

CITY OF FORT BRAGG

COMMUNITY DEVELOPMENT BLOCK GRANT

HOUSING REHABILITATION

LOAN PROGRAM GUIDELINES

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CITY OF FORT BRAGG COMMUNITY DEVELOPMENT BLOCK GRANT HOUSING REHABILITATION PROGRAM GUIDELINES

1.0 GENERAL

The City of Fort Bragg (“City”) has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer a Community Development Block Grant (CDBG) Housing Rehabilitation Program. The Rehabilitation Program described herein and hereinafter referred to as the “Program” is designed to provide assistance to eligible owners for correction of health and safety items, as well as code violations, for residences located within the Program’s eligible area. The Program’s eligible area, further described in [Section 3.1](#), is areas within the city limits of Fort Bragg. The Program provides this assistance in the form of loans used to finance the cost of necessary repairs that will provide the owner with a healthy, safe, sanitary and code-compliant home, referred to herein as the “housing unit”. The Program will be administered by the City, hereinafter referred to as the “Program Operator.” The City may select a subrecipient or sub-contractor to administer the program. The Program Operator is responsible to execute all Program activities in compliance with the adopted policies, procedures, and applicable HCD regulations. All policies contained herein become effective on the date of adoption of these Program Guidelines by City Council.

1.1 Conflict of Interest

When the City’s program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 will be followed.

No member of the governing body of the City of Fort Bragg and no other official, employee, or agent of the City government who exercises policy, decision-making functions, or responsibilities in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program, unless the application for assistance has been reviewed and approved according to applicable California Department of Housing and Community Development (HCD) guidelines. This ineligibility shall continue for one year after an individual's relationship with the City ends.

A licensed 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 Construction Supervisor to be part of the scope of work. Owner/builders are not reimbursed for labor. The City reserves the right to determine if the owner is capable of owner/builder rehabilitation work.

1.2 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 Program Operator will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

A. The Fair Housing Lender and Accessibility

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 E](#). Flyers or other outreach materials, in English, Spanish, and any other language that is found to be the primary language of a significant portion of the area residents, may be widely distributed in the City and will be provided to local social service agencies. The Program may sponsor homeownership education classes to help educate owners about credit, budgeting, predatory lending, foreclosure prevention and home maintenance, as well as future responsibilities.

B. Section 504 of the Rehabilitation Act of 1973

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 Operator will take appropriate steps to ensure effective communication with disabled owners, residents and members of the public.

1.3 Application Process and Selection

A. Waiting List

The Program Operator will utilize a waiting list. In response to an owner's request, the owner will be placed on the waiting list. Owners are offered the

opportunity to qualify for assistance by waiting list priority (a first-come, first served basis).

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

If the waiting list is exhausted, or at any time the City wishes to increase the applicant pool, the Program will be marketed in accordance with the City's Marketing Plan ([Attachment E](#)).

B. Application/Interview

An application packet is provided to the owner for completion and submittal to the Program Operator, along with supporting documentation. Applications are deemed complete if all requested information is provided. Incomplete applications may be returned to the owner with a letter detailing the additional information needed. Completed applications are date stamped on the day of receipt by the Program Operator.

An interview is then scheduled with the owner regarding participation in the Program. At the briefing the Program is fully explained; application forms and documents are reviewed. Verifications are obtained for income, assets, employment, benefits, and mortgage. Once eligibility has been confirmed, 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 City reserves the right to deny assistance to the household. In this case, the owner may re-apply after six months have elapsed from the time of written assistance denial.

C. Household Selection

Owners selected for participation in the Program are those determined eligible upon completion of processes described in Sections 1.3.A and 1.3.B above.

D. Initial Inspection/Work Write-Up/Estimate

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

properties for participation in the Program, and to identify any code-related and health and safety deficiencies which should be corrected.

If the housing unit is a pre-1978 unit, the initial inspection may 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 (Sections [8.1.E](#) & [8.1.F](#)) and cleared by a certified LBP inspector/assessor. Refer to the CDBG Grant Management Manual, Chapter 20, Lead-Based Paint Requirements, for guidance.

Measurements and observations on the housing unit will be noted, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter when required by code, etc.). As needed, a floor plan and site plan will be drawn for the housing unit, including all appurtenances.

Findings are noted on an inspection form, and used by the Program Operator to prepare the work write-up, cost estimates, and eventually, the bid package. The Owner must approve the work write-up prior to release of the bid package for contractor bids.

E. Bid Solicitation

After the Owner's approval of the work write-up has been documented, the Program Operator prepares and advertises the bid package and schedules a bid walk-through date and time. The Program Operator will receive and review bids for responsiveness. The Owner selects the contractor. The Owner is not required to select the lowest bid.

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 Insurance to the extent required per current City guidelines (currently, up to \$2,000,000 per occurrence) prior to issuance of building permits.

The Program Operator determines eligibility of the contractor by contacting the State Contractors License Board and checking the Federal List of Debarred Contractors. Once determined eligible, the contractor is then notified of provisional award of bid (pending loan approval).

F. Loan Request/Approval

A Loan Proposal is prepared on behalf of the owner by the Program Operator. The Loan Proposal amount includes the cost of construction, a contingency fund, and other project costs listed in [Section 8.3](#). A Loan Committee meeting is scheduled to consider/review the loan request. [Section 1.4](#) 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 the Owner, Contractor, and Program Operator. The Program Operator reviews the Construction Contract, including the work write-up, start date, pay schedule, and date of completion, with the owner and contractor. The construction contract is executed by the Owner and Contractor. A Notice to Proceed is issued by the Program Operator once all insurance documentation has been received, and must be signed by Program Operator, Owner, and Contractor before work can commence.

H. Start-Up/Field Inspections

The owner agrees the housing unit will be available during reasonable hours to the contractor for the performance of rehabilitation work and to the Program Operator for construction monitoring.

The Program Operator monitors construction progress and performs field inspections on a regular basis in order to check the scope of work, inspect materials, and to confirm the job is on schedule and within budget.

The Program Operator reviews the work status with the Owner and Contractor in order to remedy any developing problems quickly and to ensure all parties are satisfied with the construction process. At the completion of each phase, the Program Operator inspects the work and the Owner 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 Owner or Contractor 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 must be signed by the contractor and owner, and submitted to the Program Operator for approval. The Change Order will state the change and dollar value for the change. If the Change Order results in a total cost that exceeds the approved financing, the Owner will be asked to provide additional funds or a report and request for additional funds may be presented to the Loan Committee for approval.

J. Progress Payments

Ninety-five percent (95%) of the contract amount is distributed to the Contractor in the form of progress payments during construction. The final five percent (5%) of the contract amount is set aside as retention and released thirty-five (35) days after recording the Notice of Completion. The contractor requests a progress payment from the Owner and notifies the Program Operator of what they have done so far. Upon favorable inspection by the Owner, Program Operator, and/or local building department, the payment authorization is signed by the Owner and submitted to the Program Operator 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 Owner and Contractor. The local building department also performs a final inspection to review permitted items. Any corrections or deficiencies are noted and corrected by the Contractor. Upon favorable final inspections, final payment, excluding five percent (5%) retention, is issued. A Notice of Completion is then prepared, signed by the owner, and recorded. Thirty-five (35) days after the Notice of Completion is recorded, retention may be released to the Contractor by the Program Operator.

1.4 Loan Process

The City's Loan Review Committee must review and approve all loans and grants. The Loan Review Committee may approve assistance with 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 improvements and where clear and convincing documentation exists, justifying why the exception is needed. The Loan Review Committee has the authority to approve or deny any discretionary requests by the applicant. The Loan Review committee shall submit all recommendations to the City manager for final authorization and signature.

In order to obtain financing, owners must meet all property and eligibility guidelines in effect at the time the application is considered. Owners are provided written notification of approval or denial.

2.0 APPLICANT ELIGIBILITY

2.1 Applicants

The Program allows for Owner-Occupied and Owner-Investor/Tenant Occupied housing units to participate. Qualification of owners is determined by the Program Operator according to the following guidelines:

A. Owner-Occupant

To be eligible, the applicant must be the owner and occupant of the housing unit to be rehabilitated. The Owner must certify the property is not being offered for sale and is the Owner's primary residence ([Attachment K](#)). A photocopy of a recent utility bill is an example of a document that can verify proof of occupancy.

B. Owner-Investor

To be eligible, the applicant must be the owner of the housing unit to be rehabilitated. The owner must certify the property is not being offered for sale.

2.2 Income Limits

All owners must certify that they meet the household income eligibility requirements for the applicable Program. Household income must be documented. The income limits in place at the time of loan approval will apply when determining owner income eligibility. The entire household must have incomes at or below 80% of the area median income (AMI), adjusted for household size, as published by HCD each year ([Attachment C](#)).

Household: Means one or more persons who will occupy a housing unit. Unborn children count 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.

The link to the official HCD-maintained income limits for CDBG-funded Programs is: <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

A. Owner-Occupied Requirements

Owner-Occupant: To be eligible, household income must be equal to or less than the applicable HCD income limits. Income documentation is required. Refer to Income Inclusions and Exclusions ([Attachment A](#)) for further guidance to the types of incomes to be included or excluded when calculating gross annual income. Refer to Asset Inclusions and Exclusions ([Attachment B](#)) for further guidance to the types of assets to be included or excluded when calculating gross annual income.

