

AGENDA DATE: August 8, 2006



RESOURCE MANAGEMENT AGENCY

5961 SOUTH MOONEY BLVD.
VISALIA, CA. 93277
PHONE (559) 733-6291
FAX (559) 730-2653

Britt L. Fussel	Engineering
Deborah Kruse	Development Services
Jean P. Brou	Transportation
George Finney	Long Range Planning
Hal Cyfert	Support Services
Roger Hunt	Administrative Services

HENRY HASH, DIRECTOR

THOMAS W. SHERRY, ASSOCIATE DIRECTOR

AGENDA ITEM – REVISED

ITEM NO. _____
Countywide

SUBJECT:

Authorization to submit an application for a 2006 Home Investment Partnerships Program (HOME) grant.

REQUEST(S):

1. Authorize submittal of an application to the Department of Housing and Community Development (HCD), in response to the 2006 Notice of Funding Availability (NOFA), for an allocation of funds not to exceed eight hundred thousand (\$800,000) of Home Investment Partnerships Program (HOME) funds to implement an Owner-Occupied Housing Rehabilitation Program in the unincorporated communities of Tulare County.
2. Authorize the waiver of building permit fees of \$8,000 which is consistent with the County's Adopted Housing Element Program 2.12 (page V-16).
3. Agree that, if the application for funding is approved, the County hereby agrees to use HOME funds for eligible activities in the manner presented in its application as approved by HCD and in accordance with the statutes and regulations cited above.
4. Authorize the Chairman of the Board, or authorized designee as outlined in the attached Staff Report, to act on behalf of the County, to execute in the name of the County of Tulare, the application, the Standard Agreement, subject to County Counsel approval as to form, and any and all other documents or instruments necessary or required by U.S. Department of Housing and Urban Development (HUD) or HCD for participation in the HOME program.
5. Adopt HOME Housing Rehabilitation Participation Guidelines for use in administering the HOME program.

SUMMARY:

On June 1, 2006, HCD released a NOFA for 2006 HOME grant funds. Competitive applications are due August 15, 2006. This NOFA allows jurisdictions to apply for HOME program funds for owner-occupied housing rehabilitation program, first-time homebuyer program, rental rehabilitation and/or acquisition program or tenant-based rental assistance program. It is proposed that the County apply for a HOME grant of \$800,000 to continue an owner-occupied housing rehabilitation program. These funds would be used to rehabilitate approximately seven (7) substandard residences of income-eligible households in the unincorporated communities of Tulare County. The County's housing rehabilitation waiting list currently totals 500 prescreened low income households.

With the 2006 HOME NOFA, the customary 25% match has been waived. Nevertheless, leverage funds are strongly encouraged to remain competitive. Leverage is requested from the Richgrove Redevelopment Project

Area. In exchange, the County will provide assistance equal to or greater than the amount of the committed funds within Richgrove, or at least one rehabilitation within Richgrove. Building permit fee waivers in the amount of \$8,000 are proposed as an additional source of leverage. The County's Adopted Housing Element Program 2.12 (page V-16) establishes support for the waiver of building permit fees as an incentive to encourage rehabilitation of substandard housing.

Additionally, staff requests the Board's review and approval of revisions to Participation Guidelines for the HOME Housing Rehabilitation Program. The revisions reflect regulation changes or "best practices" suggested by HUD and HCD. The revisions are highlighted in the attached copy of the Guidelines. Major changes include:

- Raising the maximum rehabilitation assistance to \$110,000;
- Requiring all HOME loans to be strictly Deferred Payment Loans (DPL) with payments deferred for the term of the loan;
- Formatting to obtain consistence between all housing guidelines including HOME, Community Development Block Grant (CDBG), CalHome and other programs as they become available.

FINANCING:

Preparation of the 2006 HOME grant application is a HOME Program Income eligible expense. As outlined above, it is proposed that \$50,000 be provided by the Richgrove Redevelopment Project Area, budget SG4-SG4-2000. At least one home will be rehabilitated in Richgrove. Building permit fee waivers in the amount of \$8,000 are also proposed.

ALTERNATIVES:

The Board may choose to apply for funding for any HOME eligible activity and direct staff accordingly. The Board may also choose to submit an application for a lesser amount or may decline to submit for 2006 HOME funds.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:


State Department of Housing and Community Development to review application; Auditor/Controller for accounting and funds disbursement; County Counsel to review all documents; Resource Management Agency Community Development & Redevelopment to oversee grant implementation; and Tulare County Redevelopment Agency to provide leverage.

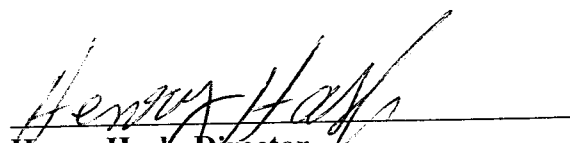
SIGNATURE REQUIREMENTS:

Chairman of the Board, or authorized designee, on the completed application and accompanying documents, County Administrative Officer/Clerk of the Board of Supervisors or authorized designee to attest to the Resolution. Certified Copy of the Resolution required for application submittal.

ADMINISTRATIVE SIGN OFF:

RESOURCE MANAGEMENT AGENCY


George E. Finney, Assistant Director
Long Range Planning


Henry Hash, Director

Laurie Mercer (ext. 4307)

Submittal Date: July 26, 2006

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

**IN THE MATTER OF AUTHORIZING THE)
SUBMITTAL OF AN APPLICATION FOR)
FUNDING UNDER THE 2006 HOME)
INVESTMENT PARTNERSHIPS PROGRAM)**

RESOLUTION NO. _____

WHEREAS: The California Department of Housing and Community Development (hereinafter referred to as HCD) is authorized to allocate HOME Investment Partnerships Program ("HOME") funds made available from the U.S. Department of Housing and Urban Development ("HUD"). HOME funds are to be used for the purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, in federal implementing regulations set forth in Title 24 of the Code of Federal Regulations, part 92, and Title 25 of the California Code of Regulations commencing with section 8200.

WHEREAS: On June 1, 2006, HCD issued a 2006 Notice of Funding Availability announcing the availability of funds under the HOME program (the "NOFA"); and

WHEREAS: In response to the 2006 NOFA, the County of Tulare, a political subdivision of the State of California, wishes to apply to HCD for, and receive an allocation of, HOME funds.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Authorized submittal of an application to the Department of Housing and Community Development (HCD), in response to the 2006 Notice of Funding Availability (NOFA), for eight hundred thousand (\$800,000) of Home Investment Partnerships Program (HOME) to implement an Owner-Occupied Housing Rehabilitation Program in the unincorporated communities of Tulare County.
2. Authorized the waiver of building permit fees of \$8,000 which is consistent with the County's Adopted Housing Element Program 2.12 (page V-16).
3. Agreed that, if the application for funding is approved, the County hereby agrees to use HOME funds for eligible activities in the manner presented in its application as approved by HCD and in accordance with the statutes and regulations cited above.
4. Authorized the Chairman of the Board, or authorized designee as outlined in the attached Staff Report, to act on behalf of the County, to execute in the name of the County of Tulare, the application, the Standard Agreement, subject to County Counsel approval as to form, and any and all other documents or instruments necessary or required by U.S. Department of Housing and Urban Development (HUD) or HCD for participation in the HOME program.
5. Adopted HOME Housing Rehabilitation Program Participation Guidelines for use in administering the HOME program.

THE FOREGOING RESOLUTION WAS ADOPTED UPON MOTION OF SUPERVISOR

_____, SECONDED BY SUPERVISOR _____, AT A REGULAR MEETING ON
AUGUST 8, 2006 BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: C. BRIAN HADDIX
COUNTY ADMINISTRATIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

Staff Report
August 8, 2006
(HOME Application submittal signature authorizations)

HUD and HCD require clarification of the signatory authority and definition of “authorized designee” as used in the resolution. The authorized designee position titles are specifically authorized to execute and sign any and all required documents on behalf of the County for the HOME Program.

- For this purpose, the Chairman’s authorized designee includes the following job titles (job titles remain the same regardless of the employee’s name):
 1. Vice Chairman
 2. Director of the Resource Management Agency
 3. Associate Director of the Resource Management Agency
 4. Assistant Director, Long Range Planning
 5. Manager of the Community Development and Redevelopment Division
- Documents that require specific signatures for the HOME Program and the associated level of authority include the following:
 - Application – Chairman of the Board or Vice Chairman
 - Standard Agreement - Chairman of the Board or Vice Chairman (subject to County Counsel approval as to form)
 - Individual Set-Up Form – RMA Director, Associate Director, Assistant Director, or Division Manager
 - Environmental Finding Form – Responsible Entity Certifying Officer, Assistant Director, Long Range Planning
 - Project or Administrative Draw Request – RMA Director, Associate Director, Assistant Director, or Division Manager
- HUD or HCD may require additional documents for participation in the HOME program.

TULARE COUNTY



2006 HOME Investment Partnership Program Application

August 8, 2006

DRAFT

Richard L. Friedman, Acting Deputy Director
Department of Housing & Community Development
Division of Community Affairs
HOME Program
1800 Third Street, Room 390
Sacramento, CA 95814

Dear Mr. Friedman:

In response to the Notice of Funding Availability dated June 1, 2006, I am submitting an application on behalf of the County of Tulare to request \$800,000 of 2006 Home Investment Partnerships Program (HOME) program funds. In developing the application, the County has sought to respond to a most serious community need with an activity that is appropriate and competitive under the HOME application process.

As documented in our application, all HOME funds will be used to continue an Owner Occupied Housing Rehabilitation Program, which will benefit targeted income participants living in substandard conditions.

Should you have any questions regarding this application, please do not hesitate to contact Laurie Mercer at (559) 733-6291, ext. 4307.

Sincerely,

J. Steven Worthley
Chairman, Tulare County Board of Supervisors

County of Tulare
2006 HOME Program Application
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Program Guidelines / Checklist	Exhibit B5



Application Summary (PART A)

HOME Investment Partnerships Program

I.A. Applicant Information

Applicant

Name: County of TulareAddress: 5961 South Mooney BoulevardCity: VisaliaCounty: TulareZip Code: 93277

Entity Type:

☐ CHDO☒ City/County☐ PJ/Consortia Member

I.B. Authorized Representative Information

☒ Mr. ☐ Mrs. ☐ Ms. ☐ Other _____First Name: J. Steven

MI: _____

Last Name: WorthleyJob Title: Chairman, Board of Supervisors☐ Check if the information in this area is the same as Applicant and go to the next sectionAddress: Attn: RMA Community Development & Redevelopment Branch5961 South Mooney BoulevardCity: VisaliaZip Code: 93277Phone: 559-733-6271

Ext: _____

Fax: 559-733-6318E-mail address: sworthley@co.tulare.ca.us

I.C. Applicant Contact Information

☐ Check if the same as Authorized Representative and go to next section☐ Mr. ☐ Mrs. ☒ Ms. ☐ Other _____First Name: Laurie

MI: _____

Last Name: MercerJob Title: Community Development Specialist

Contact's

Organization: County of Tulare, RMA Community Development & Redevelopment BranchAddress: 5961 South Mooney BoulevardCity: VisaliaZip Code: 93277Phone: 559-733-6291Ext: 4307Fax: 559-730-2591Email: lmercerc@co.tulare.ca.us

Part A
APPLICATION SUMMARY

III. Requested Funding by Activity

A. Activity	B. Census Tract #, Rural Only (See Note 1)	C. Activity Funds Amount (See Note 2)	D. Administration Amount (See Note 3)	E. Activity Total (See Note 4)
Programs				
Owner-Occupied Rehabilitation Program		\$780,000.00	\$20,000.00	\$800,000.00
Rental Rehabilitation and/or Acquisition Program		\$0.00	\$0.00	\$0.00
Tenant-Based Rental Assistance Program		\$0.00	\$0.00	\$0.00
First-Time Homebuyer Program (including Infill New Construction)		\$0.00	\$0.00	\$0.00
American Dream First-Time Homebuyer Program - PJ/Consortium Applicants Only		\$0.00	Not Eligible to Receive Admin	\$0.00
Total:	N/A	\$780,000.00	\$20,000.00	\$800,000.00

