

County of Siskiyou

Community Development Block Grant Housing Rehabilitation Guidelines



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1.0. General

Siskiyou County has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer one or more HCD-funded housing rehabilitation programs. The County of Siskiyou Housing Rehabilitation Program, (here after called “County”), funded by the State Community Development Block Grant (CDBG) Program, is designed to expand the supply of decent, safe, sanitary and affordable housing; to correct health and safety hazards in deteriorated housing; and to extend the useful life of existing housing units. Loans and grants are available to achieve cost-effective repairs for low-income owner-occupied homes or for units occupied by low-income tenants of owner-investors jurisdiction wide. The Program will be administered by Siskiyou County Community Development Department and they will be 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 by the County Board of Supervisors.

1.1. Fair Housing

This program will be implemented in ways consistent with the County’s commitment to Fair Housing. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Community Development Block Grant (CDBG) funds on the basis of their religion or religious affiliation, age, race, color, creed, ancestry, national origin, gender, marital or familial status (children), physical or mental disability, medical condition, sexual orientation, or other arbitrary cause.

The Fair Housing County 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 F. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, may be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homeownership education classes to help educate owners about credit, budgeting, predatory lending, foreclosure prevention and home maintenance, as well as future responsibilities.

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

1.2. Outreach / Applicant List

When loan funds are available, the County shall conduct a periodic program to advertise and promote the Housing Rehabilitation Program so that all those in need of rehabilitation assistance are aware of the County’s program.

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.

1.3. Temporary Relocation

Unit occupants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to health and safety of tenant or public danger or is otherwise undesirable because of the nature of the project. Relocated tenants will receive compensation for increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the "Housing Rehabilitation Program Single Family Temporary Relocation Plan". See Attachment D3 at the end of these Guidelines.

Owner occupants are not eligible for temporary relocation benefits unless health and safety threats are determined to exist by the project coordinator/construction supervisor.

1.4. Conflict of Interest

When the County's program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 for CDBG –funded programs.

No member of the County of Siskiyou Board of Supervisors and no other official, employee, or agent of the County of Siskiyou 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 County of Siskiyou ends.

A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to standard construction procedures. (Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by Housing staff to be part of the scope of work. Owner/builders are not reimbursed for labor.) The County of Siskiyou reserves the right to determine if the owner is capable of owner/builder rehabilitation work.

Applicant List

Applicants shall be received and processed as quickly as possible. Applicants shall be placed on a waiting list upon receipt of an owners written or email request. Owners are offered the opportunity to qualify for assistance by an applicant waiting list priority (established on a first-come, first-serve basis). The County will contact owners by email, mail, and/or by telephone to advise them of funding availability based on their priority order on the applicant list. The owner has thirty (30) days to complete and return a completed loan application, income and property verification, and what improvements are needed in a timely manner.

Should an owner fail to respond to the initial contact informing them of funding assistance or to provide any of the required documentation in a reasonable timeframe, the Applicant shall be informed that their position on the Applicant waiting list may be affected. All applications shall be received and processed as quickly as possible. Unless there are emergency conditions that warrant more immediate action, projects will be funded based on the order of which the applications were received and deemed eligible. If the Applicant list is exhausted, the Program

will be marketed in accordance with the County's Marketing Plan. See Attachment F at the end of these Guidelines.

1.5. Application Process and Selection

Application/Interview

Once the owner has been advised of funding assistance availability, an application packet is provided to the owner for completion and submittal to the County, along with supporting documentation. **Applications are deemed complete if all requested information is provided. Incomplete applications are returned to the owner with a letter detailing the additional information needed. Completed applications are date stamped on the day of receipt by the County.**

Once the owner has completed all application requirements an interview is then scheduled regarding participation in the Program. At the interview, the Program is fully explained and application forms and documents are reviewed. Verifications are obtained for income, assets, employment, benefits, and mortgage. Once eligibility has been confirmed, a Title report and appraisal will be obtained.

If the County encounters material discrepancies and/or misrepresentations, and/or there is income, asset, household composition, or other relevant questions that can't be resolved, the County reserves the right to deny assistance to the household. In this case, the owner may re-apply after six months has elapsed from the time of written denial of assistance.

Initial Inspection/Work Write-Up/Estimate

Prospective homes are inspected by the County or a certified housing inspector, and a County representative – to determine eligibility, acceptability of properties for participation in the Program, **and identify any code related and health and safety deficiencies which are required to be corrected.**

If the home is a pre-1978 unit, the initial inspection will also include paint testing by a certified Lead-Based Paint (LBP) inspector/assessor or presumption of LBP. Code deficiencies will be corrected and if presumption is used or lead hazards are found they will be properly treated according to HUD regulations and cleared by a certified LBP inspector/assessor. Refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.

Measurements and observations about the property and home will be noted, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter when required by code, etc.). A floor plan and site plan, as needed, will be drawn for the home and property, including all appurtenances. Findings are noted on an inspection form, and later used by the owner and contractor to prepare the bid.

Bid Solicitation

A bid walk-through date and time are scheduled. **The owner will obtain bids from a list of eligible contractors procured by the County. Siskiyou County contractors will be encouraged to request placement on this list through an on-going outreach effort provided by the County. The owner will mail invitations to bid to all eligible contractors on file in efforts to obtain three reasonable bids. Bid results will be provided to participating contractors. The owner will conduct an analysis of all bids against the bid work write-up.**

The owner will then submit this bid analysis and recommend one bid (i.e., the lowest responsible and responsive bid) to the County for review and approval. The County may assist, at their discretion, the owner as needed to solicit and obtain bids.

Contractors must be licensed and bonded by the State of California Contractors Licensing Board. Contractors must also provide County with evidence of Workers' Compensation Insurance and Comprehensive General Liability Insurance of at least \$1,000,000 per occurrence as required prior to issuance of building permits.

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

Loan Request/Approval

A report on the loan request is prepared on behalf of the owner by the County only if the County, or the County Administrator on appeal, has found the loan request to be consistent with the Program. The loan request includes the cost of construction, a contingency fund, and other project costs listed in Section 15.2. A Loan Committee meeting is scheduled to consider/review the loan request only if the County, or the County Administrator on appeal, has found the loan request to be consistent with the Program. Section 1.6. provides additional information on the loan approval process. Once approved, loan documents are executed and the loan is funded.

Pre-Construction Conference

A pre-construction conference is scheduled with the owner, contractor, and County. The County 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 and Notice to Proceed are executed by the owner and contractor.

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 County for construction monitoring.

The County 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 County 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 County inspects the work and the owner authorizes contractor payments.

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

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 County. The change order will state the change and dollar value for the change. If the change order 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.

Progress Payments

Ninety percent of the contract amount is distributed to the contractor in the form of progress payments during construction if the timeline and project amount warrants it. The final ten-percent of the contract amount is set aside as a retainer and released with the final payment. The contractor requests a progress payment from the owner and notifies the County of what they have done so far. Upon favorable inspection by the owner, County, and/or local building department, the payment authorization is signed by the owner and submitted for payment.