Owner-occupant's 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-occupant has a mortgage, it is verified all payments are current and no late payments have been received in the past twelve months.

B. Owner-Investor Requirements

Owner-Investor: There are no restrictions on the income of the owner-investor unless the owner-investor is a member of a low-moderate income household and is interested in qualifying for a reduced interest amortized or Deferred Payment Loan (DPL). See Section [5.5.B.1](#).

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 housing unit to be rehabilitated it is verified all payments are current and no late payments have been received in the past twelve months.

C. Tenant Requirements

Tenant: If a rental is currently occupied, the tenant's household income must be equal to, or less than, the applicable HCD income guidelines. Tenant will be asked to cooperate by providing income documentation. Refer to Income Inclusions and Exclusions ([Attachment A](#)) for further guidance to the types of incomes to be included or excluded when calculating gross annual income. Refer to Asset Inclusions and Exclusions ([Attachment B](#)) for further guidance to the types of assets to be included or excluded when calculating gross annual income.

2.3 Income Qualification Criteria

Projected annual gross income of the household will be used to determine whether the household is above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance, will be followed to independently determine and certify the household's annual gross income. Income will be verified by reviewing and documenting documents such as tax returns, copies of wage receipts, subsidy checks, bank statements and third party verification of employment forms sent to employers. All documentation will be dated within six months prior to loan closing, 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 this income level will be used to determine Program eligibility. For income counted, gross amounts (before any deductions have been taken) are used; the types of income not considered are the income of minors or live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected income must be used, rather than past

earnings, when calculating income. See [Attachment A](#): CDBG 24 CFR Part 5 Annual Income Inclusions and Exclusions.

The web link to Annual Income Inclusions and Exclusions for CDBG funded activities is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc

B. Assets:

There is an asset limitation for participation in the Program of \$100,000 excluding homeowner equity and retirement accounts. Income from assets is also 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 saving’s account – not the asset value, that 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.

The web link to Asset Inclusions and Exclusions for CDBG funded activities is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

3.0 PROPERTY ELIGIBILITY

3.1 Location

For all CDBG Housing Rehabilitation projects, whether funded with current grants, Program Income and/or Recaptured Funds, the target area is all areas within the City limits.

3.2 Conditions

- A. No housing unit will be eligible if it is currently occupied by an over-income household or does not meet the eligibility standards outlined in these guidelines. To prevent owners from evicting ineligible tenants before applying to a CDBG-funded Program, the owner must certify that no tenant has been forced to move without cause during the previous six months.

- B. Housing units must be located within City limits as specified in [Section 3.1](#).
- C. The property must contain a legal residential structure intended for continued residential occupancy. Housing units eligible for rehabilitation include: single-family homes, multi-family units with no more than four units, and manufactured or modular homes.
- D. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. The Program Operator may also require the elimination of any code deficiencies. 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 the Program Operator when CDBG funds are used.

3.3 Notification and Disclosures

- A. Occupants of housing 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 J-1](#)).

3.4 Anti-Displacement Policy and Relocation Assistance

Applicants 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 homeowners may be eligible to receive payment for temporary housing, payment for moving and related expenses and appropriate advisory services as detailed in the City's "Owner Occupied Residential Anti-Displacement and Relocation Assistance Plan" ([Attachment F](#)). Relocated tenants are eligible to receive payment for increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the City's "Tenant Occupied Residential Anti-Displacement and Relocation Assistance Plan" ([Attachment G](#)).

An Owner Investor may be eligible for a loan for the cost of rehabilitation work needed to comply with Section 8 Housing Quality Standards. If a rental is currently

occupied, the Tenant's household income must be equal to or less than the income limits.

3.5 Appraisal

- A. The after-rehabilitation value for rehabilitation projects is determined by a licensed appraiser or by other reasonable method that includes at least two reliable appraisal sources, as approved by the City. For rehabilitation projects, the contractor's bid specifications are to be added to the appraised value to determine after-rehabilitation value of the unit. If applicable, the cost of the appraisal will be combined into the loan assumed by the owner.

4.0 LOAN REVIEW COMMITTEE

4.1 Purpose

The Loan Review Committee's function is to review and act on by approving, conditionally approving, or denying applications recommended by the Program Operator for financing and to forward its recommendations to the City Manager for final review and approval, conditional approval, or denial.

4.2 Composition

The Loan Review Committee will consist of the City Finance Director or designee; the City Community Development Director or designee, and up to three members of the community, to be appointed by the City.

4.3 Meetings and Action

The Loan Committee will meet as necessary to review and act on applications. A quorum will exist and all minutes are recorded. A quorum is a simple majority of the then appointed committee. Action of the Loan Committee will be by majority vote.

5.0 LOAN CONDITIONS AND TERMS

In order to obtain financing, the owners must meet all property and eligibility guidelines required by the Program that are in effect at the time of loan approval.

5.1 Maximum Amount of Program Assistance

Eligible owners may qualify for the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances. The maximum loan amount for rehabilitation/reconstruction will not normally exceed \$120,000. Loan amounts exceeding \$120,000 may be authorized in extenuating circumstances as funds are available.

If a project requires more funding than the maximum amount of assistance available from the Program, the owner may finance the remaining amount of the project costs with personal financing and/or other loan or grant funds, if other Program qualifications are met.

5.2 General Lending Criteria and Procedures

General underwriting procedures will be used to evaluate owners for financial assistance, which include:

- A. The ability and willingness of an owner to repay a loan, as well as all existing liabilities, as evidenced by income, credit history, necessary monthly expenses, and stability of income sources.
- B. The economic feasibility of rehabilitation such that a reasonable expenditure of funds enables the correction of all major health and/or safety related items and an adequate amount of collateral is provided for the loan.

5.3 Qualifying Ratios

The owner's "**front-end**" ratio may be between 25% and 40% and is calculated as the percentage of an owner's gross monthly income (before deductions) that would cover the cost of PITI (loan principal and interest payment + property taxes + property insurance).

The "**back-end**" ratio may be between 30% and 50% and is the percentage of an owner's gross monthly income (before deductions) that would cover the cost of PITI plus any other monthly debt payments like car or personal loans and credit card debt.

Qualifying ratios are only a rough guideline to be used in determining an owner's credit-worthiness. Many factors such as credit history and loan amounts will influence the decision to approve or disapprove a particular loan. The owner's credit history will be reviewed by the Program Operator and used to develop the Loan Proposal for presentation for approvals, and documentation will be maintained in the project file.

5.4 Affordability Parameters

Total indebtedness on the housing unit's title will not exceed 100 percent of the after-rehabilitation value as determined by an appraisal as described in [Section 3.5.A](#). The after-rehabilitation value will be determined prior to making a commitment of funds using the method outlined in [Section 3.5](#).

5.5 Rates and Terms

A. Owner-Occupants

1. Determining Eligibility

If a low-moderate income owner-occupant is determined to be eligible, the owner-occupant may receive a Deferred Payment Loan (DPL). The rate and term of the loan is based on the owner-occupant's annual income.

If a low-moderate income owner-occupant is determined to be eligible, the owner-occupant may receive a grant ([Section 5.6](#)).

2. Loans

a. Household is 50% and Below of Area Median Income

Owner-occupants qualifying under this income limit are eligible for a zero percent (0%) interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement, fully amortized over thirty years.

b. Household is 60% and Below of Area Median Income

Owner-occupants qualifying under this income limit are eligible for a one percent (1%) interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement, fully amortized over thirty years. However, if applicants cannot meet qualifying ratios, a deferred payment loan at 1% interest may be recommended

c. 80% and Below of Area Median Income

Owner-occupants qualifying under this income limit are eligible for a two percent (2%) interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement fully amortized over thirty years. However, if applicants cannot meet qualifying ratios, a deferred payment loan at 2% interest may be recommended

B. Owner-Investors

1. Determining Eligibility

If a low mod owner-investor is determined to be eligible, the owner-investor may receive an amortized loan.

If a qualifying low-moderate income owner-investor is determined to be eligible, the owner-investor may receive a DPL. The rate and term of the loan will be based on the owner-investor's annual household income.

If a low-moderate income owner-investor is determined to be eligible, the owner-investor may qualify for a grant ([Section 5.6](#)).

2. Loans

a. Household is 50% and Below Area Median Income

Owner-investors qualifying under this income limit are eligible for a one percent interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement, fully amortized over thirty years. However, if applicants cannot meet qualifying ratios, a deferred payment loan at 1% interest may be recommended.

b. Household is 60% and Below Area Median Income

Owner-investors qualifying under this income limit are eligible for a two percent interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement fully amortized over thirty years. However, if applicants cannot meet qualifying ratios, a deferred payment loan at 2% interest may be recommended.

c. Household is 80% and Below Area Median Income

Owner-investors qualifying under this income limit are eligible for a three percent interest loan, evidenced by a promissory note and secured by a deed of trust/security agreement, fully amortized over thirty years. However, if applicants cannot meet qualifying ratios, a deferred payment loan at 3% interest may be recommended.

d. Household is Above Area Median Income

Owner-investors above the income limit are eligible for a fully amortized loan, at up to five percent interest (5%), evidenced by a promissory note and secured by a deed of trust/security agreement, with a maximum term of thirty years. Owner-investors with household incomes above AMI must match loan amounts with an equal contribution by Owner.

