State Community Development Block Grant Program
GRANTEE PERFORMANCE REPORT
For period 7/1/ 05 to 12/31/ 05

Coversheet/Certification

Jurisdiction Name: **County of Tulare**

General Information: **Please check one:** ☐ Annual GPR
■ Final GPR (Grant GPR Only)

Is this GPR being completed to report on: ☐ Program Income, or ■ a Grant?
If Grant, No: **03-STBG-1853**, and check type, below:

■ General ☐ Economic Development ☐ Colonias ☐ Native American

Address of Jurisdiction: 5961 South Mooney Blvd
Visalia, CA 93277

Preparer Information:
Name: April L. Hill
Title: Community Development Specialist
Phone: 559-733-6291
Email address: ahill@co.tulare.ca.us

Checklist of Contents: *(include all parts applicable to your Grant or PI-RLAs)*

Contents	Activity 1		Activity 2		Activity 3		Activity 4	
	Inc.	N/A	Inc.	N/A	Inc.	N/A	Inc.	N/A
Part 1. Common Demographics	✔							
Part 2. Housing Activities	✔							
Part 3. Public Works Activities		✔						
Part 4. Public Services and Community Facilities Activities		✔						
Part 5. Economic Development Activities		✔						
Part 6. Displacement/Replacement Information		✔						

Certification:
I have reviewed the enclosed data and certify that to the best of my knowledge these data are true and accurate and the supporting records will be maintained and are available for State review.

Signature of Authorized Representative

J. Steven Worthley, Chair, Board of Supervisors
Printed Name and Title

Date

Jurisdiction: **County of Tulare**

Grant No. or Program Income: **03-STBG-1853**

Part 1. Common Demographics *(List all activities under this grant, or Program Income RLAs, as applicable, and their associated accomplishments during this period)*

Contract or RLA Activity	HUD Matrix Code	Accomplishment Type (choose one for each activity reported on)				Number of Beneficiaries This Period	Number of TIG Beneficiaries This Period	FINAL GPR ONLY (Grants Only)	
		Households[1]	Persons[2]	Jobs[3]	Clients[4]			Total Beneficiaries During Entire Grant	Total TIG Beneficiaries During Entire Grant
1. Housing Rehab	14A	X				4	4	10	10
2.									
3.									
4.									

CONTRACTOR INFORMATION: *(Provide the total value of contract(s) between the grantee and contractors[5])*

Firm Owned Wholly or in Substantial Part By:	Value of Contract(s)
Minority Group Members	$ N/A
Women	$ N/A
Other	$ N/A

[1] Choose households if the activity is Housing Rehabilitation, Housing New Construction, Housing Acquisition, or Public Works.
[2] Choose persons if the activity is Community Facilities or Public Services.
[3] Choose jobs if the activity is Economic Development.
[4] Choose clients if the activity is Microenterprise Assistance.
[5] Do not list contracts between beneficiaries and contractors (i.e., housing rehabilitation).

Jurisdiction: County of Tulare
Grant No. or Program Income: 03-STBG-1853

Part 2. Housing Activities (Complete a separate Part 2 for each housing activity)

Contract Activity: *(choose one)*

☒ Housing Rehabilitation ☐ Housing New Construction ☐ Housing Acquisition

Beneficiaries by Income Group: *(During this report period)*		Owners *(households)*	Renters *(households)*
a. Total TIG (Low/Mod) Beneficiaries:	(51-80%)[1]	1	
b. Total LTIG (Lowest Income) Beneficiaries:	(31-50%)	3	
c. Total VLTIG (Very Lowest Income) Beneficiaries	(<30%)		
d. Total Non-TIG Beneficiaries:	(>80%)		
	TOTAL:	4	

Beneficiaries by Income Group: *(During the entire grant term)*		Owners *(households)*	Renters *(households)*
a. Total TIG (Low/Mod) Beneficiaries:	(51-80%)[1]	3	
b. Total LTIG (Lowest Income) Beneficiaries:	(31-50%)	5	
c. Total VLTIG (Very Lowest Income) Beneficiaries	(<30%)	2	
d. Total Non-TIG Beneficiaries:	(>80%)		
	TOTAL:	10	

Beneficiaries by Race and Ethnicity:	During This Reporting Period		During Entire Grant Term	
	Race	Ethnicity	Race	Ethnicity
Race Categories	Number of Households	Number that are also Hispanic	Number of Households	Number that are also Hispanic
American Indian or Alaska Native	3	3	9	9
Asian				
African American or Black	1	0	1	0
Native Hawaiian or Other Pacific Islander				
White				
American Indian or Alaska Native *and* White				
Asian *and* White				
African American or Black *and* White				
American Indian or Alaska Native *and* African American or Black				
Other Multi-Racial				
TOTALS:	4	3	10	9

Number of Female-Headed Households: 3
Number of Handicapped Beneficiaries: 3

[1] Median Family Income
[1] Median Family Income

Conant Radcliffe
CDBG Representative
Department of Housing
And Community Development
Attention: CDBG Program
1800 3rd Street, Suite #330
Sacramento, CA 95814
(916) 552-9354

RE: **Closeout Certification of CDBG Grant No. 03-STBG-1853**

Dear Mr. Radcliffe:

It is hereby certified that all activities undertaken by the Grantee with funds provided under the above grant agreement have, to the best of my knowledge, been carried out in accordance with the grant agreement; that proper provision has been made by the Grantee for the payment of all costs and claims; that the State of California is under no obligation to make further payment to the Grantee under the grant agreement; and that every statement and amounts set forth in the attached final CDBG Financial and Accomplishment Report is, to the best of my knowledge, true and correct.

Any property acquired in whole or in part with CDBG funds or CDBG Program Income shall be accounted for in accordance with the provisions of Section 7118 and 7104 of the State CDBG regulations pertaining to property management and program income. Please list any property acquired in whole or in part with grant funds or program income expended for the grant or, if applicable, state "none" acquired. Note: Future disposition of this property shall be carried out in accordance with Section 7118 of the State CDBG Regulations.

1. NONE	4.
2.	5.
3.	6.

The Grantee shall continue to comply with the State CDBG program income reporting requirements.

All costs incurred subsequent to the most recent annual audit period will be audited at the time the Grantee's next annual audit is conducted in accordance with OMB Circular A-133. The Grantee will resolve any audit findings relating to both the program and financial aspects of the grant. In the event there are any costs, which are disallowed by this audit, or any subsequent audits, which cover CDBG expenditures, and which are sustained by the Department of Housing and Community Development, the amount of such costs shall be returned to HCD.

Date: **March 28, 2006**	Typed Name and Title of Authorized Grantee Representative: Name: **C. Brian Haddix** Title: **County Administrative Officer**	Signature of Authorized Grantee Representative:

I. SOURCE OF FUNDS

The Community Development Block Grant (CDBG) Program is administered by the State of California Department of Housing and Community Development (HCD), which is funded by the U.S. Department of Housing and Urban Development (HUD). The County of Tulare (County), Resource Management Agency (RMA), Community Development and Redevelopment Division (CD&R Division), in order to implement the CDBG Housing Rehabilitation Loan Program (Program), established the following guidelines.

II. PURPOSE

A. The purpose of the Program is to improve the condition of housing and quality of life in the unincorporated communities of Tulare County. The Program will be of specific benefit to the CDBG target areas.

B. The major objectives of the Program are:
   1. To provide improved housing that is decent, safe, sanitary and affordable.
   2. To preserve existing housing, where possible, and to maintain the stability of neighborhoods.
   3. To eliminate slums and blight.

III. REUSE PLAN

Program Income (PI) from the housing rehabilitation loan repayments will be reused for Housing Rehabilitation Revolving Loan Fund (RLF) and general administration activities described in the CDBG Program Income Reuse Plan. Program income will be substantially expended by the end of each fiscal year.

IV. PARTICIPANT ELIGIBILITY

A. Fair Housing - This rehabilitation program will be implemented in ways consistent with the County's commitment to fair housing:
   1. 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 CDBG funds on the basis of his or her age, gender, race, color, ancestry, national origin, religion or religious affiliation, marital status, familial status (children), physical disability (including testing HIV-positive or contracting AIDS), mental disability, medical condition (including cancer), sexual orientation, source of income or other arbitrary cause.
   2. The County's efforts to affirmatively promote fair housing include outreach with fliers distributed in neighborhoods and at meetings, telephone contacts, and notices published in local and/or minority media.
   3. Documentation of the housing activity locations, along with demographic characteristics of participants and beneficiaries is maintained and periodically reviewed in order to verify the County's affirmative promotion efforts.
      a. To ensure compliance, records are kept of each participant's age, race, ethnicity, gender, and disability. Program participant/beneficiary data is compared periodically to the county population in order to analyze whether assistance is being provided to all people regardless of protected class or special needs group status.
      b. The County uses most recent census data to identify race, ethnicity, gender, disability and ages of residents in Tulare County.
      c. The same data about program applicants and participants is also collected in a database, which includes characteristics about special needs groups, such as seniors, female heads

of household, household size, number of children, income level, veterans and farmworkers.

d. If the analysis shows a special needs group is being underserved, the Program will be modified appropriately; for example by changing marketing strategy, providing counseling or other adjustments.