1. Complete this section only if your activity is located in a rural area. The Department reserves the right to assign zero rural points if a census tract is not listed.
2. This is for Activity funds. This number includes Activity Delivery amounts. (Activity Delivery funds are not listed separately on this form.) Do not include Administrative funds/CHDO Operations funds in this column. **Do not enter information in this column. Instead, enter information in Column E**
3. All applicants may request up to 2.5% of the total application amount for Administrative funds (for State Recipient applicants), or CHDO Operations (for CHDO applicants). TBRA applicants may request up to an additional 12% of the total application amount for administration, for a total of 14.5% for Administration. **Do not enter information in this column. Instead, enter information in Column E**
4. Sum of "Activity Funds Amount" and "Administration Amount". **Enter the total amount requested by activity in this column, and columns C and D will auto-calculate.**

III. Proposed Other Funding Sources

A. Name of HOME Activity	B. Name of Source (Union Bank, County of Santa Cruz Redevelopment Agency, CalHome, etc.)	C. Funding Source Code*	D. Source Type (City or County, Redevelopment Agency, State HCD, State Other, Private, or Other (Specify))	E. Match Yes, No, or Partial	F. Total Dollar Amount
Owner-Occupied Rehabilitation	Low/Mod Housing Set Aside Fund	K	Tulare Co. Redevelopment Agency	Yes	\$50,000
Owner-Occupied Rehabilitation	Building Permit Fee Waivers	Q3	County of Tulare	Yes	\$8,000
Owner-Occupied Rehabilitation	Participant Labor	D	Private	Yes	\$2,000
					\$
					\$
					\$
					\$
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					\$
* See Exhibit A4 Funding Source Codes.					\$60,000
Proposed Other Funding Total					\$60,000

PART A
APPLICATION SUMMARY

IV. Unit Information

A. Activity	B. Home Assisted Units	C. Total Units	D. Target Population¹
Owner-Occupied Rehabilitation Program	7	7	1,7,8,9
Rental Rehabilitation and/or Acquisition Program			
Tenant-Based Rental Assistance Program			
First-Time Homebuyer Program ²			

¹ From the list in Table VI, enter the designated number for any target populations that will be served by your project.

2. This includes the American Dream Program

**PART A
APPLICATION SUMMARY**

V. Legislative Representative Information

	District #	First Name	Last Name
Assembly	30	Nicole	Parra
Senate	16	Dean	Flores
Congress	21	Devin	Nunes

	District #	First Name	Last Name
Assembly	34	Bill	Maze
Senate	18	Roy	Ashburn
Congress			

	District #	First Name	Last Name
Assembly	31	Juan	Arambula
Senate			
Congress			

VI. Target Populations

- | | |
|--|---|
| 1. <input checked="" type="checkbox"/> Physically Disabled | 9. <input checked="" type="checkbox"/> Seniors |
| 2. <input type="checkbox"/> Persons with AIDS | 10. <input type="checkbox"/> Mentally Ill |
| 3. <input type="checkbox"/> Youths | 11. <input type="checkbox"/> Veterans |
| 4. <input type="checkbox"/> Single Adults | 13. <input type="checkbox"/> Victims of Domestic Violence |
| 5. <input type="checkbox"/> Single Men | 12. <input type="checkbox"/> Substance Abusers |
| 6. <input type="checkbox"/> Single Women | 14. <input type="checkbox"/> Dually-Diagnosed |
| 7. <input checked="" type="checkbox"/> Families | 15. <input type="checkbox"/> Homeless |
| 8. <input checked="" type="checkbox"/> Farmworker | 16. <input type="checkbox"/> Other |

PART A

Application Summary (continued)

Section VII. Governing Board Resolution

An executed resolution must be included with every application submitted to the Department no later than the application deadline. The resolution must authorize:

- submittal of the application and the execution of the HOME Standard Agreement;
- the activity(ies) being proposed in the application;
- the amount of HOME funds being requested; and
- signature authority for HOME documents.

A sample resolution is included for your use as **Exhibit A2**. We suggest you either use this resolution or incorporate all elements of the sample into your own resolution put on organization letterhead. The resolution should be dated after the issuance date of the 2006 Program NOFA, and should reference the 2006 NOFA. **Please note that this resolution has been revised to specifically include the HOME Award amount (\$) which is a mandatory element of the resolution.** The resolution also identifies the position(s) that will be authorized to sign reports and drawdown requests. The person attesting to the validity of the resolution cannot be the same individual as the one granted the authority in the resolution. If the application is submitted unsigned, or signed by someone other than the individual authorized in the resolution, the Department may, in its sole discretion, reject the application.

Section VIII. Applicant Certification and Commitment of Responsibility

As the official designated by the governing body, I hereby certify that if approved by the Department for a HOME funding allocation or an American Dream funding allocation the County of Tulare (applicant name) assumes the responsibilities specified in the HOME regulations and certifies that:

1. It possesses the legal authority to apply for the allocation and to execute the proposed program or project;
2. It has resolved any audit findings for prior Department or federally funded housing or community development projects or programs to the satisfaction of the Department or federal agency by which the finding was made;
3. It is not currently suspended or debarred from receiving federal funds;
4. It is currently in compliance with the submittal requirements of Office of Management and Budget Circular A-133, pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act amendments of 1996, P.L. 104-156;
5. There are no pending lawsuits that would impact the implementation of this program or project.

6. It will follow the State Relocation Plan and the federal Uniform Relocation Act requirements.
7. It will comply with all statutes and regulations governing the HOME Program.
8. It will comply with State and Federal requirements;
9. It has staff available or has committed to hiring staff able to operate a local HOME program or project and oversee the work of an administrative subcontractor, if any;
10. It will use HOME funds as grants solely for relocation, activity delivery, lead based paint mitigation costs, and Tenant Based Rental Assistance.
11. If a CHDO, that it is currently certified or that it has submitted an application for certification, and that its organization is currently in compliance with section 8204.1 of the State HOME Regulations including:
 - Its certified service areas include the jurisdiction for which their proposed activity is located;
 - its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
 - the purpose of the organization complies with 24 CFR 92.2; and
 - it is not a public body nor is it controlled by, or under the direction of, a public body, or individuals or entities seeking to derive profit or gain from the organization.
12. If a CHDO, it will fulfill the role of sole project developer; sole owner, or sole general partner in the administration of the proposed activity/ies.
13. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct.

I authorize the Department of Housing and Community Development to contact any agency, whether or not named in this application, which may assist in determining the capability of the Applicant. All information contained in this application is acknowledged to be public information. (This certification must be signed by the person authorized in the Resolution)

Signature: _____ Title: Chairman, Board of Supervisors

Type Name: J. Steven Worthley Date: _____

**EXHIBIT A1
APPLICANT CHECKLIST**

Check if Applicable	Check if Included	Part, Exhibit. #	Part, Section, or Exhibit Title
x	x	Part A	Summary Application Sections I - VIII
x	x	Part A. VIII	Applicant Certification and Commitment Of Responsibility
x	x	A2	Governing Board Resolution--Applicant
		A5	Rural Area Map (if applicable)
x	x	Part B	Project Application
		B1	American Dream Action/Marketing Plan
		B2	CHDO Role Documentation
x	x	B3	Prior Experience – same as proposed activity
x	x	B4	Prior Experience – different than proposed activity
x	x	B5	Program Guidelines and Checklist
		B6	First-Time Homebuyer Program Feasibility

Part B

PROGRAM APPLICATION

Applicant Name _____ County of Tulare _____

Section I. Program Activity

Complete a separate application form for each different proposed activity.

Chart 1

Select activity you are applying for:	
<input type="checkbox"/> Tenant Based Rental Assistance (TBRA)	<input type="checkbox"/> First-Time Homebuyer Program
<input checked="" type="checkbox"/> Owner Occupied Rehabilitation	<input type="checkbox"/> Homebuyer Assistance
<input type="checkbox"/> Rental Rehabilitation and/or Acquisition	<input type="checkbox"/> Infill New Construction
	<input type="checkbox"/> American Dream Homebuyer Program (PJ and Consortia only)

Section II. Program Description

- A. Provide a brief narrative below describing the proposed activity and how the funds will be used, (location, use of funds, units proposed, income levels, funding sources, type of loan).

Chart 2

Activity 1:
The HOME funds will be used to provide housing rehabilitation assistance to approximately seven (7) low and very-low income owner-occupants living in unincorporated areas of Tulare County. The assistance will be in the form of deferred payment loans and limited grants. HOME funds will be supplemented with Tulare County Redevelopment Agency housing set-aside funds. An administrative subcontractor will be procured to implement the program.

- B. Prepare a Marketing Plan and attach as Exhibit B1:

PJ/Consortium applicants only, requesting only the \$200,000:

Prepare an American Dream Action/Marketing Plan that includes the following

- Description of the planned use of American Dream funds
- Plan for targeted outreach to residents and tenants of public and manufactured housing
- Description of actions taken to ensure suitability of families receiving American Dream assistance to undertake and maintain homeownership.

For regular State HOME eligible applicants, provide:

- Plan for targeted outreach to residents and tenants of public and manufactured housing

Section III. Program Team

- A. Identify all program development/implementation team members and their roles and responsibilities to implement the proposed program. Members include, but are not limited to, the applicant, administrative subcontractor, rehabilitation specialist, loan underwriters, and program service instructors. Include the person's phone number and e-mail address. Check the box in the last column if that person is acting as an administrative subcontractor.

Chart 3

Name(s)	Roles/responsibilities	Phone Number	Email Address	Admin Subcon
Laurie Mercer	Community Development Specialist III	559-733-6291	lmerc@co.tulare.ca.us	
April Hill	Community Development Specialist II	559-733-6291	ahill@co.tulare.ca.us	
ADMIN SUBCONTRACTOR TO BE NAMED LATER	Rehab Program Coordinator			✓
"	Loan Processor			✓
"	Construction Supervisor			✓

B. CHDOs Role (CHDOs Only) - Check the appropriate box below and attach a narrative explaining how, in the administration of the proposed program activity, the CHDO will fulfill requirement of being the sole owner, sole general partner, or sole project developer. Provide any supporting documentation as Exhibit B2. This information will be used to assist the Department in ensuring that the CHDO meets the eligibility requirements specified in section 8204(a)(2)(D) of the State Regulations.

☐ Sole Owner ☐ Sole General Partner ☐ Sole Project Developer

Section IV. Program Service Area

Enter the eligible jurisdiction in which your activity is proposed to be completed. See Appendix A of the Application Training Manual for a list of State HOME-eligible jurisdictions. See Appendix A-1 for a list of Participating Jurisdictions and Consortia eligible for the American Dream Program. CHDOs that intend to operate a State HOME program in multiple jurisdictions should identify each jurisdiction separately. CHDOs are only eligible to operate a First-Time Homebuyer Infill New Construction Program.

Chart 4

Program Service Area	
Jurisdiction # 1	County of Tulare
Jurisdiction # 2	
Jurisdiction # 3	
Jurisdiction # 4	

Section V. Program Performance

The Department has compiled the Program Performance data for this section. You do not need to submit any data for this Section. See the Part B, Program Application Instructions for more details.

Section VI. Prior Experience with Programs

Submit a Prior Experience summary using the Exhibits B3 and B4.

Section VII. Program Community Need

The Department has compiled the Community Need Data for this section. You do not need to submit any data for this Section. See the Part B, Program Application Instructions for more details.

Exhibit B3

Prior Experience with Programs

- A. List awards for affordable housing and community development programs administered by the applicant from HOME, local, State and other Federal funding sources in the last seven (7) years (1999 through 2005) for programs providing the same activity as is proposed in the application. Do not list awards received in 2006. List no more than 10 awards.

Award Year	Funding Sources HOME, Federal, State, Local (Provide name of funds)	Activity/Program Name (e.g. "rental rehab. or First- time homebuyer program")	Location (City/County)	Total Units	Assisted Units
2005	HOME	Housing Rehabilitation	Tulare Co.-County Wide	7	7
2004	HOME	Housing Rehabilitation	Tulare Co.-County Wide	2	2
2003	HOME	Housing Rehabilitation	Tulare Co.-County Wide	15	15
2002	HOME	Housing Rehabilitation	Tulare Co.-County Wide	20	20
2001	HOME	Housing Rehabilitation	Tulare Co.-County Wide	4	4
2005	CDBG	Housing Rehabilitation	Cutler-Orosi, Earlimart, East Orosi, Goshen, and Traver	9	9
2004	CDBG	Housing Rehabilitation	Cutler-Orosi, Earlimart, and Goshen	4	4
2003	CDBG	Housing Rehabilitation	Cutler-Orosi, Pixley, Poplar-Cotton Center and Woodville	10	10
2002	CDBG	Housing Rehabilitation	Cutler-Orosi, Goshen, Porterville and Strathmore	15	15
2001	CDBG	Housing Rehabilitation	Cutler-Orosi, and Goshen	14	14

Exhibit B4

Prior Experience with Programs

- B. List awards for affordable housing and community development programs administered by the applicant from HOME, local, State and other Federal funding sources in the last seven (7) years (1999 through 2005) for programs different from the activity proposed in the application. Do not list awards received in 2006. List no more than 10 awards.