Final Inspections/Notice of Completion/Final Payment

When the project is completed, the County inspects the work item by item with the owner and contractor. The local building department performs the final inspection. Any corrections or deficiencies are noted and corrected by the contractor. Upon favorable final inspections, final payment and ten-percent retainer is released. A Notice of Completion is then prepared, signed by the owner, and recorded.

1.6. Loan Process

The County's Loan Committee (See Section 22) must approve all loan applications. The Loan 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.

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. Ineligibility shall continue for one year after an individual's disqualifying relationship.

2.0. Applicant Eligibility

2.1. Owner-Occupied Applicant

Must be existing homeowner and occupy the residence. Proof of occupancy will be required. To be eligible, household income must be equal to, or less than, the applicable HCD income guidelines. Owner will be required to provide income documentation as detailed in the "Annual Household Income Definition/Income Limits" Attachment A at the end of these Guidelines

2.2. Owner-Investor Applicant

The Owner-Investor must be an existing property owner and rent the residence to an income eligible renter.

3.0. Income Eligibility

Income eligibility is based on the occupant's gross annual income and must be less than 80 percent of the area's median income. These limits can be located on the [HCD website](#).

Projected annual gross income of the household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance, will be followed to independently determine and certify the household's annual gross income. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third party verification of employment forms sent to employers. All documentation will be dated within six months prior to loan closing, kept in the applicant file, and held in strict confidence.

3.1. Owner-Occupant

To be eligible, household income must be equal to, or less than, the applicable HCD income guidelines. Owner will be required to provide income documentation as detailed in the "Annual Household Income Definition/Income Limits", Attachment A at the end of these Guidelines. Refer to Income Inclusions and Exclusions (Attachment B) for further guidance as to the types of incomes to be included or excluded when calculating gross income.

3.2. Owner-Investor

There are no restrictions on the income of the owner investor unless the owner investor's household falls within income guidelines and is interested in qualifying for a Deferred Payment Loan (DPL).

3.3. Tenant

If a rental property 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 as detailed in the "Annual Household Income Definition/Income Limits", Attachment A at the end of these Guidelines.

Assets

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

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset. See Attachment C - Part 5 Asset Inclusions and Exclusions at the end of these Guidelines.

4.0. Property Eligibility

Units to be rehabilitated must be located within the County of Siskiyou jurisdiction or, for open grants, within specific target areas as listed in the grant application.

4.1. Property Taxes

Property Taxes must be paid and current to be eligible for a rehabilitation loan.

The owner will sustain current property taxes for the duration of the loan. In the event the owner fails to make property tax payments this shall constitute a default and the County may take any available action to cure the default, including but not limited to foreclosure. The County, may make such payments plus any penalties. Should the County make any payments, it may add such payments and penalties to the principal amount that the owner is obligated to repay the County.

4.2. Evidence of Ownership

“Ownership” means any of the following interests in residential real property:

- Fee simple interest
- 99-year leasehold interest in the property
- Ownership or membership in a condominium, cooperative or mutual housing project.

4.3. Property Types

To be eligible, the housing unit must be the primary residence of income-eligible occupants. A photocopy of the three most recent utility bills for natural or propane gas and/or electrical service, or non-cellular telephone service will be required to verify proof of owner-occupancy. Other utility bills, such as water or sewer service bills, will NOT suffice for proof of owner-occupancy.

Eligible property types of residence can include:

- 1-4 housing units where at least one unit is occupied by income-eligible homeowner or tenants
- Traditional single-family housing, condominiums, manufactured or mobile homes.
- Structures may be either attached or detached.

If CDBG funds are used to assist units in a two-to-four-unit property, where some of the units are occupied by ineligible tenants, then CDBG funds can only be used on the LMI occupied units.

4.4. 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 no tenant has been forced to move without cause during the previous six months.
- B. 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, manufactured/mobile homes.**
- C. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. The priority is to eliminate health and safety hazards. The County may also require the elimination of any code deficiencies. Section 8 Housing Quality Standards may be required on rentals by the County when CDBG funds are used.

- D. Tenants located in housing units that receive housing rehabilitation assistance will be provided a notice outlining their relocation rights and benefits. See Attachment D1 & D2 at the end of these Guidelines.

4.5. Environmental Review

The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. Not every project is subject to a full environmental review (i.e., every project's environmental impact must be examined, but the extent of this examination varies). Every project must be in compliance with the [National Environmental Policy Act \(NEPA\)](#), and other related Federal and state environmental laws. The environmental review must be completed prior to any loan approval.

4.6. Appraisal

The after-rehabilitation value for rehabilitation projects is determined by a licensed appraiser. For rehabilitation projects the appraiser determines the value of the unit with the contractors bid specifications. The cost of the appraisal will be combined into the loan assumed by the owner.

5.0. Rehabilitation Standards

All repair work will meet Uniform Building Code standards. The priority will be the elimination of health and safety hazards. Additionally, all repair work will comply with any special design or construction standards established by the County of Siskiyou to preserve historic buildings. Rehabilitation work should incorporate energy efficient/green building materials.

In the case of 2-4-unit property in which the owner occupant is income eligible, but a tenant is not, the rehabilitation shall be limited to those that benefit the overall structure (roof, exterior changes) and the interior changes for the income eligible household only. The priority will be the elimination of health and safety hazards and code compliance.

6.0. Property Improvements

The goal of the County's rehabilitation program is to remove deficiencies, improve energy efficiency, remediate lead-based paint, extend the useful life of the property and/or provide accessibility to comply with the American's with Disabilities Act (ADA), and/or comply with any special design or construction standards established by the County to preserve historic buildings. All improvements must be physically attached to the property and permanent in nature. General property improvements should be limited to 15 percent of the rehabilitation loan amount. Luxury items are not permitted. If building materials that are normally considered "luxury items" are necessary due to a medical condition of a household member or for reasons of accessibility, the County may approve the use of such materials.

Examples of eligible improvements include foundation construction and repair, electrical repair or rewiring, plumbing repair, roof repair or replacement, heating system installation and repair, window and door replacement and repair, repair of structurally significant damaged wood, and floor coverings where it poses a hazard.

Examples of non-eligible improvements include swimming pools, patios and patio covers, room additions that are for leisure, landscaping upgrades, hot-tubs, custom cabinets, and high-end appliances.

Examples of general property improvements include improvements that bring the property into compliance with local zoning requirements, fence repairs, exterior paint, or items to improve the appearance of the property but are not health and safety items.

7.0. Lead Based Paint

Program participants rehabilitating homes constructed prior to January 1, 1978 must be provided with the proper disclosure notification concerning 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. See Attachment H at the end of these Guidelines.

Whenever pre-1978 houses are rehabilitated under CDBG, please refer to Title 24 Code of Federal Regulations ([24 CFR §570.608](#)), Lead-based paint for guidance. The costs associated with meeting these requirements may be eligible to be paid for with CDBG funds, if available.

8.0. Manufactured Housing Unit/Mobile Home Rehabilitation

CDBG funds may be used for the rehabilitation of an owner-occupied mobile home if it is considered part of the community's permanent housing stock. Repairs may include installation of smoke detectors, life safety and egress improvements, hot water heaters, furnace repairs, roofing repairs, exterior painting, weatherization, improvements for handicapped accessibility, entrance and exit defects, insulation, activities evaluating and treating lead-based paint. Repairs of surrounding property or yard areas may be considered if needed to correct immediate threats to the health and safety of the applicant.