B. Conflict of Interest

1. No member of the Board of Supervisors of the County and no other official, employee or agent of the County government who exercises policy or decision-making functions, or who has responsibilities in connection with the planning and implementation of the CDBG Program, shall directly or indirectly be eligible for this program unless the application for rehabilitation assistance has been reviewed and approved according to applicable HCD guidelines. This ineligibility shall continue for one (1) year after an individual's relationship with the County ends.
2. 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. (See Section VIII.A.8 for conditions.)

C. Income Eligibility

1. Participant must need assistance of the Program to rehabilitate or reconstruct their residence. Need will be determined by the County's Program Manager, and be based upon Program procedures and ability of household to meet such requirements.
2. The CDBG Housing Rehabilitation Program is intended to benefit households with household-size adjusted income less than eighty percent (80%) of the County's median income. (See attached CDBG Income Definition, General Income Guidelines, HCD Income Limits.)
3. Household Definition
   a. Income guidelines are established by HCD and adjusted on an annual basis. The most current guidelines will be used in determining eligibility.
   b. All persons in residence are considered household members.
   c. Income eligibility will be calculated from the income of all residents, excepting the income of employed children under the age of eighteen (18). Income documentation will be required.
   d. CDBG Program allows non-income eligible persons who do not reside on the property to be on the title, providing that changes in occupancy and use are monitored every year and providing that when the income eligible owner is no longer occupying the unit, the loan is due and payable or is converted to an market rate loan or that the unit is rented under a recorded Rent Limitation Agreement.
4. Owner-Occupant - Household income for an owner-occupant must be equal to, or less than, the applicable HCD income guidelines. Income documentation will be required.

D. Title Criteria - Participant must have ownership of the property through fee simple title, ninety-nine (99) year leasehold interest or a living trust with the occupant as beneficiary.

1. Participant may transfer his/her property into a living trust so long as he/she is the beneficiary of the trust and continues to occupy the property.
2. Transfer of property into a living trust is subject to County's being notified if the trust is amended or revoked, participant's beneficial interest is transferred, legal ownership of the property is transferred or participant no longer occupies the property as principal place of residence. See section XIII.E.2 for Transfer of Title conditions.

E. Occupancy - No unit will be eligible if the income of the household currently in residence exceeds HCD-prescribed limits. To prevent owners from evicting a tenant and moving into a

County-rehabilitated residence, each owner must certify that no tenant has been forced to move without cause during the previous six (6) months.

V. PROPERTY ELIGIBILITY

A. Units to be rehabilitated must be located within a current designated target area or additional target area(s) approved by the County Board of Supervisors and HCD.
B. No unit will be eligible for housing rehabilitation assistance if the household income exceeds HCD-prescribed limits. (See attached CDBG Income Definition, General Income Guidelines, HCD Limits.)
C. Property must contain a dwelling unit (or unit within a structure) that is intended for continued residential occupancy and has cooking, eating, sleeping and sanitation facilities.
D. Property must have been legally occupied as a residence during the preceding twelve (12) months or have been ordered vacant by building officials within the last six (6) months.
E. Property must be in compliance with requirements of general plan, zoning and subdivision ordinances.
F. The unit must have health and safety issues and/or code deficiencies that need correction. Repairs must address all health and safety hazards existing in the unit, as determined by the RMA's Building Inspection Division, and must comply with local building codes and local health and safety codes.
G. Unit must be suitable for rehabilitation, as determined by a construction supervisor who is experienced, knowledgeable and active in the County's housing rehabilitation program.
H. A mobile home / manufactured residential unit is eligible for rehabilitation or replacement with CDBG funds.
   1. An existing mobile home may be replaced by a used model that has been occupied and not used as a demonstration model.
   2. If the mobile home meets the criteria for reconstruction, the mobile home can be replaced with a new unit. If on private property, the mobile home shall be replaced with a stick-built home. If in a mobile home park, the mobile home will be replaced with a new mobile home.
   3. Replacement manufactured or mobile homes must be on a permanent foundation system in accordance with Final Rule 92.25 (a)(4). Existing manufactured or mobile homes receiving assistance need not be on permanent foundation systems.
   4. The replacement manufactured unit must have the same number of bedrooms or more than the original unit.
   5. Replacement of a manufactured home is allowed on either homeowner-owned or leased land in a mobile home park.

VI. REHABILITATION STANDARDS AND PROPERTY IMPROVEMENTS

A. Rehabilitation Standards
   1. All repair work will meet Uniform Building Code standards. At a minimum, all serious health and safety hazards must be eliminated.
   2. If the household includes a physically disabled person, applicable fair housing accessibility guidelines will be followed.
   3. Prevailing wage regulations, Labor Codes and Standards will be complied with if applicable.
   4. All improvements must be physically attached to the property and be permanent in nature.
   5. Contractors are required to recycle 100% of inert material and 50% of Construction and demolition debris, per County ordinance.
   6. Program Manager(s) and construction contractors shall comply with all local, state and federal laws regarding hazardous wastes.

7. In the case of a reconstruction, the number of bedrooms of the new construction must equal or exceed the number of bedrooms of the previous unit. This means the same number of bedrooms and bathrooms must be rebuilt as existed before demolition.

B. Lead Based Paint - The County, Program Manager(s) and construction contractors will comply with current federal lead-based paint regulations (24 CFR 35) as defined by the HUD and presented in the most recent CDBG Grant Management Manual.

C. Eligible Property Improvement Costs

1. Health and Safety Issues - Problems in the home that endanger inhabitants directly or indirectly must be addressed. Such dangers include electrical or plumbing problems, security or access deficiencies, inadequate weather protection, lead-based paint, mold and other hazardous conditions.
2. Eligible costs include energy-related improvements, improvements for handicapped access, repair or replacement of major housing systems such as the heating system.
3. Water and sewer laterals or septic tank abandonments are eligible improvement costs of rehabilitation when they are located on private property.
4. Housing includes proper eating and sanitation facilities, so a stove and refrigerator are eligible costs.
5. Code and Regulation Compliance
   a. Additional work may be required to rehabilitate and modernize a home and to bring it into compliance with current building codes and regulations.
   b. Painting and weatherization are included.
   c. Curb and gutter work may be included as required by the County.
6. Demolition - Eligible costs include, but are not limited to, tearing down and disposing of dilapidated structures when part of the reconstruction of affordable housing.
7. Upgrades
   a. Additional bedrooms and bathrooms may be added through the Program if the need can be demonstrated and approved by the Loan Review Committee. (See attached CDBG Standards for Room and Bedroom Additions.)
   b. Upgrades may be made to modify a home to remove barriers for a person with mobility impairment.
   c. Increasing the living area of a home is allowable if justified in writing and deemed necessary by the Loan Review Committee.
8. General property improvements
   a. General property improvements (GPI) are non-luxury items and are an allowable cost. They typically are not required to achieve building code or health and safety code compliance.
   b. Clear and convincing documentation must be provided to the Loan Review Committee to justify the proposed GPI or additional costs.
   c. Allowed types of improvements include, but are not limited to:
      i. Incipient repairs (the need for which is becoming apparent).
      ii. Removal of debris.
      iii. Repair or installation of fencing.
      iv. Landscaping that addresses energy conservation and/or dangerous obstacles.
      v. Replacement or new construction of an enclosed garage.
      vi. Curb, gutter and/or sidewalk not required by County.
   d. Total costs allocated to GPI will not exceed fifteen percent (15%) of the total rehabilitation costs; however, the County reserves the right to exceed those costs on an as needed basis.

D. Repair Callbacks - In the event that a contractor must be called back to make corrections on rehabilitation work not covered by the one (1) year warranty, the County has the option of covering the cost of repairs through the current CDBG construction loan/grant budget.
E. Ineligible Property Improvement Costs - Luxury items, such as the following are not considered housing rehabilitation and therefore are not eligible for CDBG funding:
   1. Creation of a secondary housing unit attached to the primary unit.
   2. Installation of ~~luxury items such as~~ a swimming pool.
   3. Costs of equipment, furnishings or other personal property that are not integral structural fixtures, such as window air conditioners, washers or dryers.
   4. Labor costs for homeowners to rehabilitate their own property (see Section VIII.A.7 Sweat Equity to see how homeowner labor is accounted for).

VII. INSURANCE

A. Hazard/Fire Insurance - The borrower shall maintain fire insurance on the property for the duration of the loan.
   1. This insurance must be in an amount adequate to cover all encumbrances on the property, but not less than replacement value.
   2. The insurer must identify the County as a loss payee.
   3. The premium may be paid from the rehabilitation loan for the first year.
   4. A binder of insurance shall be provided to the County.
   5. Owner is responsible for insurance to cover contents and/or personal liability.
B. Flood Insurance - In areas designated as flood prone by the HUD, the borrower is required to maintain flood insurance for the duration of the loan.
   1. The borrower is required to maintain flood insurance in an amount adequate to cover all encumbrances on the property, but not less than replacement value.
   2. The insurer must identify the County as a loss payee.
   3. The premium may be paid from the rehabilitation loan for the first year.
   4. A binder of insurance shall be provided to the County.
C. The borrower is required to submit proof annually that the property is insured in the manner described above. A notice from the insurance provider is sufficient.
D. Borrowers will be encouraged to establish impound accounts with their first mortgage to pay hazard insurance and property taxes.
E. Should participant experience hardship in paying for required insurance, and in order that County may protect its interest County will consider lending non-HOME funds for insurance coverage.
   1. The additional loan will be secured against the property, require monthly payments, and be approved only after a review of borrower's loan history.
   2. Payments may be deferred if approved by Loan Review Committee.
   3. Three percent (3%) interest and loan preparation fees may be charged to the borrower to cover the cost of the loan.
   4. If either/both fire or flood insurance premiums are not paid, and the participant fails to respond to notices, the loan may become due and payable.
   5. Any subsequent loan offers for insurance purposes shall be subject to a satisfactory annual review of borrower's account.
F. In the event the owner fails to make premium payments in a timely fashion for fire insurance or for any required flood insurance and does not respond to reminders, the County, at its option, may make such payments to secure necessary protection. Should the County make any payments, the County may, upon notice to the participant, add such payments to the principal that the participant is obligated to repay the County under this program. Interest and loan preparation fees may be

charged to the borrower to cover the cost of the loan.