Chart 6

Award Year	Funding Sources HOME, Federal, State, Local (Provide name of funds)	Activity/Program Name (e.g. "rental rehab. or First- time homebuyer program")	Location (City/County)	Total Units	Assisted Units
2004	HOME	FTHB, INFILL Program	Tulare Co. Countywide	9	9
2003	HOME	FTHB	Tulare Co. Countywide	3	3
2001	HOME	FTHB	Tulare Co. Countywide	16	16
2005	CalHome	Emergency Home Repairs	Tulare Co. Redevelopment Areas	14	14
2004	CalHome	Emergency Home Repairs	Tulare Co. Redevelopment Areas	14	14
2003	CalHome	Emergency Home Repairs	Tulare Co. Redevelopment Areas	12	12
2000	CalHome	Emergency Home Repairs	Tulare Co. Redevelopment Areas	20	20

Exhibit B5

INSTRUCTIONS FOR PROGRAM GUIDELINES CHECKLISTS

Applicants for HOME Programs must submit their proposed Program Guidelines for the activity or activities identified in the HOME Application.

Please note:

- One set of guidelines may be submitted for two separate program activities as long as all of the required items are included.
- Please update your guidelines to address all elements required by this year's Application (see below).
- For First Time Homebuyer (HOMEBUYER) Program applications, applicants may use the Homebuyer Program Sample Guidelines and Checklist, found on the State HOME Program website: <http://www.hcd.ca.gov/ca/Intro2SmplHmByr.doc>.
- Indicate the page number where the Guideline requirements, below, are found and write the Guideline Number (e.g. A1) in the margin of the guidelines themselves.
- It is not necessary to highlight the text in the Guidelines.

The required Program Guidelines for programs, which formerly were in individual program attachments, have been consolidated into one set of Program Guidelines. Please use the following chart to identify which sections apply to which activities.

Section:	HOMEBUYER Program	OOR Program	Rental Rehabilitation Program	TBRA Program
A	X	X	X	X
B	X	X	X	
C	X (if rehab will be done with Acquisition)	X	X	
D		X		
E			X	
F				X

- Section A: Common Program Guidelines (required for all program applicants)
- Section B: All Programs making loans (excludes TBRA activities)
- Section C: All Programs involved with Rehabilitation
- Section D: Owner-Occupied Rehabilitation
- Section E: Rental Rehabilitation
- Section F: Tenant Based Rental Assistance

For example, a homebuyer program with no plans to rehabilitate homes would complete Section A and B. If a homebuyer program wanted the flexibility to be able to also rehabilitate homes, also complete Section C.

Section A: Common Program Guidelines (required of all applicants)

Number	Provision in Guidelines	Instruction	Page Number(s)
A1	Income limits by household size (or reference an attachment containing these limits).	Attach the most current Income limit from the Application Training Manual. You don't need to re-submit to HCD if you swap Income limits when the new ones are published annually.	3 (IV.D.3) HCD Income Guidelines are attached
A2	<p>Either a statement that properties constructed prior to 1978 will not be eligible for assistance or lead-based paint requirements for properties constructed prior to 1978 will be addressed prior to purchase. These requirements include:</p> <ul style="list-style-type: none"> a) Requirement that lead-based paint notification is given to purchasers; that this will be done by giving the purchaser "Protect Your Family From Lead In Your Home" pamphlet. Requirement that the purchase's file will have evidence that the pamphlet was given. b) Procedures that will ensure that the FTHB Checklist (see the Contract Management Manual) is complete and placed in the purchaser's file. c) Requirement that properties be inspected for defective paint surfaces; guideline will name the position that will be responsible for completing the Visual Assessment; and <p>If defective paint surfaces are found, requirement that they will be properly stabilized.</p>		<p>5 (VI.H.)</p> <p>12 (X.B.2)</p> <p>13(X.C.4) -similar rehab inspection form</p> <p>13(X.C.3)</p>
A3	Conflict of Interest Provision. Provide your own conflict of interest policy that is consistent with HOME Reg 24 CFR 92.356.		2(IV.B)
A4	Description of type of HOME assistance to be provided (for loan programs: type of loan, interest rate, term, etc; for TBRA: security deposit, rental assistance, utility payments).	Ensure that HOME assistance is provided in a manner consistent with the State HOME Regulations at Section 8205(b)(1) and (2), including but not limited to: loans except for grants for	9(VIII.D)

Number	Provision in Guidelines	Instruction	Page Number(s)
		<p>certain specified situations; deferred, no amortized payments; interest rate of zero to three percent; interest may be waived.</p> <p>For TBRA, indicate whether HOME funds will be used for ongoing rental assistance only, security deposit only, or utility payments in conjunction with either rental assistance or security deposit programs.</p>	
A5	A description of marketing and participant selection process, including income verification procedures. Describe how the program will be marketed. Describe how eligibility and income verification will be done for borrower and tenant applicants. For Rental Rehabilitation programs: describe method for ensuring that rental property owners have the capacity to manage rental property.	<p>For all programs, describe proposed preferences/targeting, if any. Indicate whether unborn children will be counted in family size determination (local decision). Describe method of verifying income and procedures to ensure that verification is current at the time HOME assistance is provided.</p> <p>For TBRA, annual recertification isn't required for security deposit programs.</p>	1-2(IV), 11- 12(X.A,B)
A6	Description of inspection procedures and persons responsible for performing them. For Rehabilitation programs, provide procedures for initial, interim, and final inspections. Identify the staff assigned to these specific roles.	FHA inspections are no longer allowed; City staff or consultants must conduct all inspections for both HOMEBUYER and rehabilitation programs. The Notice of Completion for rehabilitation programs must be signed by the homeowner, not the city/county staff nor the consultant.	12(X.C.), 16(X.G.), 16(X.J.)
A7	List the maximum amount of HOME assistance per unit (or reference an attachment containing these limits).		8(VIII.B.2.)
A8	Description of how Fair Housing and Affirmative Marketing requirements will be met.	Include the revisions made in the 2006 HOME Contract Manual, i.e. cities/counties are still required to gather race/ethnicity data but are no longer required to analyze it annually.	1-2(IV.A.)
A9	Subject to the exemptions allowed in "Income Determination book" statement that all persons in residence are considered household members for purposes of income eligibility.		3(IV.D.1)

Section B: All Activities Making Loans (required for all applicants for First Time Homebuyer (Homebuyer), Owner-Occupied Rehabilitation (OOR), and Rental Rehabilitation and/or Acquisition activities)

Number	Provision in Guidelines	Instruction	Page Number(s)
B1	<p>Description of how properties will meet health and safety code and local code requirements.</p> <ul style="list-style-type: none"> a. For Homebuyer acquisition-only, properties must meet health and safety code requirements at the time of occupancy and no later than six months after transfer of ownership. b. Homebuyer homes must also meet written standards for rehabilitation no later than two years from transfer of ownership. c. Written standards for rehabilitation include local codes, ordinances, and zoning requirements. d. For Rehabilitation, properties must meet health and safety requirements and written standards for rehabilitation by project completion. e. Identify the specific local codes which will be used. <p>The HOME program requires that ALL health and safety and code deficiencies be corrected. This means that the following types of activities are not allowed if health and safety or code violations still exist: disabled access improvements, emergency repairs, weatherization</p>	<p>The Guidelines must also state that for the home to be eligible for the State HOME Program, there must be at least one code violation. The home is not eligible if it only requires disabled access improvements, or weatherization.</p> <p>Weatherization, emergency repairs and disabled access can only be paid with HOME funds if these funds are incorporated in a program that meets all rehabilitation standards.</p>	<p>4(V.H.&I.)</p> <p>13(X.C)</p> <p>4(VI.A), 7(VIII.A.1), 17(X.J.2)</p> <p>7(VIII.A.2) 13(X.C.4)</p>
B2	<p>Either a statement that tenant-occupied properties will not be eligible or a statement that in those cases federal relocation requirements must be met. A unit being acquired is considered tenant-occupied unless the unit has been vacant for 3 months prior to the purchase agreement date. Note: HOME funds may be used as grants to pay for relocation costs when a unit is tenant occupied; submitting a relocation plan is required.</p>		3(IV.F.2,3)

Number	Provision in Guidelines	Instruction	Page Number(s)
B3	Flood insurance is required for homes in 100 year flood zone.	Guidelines must require that each file have documentation of flood zone status. Require an endorsement naming city/county as additional insured.	6-7 (VII.B.1,2) 6(VII.A.3 & VII.B.3)
B4	Description of verification plan that funded homeowners will remain owner-occupants.	Guidelines must require documentation of ongoing owner-occupant status, i.e. property tax statements showing homeownership exemption, insurance policies, or site visits.	3(IV.F.4) 18(XIV.A)
B5	Include a statement that the acquisition price doesn't exceed amount published in the Application Training Manual or as approved by HUD. The Guidelines may also reference an attachment which provides this information.	If your program is restricted to individual homes or condominiums, use only the "one family" column in the Maximum Purchase Price/After-Rehabilitation Value Limit attachment of the Training Manual	8(VIII.B.6.b) 13(X.C.8.c)
B6	Requirement that an acquisition notice containing the items listed below be provided to seller prior to making the purchase offer: <ul style="list-style-type: none"> a. The purchaser has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; b. An estimate of the fair market value of the property; and c. If an acquisition notice will not be provided prior to the purchase offer, a provision that the seller may withdraw from the agreement after this information is provided. 		<i>For FTHB, not Rehab</i>

Number	Provision in Guidelines	Instruction	Page Number(s)
B7	Resale or recapture restrictions including: <ul style="list-style-type: none"> a. All HOME loans must use the recapture method, unless the property is in a Community Land Trust or in a co-operative ownership form. b. Local government loans may use resale control, provided that the HOME loan is structured according to the terms of HOME Management Memo 04-01 - Can't require resale to another low income borrower unless have an acceptable resale restriction program. 		1 (III.A-F)
B8	For Homebuyer Programs, a description of method of determining amount of HOME assistance provided to a household. Explain the process for determining the minimum amount of HOME funds necessary to ensure: <ul style="list-style-type: none"> a. affordability based on the specific circumstances of the borrower; b. the proposed permanent financing; and c. the proposed unit to be acquired. 	Complete First-Time Homebuyer Feasibility Analysis spreadsheet.	n/a
B9	For Homebuyer and RR activities: <ul style="list-style-type: none"> a) a description of the required period of affordability per Section 8208 of the State HOME Regulations. b) a statement that no additional HOME assistance may be provided during the period starting one year following the filing of the Project Completion Report through end of the affordability period. 		n/a

Section C: For Programs Involving Rehabilitation:

Number	Provision in Guidelines	Instruction	Page Number(s)
C1	Description of process for developing work write-ups and written cost estimates and persons responsible for developing and/or reviewing them.		13-14(X.C) 8(VIII.B.1)
C2	Description of method of determining cost reasonableness.	The Guidelines must identify who will develop the work write-up and the in-house estimate of costs. What are	13(X.C.1)

Number	Provision in Guidelines	Instruction	Page Number(s)
		this person's qualifications to prepare the write-up and cost estimate? The work write-up cost estimate must be compared to the bids. Bids should be accepted only if the price is within 10% of the amount of the cost estimate, or the inspector provides a written explanation of the difference.	14(X.D.1.a.&b.[5])
C3	Contractor selection process including bidding, contractor selection, determination of contractor eligibility (federal and state), and contractor award.	To document debarment status, cities/counties are required to get debarment certifications and required to print out/file the internet page used for verifying that the contractor is not on the debarment list.	14(X.D.1.b.[4])
C4	Description of eligible and ineligible items.	Note: "Incipient" repair items are eligible. Incipient means that the fixture or system is functional now, but is likely to fail in a few years, i.e. a functioning but 30 year old water heater. Removable household appliances (stoves, dishwashers, refrigerators, wall air conditioners, etc.) are eligible only if the file contains documentation that the item needs to be replaced because of incipient failure and the item being replaced will be of moderate quality only. Owner may have medical conditions which warrant new or replacement appliances as listed above.	5-6(VI.I) 6(VI.I.8.c.[1]) 6(VI.I.c.[2])
C5	Whether or not general property improvements (GPI) will be allowed and, if so, what types and how much of the rehabilitation costs are allowed for GPI.	Note: the federal HOME regulations prohibit luxury items (e.g. pool refurbishment, hot-tubs, etc.).	5-6(VI.I.8)
C6	Description of method for estimating after-rehabilitation value prior to loan commitment. This value must not be higher than the Sales/Value Limits published in the Training Manual or as otherwise approved by HUD. State those limits or reference an attachment.	Guidelines must include one of three following methods: 1. Estimates of value by the SR may be used. The project files must contain the estimate of value and document the basis for the value estimates. 2. Appraisals can be licensed fee or staff appraisers. The project files must document the appraised value	14(X.C.8.c)

Number	Provision in Guidelines	Instruction	Page Number(s)
		and the appraisal approach used. 3. Tax assessments for a comparable property located in the same neighborhood may be used to establish after-rehab value if the assessment is current and accurately reflects market value after rehab.	