5.6 Grants

- A. The maximum grant amount is \$10,000 per household and is only offered as funds are available, on an individual needs basis, and for the following activities:

1. Senior Citizen Grant Program. Very Low income senior citizens (62 years of age) may apply for a one-time grant to make repairs to their home.
2. Disabled Person Access and ADA Grant. Very Low income Senior Citizens (62 year of age) or disabled persons may apply for a one-time grant for accessibility improvements. The necessity for such improvements must be supported by appropriate written notification from a physician, referring social service agency, or a similar outside authority familiar with the living situation. Receipt of Social Security Disability or Supplemental Security Income can also be used as verification of disability.
3. Removal of environmental hazards. Grants may be available for any activities necessary for the removal of environmental hazards. These hazards may include but are not limited to lead-based paint mitigation, asbestos, mold, and chemical contamination. Total grant amount for this activity will be determined on an individual needs basis and is not subject to the maximum grant amount in [Section 5.6.A](#).
4. Emergency Repairs. Grants may be provided for emergency repairs for Very Low income households. Grants may also be provided for emergency repairs for qualifying low and moderate income households that do not qualify for the program due to lack of excess loan-to-value ratios.

5.7 Agreements

A. Grant Agreement

An owner participating in the Program that qualifies for a grant is required to sign a Grant Agreement. This agreement is kept on file by the City.

Rehabilitation grants are targeted to homeowners that plan to maintain their residence in the rehabilitated unit for a period of at least five (5) years. Grant recipients changing residency or changing title to the unit rehabilitated with grant funds within five (5) years of the grant date will be required to refund the grant to the Program according to the following schedule:

Change of residency or title of rehabilitated unit changes within:

- 1 year = 100 percent refunded
- 2 years = 80 percent refunded
- 3 years = 60 percent refunded
- 4 years = 40 percent refunded
- 5 years = 20 percent refunded

Should title of the residence change to a household that is qualified to also obtain a Housing Rehabilitation Grant as specified under the Program Guidelines, the grant and its remaining term may be transferred to said household upon review

of qualifications and certification of eligibility. If a home owner has received an emergency grant from the Program and later qualifies for a Housing Rehabilitation loan, the remaining grant balance may be converted into a loan and combined with newly issued rehabilitation loan.

B. Loan Agreement

An owner participating in the Program who qualifies for a loan is required to sign a loan agreement, which is kept on file by the City.

C. Maintenance Conditions (included in Deed of Trust)

An owner participating in the Program who qualifies for a loan or grant must agree to maintain the housing unit at post rehabilitation conditions, excluding normal wear and tear, for the life of the loan. This condition is listed in the Deed of Trust.

D. Rent Limitation Agreement (RLA)

An owner-investor who elects to rehabilitate a rental unit must sign an RLA, which is recorded and kept on file. Adherence to the Rental Limitation Agreement will be for the life of the loan, starting from the date of Notice of Completion. This agreement shall 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 thirty percent of the eighty percent of the County's area median income for the appropriate household size in that unit. Owner-investors shall affirmatively seek low and moderate income households. Where such contact does not result in eligible low-moderate income tenants, the owner-investor shall contact the Program Operator for guidance.

3. Base Rent - Occupied Unit

If the house is occupied, rent charges shall not exceed thirty percent of the existing tenants' household income; or, where, before rehabilitation, rents already exceed thirty percent of the existing tenants' income, no rent increases shall be allowed which provide for rents plus utilities over thirty percent of the tenants' income.

4. In every case of a proposed rent increase, the tenants affected by such increase shall receive written notice of the amount of increase at least sixty days prior to the proposed date of increase.

E. Repayment Agreement: Promissory Note

All owners participating in the Program who receive a loan are required to sign a repayment agreement in the form of a Promissory Note. This agreement is kept on file.

F. Security Agreement: Deed of Trust

All owners participating in the Program who receive a loan are required to sign a security agreement in the form of a Deed of Trust, which is recorded and copies of which are kept on file.

G. Terms

Failure to comply with the above terms, conditions, and agreements may result in the loan and/or grant becoming due and payable, and if necessary, foreclosure proceedings will be instituted.

5.8 Loan Security

- A. Loan security for all housing units 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 City.
- B. 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 Security Agreement and will also include a Promissory Note and Loan Agreement in favor of the City.
- C. Under certain circumstances, the City may consider subordinating a loan to a senior lien holder(s).

5.9 Insurance

A. Fire Insurance

The owner will maintain fire insurance on the property for the duration of the loan. This insurance must be in an amount adequate to cover all encumbrances on the title. The insurer must identify the City as loss payee if the loan is in first position or additional insured if the loan is in second position. A binder must be provided to the Program Operator.

In the event the owner fails to make the fire insurance premium payments in a timely fashion, the Program Operator may make such payments for a period not to exceed 60 days. The Program Operator may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Program Operator make any payments, it may add such payments to the principal amount that the owner is obligated to repay the City.

B. Flood Insurance

When a housing unit is located in a 100-year flood zone, the owner must maintain flood insurance on the property for the duration of the loan. This insurance must be in an amount adequate to cover all encumbrances on the title. The insurer must identify the City as loss payee if the loan is in first position or additional insured if the loan is in second position. A binder must be provided to the Program Operator. A binder must be provided to the Program Operator.

In the event the owner fails to make the flood insurance premium payments in a timely fashion, the Program Operator may make such payments for a period not to exceed 60 days. The Program Operator may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Program Operator make any payments, it may add such payments to the principal amount that the owner is obligated to repay the City.

5.10 Property Taxes

The owner will sustain current property taxes for the duration of the loan. In the event the owner fails to make property tax payments, the Program Operator, may make such payments plus any penalties. Should the Program Operator make any payments, it may add such payments and penalties to the principal amount that the owner is obligated to repay the City.

6.0 RESIDENCY REQUIREMENTS

6.1 Owner-Occupied

- A. Continued residency is monitored annually by the Program Operator for the term of the loan. Occupancy is 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.

- B. In the event the owner sells, transfers title, or discontinues residence in the rehabilitated housing unit for any reason, the loan becomes due and payable, unless the following conditions are met:

Upon death of the owner, an heir who resides in the rehabilitated housing unit and is income eligible may be permitted, upon approval of the Program Operator, to assume the loan, at the rate and terms the heir qualifies for under the current Program guidelines.

Upon death of the owner, an heir who does not reside in the rehabilitated housing unit and/or is not income eligible may not be permitted to assume the loan, and the balance of the loan is due and payable.

- C. If the owner converts the housing unit to a rental unit, the loan is due and payable unless the loan was financed by a CDBG-funded Program; the tenant is income eligible; and an RLA is executed, that complies with the eligibility requirements as described in Section 6.2 below.
- D. If the owner converts the housing unit to any commercial or non-residential use, the loan is due and payable.

6.2 Owner-Investor

- A. Continued tenant residency is monitored by the Program Operator for the term of the loan. Upon change of occupancy in tenants, in order to recertify the rental limitation agreement, owner-investors must submit the following:
 - 1. A written list of the new current occupants' name and monthly rents; and
 - 2. Proof of tenant's income.
- B. In the event the owner sells or transfers title of the rental unit for any reason, the loan is due and payable.
- C. The owner may convert a rental unit to their personal residence if all these conditions exist: proof is provided that the previous tenant was not evicted without cause, they are income eligible, and have received approval from the Program Operator.
- D. In the event the owner converts the rental unit to their personal residence, but is not income eligible, the loan is due and payable.
- E. In the event the owner wants to convert the rental unit to any commercial or non-residential use, the loan is due and payable.

- F. 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 to the Program, the owner must certify that no tenant has been forced to move without cause during the previous six months.

7.0 LOAN SERVICING AND MAINTENANCE

7.1 Payments

Owners are required to make monthly payments as specified in the promissory note.

7.2 Receiving Loan Repayments

- A. Program loan payments will be made to:

City of Fort Bragg
416 North Franklin Street
Fort Bragg, CA 95437

- B. The Program Operator is the receiver of loan payments or recaptured funds and maintains a financial record-keeping system to record payments and file statements on payment status. Payments are deposited and accounted for in the City's appropriate Program Income Account. The Program Operator will accept loan payments from owners prepaying deferred loans, from owners making payments in full upon sale or transfer of the property, and from owners making regular payments on an amortized loan. All loan payments are payable to the Program Operator. The Program Operator 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. The record keeping system does not replace the City financial system.

7.3 Loan Servicing Policies and Procedures

See [Attachment H](#) for the City's Loan Servicing Policies and Procedures. While the attached policy outlines a system that can accommodate a crisis that restricts an owner's repayment ability, it should in no way be misunderstood. The Program Operator acknowledges that circumstances beyond an owner's control may temporarily limit repayment ability. In cases of death of a family member, loss of job, divorce or major illness the loan terms may be modified. Program loans are to be repaid and the City is willing to pursue all legal means necessary to ensure the repayment of a delinquent loan.