VIII. REHABILITATION FINANCING

A. General Financing Rules

1. An eligible owner-occupant may qualify for the full cost of the rehabilitation work needed to comply with Uniform Building Code Standards.
2. Participant shall be lent funds only in the amount necessary for the cost of the housing rehabilitation work specified in the work write-up and change orders. Any change order must state the change and dollar value for the change, be signed by both the contractor and participant and submitted to Program Manager staff for approval.
3. Maximum assistance from CDBG funds is $95,000.
4. Maximum assistance from CDBG and supplemental funds combined shall not exceed $95,000 for one owner-occupied housing rehabilitation project. However, the Loan Review Committee may approve assistance in excess of the maximum, as needed, in cases where clear and convincing documentation exists to justify why the exception is needed (for example, for aging-in-place home modifications).
5. Total indebtedness against the property shall not exceed one hundred percent (100%) of its after-rehabilitation or reconstruction value. An estimate of after-rehab value will be made prior to making a commitment of CDBG funds.
6. Mobile home or manufactured housing purchase and transportation costs can be added to the participant's loan.
7. Supplemental Financing
   a. Rehabilitation costs for CDBG-funded jobs may be supplemented with personal financing or other loan or grant programs that are sources of leverage for the County.
   b. "Sweat Equity"
      i. Participant or owner-builder labor costs will not be reimbursed, but do provide a private contribution of $10.00 per hour that may decrease the public financing needed. (Amount is subject to change.)
      ii. Interested participants sign a written commitment itemizing the work they will perform, a time schedule for completion, and a dollar value of the contribution.
      iii. A Construction Supervisor will provide technical assistance and support to assure quality standards for workmanship and materials, while monitoring staff will maintain records of work done by participants. (See attached Sweat Equity Labor Agreement.)
8. Owner-Builders
   a. Owner-builders will be reimbursed for purchases of materials that are used on the job and verified by invoice or receipt. Reimbursement occurs after installation is confirmed to be part of the Scope of Work by the Construction Supervisor.
   b. Owner-builders are not reimbursed for labor. However, as noted above in Section VIII.A.7, the work performed is calculated as a sweat equity private contribution.

B. Types of Financing and Terms

1. Deferred-Payment Loan (DPL)
   a. For most participants, financing shall be provided to participants in the form of a sixty (60) year loan, secured by a Deed of Trust.
      i. During the first thirty (30) years of the loan, simple interest will accrue at a rate of two percent (2%) per annum, and payments will be deferred.
      ii. At the end of thirty (30) years, the loan and remaining balance will be converted to an amortized loan requiring monthly payments over the next thirty (30) years at zero percent (0%) interest.

iii. At the end of thirty (30) years, in cases where a required monthly payment would cause housing costs to exceed thirty percent (30%) of the monthly household income, loan repayment may be deferred for one (1) year at zero percent (0%) interest.
iv. If at any time the County determines that the participant is able to repay the loan, the DPL will convert to a below market interest rate (BMIR) loan.

b. If the owner sells or transfers title or discontinues residence in the dwelling, the DPL becomes immediately due and payable, unless the sale or transfer is to a targeted income group household, and the sale or transfer is approved in advance by the County.
c. The entire loan principal amount must be repaid by the end of the loan term.
d. The County will forgive a portion of the original loan principal to ensure that the price at resale guarantees the original assisted owner a fair return on investment, including any documented capital investment or principal reduction.
   i. Deductions, if any, for deferred maintenance will not affect the guaranteed amounts due to the County assisted owner.
   ii. If the selling price of the home is insufficient to provide the guaranteed amount for the owner, the principal and interest due the County will be reduced accordingly.
   iii. Resale price must be supportable by an appraisal conducted by a licensed appraiser.
e. The County reserves the right to forgive the accrued interest of a loan, as deemed necessary by the CD&R Housing Staff, to provide homeowners a fair return on investment.
f. Voluntary payments may be made on a DPL at any time without penalty, in order to reduce the balance owed on the loan.

2. <u>Below Market Interest Rate (BMIR) Loan</u>
   a. An amortized loan, secured by a Deed of Trust, for a term of thirty (30) years, with a simple interest rate of three percent (3%) annually.
   b. Monthly payments will be required. A credit report will be obtained to verify indebtedness and financial responsibility.
   c. The entire principal of the loan must be repaid by the end of the thirty (30) year term.
   d. The term of the loan begins at the date of the recording of the Deed of Trust.
   e. If the BMIR loan is converted partially or wholly to a deferred payment loan, the principal amount of the DPL portion must be repaid at the end of sixty years from the recording of the loan.
3. <u>Combination DPL and BMIR Loan</u>
   A combination DPL and BMIR loan may be made if an income eligible owner-occupant's or owner-investor's monthly housing costs are less than thirty percent (30%) of gross monthly income, but the cost of the required rehabilitation work is such that a full BMIR loan would result in payments that cause housing costs to exceed the thirty percent (30%) threshold. (Housing costs or expenses consist of house payments, property taxes, fire insurance, flood insurance [if applicable], gas, electricity, water, sewer and garbage disposal.)
4. <u>Grants</u> - Grants of up to $10,000 per household are available on a limited basis. Total CDBG Program funds that are distributed as grants shall not exceed fifteen percent (15%) of the funds allotted for housing rehabilitation. Grants may be made for the following purposes:
   a. If financing rehabilitation entirely with a loan would cause total indebtedness to exceed one hundred percent (100%) of the after-rehabilitation value, the application will be reviewed by the County Loan Review Committee to consider eligibility for a equity maintenance grant;
   b. For lead-based paint hazard activities (the Loan Review Committee may approve assistance in excess of the maximum where no other financial resources are available to

cover the cost of the improvements and where clear and convincing documentation exists, justifying where the exception is needed);

c. For activities that support the intended benefit of the CDBG Program to low-income households. These activities may include temporary relocation expenses allowed in County's Residential Anti-Displacement and Relocation Assistance Plan, or building permit fees that were not waived as a leverage funding commitment for a housing-related activity. Such grant requests may receive special consideration upon review and approval by the County's Loan Review Committee.

IX. FINANCING QUALIFICATION STANDARDS

A. Owner-Occupant Financing Qualification Standards

1. An income eligible owner-occupant household, whose monthly housing costs are less than thirty percent (30%) of gross monthly income, is eligible for a three percent (3%) BMIR loan.
2. An income eligible owner-occupant household, whose monthly housing costs are more than thirty percent (30%) of gross monthly income, is eligible for a DPL.
3. An income eligible owner-occupant aged sixty-two (62) years or older is eligible for a DPL.
4. A very low-income owner-occupant household (defined as having an adjusted household income less than fifty percent [50%] of the County median income) is eligible for a DPL.
5. A combination DPL and BMIR loan may be made if an income eligible owner-occupant's monthly housing costs are less than thirty percent (30%) of gross monthly income, but the cost of the required rehabilitation work is such that a full three percent (3%) BMIR loan would result in payments that cause housing costs to exceed the thirty percent (30%) threshold. (Housing costs or expenses are defined in Section VIII.B.3.)
6. In order to establish housing expenses, Program Management staff will review the participant's entire budget using an established format approved by County.
7. Contractual long-term debt and monthly payments may be included in the calculation of income to determine whether the homeowner is financially able to afford a payment on the loan. The monthly payment must be for a necessary purpose, such as medications, medical care, work transportation. It must be debt that is contractual in nature with adverse consequences for nonpayment.
8. A limited number of grants of up to $10,000 may be awarded to low-income owner-occupant households for the purposes outlined in Section VIII.B.5.

X. IMPLEMENTATION OF HOUSING REHABILITATION PROGRAM

A. Waiting List/Outreach

1. The County's Program Manager will provide promotional services to inform potentially eligible participants, including, but not limited to, contacting nonprofit agencies, publishing newspaper notices and distributing fliers door-to-door and at community meetings. All written materials will be provided in English and Spanish.
2. County's Program Manager will maintain a waiting list of interested participants. In response to a housing rehabilitation prospect's phone request or office visit, property and income eligibility is roughly determined and the prospective participant is placed on the waiting list. Waiting list priority is "first-come, first-served," based on date of first contact, unless the nature of the problem is life-threatening.
   a. Participants will be contacted by mail and/or by telephone and have thirty (30) days to complete and return the loan application and supporting documentation.

b. Should the participant fail to respond with required documentation within the thirty (30) day period, his/her name will be removed from the waiting list. If the participant desires assistance later, he/she will be placed on the waiting list at that time.
c. CDBG grants are limited to providing housing rehabilitation services to specific target areas. The first on the waiting list for each area will be contacted.
d. If grant funding in a particular target area is expended, homeowners remaining on the waiting list will retain their priority place for the next round of funding.
e. Loan applications for households with severe health and safety repair needs will be evaluated by the Loan Review Committee for higher priority.
f. The waiting list will be purged on an annual basis. Each homeowner on the waiting list will be contacted by telephone and/or mail, requesting that the homeowner respond within a thirty (30) day period to remain on the waiting list. A file will be maintained for individuals that cannot be located. Documentation showing contact and notification attempts, including mail receipts and phone log, will be included in the file.

