of the work contained in any contracts with contractors is accurate and complete.

6) Loan Review Committee: CITY will establish and maintain a loan review committee. The loan review committee will review all loan recommendations prepared by the PROGRAM OPERATOR. No loan will be made under the housing rehabilitation program without the approval of a majority of the members of the loan review committee. Loan recommendations will be routed to loan committee members for consideration, or a loan committee meeting may be held virtually.

7) Loan closing: With the authorization of the City Loan Review Committee, the PROGRAM OPERATOR will execute all necessary documents and will coordinate with CITY the drawdown of funds as necessary to cover the expenses of approved applicants for activities authorized by executed loan agreements. The loan documents executed with applicants will include explicit provisions describing a) the occupancy requirements and other standards to maintain the eligibility of the HOME expenditures, and b) the conditions and procedures under which late payment penalties, default and/or foreclosure will occur.

8) Periodic and final inspections: PROGRAM OPERATOR will perform periodic site visits to ascertain that approved and contracted rehabilitation work is proceeding properly and satisfactorily, will authorize (with the owner's written approval, including signature and date) appropriate change orders, and will mediate in the event of owner dissatisfaction with the work done by the contractor.

9) Approval of contractor payments: as rehabilitation progresses and as invoices are submitted by contractors, PROGRAM OPERATOR will verify that the expenses are reasonable and the work

has been completed properly (including a sign-off by the owner), and will authorize drawdown of funds from CITY, and disbursement to the contractors.

10) Loan servicing/loan portfolio management: PROGRAM OPERATOR will assist CITY in managing the housing rehabilitation loan portfolio through the following tasks: reviewing loan status reports provided by CITY to determine loan clients in violation of the terms of their loan, corresponding with loan recipients who are in violation of the terms of their loan, suggesting remedies to both the CITY and loan recipient to correct any violations, and reviewing employment and income status at the request of CITY.

11) Maintenance of case files and other records: for each applicant, PROGRAM OPERATOR will maintain case files, including application and documentation of eligibility, work write-ups, the assistance agreement between the property owner and CITY (along with repayment provisions, documentation of liens and any other forms of security), contractor selection criteria, copy of contract between owner and contractors, documentation on all necessary licenses and permits, site visit/inspection reports (including final inspection), change orders, and approved contractor invoices for payment (with owner sign-off). PROGRAM OPERATOR will also maintain appropriate information on persons residing in the property, including a list or lists identifying persons in a project immediately before the project, after project completion, and those moving in during the project, as well as information on those displaced or temporarily relocated. PROGRAM OPERATOR will maintain these files until project completion when the original file will be returned to the City.

PROJECT SCHEDULE

Unless amended by mutual written agreement by PROGRAM OPERATOR and CITY, PROGRAM OPERATOR will perform the described housing rehabilitation tasks and complete the rehabilitation of eligible units in a timely manner.

OTHER PROGRAM REQUIREMENTS

- 1) Affordability provisions (Not Applicable for HOME):** for activities benefiting low- and moderate-income persons, PROGRAM OPERATOR must adopt and make public the CITY's standards for determining that for rental housing assisted under the program, the rents of units occupied by low- and moderate-income persons are "affordable."
- 2) Davis-Bacon requirements and other Labor Standards:** these statutes require the payment of prevailing wages for HOME-assisted construction work, including construction or rehabilitation of residential property containing eight units or more, in excess of \$2,000. The Contract Work Hours and Safety Standards Act also applies to such activities.
- 3) Historic Preservation [16 U.S.C. 470 et seq. and 36 CFR Part 800]:** these requirements mandate (a) consultation with specified agencies having responsibility for historic preservation to identify properties listed (or eligible for inclusion) in the National Register of

Historic Places that may be subject to adverse effects by the proposed HOME activities, and (b) compliance with procedures or other requirements to avoid or mitigate such adverse effects.

- 4) National Flood Insurance Program:** if a community has had notice for more than a year that an area has been identified by FEMA as having special flood hazards, HOME funds cannot be spent for acquisition or construction purposes within that area unless the community is participating in the National Flood Insurance Program and such insurance has been purchased for the properties in question.

- 5) Relocation, Real Property Acquisition, and One-For-One Housing Replacement:** The acquisition of real property for a HOME-assisted project and the displacement of any person (family, individual, business, non-profit organization or farm) as a direct result of acquisition, rehabilitation, demolition or conversion for a HOME-assisted project must comply with 49 CFR part 24. PROGRAM OPERATOR must also conduct its HOME activities so as to minimize displacement, and if displacement occurs, the displaced persons or entities must be provided assistance consistent with the Uniform Relocation Act, as amended, or Section 104(d), as applicable. In addition, there must be a one-for-one replacement of any occupied (or vacant, occupiable) low- and moderate-income dwelling that is demolished or converted to another use in connection with a HOME-funded activity.

- 6) Lead-based Paint [24 CFR Part 35]:** There is a general prohibition against the use of any lead-based paint in connection with any HOME activity involving the construction or rehabilitation of residential structures. If the structure was constructed prior to 1978, the tenants or purchasers must be notified of the hazards of lead-based paint poisoning; and, depending on the level of Federal assistance made available to the structure, paint inspection, risk assessment, treatment and/or abatement must be provided.

EXHIBIT "A(2)" – SCOPE OF WORK

City of Yuba City Homeownership Assistance Program (PROGRAM) HOME and CalHome Funds

NATIONAL OBJECTIVE

The purpose of the PROGRAM is to provide low-interest loans to homebuyers purchasing a home located in the City of Yuba City. The homebuyer(s) must be members of the Low to Moderate Income Group (LMI) as defined by the U.S. Department of Housing and Urban Development (HUD) and HCD.

PROGRAM GOALS

PROGRAM OPERATOR shall be held to the same goals, milestones, performance measurements, and requirements as entered into by CITY in STANDARD AGREEMENT and more thoroughly explained in the grant application. PROGRAM OPERATOR will assist CITY in the achievement of the following PROGRAM goals by the contract expiration date:

1. Close on an estimated three (3) homeownership assistance loans as required to fully expend CITY's homeownership assistance loan fund.

PROGRAM SERVICES

COMPENSABLE SERVICES: PROGRAM OPERATOR will perform the following compensable services as outlined in PROGRAM GUIDELINES in implementation of PROGRAM activities.

1) Refinement of homeownership assistance program plans, procedures and forms: subject to review and approval by CITY, PROGRAM OPERATOR will establish, or make any necessary revisions to, the homeownership assistance program design and procedures (including but not limited to the priorities among applicants, underwriting criteria, the limits and structure of financial assistance, and the recapture and affordability policies), as well as any other necessary forms, documents or sample contracts.

2) Outreach: PROGRAM OPERATOR will conduct sufficient advertisement of the homeownership assistance program and other forms of outreach to ensure that enough eligible applicants participate in the program to meet the homeownership assistance program goals.

3) Completion of loan applications; underwriting assessment: PROGRAM OPERATOR will assist homebuyers in completing loan applications, and will perform an assessment of each loan application to determine the HOME and/or CalHome eligibility of the loan. Initial eligibility determination of households will be made by the PROGRAM OPERATOR on the basis of satisfaction of income requirements, eligibility of the property being purchased, and any other pertinent criteria set forth in the approved program design.

PROGRAM OPERATOR will complete all work necessary to determine loan feasibility including obtaining appraisal, estimates of market value, credit reports and title reports, set up of lead risk

assessment, if applicable, evaluating the financial condition of the applicant and summarizing any critical issues.

4) Loan Review Committee: CITY will establish and maintain a loan review committee. The loan review committee will review all loan recommendations presented to it by the PROGRAM OPERATOR. No loan will be made under the homeownership assistance loan program without the approval of a majority of the members of the loan review committee.

5) Loan closing: With the authorization of the City Loan Review Committee, the PROGRAM OPERATOR will execute all necessary documents and will coordinate with CITY the drawdown of funds as necessary to cover the expenses of approved applicants for activities authorized by executed loan agreements. The loan documents executed with applicants will include explicit provisions describing a) the occupancy requirements and other standards to maintain the eligibility of the HOME and/or CalHome expenditures, and b) the conditions and procedures under which late payment penalties, default and/or foreclosure will occur.

6) Loan servicing/loan portfolio management: PROGRAM OPERATOR will assist CITY in managing the homeownership assistance loan portfolio through the following tasks: reviewing loan status reports provided by CITY to determine loan clients in violation of the terms of their loan, suggesting remedies to the CITY to correct any violations, and reviewing employment and income status at the request of CITY.

7) Maintenance of case files and other records: for each applicant, PROGRAM OPERATOR will maintain case files, including application and documentation of applicant eligibility, property eligibility, the assistance agreement between the homebuyer and CITY (along with repayment provisions, documentation of liens and any other forms of security), and any other required documentation. PROGRAM OPERATOR will maintain these and other program and financial records in accordance with the general requirements for record keeping specified in Section 7. of this Agreement.

PROJECT SCHEDULE

Unless amended by mutual written agreement by PROGRAM OPERATOR and CITY, PROGRAM OPERATOR will perform the described homeownership assistance program tasks in a timely manner.

EXHIBIT "B" – INSURANCE REQUIREMENTS

City of Yuba City Housing Rehabilitation Program (PROGRAM)

PROGRAM OPERATOR shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the PROGRAM OPERATOR, his agents, representatives, or employees. PROGRAM OPERATOR shall maintain limits no less than:

- | | |
|---|--|
| 1. Commercial General Liability, Including:
Premises and Operations
Contractual Liability
Personal Injury Liability
Independent Contractors
Bodily Injury, Property Damage | \$2,000,000 per occurrence and
\$2,000,000 general aggregate |
| 2. Automobile Liability:
Owned, Non-Owned,
and Hired Autos | \$1,000,000 per accident for
bodily injury and property
damage |
| 3. Workers' Compensation: | As required by the State of California |
| 4. Employer's Liability: | \$1,000,000 per accident for bodily injury or
disease |
| 5. Professional Liability: | \$1,000,000 per claim and \$2,000,000
annual aggregate |

Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the option of the CITY, either: insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the CITY, its officers, officials, employees and volunteers; or the PROGRAM OPERATOR shall provide a financial guarantee satisfactory to the CITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The CITY, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the PROGRAM OPERATOR; or automobiles owned, leased, hired or borrowed by the PROGRAM OPERATOR.
2. For any claims related to this project, the PROGRAM OPERATOR's insurance coverage shall be primary insurance as respects the CITY, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees or

volunteers shall be excess of the PROGRAM OPERATOR's insurance and shall not contribute with it.

3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) day's prior written notice has been provided to the CITY.

If General Liability and Professional Liability coverages are written on a claims-made form:

1. The retroactive date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the PROGRAM OPERATOR must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.
4. A copy of the claims reporting requirements must be submitted to the PROGRAM OPERATOR for review.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the CITY. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

Verification of Coverage

PROGRAM OPERATOR shall furnish the CITY with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the CITY or on other than the CITY's forms provided those endorsements conform to CITY requirements. All certificates and endorsements are to be received and approved by the CITY before work commences. However, failure to do so shall not operate as a waiver of these insurance requirements. The CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

Waiver of Subrogation

PROGRAM OPERATOR hereby agrees to waive subrogation which any insurer of consultant may acquire from vendor by virtue of the payment of any loss. PROGRAM OPERATOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the CITY for all work performed by the consultant, its employees, agents and subcontractor.

EXHIBIT "C" – STANDARD AGREEMENT

City of Yuba City Housing Rehabilitation and Homeownership Assistance Programs (PROGRAMS)

INSERT STANDARD AGREEMENT HERE

STATE OF CALIFORNIA - DEPARTMENT OF GENERAL SERVICES
STANDARD AGREEMENT
STD 213 (Rev. 03/2019)

AGREEMENT NUMBER
18-HOME-12598

PURCHASING AUTHORITY NUMBER (if applicable)

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR'S NAME
City of Yuba City

2. The term of this Agreement is:

START DATE

Upon HCD Approval

THROUGH END DATE

02/02/2038

3. The maximum amount of this Agreement is:

\$500,000.00

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement

EXHIBITS	TITLE	PAGES
Exhibit A	Authority, Purpose and Scope of Work	3
Exhibit B	Budget Detail and Payment Provisions	3
Exhibit C	State of California General Terms and Conditions	GTC - 04/2017
Exhibit D	HOME Program Terms and Conditions	30
Exhibit E	Special Conditions	1
TOTAL NUMBER OF PAGES ATTACHED		37

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto
These documents can be viewed at <https://www.dgs.ca.gov/FS/Forms/Forms>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

City of Yuba City

CONTRACTOR BUSINESS ADDRESS
1201 Civic Center Boulevard

CITY
Yuba City

STATE
CA

ZIP
95993

PRINTED NAME OF PERSON SIGNING

DIANA LANGLEY

TITLE

INTERIM CITY MANAGER

CONTRACTOR AUTHORIZED SIGNATURE

Diana Langley

DATE SIGNED

APRIL 30, 2020

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of Housing and Community Development

CONTRACTING AGENCY ADDRESS

2020 W. El Camino Ave., Suite 130

CITY
Sacramento

STATE
CA

ZIP
95833

PRINTED NAME OF PERSON SIGNING

Synthia Rhinehart

TITLE

Contracts Manager,
Business & Contract Services Branch

CONTRACTING AGENCY AUTHORIZED SIGNATURE

Synthia Rhinehart

California Department of General Services Approval (or exemption, if applicable)

DATE SIGNED

6/5/2020

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority & Purpose

This Standard Agreement (hereinafter "Agreement") will provide official notification of the conditional reservation of funds under the State of California's administration of the HOME Investment Partnerships Program (hereinafter "HOME") by the Department of Housing and Community Development (hereinafter the "Department") pursuant to the provisions of the Cranston-Gonzalez National Affordable Housing Act (42 USC 12741 et seq.), the HOME Investment Partnerships Program (Title 24 Code of Federal Regulations Part 92), California Health and Safety Code Section 50896, and Title 25, Division 1, Chapter 7, Subchapter 17 of the California Code of Regulations, Sections 8200 through 8220 (the "State Regulations"), all as amended and in effect from time to time. The HOME Program is listed in the Catalog of Federal Domestic Assistance (CFDA) as 14.239 - HOME Investment Partnerships Program. In accepting this conditional reservation of funds, the Contractor (sometimes referred to herein as the "HOME Recipient") agrees to comply with the terms and conditions of this Agreement, the Notice of Funding Availability (NOFA) under which the HOME Recipient applied, the representations contained in the HOME Recipient's application for this funding allocation (the "Application"), and the requirements of the authorities cited above.

2. Scope of Work

A. HOME Recipient shall perform the Scope of Work (hereinafter "Work") as described in the Application, which is on file at the Department, Division of Financial Assistance, 2020 West El Camino Ave., Sacramento, California, and which is incorporated herein by reference. All written materials or alterations submitted as addenda to the original Application and which are approved in writing by a HOME Program Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Application. The Department reserves the right to require the HOME Recipient to modify any or all parts of the application in order to comply with HOME Investment Partnerships Program federal and/or State Regulations. The Department reserves the right to review and approve all Work to be performed by the HOME Recipient in relation to this Agreement. Any proposed revision to the Work must be submitted in writing for review and approval by the Department. Any approval shall not be presumed unless such approval is made by the Department in writing.

B. The Work shall consist of:

Project Location County	Type of Activity	HOME Activity Funds	HOME Units
Sutter	First-Time Homebuyer Program	\$243,750	3
Sutter	Owner-Occupied Rehabilitation Program	\$243,750	5
	State Recipient Administration	<u>\$ 12,500</u>	N/A
	TOTAL	\$500,000	

HOME State Recipient Program
 NOFA Date: 06/05/2018
 Approval Date: 01/23/2020
 Prep. Date: 02/04/2020

EXHIBIT A

3. Contract Amount

For the purposes of performing the Work, the Department agrees to provide the amount shown on Page 1, No. 3 of this Agreement (STD 213). In no instance shall the Department be liable for any costs for Work in excess of this amount, nor for any unauthorized or ineligible costs. The HOME Recipient agrees to administer this allocation in accordance with the provisions of 24 CFR 92 and Title 25 of the California Code of Regulations Section 8200 through, and including, Section 8220.f. The Agreement amount shall be expended as follows:

First-Time Homebuyer Program	\$243,750
Owner Occupied Rehabilitation Program	\$243,750
State Recipient Administration	\$ 12,500

4. Activity Delivery Costs

HOME Recipients shall report the amount of Activity funds used for Activity Delivery Costs on the HOME Set-Up and Completion Reports. The HOME Recipient must request Activity Delivery Costs (ADC) in proportion to the amount of Activity funds being drawn down. The maximum amount of ADC that may be drawn for each specific activity is:

- A. Up to 24% of the HOME loan/grant amount for Owner-Occupied Rehabilitation (OOR). Activity delivery costs for rehabilitation projects may exceed the 24% limit if documentation of actual costs is provided to HCD with the project set-up. Documentation must be of actual costs; consultant billings, without documentation of underlying actual costs, are not adequate;
- B. Up to 6.5% of the HOME loan/grant amount for First-Time Homebuyer (FTHB) activities including rehabilitation;
- C. Up to 6.5% of the HOME Construction loan amount for First-Time Homebuyer activities involving in-fill construction; and,
- D. Up to 5% of the total household assistance amount to reimburse the cost of unit inspections and eligibility determinations for Tenant-Based Rental Assistance.

The total amount of ADC drawn down during the entire contract term must be for actual costs incurred according to 2 CFR Part 200 and have documentation in each project file to support activity delivery expenses.

EXHIBIT A

5. Term of Agreement and Deadlines

- A. All Program funds shall be expended by: February 2, 2023
- B. All Drawdown Requests shall be submitted by: April 2, 2023
- C. This Agreement shall expire on: February 2, 2038

No payments shall be made for drawdown requests received more than sixty (60) days after the expenditure deadline. Any funds not drawn shall be disencumbered.

Pursuant to 24 CFR 92.254, any homeownership units funded by HOME that do not have a ratified sales contract with an eligible homebuyer for the housing within nine (9) months of the date of completion of construction or rehabilitation using HOME funds, shall be rented to an eligible tenant pursuant to the requirements of 24 CFR 92.252.

6. Other Funding Sources

- A. Other Funding Sources - The HOME Recipient shall report on the value of other contributions included as leverage to the project activity with each Project Set-Up and Completion Report. The Project Set-Up and Completion Report is the report which conveys the information needed to establish a project-specific account in the Federal Integrated Disbursement and Information System (IDIS). It is also the report that is used to convey any changes to the project-specific account or report the final project-specific information in IDIS established by U.S. Department of Housing and Urban Development (HUD).
- B. Match - All matching contributions for a specific activity required by 24 CFR 92.218-222 are waived. However, the HOME Recipient shall report all match eligible funding in the Project Set-Up Report and Project Completion Report.
- C. Subsidy Limits - The amount of HOME funds the HOME Recipient may contribute to HOME-assisted housing on a per-unit basis may not exceed the per-unit dollar limits established by HUD, as referenced in 24 CFR 92.250.