7.4 Loan Monitoring Procedures

Owners are required to submit to the Program Operator annually for the term of the loan the following items:

- A. Proof of occupancy in the form of a copy of a current utility bill;
- B. Statement of unit's continued use as a residence;
- C. Verification property taxes are current; and
- D. Verification of current required insurance policies.
- E. If required per loan documents, verification of current income.

7.5 Default and Foreclosure

If an owner defaults on a loan, and foreclosure procedures are instituted, they will be carried out according to the City's Foreclosure Policy, attached to these guidelines as [Attachment I](#).

7.6 Subordinations

The Program Operator will not approve a request to subordinate a Program loan.

8.0 CONSTRUCTION

8.1 Standards

- A. All rehabilitation will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. The priority will be the elimination of health and safety hazards. The Program Operator may also require elimination of code deficiencies. Section 8 Housing Quality Standards may be required on rental units. However, if certain components of the housing unit are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components.
- B. Contracting Process
- C.
 - 1. To the extent practical, contracting will be done on a competitive basis.
 - 2. The owner is the responsible agent.
 - 3. The City does not warrant any construction work or provide insurance coverage.

D. Approved Contractors

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

E. Sweat Equity Labor

Owners may participate in the rehabilitation of their housing unit by providing sweat equity labor provided they are qualified and able to perform the given task.

F. Lead Paint

1. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in [Section 3.3](#).
2. Units constructed prior to 1978 will also be inspected according to the following HUD regulations. For CDBG-funded Programs please refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.
 - a. If the total amount of Federal assistance or the total amount of rehabilitation hard cost is up to and including \$5,000, ([Attachment J-2](#)) the following is required:
 - 1) Paint testing or presume LBP;
 - 2) Clearance of disturbed work areas; and
 - 3) Notifications listed in [Section 3.3](#).
 - b. 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, ([Attachment J-3](#)) the following is required:
 - 1) Paint testing or presume LBP;
 - 2) Risk assessment; and
 - 3) 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.

- c. If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$25,000, ([Attachment J-4](#)) the following is required:
 - 1) Items 1), 2), and 3) of b. above;
 - 2) Abatement of all LBP hazards identified or produced;
 - 3) Use of interim controls on exterior surfaces not disrupted by rehabilitation; and all notices listed above in [Sections 3.3](#) and [8.1.F.2](#).
- d. 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.

8.2 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 housing unit 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. Reconstruction is defined as the demolition and construction of a housing unit. The 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,

The housing unit to be reconstructed must contain cooking, eating, sleeping, and sanitation facilities; and has been legally occupied as a residence within the preceding 12 months. Fifth wheels or recreational vehicles, for example, are not considered housing units and therefore are not eligible.

One-for-one replacements requires the housing unit to be demolished must be replaced with a similar unit (replace manufactured housing with manufactured

housing, for example). However, additions may be approved by the Program when required by codes/ordinances or to alleviate overcrowding ([Attachment D](#)).

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 housing unit.
- 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. Rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the Program Operator for the actual costs of services rendered to the owner 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 housing unit, 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 a dilapidated housing unit when it is a part of reconstruction. 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 overcrowding guidelines listed in [Attachment D](#). The Program will not fund additions to a home for a den or family room, or for any luxury items.

5. General Property Improvements

Eligible costs include, but are not limited to, installation of a woodstove, refrigerator, and/or dishwasher.

All improvements must be physically attached to the housing unit and permanent in nature. Non-code property improvements will be limited to 15 percent of the loan amount. Any cash contribution by the owner is considered a general property improvement and included in this percentage. Luxury items are not permitted and may include but are not limited to: hardwood floors, hot tubs, whirlpool baths, steam showers, fireplaces, washing machines, and dryers. Items such as refrigerators, cook stoves and dishwashers that are not built-in may be replaced due only to incipient failure or documented medical condition of the owner, 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.

8.3 Eligible Project Costs

Project costs for all expenses related to the paperwork for processing and insuring a loan application include:

- Appraisal
- Property Report/Title Insurance
- Building Plan
- Termite Report

- Lead Paint Testing
- Land Survey
- Grading Plan
- Recording Fees
- Fire/Course of Construction Insurance
- Flood Insurance
- Disposal Bin
- Storage

Costs are based on charges currently incurred by the City, or its Program Operator, for these products and/or services. Any cost increases charged to the City/Program Operator for these products and/or services will be passed on to the owner and included in the loan when permitted. All fees are subject to change and are driven by the market.

8.4 Repair Callbacks

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

9.0 EXCEPTIONS AND SPECIAL CIRCUMSTANCES

9.1 Amendments

The City may make amendments to these Program Guidelines. Any changes made will be in accordance with federal and state regulations, will be recommended by the City's Loan Committee, approved by the City Council and submitted to HCD.

9.2 Exceptions

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

A. Procedures for Exceptional Circumstances

The City or its Program Operator may initiate consideration of an exception and prepare a report. This report will contain a narrative, including the City's/Program Operator's recommended course of action and any written or verbal information supplied by the owner.

The City will make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the City's Loan Committee and/or City Council for decision.

10.0 DISPUTE RESOLUTION AND APPEALS PROCEDURES

10.1 Program Complaint and Appeal Procedure

Complaints concerning the City's Program should be made to the Program Operator first. If unresolved in this manner, the claimant may submit a written appeal to the Appeals Board. This appeal should detail the problems of which occurred and any actions desired by the claimant to resolve the issues. The Appeals Board will hold a private hearing that pertains to the submitted appeal unless the claimant waives their right to a private hearing. All appeals will receive a written response from the Appeals Board within fifteen working days of the hearing. A final written appeal may be filed with HCD within one year after denial or the recording date of the notice of completion.

A. Appeals

Appeals of any program operator determination or loan committee decision can be brought to the City Council.

10.2 Grievances between Participants and Construction Contractor

Construction contracts signed by the contractor and owner 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."

11.0 ATTACHMENTS

The following documents are attached and form a part of these guidelines:

- A. [24 CFR Part 5 Annual Income Inclusions and Exclusions](#)
- B. [Part 5 Annual Income Net Family Asset Inclusions and Exclusions](#)
- C. [CDBG Income Limits for Fort Bragg](#)
- C-1. [City of Fort Bragg's Standards for Bedroom and Bathroom Additions](#)
- D. [City of Fort Bragg's Housing Rehabilitation Marketing Plan](#)
- E. [Owner-Occupied Residential Anti-Displacement and Temporary Relocation Plan](#)
- F. [Tenant Residential Anti-Displacement and Temporary Relocation Plan](#)
- G. [City of Fort Bragg's Loan Servicing Policies and Procedures](#)

- H. [City of Fort Bragg's Foreclosure Policy](#)
- I-1. [Lead-Based Paint Visual Assessment, Notice of Presumption, & Hazard Reduction Form](#)
- I-2. [Lead-Based Paint Rehabilitation Assistance under \\$5,000](#)
- I-3. [Lead-Based Paint Rehabilitation Assistance \\$5,000 to \\$25,000](#)
- I-4. [Lead-Based Paint Rehabilitation Assistance over \\$25,000](#)
- I-5. [CDBG Lead-Based Paint Housing Rehabilitation Matrix](#)
- J. [Certification of Occupancy](#)

ATTACHMENT A - 24 CFR PART 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

Part 5 Inclusions

This table presents the Part 5 income **inclusions** as stated in the Income Calculation and Determination Guide for Federal Programs (First Edition; July 2010).

General Category	Last Modified: July 2010
1. Income from wages, salaries, tips, etc.	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. Business Income	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 & Dividend Income	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 number 2 (above). 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. Retirement & Insurance Income	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 payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).
6. Welfare Assistance	Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are

	<p>included in annual income:</p> <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>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:</p> <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	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. Armed Forces Income	All regular pay, special day, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

Part 5 Exclusions

This table presents the Part 5 income **exclusions** as stated in the Income Calculation and Determination Guide for Federal Programs (First Edition; July 2010).

General Category	Last Modified: July 2010
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	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. Inheritance and Insurance Income	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 for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	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 Live-in	Income of a live-in aide (as defined in 24 CFR5.403).

Aides	
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. 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). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. 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. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training 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.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	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.
12. Income from	Earnings in excess of \$480 for each full-time student 18 years old or

<p>Full-time Students</p>	<p>older (excluding the head of household or spouse).</p>
<p>13. Adoption Assistance Payments</p>	<p>Adoption assistance payments in excess of \$480 per adopted child.</p>
<p>14. Social Security & SSI Income</p>	<p>Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.</p>
<p>15. Property Tax Refunds</p>	<p>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.</p>
<p>16. Home Care Assistance</p>	<p>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 this developmentally disabled family member at home.</p>
<p>17. Other Federal Exclusions</p>	<p>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 housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> • The value of the allotment provided to an eligible household under the Food Stamp Act of 1977; • Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments received under the Alaskan Native Claims Settlement Act; • Income derived from the disposition of funds to the Grand River Band of Ottawa Indians; • Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes; • Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program. • Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721); • The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court

	<p>and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</p> <ul style="list-style-type: none">• Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;• Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);• Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);• Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;• The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;• Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).• Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;• Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;• Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;• Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and• Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
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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 Income Calculation and Determination Guide for Federal Programs (First Edition; July 2010).

Statements from 24 CFR Part 5 – Last Modified: July 2010.