B. Application/Interview

1. The housing rehabilitation prospect files an application with County's Program Manager. The Program Manager determines eligibility of participant, based on Participant and Property Eligibility rules detailed in Sections IV and V of the County's current Participation Guidelines.
2. An interview is scheduled with the participant. The Program is fully explained; application forms and documentation are reviewed.
   a. The Lead-Based Paint Notification is given to all participants.
   b. Participants are advised to establish a will, living trust or other legal record of heir or heirs to the residence in case of untimely death.
   c. Participants will be encouraged to establish impound accounts with their first mortgage to pay hazard insurance and property taxes.
3. Employment and benefits income received by all adults in residence are verified.
4. Housing costs are calculated, with additional expenses and long-term debt added for total monthly expenses.
5. For participants eligible for a BMIR, a credit report is requested to determine indebtedness and liens on the property.
6. A title report is requested to discover any liens on the property.
   a. Senior lienholders will be contacted to verify the loan balance, that participants are current on their payments and that they have not defaulted.
   b. If participant states that a senior lien has been paid off, Program Manager will verify and initiate reconveyance, as needed.
   c. The County of Tulare should be named as the insured on the PIRT.
7. The homeowner's mortgage balance and a drive-by appraisal are obtained to determine available equity.
8. Program Manager will assess participant's financing eligibility based on Participant and Property Eligibility requirements outlined in Sections IV and V.
9. The Program Manager analyzes participant's need and eligibility for CDBG assistance by following these steps:
   a. Determines that the front-end ratio does not exceed thirty-five percent (35%). The front-end, or primary housing ratio is computed by dividing the sum of Principal, Interest payments, property Taxes, and Insurance (PITI) by the stabilized monthly income. Stabilized monthly income can include: salary, interest and dividends, rental income, retirement distributions, disability income, and spousal support.

   b. Determines that the back-end ratio does not exceed forty-two percent (42%). The back-end, or total debt ratio, is computed by dividing the sum of PITI and monthly payments on all debts by stabilized monthly income.
   c. Computes the housing costs that would be affordable for the participant's household, defined as thirty percent (30%) of household income.
10. Participant is given written notification of eligibility or ineligibility, provided with reasons for the decision and an appeal procedure for denial of eligibility.
11. Eligible participants are advised on the care of their houses.

C. Initial Inspection/Work Write-Up/Estimate
1. The initial inspection is scheduled with a Construction Supervisor, a qualified individual hired by the Program Manager to perform inspections, not a member of the RMA's Building and Zoning Unit.
2. An experienced and qualified Construction Supervisor inspects the house and property for code deficiencies, defective paint surfaces, and mold.
3. Code deficiencies will be corrected and defective paint properly abated as a part of the rehabilitation project.
4. Measurements and observations are noted about the property, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter, etc.), and photographs are taken of the home and property. A floor plan and site plan are drawn for the home and property, including all appurtenances. Findings are noted on an inspection form.
5. In order to determine potential extra costs, the following County divisions will be contacted:
   a. Flood Division - to determine if curb and gutter will be required.
   b. Permit Center – to confirm residential zoning and that any previous repairs or additions were completed legally with building permits.
   c. Code Compliance – to determine if property has active violations.
6. The Construction Supervisor uses the information gathered for the inspection form to prepare the work write-up, which is a detailed description of the work to be performed, with specific type and quality of materials.
7. The Construction Supervisor reviews the write-up and prepares a cost estimate based on an estimate of time and materials necessary to complete the proposed work.
   a. The preparer bases the cost of materials on knowledge of current local costs of standard parts that meet the specifications of Tulare County Housing Rehabilitation Standards. A construction industry cost estimation book may be used for reference.
   b. The cost estimate also includes an amount for contractor profit and overhead of no more than fifteen percent (15%) of the proposed work.
8. The participant reviews the completed work write-up and cost estimate. The approved write-up is incorporated into bid documents.

D. Bid Solicitation
1. The participant may choose to solicit their own bids or request that Program Management staff solicit bids on their behalf.
2. If participants choose to solicit their own bid, the Program Manager provides technical assistance to confirm the construction contractor meets legal requirements and that the selected bid is reasonable and within 10% of the Construction Supervisor's cost estimate.
3. If Program Manager staff solicits bids on participant's behalf, a bid walk-through date and time are scheduled. Invitations to bid are mailed to contractors on file, including woman-owned and minority-owned businesses.
4. If few responses are received, invitations to bid are advertised in general circulation and

minority newspapers in English and Spanish languages in an effort to obtain three (3) reasonable bids. If, despite all efforts, a minimum of three bids are not received, an explanation will be provided in the file.

5. A Bidder's Meeting, conducted by the Program Manager's Construction Supervisor, will inform potential bidders of the CDBG requirements and contract obligations on the project (e.g. one [1] year warranty on work performed, license in good standing, insurance, equal opportunity, civil rights, fair housing, non-discrimination assurances, labor standards and current prevailing wage requirements, etc).
6. Bidders will be asked to provide the name of the environmental firm used for lead paint hazard risk assessment and reduction activities, as well as names and certifications of workers and supervisors.
7. Contractors must have active, valid State of California Class B General Contractor licenses, be bonded and not be on the Federal Debarred List. Contractors must provide Program Manager's staff with evidence of Workers' Compensation Insurance and Comprehensive General Liability and Property Damage Insurance with Combined Single Limits of at least $500,000.
8. The County's Program Manager independently verifies that costs are reasonable by comparing the bids received with the cost estimate prepared by the Construction Supervisor. Participant is encouraged to accept the lowest reasonable bid and is advised that acceptable bids must be within ten percent (10%) of the Construction Supervisor's cost estimate. If a bid above the acceptable level is chosen, an explanation and change order will be provided to account for the file for the variance.
9. Bids must be specific to the Scope of Work. Each bid proposal will show a bid price breakdown of all items listed in the contract specifications and the total bid price. The participant has the option of reducing the total bid price by deleting items from the bid that are not essential to eliminating health and safety hazards or meeting building code standards. The contractor shall be informed of the proposed deletion in order to adjust the bid price, but may withdraw a bid if the proposed changes are not acceptable. The contractor has the option of withdrawing their bid if not accepted within thirty (30) days.
10. Program Manager staff reviews selected bid for accuracy and completeness. Any or all bids may be rejected and formalities waived.
11. If Program Manager staff solicits bids on behalf of the participant, bids are received and opened publicly at the designated date and time at the office of the Program Manager. Bids are reviewed for completeness and accuracy.
12. Bid results and contractor references are provided to the participant. Participant is strongly encouraged to contact references before making a decision and notifying Program Manager staff of their preferred construction contractor. Either the participant will select the contractor or the lowest responsible bidder will be awarded the contract.
13. Program Manager staff determines eligibility of contractor by checking the State Contractors License Board and Federal List of Debarred Contractors on-line. Program Manager staff verifies that the contractor carries worker's compensation, disability and unemployment insurance for all of their employees and those of their subcontractors engaged in work at the site. Qualification statements, proposals and/or bids, and documentation of selection are retained in project files.
14. Once determined eligible, the contractor is then notified of provisional award of bid (pending loan approval). Bid results will be provided to participating contractors. Notices of non-award are mailed to participating contractors.
15. Contractor shall comply with all applicable laws, ordinances, local business licenses and

codes, including obtaining permits and disposing of hazardous wastes. Each contractor and/or subcontractor shall sign a self-certification of compliance with prevailing wage requirements if applicable. Contractor shall follow the written work write-up specifications and change orders approved by the homeowner and Program Manager.

E. Loan Request/Approval
   1. If the household has sufficient equity to secure the loan for all the work needed, a loan request for the total amount is prepared on behalf of the participant.
   2. If equity is insufficient, the Program Manager's Construction Supervisor and participant negotiate which work items to omit.
   3. The amount of CDBG assistance offered to the participant is determined by first totaling the cost of repairs needed, then following the process outlined above in Section X.B.8.
   4. The loan request includes the cost of rehabilitation, a contingency fund (ten percent [10%] of rehabilitation costs if over $20,000 or twenty percent [20%] of costs if less than $20,000), and other project costs.
   5. Loan documents are prepared and submitted for approval by the County Loan Review Committee. (See Section XI, Loan and/or Grant Approval.)

F. Pre-Construction Conference
   1. A pre-construction conference is scheduled for the homeowner participant, contractor, and Program Manager staff.
   2. Program Manager staff reviews the Owner/Contractor Contract for Rehabilitation of Property (the construction contract), including the work write-up, start date, pay schedule, and date of completion, with the participant and contractor. (As described in Section X.C, the work write-up is a detailed description of the work to be performed, with type and quality of materials. "Start date" is the date when the construction contractor agrees to begin work. "Pay schedule" is the series of progress payments made as construction phases are completed, as outlined in Section X.I.)
   3. The construction contract and Notice to Proceed are executed.

