

Exhibit A

Exceptions to the County of Siskiyou Community Development Block Grant Housing Rehabilitation Guidelines (specifically for the CDBG Slater Fire Home Replacement Program)

1.2. Outreach / Applicant List

The Program will be advertised for 30 days allowing applicants to gather documentation needed before the application period is open. The application packet can be distributed during this timeframe but applications will not be accepted until the application acceptance period is open.

The program will be open to the general public, whether or not they are registered with LTRG or NVCSS.

Applicant List (Section not numbered in Guidelines)

Those that contact GNS will be put on an Applicant List. However all applications will be reviewed during the application acceptance period. Applications will be processed on a first come first serve basis for completed applications.

1.5. Application Process and Selection

The application acceptance period will be open to applicants for a two (2) week period after the Outreach period has closed.

Projects will be funded based on the order of which the completed applications were received and deemed eligible per "Applicant List" and "1.5 Application Process and Selection". Applications will be deemed complete if all requested information is provided. Incomplete applications are returned to the homeowner with a letter detailing the additional information needed. Applicants will be given one (1) week to return requested information for the application to remain with the original submission date. If the information is not returned in that time frame, the application will be re-stamped with the new date and will be reviewed in the order it was received.

If there are more qualified applications than funding: households will be given priority to apply for the program based on a point system for those households who have the lowest AMI and the least amount insurance reimbursements and other types of assistance such as FEMA, CalOES, Tribal, etc. The list of eligible applicants and their points will be reviewed by the Loan Committee to confirm who has the most need based on the points. Upon the Loan Committee's decision, each applicant will receive a letter stating their points and if they will or will not be assisted.

A title report will be obtained, but an appraisal cannot be performed since the homes were destroyed.

Initial Inspection/Work Write-up/Estimate

Pre-approved floor plans with specifications for a 2 bedroom 2 bath or 3 bedroom 2 bath homes will be used. Each site will have different conditions and therefore a site walk-through will be conducted by HCRN, GNS and the homeowner.

Bid Solicitation

HCRN is the Prime Contractor who has contracts with procured subcontractors and vendors to perform subcontracted trade work and to supply building and finish materials. The bids with contingency will be given to the homeowner.

Subcontractors of HCRN cannot be on the Debarred List on SAM.gov.

4.3. Property Types

HCRN provides two types of homes: a two-bedroom two bath and a three-bedroom two bath home. HCRN's policy is to replace like for like. A cabin, 1 bedroom or 2 bedroom home will be replaced with the two-bedroom two bath home and any three-bedroom home and above will be replaced with a three-bedroom two bath home. The Owner will be able to decide if the property permits if they would like the standard plan or the reverse plan. All homes will come fully finished including all appliances: refrigerator, range, microwave/rangehood, dishwasher, washing machine and dryer. Because these homes are being built in response to a disaster, dishwashers, washing machines and dryers are considered an acceptable expenditure for the CDBG program and are not considered luxury items.

4.6. Appraisal

An appraisal will not be necessary for this Program as the funds will be in form of a grant in order to replace homes that were destroyed in the Slater Fire, and the value of the home is not relevant to the amount of the grant funding being provided to the Owner.

10.1 Owner Occupant

Upon issuance of the occupancy permit, each program participant will be required to occupy the home for five (5) years. The Owner will be required to supply documents per Section 10.1 Owner Occupant of the Guidelines. When all terms of the contract have been met after the five years, the Deed of Trust and Grant Agreement will be satisfied.

If the Owner Occupant status changes per Section 10.1, only an heir apparent of the Owner Occupant (as described in Section 10.1.2) can assume the home and the grant. All other transfers of title, ownership or occupancy as described in Section 10.1 will necessitate the grant be reimbursed to the County based on the following: Partial years will be prorated on a 365 day per year basis.

<u>End of Year</u>	<u>Percent of Grant to be Reimbursed</u>
1	80.0%
2	60.0%
3	40.0%
4	20.0%
5	0.0%

10.2. Owner Investor

This program is not open to Owner-Investors and Owner-Investors cannot assume the loan in the 5-year term of the Promissory Note.

11.0. Financing

All funds issued to Owner's will be in the form of a grant for Owner-Occupants only.

11.2. Maximum Loan to Value Ratio

A. Owner-Occupant

This section of the Guidelines will be used to confirm that the household is able to afford the CDBG requirements of maintaining property insurance and being current on property taxes.

The front-end and back-end ratio calculations will differ in that the loan principal and interest will not be calculated as there is no principal and interest. The front-end ratio will be less than 40% and the back-end ratio will be less than 50% as defined in the Guidelines.

11.7. Grants

As allowed per Section 19 Exceptions/Procedures for Exceptional Circumstances of the Guidelines, the maximum grant amount enumerated in the Guidelines will be increased in order to meet the needs of the Slater Fire homeowners. Also, the grants will be offered for whole home replacement.

This Program will provide grant amounts that will be used for title report, escrow and document recording fees, subcontractor and material costs, change orders and other costs, etc. related to building the home. The program will not cover sewer, water, septic or well repair and/or replacement. Each grant will be awarded on the amount that is necessary for the home to be built without a duplication of benefits from funds from the owner savings, owner's home insurance, other grant funding, other disaster assistance funding and/or any other funding available to the owner to replace the home that was lost.

No repayment of the grant funds will be made by the homeowner unless the owner's occupancy status changes as described in Section 10.1. Residency Requirements above or a duplication of benefits has been proven.

Owner will need to provide proof of stable income to pay taxes and insurance and upkeep of home for the term of the grant per these guidelines.

The County will require that the Owner Occupant execute the following and all other documents as describe in 12.2 Loan Settlement:

1. Grant Agreement
2. Promissory Note
3. Deed of Trust with a Reconveyance at the beginning of the 6th year.

14.0. Property Insurance

All property insurance will be kept current and up to date as described in 14.0, 14.1 Fire Insurance and 14.2 Flood Insurance for a period of 5 years.

15.0. Contracting Procedures

HCRN will be the contractor performing the general contracting work for the home. The homeowner will contract with HCRN to build the home.

Homes will be replaced like for like as described in **Property Types** in this attachment.

15.2. Eligible Construction Costs

15.2.5. General Property Improvements

As these homes are new and are replacement homes due to the Slater Fire and will meet the National Objective of Limited Income Households where the household must be at or below 80% AMI, refrigerators, cooking range, microwave vent hood, washers, dryers, dishwashers and integrate air conditioners as part of the ductless heat pump system will be allowed.