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.
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 - CDBG 2012 INCOME LIMITS FOR CITY OF FORT BRAGG**2012 Median Family Income for Mendocino County***

Number of Persons in Household								
Income Category	1	2	3	4	5	6	7	8
"30%" limit	\$12,150	\$13,900	\$15,650	\$17,350	\$18,750	\$20,150	\$21,550	\$22,950
"50%" limit	\$20,300	\$23,200	\$26,100	\$28,950	\$31,300	\$33,600	\$35,900	\$38,250
"60%" limit	\$24,360	\$27,840	\$31,320	\$34,740	\$37,560	\$40,320	\$43,080	\$45,900
"80%" limit	\$32,450	\$37,050	\$41,700	\$46,300	\$50,050	\$53,750	\$57,450	\$61,150

*Effective February 9, 2012. The City will update the income limits as HCD provides new information. The link to the official, HCD-maintained, income limits is:

<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

**ATTACHMENT D - 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 E - HOUSING REHABILITATION MARKETING PLAN

The City will continue market the Housing Rehabilitation Program in a manner that will reach all community members.

All marketing related to the Program will be publicized in English and Spanish to the maximum extent possible. All marketing materials will include information identifying the City’s commitment to fair housing laws and affirmative marketing policy and will be widely distributed. Equal opportunity will be emphasized in written materials and oral presentations. A record will be maintained by the City identifying what marketing materials are used, and when and where they are distributed.

Forms of marketing may include fliers, brochures, newspaper ads, articles, public service announcements, and web-based promotion. Fliers and brochures will 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 will be 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 may be offered to potential participants to explain Program requirements. Often, minimal formal outreach efforts will be required as the need for assistance generally exceeds funds available. However, marketing measures will be actively performed in order to maintain a healthy interest list.

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

MARKETING FORMS	MARKETING VENUES
Fliers Brochures Newspaper Ads and Articles Public Service Announcements Public Informational Meetings	Local Government Buildings Local Public Services Buildings Private Businesses Lending Agencies Real Estate Offices Newspaper Radio Mail Web/Internet

ATTACHMENT F - OWNER-OCCUPIED RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN

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 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 the Program 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 Fort Bragg (City) 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. The Plan will outline reasonable steps, which the City will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The City Council 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: CDBG; and such other grants as HUD may designate as applicable, which take place within the City's jurisdiction limits.

The City will provide permanent relocation benefits to all eligible "displaced" owner-occupied households which are permanently displaced by the Program. In addition, the City will replace all eligible occupied and vacant LOW MOD housing units demolished or converted to a use other than LOW MOD 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 City Programs/projects are implemented in ways consistent with the City'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 City will provide equal relocation assistance available 1) to each LOW MOD household displaced by the demolition or rehabilitation of the housing unit or by the conversion of a LOW MOD housing unit to another use as a direct result of assisted activities; and 2) to each separate class of LOW MOD occupants temporarily relocated as a direct result of activities funded by HUD programs.

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 City will take the following steps to minimize the displacement of persons from their housing units during housing rehabilitation or reconstruction funded by HUD programs:

- A. Provide proper notices with counseling and referral services to all homeowners so that they understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced households find alternate housing in the neighborhood.
- B. Stage rehabilitation of assisted households to allow owner-occupants to remain during minor rehabilitation.
- C. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
- D. 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.

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 occupants be present in work areas or designated adjacent areas while lead hazard control activities are taking place in any housing unit's interior, common area, or exterior.** As such, occupants may not be allowed to remain in their housing units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards is completed, and the unit passes clearance, the occupants can return. **The 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 to the Program:

- A. The work does not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
- B. The work is on exterior only and openings are sealed to prevent dust from entering the housing unit, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or
- C. The interior work is 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 housing unit; or
- D. The interior work is completed within five calendar days, the work site is contained to prevent the release of dust, the worksite and areas within ten 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 City believes that the project meets one of the above criteria, then proper documentation must be provided in the

project file to show compliance. It is up to the City to ensure that the owner-occupant in the project does not get impacted by lead paint mitigation efforts. In most cases where lead paint mitigation is taking place, occupants are 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.

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 housing unit is having lead based paint mitigation work done which will not make it safe to live in, then temporary relocation is required. In the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which does not allow the household to access a bath or kitchen facility, or if the housing unit is being demolished and reconstructed, then the occupants are required to relocate temporarily.

Owner-occupants are 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 ([Attachment G-1](#)) to document that the owner-occupant understands that they must relocate during the course of construction.

Rehabilitation Activities Requiring Permanent Displacement:

The Program does 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 Programs will consult with City'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 is 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.

Rehabilitation Which Triggers Replacement Housing:

If the 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, the City is required to replace those lost housing units. An example of this would be a duplex unit which is converted into a single family unit. In all cases where rehabilitation activities reduce the number of housing units in the jurisdiction, then the City must document that any lost housing 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 the Program where the existing housing unit is demolished and replaced with a housing unit equal in size without in loss number of units or bedrooms.)

Replacement housing is provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City to provide

funds for an activity that directly results in such demolition or conversion, the City makes this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submits to HCD or the appropriate federal authority the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and the approximate number of housing units by size (number of bedrooms) that are demolished or converted to a use other than LOW MOD housing units as a direct result of the assisted activity;
- C. A time schedule for the commencement and completion of the demolition or conversion;
- D. The location on a map and the approximate number of housing units by size (number of bedrooms) that are provided as replacement housing units;
- E. The source of funding and a time schedule for the provision of the replacement housing units;
- F. The basis for concluding that each replacement housing unit remains a LOW MOD housing units for at least 10 years from the date of initial occupancy; and,
- G. Information demonstrating any proposed replacement of housing units with smaller housing units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of LOW MOD households in the jurisdiction.

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

Record Keeping and Relocation Disclosures/Notifications:

The City maintains records of occupants of federally funded rehabilitated, reconstructed or demolished housing units from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable Program regulations. Each project, which dictates temporary or permanent or replacement activities, has 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 include reasonable advanced written notice of 1) the date and approximate duration of the temporary relocation; 2) the address of the suitable, decent, safe, and sanitary housing unit made available for the temporary period; 3) the

terms and conditions under which the applicant may lease and occupy a suitable, decent, safe, and sanitary housing unit.

Notices are 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) are provided with appropriate translation/communication. Each notice indicates the name and telephone number the person to be contacted for answers to questions or other needed help. The notice and process below is only for temporary relocation. If permanent relocation is involved then other sets of notices and noticing processes and relocation benefits are applied, reference HUD's Relocation Handbook 1378 for these forms and procedures. The Temporary Relocation Advisory Notices provided are as follows:

- A. Disclosure to Occupants of Temporary Relocation Benefits: This form is completed to document the City is following its adopted Plan for owner-occupants and tenants. See [Attachment G-1](#) for a copy of the disclosure form.
- B. Other Relocation/Displacement Notices: The above notice is required for temporary relocation. If the City 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 to ensure all the proper notices are provided for occupants permanently displaced as a result of the Program.

ATTACHMENT F-1 - DISCLOSURE TO OWNER-OCCUPANT OF TEMPORARY RELOCATION BENEFITS

Top to be completed at time of loan application submittal or Home Visit

Property Address: _____

The rehabilitation loan specialist working on behalf of the City of Fort Bragg’s Program Operator has explained the temporary relocation services and benefits available under the current rehabilitation program relocation plan.

I/we have been advised that the City rehabilitation construction specialist will inform me if I need to be temporarily relocated and will to assist me with scheduling any necessary moves and answer any questions about assistance as needed.

Acknowledged:

Occupant Signature

Date

Occupant Signature

Date

Complete this at time of acceptance of Work Write Up with initials by occupant

The rehabilitation construction specialist for the City of Fort Bragg’s Program Operator has explained the Rehabilitation Scope of Work for our house and I/we agree that it will:

- Not require I/we to be relocated. **(If initialed then STOP here and sign bottom.)**
- Yes, I/we need to be temporarily relocated. **(Complete rest of form if initialed.)**

Start date and duration of relocation:

- Starting on or about _____ we will move for all or part of the rehabilitation project.
- Approximate length of temporary relocation: _____ (number of days).

For temporary relocation. I/We elect to (check all that apply):

- Relocate with friends and family.
- Relocate into a suitable temporary housing unit identified by the ED staff.
- Relocate furnishings only into a temporary storage unit.
- Tenants I/We have been told what our relocation benefits are and elect NOT to be reimbursed for any eligible relocation expenses.
- Tenants I/We have been told what our relocation benefits are and want to be reimbursed for:

- Owner-Occupants I/We have been told and understand that I/we are not eligible for relocation expenses.

By signing occupant(s) acknowledge receipt of copy of this form:

Occupant Signature

Date

Occupant Signature

Date

ATTACHMENT G - TENANT-OCCUPIED RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN

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 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 the Program 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 Fort Bragg (City) 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. The Plan will outline reasonable steps, which the City will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The City Council 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: CDBG; and such other grants as HUD may designate as applicable, which take place within the City's jurisdiction limits.