7. HOME Program Contract Coordinator

The HOME Recipient's contact for this Agreement may vary; therefore, you will be contacted directly by your assigned representative. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be sent by first class mail to:

Email: HOME@hcd.ca.gov
Address: Department of Housing and Community Development
Division of Financial Assistance – HOME Program
P.O. Box 952054
Sacramento, CA 94252-2054

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Definitions

- A. "Activity Delivery Costs" means "related soft costs" as this term is defined in the HOME Final Rule 24 CFR 92.206(5)(d). The Activity Delivery Costs are included in the "HOME Activity Funds". The HOME Recipient may expend up to the indicated Activity Delivery Cost maximum as identified in Exhibit A, 4. HOME funds for Activity Delivery Costs and Home Activity Funds shall be drawn down at the same time. If the activity is not completed, and a Project Completion Report for the full amount drawn down is not filed, all HOME funds, including ADC must be repaid to the Department.
- B. "Project Set-Up" refers to the forms and process required to reserve HOME funds in the federal Integrated Disbursement and Information System (IDIS) for a specific HOME assisted project.
- C. "Project Disbursement" refers to the forms and process required to request the drawdown of HOME funds from IDIS for a project's previously reserved HOME funds.
- D. "Project Completion Report" refers to the form and process required to report a project "complete". The Project Completion Report must be submitted to HCD within 60 days of the final draw request. If the activity is not complete, and a Project Completion Report for the full amount drawn down is not filed, all HOME funds for the particular project must be repaid to the Department.
- E. "Administration" refers to eligible administrative and planning costs as provided in 24 CFR 92.207.

2. General Set-Up Requirements

The HOME Recipient shall submit the following for the Department's approval, prior to project set-up in IDIS:

- A. The "General Set-Up Conditions Checklist" on a form provided by the Department and any required supporting documentation, including a program budget, and Affirmative Fair Market Analyses with marketing plan.
- B. For FTHB Activities, the Contractor shall submit a revised FTHB Feasibility Worksheet (Exhibit B7 of the Program application) as part of their General Set-up Conditions to confirm program feasibility.
- C. Any other documents, certifications, or evidence deemed necessary by the Department prior to Project Set-Up.

EXHIBIT B

3. Administrative Disbursement Requirements

Prior to requesting administrative funds; the HOME Recipient shall submit the following:

- A. Payee Data Record (STD 204 or TIN Form as applicable); and
- B. Administrative Drawdown Request.

4. Individual Project Set-Up Requirements

The HOME Recipient shall submit the following documentation to the Department:

- A. HUD-required Project Set-Up Report; and,
- B. Any other documents, certifications, or evidence deemed necessary by the State prior Project Set-Up.

5. Project Disbursement Requirements

The HOME Recipient shall submit the following documentation to the Department prior to the disbursement of funds:

- A. HUD-required Project Drawdown Request Form;
- B. STD 204, Payee Data Record form (if necessary);
- C. Designated Payee letter (if necessary);
- D. Evidence of sufficient and eligible HOME match, if necessary for funding;
- E. Any other documents, certifications, or evidence deemed necessary by the Department prior to disbursement of project funds; and,
- F. For the final drawdown, a revised Project Completion Report, if any funding sources and/or amounts have changed since the most recently submitted Project Set-Up Report.

6. Project Completion Requirements

The HOME Recipient shall submit the following documentation to the Department for project completion:

- A. HUD-required final Project Set-Up and Completion Report; and,
- B. Any other documents, certifications, or evidence deemed necessary by the Department prior to project completion.

EXHIBIT B

7. General Conditions of Disbursement

- A. The HOME Recipient shall spend Program Income in the local account, before requesting funds from the Department and shall not request disbursement (drawdown request) of HOME program grant funds under this Agreement until the funds are needed for the reimbursement of eligible costs only. The amount of each request shall be limited to the amount needed for reimbursement of actual expenses for Work that has been completed. Work completed means FTHB escrow has closed, TBRA rent subsidies were paid, and/or OOR construction/rehabilitation costs are paid for Work completed and inspected.
- B. No later than 60 days after any final project drawdown request, the HOME Recipient shall provide a Project Completion Report to the Department. In the event that a Project Completion Report is not received by the Department within the 60-day period, the Department shall suspend further Project Set-Ups for the Contractor until the Project Completion Report is received by the Department and is accepted in the federal Integrated Disbursement and Information System (IDIS).
- C. In the event the Department determines funds were used for ineligible expenses, further Project Set-Ups and all disbursements may be withheld until the issue of the ineligible expenses is resolved to the satisfaction of the Department.

EXHIBIT D

HOME PROGRAM TERMS AND CONDITIONS

1. Effective Date and Commencement of Work

- A. This Agreement is effective upon approval by the Department representative's signature on page one of the fully executed Standard Agreement, STD 213, (the "Effective Date").
- B. The HOME recipient agrees that the Work shall not commence, nor any costs to be paid with HOME funds be incurred or obligated by any party, prior to execution of this Agreement by the Department, completion of all required environmental clearances, and compliance with all applicable conditions of this Agreement.

There are two exceptions to this requirement:

- 1) First, administrative expenses for eligible NEPA compliance work may be incurred prior to the execution of this Agreement.
 - 2) Secondly, with Program Manager or Section Chief approval; other costs may also be incurred prior to the execution of this Agreement. Such costs may consist of procurement of administrative subcontractors, development of program guidelines, architectural, engineering and other professional services required to prepare plans, drawings, specifications, or work write-ups that are incurred not more than 24 months prior to the project being set up in HUD's Integrated Disbursement and Information System (IDIS).
- C. The HOME recipient agrees that the Work shall be completed by the expenditure date specified in Exhibit A, Section 5. This Agreement shall expire on the date set forth in Exhibit A, Section 5.

2. Sufficiency of Funds

- A. This Agreement is valid and enforceable only if sufficient funds are made available to the Department by the United States Government for the purposes of the HOME program. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or State Legislature, promulgated in state or federal regulations or any state or federal statute, as now in effect and as may be amended from time to time, which may affect the provisions, terms, or funding of this Agreement in any manner.
- B. The parties to this Agreement mutually agree that if the Congress does not appropriate sufficient funds for the HOME program, the Department, at its sole discretion, either may amend this Agreement to reflect any reduction in funds, or it may unilaterally cancel this Agreement with fourteen (14) days' written notice to the HOME recipient.

EXHIBIT D

- C. The Department may terminate this Agreement at any time for cause by giving fourteen (14) days' written notice to the HOME recipient. Cause shall consist of any violation of the HOME requirements; any terms and/or special conditions of this Agreement; upon the request of HUD; unreasonably low rate of expenditure; or upon a reduction in, restriction on, or elimination of the Department's expenditure authority by any governmental authority.
- D. Unless otherwise approved by the Department in writing, upon termination or cancellation of this Agreement, the HOME recipient shall complete all work in progress and terminate any other activities that were to be paid for with HOME funds. Any unexpended funds received by the HOME recipient shall be returned to the Department within fourteen (14) days of the Notice of Termination or Notice of Cancellation.
- E. The Department at its discretion, may require a partial disencumbrance of funds awarded when the HOME recipient has difficulty expending funds during the contract period, and it appears they will be unable to expend them prior to the expenditure deadline set forth in Exhibit A, Section 5.

3. Litigation

The HOME recipient shall notify the Department *immediately* of any claim or action undertaken by or against it, which affects or may affect this Agreement, the project, or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

4. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement, or to require at any time performance by the HOME recipient of these provisions, shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions. All waivers by the Department must be in writing and signed by an authorized official thereof in order to be effective.

5. HOME Recipient's Application for Funds

- A. HOME recipient has submitted to the Department an Application for funding under the HOME program. The Department is entering into this Agreement based on, and in substantial reliance upon, HOME recipient's facts, information, assertions and representations contained in that Application, and in any subsequent modifications or additions thereto approved by the Department in writing. The Application and any approved modifications and additions thereto are hereby incorporated into this Agreement.

EXHIBIT D

- B. HOME recipient warrants that all information, facts, assertions and representations contained in the Application and approved modifications and additions thereto are true, correct, and complete to the best of HOME recipient's knowledge, both when made and at the time of its execution of this Agreement. In the event that any part of the Application and any approved modification and addition thereto is untrue, incorrect, incomplete, or misleading in such a manner that would substantially affect the Department's approval, disbursement, or monitoring of the funding and the HOME loans and grants or activities governed by this Agreement, then the Department may declare a breach hereof and take such action or pursue such remedies as are provided for breach hereof. All representations and warranties, and indemnification obligations, shall indefinitely survive the expiration or earlier termination of this Agreement.

6. **Federal and State Laws and Regulations**

The HOME recipient is required to comply with all federal laws and regulations applicable to the HOME program, including any federal Uniform Administrative Requirements of 2 CFR Part 200 and all applicable HUD rules and regulations, including, without limitation, those contained in the HOME Grant-Based Accounting Interim Rule dated December 2, 2016 (the "Interim Rule") and any final rule related thereto.

7. **Community Housing Development Organization (CHDO) Roles and Capacity (if applicable)**

Pursuant to the requirements of 24 CFR 92.300, a Community Housing Development Organization doing homeownership activities must qualify as a developer. Housing for homeownership is "developed" by the Community Housing Development Organization if the Community Housing Development Organization is the owner in fee simple absolute and developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for sale to low-income families in accordance with 24 CFR 92.254. To be the "developer", the Community Housing Development Organization must arrange financing of the project and be in sole charge of the construction.

Pursuant to the requirements for a Community Housing Development Organization, as defined under 24 CFR 92.2, no HOME funds may be awarded to a Community Housing Development Organization for development activities, where it cannot demonstrate housing development experience to work on the HOME assisted project(s) for which it seeks funds.

8. **Financial Accountability Standards**

The HOME recipient shall comply with the financial accountability standards set forth in 2 CFR Part 200. The Department will confirm compliance as evidenced by any of the following:

- A. A notarized statement by the HOME recipients Executive Director or Chief Financial officer;
- B. A certification from a certified public accountant; and,

EXHIBIT D

C. A HUD-approved audit summary.

9. Procurement Standards

The HOME recipient shall establish procurement procedures to ensure that materials and services are obtained in a cost-effective manner. When procuring for services, including but not limited to, architectural, engineering, surveying, consulting firms, title companies, or general contractors, that are to be provided under, or a part of, this Agreement, the HOME recipient shall comply at a minimum with the procurement standards at 24 CFR 200.317-326. The awarding of contracts shall also comply with the conflict of interest provisions of 24 CFR 92.356. In keeping with the aforementioned requirements, subcontractors who are hired by a HOME recipient to perform specific administrative tasks and/or administer the local HOME program cannot also be the developers and/or owners of a HOME-assisted program or project unless approved in writing in advance by HUD.

10. Project Requirements

The HOME recipient shall comply with 24 CFR 92, Subpart F as applicable, in accordance with the type of project assisted.

A. Maximum Per Unit Subsidy Amount and Subsidy Layering

In accordance with 24 CFR 92.250 and Section 8207 of the state HOME Regulations, the HOME recipient shall demonstrate to the Department, in a format identified by the Department, that the amount of HOME funds invested on a per-unit basis shall not exceed the limits established by HUD federal standard that apply to the area where the housing is located, and that the HOME funds in combination with other financing and assistance, is not more than is necessary to provide quality affordable housing that is financially viable for the required federal period of affordability in 24 CFR 92.292.

The HOME recipient shall provide a formal certification concerning the governmental assistance provided or to be provided to a project. If no such governmental assistance is to be provided at the time of the application or in the future, the HOME recipient shall certify to that fact. The HOME Recipient must also certify that should other governmental assistance be sought in the future, the Department must be promptly notified. Activities assisted under this Agreement are subject to the underwriting and subsidy-layering requirements established by the Department for each activity pursuant to the requirements of 24 CFR 92.250 and 92.254.

For homeowner activities, the home sale price must be determined through an appraisal and any applicable underwriting standards meeting the specifications approved by the Department in the CHDO program guidelines. The sales price must also be subject to the Maximum Purchase Price Limits approved by the Department pursuant to 24 CFR 92.254.

For all First-Time Homebuyer activities, the HOME recipient shall submit the Closing Disclosure (settlement statement from the escrow company) at the same time the Individual Project Set-Up Report is submitted to the Department.

EXHIBIT D

B. Maximum Purchase Price/After Rehabilitation Value Limits

Homebuyer acquisition and/or rehabilitation activities shall meet the Maximum Purchase Price/After-Rehabilitation Limits published or otherwise approved by the Department pursuant to the requirements set forth in 24 CFR 92.254.

C. Property Standards

The HOME recipient shall ensure that all housing units meet the property standards in 24 CFR 92.251. All rental housing shall be maintained in compliance with 24 CFR 92.251 for the duration of the affordability period.

The HOME recipient shall ensure that upon project completion, housing rehabilitated with HOME funds meet applicable local rehabilitation standards or another rehabilitation standard meeting the requirements of 24 CFR 92.251. The HOME recipient shall ensure that the written scope of work must be in sufficient detail to establish the basis for a uniform inspection of the assisted housing to determine compliance with the requirements of this section. The HOME recipient shall review and approve all written cost estimates after determining that costs are reasonable. The HOME recipient shall conduct an initial property inspection to identify deficiencies that must be addressed, as well as progress and final inspections to determine that work was done in accordance with work write-ups.

The HOME recipient shall ensure that existing housing that will be acquired for homeownership must be decent, safe, sanitary and in good repair. At a minimum, this housing must meet all applicable State and local housing quality standards and code requirements, and contain no deficiencies set forth by HUD based on applicable Uniform Physical Condition Standards at 24 CFR 5.705. The HOME recipient shall inspect the housing and document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the housing does not meet these standards, the housing must be rehabilitated to meet these standards, or it cannot be acquired with HOME funds.

All housing occupied by tenants receiving HOME tenant-based rental assistance must meet the standards established in 24 CFR 982.401 or the successor requirements as established by HUD.

Construction of all manufactured housing including manufactured housing that replaces an existing substandard unit under the definition of 'reconstruction' at 24 CFR 92.2 must meet the Manufactured Home Construction and Safety Standards codified at 24 CFR part 3280. These standards preempt State and local codes, which are not identical to the federal standards for the new construction of manufactured housing.

EXHIBIT D

The HOME recipient shall ensure that manufactured housing assisted with HOME funds complies with applicable State and local laws or codes. In the absence of such laws or codes, the installation must comply with the manufacturer's written instructions for installation of manufactured housing units. All new manufactured housing and all manufactured housing that replaces an existing substandard unit under the definition of "reconstruction" must be on a permanent foundation that meets the requirements for foundation systems as set forth in 24 CFR 203.43f(c)(i). All new manufactured housing and all manufactured housing that replaces an existing substandard unit under the definition of "reconstruction" must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing unit owner or land for which the manufactured housing owner has a lease for a period at least equal to the applicable period of affordability. In HOME-funded rehabilitation of existing manufactured housing the foundation and anchoring must meet all applicable State and local codes, ordinances, and requirements or in the absence of local or state codes, the Model Manufactured Home Installation Standards at 24 CFR part 3285. Manufactured housing that is rehabilitated using HOME funds must meet HOME property standards requirements of this section, as applicable. The HOME recipient shall document this compliance in accordance with inspection procedures established pursuant to 24 CFR 92.251, as applicable.

D. Affordability

The HOME recipient shall ensure all assisted housing meets the minimum affordability period requirements as specified in 24 CFR 92.252 and Section 8208 of the state HOME Regulations for rental housing or 24 CFR 92.254 for homeownership, as applicable as shown below. For rental housing activities, the federal and state affordability periods run concurrently. HOME funds for activities that do not meet these affordability requirements are subject to recapture by the Department.

1) Rental Rehabilitation Activities:

Federal Minimum Period of Affordability (in Years)	20
State Minimum Period of Affordability (in Years)	55
State Minimum Period of Affordability for Projects developed on Native American Land (in Years)	50

EXHIBIT D

2) Rental Rehabilitation Activities:

Amount of HOME Assistance Per Unit	Rental Rehabilitation with or Without Acquisition	Rental Rehabilitation without Acquisition	Rental Rehabilitation with Acquisition	Rental Rehabilitation with Acquisition
	Federal Minimum Period of Affordability (in Years)	State Minimum Period of Affordability (in Years)	State Minimum Period of Affordability (in Years)	State Minimum Period of Affordability for projects developed on Native America Land (in Years)
More than \$40,000	15	20	55	50
\$15,000 to \$40,000	10	15	55	50
Less than \$15,000	5	10	55	50

3) Homeowner Activities:

Amount of HOME Assistance Per Unit	Federal Minimum Period of Affordability (in Years)	State Minimum Period of Affordability (in Years)
More than \$40,000	15	15
\$15,000 to \$40,000	10	10
Less than \$15,000	5	5

E. Income Determination

Households assisted under this Agreement must meet the income determination requirements of 24 CFR 92.203, including but not limited to the requirement to examine at least two months' source documentation evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) when determining household income. In meeting these requirements, the income determination rules under 24 CFR Part 5 shall be used, including the Part 5 definition of income.

F. Fees and Other Project-Related Soft Costs

Pursuant to 24 CFR 92.214, fees such as loan servicing fees, origination fees, or other fees related to the cost of administering HOME funds cannot be charged to low-income beneficiaries except as expressly authorized by the Department pursuant to the requirements of this section. Pursuant to 24 CFR 92.206, other staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing, inspections, lead-based paint evaluations (visual assessments, inspections,

EXHIBIT D

and risk assessments), and other services related to assisting potential owners, tenants, and homebuyers cannot be charged to individual households. These costs may be charged to the project as Activity Delivery Costs for projects assisted with HOME funds or they may be charged as administrative and planning costs under 24 CFR 92.207, not to exceed the applicable limits specified in Exhibit A. Project-related soft costs incurred in assisting households who do not become HOME beneficiaries are eligible administrative and planning costs under 92.207.

G. Written Agreements

The HOME recipient shall enter into a written agreement that complies with the provisions of 24 CFR 92.504 with any other entity or individual to which it disburses HOME funds. This Agreement must be executed prior to providing the HOME funds.

All agreements, instruments and documents executed by or entered into by the HOME recipient or the borrower, if the HOME recipient is not the borrower, which materially affect the construction, refinancing, acquisition, operation, ownership, or maintenance of the project shall be subject to the written approval of the Department.

H. Providing Additional HOME Funds to a Project

Housing may be re-assisted by the HOME program in accordance with any of the following: upon expiration of applicable federal affordability period, within the exception detailed under 24 CFR 92.214 (a)(6), or under 24 CFR 92.502. Housing may also be re-assisted as permitted by federal waiver.

I. Repayment of Funds

If the HOME recipient either: (i) does not complete its project by the expenditure deadline set forth in Exhibit A Section 5, or (ii) before that date, fails to expend any funds the Department disburses to it pursuant the requirements applicable to the award of HOME funds granted herein, then the HOME recipient must repay ALL such disbursed HOME grant funds to the Department, (ii) forfeit and have no further rights or claim to any other remaining herein-granted HOME award funds, and (iii) consent to and facilitate as necessary the Department's use of all the foregoing referenced funds for any purpose, including as may be necessary to satisfy any Department obligation regarding repayment of those funds to the State's HOME Investment Trust Fund in accordance with 24 CFR 92.503(b). For example, if a HOME recipient receives a HOME grant of \$5,000,000.00 but is only disbursed and expends \$4,500,000.00 by the expenditure deadline referenced in the Standard Agreement, but has timely and completely finished the project in a manner which satisfies all applicable requirements for the granted award funds, then only the remaining unused funds be returned to the Department.