9.0. Reconstruction

CDBG funds may be used to demolish and reconstruct residential structures. Reconstruction is defined as the demolition and construction of a structure. The County must document that the reconstruction costs are less than newly constructed housing and that the estimated cost of the reconstructed housing (including demolition, site preparation and temporary relocation) is less than the fair market value of the reconstructed housing and land combined.

10.0. Residency Requirements

10.1. Owner Occupant

Owner occupants will be required to submit to the County between *January 1 and 15* of each year for the term of the loan:

1. Proof of occupancy in the form of a copy of a current utility bill.
2. Statement of unit's continued use as a residence.
3. Declaration that other title holders do not reside on the premises, if applicable.
4. Proof that property insurance and taxes are paid current.

If an owner occupant sells, transfers title, or discontinues residence in the rehabilitated property, the loan is due and payable, unless one of the following applies:

1. If the owner occupant sells or otherwise transfers title of the property to a qualified income household, the County may consider refinancing the loan balance and subordinating the loan and continuing all or part of the lien as a Deferred Payment Loan.
2. If the owner occupant dies, and if the heir to the property lives in the house and is income eligible, the heir may be permitted, upon approval of the County to refinance the loan at the rate and terms the heir qualifies for under current participation guidelines.
3. If the owner occupant dies and the heir is not income eligible, the loan is due and payable.
4. If the owner occupant dies and the heir is not income eligible, but they elect to rent the unit to income qualified households and agrees to comply with owner investor restrictions, the heir may be permitted, upon approval of the County, to refinance the loan at the same rate and terms offered owner investors under current program guidelines. If the heir/owner investor does not elect to comply with owner investor restrictions, the loan is due and payable.
5. If an owner occupant wants to convert the rehabilitated property to a rental unit, the owner must notify the County in writing in advance. If the County approves the conversion of an owner-occupied unit to a rental, the owner will be required to comply with the provisions of the owner-investor guidelines, including rent limitation provisions and financing arrangements.
6. If an owner occupant wants to convert full use of the rehabilitated property to any commercial or nonresidential use, the loan is due and payable. Refer to "Loan Servicing Policies and Procedures" in Attachment E at the end of these Guidelines.

10.2. Owner-Investor

Continued tenant residency is monitored by the County 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:

- A written list of the new current occupants' name and monthly rents; and
- Proof of tenant's income.

An owner investor may convert a rental property to their primary residence and refinance the loan at the rate and terms offered owner-occupants under current program guidelines if all conditions below exist:

1. They can prove that the previous tenant was not evicted without cause.
2. The owner-investor is income eligible.
3. They request approval from the County in advance.
 - If an owner investor converts a rehabilitated rental property to their primary residence, but they are not income eligible, the loan is due and payable.
 - If an owner investor wants to convert the rehabilitated property to any commercial or nonresidential use, the loan is due and payable.

- If an owner investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.

11.0. Financing

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.

General underwriting will be used to evaluate the 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.

11.1. Maximum Loan Amount

Eligible owners may qualify for up to the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances and if sufficient funding is available from the program at the time of application review by the Program Operator.

Loan amounts exceeding \$100,000 may be authorized in extenuating circumstances as funds are available if sufficient funding is available to the program at the time of application, the loan amount does not negatively impact the availability to fund other applications, and if the owner-occupant has a credit score of at least 700.

The loan amount may include:

- construction contract (the accepted bid price for the cost of materials and labor);
- construction contingency;
- drafting and engineering fees, if any;
- appraisal and termite inspection charges;
- credit report review fees;
- permit fees and related building fees,
- site preparation for replacement housing;
- escrow, closing and recording fees; title report and title insurance, title updates
- **CDBG funds may not be used to pay for property taxes.**

11.2. Maximum Loan-to-Value Ratio

Applicants will be required to authorize the Program Operator to obtain a credit report on each person to be named as a borrower on the loan, and a preliminary title report on the home to be rehabilitated. If the applicant has a mortgage it is verified that all payments are current and that no late payments have been received in the past twelve months, and that the applicant is not at imminent risk of defaulting on the mortgage. Credit reports will be reviewed to determine if there are any active default, foreclosure or bankruptcy proceedings, judgements, collections, or tax

liens against the applicant which would be cause for denial of the application. Credit scores will generally not be used to determine loan eligibility except under certain circumstances as detailed herein.

Total indebtedness on the housing unit's title will not exceed 90 percent of the after-rehabilitation value as determined by a licensed appraiser. The after-rehabilitation value will be determined prior to making a commitment of funds using the method outlined in Section 4.6.

Applicants who have filed for bankruptcy or gone into foreclosure within the last three years are not eligible for this Program loan.

A. Owner-Occupant

The front-end ratio shall be less than 40% and is defined 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 shall be less than 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, such as an automobile or personal loans and credit card debt.

Qualifying ratios are only a rough guideline 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 County and documentation will be maintained in the project file.

The Loan Committee may grant exceptions to this standard on a case-by-case bases based if the owner-investor has a credit score over 700.

B. Owner-Investor

The front-end ratio shall be less than 30% and is defined 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 shall be less than 35% 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, such an as automobile or personal loans and credit card debt.

Qualifying ratios are only a guideline 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 County and documentation will be maintained in the project file.

The Loan Committee may grant exceptions to this standard on a case-by-case bases based if the owner has a credit score over 700.

11.3. Loan Security

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, Statement of Lien, and Loan Agreement in favor of the County. In the event that the County's security would be subordinate to other security (such as another Deed of Trust, Promissory Note, Loan Agreement, etc.), the amount of the

other indebtedness in addition to the County's loan shall not exceed ninety (90) percent of the after-rehabilitation value.

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 484 Statement of Lien, for mobile homes will be secure by HCD 480.7 –

- All owners listed on the benefiting property title are required to sign the Deed of Trust, Promissory Note, rehabilitation contract documents, and other related loan documents, whether or not they reside on the property.
- All County loans, which are not in first position on title, will require a Request for Notice of Default to be recorded as part of the transaction.
- If County changes address - a new Request for Notice of Default must be recorded to ensure any possible notice is sent to the current address of County.

11.4. Financing Terms

Owner-Occupant

Financing terms are made flexible to allow for maximum affordability. In addition to the Lender's ability to do a fully deferred loan, there are three other types of financing available.

1. To the extent that an amortized loan payment will not cause housing costs to exceed 40 percent of gross monthly income, rehabilitation costs will ordinarily be financed as a 0-3% percent simple interest loan (defined by Lender and dependent on the current market at loan close).
2. In the event the household cannot afford a loan payment, the rehabilitation loan will be financed at 0-3% percent simple interest (dependent on the current market at loan close) with payments, including interest, deferred for a period up to 20 years.
3. Very Low-income owner-occupants (Low 50 percent of County Median) or persons who are elderly (age 65 or older) or permanent disabled heads of household will be eligible for 0-3% percent interest (defined by the County and dependent on the current market at loan close) deferred payment loans. Payments are deferred up to 20 years

Owner-Investor

The Lender offers a 0-3% simple-interest deferred payment loan. The standard loan term is 20 years. At the end of the period of deferral or if a disqualifying event occurs during the deferral period, the loan and accrued interest is due and payable in a balloon payment, unless the Lender approves an exception. Payback is required at the end of the 20-year deferral period or if the Borrower sells or transfers title to the rehabilitated property.