G. Start-Up/Interim Field Inspections
   1. All work done by the contractor shall be in accordance with all contract specifications and accepted trade standards.
   2. The Construction Supervisor monitors work with field inspections on a weekly basis. Photographs are taken of the work in progress.
   3. County Community Development Division staff will occasionally inspect the work in progress at random projects.

H. Change Orders
   1. Written change orders are required when the participant requests any changes in the write-up, such as eliminating an item completely, eliminating one item and substituting another, or adding items. The change order will state the change and dollar value for the change. The change order must be signed by both the contractor and the participant, and submitted to Program Manager staff for approval.
   2. If the change order exceeds the approved financing, a report and request for additional funds will be presented to the County Loan Review Committee for approval prior to staff sign-off on the change order.

I. Progress Payments
   1. Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The final ten percent (10%) of the contract amount is set aside as a retention payment.
   2. The contractor requests a progress payment from the participant and notifies staff that they

have done so. After the participant, Construction Supervisor, and County Building Inspector (if required) approve completed work, borrower signs payment authorization, which is then submitted for payment.

3. A copy of the check is signed by the contractor to acknowledge its receipt and by Program Manager staff to acknowledge its release, then kept in the loan file.

J. <u>Final Inspections/Notice of Completion/Final Payment</u>
   1. When the project is completed, Program Manager staff inspects the work item by item with the participant and the contractor.
   2. The County Building Inspector performs a final inspection.
   3. Any corrections or deficiencies are noted and corrected by contractor.
   4. Upon favorable final inspections, a Notice of Completion is prepared, signed, and recorded.
   5. The final ten percent (10%) retention payment is released thirty (30) days after the recording of the Notice of Completion.

XI. LOAN AND/OR GRANT APPROVAL

A. The County Housing Loan Review Committee (LRC) must approve all loans and grants. The LRC will review the financing package provided by the Program Manager at a LRC meeting.

B. The Committee shall be comprised of representatives from the following County departments:
   1. Building Department – to review all current health and safety issues and any code compliance issues and to ensure that all aspects of the proposed project meet building, plumbing, electrical, mechanical and handicap accessibility codes. Also reviews flood control requirements for elevation, curb and gutter.
   2. Accounting – to examine project's financing.
   3. Auditor's Office – make certain that a project is fiscally sound. (Due to their nature, Auditor and Accounting Departments can back each other up if absolutely necessary.)
   4. Property Management – to make certain prospective borrower's title and indebtedness are acceptable and County's investment is properly secured.
   5. Community Development and Redevelopment Housing staff – to make certain that current funding guidelines are followed.

C. In order to obtain CDBG financing, participants must meet all eligibility requirements in effect at the time the application is considered. (See Sections IV and V.)

D. Participants will be provided written notification of approval or denial. Any reason for denial will be provided to the participant in writing. (See Complaint and Appeal Procedure in Section XVIII.)

XII. LOAN SECURITY

A. Loan security for all loans will be a recorded Deed of Trust, a Promissory Note and a Loan Agreement in favor of the County as beneficiary. Entering a subordinate lien is acceptable.

B. A "Request for Notice" will be recorded with the Deed of Trust that states the County is to be notified regarding notice of default and notice of sale.

C. A Truth in Lending statement will be provided each participant prior to execution of the Loan Agreement. The statement outlines rehabilitation project costs, minimum and maximum loan payments.

XIII. CONTINUING ELIGIBILITY REQUIREMENTS

A. <u>Income Eligibility</u>
   1. If a borrower's household income increases in time above income eligibility limits, a deferred payment loan will be converted to a below market interest rate loan.

2. Income eligibility and ability to repay will be re-evaluated at least every five (5) years for each low-income DPL borrower younger than age 62 to determine an increased ability to make loan payments.
3. Re-evaluation may occur at any time when staff becomes aware of changes in a participant's income. Participants with BMIR loans are not required to submit income re-evaluation information, but may choose to do so if their income has decreased.
4. Re-evaluation information requested includes proof of past year's income for each person living in the residence, a property tax statement, a mortgage statement showing amount owed and monthly payment and copies of utility bills for the last six (6) months.
5. A reasonable amount of time (minimum thirty [30] days) will be allowed for compiling the information.
6. If participant does not return the necessary income information by the deadline and attempted contacts fail, the County will proceed with conversion of the DPL to a BMIR loan requiring monthly payments.
7. If the participant's financial situation changes such that the monthly housing costs are less than thirty percent (30%) of gross monthly income and their adjusted household income is above fifty percent (50%) of the county's median income, the DPL will be converted to a BMIR loan, or a combination DPL and BMIR loan, with the borrower required to begin repayment of the loan. (Housing costs are defined in Section VIII.B.3.)
8. If participant's financial situation changes and monthly housing costs are more than thirty percent (30%) of gross monthly income, any BMIR loan or portion of loan can be converted to a DPL after completion of necessary documents.
9. If participant's financial situation changes such that adjusted household income is very-low (fifty percent [50%] of County median), any BMIR or combination BMIR/DPL may be converted to a DPL after completion of the necessary documents.
10. When participant reaches the age of sixty-two (62), he/she becomes eligible to have any BMIR loan or portion of loan converted to a DPL. The County's Community Development Specialists will notify borrower of the option and reevaluate income eligibility and housing costs in order to determine eligibility.
11. If household income exceeds income eligibility limits but housing costs are more than thirty percent (30%) of income, the BMIR interest rate may be reduced to one percent (1%).
12. The County Loan Review Committee may make exceptions to these rules as deemed necessary.

B. <u>Insurance Requirements</u>
1. The participant is required to submit proof annually that the property is insured. A notice from the company insuring the property will suffice.
2. Should participant experience hardship in paying for required hazard insurance, and in order that County may protect its interest, County may offer an additional loan to participant for a one (1) year term for the purpose of obtaining the required insurance. The participant's loan history will be reviewed before such a loan is approved. Three percent (3%) interest and loan preparation fees may be charged to cover the cost of the loan.
3. Any subsequent loan offers for insurance purposes shall be subject to a satisfactory annual review of borrower's account.
4. In the event the participant fails to make premium payments in a timely fashion for fire or flood insurance and does not respond to reminders, the County, at its option, may make such payments to secure necessary protection. Should the County make any payments, the County may, upon notice to the participant, add such payments to the principal that the participant is obligated to repay the County under this program.

5. If any hazard insurance is allowed to lapse and participant fails to respond to notices, the loan may become due and payable.

C. Protection of County's Security
1. Borrower shall pay all property taxes and assessments, insurance, utility bills and senior mortgages in a timely manner.
2. In order to protect County's loan, the Loan Review Committee will consider a loan to cure a default on a senior loan or to pay property taxes in default. The participant's loan history will be reviewed before such a loan is approved. Three percent (3%) interest and loan preparation fees may be charged to cover the cost of the loan.
3. If borrower fails to abide by the covenants in the County's Deed of Trust, Promissory Note and Loan Agreement, or if any action materially affects County's interest in the property, County may take action to protect its interest, including calling the loan due and payable or considering foreclosure.

D. Owner-Occupant Specific Requirements
1. During the term of the loan, by January 31 of each year, owner-occupants will be required to submit to the County, which will be verified by a County Community Development Specialist:
   a. Proof of occupancy in the form of a photocopy of a recent utility bill.
   b. A statement that the rehabilitated unit continues to be the borrower's primary residence.
   c. A declaration regarding any changes in occupancy; in particular, that non-income-eligible titleholders do not reside on the premises.

E. Owner-Investor Specific Requirements
1. Owner-investors will be required to submit to the County, by January 31 of each year for the term of the Rent Limitation Agreement, a completed Annual Rental Agreement verification form which includes a list of current occupants and their income for confirmation of rent amount(s).
2. If an owner-investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.
3. An owner-investor may convert a rental property to his or her personal residence if the following conditions are satisfied. The owner must:
   a. Prove that the previous tenant was not evicted without cause;
   b. Meet the applicable HCD income guidelines (see attached CDBG Income Definition, General Income Guidelines, HCD Income Limits);
   c. Request and receive approval from the County.
4. If any condition is not satisfied and the owner converts the rental to his or her personal residence anyway, the loan becomes due and payable.

XIV. TRANSFER OF TITLE

A. In the event that a participant sells or transfers title to a rehabilitated property or discontinues residence there, the loan becomes due and payable.
B. Upon sale, the participant may recover his/her entire investment in the unit (usually paid off principal and capital improvements since completion of County financed work). A portion of the principal amount and accrued interest of the CDBG loan may be forgiven if the sales price is too low to allow homeowner to recoup their investment, as outlined in Section VIII.B.
C. The loan is due and payable at any time the property is converted from a residential use to a commercial or non-residential use.
D. If the participant who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as a principal residence, after application to and

subsequent approval from the County, the heir may be permitted to assume the loan at the rate and terms the heir qualifies for under current Participation Guidelines. If the heir does not meet HOME eligibility criteria, the loan is due and payable.

E. The participant who received the loan dies, and the heir to the property wishes to rent the unit to a household that meets HCD income guidelines, and the County agrees to allow the heir to assume the loan at the same rate and terms offered to owner-investors under the current Participation Guidelines. The heir must first agree to comply with the owner-investor restrictions. If compliance is not promised or received, the loan is due and payable.

F. The participant who received the loan may sell or otherwise transfer title of the property to another household that meets eligibility requirements described above, after applying for and receiving approval from the County. The buyer may be permitted to assume the loan at the rate and terms the buyer qualifies for under current Participation Guidelines. If no application is made, or if the application is denied, the loan is due and payable.