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Under other circumstances, if the housing does not meet the affordability requirement for the specified time period, the HOME recipient must repay all HOME funds to the local HOME account or the Department, as directed by the Department. Repayment of funds does not relieve the HOME recipient of the legal obligation to seek judicial enforcement of the security documents, or such other actions, as may be required to meet the affordability requirements.

J. Tenant-Based Rental Assistance

All households receiving Tenant-Based Rental Assistance (TBRA) must have a written lease with the owner of the rental housing for which the TBRA assistance is being provided that meets the lease requirements of 24 CFR 92.253.

Pursuant to 24 CFR 92.209, the rent standard for TBRA programs shall be the applicable local rent standard established under 24 CFR Part 982 for the Section 8 Housing Choice Voucher Program, unless annual written approval has been provided by the Department to use a rent standard based on local market conditions.

The HOME recipient must either establish the utility allowance by using the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the types of utilities used at the project.

Pursuant to the requirements of 24 CFR 92.209, preferences in TBRA programs may be established for special needs populations and persons with disabilities consistent with the Department's Consolidated Plan and/or Annual Action Plan approved by HUD. These preferences will be subject to prior written approval by the Department.

HOME recipients may require recipients of TBRA to participate in a self-sufficiency program as a condition of selection for assistance or renewal of assistance; however, once assistance has been granted or renewed, the failure to continue participating in self-sufficiency services cannot be used as a basis for terminating assistance. Households receiving TBRA as relocation assistance cannot be required to participate in a self-sufficiency program as a condition of receiving assistance.

11. Equal Opportunity Requirements and Responsibilities

A. Executive Order 11063 (1962)

This Order prohibits discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.

B. Executive Order 12892 (1994), as amended

This Order requires federal agencies to affirmatively further fair housing in their programs and activities.

EXHIBIT D

C. The Architectural Barriers Act of 1968, as amended (42 USC 4151 et seq.)

This Act requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds after September 1969 must be accessible to and useable by handicapped persons.

D. Executive Order 12898, Environmental Justice (1994)

This Order requires that each federal agency conduct its program, policies, and activities that substantially affect human health or the environment in a manner that does not exclude persons based on race, color, or national origin.

E. Affirmative Marketing

For homebuyer projects and rental projects having five (5) or more HOME-assisted units, the HOME recipient shall adopt and follow affirmative marketing procedures that provide information, through the implementation of an outreach-marketing program, to attract all eligible persons in the area to the HOME housing without regard to race, color, national origin, sex, religion, familial status, or disability. This affirmative marketing includes, but is not limited to, a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, as required by 24 CFR 92.351.

These affirmative marketing procedures shall be approved by the Department in accordance with the requirements of 24 CFR 92.351. If the Department has permitted the project owner to limit tenant eligibility or have a tenant preference in accordance with 24 CFR(92.253(d)(3), the affirmative marketing procedures must apply in the context of the limited/preferred tenant eligibility for the project, and the project must market widely in an effort to reach all persons in the market area who may qualify for the limited/preferred tenant eligibility.

F. Tenant Protections and Selection

- 1) Pursuant to 24 CFR 92.253, there must be a written lease between the tenant and the owner of rental housing assisted with HOME funds that is for a period of not less than one year, unless by mutual agreement between the tenant and the owner, a shorter period is specified.
- 2) The lease must not contain any of the prohibited lease terms in 24 CFR 92.253(b).
- 3) Tenant leases may be terminated pursuant to the terms of 92.235(c).
- 4) Preferences for special needs population in HOME assisted housing must be approved by the Department in accordance with the terms of 24 CFR 92.253(d)(3).

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G. Section 504 of the Rehabilitation Act of 1973 and the "504 Coordinator"

The HOME recipient agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR 8. For HOME recipients with fifteen (15) or more permanent, full-or part-time employees, this includes but is not limited to, the designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator".

H. The Civil Rights and Age Discrimination Acts Assurances

During the performance of this Agreement, the HOME recipient assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, familial status, religion, or belief, under any program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, the Fair Housing Act (42 USC 3601-20) and all implementing regulations, and the Age Discrimination Act of 1975 and all implementing regulations.

I. The Training, Employment, and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance (Section 3)

- 1) The Work to be performed under this Agreement is on a project, or projects, assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. 1701u). Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for Work in connection with the project be awarded to businesses, which are located in, or owned in substantial part by persons residing in the area of the HOME project.
- 2) The parties to this agreement shall comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability, which would prevent them from complying with these requirements.
- 3) The HOME recipient shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice informing the said labor organization or worker's representative of the HOME recipient's commitments under the Section 3 clause and shall post copies of the notice in conspicuous places available to said employees and applicants for employment or training.
- 4) The HOME recipient shall include these Section 3 clauses in every contract and subcontract for Work in connection with the project and shall, at the direction of the Department, take appropriate action pursuant to the contract upon a finding that the HOME recipient or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR 135, and shall not let any

EXHIBIT D

contract unless the HOME recipient or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

- 5) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the Agreement shall be a condition of the federal financial assistance provided to the HOME project, binding upon the HOME recipient, its successors, and assigns. Failure to fulfill these requirements shall subject the HOME Recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the Agreement through which federal assistance is provided, and to such sanctions as are specified by 24 CFR 135.

J. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or More

All solicitations for bids and all construction contracts and subcontracts of \$10,000.00 or more issued by the HOME recipient are required to include the following:

- 1) The Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246) The HOME recipient furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts as required by Executive Order 11246;
- 2) The Standard Equal Opportunity Clause (41 CFR 60 - 1.4); and,
- 3) The Standard Equal Employment Opportunity Construction Contract Specifications (41 CFR) 60 - 4.3).

K. Assurance of Compliance with the "Violence Against Women Reauthorization Act of 2013" (VAWA) (S.47 - 113th Congress (2013-2014)) (as amended or reauthorized) Title VI - Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking – Sec. 601-603. See also 81 CFR 80724.

VAWA provides housing protections for survivors of domestic and dating violence, sexual assault, and stalking when it comes to finding and keeping a home, they can feel safe in.

VAWA applies for all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistently with all nondiscrimination and fair housing requirements. VAWA now expands housing protections to HUD programs beyond HUD's public housing program and HUD's tenant-based and project-based Section 8 programs. VAWA now provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking.

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During the performance of this Agreement, the HOME Recipient shall assure that all requirements of VAWA are complied with, including but not limited to, the following:

- 1) Domestic Violence survivors are not denied assistance as an applicant, or evicted or have assistance terminated as a tenant, because the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, and stalking.
- 2) It will implement an 'emergency transfer plan' which allows for domestic violence survivors to move to another safe and available unit if they fear for their life and safety.
- 3) It will provide "Protections against denials, terminations, and evictions that directly result from being a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy."
- 4) It will implement a 'Low-barrier certification process' where a domestic violence survivor need only to self-certify in order to document the domestic violence, dating violence, sexual assault, or stalking, ensuring third party documentation does not cause a barrier in a survivor expressing their rights and receiving the protections needed to keep themselves safe.

12. HUD Smoke-Free Policy, Rental Projects Only

The HOME recipient shall comply, to the extent applicable, with all terms, conditions, and requirements of the Department of Housing and Urban Development's "Smoke-Free Public Housing" policy set forth in 24 CFR Part 965, Subpart G.

13. Environmental Review

The HOME recipient shall comply with the National Environmental Policy Act (NEPA) contained in 42 USC 4321-4347 and the implementing regulations at 24 CFR 50 and 58. No actions by any party (including the HOME recipient, the developer, owner, or sponsor) shall be undertaken for any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR 58.22 until HUD or the Department has issued an environmental clearance. Prior to the commitment of funds, the HOME recipient shall submit to the Department the required NEPA documents for approval, unless the Department has waived this requirement in writing.

First-Time Homebuyer Acquisition with Rehabilitation (FTHB):

If the HOME recipient is working under an existing FTHB Authority to use Grant Funds, the HOME recipient must submit project specific tier two (2) environmental review documentation to the Department for review, prior to committing funds to the project; otherwise, a Statutory worksheet with supporting documentation is necessary.

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Owner-Occupied Rehabilitation (OOR):

If the HOME recipient is working under an existing OOR Authority to use Grant Funds, the HOME recipient must submit project specific tier two (2) environmental review documentation to the Department for review, prior to committing funds to the project; otherwise, a Statutory Worksheet with supporting documentation is necessary.

14. Displacement, Relocation, and Acquisition

The HOME recipient shall comply with the federal displacement, relocation, and real property acquisition rules governing the HOME Program, which are contained in the Uniform Relocation Act, with implementing regulations at 49 CFR 24; and Section 104 (d) of the Housing and Community Development Act of 1974, as amended, with implementing regulation at 24 CFR 92, and applicable State HOME Regulations.

15. Labor Standards/Prevailing Wage

A. Federal Requirements:

- 1) The HOME recipient agrees to comply with the requirements of the United States Department of Labor and the Secretary of Labor in accordance with the Davis-Bacon and related Acts as amended, the provisions of Contract Work Hours and Safety Standards Act (40 USC 3701 et seq. (with implementing regulations at 29 CFR 5 and 29 CFR 1926) and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The HOME recipient agrees to comply with the Copeland Anti-Kick Back Act (18 USC 874 et seq. and 40 USC 276(c) with implementing regulations at 29 CFR 3). The HOME recipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.
- 2) All contracts for new construction or rehabilitation projects with twelve (12) or more HOME-assisted units shall comply with HUD requirements pertaining to such contracts and the applicable requirements of the U.S. Department of Labor regulations at 29 CFR 1, 3, 5, and 7, which govern the payment of wages and the ratio of apprentices and trainees to journey workers. If, however, there are wage rates imposed by State or local law that are higher than those required under such regulations, nothing herein is intended to relieve the HOME recipient or any contractor/subcontractor of their obligation, if any, to require payment of the higher wage. The HOME recipient shall cause or require to be inserted in full, in all such contracts subject to said regulations, provisions meeting the requirements of this paragraph, HUD's Federal Labor Standards Provisions form HUD-4010 (06/2009), or its revised replacement that meet the requirements of this paragraph. All said contracts shall also comply with the provisions of 24 CFR 92.354.

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B. State Requirements

When funds provided through this Agreement are used for construction work, or in support of construction work, the HOME recipient shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the State of California Labor Code (State Labor Code) (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

For the purposes of this requirement "construction work" includes, but is not limited to, rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part with HOME funds. All construction work shall be done through the use of a written contract (the "construction contract") with a properly licensed building contractor incorporating these requirements. When the construction contract is between the HOME recipient and a licensed contractor, the HOME recipient shall serve as the "awarding body" as defined in the State Labor Code. When the HOME recipient provides funds to a third party that will enter into the construction contract with the licensed building contractor, the third party shall serve as the "awarding body". The construction contract and any amendments thereto shall be subject to the prior written approval of the Department. Prior to any disbursement of funds, including but not limited to, release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid as required by Section 1720 of the State Labor Code.

16. Lead-Based Paint Hazards

Assistance provided under this Agreement is subject to the Lead-Based Paint Poisoning Prevention Act and subsequent amendments; and to HUD Lead-Based Paint Regulations found at 24 CFR 35, et al.

17. Conflicts of Interest

The HOME recipient shall comply with the conflict of interest provisions in 24 CFR 92.504(c)(3)(v)(E) and 24 CFR 92.356(f) for the award of rental units; 24 CFR 92.356(b-e) the award of contracts and 24 CFR 92.356(f) for the award of homebuyer units. Section 24 CFR 92.356 prohibits, in part, that any employee, agent, consultant, officer or elected or appointed official, "who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter."

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18. Interest of Certain Federal Officials

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same.

19. Certification Regarding Lobbying (Byrd Amendment)

- A. The HOME recipient shall require that the language of this certification contained in Subpart C below be included in the award documents for all subawards (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
- B. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and no more than \$100,000.00 for such failure.
- C. "The undersigned certifies, to the best of his or her knowledge and belief, that:
 - 1) No federal appropriated funds have been paid or shall be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - 2) If any funds other than federally appropriated funds have been paid or shall be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard For-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions."

20. Bonus or Commission Prohibition

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of obtaining Department approval of the application for such assistance, or Department approval of the applications for additional assistance, or any other approval or concurrence of the Department required under this Agreement, Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, or State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

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21. Leverage and Matching Funds

The HOME recipient shall provide leverage and matching funds, in an amount not less than that specified in Exhibit A of this Agreement.

22. Contractors and Subcontractors - State Requirements

- A. The HOME recipient shall not enter into any agreement, written or oral, with any construction contractor without determination of the construction contractor is duly licensed and eligible to perform the work being contracted for. A construction contractor or subcontractor is not eligible to receive HOME funds if not actively licensed and in good standing with the State of California as determined by the Department.
- B. The Department reserves the right to review and approve any contracts or agreements executed by the HOME recipient related to any HOME-assisted projects.
- C. The contract between the HOME recipient and any construction contractor shall require the construction contractor and its subcontractors, if any, to:
 - 1) Perform the Work in accordance with federal, state and local housing and building codes, regulations and statutes;
 - 2) Provide adequate security to assure completion of the project and payment of project costs by furnishing the borrower and construction lenders with Performance and Payment Bonds;
 - 3) Comply with the applicable Labor Standards/Prevailing Wage Provisions of Paragraph 15 of this Exhibit;
 - 4) Comply with the applicable Equal Opportunity Requirements described in Paragraph 11 of this Exhibit;
 - 5) Maintain at least the minimum State-required Workers' Compensation Insurance for those employees who shall perform the Work or any part of it; and,
 - 6) Maintain, if so required by law, unemployment insurance, disability insurance and liability insurance in an amount to be determined by the Department, which is reasonable to compensate any person, firm, or corporation who may be injured or damaged by the contractor or any subcontractor in performing the Work or any part of it.

23. Contractors and Subcontractors - Federal Non-Debarment Certification

- A. As a condition of receipt of federal funds under this Agreement, the HOME recipient and all of its contractors and their subcontractors are required to provide the certification set forth below in Paragraph E and include this certification in their contracts.

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- B. This certification is required by the federal government and contains terms defined in Executive Order 12549, a copy of which is available from the Department. For purposes of this Agreement:
- 1) "prospective lower tier participant" refers to the HOME recipient and any other party or person that shall receive funds from this Agreement, such as general contractors and their subcontractors;
 - 2) "lower tier transaction" refers to contracts let by the HOME recipient or HOME recipient's contractors utilizing funds provided through this Agreement; and
 - 3) "this proposal" refers to the HOME recipient's HOME application and any bid or application from a prospective lower tier participant.
- C. By signing this Agreement, the HOME recipient is providing the certification set forth below. The HOME recipient shall provide immediate written notice to the Department if at any time the HOME recipient learns that its certification was erroneous when submitted or has become erroneous.
- D. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions:
- 1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency, and
 - 2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.
- E. By signing this Agreement, the HOME recipient agrees that it shall not knowingly enter into any lower tier transaction with a person or entity that is proposed for debarment under 48 CFR 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction.
- F. By signing this Agreement, the HOME recipient agrees that it shall include the above certification in all lower tier transactions to which it is a part; and it shall require that each of its contractors include the certification in their subcontracts.

24. Faith-Based Activities

The HOME recipient shall comply with the requirements of 24 CFR 92.257 and 24 CFR 5.109, which provide in part, that "Organizations that are directly funded under the HOME program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the assistance funded under this part." HOME funds and activities must be separate in time and location from explicitly religious activities.

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25. Insurance

- A. The HOME recipient shall have and maintain in full force and effect during the term of this contract:
- 1) Comprehensive general liability insurance in the amount of not less than one million dollars (\$1,000,000.00);
 - 2) Worker's compensation insurance; and,
 - 3) Other forms of insurance, at such levels, as may be determined by the HOME recipient and the Department to be necessary for specific components of the Work listed in Exhibit A.
- B. The HOME recipient agrees to furnish satisfactory evidence of the above listed insurance coverage to the Department prior to the commencement of any work and thereafter from time to time upon the Department's request. Insurance coverage shall not be canceled or changed unless written notice is sent to the Department thirty (30) days prior to the effective date of the action. The Department reserves the right to waive or modify these insurance coverage requirements upon demonstration of cause satisfactory to the Department, and contingent upon the HOME recipient providing evidence of an alternative to conventional insurance sufficient to provide equivalent protection.

26. Records

- A. The HOME recipient shall maintain necessary and sufficient recordkeeping for the program, project, financial, program administration, and federal records as required and specified in 24 CFR 92.508, for review and inspection by the Department.
- B. All records specified in 24 CFR 92.508 shall be retained for the time periods specified in Section 32 below. These records shall include, but are not limited to the following: (i) a full description of each project assisted with HOME funds, including the location (address of each unit), form of HOME assistance, and the units or tenants assisted with HOME funds; (ii) the source and application of funds for each project, including supporting documentation in accordance with 2 CFR Part 200; and records to document the eligibility and permissibility of the project costs; (iii) records demonstrating that each project meets the minimum per-unit subsidy amount of 92.205(c), the maximum per-unit subsidy amount of 92.250(a), and the subsidy layering and underwriting evaluation adopted in accordance with 92.250(b); (iv) records (e.g., inspection reports) demonstrating that each project meets the property standards of 92.251 at project completion; (v) records demonstrating that each tenant-based rental assistance project meets the written tenant selection policies and criteria of 92.209 (c), including any targeting requirements, the rent reasonableness requirements of 92.209 (f), the maximum subsidy provisions of 24 CFR 92.209(h), property inspection reports and calculation of the HOME subsidy and (vi.) records (written agreements) demonstrating compliance with the written agreement requirements in 92.504.

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- C. If so, directed by the Department upon termination of this Agreement, the HOME recipient shall cause all records, accounts, documentation and all other materials relevant to the Work to be delivered to the Department as depository.

27. Reporting

- A. Commencing with the effective date of this Agreement and continuing through the acceptance of the Project Completion Report in IDIS and no later than thirty days after the end of each calendar quarter, the HOME recipient shall submit a quarterly performance report to the Department on forms provided by the Department.
- B. For "Rental Project" and "First-Time Homebuyer Project" activities, commencing with the effective date of this Agreement and continuing through the acceptance of the Project Completion Report in IDIS and no later than the tenth business day of the following month, the HOME recipient shall submit a "State HOME Project Monthly Status Report " to the Department on forms provided by the Department. Unless otherwise waived in writing by the Department such reporting shall begin in the second month following execution of the Agreement and shall continue through receipt and approval by the Department of the "Project Completion Report".
- C. Upon project completion, and annually thereafter during the required period of affordability, the HOME recipient shall submit on an annual basis to the Department all HOME monitoring documentation necessary to ensure that HOME recipients are in continued compliance with federal and state regulations. Such documentation requirements and the annual submission deadline shall be provided by the Department.
- D. Upon acceptance of the Project Completion Report in IDIS and throughout the affordability period, the HOME recipient shall submit on July 1, and no later than July 31, an Annual Performance Report on a form provided by the Department.