11.5. Restrictions

Rent Limitation Agreement (RLA) - An owner investor who elects to rehabilitate a rental unit with CDBG financing must sign an RLA, which will be recorded. This agreement will specify:

- 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.
- Base Rent – Vacant Unit - If the property is vacant, rent charges shall not exceed 30 percent of 80 percent of County median income for the appropriate household size in that unit. Owner-investor shall affirmatively seek income qualified households by contacting the local housing authority. Where such contact does not result in eligible income qualified tenants, the owner investor shall contact the County for guidance.
- Base Rent – Occupied Unit - If the property is occupied, rent charges shall not exceed 30 percent of the existing tenants' household income; or, where, before rehabilitation, rents already exceed 30 percent of the existing tenants' income, no rent increases shall be allowed which provide for rents plus utilities over 30 percent of the tenants' income.
- Term - Adherence to these rent limitations will be for the term of the loan.
- Annual recertification of tenant's income and rents paid from both the owner-investor and tenant.
- Compliance – Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted.
- 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.
- An owner participating in the Program and qualifies for a loan under the 30% and below income limit is required to sign a repayment agreement. This agreement is recorded and kept on file.

11.6. Maintenance Agreement

As specified in the Rehabilitation Loan Agreement (RLA), an owner-investor who participates in the program must maintain the property at post-rehabilitation conditions for a minimum of five years. Should the property not be maintained accordingly, the loan will become due and payable, and if necessary, foreclosure proceedings will be instituted.

11.7. Grants

- A. The maximum grant amount is \$20,000 per household and is only offered as funds are available, on an individual needs basis, and for the following activities:
 1. The repair and installation of sewer or water lines/systems where existing lines/systems have failed.
 2. To senior citizens over 62 years old and/or disabled persons 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.

B. 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 11.7.

The County will require a signed grant agreement.

12.0. Loan Requirements

The County shall determine the loan amount based on the consideration of:

1. The selected bid contractual amount
2. 10 to 20 percent contingency
3. Plan or drawing preparation if any
4. Pre-project inspections (termite report, LBP inspection)
5. Escrow and title policy costs

The County shall provide the owner-investor with the loan disclosure information.

Once the owner-investor has approved the disclosure, the County shall process the loan for approval. The approval process shall require approval by the Loan Committee. The Borrower or owner-investor shall be notified of approval and/or denial.

12.1. Loan Approval

A loan package will be prepared by the County that confirms the Applicant and property eligibility; documents the equity in and the encumbrances on the property; lists the estimated loan and construction costs; and includes any other information particular to the loan. By preparing a loan package using all the income and property eligibility, the determination of the amount and rates and terms of the CDBG loan will be outlined for the County staff or Loan Committee.

To obtain CDBG financing, Applicants must meet all property and eligibility guidelines in effect at the time of loan approval. Applicants will be provided written notification of approval or denial. Reason for denial will be included in a denial letter to the Applicant.

12.2. Loan Settlement

1. The Applicant shall sign the following: Deed of Trust, Promissory Note, Loan Estimate and Closing Disclosure Statement, Rescission Notice, Loan Agreement, Request for Notice of Default and Sale (if applicable) and Rent Limitation Agreement (if applicable).
2. 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.
3. The County Official, acting on the behalf of the County, shall sign the loan documents as required.

4. If the Applicant does not rescind the loan after the 3-day rescission period:
 - A. The Deed of Trust, Request for Notice, and Rent Limitation Agreement, as applicable, shall be recorded at the County Recorder's Office. The Applicant shall sign the Construction agreement and Notice to Proceed.
 - B. Title insurance shall be requested and received.
5. The original loan documents shall be filed with the County as applicable: Promissory Note, Deed of Trust (recorded), Loan Agreement, Request for Notice of Default (recorded) and Rent Limitation Agreement (recorded).
6. The construction documents shall be filed with the County.
7. The County shall deposit loan funds into an escrow account with a reputable title company, unless the loan amount is too small to warrant incursion of escrow fees.

12.3. Loan Servicing

Refer to "Loan Servicing Policies and Procedures" in Attachment E at the end of these Guidelines.

13.0. Default & Foreclosure

If a Borrower defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Foreclosure Policy and Procedures as described in Attachment G at the end of these Guidelines.

14.0. Property Insurance

Borrower must maintain standard property insurance coverage naming the County as loss payee in first position or additional insured if the loan is a second mortgage. If Borrower fails to maintain the necessary insurance, the County is notified in writing by the insurance company. If this occurs, the County 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.

14.1. Fire Insurance

The Borrower shall maintain fire insurance on the property for the duration of the loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the County as Loss Payee for the amount of the loan(s). A binder shall be provided to the County. In the event the Borrower fails to make the fire insurance premium payments in a timely fashion, the County at its option may make such payments for a period not to exceed 60 days. The County may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period. Should the County make any payments, it may, in its sole discretion, add such payments to the principal amount that the Borrower is obligated to repay the County under this program.

14.2. Flood Insurance

In areas designated by HUD as flood prone (located in a 100-year flood plain) the Borrower is required to maintain flood insurance in an amount adequate to secure the Rehabilitation Loan. The policy must designate the County as Loss Payee **if the loan is in first position or additional**

insured If the loan is in second position. The premium may be paid by the Rehabilitation Loan for one year. A binder must be provided to the County.

In the event the owner fails to make the flood insurance premium payments in a timely fashion or allows the policy to lapse, this shall constitute a default and the County may take any available action to cure the default, including but not limited to foreclosure.

15.0. Contracting Procedures

- All housing rehabilitation work must be carried out using the adopted Housing Rehabilitation Program Guidelines.
- The County will prepare the bid package and assist the Borrower in negotiating the contract.
- The Borrower will select the contractor.
- All general and sub-contractors must be checked and cleared with HUD'S federal debarred list of contractors *and have a DUNS number or Unique Entity Identifier (UEI).*
- All general and sub-contractors must be actively licensed and bonded with the State of California.
- All general and sub-contractors must have public liability insurance to the County's required limits, and if applicable, maintain Workers' Compensation and Employer Liability insurance to the extent required by State Law.
- All general and sub-contractors must comply with CDBG federal and state regulations.
- A Notice of Completion must be recorded with the County Recorder.

15.1. Standards

All rehabilitation will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. The County may also require elimination of code deficiencies. Section 8 Housing Quality Standards may be required on rental units.

A. Contracting Process

1. Contracting will be done on a competitive basis.
2. The owner is the responsible agent.
3. The County does not warrant any construction work or provide insurance coverage.

B. 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.

- C. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in Section 7.0.

Units constructed prior to 1978 will also be inspected according to the following HUD regulations. Please refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.

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.