The City will provide permanent relocation benefits to all eligible "displaced" tenants which are permanently displaced by the Program. In addition, the City will replace all eligible occupied and vacant LOW MOD housing units demolished or converted to a use other than LOW MOD 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 City Programs/projects are implemented in ways consistent with the City'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 City will provide equal relocation assistance available 1) to each LOW MOD household displaced by the demolition or rehabilitation of the housing unit or by the conversion of a LOW MOD housing unit to another use as a direct result of assisted activities; and 2) to each separate class of LOW MOD occupants temporarily relocated as a direct result of activities funded by HUD programs.

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 City will take the following steps to minimize the displacement of persons from their housing units during housing rehabilitation or reconstruction funded by HUD programs:

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 households find alternate housing in the neighborhood.

- A. Stage rehabilitation of assisted households to allow tenants to remain during minor rehabilitation.
- B. Encourage owner-investors to temporarily relocate tenants to other available safe and sanitary vacant housing units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.
- C. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
- D. 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.

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-occupants be present in work areas or designated adjacent areas while lead hazard control activities are taking place in any housing unit's interior, common area, or exterior.** As such, occupants may not be allowed to remain in their housing units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards is 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 to the Program:

- A. The work does not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
- B. The work is on exterior only and openings are sealed to prevent dust from entering the housing unit, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or
- C. The interior work is 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 housing unit; or
- D. The interior work is completed within five calendar days, the work site is contained to prevent the release of dust, the worksite and areas within ten 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 City believes that the project meets one of the above criteria, then proper documentation must be provided in the project file to show compliance. It is up to the City to ensure that the 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) are 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.

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 makes the determination of the need for temporary relocation. The owner-investor provides the temporary relocation benefits to all eligible tenants. The temporary relocation period should not exceed 180 days. All conditions of temporary relocation are reasonable. Any tenant required to relocate temporarily is 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 housing 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 construction specialist will ensure each tenant-occupied housing unit under the Program receives a General Information Notice (as soon as possible after a loan application is received) and the tenant receives a Notice of Non-Displacement (after loan approval), and each tenant-occupied housing unit has a temporary relocation benefits form completed for them ([Attachment G-3](#)). These notices document 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 may receive the following:

- A. Increased housing costs (e.g. rent increase, security deposits) and
- B. Payment for moving and related expenses, as follows:
 1. Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified;
 2. Packing, crating, unpacking, and uncrating of personal property;
 3. Storage of personal property, not to exceed 12 months, unless the grantee determines that a longer period is necessary;
 4. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
 5. Insurance for the replacement value of personal property in connection with the move and necessary storage;

6. Reasonable and necessary costs of security deposits required to rent the replacement housing unit;
7. Any costs of credit checks required to rent the replacement housing unit;
8. Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
 - a. Interest on a loan to cover moving expenses; or
 - b. Personal injury; or
 - c. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the grantee; or
 - d. Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

Rehabilitation Activities Requiring Permanent Displacement:

The Program does 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 Programs will consult with City'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 is 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.

Rehabilitation Which Triggers Replacement Housing:

If the 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, the City is required to replace those lost housing units. An example of this would be a duplex unit which is converted into a single family unit. In all cases where rehabilitation activities reduce the number of housing units in the jurisdiction, then the City must document that any lost housing 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 the Program where the existing housing unit is demolished and replaced with a housing unit equal in size without in loss number of units or bedrooms.)

Replacement housing is provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City to provide funds for an activity that directly results in such demolition or conversion, the City makes this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submits to HCD or the appropriate federal authority the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and the approximate number of housing units by size (number of bedrooms) that are demolished or converted to a use other than LOW MOD housing units as a direct result of the assisted activity;

- C. A time schedule for the commencement and completion of the demolition or conversion;
- D. The location on a map and the approximate number of housing units by size (number of bedrooms) that are provided as replacement housing units;
- E. The source of funding and a time schedule for the provision of the replacement housing units;
- F. The basis for concluding that each replacement housing unit remains a LOW MOD housing units for at least 10 years from the date of initial occupancy; and,
- G. Information demonstrating any proposed replacement of housing units with smaller housing units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of LOW MOD households in the jurisdiction.

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

Record Keeping and Relocation Disclosures/Notifications:

The City maintains records of occupants of federally funded rehabilitated, reconstructed or demolished housing units from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable Program regulations. Each project, which dictates temporary or permanent or replacement activities, has 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 include reasonable advanced written notice of 1) the date and approximate duration of the temporary relocation; 2) the address of the suitable, decent, safe, and sanitary housing unit made available for the temporary period; 3) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary housing unit.

Notices are 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) are provided with appropriate translation/communication. Each notice indicates the name and telephone number the person to be contacted for answers to questions or other needed help. The notices and process below is only for temporary relocation. If permanent relocation is involved then other sets of notices and noticing processes and relocation benefits are applied, reference HUD's Relocation Handbook 1378 for these forms and procedures. The Temporary Relocation Advisory Notices provided are as follows:

- A. General Information Notice: As soon as feasible when an owner-investor applies for financing from the Program, the tenant of a housing unit is mailed or hand delivered a General Information Notice that the project has been proposed and that the tenant is able to occupy his or her present house upon completion of rehabilitation. The tenant is informed that the rent after rehabilitation will not exceed current rent or thirty percent of his or her average monthly gross household income. The tenant is informed that if he or she is required to move temporarily so that the rehabilitation can be completed, suitable housing is made available and he or she is reimbursed for all reasonable extra expenses. The tenant is cautioned that he or she is not provided relocation assistance if he or she moves for personal reasons. See [Attachment G-1](#) for sample notice to be delivered personally or by certified mail.
- B. Notice of Non Displacement: As soon as feasible when the project is approved, the tenant is informed they will not be permanently displaced and are eligible for temporary relocation benefits because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their housing unit. The tenant is again cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. See [Attachment G-2](#) for sample notice to be delivered personally or by certified mail.
- C. Disclosure to Occupants of Temporary Relocation Benefits: This form is completed to document the City is following its adopted Plan for owner-occupants and tenants. See [Attachment G-3](#) for a copy of the disclosure form.
- D. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the City 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 to ensure all the proper notices are provided for occupants permanently displaced as a result of the Program.

ATTACHMENT G-1 - SAMPLE GENERAL INFORMATION NOTICE

(date)

(address)

Dear (tenant) ,

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. The temporary relocation benefits will be provided by the property owner.

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)

ATTACHMENT G-2 - SAMPLE NOTICE OF NON-DISPLACEMENT

(date)

(address)

Dear (tenant) ,

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)

 (title)

ATTACHMENT G-3 - DISCLOSURE TO RENTAL OCCUPANT OF TEMPORARY RELOCATION BENEFITS

Top to be completed at time of loan application submittal or Home Visit

Property Address: _____

The rehabilitation loan specialist working on behalf of the City of Fort Bragg’s Program Operator has explained the temporary relocation services and benefits available under the current rehabilitation program relocation plan.

I/we have been advised that the City rehabilitation construction specialist will inform me if I need to be temporarily relocated and will to assist me with scheduling any necessary moves and answer any questions about assistance as needed.

Acknowledged:

Occupant Signature	Date	Occupant Signature	Date
--------------------	------	--------------------	------



Complete this at time of acceptance of Work Write Up with initials by occupant

The rehabilitation construction specialist for the City of Fort Bragg’s Program Operator has explained the Rehabilitation Scope of Work for our house and I/we agree that it will:

- Not require I/we to be relocated. **(If initialed then STOP here and sign bottom.)**
- Yes, I/we need to be temporarily relocated. **(Complete rest of form if initialed.)**

Start date and duration of relocation:

- Starting on or about _____ we will move for all or part of the rehabilitation project.
- Approximate length of temporary relocation: _____ (number of days).

For temporary relocation. I/We elect to (check all that apply):

- Relocate with friends and family.
- Relocate into a suitable temporary housing unit identified by the ED staff.
- Relocate furnishings only into a temporary storage unit.
- Tenants I/We have been told what our relocation benefits are and elect NOT to be reimbursed for any eligible relocation expenses.
- Tenants I/We have been told what our relocation benefits are and want to be reimbursed for:

- Owner-Occupants I/We have been told and understand that I/we are not eligible for relocation expenses.

By signing occupant(s) acknowledge receipt of copy of this form:

Occupant Signature	Date	Occupant Signature	Date
--------------------	------	--------------------	------

ATTACHMENT H - LOAN SERVICING POLICIES AND PROCEDURES

The City of Fort Bragg, here after 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 that 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 Lender will collect monthly payments from those borrowers who are obligated to do so under Notes, which are amortized promissory notes, or Lender will use a designated loan collection company to collect payments. Late fees will be charged for payments received after the assigned monthly date.

For Notes that are deferred payment loans, the Lender may accept voluntary payments on the loan. Loan payments will be credited to interest first and then 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 in first position or as additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Lender may take out forced place 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 will be required at close of escrow. The Lender may 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 and add the balance of the tax payment plus any penalties to the balance of the loan. As specified in the

Program Guidelines, the Lender requires Borrower to have impound accounts set up for property taxes and insurance. Whenever possible, Lender encourages Borrower to set up the impound account 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 lien holder 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. 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 lien holder, it is in their best interest to contact any other senior lien holders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans, the Lender may require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other 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. If applicable, these loan terms are incorporated in the original note and deed of trust.

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 may 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.