Section D: For Owner Occupied Rehabilitation Only

Number	Provision in Guidelines	Page Number(s)
D1	A statement that the housing unit must be principal residence of the owner.	3(IV.F.1)

Section E: For Rental Rehabilitation Only

Number	Provision in Guidelines	Instruction	Page Number(s)
E1	Descriptive determination of the number of HOME-assisted units in each project and a high and low HOME rents schedule.		
E2	High and low HOME rents by bedroom size		
E3	Income eligibility levels by household size: a. 90% of units at 60% of area median income or below initial occupancy; and b. If more than 5 units, 20% of units at 50% of area median or below for period of affordability		
E4	Descriptive determination of the amount of HOME assistance provided including standards for developer fees and owner's return on investment.	This description also must address how the applicant will ensure that projects meet the Department's Uniform Multifamily Regulations. Describe the process for determining whether the subsidy layering analysis process supports the need for a deferred payment loan per Section 8205(b)(1)(C)(ii) of the State HOME Regulations.	

Number	Provision in Guidelines	Instruction	Page Number(s)
E5	Description of city's or county's affirmative marketing requirements (N/A for CHDOs since they must follow the State's requirements).		
E6	Description of how Relocation requirements will be met.		
E7	Description of long-term monitoring to ensure that properties continue to meet income, rent, and local code standards for the period of affordability.		

Section F: For Tenant Based Rental Assistance Programs

Number	Provision in Guidelines	Instruction	Page Number(s)
F1	Tenant selection policies and criteria.	Describe preferences (if any), marketing plan, and screening and selection process. It is OK to establish preferences for a population with specific characteristics but not limit the program to residents of a specific project. Preferences may not violate fair housing laws.	
F2	The area in which the TBRA can be used.	You may allow units to be assisted outside of your geographic area, in the same county, provided that the area is eligible for State HOME funds.	
F3	Define whether the assistance will be provided to the owner that leases a unit to an assisted family or directly to the family	For security and utility deposit programs, describe who gets the deposit back.	
F4	The term of the rental assistance.	The property owner must offer a one year lease, but it is acceptable to receive a letter from the tenant agreeing to a month to month rental agreement, or a lease term of less than a year.	
F5	Statement that the rent must be reasonable based on rents that are charged for comparable unassisted	Program operators must evaluate each assisted unit to make sure that the rent is	

Number	Provision in Guidelines	Instruction	Page Number(s)
	rental units in order for the lease to be approved.	reasonable in comparison to comparable to comparable units. This evaluation must also occur if the rent increases during the term of the rental assistance.	
F6	The minimum tenant contribution.	10% of Gross monthly Income or 30% of Adjusted monthly income is recommended.	
F7	The jurisdiction's rent standard for each unit size. Include the utility allowance to be used.	<p>Provide as an attachment the rent standard to be used. Please see the HUD TBRA Model Guide book (available from your rep) for the allowed alternatives. If the rent standard is an exception rent allowed by the Housing Authority, provide documentation from the Housing Authority of these rents.</p> <p>Using your own survey methodology to determine the rent standard is very time consuming and expensive, and is not recommended.</p>	
F8	Statement that maximum subsidy cannot exceed the difference between the rent standard and 30 percent of the family's monthly adjusted income, or if an alternative method.	In the Certificate method, HOME pays the difference between the tenant's share and the payment standard. The Voucher method is not limited by the payment standard and offers the tenant flexibility in the percentage of income it contributes to housing costs and the cost of the unit.	
F9	Income limits by household size and statement that at least 90 percent of assisted families must have annual incomes which do not exceed 60 percent of median.		
F10	Statement that family income, rent, unit condition, and family size will be reexamined at least annually and identification of the responsible individual(s).		

Number	Provision in Guidelines	Instruction	Page Number(s)
F11	<p>Requirement that termination's of tenancy or failure to renew tenants' leases will only be permitted for the following reasons:</p> <ul style="list-style-type: none"> a. Tenants have serious or repeated violations of the terms and conditions of the lease; b. Tenants violated applicable federal, state or local law; c. Tenants were part of a transitional housing program and completed their transitional housing period; and d. There is other "good cause" for terminating tenancy. <p>Attach a sample Tenant Lease or Addendum to the Property Owner's regular lease.</p>		
F12	Statement that unit has been inspected for LBP, and meets HQS and local code.		
F13	Description of inspection procedures and individuals responsible for inspections.		

I. SOURCE OF FUNDS

The HOME Investment Partnerships Program (HOME) is administered by the State of California Department of Housing and Community Development (HCD), which is funded by the United States Department of Housing and Urban Development (HUD). The County of Tulare (County), Resource Management Agency (RMA), Community Development and Redevelopment Division (CD&R), in order to implement the HOME Owner-Occupied Housing Rehabilitation Program (Program), established the following guidelines.

II. PURPOSE

The purpose of the Program is to improve the condition of housing and quality of life in the unincorporated communities of the County by: expanding and preserving the supply of decent, safe, sanitary and affordable housing; eliminating slums and blight; and maintaining the stability of neighborhoods.

III. HOME PROGRAM INCOME

- A. Program Income (PI) is the gross income received by the County from loan repayments of principal & interest, loan payoffs, and interest earned. Loan payoffs may be considered recaptured funds if the home is sold or ceases to be the homebuyer's principal residence before the end of the affordability period. All recaptured funds must be returned to HCD.
- B. The County will comply with all Federal and State regulations regarding the use of PI and recaptured funds.
- C. All PI will be reused for eligible HOME activities. The primary use of HOME PI is designated for housing rehabilitation activities as stated in the attached HOME PI Reuse Plan.
- D. All HOME PI must be fully expended monthly, is not allowed to accumulate and must be fully expended prior to the draw down of new HOME funds from HCD.
- E. If an owner-occupied rehabilitation unit converts to a rental unit the original loan must be paid off in full. If the payoff is considered recaptured the funds must be returned to HCD.

IV. APPLICANT ELIGIBILITY

- A. Fair Housing - This program will be implemented in ways consistent with the County's commitment to fair housing. The County is an Equal Opportunity Lender.
 - 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 HOME funds on the basis of their age, sex/gender identity, race/ethnicity, ancestry, national origin, religion or religious affiliation, marital status, familial status (children), physical disability, mental disability, medical condition, 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. Equal Opportunity logos and language are printed on all fliers, brochures, and applications.
 - 3. Documentation of the housing activity locations, along with demographic characteristics of waiting list applicants, participants and beneficiaries are 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, sex/gender identity, and disability in order to analyze whether assistance is being provided to all people regardless of protected class status.

- b. The County is required to gather race/ethnicity, sex/gender identity, disability and age data on residents, applicants, and participants. Analysis is not required and the most recent census data is the source.
- c. Data about applicants and actual participants is collected in a database, which also includes characteristics about seniors, single heads of household, household size, number of children, income level, veterans and farmworkers.
- d. If 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 who exercises policy or decision-making functions, or who has responsibilities in connection with the planning and implementation of the HOME program, shall directly or indirectly be eligible for this program unless the application for rehabilitation assistance has been reviewed and approved according to applicable HUD and 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.

C. Household Definition

1. A household includes all people who occupy a housing unit as their principal residence, which may include:
 - a. Children in joint custody agreements who are present in the household 50% or more of the time.
 - b. Unborn children of pregnant women.
 - c. Temporarily absent family members either working in another state or in the hospital.
 - d. Adult students living away from home.
2. Persons not considered as household members include foster children, foster adults, live-in aides and children of live-in aides. (See attached 24 CFR Part 5 Annual Income Inclusions and Income Exclusions.)
3. The 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 in full.

D. Income Eligibility

1. All people who occupy a housing unit as their principal residence are considered household members for purposes of income eligibility, subject to the exceptions allowed in HUD's most current *Technical Guide for Determining Income and Allowances for the HOME Program*.
 - a. Persons not considered for purposes of income eligibility include foster children, foster adults, live-in aides and children of live-in aides. (See attached 24 CFR Part 5 Annual Income Inclusions and Income Exclusions.)
2. Income eligibility is based on annual income, which is the gross amount of income of all adult household members anticipated during the next twelve (12) months. Income documentation is required. (See attached 24 CFR Part 5 Annual Income Inclusions and Exclusions and Income Guidelines for Tulare County Housing Programs.)
3. The Program is intended to benefit households with household-size adjusted income less than eighty percent (80%) of the County's median income, as defined by HCD. (See attached HOME Income Definitions & Limits)

4. Income limits by household size shall not exceed the established HCD guideline limits for Tulare County, which are adjusted on an annual basis. The most current guidelines will be used in determining eligibility. (See the attached HCD Income Guidelines.)
5. The HOME Program uses Part 5 (formerly known as Section 8) methodology from the HUD publication, "*Technical Guide for Determining Income and Allowances for the HOME program*", for calculating income to determine whether HOME assistance is provided.
6. Income eligibility may take into account contractual long-term debt for medical care and medication in order to determine Targeted Income Group (TIG) status.

E. Title Criteria

1. Applicant must have ownership of the property through fee simple title, ninety-nine (99) year leasehold interest, or a living trust with the participant ~~occupant~~ as beneficiary.
2. Applicant may transfer property into a living trust so long as they are the beneficiary of the trust and they continue to occupy the property. (See section XV.B)

F. Occupancy Requirements

1. Any unit to be rehabilitated must be occupied by the owner as their principal residence.
2. Proof of occupancy must be provided to CD&R or the Administrative Subcontractor, and maintained in the applicants file. Proof may be provided in the form of photocopies of a recent utility bill, insurance policy or property tax statement showing homeownership exemption.
3. Continued residency by the participant is monitored by CD&R in January of each year for the term of the loan. Program participants must submit proof annually to CD&R. (See Section XIII.A.2.a, b, & c)
4. In the event that a participant sells or transfers title of a rehabilitated property or discontinues residence there, the loan becomes due and payable in full. (See Section XV)
5. To prevent owners from evicting a tenant and moving into a County-rehabilitation residence, each owner must certify that no tenant has been forced to move without cause during the previous three (3) months.

V. PROPERTY ELIGIBILITY

- A. Units to be rehabilitated must be located within unincorporated areas of the County.
- B. No unit will be eligible for housing rehabilitation assistance if the household income exceeds HCD-prescribed limits.
- C. Eligible property types include single family housing and manufactured or mobile homes. Tenant-occupied properties will not be eligible.
- D. 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.
- E. 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. Exceptions may include units that have burned, and health issues such as mold or lack of water that have required the owner to leave the property. The owners may not know of the Program.
- F. Property must be in compliance with requirements of general plan, zoning and subdivision ordinances.
- G. Unit must be suitable for rehabilitation, as determined by a construction supervisor who is experienced, knowledgeable and active in the County's rehabilitation programs.
- H. Unit must have one or more health, safety, or building code deficiencies that need correction in order to qualify for loan funds. The home is not eligible if it only requires emergency repairs, disabled access improvements or weatherization.