15.2. 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 1606 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 County 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. [HUD Guidelines for Overcrowding](#)

Depending on the outcome of the [environmental review](#), 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 [25CCR Section 7733\(f\)](#), as reimbursement to the County 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 Overcrowding Guidelines](#). 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.

15.3. 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 County, or its County, for these products and/or services. Any cost increases charged to the County/County 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.

15.4. Repair Callbacks

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

16.0. Dispute Resolution and Appeals Procedures

Any person/household applying for a Rehabilitation Loan has the right to appeal if their application is denied. In addition, during pre-construction, construction, or post-construction periods, the Borrower has a similar right to have any disputes heard and resolved.

Rehabilitation program representatives are primarily responsible to assure that the program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work write-ups and contract documents. Program representatives attend the meeting between the homeowner and the contractor when the contract documents are signed and facilitate in the clarification and/or corrections of proposed work, so a clear understanding is established between both parties.

During and after completion of construction, the contractor's work is monitored for code compliance by the County's Building Inspector and for quality by the Housing Rehabilitation Inspector.

The contractual obligation for rehabilitation is ultimately between the contractor and the homeowner. If a situation occurs where the two parties are in conflict, the following procedure will occur:

Before any intervention occurs, the homeowner or contractor shall communicate perceived problems or complaints directly to the other party. To resolve the differences, each will give the other an opportunity to respond or correct the problem.

If the first attempt fails, the homeowner or contractor may ask the Program Representative or designee to informally intervene. This intervention might include telephone call(s) to the contractor or homeowner, meeting(s) at the job site or in the office, or other actions as seem appropriate, including such things as the establishment of written working guidelines, or other post-contractual agreement.

If the Program Representative or designee is unable to satisfactorily resolve the homeowner-contractor differences, the homeowner, contractor, or program representative, will contact HCD detailing the problem. In cases of building code compliance or questions of construction quality, the building inspector might also be contacted.

It must be recognized that the homeowner has other options which they may choose to utilize, including contacting the Contractors State Licensing Board and submitting a complaint.

Any controversy between the parties that cannot be settled through the informal intervention process outlined above shall be submitted to binding arbitration. Costs for the arbitration will be borne by the losing party, or subject to the terms of the arbitration agreement.

The parties shall attempt to agree on a single arbitrator to hear the dispute. If they cannot agree each party shall appoint an arbitrator. If the two arbitrators cannot reach an agreement, then they shall appoint a third arbitrator whose decision shall be final and binding.

The cost of the arbitration shall be borne by the losing party unless the arbitrator otherwise determines.

The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in force. The parties expressly agree that the arbitration shall be subject to and governed by, the Federal Arbitration Act, Title IX, USC 1 et seq.

16.1. Program Complaint and Appeal Procedure

Complaints concerning the County's Program should be made to the County first. If unresolved in this manner, the claimant may submit the written complaint to the County Administrator. This "appeal" should detail the problems of which occurred and any actions desired by the claimant to resolve the issues. The County Administrator 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 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.

16.2 Contractual Grievance Clause

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."

17.0. Sweat Equity

Participants who wish to perform sweat equity must obtain approval from the general contractor and sign a written commitment itemizing the work they will perform, a time schedule for completion and a dollar value of the contribution.

Owners that contribute sweat equity that involves painting will not participate in activities that include the abatement or mitigation of lead paint hazards without first being trained on Safe Work Practices as required by HUD and provide documentation of such in the project file.

18.0. Amendments

The County may make amendments to these Program Guidelines. Any changes made will be in accordance with federal and state regulations, will be recommended by the County's Loan Committee and approved by the Board of Supervisors.

19.0. Exceptions/Procedures for Exceptional Circumstances

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

In the event of extraordinary or special circumstances, the Loan Committee may grant an exception to the guidelines if the exception does not violate the regulations of the funding sources.

The Program staff may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including staff's recommended course of action and any written or verbal information supplied by the Applicant. The request shall be presented to the Loan Committee and/or the Board of Supervisors for a decision and consideration.

20.0. Current HUD Income Limits

All owners must certify that they meet the household income eligibility requirements for the applicable Program and have their household income documented. The income limits in place at the time of loan approval will apply when determining owner income eligibility. For consistency in calculating household incomes, the County will use the most current income limits available when determining household income. The CDBG income limits are updated annually at [HUD State Income Limits](#).

21.0. Housing Rehabilitation Program Single Family Temporary Relocation Plan—See Attachment D3 at the end of these Guidelines.

22.0. Loan Committee

The County's Loan Committee must approve all loans. The Loan 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.

22.1. Purpose

The Loan Committee's function is to review and act on by approving, conditionally approving, or denying applications recommended for approval by the County or County Administrator for financing.

22.2. Composition

The Committee as appointed by the CAO, or designee, will consist of three to five members. The members may include a local Real Estate Professional, and/or a Local Banker.

22.3. Meetings and Actions

The Loan Committee will meet periodically to review and act on applications on an as-needed basis. No application will be brought before the Loan Committee unless it has been recommended for approval by the County or County Administrator. A quorum will exist and all minutes are recorded. A quorum is a simple majority of the full committee. Action of the Loan Committee will be by majority vote.

22.4. Minor Changes to Title Documents

The County may approve changes to title documents for transfers allowed by these guidelines and other minor technical corrections to maintain consistency with the Loan Committed approval without Loan Committee re-approval.

23.0. Record Keeping and Relocation Disclosure/Notifications

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

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

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

The Temporary Relocation Advisory Notices to be provided are as follows:

23.1. General Information Notice

As soon as feasible when an owner investor is applying for Federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed, or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy their present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30 percent of their average monthly gross household income. The tenant will be informed that if he or she is required to move temporarily

so that the rehabilitation can be completed. Suitable housing will be made available and they will be reimbursed for all reasonable extra expenses. The tenant will be cautioned that they will not be provided relocation assistance if they decide to move for personal reasons.

23.2. Notice of Non-Displacement

As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead-based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance.

23.3. Disclosure to Occupants of Temporary Relocation Benefits

This form is completed to document that the County is following its adopted temporary relocation plan for owner occupants and tenants.

23.4. Other Relocation/Displacement Notices

The above three notices are required for temporary relocation. If the County is attempting to provide permanent displacement benefits, then there are several other forms which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced because of housing rehabilitation activities funded by CDBG or other federal programs.

Attachment A - Annual Household Income Definition

For the purposes of determining eligibility in accordance with HCD income guidelines,

Annual Income **will** include, for all members of the household:

- Gross wages and salary before deductions.
- Net money income from self-employment.
- Cash income received from such sources as rental units, Social Security benefits, pensions, and periodic income from insurance policy annuities.
- Periodic cash benefits from public assistance and other compensation, including Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Worker's Compensation, State Disability Insurance and Unemployment benefits.
- Interest earned on savings and investments.

Annual Income will **not** include:

- Non-cash income such as food stamps or vouchers received for the purpose of food or housing.
- Capital gains or losses.
- One-time unearned income such as scholarship and fellowship grants; accident, health or casualty insurance proceeds; prizes or gifts; inheritances.
- Payments designated specifically for medical or other costs, foster children, or their non-disposable income.
- Income from employment of children under the age of 18.
- Payment for the care of foster children.