28. Breach and Remedies

- A. HOME recipient's failure to comply with, or HOME recipient's failure to assure that all recipients of HOME funds comply with, applicable state and federal HOME rules and regulations.
- B. Use of, or permitting the use of, HOME funds provided under this Agreement for any ineligible costs or for activities not approved under this Agreement.
- C. Any failure to comply with the deadlines set forth in Exhibit A.
- D. HOME recipient's failure to assure that the appropriate security documents and lien agreements applicable to the Work are executed and, where appropriate, recorded.
- E. HOME recipient's failure to monitor the progress of the Work and the activities of any recipient of HOME funds provided under this Agreement in a commercially reasonable manner.

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- F. HOME recipient's failure to exercise commercially reasonable due diligence in the enforcement of the security documents and lien agreements.
- G. Lack of continued capacity to carry out the approved Work either on behalf of the HOME recipient or by the HOME recipient named in this Agreement.
- H. In addition to any other remedies that may be available to the Department in law or equity for breach of this Agreement, the Department, after written notice and reasonable time to cure, may:
 - 1) Bar the HOME recipient from applying for future HOME funds;
 - 2) Revoke any other existing HOME award(s) to the HOME recipient;
 - 3) Withhold any funds remaining undisbursed under this Agreement;
 - 4) Require the return of any unexpended HOME funds disbursed under this Agreement;
 - 5) Require repayment of HOME funds disbursed and expended under this agreement;
 - 6) Require the immediate return to the Department of all funds derived from the use of HOME funds including, but not limited to program income, recaptured funds and returned funds; and,
 - 7) Require the HOME recipient to assign the security documents and lien agreements for the Work to the Department.
- I. All remedies available to the Department are cumulative and not exclusive.

29. Inspections

- A. Before a project can be designated as completed in IDIS, the Department or qualified third party shall perform an on-site inspection of HOME-assisted housing to determine that all contracted Work has been completed and that the project complies with the property standards of 24 CFR 92.25; ensure that the Work has been performed in accordance with the applicable federal, state and/or local requirements, the construction contract, and this Agreement. The HOME Recipient agrees to require that all Work found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to the construction contractor or subcontractor until it is so corrected.
- B. The Department reserves the right to inspect the property at any time during the period of construction and throughout the period of affordability.

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30. Project Site

Notwithstanding any provision in this Agreement, the parties hereto further agree and acknowledge that this Agreement does not constitute a commitment of funds or approval of a project site, and that such a commitment of funds or an approval of a project site may occur only upon satisfactory completion of environmental review and receipt by the HOME recipient of a signed Authority to Use Grant Funds.

31. Security Documents and Lien Agreements

Prior to the initial disbursement of any HOME funds encumbered by this Agreement, the documents described in this paragraph shall be entered into, executed and where appropriated, acknowledged and recorded. The documents described in subsections "A" through "E" shall be provided to the Department upon request.

The HOME recipient shall comply with and fulfill its obligations under all the applicable documents called for in this agreement. Any breach or violation by the HOME recipient or HOME recipient's successor-in-interest of any provision of any of the required documents shall constitute a breach or violation of this agreement and shall be subject to the remedies provided herein.

- A. HOME funds shall be disbursed in the form of loans except for funds disbursed for the purposes set forth in the Department HOME Regulations Section 8205(b)(2), which shall be provided in the form of a grant. The HOME recipient shall ensure that all loans made by the HOME recipient are evidenced by a promissory note, the repayment of which is secured by a deed of trust to be recorded on the property being assisted, or by other security approved by the Department in writing. The HOME recipient agrees that all said documents shall be executed and where appropriate, recorded, prior to disbursement of funds to the project and shall contain the applicable minimum affordability period set forth in 24 CFR 92.252 and Section 8208 of state HOME Regulations for rental housing or 24.92.254 for homeownership, as applicable. If the HOME-assisted rental housing does not meet the minimum affordability period, repayment of the HOME funds to the Department is required. HOME assisted rental housing must continue to meet the affordability requirements as specified therein, regardless of whether HOME funds are repaid.
- B. For owner-occupied housing projects, if HOME funds are to be disbursed prior to acquisition of lots or units by individual homeowners, the promissory note shall be executed by the HOME recipient in favor of the Department and secured by a blanket deed of trust executed by the fee owner(s) of all lots upon which the project will take place. Said deed shall be recorded in the office of the county recorder for the county in which the project will be located and shall have priority over other liens, encumbrances and other matters of record except as may be approved by the Department. At the time individual lots or units are sold to individual buyers, each individual owner-occupant borrower shall enter into a loan agreement setting forth the terms and conditions under which the loan of HOME funds is being made, including those provisions necessary to ensure either that the property being assisted with HOME funds remains affordable, or that HOME funds are recaptured upon sale of the property, as required by 24 CFR 92.254.

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- C. For Rental housing project loans, the promissory note shall be secured by a deed of trust and assignments of rents with power of sale, executed by the owner of the fee estate of the real property upon which the project shall be located naming the Department as beneficiary. If the HOME recipient has been approved by the Department to receive repayment by Section 8206.1 of Title 25 of the California Code of Regulations, the HOME recipient shall be designated as the lender and the beneficiary. If the project shall be on a leasehold, the promissory note shall also be secured by a deed of trust and assignment of rents with power of sale recorded in the county in which the project is located, and each shall have priority over other liens, encumbrances and other matters of record except as may be approved by the Department.

The HOME recipient and the borrower, if the HOME recipient is not the borrower, shall enter into a regulatory agreement with the Department governing the ownership, occupancy, management, maintenance and operation of the project for a period not less than the minimum period of affordability as required by 24 CFR 92.252(e). The regulatory agreement, or memorandum thereof, shall be recorded against the borrower's estate in the real property upon which the project is located and, if the borrower's estate is a leasehold, shall also be recorded against the fee estate. The recording shall be in the office of the county recorder for the county in which the project is located and each shall have priority over other liens, encumbrances and other matters of record except as may be approved by the Department.

- D. Where proceeds of the home loan will be used as construction financing, the HOME recipient and the borrower, if the HOME recipient is not also the borrower, shall enter into a development agreement with the Department governing the Work to be performed and the use and disbursement of the proceeds of the HOME loan.
- E. The HOME recipient and/or the borrower, if the HOME recipient is not also the borrower, shall execute and enter into those additional agreements and documents as the Department may deem reasonable and/or necessary to meet the program requirements and the terms and conditions (including the special conditions set forth in Exhibit E Special Conditions) of this Agreement. Said additional agreements and documents shall be subject to the approval of the Department in its discretion and shall include, but not be limited to:
- 1) A construction contract with the approved general building contractor for the approved work;
 - a) A Department-approved construction contract addendum with the general building contractor;
 - b) If applicable, an agreement with a California-licensed architect for approved work;
 - c) For rental housing projects, a property Management Plan as required by the regulatory agreement; and,

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- 2) Any lender documents required as a result of third-party financing for the project.

32. Audit/Retention and Inspection of Records

- A. The HOME recipient agrees that the Department or its designee shall have the right to review, obtain, and copy all records and supporting documentation pertaining to performance of this Agreement. The HOME Recipient agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees who might reasonably have information related to such records and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Government Code Section 8546.7. The HOME recipient further agrees to maintain such records for a period of five (5) years after the Department closes its HUD grant. NOTE: Record retention is based on *the Department's grant from HUD and the date it is closed by HUD*. Therefore, the HOME recipient shall contact the Department for the specific record retention date for this Agreement.

The HOME Recipient also agrees to include in any contract that it enters into in an amount exceeding \$10,000.00, a provision establishing the Department's right to audit the contractor's records and interview their employees. If the HOME recipient provides funds to for-profit owners or developers or other entity approved by the Department, the HOME recipient shall comply with the caveats and be aware of the penalties for violation of fraud and for obstruction of investigation as set forth in California Public Code Section 10115.10.

- B. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed, and funds must be returned to the Department within sixty (60) days of discover by the HOME recipient unless the Department approves in writing an alternate plan.
- C. The determination by the Department of the eligibility of any expenditure shall be final.
- D. If requested by the Department pursuant to HOME regulation at Section 8516 of Title 25 of the California Code of Regulations, the HOME recipient shall cause to be performed a financial audit by an independent certified public accountant.
- 1) The HOME recipient shall notify the Department of the auditor's name and address immediately after the selection has been made. The contract for audit shall allow access by the Department to the independent auditor's working papers.

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- 2) The HOME recipient shall submit one copy of all required audit reports to the Department within the earlier of thirty (30) days after receipt of the auditor's report or nine months after the close of the required audit period unless a longer period is agreed to in advance by the Department to:

Department of Housing and Community Development
Division of Financial Assistance
ATTN: HOME Long-Term Monitoring
P. O. Box 94252
Sacramento, CA 94252-2050

- E. Pursuant to 2 CFR 200 Sub-Part F, a HOME recipient who received in excess of \$750,000.00 in federal funds annually, shall cause to be performed an annual single or program-specific audit conducted for that year by the close of each fiscal year in which this Agreement is in effect, of the following:
- 1) The financial statements and a schedule of federal awards and the auditor's report on the statements and the schedule;
 - 2) A written report of the independent auditor's understanding of the internal control structure and the assessment of control risk;
 - 3) The auditor's report on compliance; and,
 - 4) Other items as stipulated in 2 CFR 200 Sub-Part F.
- F. The audit shall be performed by an independent certified public accountant. Selection of an independent audit firm shall be consistent with procurement standards contained in 2 CFR Part 200.
- G. The HOME recipient shall notify the Department of the auditor's name and address immediately after the selection has been made. The contract for audit shall allow access by the Department to the independent auditor's working papers.
- H. The HOME Recipient shall submit three copies of all required audit reports to the State Controller's Office within the earlier of thirty (30) days after receipt of the auditor's report, nine months after the end of the required audit period, unless a longer period is agreed to in advance, to:

State Controller's Office
Division of Audits
Single Audit Unit
3301 C Street, Suite 705
Sacramento, CA 95816

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In addition, the HOME Recipient shall submit one (1) copy of the audit report within the same time frame described in this paragraph to:

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, IN 47132

- I. The performance of this Agreement by the HOME recipient shall be subject to examination and audit by the State Auditor pursuant to Government Code Section 8546.7.
- J. The HOME recipient is responsible for the completion of audits and all costs of preparing audits.
- K. If there are audit findings, the HOME recipient must submit a detailed response acceptable to the Department for each audit finding.
- L. The HOME recipient shall retain all books and records relevant to this Agreement for a minimum of five (5) years after the project completion, as evidenced by the certificate of occupancy or submittal of the HUD-required Completion Report whichever is later; except that:
 - 1) records of individual tenant income verifications, project rents inspections shall be retained for the most recent five (5) year period, until five (5) years after the affordability terminates; and,
 - 2) records relating to any and all audits or litigation relevant to this Agreement shall be retained for five years after the conclusion or resolution of the matter.

33. Signs

During the construction period of a project, the Department may place or require to be placed signs on the property stating that the HOME program is providing financing. The signs shall indicate in a typeface and size commensurate with its funding that the Department is a source of financing for the project, through the HOME program.

34. Special Conditions-Contractors/Sub Contractors

The HOME recipient agrees to comply with all conditions of this Agreement including the Special Conditions set forth in Exhibit E, if applicable. These conditions shall be met to the satisfaction of the Department prior to Project Set-Up or disbursement of funds, as appropriate. The HOME recipient shall ensure that all contractors and/or subcontractors are made aware of and agree to comply with all of the conditions of this Agreement and the applicable federal and state requirements governing the use of HOME funds. Failure to comply with these conditions may result in cancellation of this Agreement pursuant to the terms hereof.

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35. Conditional Reservation of Funds

Notwithstanding any provision in this Agreement, the parties hereto agree and acknowledge that this Agreement constitutes a conditional reservation of funds.

36. Federal Property Management Standards

The HOME recipient shall comply with the HUD property management standard.

37. Eligible Uses of Program Income

Program Income may be retained by the HOME recipient for the term of this Agreement provided the HOME recipient is in full compliance with all applicable HOME program requirements and must be placed in an interest bearing account as described in 24 CFR 92.500(c)(1).

Program Income shall be used for eligible activities as specified in the federal HOME regulations and as more specifically described at 24 CFR 92.2 and 92.503. HOME recipient shall obtain advance HOME management approval for the use of Program Income, and shall comply with all HOME program requirements including advance HOME set-up and NEPA approval, shall expend all program income prior to reimbursement for new grant funds from HCD, and shall report on the use of Program Income quarterly as long as the activities funded by this Agreement are still active, and annually thereafter.

38. HOME Recipient Predevelopment Loan Funds

- A. If HOME funds are provided to the HOME recipient to finance the costs of obtaining construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees, the HOME recipient shall demonstrate, to the satisfaction of the Department, that it has, with regard to the project concerned, site control (evidenced by a deed, a sales contract, or an option contract to buy the property), a preliminary financial commitment, and a capable development team or a plan to hire a capable development team.
- B. Repayment of the HOME recipient predevelopment loan will be made to the Department, or a HOME recipient as approved by the Department, from construction loan proceeds or other project income. Such repayment may be waived by the Department, in whole or in part, if, in its sole discretion, the Department determines that there are impediments to the project development which are reasonably beyond the control of the HOME recipient. The HOME recipient may be required to enter into a predevelopment loan agreement prior to the disbursement of funds. This agreement will detail the use and repayment of funds, and other terms and conditions of the loan.

EXHIBIT D

39. Assignment of Agreement, Assignment of Loan Commitment

- A. This Agreement shall be binding on the parties hereto, their assigns, successors, administrators, executors and other representatives. This Agreement is not assignable, either in whole or in part, without the prior written approval of the Department, except that the HOME recipient may assign the conditional commitment of funds represented by this Agreement, without further approval of the Department, to a California limited partnership in which the HOME recipient is the sole managing general partner. Notwithstanding any such assignment, the HOME recipient shall remain liable for the performance of its obligations under this Agreement.
- B. This Agreement represents a conditional commitment of funds for accomplishment of the Work. This conditional commitment of funds shall not be assigned, in whole or in part, by the HOME recipient or any other entity which, pursuant to the Application or the description of the Work, anticipates receiving any funds encumbered by this Agreement without the prior express written consent of the Department.
- C. If the HOME recipient will be the owner during construction of the affordable housing project to be constructed using funds provided pursuant to this Agreement (i.e., the HOME recipient will be acting as either an "owner" or a "sponsor"), as those all or any portion of this Agreement or the completed Project shall, at a minimum, be conditioned on the following:
- 1) The HOME recipient is in compliance with this Agreement;
 - 2) The successor-in-interest to the HOME recipient agrees to assume all obligations of the HOME recipient pursuant to this Agreement and the HOME program;
 - 3) The successor-in-interest demonstrates to the Department's satisfaction that it has the capability to own and operate the project in full compliance with all program requirements; and,
 - 4) Any terms of the sale, transfer, or conveyance will not threaten the Department's security or the successor-in-interest's ability to comply with all program requirements.
- D. If the HOME recipient has or will have a contractual obligation to a property owner, or a lessee under a long-term leasehold, to obtain financing, rehabilitate, or construct an affordable housing project using funds provided under this Agreement (i.e., the HOME recipient will be acting in the capacity of a "developer" as the term is defined by HUD), Department approval of an assignment of all or any portion of this Agreement including the conditional commitment of funds represented by this Agreement shall, at a minimum, be conditioned on the following:
- 1) The HOME recipient is in compliance with this Agreement;

EXHIBIT D

- 2) The property owner or lessee demonstrates to the Department's satisfaction that it has the capability to own and operate the Project in full compliance with all program requirements;
- 3) The property owner or lessee agrees to assume all obligations of the HOME recipient pursuant to this Agreement and the HOME program which pertain to the ownership and operation of the project, including, but not limited to, execution of security documents and lien agreements; and,
- 4) Any terms of the sale, transfer, or conveyance will not threaten the Department's security or the property owner's or lessee's ability to comply with all applicable HOME program requirements.

40. Local Account

Unless the Department approves that the HOME recipient will be retaining funds in a HOME recipient's local account, matching funds and income resulting from the use of HOME funds (Program Income and Recaptured Funds) shall be forwarded to the Department for deposit to the state's local account. The use of all funds maintained in a local account must comply with 24 CFR 92.

41. State Contract Manual Requirements (Section 3.11, Federally Funded Contracts (Rev. 3/03)):

- A. All contracts, except for State construction projects that are funded in whole or in part by the Federal government, must contain a 30-day cancellation clause and the following provisions:
 - 1) It is mutually understood between the parties that this contract may have been written for the mutual benefit of both parties before ascertaining the availability of congressional appropriation of funds to avoid program and fiscal delays that would occur if the contract were executed after that determination was made.
 - 2) This contract is valid and enforceable only if sufficient funds are made available to the state by the United States Government for the purpose of this program. In addition, this contract is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this contract in any manner.
 - 3) The parties mutually agree that if the Congress does not appropriate sufficient funds for the program, this contract shall be amended to reflect any reduction in funds.

The department has the option to invalidate the contract under the thirty (30) day cancellation clause or to amend the contract to reflect any reduction in funds.

EXHIBIT D

- B. Exemptions from provisions A.1 through A.4 above may be granted by the Department of Finance provided that the director of the state agency can certify in writing that federal funds are available for the term of the contract.
- C. GC § 8546.4(e) provides that state agencies receiving federal funds shall be primarily responsible for arranging for federally required financial and compliance audits, and shall immediately notify the Director of Finance, the State Auditor, and the State Controller when they are required to obtain federally required financial and compliance audits.

42. Pet Friendly Housing Act of 2017

Health and Safety Code SEC. 2. Section 50466 require each housing development that is financed on or after January 1, 2018 pursuant to this division, to authorize a resident of the housing development to own or otherwise maintain one or more common household pets within the resident's dwelling unit, subject to applicable state laws and local government ordinances related to public health, animal control, and animal anticruelty.

EXHIBIT E

SPECIAL CONDITIONS

These Special Conditions are specific for this Standard Agreement.

1. HOME funds may not be used for any homebuyer assistance loans until the Department has received HUD's approval of the HOME Recipient's proposed resale/recapture provisions.

EXHIBIT "D" – PROGRAM GUIDELINES

City of Yuba City Housing Rehabilitation and Homeownership Assistance Programs (PROGRAMS)

INSERT PROGRAM GUIDELINES HERE

CITY OF YUBA CITY

**SINGLE-FAMILY HOUSING
REHABILITATION
ASSISTANCE PROGRAMS
(HOME, CDBG, CalHome)**

PROGRAM DESIGN AND PROCESS



HCD Version 07/2018

**CalHome Approved (date)
CDBG Approved (date)
HOME Approved 8/18/2020**

**CITY OF YUBA CITY
HOUSING REHABILITATION
PROGRAM GUIDELINES**

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**CITY OF YUBA CITY
HOUSING REHABILITATION
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**CITY OF YUBA CITY
HOUSING REHABILITATION
PROGRAM GUIDELINES**

Adopted 10/2/2018

1.0. GENERAL

The above-named entity, hereinafter referred to as the “Sponsor”, has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) and/or the U.S. Department of Housing and Urban Development (“HUD”) to administer one or more HCD- or HUD-funded housing rehabilitation programs. The rehabilitation program described herein and hereinafter referred to as the “Program” is designed to provide assistance to eligible homeowners for correction of health and safety items, as well as code violations, located within the Program’s eligible area, as described in Section 3.0. The Program provides this assistance in the form of deferred or amortized payment loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary and code compliant home, referred to herein as “housing unit”. The Program will be administered by the “Program Operator” as designated by the Sponsor.