- I. Repair must address all health and safety hazards existing in the unit as determined by RMA's Building Inspection Division and must comply with local building codes, health and safety codes, ordinances and zoning requirements.
- J. Manufactured or Mobile Homes
 1. An existing mobile home may be replaced by a used model that has been occupied and not been 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 can 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 92.251(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. The space/site must be owned or leased for at least the period of affordability.

VI. REHABILITATION STANDARDS AND PROPERTY IMPROVEMENTS

A. Rehabilitation Standards

1. All repair work will meet Uniform Building Code standards. At a minimum, all code deficiencies, and serious health and safety hazards must be eliminated. All HUD Housing Quality Standards and County Housing Authority Section 8 property Standards will be met. (See attached HOME Housing Rehabilitation Standards and Title 24, §982.401).
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. Test for reconstruction – A residential unit may be reconstructed (i.e. the old dilapidated unit demolished and a new unit constructed in its place) under the following conditions:
 - a. The cost to reconstruct is less than the cost to rehabilitate;
 - b. The cost to reconstruct (including demolition, recycling, site preparation and temporary relocation) is less than the fair marked value of the reconstructed dwelling; and
 - c. The cost to reconstruct is less than the cost of a comparable newly constructed dwelling.
6. In the case of a reconstruction, the number of bedrooms and bathrooms of the new construction must equal or exceed the number in the previous unit. The Loan Review Committee may approve an exception. An additional school fees may be charged for a larger home.
7. Contractors are required to recycle one hundred percent (100%) of inert material and fifty percent (50%) of construction and demolition debris, per County ordinance #3321 effective 3/21/06.
8. The Administrative Subcontractor and construction contractors shall comply with all local, state and federal laws regarding hazardous wastes.

B. Lead Based Paint – The County, Administrative Subcontractor and construction contractors will comply with current federal lead-based paint regulations (24 CFR 35) as defined by HUD and presented in the most recent HOME Contract Management Manual.

1. Existing lead-based paint issues should be identified prior to loan review.
2. Lead-based paint requirements will be addressed before the project is finalized.
3. Any defective paint surfaces will be properly stabilized.

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, but are not limited to, electrical or plumbing problems, security or access deficiencies, inadequate weather protection, heating and cooling deficiencies, sewer and water deficiencies, lead-based paint, asbestos, mold and other hazardous conditions.
2. Eligible costs include energy-related improvements, disabled access improvements, and repair or replacement of major systems such as plumbing and roofing. Weatherization and painting are included.
3. Water and sewer laterals or septic tank abandonments are eligible improvement costs when they are located on private property.
4. Housing must include proper eating and sanitation facilities, therefore, stoves, refrigerators and bathroom fixtures may be included.
5. Code and Regulation Compliance
 - a. Additional work may be required to rehabilitate, modernize and/or bring a home into compliance with current building codes and regulations.
 - b. Curb and gutter work may be included as required by the County.
6. Demolition - Eligible costs include, but are not limited to, tearing down, recycling, and/or 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.
 - 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 clear and convincing documentation is provided in writing and deemed necessary by the Loan Review Committee. Examples of these increases may include disabled access improvements, or alleviating overcrowding.
8. General Property Improvements
 - a. General property improvements (GPI) are non-luxury items and are allowable costs. 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 proposed GPI or additional costs.
 - c. Allowed types of improvements include, but are not limited to:
 - (1) Incipient repairs of a fixture or system that is functional now, but is likely to fail in a few years.
 - (2) Removable household appliances (stoves, dishwashers, refrigerators, wall air conditioners, etc.) are eligible only if the file contains documentation that the item needs to be replaced because of incipient failure.
 - i. The item being replaced will be of moderate quality.
 - ii. Owner may have medical conditions which warrant new or replacement appliances as listed above.
 - (3) Removal of debris.
 - (4) Repair or installation of fencing.
 - (5) Landscaping that addresses energy and water conservation, and/or dangerous obstacles.
 - (6) Replacement or new construction of an enclosed garage.
 - (7) Curb, gutter and/or sidewalk not required by County.
 - d. HUD regulations prohibit luxury items (e.g. pool refurbishment, hot tubs, etc.)

- e. 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 using the current HOME construction loan/grant budget, HOME PI, or other available funds.
- E. Ineligible Property Improvements - Luxury items such as the following are not considered housing rehabilitation and, therefore, are not eligible for HOME funding:
 - 1. Creation of a secondary housing unit attached to the primary unit.
 - 2. Installation of 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. Reimbursement of volunteer labor costs for homeowners to rehabilitate their own property.
(See Section VIII.D.2.b)

VII. INSURANCE REQUIREMENTS

A. Hazard/Fire Insurance

- 1. The participant shall maintain hazard/fire insurance on the property for the duration of the loan.
- 2. This insurance must be in an amount adequate to cover all encumbrances on the property, but not less than replacement value.
- 3. The insurer must designate the County as a loss payee or additional insured.
- 4. A binder of insurance shall be provided to the County.
- 5. The premium may be paid from the rehabilitation loan for the first year.
- 6. It is the owner's responsibility to obtain insurance for contents and personal liability coverage.

B. Flood Insurance

- 1. Each participant file must have documentation of flood zone status.
- 2. If the home is located in a one hundred (100) year flood zone and the participant's loan or grant is more than \$5,000, the participant is required to maintain flood insurance for the duration of the loan, in an amount adequate to cover all encumbrances on the property, but not less than replacement value.
- 3. The insurer must designate the County as loss payee or additional insured.
- 4. A binder of insurance shall be provided to the County.
- 5. The premium may be paid from the rehabilitation loan for the first year.
- C. 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 proof.
 - 1. The participant shall maintain the property in the condition and level to which it was rehabilitated for the life and duration of the loan. This includes keeping the property clear of debris in order to meet all insurance inspection requirements.
 - 2. If the property and insurance is not maintained accordingly, the loan will become due and payable in full, and if necessary, foreclosure proceeding will be instituted.
- D. Borrower will be strongly encouraged to establish impound accounts with their first mortgage to pay insurance and property taxes.
- E. Should participant experience hardship in paying for required insurance, and in order that County may protect its interest, County may consider providing an additional loan 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. Three percent (3%) interest, loan preparation fees, and Notary fees will be charged to the borrower 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.
- F. Failure To Make Payments
 1. The County will obtain lender/forced-place insurance to secure necessary protection if the participant fails to make timely premium payments for fire or flood insurance.
 2. The County will, upon notice to the participant, add all costs to the owner's principal loan.
 3. The participant is obligated to repay all costs to the County.
 4. Penalty interest and loan preparation fees will be charged to the participant.
- G. If appropriate insurance is not maintained, the loan is due and payable in full.
- H. The County may initiate foreclosure proceedings based on the attached Foreclosure Policy.
- I. HOME funds will not be used for insurance loans, or other recurring costs.

VIII. FINANCING

- A. An eligible owner-occupant may qualify for the full cost of the rehabilitation work needed to comply with Uniform Building Code, State regulations, and local codes, rehabilitation standards, ordinances and zoning ordinances.
- B. Limits
 1. An eligible owner-occupant 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. (See Section X)
 2. Maximum assistance with HOME funds is \$110,000 and the minimum is \$1,000 per unit, regardless of unit size. The Loan Review Committee may permit a waiver of the maximum, as needed, in cases when clear and convincing documentation exists to justify the exception, for example, for aging-in-place home modifications.
 3. Maximum assistance from HOME and supplemental funds combined shall not exceed the maximum subsidy limit per unit as designated in the 2006 HOME Subsidy Limit Per Unit, HOME Application Training Manual, Section 221(d)(3), dated 9/15/05, and attached to these guidelines.
 - a. HOME Subsidy Limits are calculated by number of bedrooms.
 - b. These limits are subject to change.
 4. Total indebtedness against the property shall not exceed one hundred percent (100%) of the after-rehabilitation or reconstruction value. An estimate of after-rehabilitation value will be made prior to making a commitment of HOME funds.
 - a. Total value of the unit after rehabilitation shall not exceed 95 percent (95%) of current area median purchase price or as listed in the HOME Program Maximum After-Rehab Value Limit, one-family residence column, which as of March 2, 2006 was \$231,800, and is subject to change.
 - b. The value shall be determined by a drive-by appraisal or comparable sales comparison arranged by County's Administrative Subcontractor.
 - (1) The project file must contain the estimate of value, document the basis for the value estimates and the appraisal approach used.
 - (2) Appraisers can be licensed fee or staff appraisers.
 5. Mobile home or manufactured housing purchase and transportation costs can be added to the participant's loan.
- C. Types of Financing and Terms
 1. Deferred Payment Loan (DPL) – Thirty year, non-interest bearing loan, secured by a deed of trust, with no payments required until the end of the 30 year term, participant sells, transfers title, or discontinues residence in the unit.
 - a. At the end of the thirty (30) year term the entire loan principal amount must be repaid.

- b. The loan is due in full if the owner sells, transfers title of the property, or defaults on the loan. (See Exceptions Section XVI)
 - c. The loan is due in full if the unit is no longer the principal residence of the owner.
 - d. Voluntary payments may be made on a DPL at any time to reduce the principal balance owed on the loan. No prepayment penalty will be imposed.
 - e. A portion of the principal amount and any accrued interest of the HOME loan may be forgiven 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.
 - (1) Deductions, if any, for deferred maintenance will not affect the guaranteed amounts due to the County assisted owner.
 - (2) 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.
 - (3) Resale price must be supportable by an appraisal conducted by a licensed appraiser.
2. Grants – Grants of up to \$10,000 per household are available on a limited basis. Total HOME Program funds that are distributed as grants shall not exceed fifteen percent (15%) of the funds allotted for housing rehabilitation. Grants for the least amount necessary may be provided for the following purposes:
- a. Temporary relocation expenses up to \$2,500, and not to exceed expenses allowed in 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.
 - b. Lead-based paint hazard evaluation and/or mitigation up to \$10,000 per household. The Loan Review Committee may approve assistance in excess of the maximum where no other financial resources are available.
 - (1) HOME grant funds will be used only for the increased costs due to lead-based paint hazard mitigation.
 - (2) HOME grant funds will be used only for the lead-based paint hazard mitigation that does not increase the value of the home.
 - (3) Rehabilitation projects exceeding \$25,000 trigger a higher level of lead hazard evaluation and reduction activity and, therefore, will only be approved if feasible.
- D. Supplemental Financing
- 1. Rehabilitation costs for HOME-funded projects may be supplemented with personal financing or with other loan or grant programs which are sources of leverage for the County.
 - 2. "Sweat Equity"
 - a. An eligible participant may agree to participate in the rehabilitation of their property by providing volunteer (sweat equity) labor during the rehabilitation project. Participant may remove debris or paint the house. If participant has construction skills, they may perform the work themselves instead of contracting with an outside contractor.
 - b. Labor costs will not be reimbursed, but do provide a private contribution of \$10.00 per hour that may decrease the public financing needed. The hourly amount is subject to change.
 - c. Purchases of materials that are used on the job and verified by invoice or receipt will be reimbursed. Reimbursement occurs after installation is verified to be part of the scope of work by the construction supervisor.
 - d. Participants must submit requests for materials reimbursement while the funding grant is active. Late submittals will not be accepted.
 - e. Interested participants sign an agreement itemizing the work they will perform, a time schedule for completion, and a dollar value of the contribution.

- f. 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.)

IX. IMPLEMENTATION OF HOUSING REHABILITATION PROGRAM

A. Waiting List/Outreach

1. The County's Administrative Subcontractor 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.
 - a. County will maintain a waiting list of interested participants, which is provided to the Administrative Subcontractor.
 - (1) In response to a housing rehabilitation prospect's phone request or office visit, income eligibility is roughly determined and the prospective participant is placed on the waiting list.
 - (2) Waiting list priority is "first-come, first-served," based on date of first contact, unless deemed a severe health and safety issue by the County.
 - (3) Loan applications for households with severe health and safety repair needs will be evaluated by the County for higher priority.
2. Participants will be contacted by mail and/or by telephone and have thirty days to complete and return the loan application and supporting documentation.
3. Should the participant fail to respond with required documentation within the thirty (30) day period, their name will be removed from the waiting list. If the participant desires assistance later, they will be placed on the waiting list at their former position.
4. If a current HOME contract is limited to providing housing rehabilitation services to specific target areas (such as redevelopment areas where cash match funds are available), the first on the waiting list for each target area will be contacted.
5. 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.