G. If an owner-occupant borrower wants to convert the rehabilitated property to a rental unit and become an owner-investor, he or she must notify the County 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 owner-investor guidelines, including rent limitation provisions and financing arrangements. If compliance is not promised or received, the loan is due and payable.

H. Participant may transfer his/her property into a living trust so long as he/she is the beneficiary of the trust and continues to occupy the property. Transfer of property into a living trust is subject to County's being notified if the trust is amended or revoked, participant's beneficial interest is transferred, legal ownership of the property is transferred or participant no longer occupies the property as principal place of residence.

I. Sale or transfer by means of an All-Inclusive-Deed-of-Trust (AIDT) is generally prohibited. However the County Loan Review Committee will consider approving title transfer under an AIDT if the transferee-participant meets the following criteria:
   1. Transferee-participant is creditworthy, based upon a thorough evaluation by the County;
   2. Transferee-participant executes an agreement that assumes the original loan with the County's written consent and that the County requires payment of the loan either directly to the County or to an independent depository;
   3. Original participant must acknowledge in writing the continuing responsibility to repay the original loan to the County.
   4. The original and transferee participants must obtain the written consent of any other lender who has recorded a Deed of Trust against the subject property;
   5. The terms of the underlying note must be mirrored in the AIDT;
   6. There must be restrictions on the right of the holder of the AIDT to refinance the affected real property;
   7. The obligations of the holder of the AIDT to pay the "included note" on acceleration must be stated in the AIDT;
   8. Foreclosure rights and credit bid parameters must be included in the AIDT;
   9. Any advances made by the beneficiary towards the payment of underlying loans must be added to the principal of the AIDT;
   10. Above-mentioned documents must be duly recorded.

XV. SUBORDINATION

A. A participant requesting subordination shall comply with the requirements of California Civil Code §2953.2 and 2953.3 and all other federal and state laws.

B. The purpose of the new loan may be:

1. To reduce the interest rate being paid.
2. To change from a variable to fixed interest rate.
3. To reduce the participant's monthly housing costs.
4. To make home improvements necessary to protect the County's investment, if borrower provides a list of the proposed repairs with estimated costs and commits to submitting proof of the work when completed.

C. The County may approve a request to subordinate a CDBG loan, in order for the participant to refinance the property, under the following conditions:
1. The lien position of the County loan will remain the same or be advanced.
2. The new loan provides for refinance of the existing balance only (no debt consolidation or cash out).
3. Proof of current fire and/or flood insurance must be in the file or required by the new lender.
4. An impound account for insurance and property taxes is required.

D. A request to subordinate that does not meet the four (4) criteria, above, may be submitted to the Loan Review Committee for consideration.

E. County will not subordinate to a variable interest loan or any loan that would encumber the property more than 100% of its appraised value.

F. Loan subordination will be considered only after participant's income and housing costs are reevaluated to determine his or her ability to make payments on the County's loan for rehabilitation work performed. After the income re-evaluation, a DPL may be converted to a loan requiring monthly payments.

XVI. DEFAULT AND FORECLOSURE

If a borrower fails to make the required monthly payments or defaults on a loan, and foreclosure procedures are initiated, they shall be carried out according to the Foreclosure Policy in the County's Loan Servicing Procedures and attached to these guidelines.

XVII. PARTICIPANT AND CONTRACTOR RELATIONSHIP

A. Contracts signed by the contractor and the borrower 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 that 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 fees and costs of arbitration."

B. If the homeowner continues to occupy the home during construction he/she will cooperate with the contractor in a reasonable manner to facilitate the performance of the rehab work, including abandonment during the daily conduct of the work.

C. The contractor shall perform his/her duties in a reasonable manner during the period of construction. This includes restoring utility services like gas, electrical, sewer, and water at the end of each working day if possible.

XVIII. COMPLAINT AND APPEAL PROCEDURE

A. Complaints concerning the CDBG Program should be made first to the Program Manager.

B. Second step in the appeal process would be to contact County's Community Development and

Redevelopment Division housing staff.

C. If the problem remains unresolved, the complaint or appeal should be made in writing and filed with the Director of the Resource Management Agency within six (6) months of the filing of the project's Notice of Completion.
D. A meeting will then be scheduled with the County Loan Review Committee. The Committee's written response will be issued within fifteen (15) working days of the filing of the complaint or appeal.
E. If the participant is not satisfied with the Committee's decision, a request for an appeal may be filed with the County Board of Supervisors within forty-five (45) days of the Committee's decision.
F. If the participant is not satisfied with the decision of the Board of Supervisors, the participant may file an appeal with HCD within one (1) year of denial by the County.

XIX. TEMPORARY RELOCATION

A. Relocation benefits are detailed in the County's Residential Anti-Displacement and Relocation Assistance Plan attached to these guidelines.
B. Owner-occupants are eligible for temporary relocation benefits only if the project involves complete reconstruction or substantial rehabilitation of the dwelling or if health and safety threats have been determined by Program Manager staff to have developed during the project.
   1. "Substantial" rehabilitation involves replacement of several major systems (electrical, plumbing or structural, etc) and possibly other repairs.)
   2. "Reconstruction" is defined as the demolition and construction of a structure.
C. Because owner-occupied rehabilitation is a voluntary activity the amount of assistance for temporary relocation costs is limited to $2,500.
   1. If, due to unforeseen events and on a case-by-case basis, relocation costs exceed the $2,500 allowed, a no-interest loan secured against the property will be offered for the additional costs.
   2. Additional costs shall be reimbursed to the County in no more than twelve (12) monthly payments.
   3. If the participant is unable to afford to make payments, County Community Development staff may consider extending the loan term or granting a portion or the entire amount needed to cover relocation expenses.
D. Tenants of owner-investor rehabilitated units will be informed of their eligibility for temporary relocation if the project involves complete reconstruction or substantial rehabilitation of the dwelling or if occupancy during rehabilitation constitutes a danger to the health and safety of the occupants or the public. The Program Manager or Construction Supervisor determines whether dangerous conditions have developed during the project that are serious enough to warrant temporary relocation.
E. Relocated tenants will receive payment for any increases in housing costs and moving and related expenses along with appropriate advisory services.
F. The relocation period for tenants of owner-investor rehabilitated units shall not exceed ninety (90) days.
G. All participants will be encouraged to stay with relatives or friends during the rehabilitation or reconstruction of their home. Tenants of owner-investor rehabilitated units may still receive monetary relocation assistance even if staying with family.
H. If a participant rents a temporary residence during the construction period the participant is responsible for paying any security deposits.

XX. MAINTENANCE AGREEMENT

A. As specified in the Rehabilitation Loan Agreement, an owner-occupant or owner-investor who participates in the loan program must properly maintain the property throughout the term of the loan.

B. It is expected that the property would remain at post-rehabilitation condition for a minimum of five (5) years.

C. County Community Development Staff will schedule inspections of the assisted property, in order to confirm proper maintenance. Borrower shall be given prior notice of such an inspection.

D. Should the property not be maintained accordingly, the loan will become due and payable and, if necessary, foreclosure proceedings will be set in motion.

XXI. AMENDMENTS

A. Amendments to these Participation Guidelines may be made by the County after a public hearing before the County Board of Supervisors.

B. Any changes shall be made in accordance with CDBG regulations.

C. Adopted guidelines will be submitted to the HCD for approval.

XXII. EXCEPTIONS

Exceptions to these Participation Guidelines will require approval of the County Board of Supervisors.

XXIII. ATTACHMENTS

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

- CDBG Income Definition, General Income Guidelines, HCD Income Limits
- Residential Anti-displacement and Relocation Assistance Plan
- Rent Limitation Agreement
- Loan Servicing Procedures
- HUD Fair Market Rent Schedule
- CDBG Standards for Room and Bathroom Additions
- Sweat Equity Labor Agreement

CDBG INCOME DEFINITION

For the purposes of determining eligibility in accordance with California Department of Housing and Community Development income guidelines, "annual income" will include:

1) Gross wages and salary before deductions.

2) Net money income from self-employment.

3) Cash income received from such sources as rents, Social Security benefits, pensions, and periodic income from insurance policy annuities.

4) Periodic cash benefits from public assistance and other compensation, including Aid to Families with Dependent Children (AFDC), Social Security Income (SSI), Worker's Compensation, State Disability Insurance and unemployment benefits.

5) Interest earned on savings and investments.

"Annual income" will not include:

1) Non-cash income, such as food stamps or vouchers, received for the purpose of food or housing.

2) Capital gains or losses.

3) One-time unearned income, such as: scholarships and fellowship grants; accident, health or casualty insurance proceeds; prizes or gifts; and inheritances.

4) Payments designated specifically for medical or other costs, for foster children or for foster children's non-disposable income.

5) Income from employment of children under the age of 18.

6) Payment for the care of foster children.

This is not meant to be a complete list. The County of Tulare 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's Loan Review Committee.

GENERAL GUIDELINES FOR HOUSEHOLD DETERMINATION

"HOUSEHOLD" means persons who occupy a housing unit as the place of residence *(California Code of Regulations, Title 25, Section 7054)*.