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation, be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program’s eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. A Fair Housing Marketing Plan can be found as Attachment D. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homeownership education classes to help educate homeowners about credit, budgeting, predatory lending, foreclosure prevention and home maintenance, as well as future responsibilities.

B. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any

program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. Waiting List/Homeowner Contact

The Sponsor will utilize a waiting list. In response to a homeowner's request, the homeowner is placed on the waiting list. Homeowners are offered the opportunity to qualify for assistance by waiting list priority (a first-come, first served basis).

The Program Operator will contact homeowners by mail and/or by telephone to advise of funding availability. The homeowner has 30 days to complete and return the loan application and supporting documentation. Should a homeowner fail to respond to the initial contact for assistance or to provide any of the required documentation within the 30-day period, the homeowner's name will be removed from the waiting list. If the homeowner desires assistance at a later time, he/she will be placed on the waiting list at that time.

Should the waiting list be exhausted, the Program will be marketed in accordance with the Sponsor's Marketing Plan. **See Attachment D.**

B. Application/Interview

An application packet is provided to the homeowner for completion and submittal to the Program Operator, along with supporting documentation. An interview is scheduled with the applicant. The Program is fully explained; application forms and documentation are reviewed. Verifications are obtained for income, assets, employment, benefits, and mortgage. Title report and appraisals are also obtained.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

C. Household Selection

Households selected for participation in the Sponsor's Housing Rehabilitation Program are those determined eligible upon completion of processes described in A. and B. above.

D. Initial Inspection/Work Write-Up/Estimate

Prospective units are inspected by the Program Operator, a certified housing inspector, or a Sponsor representative to determine eligibility and acceptability of

properties for participation in the Program.

If the home is a pre-1978 unit, the initial inspection will also include paint testing by a certified Lead-Based Paint (LBP) inspector/assessor or presumption of LBP. Code deficiencies will be corrected and if presumption is used or lead hazards are found they will be properly treated according to HUD regulations (Section 6.1.E & F) and cleared by a certified LBP inspector/assessor. **Note: CalHome-funded projects do not require LBP compliance. CDBG projects shall refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.**

Measurements and observations are noted about the property, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter when required by code, etc.). A floor plan and site plan, as needed, are drawn for the home and property, including all appurtenances.

Findings are noted on an inspection form, and later used by the Program Operator to prepare the work write-up. Estimated costs are determined by the Program Operator who has years of experience in the building industry, and in reviewing contractor bids and verifying cost with materials suppliers. The homeowner reviews the completed work write-up and cost estimate, and the approved write-up is incorporated into bid documents.

E. Bid Solicitation

A bid walk-through date and time are scheduled. The homeowner may choose to solicit his/her own bids or request that the Program Operator solicit bids on his/her behalf. Invitations to bid are mailed to all eligible contractors on file in efforts to obtain three reasonable bids. Bid results will be provided to participating contractors.

Contractors must be licensed and bonded by the State of California Contractors Licensing Board. Contractors must also provide Program Operator with evidence of Workers' Compensation Insurance and Comprehensive General Liability and Property Damage Insurance with Combined Single Limits of at least \$1,000,000.

Cost reasonableness is determined by comparing the bids received with the cost estimate prepared by the Program Operator. Bids should be within 10% of the Program Operator's cost estimate, otherwise an explanation must be provided to the file for any bid selected exceeding 10% of the estimate. The homeowner is encouraged to accept the lowest reasonable bid.

The Program Operator determines eligibility of the contractor by contacting the State Contractors License Board and checking the Federal List of Debarred Contractors. The contractor is also required to provide a self-certification stating that he/she is not on the Federal debarred list. Once determined eligible, the contractor is then notified of provisional award of bid (pending loan approval).

Notices of non-award are mailed to participating contractors.

F. Loan Request/Approval

A report and loan request are prepared on behalf of the homeowner by the Program Operator. The loan request includes the cost of construction, a contingency fund, and other project costs (listed in Section 6.3.). Note: For HOME, the project costs listed in Section 6.3 are considered activity delivery costs to be paid by the Sponsor and may not be charged to the homeowner's loan. A Loan Review Committee meeting is scheduled to hear the loan request. The Loan Review Committee shall consist of at least 3 persons, including at least one city staff member. Section 1.3 provides additional information on the loan approval process. Once approved, loan documents are executed and the loan is funded.

G. Pre-Construction Conference

A pre-construction conference is scheduled with homeowner, contractor, and Program Operator. The Program Operator reviews the Owner-Contractor Construction Contract, including the work write-up, start date, pay schedule, and date of completion, with the homeowner and contractor. The construction contract and Notice to Proceed are executed.

H. Start-Up/Field Inspections

The Program Operator monitors date of start-up and performs field inspections on a regular basis. The Program Operator will visit the job site regularly in order to check the scope of work, inspect materials, and to confirm the job is on schedule and within budget. The Program Operator works with the Sponsor's Building Inspector to ensure the work meets building codes, while not exceeding funding limits.

The Program Operator reviews the work status with the homeowner and with the contractor in order to remedy any developing problems quickly and to ensure that both are satisfied with the construction process. At the completion of each phase, the Program Operator inspects the work and the homeowner authorizes contractor payments.

The Program Operator will refer back to original plans and specifications to verify the work was completed as contracted.

I. Change Orders

Written change orders are required when the homeowner requests any changes in the write-up, such as eliminating an item completely, eliminating one item and substituting another, or adding items. The change order will state the change and dollar value for the change. The change order must be signed by both the contractor and the homeowner, and submitted to the Program Operator for approval. If the change order exceeds the approved financing, the homeowner will be asked to provide additional funds or a report and request for additional funds may be

presented to the Sponsor's Loan Review Committee for approval prior to Program Operator signing-off on the change order.

J. Progress Payments

Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The final ten-percent (10%) of the contract amount is set aside as a retention payment. The contractor requests a progress payment from the homeowner and notifies the Program Operator that he/she has done so. Upon favorable inspection by the homeowner, Program Operator, and Sponsor or Sponsor's Building Inspector, the payment authorization is signed by the homeowner and submitted for payment.

K. Final Inspections/Notice of Completion/Final Payment

When the project is completed, the Program Operator inspects the work item by item with the homeowner, the contractor, and/or the Sponsor. The Sponsor's Building Inspector performs a final inspection. Any corrections or deficiencies are noted and corrected by the contractor. Upon favorable final inspections, a Notice of Completion is prepared, signed by the homeowner, and then recorded. The final ten-percent (10%) retention payment is released 35 days after the recording of the Notice of Completion.

1.3. LOAN PROCESS

The Sponsor's Loan Review Committee must approve all loans and grants. The Loan Review Committee may approve assistance with CDBG financing exceeding 100 percent of after-rehabilitation value as needed in cases where no other financial resources are available to cover the cost of the repairs and where clear and convincing documentation exists, justifying why the exception is needed.

However, if the project is CalHome funded, the total financing cannot be more than 105 percent of the after- rehabilitation value. For HOME-funded loans, the total financing cannot be more than 100 percent of the after-rehabilitation value, unless per HOME Management Memorandum 13-01 at <http://www.hcd.ca.gov/grants-funding/grants-management-memos.shtml#home> the entire HOME assistance amount is granted rather than loaned, due to a lack of any equity after rehabilitation, based on existing loans on the property and an after-rehabilitation value appraisal. In addition, the amount of HOME assistance, including Sponsor's claimed Activity Delivery Costs, cannot exceed the Sponsor's County maximum HOME Per Unit Subsidy Limit at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>, and the after-rehabilitation value cannot exceed the HOME Maximum After-Rehabilitation Value. **See Attachment C for current limits.**

In order to obtain financing, applicants must meet all property and eligibility guidelines in effect at the time the application is considered. Homeowners will be provided written notification of approval or denial. Any reason for denial will be provided to the applicant

in writing.

1.4. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance. Section 92.356 of the HOME Final Rule shall be followed for HOME assistance, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to standard construction procedures. Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by the Program Operator to be part of the scope of work. Owner/builders are not reimbursed for labor.

2.0. APPLICANT QUALIFICATIONS

2.1. INCOME LIMITS

All homeowners must certify that they meet the household income eligibility requirements for the applicable HCD or HUD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining

applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD/HUD each year. **See Attachment C.**

The link to the official HCD-maintained income limits for HOME- and CDBG-funded activities is: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml> (for HOME and CDBG, choose "State CDBG, HOME and NHTF – Income, Value and Rent Limits"; for CalHome-funded activities choose "Official State Income Limits").

Household: means one or more persons who will occupy a housing unit. Unborn children will not be counted in family size determination.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.1.1 OWNER-OCCUPIED REQUIREMENTS

Owner-Occupant - to be eligible, household income must be equal to or less than the applicable HCD/HUD income limits. Owner will be required to provide income documentation. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. **See Attachment A for HOME and CDBG. See Attachment A-1 for CalHome.** Refer to Asset Inclusions and Exclusions for further guidance to the types of assets to be included or excluded when calculating gross annual income. **See Attachment B.**

Owner-occupants housing and/or debt ratios are not considered, nor is a credit report required, as the funding provided creates no additional monthly financial obligation. If an owner-occupant has a mortgage, it is verified that all payments are current.

2.1.2 OWNER-INVESTOR REQUIREMENTS - (eligible under only CDBG-funded programs)

Owner-Investor - There are no restrictions on the income of the owner-investor unless the owner-investor is a member of the Targeted Income Group (TIG) and is interested in qualifying for a Deferred Payment Loan (see Section 4.3.2.B.).

Owner-investor housing and debt ratios are considered, and a credit report is required, since the funding provided may create an additional monthly financial obligation. If an owner-investor has a mortgage on the property to be rehabilitated it is verified that all payments are current.

TENANT REQUIREMENTS (eligible under only CDBG-funded programs)

Tenant - If a rental is currently occupied, the tenant's household income must be equal to, or less than, the applicable HCD/HUD income guidelines. Tenant will be asked to cooperate by providing income documentation and income will be projected for 12 months

based on current income. See Attachments A and B.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD/HUD income limits. Income qualification criteria for HOME and CDBG, as shown in the most recent HCD program-specific guidance at <http://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and-determination-guide.shtml>, will be followed to independently determine and certify the household's annual gross income. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and of live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

See Attachment A: HOME and CDBG 24 CFR Part 5 Annual Income Inclusions and Exclusions and Attachment A-1: CalHome Title 25 Section 6914 Annual Income inclusions and Exclusions (State)

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. (*Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.*)

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and

Exclusions

2.3. HOMEOWNER ELIGIBILITY AND RESIDENCY REQUIREMENTS

The Sponsor's Housing Rehabilitation Program allows for owner-occupied and owner-investor/tenant-occupied properties to participate in the Program. Owner-occupied units must be the owner's principal place of residence. **Note: Owner-investor/tenant-occupied properties are eligible under only CDBG funding, and must meet all requirements listed under section 2.3.2.** A photocopy of a recent utility bill will verify proof of occupancy. No unit to be rehabilitated will receive financial assistance if it is currently occupied by an over-income household or does not meet the eligibility standards outlined in these guidelines.

2.3.1 OWNER-OCCUPIED

- A. Continued residency is monitored annually per Attachment F for the term of the loan. Occupancy will be verified by the submission of the following:
1. Proof of occupancy in the form of a copy of a current utility bill; and
 2. Statement of unit's continued use as primary residence of the owner.
- B. In the event that an homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable, unless the following conditions are met:

The homeowner who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as his/her principal residence. Upon approval of the Sponsor, the heir may be permitted to assume the loan at the rate and terms the heir qualifies for under current participation guidelines. If the heir does not meet applicable eligibility requirements, the loan is due and payable. **Note: Loans provided by CalHome are not assumable.**

- C. If a homeowner converts the property to a rental unit, or any commercial or non-residential use, the loan is due and payable, unless the loan was funded with CDBG and tenant and homeowner meet eligibility requirements as described in Section 2.3.2. below.

If the loan is funded with a CalHome Loan it is not transferable except under the following limited circumstances:

- (a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
- (b) A transfer of the Property where the spouse becomes an owner of the property;

- (c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or
- (d) A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

2.3.2. OWNER INVESTOR REQUIREMENTS (eligible only under CDBG-funded programs)

- A. If the owner-investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.
- B. An owner-investor may convert a rental property to his or her personal residence if all conditions below exist:
 - 1. He or she can prove that the previous tenant was not evicted without cause.
 - 2. He or she is income eligible.
 - 3. He or she requests approval from the Sponsor.
- C. If an owner-investor converts the rental property to his or her personal residence, but is not income eligible, the loan is due and payable.
- D. If the owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.
- E. Over-income rental households occupying units in a project which will receive financial assistance for other eligible units will be allowed to stay in their respective units. To prevent owners from evicting ineligible tenants before applying for the Program, the owner must certify that no tenant has been forced to move without cause during the previous six months.

3.0. PROPERTY ELIGIBILITY

3.1. CONDITIONS

- A. No unit will be eligible if a household's income exceeds the prescribed income limits listed in Attachment C.
- B. Units to be rehabilitated must be located within the incorporated areas of the Sponsor's jurisdiction.
- C. Property must contain a legal residential structure intended for continued residential occupancy.

- D. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. For CDBG the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components. Section 8 Housing Quality Standards may be required on rentals by Sponsor when CDBG funds are used.

3.1.1 MOBILE HOMES (CDBG only)

Only \$50,000 of the total annual rehabilitation assistance portfolio per calendar year is to be used for mobile homes or manufactured homes not on a permanent foundation. The \$50,000 is determined on a first-come, first-served basis.

3.2. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Tenants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to health and safety of occupants or public danger or is otherwise undesirable because of the nature of the project. Relocated persons will receive increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the Sponsor's "Residential Anti-displacement and Relocation Assistance Plan" (**Attachment E**).

Owner-occupants are not eligible for temporary relocation benefits, unless health and safety threats are determined to exist by the Program Operator. In cases where relocation is determined to be necessary by the Sponsor/Program Operator, assistance may be provided for actual costs incurred from the applicant's loan proceeds or as a grant (**see Section 4.4. for allowable grants**). HOME-funded projects will provide relocation assistance in the form of a grant, which shall be included in the maximum assistance amount.

Note: Relocation benefits are not a requirement under CalHome, but are acceptable and may be covered by loan proceeds.

3.3. NOTIFICATION AND DISCLOSURES - Not required by CalHome

- A. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as follows:

The Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission will be given to all owners regardless of the cost of rehabilitation or paint test findings. If lead-based paint is found through testing or if presumed, a Notice of Lead Hazard Evaluation or Presumption will also be supplied.

When Lead hazards are present, a Notice of Lead Hazard Reduction Activity and a Lead Hazard Evaluation Report will also be provided (**Attachment I**).

- B. Tenants located in properties that will receive housing rehabilitation will be provided a notice outlining their relocation rights and benefits (**Attachment E**).

4.0. THE PROGRAM LOAN

4.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

An eligible homeowner may qualify for the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances. Maximum assistance shall not exceed \$75,000 for CDBG-funded programs. For CalHome, the maximum loan amount is \$60,000 and includes activity delivery. The maximum loan amount for mobile homes will be \$10,000 (CDBG only). For HOME-funded programs, the maximum loan amount shall not exceed the Sponsor's County maximum HOME Subsidy Limits Per Unit at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. **See Attachment C for current limits.**

4.2. AFFORDABILITY PARAMETERS FOR HOMEOWNERS

- A. Except as allowed in Section 1.3, total indebtedness against property shall not exceed 100 percent of after-rehabilitation value as determined by "Estimates of Value" or by an appraisal, for CDBG or HOME projects. The exception for HOME loans is per HOME Management Memorandum 13-01 at <http://www.hcd.ca.gov/grants-funding/grants-management-memos.shtml#home> wherein the entire HOME assistance amount is granted rather than loaned, due to a lack of any after-rehabilitation equity based on existing loans on the property. An estimate of after-rehab value will be made prior to making a commitment of funds using the method outlined in Section 4.5. Note: This does not apply to CalHome projects.
- B. HOME-funded units' after-rehabilitation values shall not exceed the HOME Program Maximum Purchase Price/After-Rehabilitation Value Limits for Sponsor's County as updated by HUD and published on the HCD Website at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>. **See Attachment C for current limits.**
- C. Total indebtedness against property shall not exceed 105 percent of the after-rehabilitation value as determined by an appraisal for CalHome projects. An estimate of After-Rehab Value will be made prior to making a commitment of funds using the method outlined in Section 4.5. Note: This does not apply to HOME or CDBG projects.
- D. Costs may be supplemented with personal financing or with other loan or grant programs which are sources of leverage for the Sponsor.

- E. Any bid within 10% of the Program Operator's estimate may be selected, otherwise an explanation must be provided to the file for a bid selected exceeding 10% of the estimate.

4.3. RATES AND TERMS

4.3.1. OWNER-OCCUPANTS

- A. Amortized Loans (CDBG only) – Amortized loans will bear a simple interest rate of three percent (3%) and will be secured by a deed of trust on the property unless otherwise approved by the Loan Review Committee. The term of all amortized loans will be for 30 years with no prepayment penalty. Amortized loans will be offered to homeowners whose housing costs do not exceed 30% of annual income. A forty dollar (\$40) minimum payment is required for a household to qualify for an amortized loan. Otherwise, a deferred payment loan will be offered.
- B. Deferred Payment Loans – For loans funded with HOME or CalHome, homeowners are eligible for Deferred Payment Loans (DPL), at three percent (3%) simple interest. CDBG-funded loans may also be eligible for a DPL if the homeowner's housing costs exceed 30% of annual income. Loans will be evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 30 years unless the borrower sells or transfers title or discontinues residence in the dwelling. Payments may be made voluntarily on a DPL. **Note: If it is determined by the Sponsor that repayment of a CalHome or CDBG Program loan at the maturity date causes a hardship to the homeowner, the Sponsor may opt the following:**
 - 1. Amend the note and deed of trust to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 30 years (at 3% additional interest). This may be offered one time;
 - 2. Convert the debt at loan maturity; that is the balance of the original principal plus any accrued interest, to an amortized loan, repayable in 15 years at 3% additional interest.
- C. If the homeowner dies, and if the heir(s) to the property live(s) in the house and is/are income eligible, the heir(s) may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines. **Note: CalHome loans are not assumable.**
- D. If the homeowner dies and the heir(s) is/are not income eligible, the loan becomes all due and payable.
- E. If a homeowner converts the rehabilitated property to any residential-rental, commercial or non-residential use, the loan becomes all due and payable, unless they meet requirements outlined in Section 2.3.1.

- F. As specified in the Rehabilitation Loan Agreement, all applicants who participate in the Program must maintain the property at post-rehabilitation conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable, and if necessary, foreclosure proceedings will be initiated. A method of inspection will be established by the Sponsor.