B. Application/Interview

1. The applicant files an application with the Administrative Subcontractor who determines eligibility of the applicant. (See Eligibility Section IV and V)
2. An interview is scheduled with the participant. The program is fully explained; application forms and documentation are reviewed.
 - a. The lead-based paint brochure, "Protect Your Family From Lead In Your Home" / "Proteja a Su Familia Contra el Plomo en el Hogar" is given to all participants. Signed evidence that the pamphlet was given will be kept in the file.
 - b. Participants are advised to establish a will, living trust or other legal record of heir(s) to the residence in case of death.
 - c. Participants will be strongly 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 expenses are calculated, with additional expenses and long-term debt added for total monthly expenses.
5. The application should be signed by every occupant over the age of 18, to certify income and expenses.

6. A title report is requested to identify any liens on the property.
 - a. Senior lien holders will be contacted to verify the loan balance, and payment histories, and that they have not defaulted.
 - b. If participant states that a senior lien has been paid off, Administrative Subcontractor will verify and initiate reconveyance, as needed.
 - c. The County of Tulare should be named as the insured on the Policy of Insurance Record Title.
 7. The homeowner's mortgage balance and a drive-by appraisal are obtained to determine available equity.
 8. Participant is given written notification of eligibility or ineligibility, provided with reasons for the decision and an appeal procedure for denial of eligibility.
 9. 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 Administrative Subcontractor to perform inspections, not a member of the RMA's Building Inspection Division. The Construction Supervisor is knowledgeable and experienced in the field of affordable housing.
 2. The Construction Supervisor inspects for code deficiencies and health and safety hazards. Properties must meet health, safety and building code standards for housing rehabilitation by project completion.
 3. The Construction Supervisor is responsible for completing a Visual Assessment. If any defective paint surfaces are found, the County's Housing Rehabilitation program requires they will be properly stabilized.
 4. Participant is asked to identify their housing needs, especially for the potential future need for disabled access improvements. Requests for non-essential work, additional rooms, increased footage and general property improvements will be considered, but approval is not guaranteed. Weatherization, emergency repairs and disabled access can only be paid with HOME funds if the project meets all rehabilitation standards.
 5. 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 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 and placed in participant's file.
 6. In order to determine the full scope of the work required, the following County divisions will be contacted:
 - a. Flood Control – to check property's possible location in a flood hazard zone and to determine if curb and gutters will be required, and if residence must be elevated, especially for a reconstruction project.
 - 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.
 - d. In the case of construction in mountain communities, the Administrative Subcontractor must contact all utilities and the Fire Department, which might impose additional construction requirements.

7. If a home is more than fifty (50) years old or having its exterior worked on, the Administrative Subcontractor will consult with the State Historic Preservation Office about the project by sending details through certified mail with return receipt requested and requesting a response within a thirty (30) day comment period. If a home is less than fifty (50) years old and required work will have no visible changes to the exterior, has no potential to cause effects on historic properties, SHPO need not be consulted.
 8. 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.
 9. The Construction Supervisor reviews the write-up and prepares a cost estimate based on an estimate of time and materials 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 the attached HOME 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.
 - c. The After Rehabilitation Value is based on a drive-by appraisal or sales comparison of local units. The value and appraisal approach will be documented for the file. The cost estimate must not be higher than the Maximum Purchase Price/After Rehabilitation Value Limit published in the most current HOME Contract Management Manual or otherwise approved by HUD.
 10. 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 Administrative Subcontractor staff solicit bids on their behalf.
 - a. If a participant chooses to solicit his or her own bid, Administrative Subcontractor staff provides technical assistance to confirm construction contractor meets legal requirements and that the selected bid is reasonable and within ten percent (10%) of the Construction Supervisor's cost estimate. If a bid above the acceptable amount is chosen, the Construction Supervisor must provide a written explanation of the difference, which will be placed in the participant file.
 - b. If Administrative Subcontractor 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.
 - (1) If few responses are received, invitations to bid are advertised in general circulation and minority newspapers in English and Spanish languages in efforts to obtain three reasonable bids. If, despite all efforts, a minimum of three (3) bids are not received, an explanation will be provided in the file.
 - (2) A Bidder's Meeting, conducted by the Administrative Subcontractor's Construction Supervisor, will inform potential bidders of the HOME 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).
 - (3) Bidders will be asked to provide the name of the environmental firm used for lead paint hazard risk assessment and mitigation, as well as names and certifications of workers and supervisors.

- (4) Contractors must have active, valid State of California Class B General Contractor licenses, be bonded and not be on the Federal Debarred List. A print out of the internet page used for verifying that the contractor is not on the debarment list is placed in the participant file. Contractors must provide Administrative Subcontractor'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.
 - (5) The County's Administrative Subcontractor 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 initial cost estimate. If a bid above the acceptable amount is chosen, the Construction Supervisor must provide a written explanation of the difference, which will be placed in the participant file.
 - (6) 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 complete bid price. The participant has the option of reducing the complete 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 their bid if the proposed changes are not acceptable. The contractor has the option of withdrawing their bid and proposal if not accepted within thirty (30) days.
 - (7) Administrative Subcontractor staff reviews selected bid for accuracy and completeness. Any or all bids may be rejected and formalities waived.
 - (8) If Administrative Subcontractor 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 Administrative Subcontractor. Bids are reviewed for completeness and accuracy.
 - (9) Bid results and contractor references are provided to the participant. Participant is strongly encouraged to contact references before making a decision and notifying Administrative Subcontractor staff of their preferred construction contractor. Either the participant will select the contractor or the lowest responsible bidder will be awarded the contract.
 - c. Administrative Subcontractor staff determines the eligibility of the contractor by checking the State Contractors License Board (CLB) and Federal List of Debarred Contractors on-line. Administrative Subcontractor staff verifies that the construction contractor's 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.
 - d. 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.
2. Contractor shall comply with all applicable laws, ordinances, local business licenses and local building codes, including obtaining permits and disposing of hazardous wastes. Contractor shall follow the written work write-up specifications and change orders approved by the homeowner and Administrative Subcontractor.

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 Administrative Subcontractor's Construction Supervisor and participant negotiate which work items to omit. The omissions should be non-essential, since completed work must correct health and safety hazards and bring the home into compliance with building codes.
3. The amount of HOME assistance offered to the participant is determined by first totaling the cost of repairs needed. (See Section IX.B.9)
4. The loan request includes the cost of rehabilitation, a contingency fund (ten percent [10%] of rehabilitation costs if over \$20,000, twenty percent [20%] of costs if less than \$20,000), and other project costs.
5. A financing package is prepared for approval by the County Housing Program Loan Review Committee. (See Section X)
6. After approval, loan documents are submitted for signature approval by the owner-occupant borrower and County's authorized signatory.
7. Participants will be provided written notification of approval or denial. Any reason for denial will be provided to the participant in writing. (See Section XX)
8. Upon approval, the project is set up in HUD Integrated Disbursement & Information System (IDIS) and loan funds are requested from HCD.

F. Pre-Construction Conference

1. A pre-construction conference is scheduled for the homeowner participant, contractor, and Administrative Subcontractor.
2. Administrative Subcontractor 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. (See Section IX.C.8) 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. (See Section IX)
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. CD&R staff will occasionally inspect the work in progress.

H. Change Orders

1. Written change orders are required when the participant requests any changes in the work write-up, such as eliminating an item completely, eliminating one item and substituting another, or adding items. Health and Safety issues may not be eliminated in a change order.
2. The change order must describe the change and state dollar value for the change.
3. The change order must be submitted for approval to the Administrative Subcontractor and must also be signed by both the contractor and the participant.
4. If the change order exceeds the approved financing, a report and request for additional funds will be presented to the 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 Administrative Subcontractor 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 Administrative Subcontractor staff to acknowledge its release, then kept in the loan file.
- J. Final Inspections/Notice of Completion/Final Payment
1. When the project is completed, Administrative Subcontractor inspects the work, item by item, with the participant and the contractor.
 2. The County Building Inspector performs a final inspection, confirms that health and safety requirements have been met, and that the project complies with local codes and ordinances.
 3. Any corrections or deficiencies are noted and corrected by contractor.
 4. Upon favorable final inspections, a Notice of Completion is prepared, signed by the homeowner, and recorded.
 5. The final ten percent (10%) retention payment is released thirty (30) days after the recording of the Notice of Completion.

X. LOAN AND/OR GRANT APPROVAL

- A. The County Loan Review Committee (LRC) must approve all loans and grants. The LRC will review the financing package provided by the County's Administrative Subcontractor 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 – to 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. CD&R – to make certain that current funding program guidelines are followed.
- C. In order to obtain HOME financing, participants must meet all property and eligibility requirements in effect at the time the application is considered at LRC. (See Sections IV & 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 Section XX)
- E. Upon approval, participant file is established in HUD Integrated Disbursement & Information System (IDIS) and loan funds are requested from HCD.

XI. PROJECT COSTS

- A. Project costs are charges to each loan for all expenses related to the paperwork for processing a loan application. Examples are a credit report, policy of insurance of record title (PIRT), and preliminary title report. Other estimated project costs charged to each loan, and related to construction, may include an appraisal, termite report, inspection and specifications, plans, Title 24, fire insurance during course of construction, and temporary relocation assistance.

- B. Among activity delivery costs not charged to participant loans are inspections for the presence of lead hazards or defective paint, preparation of work write-ups, specifications and cost estimates.
- C. Project costs are based on charges currently incurred by the County, or its Administrative Subcontractor, for these products and/or services. They should not exceed reasonable and customary charges. Any cost increases charged to the County for these products and/or services will be passed on to the participant and included in the loan.

XII. LOAN SECURITY

- A. Loan security for all loans will be a recorded Loan Agreement, a Promissory Note and a recorded Deed of Trust in favor of the County of Tulare as beneficiary. The LRC may accept entering a subordinate lien position.
- B. If the County's loan is subordinate to a senior lien, a "Request for Notice of Default or Sale" will be recorded that states the County is to be notified regarding Notice of Default or Notice of Sale. (See attached Foreclosure Policy.)
- C. A Truth in Lending statement will be provided to each participant prior to execution of the Loan Agreement. The statement outlines rehabilitation project costs, and minimum and maximum loan payments.

XIII. CONTINUING ELIGIBILITY REQUIREMENTS

A. Continuing Occupancy Requirements

- 1. Rehabilitated units shall be the principal residence of the participant.
- 2. During the term of the loan, by January 31 of each year, participant will be required to submit the following to CD&R:
 - a. Proof of occupancy in the form of a photocopy of a recent utility bill, insurance policy and property tax statement showing homeownership exemption.
 - b. A signed 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.
- 3. If occupancy verification is not received, CD&R will visit the unit.

B. Continuing Insurance Requirements

- 1. The participant must fulfill all insurance requirements. (See Section VII)
- 2. Participant shall maintain the property in the condition and level to which it was rehabilitated for the duration of the loan. The property shall be subject to inspection upon 24 hour prior written notice to participant.
- 3. If participant demonstrates the inability to maintain the required insurance, County may offer an additional loan to participant for a one (1) year term for the purpose of obtaining the required insurance.
 - a. The participant's loan history and eligibility will be reviewed before such a loan is approved.
 - b. Three percent (3%) interest and loan preparation fees will be charged to cover the cost of the loan.
 - c. The property must be cleaned up, inspected by the prospective insurance carrier and approved for coverage before a County loan is processed.
 - d. Loan offers for insurance purposes shall be subject to a satisfactory review of borrower's account.
- 4. If the participant fails to make premium payments in a timely fashion and does not respond to reminders, the County may make such payments to secure necessary protection through

lender/force-placed insurance. 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 insurance is allowed to lapse and participant fails to respond to notices, the loan will become due and payable in full, and if necessary, foreclosure proceedings may be instituted.

C. Protection of County's Interest

1. Borrower shall pay all property taxes and assessments, insurance, utility bills and senior mortgages in a timely manner.
2. 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 foreclosing.

D. Death of Borrower – The loan must be repaid if the home is no longer occupied by the original owner.

E. Property Conversion

1. If a participant converts the rehabilitated property to any commercial or non-residential use, the loan is due and payable in full.
2. If an participant converts the rehabilitated property to a rental unit and become an owner-investor, the loan is due and payable in full.