This is not meant to be a complete list.

The County of Siskiyou will make the final decision in situations where the classification of income is not clear-cut. Any exceptions or other deviations from this definition of annual income will be considered by the County.

The County shall use the Income Guidelines published each year by HUD and HCD.

The maximum gross annual income for an eligible household shall be 80 percent of the area median income for the household size.

Attachment B - Part 5 (Section 8) Income Inclusions and Exclusions

24 CFR 5.609 (b) and (c)

Examples included in parentheses have been added to the regulatory language for clarification. (Date Published: May 2019).

Income Inclusions:

- (1) The **full amount**, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The **net income from operation of a business or profession**. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) **Interest, dividends, and other net income** of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (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) The full amount of **periodic amounts** received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a ****periodic amount** (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph; ******
- (5) Payments in **lieu of earnings**, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
- (6) **Welfare assistance** payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:
 - 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).

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:

- 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's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) **Periodic and determinable allowances**, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
 - (8) **All regular pay, special pay, and allowances** of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
 - (9) For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income. *(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.) *

Income Exclusions:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in 24 CFR 5.403;
- (6) The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (9), above, for students receiving Section 8 assistance);
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
- (8) (a) Amounts received under training programs funded by HUD (e.g., training received under Section 3);
(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 owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident-initiative coordination. No resident may receive more than one such stipend during the same period of time; or
- (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program.
- (9) Temporary, nonrecurring, or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);
- (11) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
- (14) 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;
- (15) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (16) 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. See [HUD Income Inclusions and Exclusions](#).

Attachment C - Part 5 (Section 8) Asset Inclusions and Exclusions**ASSET 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 fair market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., penalties or broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner occupied rehabilitation projects;
- (4) Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts;
- (5) Individual retirement, 401(K), and Keogh accounts (even if withdrawal would result in a penalty). While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment. After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum;
- (6) Annuity where the applicant has the option of withdrawing a balance (even if withdrawal would result in a penalty);
- (7) Retirement and pension funds;
- (8) Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy);
- (9) Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.; Settlements" (25 U.S.C. 117b(a)); and (z) Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by the States, local government, and disaster assistance organizations (42 U.S.C. 5155(d)).
- (10) Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, cash from sale of assets, victim's restitution, insurance settlements, and other amounts not intended as periodic payments;
- (11) Mortgages or deeds of trust held by an applicant; and
- (12) Assets disposed of for less than fair market value (e.g. property) when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than \$1,000.

ASSET EXCLUSIONS:

- (1) Necessary personal property, except as noted in number 9 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;
- (8) Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation;
- (9) IRA, Keogh, and similar retirement savings accounts where benefits are being received through periodic payments; or
- (10) Lump sum payments where the money is used for something that is not an asset— e.g. a car or a vacation or education.

See [HUD Income and Asset Inclusions and Exclusions](#)

Attachment D - Single Family 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 that could lead to displacement of occupants whose property is receiving funds from these or any 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 County of Siskiyou 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 County of Siskiyou will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The County of Siskiyou's governing body has adopted this Plan via a formal resolution.

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

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

All County programs/projects will be implemented in ways consistent with the County's commitment to Fair Housing. Participants will not be discriminated against on the basis of race, creed, color, religion or religious affiliation, age, ancestry, national origin, gender, marital or familial status (children), physical or mental disability, sexual orientation, medical condition, or other arbitrary cause. The County will provide equal relocation assistance available 1) to each eligible income household displaced by the demolition or rehabilitation of housing or by the conversion of a eligible income household dwelling to another use as a direct result of assisted activities; and 2) to each eligible income person 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 County will take the following steps to minimize the displacement of persons from their homes 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 persons to find alternate housing in the neighborhood.

- Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.
- Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during rehabilitation or pay expenses on behalf of replaced tenants.
- Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
- 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 (LBPHC) went into effect. Among other things, it requires that federally funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead hazards. At no time should the tenant-occupant(s) be present in work areas or designated adjacent areas while LBPHC activities are taking place in any dwelling unit interior, common area, or exterior. As such, occupants will not be allowed to remain in their units during the time that lead-based paint hazards (LBPH) are being created or treated. Once LBPHC has been completed, and the unit passes clearance, the occupants can return. The tenant-occupants may not reoccupy a work area or adjacent area until post-lead hazard reduction clearance standards have been achieved and verified with laboratory results. The final rule allows for certain exceptions:

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

If temporary relocation benefits are not provided because the County believes that the project meets one of the above criteria, then proper documentation must be provided in the rehabilitation project file to show compliance. It is up to the County to ensure that the owner occupant or tenant in the project does not get impacted by lead paint mitigation efforts. In most cases where lead paint mitigation is taking place, occupants (tenants or owners) will be strongly encouraged to relocate. Even for just a few days until a final lead clearance can be issued by a certified lead-based paint assessor. Occupants who are temporarily relocated because of lead based paint mitigation are entitled to the same relocation benefits as those who are relocated because of substantial rehabilitation or reconstruction activities.

Temporary Relocation of Owner Occupants

Owner occupants are not allowed to stay in units which are hazardous environments during lead-based paint mitigation. When their home is having lead-based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation benefits which will be provided as a grant. In the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be eligible for temporary relocation benefits which will be provided as a grant. The amount of the benefit to be paid should be cost appropriate to the conditions.

Owner occupants will be encouraged to move in with family or friends during 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. This documents that the owner occupant understands that they must relocate during construction and what benefits they wish to be reimbursed for as part of their relocation.

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 program administrator or construction supervisor will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable.

Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. They 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 that each tenant occupied unit under the program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received). Additionally, the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant occupied unit will have a temporary relocation benefits form completed for them. These notices will document that each tenant understands what their relocation rights are, and if they must relocate during construction, that they receive the proper counseling and temporary relocation benefits.

A tenant receiving temporary relocation shall receive the following:

1. Increased housing costs (e.g. difference in rent increase, security deposits) and
2. Payment for moving and related expenses, as follows:
 - a. Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified;
 - b. Packing, crating, unpacking, and uncrating of personal property;
 - c. Storage of personal property, not to exceed 12 months, unless the grantee determines that a longer period is necessary;

- d. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
- e. Insurance for the replacement value of personal property in connection with the move and necessary storage;
- f. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, their agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
- g. Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
- h. Any costs of credit checks required to rent the replacement dwelling;
- i. Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
 - i. Interest on a loan to cover moving expenses; or
 - ii. Personal injury; or
 - iii. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or
 - iv. 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 County rehabilitation program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff that is responsible for the rehabilitation program will consult with County's legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If local staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and benefit determination and implementation. If local staff does wish to do the permanent displacement activity, then they will consult and follow the HUD Relocation Handbook 1378.