4.3.2. OWNER-INVESTORS (eligible under only CDBG-funded programs)

The rate and terms for an owner-investor may vary depending on the owner's financial situation below are the options available:

- A. Amortized Loan – Below Market Interest Rate (BMIR) loan at 3 percent interest, secured by a deed of trust and with a maximum term of 15 years. In order to maintain maximum housing affordability and financial flexibility, the amortization period can be extended out to thirty (30) years, or monthly payments deferred or a portion thereof at the discretion of the Loan Review Committee.
- B. DPL for a TIG owner-investor who agrees to comply with standard investor restrictions (i.e., Maintenance Agreement for minimum five years and recorded Rent Limitation Agreement for life of the loan), as outlined below. DPL terms are the same as those described in 4.3.2.B. above.
- C. Rent Limitation Agreement (RLA) – An owner-investor who elects to rehabilitate a rental unit with CDBG financing must sign an RLA, which will be recorded. This agreement will specify:
1. In no instance shall rents exceed the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) schedule while the RLA is in effect.
 2. Base Rent -- Vacant Unit
If the house is vacant, rent charges shall not exceed 30 percent of 80 percent of the Sponsor median income for the appropriate household size in that unit. Owner-investor shall affirmatively seek TIG households. Where such efforts do not result in eligible TIG tenants, the owner-investor shall contact the Sponsor for guidance.
 3. Base Rent -- Occupied Unit
If the house is occupied, rent charges shall not exceed 30 percent of the existing tenants' household income; or, where, before rehabilitation, rents already exceed 30 percent of the existing tenants' income, no rent increases shall be allowed which provide for rents plus utilities over 30 percent of the tenants' income.
 4. Terms –BMIR finance will require rent limitation for a minimum of 5 years.

DPL financing will require rent limitations for the full term of the loan.

5. Verification -- Each year during the term of the Agreement, the borrower shall provide the Sponsor with a written list of current occupants' names and monthly rents. The Sponsor may verify this information with the occupant.
6. Compliance -- Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be initiated.

- D. Maintenance Agreement – As specified in the Rehabilitation Loan Agreement, an owner-investor who participates in the Program must maintain the property at post-rehabilitation conditions for the term of the loan(s). In addition, if the property contains three (3) or more rental units, the owner-investor will be required to use a property manager to maintain those units. Should the property not be maintained accordingly, the loan will become due and payable, and if necessary, foreclosure proceedings will be initiated.

4.3.3 RATES AND TERMS FOR MOBILE HOMES (CDBG only)

For mobile homes or manufactured homes not on a permanent foundation, simple interest at a rate of zero percent (0%) will accrue from the date of recordation. The loan will be a deferred payment loan and will be fully due and payable upon sale of the unit, transfer of title, upon change in tenure from owner-occupant to rental, or upon relocation of the unit out of the city limits. After a period of five years from the date of recordation, the loan shall be forgiven.

4.3.4 FUNDING SOURCE METHODOLOGY

The Loan Review Committee will select the funding source that is most appropriate for the loan under consideration. When selecting a funding source, the Loan Review Committee will consider, among other factors, the amount of HOME, CDBG or CalHome funds available, whether or not the unit is owner-occupied, the total amount of the loan, any special circumstances, and the amount of program income on hand. HOME, CDBG and CalHome rules and regulations will also be taken into account when selecting a funding source for individual projects.

4.4. GRANTS

- A. CDBG-funded programs may provide grants as follows:

A grant of up to \$7,500 is available for any one of the following qualifying factors:

1. Senior Citizen - at least 62 years old; or
2. Handicapped – for only handicap modifications to a house with one or more physically handicapped occupants who would function more independently if

- such modifications were installed; or
3. Lowest Targeted Income Group – with gross annual income less than 50 percent of County median income; or
 4. Equity maintenance – if financing rehabilitation entirely with a loan would cause indebtedness to exceed 100% of after-rehabilitation value.
- B. HOME and CDBG provide grants for all actual costs of lead-based paint evaluation and reduction activities.
- C. HOME and CDBG provide grants for relocation assistance. See Relocation Assistance Plan, **Attachment E**.
1. Owner-Occupant – Limit of \$3,000.
 2. Residential Tenant – Assistance will be provided at the level necessary to comply with the Uniform Relocation Act (URA) and Section 104(d) of the Housing and Community Development Act of 1974. **Note: HOME funds cannot be used for tenant-occupied units.**
- D. **Grants are not available in CalHome-funded programs.**

4.5. APPRAISAL

- A. The After-Rehab Value for rehabilitation projects is determined using the “Estimates of value” method. The Sponsor or Program Operator determines estimates of value based on the sale prices of at least three (3) comparable properties, sold within the last six months (within one year of the assistance date, which is the date the promissory note is signed), and located within one mile of the subject property. The participants’ file will include the estimate of value and document the basis for the value estimates. The purpose of the “Estimates of value” is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD/HUD Program regulations (**See Attachment C**). If three comparable properties cannot be found, or if there is any question regarding the After-Rehab Value, the ARV will be determined by a licensed appraiser, as described in Section 4.5.B. below.
- B. A licensed appraiser determines the After-Rehab Value for rehabilitation projects when the “Estimates of value” method cannot be used. For rehabilitation projects the appraiser determines the value of the unit with the rehabilitation building plans and specifications included. For the HOME Program only, the cost of the appraisal will be paid by the Sponsor, and not included in the homeowner’s loan. The purpose of the appraisal is to determine that the after-rehabilitation value of the housing unit will not exceed the permitted amount per HCD/HUD Program regulations (**See Attachment C**), and that the combined loans will not exceed the maximum combined loan-to-value limit, as described in Section 4.2.A above.

- C. The After-Rehab Value for reconstruction projects is determined by a licensed appraiser. The After-Rehab Value for reconstruction projects is determined by an appraisal completed off the building plans and specifications for the new home. For the HOME Program only, the cost of the appraisal will be paid by the Sponsor, and not included in the homeowner's loan. The purpose of the appraisal is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD/HUD Program regulations (**See Attachment C**).

4.6. INSURANCE

4.6.1. FIRE INSURANCE

The homeowner shall maintain fire insurance on the property for the duration of the Program loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the Sponsor as Loss Payee for the amount of the Program loan(s). Evidence of this shall be provided to the Sponsor.

In the event the applicant fails to make the fire insurance premium payments in a timely fashion, the Sponsor at its option, may make such payments for a period not to exceed 60 days. The Sponsor may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Sponsor make any payments, it may, in its sole discretion, add such payments to the principal amount that the applicant is obligated to repay the Sponsor under this Program. The premium may be paid by the Program loan for one year. **Note: HOME and CDBG funds cannot be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds cannot be used to pay insurance at any time.**

4.6.2. FLOOD INSURANCE

For homes in a 100-year flood zone, the owner is required to maintain flood insurance in an amount adequate to secure the Program loan and all other encumbrances. This policy must designate the Sponsor as Loss Payee and a binder shall be provided to the Sponsor and maintained in the borrowers file. The premium may be paid by the Program loan for one year. **Note: HOME funds cannot be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds cannot be used to pay insurance at any time.**

4.7. LOAN SECURITY

- A. Loan security for all owner-occupied rehabilitation stick-built homes will be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the Sponsor.
- B. At the Sponsor's discretion, a manufactured home in a mobile home park or on leased land that is not on a permanent foundation will be secured by an HCD 480.7 or an HCD 484 Statement of Lien, and will also include a Promissory Note and Loan Agreement.

- C. Entering a subordinate lien is acceptable. However, the Sponsor will not subordinate a first lien position once established.

5.0. PROGRAM LOAN SERVICING AND MAINTENANCE

5.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time.

5.2. RECEIVING LOAN REPAYMENTS

- A. Program loan payments will be made to:

*City of Yuba City
Attn: Finance Division
1201 Civic Center Blvd.
Yuba City, CA 95993*

- B. The Sponsor will be the receiver of loan payments or recapture funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's appropriate Program Income Account, as required by all three funding sources. The Program Sponsor will accept loan payments from borrowers prepaying deferred loans, from borrowers making payments in full upon sale or transfer of the property, and homeowners of tenant-occupied units. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

5.3. LOAN SERVICING POLICIES AND PROCEDURES

See **Attachment F** for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

5.4. LOAN MONITORING PROCEDURES

Homeowners will be required to submit each of the following to the Sponsor at the time of annual occupancy verification per Attachment F:

- Proof of occupancy in the form of a copy of a current utility bill;
- Statement of unit's continued use as a residence;

- Declaration that other title holders do not reside on the premises;
- Verification that Property Taxes are current; and
- Verification of current required insurance policies.

5.5. DEFAULT AND FORECLOSURE

If an owner defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Program Foreclosure Policy adopted by the Sponsor, and attached to these guidelines as **Attachment G**.

5.6. SUBORDINATIONS

The Sponsor may approve a request to subordinate a loan, in order for the owner to refinance the property, under the following conditions:

- A. The lien position of the Sponsor loan will remain the same or be advanced.
- B. The new primary loan is no greater than the balance of the loan being refinanced, except the costs of refinancing the loan may be added to the principal balance.
- C. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the owner's payment.
- D. The refinanced loan must have an impound account for taxes and insurances.
- E. The refinancing terms must be acceptable to the Sponsor.
- F. CDBG allows refinancing with CDBG funds in conjunction with only rehabilitation of the unit.

6.0. CONSTRUCTION

6.1. STANDARDS

- A. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. For CDBG the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components. Section 8 Housing Quality Standards may be required on rentals by Sponsor when CDBG funds are used.

B. Contracting Process

1. Contracting will be done on a competitive basis.
2. The homeowner will be the responsible agent, but the Sponsor and/or its Program Operator will prepare the work write-up, prepare and advertise the bid package, and assist the owner in negotiating the construction contract.
3. The Sponsor does not warrant any construction work, or provide insurance coverage.

C. Approved Contractors

1. Contractors are required to be licensed with the State of California, and be active and in good standing with the Contractors' License Board.
2. Contractors will be checked against HUD's list of federally debarred contractors. No award will be granted to a contractor on this list.
3. Contractors must have public liability and property damage insurance, and worker's compensation, unemployment and disability insurance, to the extent required by State law.
4. Contractor must agree to comply with all federal and state regulations.

D. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in Section 3.3.A. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.****E. Units constructed prior to 1978 will also be inspected according to the following HUD regulations. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.** For CDBG funded programs please refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.**

1. If the total amount of Federal assistance or the total amount of rehabilitation hard cost is up to and including \$5,000, the following is required:
 - (a) Paint testing or presume LBP;
 - (b) Clearance of disturbed work areas; and
 - (c) Notifications listed in Section 3.3.A.
2. If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$5,000 up to and including \$25,000, the following is required:
 - (a) Paint testing or presume LBP;
 - (b) Risk assessment; and
 - (c) Clearance of unit.

If LBP hazards are identified, interim controls will be implemented. This level will also require a notice of “Abatement of Lead Hazards Notification” at least five days prior to starting work.

3. If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$25,000, the following is required:
 - (a) Items (a), (b), and (c) of 2. above;
 - (b) Abatement of all LBP hazards identified or produced;
 - (c) Use of interim controls on exterior surfaces not disrupted by rehab; and all notices listed above in Sections 3.3.A. and 6.1.F.2.
4. All paint tests that result in a negative finding of lead-based paint are exempt from any and all additional requirements. If defective paint surfaces are found, they will be properly treated or abated. A State-certified Inspector/Assessor will perform all paint testing, risk assessments, and clearances. A trained supervisor may oversee interim controls; however, a certified supervisor and workers will perform all abatement.

6.2. ELIGIBLE CONSTRUCTION COSTS

“Rehabilitation” means, in addition to the definition in Section 50096 of the Health and Safety Code, repairs and improvements to a manufactured home necessary to correct any condition causing the home to be substandard pursuant to Section 1704 of Title 25, California Code of Regulations. Rehabilitation also includes room additions to alleviate overcrowding. Rehabilitation also means repairs and improvements where necessary to meet any locally-adopted standards used in local rehabilitation programs. Rehabilitation does not include replacement of personal property.

Rehabilitation includes reconstruction. Federal law and policy allows the use of HOME funds to demolish and reconstruct owner-occupied residential structures. Reconstruction is defined as the demolition and construction of a structure. The Sponsor and/or Program Operator must document that the reconstruction costs are less than the cost to rehabilitate the existing substandard housing. This will be done using the State’s CDBG Test for Reconstruction, for projects funded with CDBG funds; or, using the State’s HOME Test for Reconstruction, for projects funded with HOME funds.

Additionally, the Sponsor must determine that the project’s value after reconstruction (housing and land combined) is less than the Maximum After-Rehabilitation Value for the Sponsor (see Attachment C, One-Family).

The residential structure to be reconstructed must be a structure with cooking, eating, sleeping, and sanitation facilities which has been legally occupied as a residence within the preceding 12 months. Fifth wheels or recreational vehicles, for example, are not considered dwellings and therefore are not eligible under this Program.

Like for like requires that the structure being demolished must be replaced with a like structure (replace manufactured housing with manufactured housing, for example).

However, additions may be approved by the HCD/HUD Program when required by Codes/Ordinances or to alleviate overcrowding. **(See Attachment C)**

Temporary relocation benefits must be planned for and budgeted into the total allowable subsidy for the project, but if required would be in the form of a grant.

Depending on the outcome of the Statutory Worksheet (Environmental test), a reconstructed project may require Authority from the State before funds are committed to the project.

Allowable rehabilitation\reconstruction costs include:

- A. Cost of building permits and other related government fees.
- B. Cost of architectural, engineering, and other consultant services which are directly related to the rehabilitation of the property.
- C. Rehabilitation or Replacement of a manufactured home not on a permanent foundation. Rehabilitation of a manufactured home may include the replacement of the unit with a used manufactured home and the cost to repair it, as long as the unit has been occupied and not used as a demonstration model. Should the unit meet the criteria for reconstruction a new manufactured home can be used for replacement and all cost associated with the purchase and transportation can be added to the loan.
- D. Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the Sponsor for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g. planning, engineering, construction management, including inspections and work write-ups).
- E. Rehabilitation will address the following issues in the order listed. Eligible costs are included for each item.

- 1. Health and Safety Issues

Eligible costs include, but are not limited to, energy-related improvements, lead-based paint hazard evaluation and reduction activities, improvements for handicapped accessibility, repair or replacement of major housing systems. A driveway may be considered part of rehabilitation if it is determined to be a health and safety issue.

- 2. Code and Regulation Compliance

Eligible costs include, but are not limited to, additional work required to rehabilitate and modernize a home, and bring it into compliance with current building codes and regulations. Painting and weatherization are included.

3. Demolition

Eligible costs include, but are not limited to, the tear down and disposal of dilapidated structures when they are a part of the reconstruction of an affordable housing unit. If a garage or carport is detached, it may not be rehabilitated but may be demolished, if it is determined to be a health and safety issue.

4. Upgrades

Eligible costs include additional bedrooms and bathrooms if the need can be demonstrated per HUD's or Sponsor's overcrowding guidelines listed in **Attachment C**. The Program will not fund additions to a home for a den or family room, or for any luxury items.

The CalHome Program's requirement is that a bedroom or bathroom can be added to omit overcrowding, and this is up to the Recipient to decide what is overcrowding.

5. General Property Improvements

Eligible costs include, but are not limited to, installation of a stove or dishwasher; and repair or installation of fencing.

All improvements must be physically attached to the property and permanent in nature. Non-code property improvements (fencing, landscaping, driveway, etc.) will be *limited to 15 percent* of the rehabilitation loan amount. Any cash contribution by the property owner will be considered a general property improvement and be included in this percentage. Luxury items are not permitted. Items such as stoves and dishwashers that are not built-in may be replaced due only to incipient failure or documented medical condition of the homeowner, and must be of moderate quality.

6. Rehabilitation Standards

All repair work related to health and safety conditions will meet Local Building Code standards. The priority will be the elimination of health and safety hazards and code compliance.

6.3. ELIGIBLE PROJECT COSTS

Examples of eligible project costs for all expenses related to the paperwork for processing and insuring a loan application are listed below. For HOME, these costs are considered activity delivery costs and may not be charged to the homeowner's loan.

- Appraisal
- Property Report/Title Insurance

- Building Plan
- Termite Report
- Land Survey
- Grading Plan
- Recording Fees
- Fire/Course of Construction Insurance
- Flood Insurance, as applicable (not allowed with CalHome or HOME funds)

Costs are based on charges currently incurred by the Sponsor, or its Program Operator, for these products and/or services. Except for HOME loans, any cost increases charged to the Sponsor/Program Operator for these products and/or services will be passed on to the homeowner and included in the loan. All fees are subject to change and are driven by the market.

6.4. REPAIR CALLBACKS

Contractors will comply with State law regarding all labor and material warranties. All labor and material shall meet FHA minimum specifications.

7.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

7.1. AMENDMENTS

The Sponsor may make amendments to these Participant Guidelines. Any changes made shall be in accordance with federal and state regulations, shall be approved by the Sponsor's Loan Committee and/or local governing body and submitted to HCD or HUD, as applicable, for approval.

7.2. EXCEPTIONS

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

7.2.1 PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The Sponsor or its Program Operator may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's/Program Operator's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for decision.

8.0. DISPUTE RESOLUTION AND APPEALS PROCEDURES**8.1. PROGRAM COMPLAINT AND APPEAL PROCEDURE**

Complaints concerning the Sponsor's Rehabilitation Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Sponsor's Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the committee's decision, a request for an appeal may be filed with the local governing body. Final appeal may be filed in writing with HCD or HUD, as applicable, within one year after denial or the filing of the Project Notice of Completion.

8.2. GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR

Contracts signed by the contractor and the participant include the following clause, which provides a procedure for resolution of grievances:

Any controversy arising out of or relating to this Contract, or the breach thereof, shall be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator shall have the final authority to order work performed, to order the payment from one party to another, and to order who shall bear the costs of arbitration. Costs to initiate arbitration shall be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding shall be entitled to recover from the other all attorney's fees and costs of arbitration.

ATTACHMENT A

24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

24 CFR Part 5 Annual Income Inclusions

§5.609 Annual income.

(a) *Annual income* means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph (c) of this section.

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) *Welfare assistance payments.*

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

24 CFR Part 5 Annual Income Exclusions

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in §5.403;
- (6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (8)
 - (i) Amounts received under training programs funded by HUD;
 - (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
 - (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (9) Temporary, nonrecurring or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) [Reserved]
- (14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred

Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the FEDERAL REGISTER and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See <https://www.federalregister.gov/documents/2014/05/20/2014-11688/federally-mandated-exclusions-from-income-updated-listing> for most recent notice]

(d) *Annualization of income.* If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

ATTACHMENT A-1

Title 25 Section 6914 Gross Income Inclusions – For CalHome activities

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income.

“Income” shall consist of the following:

(a) Except as provided in subdivision (b), “Exclusions”, all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- (3) Interest and dividends;
- (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;
- (6) Public Assistance. If the public assistance payment includes any amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
- (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts from persons not residing in the dwelling;

All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT B-1

Title 25 Section 6914 Gross Income Inclusions – For CalHome activities

- (b) The following items shall not be considered as income:
 - (1) Casual, sporadic or irregular gift items;
 - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses;
 - (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for a subsistence are to be included in income;
 - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
 - (6) Relocation payments made pursuant to federal, state, or local relocation law;
 - (7) Foster child care payments;
 - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
 - (9) Payments received pursuant to participation of the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Program for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

ATTACHMENT C

**MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT FOR SUTTER COUNTY
(HOME Value Limits as of 04/01/2018)**

COUNTY NAME	One-Family
SUTTER	\$242,000

**HOME SUBSIDY LIMITS PER UNIT FOR SUTTER COUNTY
(Limits are effective 6/4/2018)**

O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
\$147,074	\$168,600	\$205,017	\$265,228	\$291,136

**HOUSEHOLD INCOME LIMITS FOR SUTTER COUNTY*
(Limits are effective 6/1/2018)**

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
80% of AMI	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400

**HCD 2018 INCOME LIMITS FOR CALHOME
ADJUSTED FOR FAMILY SIZE FOR SUTTER COUNTY**

Income Level	Household Size							
	1	2	3	4	5	6	7	8
80%	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400

Sponsor will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained Value, Subsidy, and Income limits is: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml> (for HOME and CDBG limits, choose “State CDBG and HOME Income, Value and Rent Limits”; for CalHome income limits, choose “Official State Income Limits”).