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 in the HCD "Targeted Income Group" (TIG). 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 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 may 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, Borrower must make a subordination request to the Lender. The Lender will only consider subordination of the loan 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 pay-offs 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 Lender.

7. Process for Loan Foreclosure:

Upon any condition of loan default, including: 1) non payment; 2) lack of insurance or property tax payment; 3) violation of rent limitation agreement; 4) change in title or use without approval; and 5) 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 lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lien holder, may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount

or payoff amount must be obtained by contacting the senior lien holder. 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 lien holder 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 lien holder 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 lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property them selves. 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 lien holder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lien holder 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 lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder 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 lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

ATTACHMENT I - FORECLOSURE POLICY

Thirty Day Delinquencies

The City will send Borrower a registered letter seven days before the thirty day delinquency date noting the amount delinquent plus late charges. This letter will be followed by a telephone call reminding Borrower of the loan amount and due date. If no response is received by the thirty day delinquency date Borrower may be reported to all three credit bureau agencies.

Sixty Day Delinquencies

The City will send Borrower a registered letter seven days before the sixty day delinquency date noting the amount delinquent plus late charges. In this letter, a date and time will be set for a meeting between Borrower and Program Operator with the following items of discussion:

- Reasons for delinquency.
- Any changes in Borrower's health, family circumstances, or financial status in which limits repayment ability.
- Amount in arrears.

At the conclusion of this meeting, the following will be determined:

- How and when the amount in arrears will be paid.
- If financial counseling is needed.
- If personal emergency (loss of job, loss of spouse, serious illness, etc.) has restricted repayment ability.

If no response is received by the sixty day delinquency date Borrower may be reported to all three credit bureau agencies.

Ninety Day Delinquencies

The City will send Borrower a registered letter seven days before the ninety day delinquency date noting the amount delinquent plus late charges. In this letter, a date and time will be set for a meeting between Borrower, Loan Committee, and Program Operator. If Borrower is unable to afford the full monthly installment, due to an emergency, the Loan Committee may exercise one or more of the following options:

- Extend the time of payment or alter the terms of the indebtedness.
- Accept additional security of any kind including but not limited to: trust deeds or mortgages.
- Alter, substitute, or release any property securing the indebtedness.

If no response is received by the ninety day delinquency date Borrower may be reported to all three credit bureau agencies.

Foreclosures

If Borrower does not appear for the sixty day delinquency meeting or contact the Program Operator to reschedule the meeting within ten days foreclosure proceedings will immediately begin.

Any Borrower who participates in the Program and becomes ninety days delinquent within two years of renegotiating their loan terms from a previous delinquency will be subject to immediate foreclosure.

City As Junior Lien holder

It is the City'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 lien holder to notify the City of initiation (recording of a "Notice of Default") of a foreclosure only. This is to alert the junior lien holder that they are to monitor the foreclosure with the senior lien holder. When the City is in a third position and receives notification of foreclosure from only one senior lien holder, it would be in their best interest to contact both senior lien holders regarding the status of their loans.

The junior lien holder may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount must be obtained by contacting the senior lien holder. 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 City has the information on the reinstatement amount, staff must then determine if it is cost effective to protect their position by reinstating the senior lien holder, 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 property unit for marketing, paying for yard maintenance, paying a real estate broker a sales commission).

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

City As Senior Lien holder

When the City is in first position as a senior lien holder, active collection efforts will begin on any loan that is thirty-one or more days in arrears. Attempts will be made to assist Borrower in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached ninety days in arrears, at which time the City may consider foreclosure. City'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 Borrower refinance with a private lender and pay off the City?
3. Can Borrower sell the property and pay off the City?
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 the property "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 City may opt to initiate foreclosure. 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 City to prevent foreclosure (such as, funds to bring a delinquent amortized loan current or pay off a DPL).

At the end of thirty days, the City 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 lien holders. The service will advise the City 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 City informed of the progress of the foreclosure proceedings.

The process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale. The City could contract with a local real estate broker to list and sell the property and use those funds for Program income-eligible uses.

ATTACHMENT J-1 - LEAD-BASED PAINT VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, & HAZARD REDUCTION FORM

Form: LBP #1

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, & 6. If paint stabilization is performed, also fill out Sections 4 & 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 & common areas & building components (including type of room or space, & the material underneath the paint).	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, & 6. Provide to occupant with 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 hazards are presumed to be present <input type="checkbox"/>
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers & common areas, bare soil locations, dust-lead location, and/or building components (including type of room or space, & 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, & 6. Provide to occupant with 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 & common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, & the material underneath the paint), & the types of lead-based paint hazard reduction activities performed at the location listed.	
Attachment D: Location of building components with lead-based paint remaining 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)	

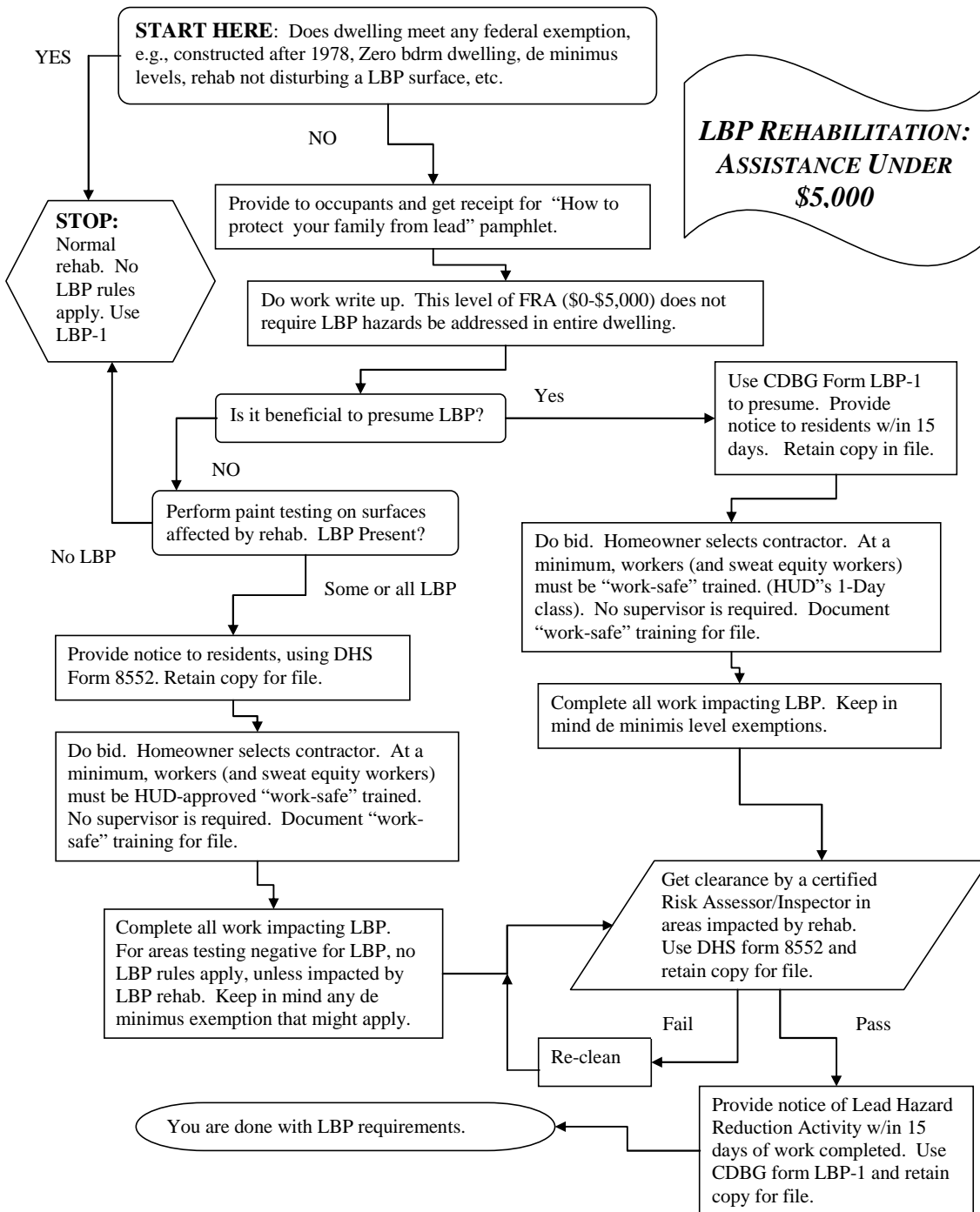
Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity

Printed Name:	Signature:	Date:
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Section 6: Contact Information