Rehabilitation Which Triggers Replacement Housing

If the County rehabilitation program assists a property where one or more units are eliminated then under Section 104 (d) of the Housing and Community Act of 1974, as amended applies and the County is required to replace those lost units. An example of this would be a duplex unit converted into a single-family unit. In all cases where rehabilitation activities will reduce the number of housing units in the jurisdiction, then the County must document that any lost units are replaced, and any occupants of reduced units are given permanent relocation benefits. (This does not apply to reconstruction or replacement housing done under a rehabilitation program where the existing unit(s) is demolished and replaced with a structure equal in size without in loss number of units or bedrooms.)

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the County to provide funds

for an activity that will directly result in such demolition or conversion, the County will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development or the appropriate federal authority the following information in writing:

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

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

Record Keeping and Relocation Disclosures/Notifications

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

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

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

relocation benefits must be applied (See HUD relocation handbook 1378 for those forms and procedures) The Temporary Relocation Advisory Notices to be provided are as follows:

General Information Notice

As soon as feasible when an owner investor is applying for Federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed, or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy their present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30 percent of their average monthly gross household income. The tenant will be informed that if he or she is required to move temporarily so that the rehabilitation can be completed. Suitable housing will be made available and they will be reimbursed for all reasonable extra expenses. The tenant will be cautioned that they will not be provided relocation assistance if they decide to move for personal reasons.

Notice of Non-Displacement

As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance.

Disclosure to Occupants of Temporary Relocation Benefits

This form is completed to document that the County is following its adopted temporary relocation plan for owner occupants and tenants.

Other Relocation/Displacement Notices

The above three notices are required for temporary relocation. If the County is attempting to provide permanent displacement benefits, then there are several other forms which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced because of housing rehabilitation activities funded by CDBG or other federal programs.

Attachment D1 – Notification of Tenant Non-Displacement

(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 D2 – Notice of Repairs to Tenant

(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 D3 –Temporary Relocation Benefits to Occupant

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

Property Address: _____ Rental Unit _____ Owner-Occupied Unit

The rehabilitation loan specialist working on behalf of the County has explained the temporary relocation services and benefits available under the current rehabilitation program relocation plan.

I/we have been advised that the County Siskiyou 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
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Complete this at time of acceptance of Work Write Up with initials by occupant

The rehabilitation construction specialist for the County 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.

Owner-Occupant

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
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Attachment E – Loan Servicing Policies & Procedures

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

While the 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 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 County is willing to pursue all legal means necessary to ensure the repayment of a delinquent loan.

Loan Repayments and Discounting of Notes

When the rehabilitation project is completed and the amount used to complete the project is less than the amount loaned, the County will notify the title company holding the escrow account to refund the unused balance to the County. The County will reduce the amount of principal accordingly and recalculate the interest.

Receiving Loan Payments

The County 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 County’s appropriate Program Income Account. The County 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 County. The County 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 County will collect monthly payments from those Borrowers who are obligated to do so under an Installment Note, which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly date. The County will provide to the Borrower a debt amortization schedule and will maintain said schedule to account for the loan repayments and any penalties. Program loan payments will be made to:

County of Siskiyou
Community Development Department
806 South Main Street
Yreka, CA 96097

For Straight Notes, which are deferred payment loans; the County may accept voluntary payments on the loan. Loan payments will be credited to the interest first and then to principal. The Borrower may repay the loan accrued interest and principal at any time with no penalty.

The County will maintain an accurate listing of all loans including but not limited to the following information; Borrower’s name, address, loan closing date, amount of principal, interest rate, calculation of interest, total payoff amount, maturity date, property taxes and current insurance.

If the County is notified that the Borrower intends to pay off a loan, the County will provide a demand letter with the payoff amount. This includes the amount of principal, accrued interest, any recording or late fees or other penalties, and a per diem amount (interest per day) and an interest through date (typically the same date at the demand letter).

The County will process and record a Substitution of Trustee and Full Reconveyance upon loan satisfaction. A conformed recorded copy is mailed to the Borrower along with the original Deed of Trust and Promissory Note within 30-days of receipt of payoff funds. The original Deed of Trust and Promissory Note are to be stamped paid in full with the date and an initial of the responsible staff person processing the documents. Copies of the reconveyance, deed, and promissory note, showing as paid in full are to be kept in the Borrower's file.

Payment of Property Taxes and Insurance

As part of keeping the loan from going into default, Borrower must maintain property insurance coverage naming the County as loss payee in first position or additional insured if the loan is a second mortgage. If Borrower fails to maintain the necessary insurance, the County is notified in writing by the insurance company. If this occurs the County 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. The County will ensure that interest on any costs added to the loan accrue interest from the point the cost was incurred.

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 County may check 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 County may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the County encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

All Borrowers will be evaluated semi-annually by the County to confirm timely payments of property taxes. In January and May of each year the County will access the County Treasurer-Tax Collector website and view the Borrower's tax bill to determine if tax payments have been made.

Required Request for Notice of Default

When the Borrower's loan is in second position behind an existing first mortgage, it is the County's policy to prepare and record a "*Request for Notice of Default*" for each senior lien in front of County's loan. This document requires any senior lien holder listed in the notice to notify the County of initiation of a foreclosure action. The County will then have time to contact the Borrower and assist them in bringing the first loan current. The County 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 County 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.

Note: If the County's address has changed, a new Request for Notice of Default, signed by the appropriate County representative must be recorded. If this process is not completed, the Notice of Default will be mailed to the address on file and possibly never received by the County.

Required Rent Limitation Agreement for Investor Properties

All owner-investor properties which receive loans from the County will be required to enter into a rent limitation agreement (RLA), which restricts the tenants and the rents on the property for a fixed period of time, depending on the public funds used. The RLA will be recorded on title of the property and noncompliance with this agreement can lead to foreclosure action by the County. The RLA will be monitored annually to ensure that low or very low-income households occupy the owner investor units and that the rents charged to those households is affordable. County to contact both the tenant and the owner-investor to recertify annual income and rent charged. In some cases, the units must be inspected annually to ensure that they are up to minimum health and safety standards. At the end of the designated affordability period, the County will release the Borrower from the RLA, and the loan is due and payable.

Annual Occupancy Restrictions and Certifications

All owner-occupied Borrowers will be evaluated annually by the County's to confirm continuous owner occupancy status. Borrowers will be required to submit to the County between January 1 and 15 of each year for the term of the loan:

1. Proof of occupancy in the form of a copy of a current utility bill.
2. Statement, under penalty of perjury, of unit's continued use as a residence.
3. Declaration that other title holders do not reside on the premises.
4. Proof of property insurance
5. Proof of property taxes showing current paid status

County to check local Recorder's Office online records and search to ensure the property title has not been transferred to another name – if so, loan is due and payable (perform every 6-12 months).

County to check with local Coroner's Office to ensure any borrower has not yet passed away. If it is found that a borrower has passed away, the loan is due and payable. County is to contact family heirs to work on any option available up to and including foreclosure of the property.

These loan terms are incorporated in the original note and deed of trust. If a Borrower sells, transfers title, or discontinues residence in the rehabilitated property, the loan is due and payable.

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 County in writing of any change. The County 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 County. Changes in title or occupancy must be in keeping with the objective of benefit to the income qualified families.

Owner-Occupant to Owner-Occupant

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 assume all loan repayment obligations of the original owner-occupant, subject to the approval of the County'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 family size and household income, provided the heir is income qualified. If the heir intends to occupy the property and is not income qualified, 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 County.