SPONSOR STANDARDS FOR BEDROOM AND BATHROOM ADDITIONS TO ALLEVIATE OVERCROWDING

Maximum No. of Persons in the Household	Number of Bedrooms	Number of Bathrooms
1	SRO	1
1	0-BR	1
2	1-BR	1
4	2-BR	2
6	3-BR	2
8	4-BR	3
10	5-BR	3
12	6-BR	4

- Opposite sex children under 6 years of age may share a bedroom, up to 2 children per bedroom.
- Opposite-sex children 6 years of age and older may have their own bedroom.
- Children shall be permitted a separate bedroom from their parents.
- Same-sex children of any age may share a bedroom, up to 2 children per bedroom.
- Adults not in a partner relationship may have their own bedroom.
- 4 or more people – a second bathroom may be added.
- 8 or more people – a third bathroom may be added.
- Same rules apply to mobile home units.

The chart above is used as a guide to overcrowding.

ATTACHMENT D

HOUSING REHABILITATION MARKETING PLAN

SUMMARY

The Sponsor will continue its efforts to market the Housing Rehabilitation Program in a manner that will reach all community members.

All marketing related to the Housing Rehabilitation Program is publicized in both English and Spanish. All marketing materials include information identifying the Sponsor's commitment to fair housing laws and affirmative marketing policy, and are widely distributed. Equal opportunity is emphasized in written materials and oral presentations. A record is maintained by the Sponsor identifying what marketing materials are used, and when and where they are distributed.

Forms of marketing may include fliers, brochures, newspaper ads, articles and public service announcements. Fliers and brochures are distributed at local government buildings, other public buildings and through the mail, as well as to businesses that assist those not likely to apply without special outreach. Advertisements and articles are published in newspapers that are widely circulated within the community.

Established working relationships with local lending agencies also aid in informing the public by facilitating the distribution of informational fliers to households seeking financial assistance for repairs that are unable to obtain conventional financing.

Informational meetings are offered to potential participants to explain Program requirements. Often, minimal formal outreach efforts are required as the need for assistance generally exceeds funds available. However, marketing measures are actively performed in order to maintain a healthy interest list.

Characteristics on all applicants and participants are collected and compared with the Sponsor's demographics. Should the Sponsor find that there are underserved segments of the population, a plan to better serve them will be developed and implemented.

MARKETING FORMS

- Fliers
- Brochures
- Newspaper Ads and Articles
- Public Service Announcements
- Public Informational Meetings

MARKETING VENUES

- Local Government Buildings
- Local Public Services Buildings
- Private Businesses
- Lending Agencies
- Real Estate Offices
- Newspaper
- Radio
- Mail

ATTACHMENT E

RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN Version 2

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require all grantees of Community Development Block Grant (CDBG) funds or Home Investment Partnership (HOME) funds to follow a written Residential Anti-displacement and Relocation Assistance Plan (Plan) for any activities which could lead to displacement of occupants whose property is receiving funds from these or other federal funding source. Having been developed in response to both aforesaid federal legislations, this Plan is intended to inform the public of the compliance of the CITY OF YUBA CITY (Sponsor) with the requirements of federal regulations 24 CFR 570.606 under state recipient requirements and Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR 92 of the HOME federal regulations. The Plan will outline reasonable steps, which the Sponsor will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The Sponsor's governing body has adopted this plan via a formal resolution.

This Plan will affect rehabilitation activities funded by the U.S. Department of Housing and Urban Development (HUD) under the following program titles: HOME, CDBG, Urban Development Action Grant (UDAG), Special Purpose Grants, Section 108 Loan Guarantee Program, and such other grants as HUD may designate as applicable, which take place within the Sponsor's jurisdiction limits.

The Sponsor will provide permanent relocation benefits to all eligible "displaced" households either owner-occupied or renter-occupied units which are permanently displaced by the housing rehabilitation program (**See Section E below.**). In addition, the Sponsor will replace all eligible occupied and vacant occupiable low-income group dwelling units demolished or converted to a use other than low income group housing as a direct result of rehabilitation activities. This applies to all units assisted with funds provided under the Housing and Community Development Act of 1974, as amended, and as described in the Federal Regulations 24 CFR 570.496(a), Relocation, Displacement and Acquisition: Final Rule dated July 18, 1990 (Section 104(d)) and 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Regulations Final Rule and Notice (URA) dated March 2, 1989.

All Sponsor programs/projects will be implemented in ways consistent with the Sponsor's commitment to Fair Housing. Participants will not be discriminated against on the basis of race, color, religion, age, ancestry, national origin, sex, familial status, or handicap. The Sponsor will provide equal relocation assistance available 1) to each targeted income group household displaced by the demolition or rehabilitation of housing or by the conversion of a targeted income group dwelling to another use as a direct result of assisted activities; and 2) to each separate class of targeted income group persons temporarily relocated as a direct result of activities funded by HUD programs.

A. Minimizing Permanent Displacement and Temporary Relocation Resulting from Housing Rehabilitation or Reconstruction Activities

Consistent with the goals and objectives of activities assisted under the Act, the Sponsor will take the following steps to minimize the displacement of persons from their homes during housing rehabilitation or reconstruction funded by HUD programs:

1. Provide proper notices with counseling and referral services to all tenants so that they understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced persons to find alternate housing in the neighborhood.
2. Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.
3. Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.
4. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
5. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation/displacement payments to households permanently displaced by assisted activities.

B. Lead Based Paint Mitigation Which Causes Temporary Relocation:

On September 15, 2000, the Final Rule for Lead Based Paint Hazard Control went into effect. Among other things, it requires that federally-funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead hazards. **At no time should the tenant-occupant(s) be present in work areas or designated adjacent areas while LHC activities are taking place in any dwelling unit interior, common area, or exterior.** As such, occupants may not be allowed to remain in their units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards has been completed, and the unit passes clearance, the occupants can return. **The tenant-occupants may not reoccupy a work area or adjacent area until post-lead hazard reduction clearance standards have been achieved and verified with laboratory results.** The final rule allows for certain exceptions: programs:

1. The work will not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
2. The work is on exterior only and openings are sealed to prevent dust from entering the home, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or
3. The interior work will be completed in one period of less than 8-daytime hours and the work site is contained to prevent the release of dust into other areas of the home; or
4. The interior work will be completed within five (5) calendar days, the work site is contained to prevent the release of dust, the worksite and areas within 10 feet of the worksite are cleaned at the end of each day to remove any visible dust and debris, and the residents have safe access to kitchen and bath and bedrooms.

If temporary relocation benefits are not provided because the Sponsor believes that the project meets one of the above criteria, then proper documentation must be provided in the rehabilitation project file to show compliance. It is up to the Sponsor to ensure that the owner occupant or tenant in the project does

not get impacted by lead paint mitigation efforts. In most cases where lead paint mitigation is taking place, occupants (tenants or owners) will be strongly encouraged to relocate even for just a few days until a final lead clearance can be issued by a certified lead based paint assessor. Occupants who are temporarily relocated because of lead based paint mitigation are entitled to the same relocation benefits as those who are relocated because of substantial rehabilitation or reconstruction activities.

C. Temporary Relocation of Owner Occupants:

Owner occupants are not allowed to stay in units which are hazardous environments during lead based paint mitigation. When their home is having lead based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation benefits up to \$3,000, which will be provided as a grant. In the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be eligible for temporary relocation benefits up to \$3,000, which will be provided as a grant. In no case shall the grant for temporary relocation exceed \$3,000 for any one owner occupant.

Owner occupants will be encouraged to move in with family or friends during the course of rehabilitation, since they are voluntarily participating in the Program. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will complete a temporary relocation benefits form (**See Appendix C**) to document that the owner occupant understands that they must relocate during the course of construction and what benefits they wish to be reimbursed for as part of their relocation.

D. Temporary Relocation of Residential Tenants:

If continued occupancy during rehabilitation is judged to constitute a substantial danger to health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, the tenant may be required to relocate temporarily. The contract administrator or rehabilitation specialist will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. He or she may move in with family and friends and still receive full or partial temporary assistance based on eligible cost incurred. The housing rehabilitation loan specialist and/or the rehabilitation specialist will ensure that each tenant-occupied unit under the Program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant-occupied unit will have a temporary relocation benefits form completed for them. (**See Appendix C**). These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation benefits.

A tenant receiving temporary relocation shall receive the following:

1. Increased housing costs (e.g. rent increase, security deposits) and
2. Payment for moving and related expenses, as follows:
 - a. Transportation of the displaced persons and personal property within 50 miles, unless the

- grantee determines that farther relocation is justified;
- b. Packing, crating, unpacking, and uncrating of personal property;
 - c. Storage of personal property, not to exceed 12 months, unless the grantee determines that a longer period is necessary;
 - d. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
 - e. Insurance for the replacement value of personal property in connection with the move and necessary storage;
 - f. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
 - g. Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
 - h. Any costs of credit checks required to rent the replacement dwelling;
 - i. Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
 - 1) Interest on a loan to cover moving expenses; or
 - 2) Personal injury; or
 - 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or
 - 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

E. Rehabilitation Activities Requiring Permanent Displacement

The Sponsor's rehabilitation program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff responsible for the rehabilitation program will consult with Sponsor's legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If local staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and benefit determination and implementation. If local staff does wish to do the permanent displacement activity then they will consult and follow the HUD Relocation Handbook 1378.

F. Rehabilitation Which Triggers Replacement Housing

If the Sponsor's rehabilitation program assists a property where one or more units are eliminated then under Section 104 (d) of the Housing and Community Act of 1974, as amended applies and the Sponsor is required to replace those lost units. An example of this would be a duplex unit which is converted into a single family unit. In all cases where rehabilitation activities will reduce the number of housing units in the jurisdiction, then the Sponsor must document that any lost units are replaced and any occupants of

reduced units are given permanent relocation benefits. (This does not apply to reconstruction or replacement housing done under a rehabilitation program where the existing unit(s) is demolished and replaced with a structure equal in size without in loss number of units or bedrooms.)

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the Sponsor to provide funds for an activity that will directly result in such demolition or conversion, the Sponsor will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development or the appropriate federal authority the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as targeted income group dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of the replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a targeted income group dwelling unit for at least 10 years from the date of initial occupancy; and,
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of targeted income group households in the jurisdiction.

The Program Operator for the Sponsor is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The Sponsor is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in Section 570.606, to any targeted income group displaced by the demolition of any dwelling unit or the conversion of a targeted income group dwelling unit to another use in connection with an assisted activity.

G. Record Keeping and Relocation Disclosures/Notifications

The Sponsor will maintain records of occupants of federally funded rehabilitated, reconstructed or demolished property from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable program regulations. Each rehabilitation project, which dictates temporary or permanent or replacement activities, will have a project description and documentation of assistance provided. (See sample forms in HUD Relocation Handbook 1378, Chapter 1, Appendix 11, form HUD-40054)

Appropriate advisory services will include reasonable advance written notice of (a) the date and approximate duration of the temporary relocation; (b) the address of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period; (c) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling.

Notices shall be written in plain, understandable primary language of the persons involved. Persons who are unable to read and understand the notice (e.g. illiterate, foreign language, or impaired vision or other disability) will be provided with appropriate translation/communication. Each notice will indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help. The notices and process below is for only temporary relocation. If permanent relocation is involved then other sets of notice and noticing process and relocation benefits must be applied (See HUD relocation handbook 1378 for those forms and procedures). The Temporary Relocation Advisory Notices to be provided are as follows:

1. General Information Notice: As soon as feasible when an owner investor is applying for Federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy his or her present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30 percent of his or her average monthly gross household income. The tenant will be informed that if he or she is required to move temporarily so that the rehabilitation can be completed, suitable housing will be made available and he or she will be reimbursed for all reasonable extra expenses. The tenant will be cautioned that he or she will not be provided relocation assistance if he or she decides to move for personal reasons. **See Appendix A for sample notice to be delivered personally or by certified mail.**
2. Notice of Non Displacement: As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. **See Appendix B for sample notice to be delivered personally or by certified mail.**
3. Disclosure to Occupants of Temporary Relocation Benefits: This form is completed to document that the Sponsor is following it's adopted temporary relocation plan for owner occupants and tenants. **See Appendix C for a copy of the disclosure form.**
4. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the Sponsor is attempting to provide permanent displacement benefits then there are a number of other forms which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced as a result of housing rehabilitation activities funded by CDBG or other federal programs.

APPENDIX A

Dear _____,

On (date), (property owner) submitted an application to the _____ for financial assistance to rehabilitate the building which you occupy at (address).

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact (name), (title), at (telephone number), (address).

Sincerely,

(name)

(title)

APPENDIX B

(date)

Dear _____:

On (date), we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On (date), the owner's request was approved, and the repairs will begin soon.

This is a notice of non-displacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain until after construction is completed. If increased after construction is done, your new rent and estimated average utility costs will not exceed local fair market rents for your community. Of course, you must comply with all the other reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact (name), (title), at (phone #), (address). Remember; do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

(name and title)

ATTACHMENT F

**LOAN SERVICING POLICIES AND PROCEDURES
FOR THE CITY OF YUBA CITY**

The City of Yuba City, hereafter called “Sponsor,” has adopted these policies and procedures in order to preserve its financial interest in properties, whose “Borrowers” have been assisted with public funds. The Sponsor will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Sponsor has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the follow areas: 1) making required monthly payments or voluntary payments on a loan’s principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

The Sponsor will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly date.

For Notes which are deferred payment loans, the Sponsor must accept voluntary payments on the loan. Loan payments will be credited to principal. The Borrower may repay the loan balance at any time with no penalty.

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, Borrower must maintain property insurance coverage naming the Sponsor as loss payee. Except for HOME-funded loans, if Borrower fails to maintain the necessary insurance, the Sponsor may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower’s new insurance.

When a property is located in a 100-year floodplain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance naming the City as a lender loss payee will be required at close of escrow. The Sponsor will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the Sponsor may pay the taxes current and add the

balance of the tax payment plus any penalties to the balance of the loan (not permissible when funded with HOME). Wherever possible, the Sponsor encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Sponsor's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Sponsor's loan. This document requires any senior lienholder listed in the notice to notify the Sponsor of initiation of a foreclosure action. The Sponsor will then have time to contact the Borrower and assist them in bringing the first loan current. The Sponsor can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans the Sponsor may require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. For CDBG, some loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original note and deed of trust. On HOME-funded loans, annual occupancy verification will occur within 45 days of the anniversary date of the loan.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Sponsor in writing of any change. Sponsor and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Sponsor. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Sponsor's Loan Committee (depends on the HCD program).

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and

household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Sponsor's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Sponsor allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance the property, they must request a subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; or 4) default on senior loans, the Sponsor will send out a letter to the Borrower notifying them of the default situation. If the default situation continues, the Sponsor may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Sponsor is notified via a Request for Notice of Default, the Sponsor, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Sponsor must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case, then the Sponsor may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Sponsor determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Sponsor does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. As long as there is sufficient value in the property, the Sponsor can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Sponsor decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

Sponsor as Senior Lienholder

When the Sponsor is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Sponsor may consider foreclosure. Sponsor's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the Sponsor?
- 3) Can the Borrower sell the property and pay off the Sponsor?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Sponsor may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Sponsor to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay

off a DPL).

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Sponsor could contract with a local real estate broker to list and sell the home and use those funds for Program income-eligible uses.

ATTACHMENT G

**CITY OF YUBA CITY
FORECLOSURE POLICY**

Sponsor As Junior Lienholder

It is the City of Yuba City's (Sponsor's) policy to prepare and record a "Request for Notice" on all junior liens (any lien after the first position) placed on properties financed by a loan.

This document requires any senior lienholder to notify the Sponsor of initiation (recordation of a "Notice of Default") of a foreclosure only. This is to alert the junior lienholder that they are to monitor the foreclosure with the senior lienholder. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lienholder, it would be in their best interest to contact both senior lienholders regarding the status of their loans.

The junior lienholder may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges, advances (fire insurance premiums, property taxes, property protection costs, etc.), and foreclosure costs (fees for legal counsel, recordings, certified mail, etc.)

Once the Sponsor has the information on the reinstatement amount, staff must then determine if it is cost effective to protect their position by reinstating the senior lienholder, keeping them current by submitting a monthly payment thereafter, foreclosing on the property possibly resulting in owning the property at the end of foreclosure, protecting the property against vandalism, and paying marketing costs (readying the home for marketing, paying for yard maintenance, paying a real estate broker a sales commission).

If the Sponsor decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

Sponsor As Senior Lienholder

When the Sponsor is in a first position, or the senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Sponsor may

consider foreclosure. Sponsor staff will consider the following factors before initiating foreclosure:

- Can the loan be cured (brought current or paid off) by the owner without foreclosure?
- Can the owner refinance with a commercial lender and pay off the Sponsor?
- Can the owner sell the property and pay off the Sponsor?
- Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Sponsor may opt to initiate foreclosure. The owner must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Sponsor to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings. When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor would then contact a real estate broker to market the home.

ATTACHMENT H

CERTIFICATION OF OCCUPANCY

CITY OF YUBA CITY

I/we _____ declare as follows:

(Please Print Occupant's Name(s))

That I/we am/are currently occupying as my/our principal place of residence
the real property commonly known as:

(Address)

(City, State, Zip code)

Daytime Phone Number: _____

Executed on _____, 20____, at _____, CA
(Date) (City)

I/we declare under penalty of perjury that the foregoing is true and correct.

Signature(s) of all occupants:

Occupant: _____

Occupant: _____

Occupant: _____

Occupant: _____

Occupant: _____

ATTACHMENT I

LEAD-BASED PAINT

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt <input type="checkbox"/>
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>
Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.			
Visual Assessment Date:		Report Date:	
Check if no deteriorated paint found <input type="checkbox"/>			
Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).			
Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.			
Date of Presumption Notice:			
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/>			
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.			
Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.			
Date of Hazard Reduction Notice:			
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>		Start & Completion Dates:	
If "No", dates of previous Hazard Reduction Activity Notices:			
Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.			
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.			
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)			
Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity and Acknowledgement of Receipt of pamphlet <i>Protection Your Family from Lead in Your Home</i>.			
Printed Name:		Signature:	Date:
Section 6: Contact Information		Organization:	
Contact Name:		Contact Signature:	
Date:	Address:	Phone:	

City of Yuba City

Homebuyer Program Guidelines



For:

HOME Investment Partnerships Program

CalHome Program

Serving the City of Yuba City

HOME Approved (8/18/2020)
CalHome Approved (date)

HOMEBUYER PROGRAM GUIDELINES

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**CITY OF YUBA CITY
HOMEBUYER PROGRAM GUIDELINES**

1.0. GENERAL

The above-named entity, hereinafter referred to as the “Sponsor,” has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer one or more HCD-funded homebuyer programs. The homebuyer program described herein (the “Program”) is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as “housing units”, located within the Program’s eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment “silent” second priority loans as “Gap” financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by the “Program Operator” as designated by the Sponsor.