XIV. LOAN ASSUMPTIONS

- A. Certain transfers of title must be allowed in accordance with federal regulations 12 CFR Part 590 on and 591.5(b), see Best Quality HOME Servicing Guidelines.
- B. If single family assumptions are permitted, assumptor must be income eligible, must occupy home as principal residence, and must meet the HOME definition of first time homebuyer.
- C. 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 Program eligibility criteria, and is not a first time homebuyer, then the loan is due and payable in full.
- D. The participant who received the loan may sell or otherwise transfer title of the property to another household that meets Program 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.

XV. 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 in full.
- B. Participant may transfer their property into a living trust so long as they are the beneficiary of the trust and they continue 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.
- C. Sale or transfer by means of an All-Inclusive-Deed-of-Trust (AIDT) is generally prohibited. 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.
- D. 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 any accrued interest of the HOME loan may be forgiven if the sales price is too low to allow homeowner to recoup their investment. (See Section VIII.B)

XVI. SUBORDINATION

- A. Subordinations are generally not permitted.
1. Appeals for medical, and health and safety reasons may be submitted to the Loan Review Committee for consideration. Only where clear and convincing documentation exists will exceptions be justified. A participant requesting subordination shall comply with the requirements of California Civil Code section 2953.2 and 2953.3 and all other federal and state laws.
 2. Proof of current fire and/or flood insurance must be in the file or required by the new lender.
 3. An impound account for insurance and property taxes is required.
 4. Only documented low income households may qualify.

XVII. DEFAULT AND FORECLOSURE

- A. As specified in the Rehabilitation Loan Agreement, an owner occupant who participates in the Program must maintain the property at post-rehabilitation conditions for the life of the loan. Should the property not be maintained accordingly, the loan will become due and payable and, if necessary, foreclosure proceedings will be initiated.
- B. If an owner defaults on a County loan, and foreclosure procedures are initiated, they shall be carried out according to the Foreclosure Policy and Loan Servicing Procedures, both attached to these guidelines.

XVIII. PARTICIPANT AND CONTRACTOR RELATIONSHIP

- A. Contracts signed by the contractor and the participant shall 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 whoever 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, they will cooperate with the contractor in a reasonable manner to facilitate the performance of the rehabilitation work, including abandonment during the daily conduct of the work.
- C. The contractor shall perform their duties in a reasonable manner during the period of construction. This includes restoring utility services such as gas, electrical, sewer and water at the end of each working day if possible.

XIX. COMPLAINT AND APPEAL PROCEDURE

- A. Complaints concerning the Program should be made first to the Administrative Subcontractor.
- 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 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 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.

XX. TEMPORARY RELOCATION

- A. Relocation benefits are detailed in the County's HOME Participant 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 are determined by Administrative Subcontractor 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. Lead Safe Housing Rule includes requirements for occupant during lead hazard reduction activities.
 - 1. Residents must be kept out of the work area during lead hazard reduction work and cannot return to the work area until it has passed clearance.
 - 2. If the residents cannot enter important parts of their home (e.g., bathrooms or kitchens) for more than a day, they need to be relocated temporarily.
- D. 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 expenses exceed the \$2,500 allowed, a no-interest loan secured against the property may be offered for the additional costs.
 - 2. Additional costs shall be repaid to the County in no more than twelve (12) monthly payments.

3. If the participant is unable to afford to make payments, County staff may consider extending the loan term or granting a portion or the entire amount needed to cover expenses.
- E. Participants are encouraged to stay with relatives or friends during the rehabilitation or reconstruction of their home.
- F. If a participant rents a temporary residence during the construction period, the participant is responsible for paying any security deposits.

XXI. MAINTENANCE AGREEMENT

- A. As specified in the Rehabilitation Loan Agreement, an owner-occupant who participates in the Program must properly maintain the property throughout the term of the loan. Borrower shall maintain property in the condition and level to which it was rehabilitated, subject to normal wear and tear, for the life and duration of the loan.
- B. It is expected that the property would remain at post-rehabilitation condition for a minimum of five (5) years.
- C. CD&R will schedule inspections of the assisted property, in order to confirm proper maintenance. Borrower shall be given 24 hour prior written notice of such an inspection.
- D. Should the property not be maintained, the loan will become due and payable in full and, if necessary, foreclosure proceedings will be set in motion.

XXII. AMENDMENTS

- A. Amendments to these Participation Guidelines may be made by the County after approval by the County Board of Supervisors.
- B. Any changes made shall be in accordance with HOME regulations.
- C. Adopted guidelines will be submitted to the HCD for approval.

XXIII. EXCEPTIONS

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

XXIV. ATTACHMENTS

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

HOME PI Reuse Plan
HOME Part 5 Income Inclusions and Income Exclusions
HCD Income Guidelines
HOME Subsidy Limits Per Unit
HOME Participant Relocation Assistance Plan
HOME Loan Servicing Procedures
HOME Housing Rehabilitation Standards
Foreclosure Policy

I. PURPOSE

- A. The purpose of these guidelines is to establish policies and procedures for the administration and utilization of program income received by the County of Tulare (County) as a result of activities funded under the Home Investment Partnerships Program (HOME), which is administered by the State of California (State) Department of Housing and Community Development Department (HCD), which is funded by the United States Department of Housing and Urban Development (HUD).
- B. Program income (PI) funds will be directed toward HOME-eligible activities which meet established national objectives. National objectives include activities that:
 - 1. Principally benefit at least 70 percent to low and moderate income
 - 2. Aid in the prevention or elimination of slums or blight; or
 - 3. Meet a community development need having a particular urgency.
- C. Activities funded by PI will be implemented in ways consistent with the County's commitment to Equal Opportunity and Fair Housing. Applicants will not be discriminated against on the basis of age, sex/gender identity, race, color, ancestry, national origin, religion or religious affiliation, marital status, familial status (children), physical disability, mental disability, medical condition, sexual orientation, source of income or other arbitrary cause.
- D. These funds will be administered in compliance with all state and federal overlay requirements attached to the HOME program, including environmental assessment, citizen participation and fair labor standards compliance.
- E. This plan has been developed to update and replace County's past HOME PI Reuse Plans.

II. PROGRAM INCOME AND RECAPTURED FUNDS

- A. Program income means gross income received by the County that is directly generated from the use of HOME funds or matching contributions. In the context of HOME funds, the term "Program Income" includes Recaptured Funds unless the reference is to distinctions between Program Income and Recaptured Funds.
- B. Program income includes, but is not limited to the following:
 - 1. Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions;
 - 2. Payments of principal and interest on loans made using ~~from~~ HOME funds or matching contributions (including all proceeds from an equity-sharing loan);
 - 3. Proceeds from the sale of obligations secured by loans made with HOME funds or matching contributions;
 - 4. Interest earned on PI pending its disposition.
 - 5. Any other interest or return on the investment permitted under 92.205(b) of HOME funds or matching contributions; and
 - 6. Gross income from the use or rental of real property, owned by the County that was acquired, rehabilitated, or constructed with HOME funds or matching contributions, less costs incidental to generation of the income.

7. Net proceeds on foreclosed HOME loans.
- C. Recaptured funds –
 1. Loan payoffs may considered recaptured funds if the home is sold or ceases to be the homebuyer's principal residence before the end of the affordability period.
 2. All recaptured funds must be returned to HCD
 3. If the HOME loan is either equity sharing or a resale loan, then any return of funds is considered Recaptured Funds, not Program Income. (A resale loan is allowed in specific circumstances, after consultation with HCD.)
 4. County may take 10% from Program Income funds for general administrative costs, but can take no administrative funds from Recaptured Funds.

III. RETAINING AND EXPENDING PROGRAM INCOME

- A. HUD allows local governments to retain program income in accordance with 24 CFR 92.503 (a) (1).
- B. Program must be expended before additional funds from an open HOME contract can be drawn down.
- C. Upon expiration of all of County's Standard Agreements, any program income that County has on hand, as well as any future program income must be returned to HCD, as specified in the Standard Agreement.

IV. REUSES OF PROGRAM INCOME

- A. Program income can be used for any State HOME eligible activity.
- B. Activities chosen do not have to be the same activity(s) as a current program, nor the same activity as that from which the PI funds were generated.
- C. Program income will be set aside primarily to finance the targeted income group owner-occupied housing rehabilitation program. Expenditure of program income on other HOME-eligible activities will be considered on a case-by-case basis.
- D. Eligible activities include the following programs:
 1. Housing rehabilitation loans for owner-occupants, including accommodations for the disabled ~~handicapped~~ and weatherization activities.
 2. Financing assistance for
 - a. Connection to adequate potable water supply. Included can be repair or replacement of individual water sources, including pumps and wells, or connection to community water systems, with abandonment of contaminated domestic water wells.
 - b. Wastewater facilities and individual wastewater disposal systems, such as septic systems. Also included can be or connection to community sewer systems, with abandonment of septic systems or cesspools.
 3. First-Time Homebuyer Program, which includes infill new construction of up to four dwellings on each vacant site, for the following activities:
 - a. To provide loans to homebuyers for acquisition and up to \$10,000 for

- rehabilitation of a dwelling that the homebuyer selects from the open market; and
- b. To provide assistance for the new construction of dwellings on scattered sites in an existing built-out neighborhood (Infill), with no more than four dwellings on each vacant site.
- c. To provide assistance for rehabilitation that is completed in conjunction with a home purchase assisted with American Dream or HOME First-Time Homebuyer funds.
- 4. Rental Rehabilitation and/or Acquisition Program.
- 5. Tenant-Based Rental Assistance (TBRA) Program.
- E. Eligible activities include the following projects:
 - 1. Rental Projects with common ownership and financing.
 - a. Rental New Construction Project – supplemental financing for development of a specific multifamily project on a specific site by a specific developer.
 - b. Rental Rehabilitation or Acquisition/Rehabilitation Project – funds provided to acquire a specific rental project, rehabilitate a specific rental project without a transfer of ownership, or acquire or rehabilitate a specific rental project.
 - 2. Homebuyer Projects – The development of a specified number of units to be sold to first-time homebuyers. HOME funds can be used for:
 - a. Construction financing of new construction or acquisition/ rehabilitation/ conversion projects, with 100 percent of HOME funds rolling over to permanent financing and being used to provide mortgage assistance to first-time homebuyers.
 - b. Homebuyer mortgage assistance only in a project that is being constructed or acquired and rehabilitated with other funds.
 - c. Vacant Land – Program Income may be used for acquisition of vacant land or demolition, but only with respect to a particular housing project intended to provide affordable housing. Construction must reasonably be expected to start within twelve months of the commitment date.
 - d. Reimbursement – Program Income may be used to reimburse County or Redevelopment Agency funds for funds spent on an eligible HOME project.
 - e. Substitute Funds – Program Income/Recaptured funds may be substituted for County funds committed to a project, if the project is already underway when Program is received.

V. TARGET AREA

- A. Assistance can be provided for projects located anywhere within the jurisdictional boundaries of the County of Tulare.
- B. It is intended that program be used primarily to assist the unincorporated areas of the County that are not currently being served by open HOME grants.

VI. ADMINISTRATIVE AND ACTIVITY DELIVERY COSTS

- A. Activity Delivery

1. Eligible activity delivery costs are those that relate directly to the activity and to the direct provision of services to applicants.
 2. Activities include, but are not limited to, the following: outreach, marketing, eligibility determination, preparation of financial documents and cost estimates, construction monitoring and disbursement of contractor payments. Such costs will be reasonable and well-documented.
 3. Programs
 - a. Up to 24% of the HOME loan/grant amount may be used for activity delivery costs for Owner-Occupied Rehabilitation.
 - b. Up to 14% of the HOME loan/grant amount may be used for activity delivery costs of:
 - (1) First Time homebuyer activities also including rehabilitation, and
 - (2) First-Time Homebuyer activities involving in-fill construction.
 - c. Up to 6.5% of the HOME loan grant amount for all other activities. First-Time Homebuyer activities not including rehabilitation or in-fill construction may receive only 6.5% for activity delivery costs.
 4. Projects – The Activity Delivery amount on projects funded with HOME PI can be up to \$50,000 per project if the subsidy layering analysis can support that amount.
 5. Activity Delivery funds must be drawn for use at the same time activity funds are drawn for use.
- B. General Administrative Costs – For each fiscal year (July 1-June 30), general administrative costs will not exceed the percentage allowable under HOME regulations in the year of project completion. As of 2006, up to 10% of the Program Income (not Recaptured Funds) deposited in the in County's HOME account may be used for administrative and planning costs. Reasonable administrative and planning costs include:
1. Overall program management, oversight, personnel coordination, training, monitoring, and evaluation.
 2. Staff and overhead.
 3. Public information.
 4. Fair Housing activities.
 5. Indirect costs, including utilities, fiscal reporting, environmental studies, services and supplies and materials.
 6. Costs of complying with the Federal requirements detailed in subpart H of the Final Rule.
 7. Administration for future HOME activities, which can include:
 - a. Funding of surveys and studies to be incorporated into future grant applications.
 - b. Preparation of applications for HOME or other grants that will provide funds for HOME-eligible activities.
- C. Loan Servicing Activities –
1. Long-term loan servicing activities are partially funded by redevelopment low-moderate housing set-aside funds.