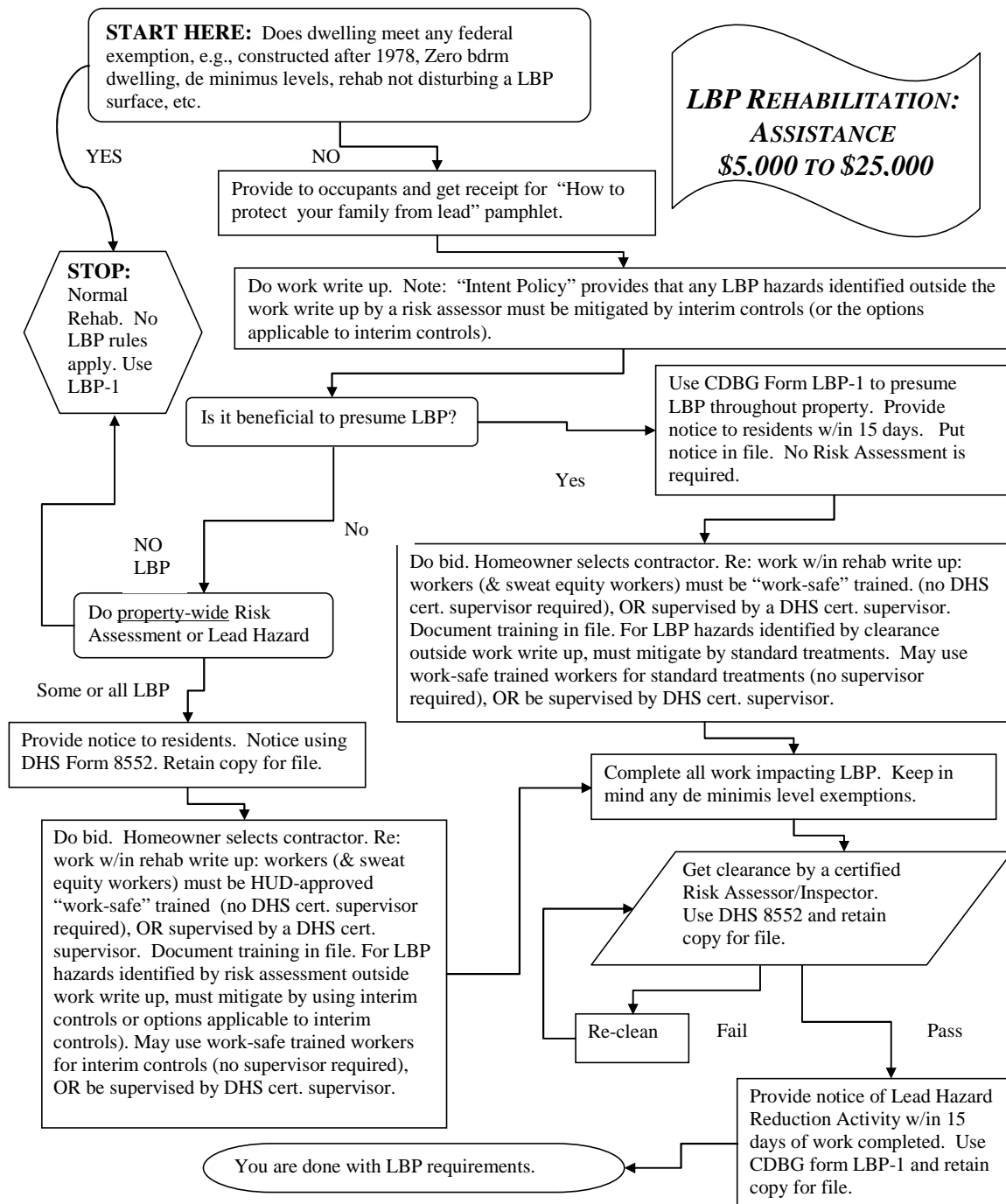
Contact Name:		Organization:
Date:	Address:	Contact Signature:
		Phone:

ATTACHMENT J-2 - LEAD-BASED PAINT REHABILITATION ASSISTANCE UNDER \$5,000



**LBP REHABILITATION:
ASSISTANCE UNDER
\$5,000**

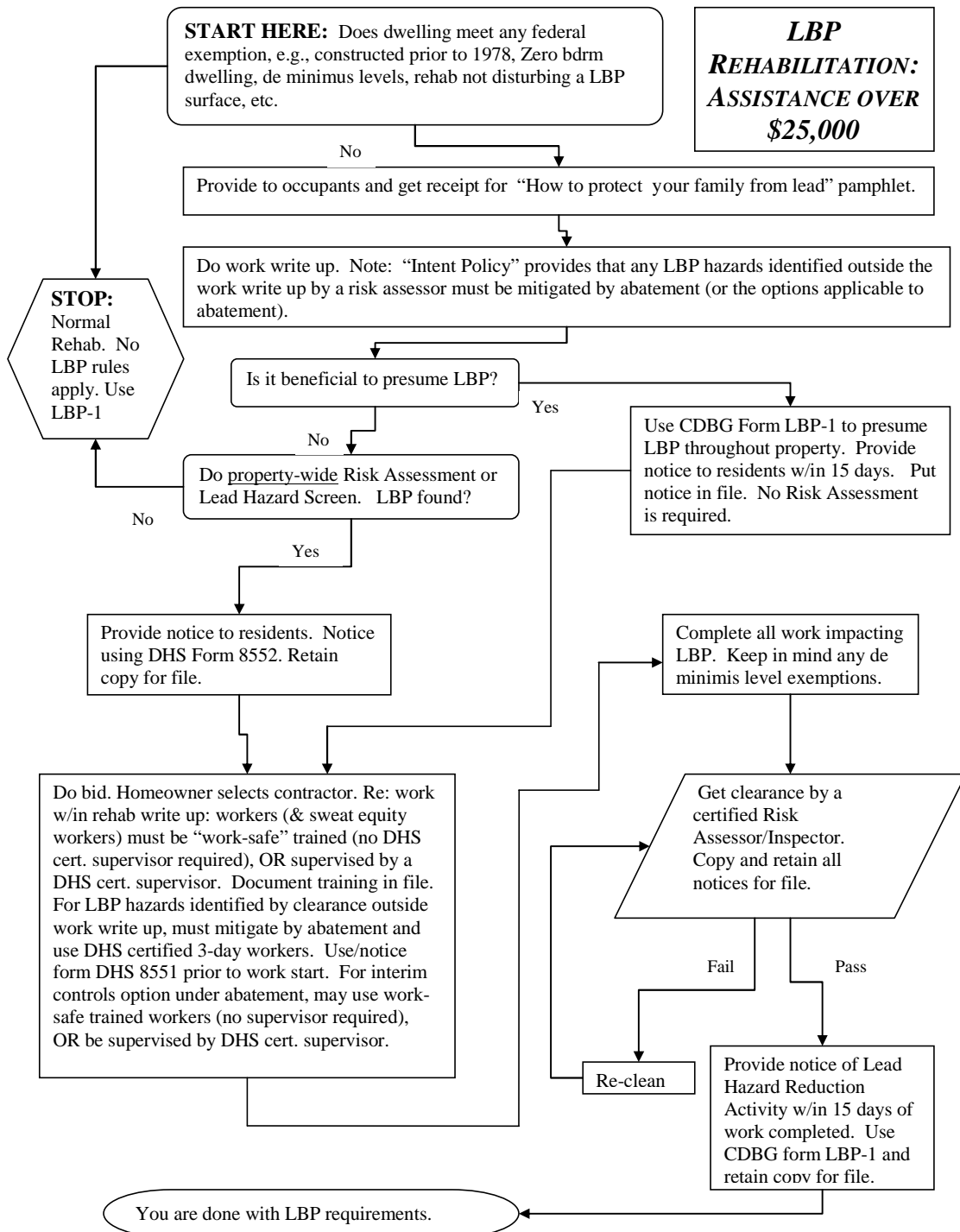
**ATTACHMENT J-3 - LEAD-BASED PAINT REHABILITATION ASSISTANCE
\$5,000 TO \$25,000**



**LBP REHABILITATION:
ASSISTANCE
\$5,000 TO \$25,000**

Rev 6/24/04

ATTACHMENT J-4 - LEAD-BASED PAINT REHABILITATION ASSISTANCE OVER \$25,000



ATTACHMENT J-5 - CDBG LEAD-BASED PAINT HOUSING REHABILITATION MATRIX

		0 → \$5,000	\$5,001 → \$25,000	\$25,001+	
Hazard Evaluation	Type	Paint Testing on surfaces affected by rehabilitation			
		No RA Required	In addition to Paint Testing, Risk Assessment (RA)		
	Cert. Required	Department of Health Services (DHS) certified RA/Inspector			
Notices/Reports		Lead-Based Paint (LBP) Pamphlet Renter’s LBP Disclosure Form, if applicable Paint testing/Risk Assessment: DHS form 8552 Presumption: CDBG LBP-#1 Hazard notification: DHS form 8551 prior to work start Clearance: DHS form 8552 LBP Hazard Reduction Activity: CDBG LBP-#1			
Lead Hazard Reduction	Type	Safe work practices	Interim Controls	-Interior/Exterior paint disturbed by HR: Abatement -Exterior paint not disturbed by HR: Interim Controls	
		Certificate Required	Worker	-Workers (including sweat equity) must be “work safe” trained, and no supervisor required, or -Workers supervised by DHS certified Supervisor, or -Workers have taken DHS certified worker class.	See “Under \$5,000” category
	Supervisor			See above	See above
					Int./Ext.: Required Ext. w/Interim: Required
Clearance Required		Yes, but only in the areas of rehab. Use DHS form 8552.	Yes. Use DHS form 8552. Certified Risk Assessor or Project Monitor on all clearances.		

ATTACHMENT K - CERTIFICATION OF OCCUPANCY

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: _____