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

- A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program’s eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.
- B. The Program Operator will work with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.
- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an

otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

- A. The Sponsor maintains a waiting list of applicants. Each applicant is asked to complete an application form, which asks for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for Program participation. Completed applications are processed on a first-come-first-served basis. Priority can be given to residents who live or work in Yuba City. Applications are deemed complete only if all information is completed, the application is signed and dated, and a primary lender's pre-qualification letter is attached to the application. Incomplete applications are returned to the applicant and will not be date/time stamped until complete.
- B. Once the applicant's name comes to the top of the waiting list, their Program eligibility is confirmed and they are invited to a briefing regarding participation in the Program. At the briefing the application is reviewed and the potential homebuyer is given a "Preliminary Eligibility Letter" for the Program along with the following forms: Program Brochure, Attachment (G) Instructions to Home Buyer, List of Participating Lenders, Attachment (E) Sellers Lead-Based Paint Disclosure and the EPA Booklet (Protect Your Family from Lead in Your Home) and (F) Notice to Seller.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

- C. Each applicant must participate in individual Homebuyer Counseling provided by the Program Operator and receive a certificate of completion.
- D. The potential homebuyer is given 90 days in order to find a qualified home and begin securing a primary loan for the housing unit. If during the 90-day time frame, the potential homebuyer is unable to purchase a home, an extension may be given. However, if it appears the potential homebuyer cannot participate in the Program, the reservation of funds expires and the next person on the waiting list is given an opportunity to participate in the Program.

1.3. THE HOME PURCHASE PROCESS

A. The following is a simplified example of how a primary lender would analyze a homebuyer’s finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

DEBT SERVICE		
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH		
HOUSING PAYMENTS		TOTAL OVERALL PAYMENTS
Principal & Interest Payment	\$ 865	\$1,180 Housing
Insurance	82	+200 Other Debt Service
Taxes	<u>233</u>	\$1,380 Total Debt Service
Total Housing Expense (PITI is 35% of \$3,388)	\$1,180	(Overall debt service per month is 41% of \$3,388)
 OTHER HOUSEHOLD DEBT SERVICE		
	Car Payment	\$ 150
	Credit Card Payment	<u>50</u>
	Total Other Debt	\$ 200
A \$865 per month loan payment equates to borrowing \$143,000 at 5.88% for a 30 year term.		

SUBSIDY CALCULATION	
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH	
Purchase Price of Property	\$ 210,000
Less Primary loan amount	143,000
Less down payment of 3%	<u>6,300</u>
 Equals “GAP”	 \$ 60,700
 Plus estimated allowable settlement charges	 <u>10,500</u>
 Equals Total Subsidy	 \$ 71,200

B. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions:

- 1) Homebuyer has no power of eminent domain and, therefore, will not acquire

- the property if negotiations fail to result in an amicable agreement;
- 2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state-licensed appraiser;
 - 3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards;
 - 4) All housing units built prior to January 1, 1978, will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment E);
 - 5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
 - 6) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, or vacant for three months prior to submission of the purchase offer;
 - 7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.
- C. Applicant submits executed standard form purchase and sale agreement and primary lender prequalification letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.
- D. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Sponsor for approval or denial, including the reasons for the recommendation. Sponsor determines Applicant's approval or denial, and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures.
- E. When Primary Lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.
- F. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is also required.

1.4. HOMEBUYER COSTS

- A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Sponsor. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher

down payment requirement, there is no additional down payment requirement required by the Program.

- B. Homebuyer must contribute a minimum down payment of one percent (1%) of the purchase price, but may contribute more if desired. The City will allow gift funds to be used toward the down payment.
- C. Sponsor will not provide a subsidy that is greater than the amount of the primary mortgage. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are within approximately 25 to 35% of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Sponsor, Program Operator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to complete a Sponsor-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, worksheets, etc.

1.6. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, Section 92.356 of the HOME Final Rule shall be followed for HOME assistance, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

1.7. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD. **(See Attachment C for current income limits).**

Household: Means one or more persons who will occupy a housing unit. Unborn children will not be counted in family size determination.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance at <http://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and->

[determination-guide.shtml](#), will be followed to independently determine and certify the household's annual gross income. Persons who are non-occupant co-borrowers, i.e., sign the Promissory Note but not the Deed of Trust and will not go on title, will not be required to submit income, and their income and that of their family will not be included in the final income determination.

The Program Operator should compare the applicant's annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

See Attachment A: 24 CFR Part 5 Annual Income Inclusions and Exclusions

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. (*Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.*)

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

HOME and CalHome-funded Programs are required to use the following definition of an eligible homebuyer, which is a “first-time homebuyer” from 8201(1) Title 25 California Code of Regulations:

“First-time homebuyer” means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

1. a displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
2. a single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
3. an individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
 - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

- A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: “Within the City of Yuba City.”
- B. Housing unit types eligible for the homebuyer Program are new or previously owned single-family residences; condominiums; or manufactured homes in mobilehome parks, in common-interest developments or on a single-family lot and

placed on a permanent foundation system. HOME does not allow manufactured homes unless on a permanent foundation system.

- C. All housing units must be in compliance with State and local codes and ordinances.
- D. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City as loss payee in order to close escrow.

3.2. CONDITIONS

- A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1) When the Sponsor's Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.C will apply.
- 2) The Program Operator, a certified housing inspector, or a Sponsor representative will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.

If there are one or more health and safety deficiencies, and/or violations of applicable building codes noted in the written report, the Sponsor will approve the subsidy only if the buyer and seller agree to make necessary repairs to the dwelling unit prior to transfer of property ownership at their own expense.

- 3) Upon completion of all work required by the Program Operator, Sponsor, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.
- B. Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year

following the filing of the Project Completion Report through the end of the Affordability Period.

The HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

Amount of HOME Assistance	Period of Affordability in Years
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

- C. **Lead-Based Paint Hazards:** All housing units built prior to 1978 for which HOME funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD’s online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. HOME general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

The following requirements must be met:

- 1) **Notification:** a) Prior to homebuyer’s obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet “*Protect Your Family From Lead in Your Home*” (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor’s homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment H).
- 2) **Disclosure:** Prior to the homebuyer’s obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment E), “Seller’s Lead-based Paint Disclosure” notice must be provided by the seller to the homebuyer.
- 3) **Inspections:** The Inspector shall conduct a “Visual Assessment” of all the dwelling unit’s painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.
- 4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor’s and workers’ appropriate proof of LBP training,

as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

- D. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file (see Attachment I).

3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

- A. **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970**

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

- B. **Section 104(d) of the Housing and Community Development Act of 1974**

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

3.4. PROPER NOTIFICATION AND DISCLOSURES

- A. Upon selection of a housing unit, a qualified seller and homebuyer will be given

the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.

- B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment F) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded programs).

4.0. PURCHASE PRICE LIMITS

For HOME, the purchase price limits for this Program shall not exceed the HOME Maximum Purchase Price/After-Rehab Value Limit for Sponsor's County as updated by HCD.

Note: For CalHome-funded loans, the home purchase price is limited as follows: The purchase price cannot exceed 100% of the area median purchase price as established by comparable sales or information provided by the California Real Estate Association.

Attachment C: MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMITS *Sponsor will update these limits annually as HCD provides new information.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

A. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall be between 25% and 35% and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, mortgage insurance, and HOA dues, if any.

The back-end (total) debt-to-income ratio shall be between 32% and 42% and is the percentage of a borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt, as well as child support and alimony payments.

B. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA. No temporary interest rate buy-downs are permitted.

C. LOAN TYPE AND TERM

The primary loan shall be fully amortized and have a term “all due and payable” in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

D. IMPOUND ACCOUNT

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. THE PROGRAM LOAN

A. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

For HOME, the amount of Program assistance to a homebuyer toward purchase of a home shall not exceed the maximum HOME subsidy limit for Sponsor’s County per bedroom per the HCD website at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml> and **shall never exceed the amount of the primary mortgage**. See Attachment C of these Program Guidelines for current limits. Any approved “grant” amount for lead-based paint evaluation and reduction activities or for relocation assistance shall be included in this amount, as shall Activity Delivery Costs.

For CalHome, the amount of Program assistance to a homebuyer toward the purchase of a home shall not exceed \$60,000 and shall never exceed the amount of the primary mortgage. Activity Delivery and other administrative costs shall be included in this amount.

B. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.

C. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of a buyer’s Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.0.A. Each borrower shall receive only the subsidy needed to allow them to become homeowners (“the Gap”) while keeping their housing costs affordable. The Program Operator will use the “front-end ratio” of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment, and the amount of the primary loan.

D. RATE AND TERMS FOR PROGRAM LOAN

All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL). The Program loan's term shall be for 30 years. The Program loan's interest rate shall be 2% simple interest.

All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven, and the loan period cannot be extended, except for loans that are resubordinated when a rate and term refinance is approved, per Attachment D.

E. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Monthly payments are not required and Borrowers may begin making voluntary payments at any time, without penalty. The entire loan balance plus accrued interest will be due at the end of the loan term.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

City of Yuba City
Attn: Finance Department
1201 Civic Center Blvd.
Yuba City, CA 95993

B. The Sponsor will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's Program Income Account, as required by HCD programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the principal balance of the DPL is due and payable, except:

- A. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.
- B. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.
- C. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment D on loan defaults for further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment D for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

7.5. LOAN MONITORING PROCEDURES

Sponsor will monitor Borrowers and their housing units annually to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Property tax payment
- C. Hazard insurance coverage
- D. Good standing on Primary loans
- E. General upkeep of housing units

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

- A. Loan Processing

All homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Sponsor's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership

education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documents needed. Documents may be faxed, but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Operator will do an income certification (using most recent HCD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed the Program Operator will submit it to the Sponsor for approval. Sponsor will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of Notice of Default are also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined by only physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Sponsor may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the Sponsor's Loan Committee and/or governing body, after proposed changes are approved by applicable HCD Contract Management Representative(s).

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an

exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the Sponsor's governing body. Final appeal must be filed in writing with HCD within one year after denial.

ATTACHMENT A

24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

24 CFR Part 5 Annual Income Inclusions

§5.609 Annual income.

(a) *Annual income* means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) *Welfare assistance payments.*

(i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

24 CFR Part 5 Annual Income Exclusions

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in §5.403;
- (6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (8) (i) Amounts received under training programs funded by HUD;
- (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
- (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (9) Temporary, nonrecurring or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) [Reserved]
- (14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred

Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the FEDERAL REGISTER and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. [See <https://www.federalregister.gov/documents/2014/05/20/2014-11688/federally-mandated-exclusions-from-income-updated-listing> for most recent notice]

(d) *Annualization of income.* If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the 24 CFR Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition, January 2005).

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT C

MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT FOR SUTTER COUNTY (HOME Value Limits as of 6/1/2021)

EXISTING CONSTRUCTION	NEW CONSTRUCTION (less than 12 months old)
\$309,000	\$309,000

HOME SUBSIDY LIMITS PER UNIT FOR SUTTER COUNTY (Limits are effective 6/4/2020)

O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
\$153,314	\$175,752	\$213,718	\$276,482	\$303,490

INCOME LIMITS FOR SUTTER COUNTY* (Limits became effective 6/1/2021)

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
80% of AMI	\$39,050	\$44,600	\$50,200	\$55,750	\$60,250	\$64,700	\$69,150	\$73,600

*Sponsor will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained Value, Subsidy, and Income limits is: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml> (for HOME and CDBG limits, choose “State CDBG and HOME Income, Value and Rent Limits”; for CalHome income limits, choose “Official State Income Limits”)

SPONSOR STANDARDS FOR BEDROOMS AND BATHROOMS TO PREVENT OVERCROWDING

Maximum No. of Persons in the Household	Number of Bedrooms	Number of Bathrooms
1	SRO	1
1	0-BR	1
2	1-BR	1
4	2-BR	2
6	3-BR	2
8	4-BR	3
10	5-BR	3
12	6-BR	4

SEE ADDITIONAL OCCUPANCY FACTORS ON FOLLOWING PAGE

- **Children may share a bedroom, up to 2 children per bedroom.**
- **Children shall be permitted a separate bedroom from their parents.**
- **Adults not in a partner relationship may have their own bedroom.**
- **4 or more people – a second bathroom is allowable.**
- **8 or more people – a third bathroom is allowable.**
- **Same rules apply to mobile home units.**

The chart above is used as a guide to overcrowding.

ATTACHMENT D

LOAN SERVICING POLICIES AND PROCEDURES FOR CITY OF YUBA CITY

The City of Yuba City, hereafter called “Lender,” has adopted these policies and procedures in order to preserve its financial interest in properties whose “Borrowers” have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan’s principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly due date.

For Notes which are deferred payment loans, the Lender must accept voluntary payments on the loan. Loan payments will be credited to principal. The Borrower may repay the loan balance at any time with no penalty.

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee. Except for HOME-funded loans, if borrower fails to maintain the necessary insurance, the Lender may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower’s new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the City as lender loss payee will be required at close of escrow. The lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan (not permissible when funded with HOME). Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first

mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lienholder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans, the Lender will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. For CDBG, some loans may have income and housing cost evaluations, which require a household to document that they are not able to make amortized loan payments, typically every five years. These loan terms are incorporated in the original Note and Deed of Trust. On HOME-funded loans, annual occupancy verification will occur within 45 days of the anniversary date of the loan.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases, the Borrower might move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Committee (depends on the HCD program).

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. For CDBG only, if the heir intends to act as an owner-investor (not permitted under HOME), the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Lender's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

For CalHome, the following transfers of interest shall not require the repayment of the CalHome Program loan:

- A. transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
- B. a transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - 1) a transfer where the spouse becomes an owner of the property;
 - 2) a transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - 3) a transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a written subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no “cash out” as part of the refinance. No cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrances on the property above traditional refinance transaction costs. The refinance should lower the existing housing cost of the household. The total indebtedness on the property should not exceed the current market value except when the borrower is obtaining a HARP II or other similar federally approved refinance loan. If the HARP II or other similar financing is approved and meets all other requirements, Combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

- 1. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;
- 2. not have a temporary interest rate buy-down;
- 3. have a term “all due and payable” that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note should be modified to coincide with the maturity date of the new first mortgage; and,
- 4. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; 4) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

Lender as Senior Lienholder

When the Lender is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments

such that foreclosure is not necessary?

- 2) Can the Borrower refinance with a private lender and pay off the Lender?
- 3) Can the Borrower sell the property and pay off the Lender?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT E
SELLERS LEAD-BASED PAINT DISCLOSURE
Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) ___ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

- (ii) ___ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) ___ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).

- (ii) ___ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

- (c) ___ Purchaser has received copies of all information listed above.
- (d) ___ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) ___ Purchaser has (check (i) or (ii) below):
- (i) ___ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
- (ii) ___ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards (NOT PERMISSIBLE FOR HOME AND CDBG).

Agent's Acknowledgment (initial)

- (f) ___ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

ATTACHMENT F

**Disclosure to Seller with Voluntary, Arm's Length Purchase Offer
DECLARATION**

This is to inform you that _____ would like to purchase the property, located at _____, if a satisfactory agreement can be reached. We are prepared to pay \$_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, _____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: _____ . If you have any questions about this matter, please contact _____ at _____.

Sincerely,

Title

Buyer

Date

Buyer

Date

Form continues on next page with Seller's Acknowledgment

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Page 2)

Acknowledgement

As the Seller I/we understand that the _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

Vacant at least 3 months; Owner-occupied; New; or Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose to withdraw or not to withdraw, from the Purchase Agreement.

Seller

Date

Seller

Date

ATTACHMENT G
CITY OF YUBA CITY

INSTRUCTIONS TO HOMEBUYER

- A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.
- B. After consultation with Program Operator regarding approved bedroom and bathroom maximums (always 3 bedrooms and 2 bathrooms unless overcrowding justifies more to be approved), participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. The HOME Program allows only homes vacant for three months or more prior to the date of the purchase offer, unless the current tenant is purchasing the home or the seller has been the only occupant during those three months.
- C. Participant selects home and enters into a purchase contract (contingent upon receiving Program loan approval). Lender provides the Program Operator with a copy of:
 - real estate sales contract
 - residential loan application and credit report
 - verified income documentation
 - disclosure statement
 - proof of personal funds for participation in program
 - breakdown of closing costs
 - structural pest control clearance
 - appraisal with photos and preliminary title report
- D. Program Operator reviews paperwork to determine program eligibility and financing affordability for participant.
- E. Program Operator staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and homeownership responsibilities.
- F. Program Operator has home inspected to document health & safety and code compliance. Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.
- G. Program Operator requests loan approval from Sponsor's Loan Review Committee. Following loan approval, Program Operator prepares Deed of Trust, Promissory Note, Request for Notice of Default, Grant Agreement, Owner-Occupant Agreement with City, and Escrow Instructions, and requests check and deposits same into escrow.
- H. Escrow company furnishes Program Operator with proof of documents to be recorded, and any escrow closeout information. After receipt of recorded loan documents, Final escrow Settlement Statement, Insurance Loss Payee Certification and Final Title Insurance Policy (Program Operator) closes out the loan file.

**ATTACHMENT H
LEAD-BASED PAINT**

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:		No LBP found or LBP exempt <input type="checkbox"/>	
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found <input type="checkbox"/>	
Attachment A: Summary where deteriorated paint was found.	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.	
Date of Presumption Notice:	
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/>	
Attachment B: Summary of Presumption:	

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types.	
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity		
Printed Name:	Signature:	Date:

Section 6: Contact Information		Organization:	
Contact Name:		Contact Signature:	
Date:	Address:	Phone:	

ATTACHMENT I

Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

Document Name	Purpose	✓
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Disclosure Form	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.	

This was taken from the HUD Website at:

http://portal.hud.gov/hudportal/documents/huddoc?id=20264_leadcompliance.doc

ATTACHMENT 2

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A SUBRECIPIENT AGREEMENT
WITH HABITAT FOR HUMANITY YUBA/SUTTER FOR THE ADMINISTRATION OF THE
CITY'S HOUSING LOAN PROGRAMS**

WHEREAS, the City is a recipient of HOME, CalHOME, and CDBG funding for the First-Time Homebuyer and Owner-Occupied Housing Rehabilitation programs; and

WHEREAS, the City's previous Housing Loan administrator no longer provides these services; and

WHEREAS, Habitat for Humanity Yuba/Sutter is currently the administrator of these programs for other local jurisdictions and has the experience and familiarity with the City's programs to act in this same capacity for the City of Yuba City.

NOW, THEREFORE, be it resolved by the City Council of the City of Yuba City that the City Manager is authorized to enter into the proposed Subrecipient Agreement, subject to its material terms and subject to approval as to legal form by the City Attorney, with Habitat for Humanity Yuba/Sutter for the administration of the City's Home Loan Programs as it is in the best interest of the City.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on September 20, 2022, by the following vote:

AYES:

NOES:

ABSENT:

Dave Shaw, Mayor

ATTEST:

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY:

Shannon Chaffin, City Attorney

Aleshire & Wynder, LLP