"TARGETED INCOME GROUP" or (TIG) means households intended to be the principal beneficiaries of the State Community Development Block Grant Program. The term "Targeted Income Group" includes the component "Lowest Targeted Income Group" unless otherwise specified. Applicants shall use the county income limits provided annually by the California Department of Housing and Community Development (HCD) in determining program benefit to the Targeted Income Group. These income limits are based on the latest U.S. Department of Housing and Urban Development (HUD) estimate of area median family income with adjustments for unusually low-income areas. For a family of four, the "Targeted Income Group" limit is 80 percent of the latest HUD estimated or adjusted area median family income. For a family of four, the income limit for the "Lowest Targeted Income Group" is 50 percent of the latest HUD estimated or adjusted area median family income. Income limits for other household sizes are based on household size adjustment factors. *(California Code of Regulations, Title 25, Section 7054)* For the purposes of this program, the income limits published by HCD shall be used.

CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

INCOME GUIDELINES FOR TULARE COUNTY HOUSING PROGRAMS

(CDBG, HOME, CALHOME) 2005

NUMBER OF PERSONS IN HOUSEHOLD

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Lowest Targeted Income Group (LTIG)	$17,200	$19,650	$22,100	$24,550	$26,500	$28,500	$30,450	$32,400
Targeted Income Group (TIG)	$27,500	$31,400	$35,350	$39,300	$42,400	$45,550	$48,700	$51,850

For all income categories, the income limits for households larger than eight persons are determined as follows: For each person in excess of eight, add eight percent of the four-person limit to the limit for eight persons, and round to the nearest $50. For example, the nine-person very low income limit for Tulare County is $35,000. ($32,400*.08=$2,592. $32,400+$2,592=$34,992, rounded = $35,000)

The limits above are based on "Area Median Income" ($49,100). Area Median Income is the greater of the median household income for nonmetropolitan California counties ($45,400) or the median family income for a Tulare County's statistical area.

Revised 3/8/06

The County of Tulare will provide relocation assistance to displaced Targeted Income Group (TIG) households and/or replace all occupied and vacant occupiable Targeted Income Group dwelling units which are rehabilitated, reconstructed, demolished or converted to a use other than Targeted Income Group housing as a direct result of activities assisted with funds provided under the Housing and Community Act of 1974 (The Act), as amended, as described in the Federal Register, 24 CFR 570.496 (a), Relocation, Displacement and Acquisition: Final Rule, dated July 18, 1990 (Section 104 (d)), and 49 CFR Part 24, the Uniform Relocation Assistance and Real Property Acquisition Regulations Final Rule and Notice (URA), dated March 2, 1989.

This project 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, color, religion, age, ancestry, national origin, sex, familial status, or handicap.

The County will provide equal relocation assistance 1) to each TIG household displaced by the demolition or rehabilitation of housing or by the conversion of a TIG dwelling to another use as a direct result of CDBG-assisted activities; and 2) to each separate class of TIG persons temporarily relocated as a direct result of CDBG assisted activities.

I. TEMPORARY RELOCATION DURING HOUSING REHABILITATION OR RECONSTRUCTION

Consistent with the goals and objectives of activities assisted through 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 the State of California's Community Development Block Grant (CDBG) program

a. Stage rehabilitation of assisted housing in phases at allow the owner-occupants and/or tenants to remain during rehabilitation.
b. Encourage temporarily displaced owner-occupants to move in with family or friends during the course of rehabilitation, since they are voluntarily participating and not entitled to relocation benefits, unless health and safety threats exist, as explained below.
c. Encourage owner-investors to relocate tenants to available vacant units during the course of rehabilitation or pay expenses on behalf of the displaced tenants.
d. Require owner investors who participate in assisted rehabilitation to agree to continue to rent to TIG tenants and agree to rent limitations, for a period of at least five years.
e. Provide counseling and referral services to assist displaced persons in finding alternate housing in their neighborhoods.
f. Work with area landlords, real estate agents and/or hotel and motel managers to locate vacancies for households facing displacement.
g. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation payments to households displaced by CDBG-assisted activities.

II. TEMPORARY RELOCATION OF RESIDENTIAL TENANTS

a. 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 ot the nature of the project, the tenant may be required to relocate temporarily. The program manager or construction will make determination of the need for temporary relocation. The relocation period will not exceed 90 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. He or she may move in with family and friends and still receive full or partial temporary assistance. A tenant receiving temporary relocation shall receive the following:

b. Increased housing costs (for example, rent increase or security deposits) and
c. Payment for moving and related expenses, as follows:
   i. Transportation of the displaced persons and their personal property within 50 miles, unless the County determines that farther relocation is justified.
   ii. Packing, crating, unpacking and uncrating of personal property.
   iii. Storage of personal property, not to exceed 12 months, unless the County determines that a longer period is necessary.
   iv. Disconnection, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property.
   v. Insurance for the replacement value of personal property in connection with the move and necessary storage.
   vi. The replacement value of property lost, stolen or damaged in the process of moving, presuming that the loss was not fault of the displaced person or his or her agent or employee, where insurance covering such a loss is not reasonably available.
   vii. Reasonable and necessary costs of security deposits required rent the replacement dwelling.
   viii. Any costs of credit checks required to rent the replacement dwelling.
   ix. Other moving-related expenses that the County determines to be reasonable and necessary.
d. The following are 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 County; or
   iv. Cost for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

III. TEMPORARY RELOCATION OF OWNER-OCCUPANTS

a. Since rehabilitation of owner-occupied dwellings is voluntarily initiated by the owner, the owner-occupant may only be eligible for temporary relocation benefits when the project involves complete reconstruction of the dwelling or during rehabilitation that would endanger the health and safety of occupants if they remained in the house during rehabilitation. The program manager or construction supervisor will make the determination of the need for temporary relocation. Applicants will be encouraged to stay with relatives or friends during the rehabilitation of their home. Allowable temporary relocation expenses are given as a grant for the same eligible expenses as those listed above for tenants, but will be limited to $2,000. Relocation costs exceeding $2000 shall be reimbursed to the County in no more than twelve (12) monthly payments. No interest will accrue on the amount due.

IV. DISPLACEMENT ACTIVITIES REQUIRING LONG-TERM RELOCATION ASSISTANCE

a. Persons displaced by projects assisted in whole or in part UNDER THE Housing and Community Development Act of 1974, as amended, are eligible for permanent relocation assistance and benefits under either Section 104(d) or the URA, depending on which relocation assistance regulations are applicable. Persons within the Targeted Income Group are eligible to receive assistance and benefits under section 104(d) and have the option of choosing benefits only under URA. Persons who are not in the Targeted Income Group may receive assistance and benefits only under URA. There are no income or need criteria. However, the County's CDBG-funded residential rehabilitation program is targeted to low- and very-low-income households only, and temporary relocation may be needed.

b. All replacement housing will be provided within three years of the commencement of the demolition or conversion. Before obligating or expending funds that will directly result in such demolition or conversion, the County will make public and submit to the California Department of Housing and Community Development the following information in writing:
    i. A description of the proposed CDBG-assisted activity.
    ii. The location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than Targeted Income Group dwelling units as a result of the assisted activity. A time schedule for the commencement and completion of the demolition or conversion.

1. The approximate number and sizes (number of bedrooms) of dwelling units that will be provided as replacement dwellings units, along with their location as indicated on a map. If such detailed data is not available at the time of the general submission, the County will identify the general location on an area map and an estimated number dwelling units by size, with the stipulation that the specific location and information on the number and size units will be provided as soon as they are available.

2. The source of funding and a time schedule for the provision of replacement dwelling units.

3. 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.

4. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (for example, replacing a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of Targeted Income Group households in the County.

The County of Tulare, telephone number (559) 733-6291, is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The County is responsible for ensuring that requirements are met for notification and provision of relocation assistance as described in Section 570.496 to any Targeted Income Group persons 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.

B. RECORD KEEPING

The County will maintain records of occupants of CDBG-rehabilitated properties from the start to completion of the project in order to demonstrate compliance with Section 104(d). URA and applicable program regulations. Appropriate advisory services will include reasonable advance written notice of the date and approximate duration of the temporary relocation and either: a) the address of the suitable, decent, safe and sanitary dwelling to be made available for the temporary period: or, b) 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, readily understandable language. Persons who are unable to read and understand the notice (for example, the illiterate, those who are more competent in other languages, or those with impaired vision or other disabilities) will be provided with translation or other appropriate assistance. Each notice will be mailed or hand-delivered to the occupants of each of the affected tenant households. Each will indicate the name and telephone number of a person who may be contacted for answers to questions or other assistance.

The advisory notices to be provided are as follows:

1. A General Information Notice will be provided as soon as is feasible after an owner investor applies for CDBG financing for rehabilitation. The notice will explain that a rehabilitation project has been proposed and will assure tenants, if the project is approved, that they will be able to occupy their present homes (or others owned by the owner investor) upon completion of rehabilitation. Tenants will be informed that rent after rehabilitation will not exceed current rent or 30 percent of a household's average monthly gross income. Tenants will be informed that, if they are required to move temporarily so that rehabilitation can be completed, suitable housing will be made available and reimbursement will be made for all reasonable extra expenses. Tenants will be cautioned that they will not be provided with relocation assistance if they decide to move for personal reasons.

2. A Notice at the Time of Initiation of Negotiations will be provided as soon as it is feasible after a rehabilitation application has been approved. The notice will inform tenants that negotiations have been initiated and will repeat the assurances contained in the General Information Notice. It will again caution tenants not to move for personal reasons or risk losing relocation assistance.