Owner-Occupant to Owner- Investor

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 Borrower or new owner investor requests that the existing loan be assumed and agrees to the current County rates and terms for owner investor properties and the RLA, then the outstanding balance may be refinanced, subject to the review and approval of the County's Loan Committee.

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 County allow for a partial conversion where some of the residence is used for a business, but the family still resides in the property. Partial conversions can be allowed, if it is reviewed and approved by 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.

Requests for Subordinations

When a Borrower has a primary mortgage recorded in a senior position to the County's loan and wishes to refinance the primary loan, they must submit a written subordination request to the County. The County will only subordinate their 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 payoffs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the family 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 agency, 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.

Process for Loan Foreclosure

Upon any condition of loan default: 1) nonpayment; 2) lack of insurance or property tax payment; 3) violation of rent limitation agreement; 4) change in title or use without approval; 5) default on senior loans, the County will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the County may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the County is notified via a Request for Notice of Default, the County, 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. County 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 County 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 County 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 County does not have enough funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the County 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 County 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 County 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 payoff of the balance, plus costs, to cancel foreclosure. If the County, after exercising due diligence, determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the County's lien may be eliminated due to insufficient sales proceeds.

County as Senior Lien holder

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

- Can the loan be cured, and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- Can the Borrower refinance with a private Lender and pay off the County?
- Can the Borrower sell the property and pay off the County?

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

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

At the end of 30 days, the County should contact and potentially procure reputable foreclosure services or local title companies to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the County 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 County informed of the progress of the foreclosure proceedings.

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

Attachment F – Siskiyou County Marketing Plan

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

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

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

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

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

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

Marketing Forms

- Fliers
- Brochure
- Newspaper Ads and Articles
- Public Service Announcements
- Public Information Meetings

Marketing Venues

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

Attachment G– Foreclosure Policy & Procedures

County as Senior Lien holder

First Delinquency Notice

The County will send Borrower a letter after a loan payment has become thirty (30) days delinquent noting the amount delinquent plus any late charges, or immediately upon notification that fire or flood insurance have not been paid and have lapsed or the property taxes have become delinquent. This letter will be followed by a telephone call to detail the information in the first delinquency notice. The purpose of this contact is to request that the Borrower correct the cause of delinquency.

If no response is received to the first delinquency letter, the Borrower may be reported to all three credit bureau agencies.

Second Delinquency Notice

If no response to the first notice, the County will send Borrower a second letter after thirty (30) days of the date of the first delinquency letter has passed noting the reason for the delinquency, the necessary actions to bring the loan into compliance with all terms and conditions, and detailing all late penalties and charges. The second delinquency notice will be followed by a telephone call detailing the information in the second delinquency letter. The purpose of this contact is to request that the Borrower correct the cause of delinquency.

If no response is received to the second delinquency letter the Borrower may be reported to all three credit bureau agencies.

Third and Final Delinquency Notice

- A. If the Borrower does not respond to the second delinquency letter, after thirty (30) days from the date of the second delinquency letter, the County will take the following steps:
- (1) The County will attempt to contact the Borrower in person or by telephone in order to assess the Borrower's financial situation and explore options for the borrower to avoid foreclosure. During the initial contact, the County will advise the Borrower that he or she has the right to request a subsequent meeting and, if requested, the County will schedule the meeting to occur within fourteen (14) days. The assessment of the Borrower's financial situation and discussion of options may occur during the first contact in person or by telephone, or at the subsequent meeting scheduled for that purpose. In either case, the Borrower shall be provided the toll-free telephone number made available by the United States Department of Housing and Urban Development (HUD) to find a HUD-certified housing counseling agency.
 - 2) Should the County be unable to contact the Borrower in person or by telephone, the County will send a first-class letter that includes: (1) a request to contact the County so that Borrower's financial situation and options to avoid foreclosure can be discussed; (2) the Borrower's right to request a subsequent meeting to occur within fourteen (14) days at which time the Borrower's financial situation and options to avoid foreclosure can be further discussed; (3) the toll-free telephone number made available by HUD to find a HUD-certified housing counseling agency; and (4) the means for the borrower to contact

- the County in a timely manner, including a toll-free telephone number that will provide access to a live representative during business hours.
- (3) A minimum of three (3) days after the letter has been sent, the County shall attempt to contact the borrower by telephone at least three times at different hours and on different days over the course of at least seven (7) calendar days. Telephone calls shall be made to the primary and any secondary telephone number on file.
- B. (1) The purpose of the attempts to contact the Borrower is to inform the Borrower of his legal rights as identified in Paragraph A.1 above and to discuss with the Borrower: (a) the reasons for the delinquency; (b) any changes in Borrower's health, family circumstances, or financial status in which limits repayment ability; (c) to define the amount in arrears and penalties owed.
- (2) At the conclusion of this meeting, the following will be determined by the County: (a) whether or not the Borrower will be able to afford to pay the full monthly installment and all insurance and tax requirements; (b) whether extending the time of the payment or altering the terms of the indebtedness would result in the ability to pay the monthly installments and all insurance and tax requirements; and (c) whether it is appropriate to accept additional security of any kind.
- (3) The County will then forward this information on to the Loan Committee with a recommendation for a particular action and schedule a meeting between the County, the Borrower, and Loan Committee. The recommendation may include issuing a final demand for full payment or modifying the existing conditions of a loan if the County believes that modifying the existing provisions of the loan would eliminate the cause of the delinquency. The Loan Committee will make a decision at the conclusion of the meeting and this decision is final. Any modification to the existing loan will be made contingent upon bringing the loan into compliance with any and all new terms and conditions and that failure to bring the loan into compliance with any and all new terms and conditions will constitute grounds for the County to proceed with the Notice of Default and the foreclosure process.
- C. If the Borrower does not respond within two weeks after the telephone call requirements of Paragraph A.3 above have been satisfied, the County will then send a certified letter, with return receipt requested, providing the information contained in Paragraph A.2 above and stating that the County has satisfied the pre-requisite steps to record a Notice of Default and that if the Borrower does not contact the County within thirty (30) days of the date of this letter, the County will proceed with the Notice of Default and the foreclosure process. Should the Borrower respond to this letter, the steps identified in Paragraph B will be taken.
- D. If the Borrower fails to bring the loan into compliance based on the Decision of the Loan Committee pursuant to Paragraph B.3 above or does not respond to the letter sent pursuant to Paragraph C above, the County will proceed with the Notice of Default and the foreclosure process.

County as Junior Lien holder

It is the County'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 County of initiation (recordation 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 County 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 County 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 County 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 County 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 County determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the County's lien may be eliminated due to insufficient sales proceeds.

Attachment H - Lead-Based Paint Visual Assessment / Notice

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 within 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 within 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
Print Name: _____ Signature _____

Section 6: Contact Information	Organization:		
Contact Name:	Contact Signature:		
Date:	Address:	Phone:	

Attachment I – 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 _____ CA
(Date) (City)

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

Signature(s) of all occupants:

Occupant:

Occupant:

Occupant:

Occupant:

Occupant:

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