3. A Notice for Persons to Be Displaced will be issued to tenants if their continued occupancy during rehabilitation is judged to constitute a substantial danger to the health and safety of the tenants or the pubic or is otherwise undesirable because of the nature of the project. After comparable replacement housing has been made available, tenants will be given a 90-day advance written notice of the earliest date they may be required to move. If the tenants' continued occupancy of the property to be rehabilitated would constitute a substantial danger to their health and safety, less than 90 days of advance notice may be provided. Justification of such an urgent need will be documented in the participant's job file. Another instance when the 90-day notice is not required is if the tenant makes an informed decision to relocate and vacates the property without prior notice.

Recording Requested By:

RESOURCE MANAGEMENT AGENCY
TULARE COUNTY COMMUNITY DEVELOPMENT
AND REDEVELOPMENT DIVISION

And When Recorded Mail To:

RESOURCE MANAGEMENT AGENCY
TULARE COUNTY COMMUNITY DEVELOPMENT
AND REDEVELOPMENT DIVISION
5961 SOUTH MOONEY BOULEVARD
VISALIA, CA 93277-9394

Space above this line for Recorder's Use

This document is recorded solely for the purpose of the official services of the County of Tulare without fee pursuant to Section 6103 of the California Government Code.

RENT AND TENANCY LIMITATION AGREEMENT

This Rent and Tenancy Limitation Agreement (RLA) is executed this --- day of -----, 2002, by ---------- (hereinafter referred to as "Borrower") in consideration of the receipt of a Community Development Block Grant Deferred Payment Loan to rehabilitate real property in the Community of ---------, County of Tulare, State of California, described as follows:

Borrower agrees to operate the property described in accordance with the following items:

1. This Agreement shall remain in effect until ------- (a minimum of five years for the combined BMIR/DPL from the date of the recording of the Notice of Completion for the rehabilitation project, or for the term of the loan for the DPL).

2. Existing tenants will have an absolute right of return to the unit after rehabilitation is complete. The unit subject to this Agreement shall be available to and rented by low-income persons upon each vacancy created by the vacation of an existing tenant. If the unit is initially occupied by a non-low income family, but subsequently becomes vacant, the Borrower shall agree to rent the unit to low-income families in accordance with Section 5 of this Agreement.

3. Rents shall remain at pre-loan application levels until rehabilitation is completed, as evidence by the filing of a Notice of Completion.

4. 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.

5. Base Rent – Vacant Unit – If the house is vacant, rent charges shall not exceed 30 percent of 80 percent County median income for the appropriate households size in that unit. Owner-investor shall affirmatively seek TIG households by contacting the local housing authority. Where such contact does not result in eligible TIG tenants, the owner-investor shall contact the County for guidance.

6. Base Rent – Occupied Unit – If the house is occupied, rent charges shall not exceed 30 percent of the existing tenants' household income; or, where, before, rehabilitation, rents already exceed 30 percent of the existing tenants income, no rent increases shall be allowed which provide for rents plus utilities over 30 percent or the tenants' income.

7. The following are the maximum rents, which may be charged during the first year after rehabilitation has been completed, subject to annual adjustment based of charges in Fair Market Rent, notwithstanding any change of ownership or transfer of the property.

Unit Size (# of Bdrms)	# of Units	Monthly Rents	Utilities Included Yes/No
---	---	$--------	-----

8. Terms

   a. If financing is the combined BMIR/DLP, adherence to these rent imitations will be for five years from the date of the recording of the Notice of Completion for the rehabilitation project.

   b. If financing is a DPL, adherence to these rent limitations will be for the term of the loan.

9. The conditions and restrictions affecting the real property subject to this Agreement shall be independent of any Deed of Trust and shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof, including agents, personal representatives, mortgagors, heirs, assignors and all successors in interest. Borrowers agrees that reference to this Agreement shall be inserted in any subsequent deeds and other legal instruments by which subject real property or any interest therein is conveyed until such time as the loan has been satisfied in full.

10. The provisions of this Agreement are in addition to and to not alter, modify, or set aside in any respect, any other instrument securing the loan.

11. Compliance with this Agreement will be strictly enforced. Failure to comply with the terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted.

____

Borrower Signature

____

County of Tulare

ACKNOWLEDGMENT

State of California)
County of Tulare)

On _______________, 2006, before me, _____________________, a Notary Public in and for said State, personally appeared _________________________, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons, or the entities upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature ________________________________ (Seal)

ACKNOWLEDGMENT

State of California)
County of Tulare)

On _______________, 2006, before me, _____________________, a Notary Public in and for said State, personally appeared _________________________, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the persons, or the entities upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature ________________________________ (Seal)

Loan Monitoring

Loans will be monitored on a monthly basis. A report will be generated, and active collection efforts initiated on any account delinquent over 31 days.

Collection Efforts

Attempts will be made to assist the homeowner in bringing and keeping the account current. These attempts will be conveyed in an increasingly urgent manner until loan payments are 90 days in arrears, at which time the County of Tulare (hereinafter referred to as the "County") may consider foreclosure. Staff will consider the following factors before initiating foreclosure:

- Has the borrower's income dropped and now qualifies for a Deferred-Payment Loan (DPL)?
- Can the loan be cured (brought current or paid off) by the borrower without foreclosure?
- Can the borrower refinance with a commercial lender and pay off the rehabilitation loan?
- Can the borrower sell the property and pay off the rehabilitation loan?
- Does the balance warrant foreclosure? (If the balance is under $5,000, the expense of foreclosure may not be worth pursuing.)
- Will the sales price of the home cover the principal balance owing, necessary advances to maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of the property to prevent vandalism, etc., foreclosure, and marketing costs?

Foreclosure

If the balance is substantial and all of the above factors have been considered, the County may decide to proceed with foreclosure. The Loan Review Committee will review the account and make a recommendation for foreclosure action. The account will also be reviewed by the County Counsel. The owner must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the County to prevent foreclosure (such as funds to bring a delinquent BMIR current or payoff a DPL).

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

Staff will be advised to refuse any partial payments on the account. The only acceptable payment is a full payment of the amount owed, which includes a $100 fee for legal counsel and fees expended to the foreclosure service or title company to initiate foreclosure documents. If the borrower makes arrangements to pay in full, the loan is reinstated and foreclosure proceedings canceled. However, failure to pay in full will result in the completion of foreclosure, and the property will revert to the beneficiary (the County). The County will sell the property as quickly as possible to provide funds for future rehabilitation loans.

Notice of Default

After a rehabilitation loan has been approved, loan documents executed, and the deed of trust recorded, a "Request for Notice of Default and Sale" is prepared and recorded. This document requires any senior lienholder to notify the County of initiation (recordation of a "Notice of Default") of a foreclosure, or sale of the property. The County may cancel the foreclosure by "reinstating" the senior lienholder. The reinstatement amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges, advances (fire insurance premiums, property taxes, property protection costs, etc.), and foreclosure fees (fees for legal counsel, recordings, certified mail, etc.).

Once the County has the information on the reinstatement amount, staff must then consider the following:

- Is it cost effective to reinstate the senior lienholder to protect the County's investment?

- Will the County need to keep the account current by submitting a monthly payment thereafter?

- Should the County initiate foreclosure on the property, realizing that the result may be owning the property at the completion of foreclosure?

- Once the foreclosure process has been completed and the property now owned by the County, what costs could be incurred in protecting the property against vandalism, paying marketing costs (readying the home for sale), monthly yard maintenance, paying a real estate agent a sales commission?

If the County makes the determination to reinstate, the senior lienholder will accept the amount to reinstate the loan 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 lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full payoff of the balance, plus costs, to cancel foreclosure.

If the County determines the reinstatement and maintenance of the property is not cost effective and allows the senior lienholder to complete foreclosure, the County's loan would eliminated due to insufficient sales proceeds.

HUD FAIR MARKET RENT SCHEDULE
FOR EXISTING HOUSING
As of 03/08/06
Tulare Co (Visalia-Porterville, CA MSA)

Final FY 2006 FMRs by Unit Bedrooms				
Efficiency	**1 BR**	**2 BR**	**3 BR**	**4 BR**
$481	$538	$625	$894	$918

CDBG Standards for Room and Bathroom Additions

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

- Opposite sex children under 6 years of age may share a bedroom.
- Opposite sex children 6 years of age and older may have their own bedroom.
- Children shall be permitted a separate bedroom from their parents.
- Same sex children of any age may share a bedroom.
- 5 or more people - a second bathroom may be added.
- 10 or more people - a third bathroom may be added.
- Same rules apply to mobile home units.

- Contact your field representative should you have any questions.

The chart above is used as the department's guide to overcrowding.

PARTICIPANT CONTRIBUTIONS/
SWEAT EQUITY LABOR AGREEMENT

Participant: ______________________________ Project: __________ Job #______

PARTICIPANT CONTRIBUTION						
	Type: Labor, Materials, Personal Finances, etc.	Description	Date to be Done By:	Estimate Number of Hours	Actual Hours	Actual Value (Hrs. x $10)
1						
2						
3						
4						
5						
6						
7						
8						
			TOTAL			

_____ I agree to assist in the rehabilitation of my home, will perform the work items listed above to industry standards of workmanship and materials, and will complete the work in a timely manner, as scheduled above.

_____ I am unable to contribute any labor due to ________________________________

Signed ___________________________ Date _________________
(participant)

Construction Supervisor __________________________