2. Application fees may partially underwrite general administration activities for servicing loans.
3. No loan origination, servicing or monitoring fees are charged.

VII. MANAGEMENT OF PROGRAM INCOME

- A. HOME funds will be tracked in a separate trust account that allows no commingling of funds from any other funding sources, so that program income may be spent and reported appropriately.
- B. County's accounting system and grants management systems allow tracking of HOME PI loans disbursed on behalf of eligible program participants to the Administrative Subcontractor and construction contractor. The systems also track loan payments.
 1. Voluntary loan repayments and loan payoffs are physically accepted, deposited and recorded to the appropriate trust account within 2 working days.
 2. County has the ability to issue refunds within the legal time frame.
 3. Staff of the Fiscal and the Community Development and Redevelopment Divisions have daily access to system tracking and amounts disbursed and repaid, transaction dates, and the end of the loan term.
 4. The grants management system has the capacity to generate :
 - a. Loan coupons, so voluntary payments are deposited to the correct account.
 - b. Loan histories and/or monthly statements.
 - c. Loan payoff statements, in response to demands for payment.
- C. County currently does not provide impound accounts to make property tax and insurance premium payments. Participating borrowers are expected to pay property taxes and insurance premiums through a first mortgage holder's impound account or on their own.
- D. County will prepare a monthly statement of available program income and recaptured funds to determine available funds.
- E. Program income shall be disbursed prior to submitting a draw request to HCD for additional HOME grant funds.
- F. County's grants management system also has the capacity to collect data on the special characteristics of program participants, such as income level, ethnicity, race, household size and type of household. Results may easily be generated for the quarterly and annual HOME program income reports.

VIII. REPORTING AND FEDERAL OVERLAY COMPLIANCE –

- A. Reports - County will prepare and submit Quarterly and Annual Reports on the status of Program Income to HCD, as required. The Quarterly and Annual Reports clearly show:
 1. The amount of Program Income and Recaptured Funds received during the report period.

- 2. The amount expended for HOME-eligible activities.
- 3. Participating household characteristics.
- B. All State and federal HOME program rules and federal overlay requirements apply to assistance provided with program income.
- C. All documentation related to compliance with a HOME rule or particular federal overlay must be maintained and submitted to HCD or other required individuals or entities just as it would be if regular HOME funds were being used in the project.
- D. Rental loans for more than four units must meet the "HOME Project" requirements, including compliance with HCD's Uniform Multifamily Regulations.

The HOME Program uses the Part 5 (formerly known as Section 8) methodology for calculating income to determine for HOME assistance. County staff and its Administrative Subcontractors refer to the HUD publication "Technical Guide for Determining Income and Allowances for the HOME Program" for guidance. Eligibility is determined by comparing the participant's annual income to the current California Department of Housing and Community Development (HCD) income guidelines. The table below was provided in HCD's 1/30/04 Sample Homebuyer Program Guidelines.

Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 paragraph (b) (April 1, 1998)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of: the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 paragraph (c) (April 1, 1998)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
7. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Self-Sufficiency Program Income	<ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend (as defined in 24 CFR 5.609(c)(8)(iv). e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. <p>Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</p>
9. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
13. Family Support Act Income	For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (43 U.S.C. 1437t), or any comparable federal, state or local law during the exclusion period.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.

17. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <p>The value of the allotment made under the Food Stamp Act of 1977;</p> <p>Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</p> <p>Payments received under the Alaskan Native Claims Settlement Act;</p> <p>Payments from the disposal of funds of the Grand River Band of Ottawa Indians;</p> <p>Payments from certain submarginal U.S. land held in trust for certain Indian tribes;</p> <p>Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs (includes any winter differentials given to the elderly);</p> <p>Payments received under the Main Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 92 Stat. 1785);</p> <p>The first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe;</p> <p>Amounts of scholarships funded under Title IV of the Higher Education act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, or veterans benefits;</p> <p>Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program);</p> <p>Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);</p> <p>Earned income tax credit;</p> <p>The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and</p> <p>Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for native Americans and migrant and seasonal farm workers, Job Corps, veterans' employment programs, State job training programs and career intern programs).</p>
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CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)
INCOME GUIDELINES FOR TULARE COUNTY HOUSING PROGRAMS
(CDBG, HOME, CALHOME) 2006

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)	\$17,800	\$20,300	\$22,850	\$25,400	\$27,450	\$29,450	\$31,500	\$33,550
Targeted Income Group (TIG)	\$28,450	\$32,500	\$36,600	\$40,650	\$43,900	\$47,150	\$50,400	\$53,650

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 (8%) of the four-person limit to the limit for eight persons, and round to the nearest \$100. For example, the nine-person very low income limit for Tulare County is \$35,600. ($\$25,400 \times 0.08 = \$2,032$ added to $\$33,550 = \$35,582$, rounded = 35,600).

The limits above are based on "Area Median Income". Area Median Income is the greater of the median household income for nonmetropolitan California counties (\$50,800) or the median family income for Tulare County's statistical area (\$44,100).

Revised 4/11/06

**HOME Program
Subsidy Limits Per Unit – Section 221(d)(3)
For Tulare County**

Effective 9/15/05

0-BDR	1-BDR	2-BDR	3-BDR	4-BDR
\$90,683	\$103,950	\$126,404	\$163,522	\$179,498

All applicants are advised of their relocation rights and options under the HOME Program and sign a form as proof they have received this information.

Owner-occupants are eligible for temporary relocation benefits if the project involves complete reconstruction or substantial rehabilitation of the dwelling or if unforeseen health and safety threats are determined by the project coordinator or construction supervisor to have developed during the project.

All conditions of temporary relocation must be reasonable. Any owner-occupant 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 or friends and still receive monetary assistance for extraordinary expenses reasonably incurred in carrying out usual activities. A participant being temporarily relocated shall receive the following:

1. Compensation for "reasonable" costs for "like kind" accommodations and daily expenses (for example, higher rent/utility costs or security deposits).
2. Payment for moving and related expenses, as follows:
 - a) Transportation of the displaced persons and their personal property within fifty (50) miles, unless the County determines that a more distant location is justified.
 - b) Packing, crating, unpacking and uncrating of personal property.
 - c) Storage of personal property not to exceed twelve (12) months, unless the County determines that a longer period is necessary.
 - d) Disconnection, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property.
 - e) Insurance for the replacement value of personal property in connection with the move and necessary storage.
 - f) The replacement value of property lost, stolen or damaged in the process of moving, presuming that the loss was not the fault of the displaced person or his or her agent or employee, where insurance covering such a loss is not reasonably available.
 - g) Reasonable and necessary costs of security deposits required to rent the replacement dwelling.
 - h) The cost of credit checks required to rent the replacement dwelling.
 - i) Other moving-related expenses that the County determines to be reasonable and necessary, except for the following ineligible expenses:

- 1) Interest on a loan to cover moving expenses.
- 2) Personal injury.
- 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the County.
- 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of the rehabilitation project.

RECORD KEEPING

The County will maintain records of occupants of its rehabilitated properties from the start to completion of the project in order to demonstrate compliance with Section 104(d), URA and applicable program regulations.

COMPLAINT AND APPEAL PROCESS

Complaints concerning the County's Relocation Plan should be made first to the Project Manager. 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. A meeting will then be scheduled with the Loan Review Committee. The Committee's written response will be issued within fifteen (15) working days. If the applicant is not satisfied with the Committee's decision, an appeal may be filed with the Tulare County Board of Supervisors within forty-five (45) days. If the applicant is not satisfied with the decision of the Board of Supervisors, an appeal may be filed with the HCD HOME Program within one (1) year of the filing of the project's Notice of Completion.

ASSISTANCE LIMIT

Since owner-occupied housing rehabilitation is a voluntary activity, the amount of assistance provided for temporary relocation costs is limited to \$2,500. Temporary relocation assistance exceeding \$2,500 shall be reimbursed to the County in no more than twelve (12) monthly installments. No interest will be assessed on this amount due.

Cleaning Deposits paid on behalf of applicants, included in most relocation assistance provided, shall be returned to the County once the applicants have vacated the rental units. Any amounts not returned by the landlords for due cause shall also be reimbursed to the County in the manner described above.

The County of Tulare ("Lender") has adopted these procedures in order to preserve its financial interest and comply with state and federal regulations regarding the use of the public funds lent to borrowers to purchase, repair, rehabilitate or reconstruct the homes they own and occupy. These loan terms are incorporated in each Borrower's County Loan Agreement, Promissory Note, Deed of Trust and Truth in Lending Disclosure Statement. The Lender will follow these procedures as closely as possible, but each loan will be handled on a case-by-case basis.

CONTINUING ELIGIBILITY REQUIREMENTS

Occupancy

To keep payments deferred on the County loan, borrowers must continue to live in the assisted unit. County will mail a notice each December asking borrowers to complete and sign a form stating that they still own and occupy the house, and to return it with proof of occupancy, such as a recent utility bill with occupant's name.

Insurance Homeowner's Hazard / Fire Insurance (and Flood Insurance, if located in a 100 year flood hazard area) is required for all County loans. The insurance company must list County as a "loss payee" or "additional insured". Coverage should be for replacement value. The borrowers or their insurance company must provide proof of insurance each year.

If proof of insurance is not in County files, staff will send reminder letters and warnings that insurance is required. County may offer a loan to pay one year's premium to secure necessary insurance. This additional County loan would require monthly payments, charge three percent (3%) interest, and would be approved only after reviewing borrower's current income and loan history.

If insurance is allowed to lapse and the borrower fails to respond to notices, the loan will become due and payable. The County, at its option, may secure necessary lender / force-placed or other insurance on the assisted unit and add any payments to the principal that the borrower is obligated to repay the County under this program. Borrower will be notified before insurance is placed.

Property Taxes and Utilities

Borrower must pay all property taxes, which will probably increase when the house becomes more valuable after repairs or reconstruction.

Borrower must pay all utility bills on time, especially in communities where sewer and water hookups are limited and nonpayment would result in disconnection.

Whenever possible, County encourages Borrower to have impound accounts set up with their first mortgagee to pay their taxes and insurance as part of their monthly mortgage payment.

Maintenance

Borrowers must properly maintain property throughout the loan term. It is expected that property would remain at post-rehabilitation condition for a minimum of five (5) years. If property is not maintained, the loan will become due and payable and, if necessary, foreclosure proceedings will be initiated.

Borrower's Initials _____

REFINANCING AND REQUESTS FOR LOAN SUBORDINATION

A Borrower who wishes to refinance the property or get a home equity loan may be required to pay off the County deferred payment loan in full, increasing their monthly housing payments. The financial institution may ask the County to subordinate its loan.

Subordinations are generally not permitted. Appeals for medical, health and safety reasons may be submitted to the Loan Review Committee for consideration. Only where clear and convincing documentation exists will exceptions be justified. County will only subordinate when there is no "cash out" as part of the refinance. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. The total indebtedness on the property should not exceed the current market value.

The new loan must include an escrow account for insurance and taxes. Before a subordination decision is made, proof of current fire and any required flood insurance must be in the file. Borrowers must also provide proof of current income and housing expenses for County staff to determine if they are capable of making monthly payments on County's housing loan.

RESTRICTIONS ON ANY CHANGES OF TITLE OR OCCUPANCY

Borrower must notify the County in writing of any change in title or occupancy or use. If Borrower sells the property, rents out the house, or transfers title or legal ownership, the loan becomes due and payable.

The loan is due and payable if the Borrowers move out and no longer occupy the property as their principal place of residence. County will consider special circumstances, such as a temporary move to a nursing home or for employment.

Borrower may transfer his/her property into a living trust so long as he/she is the beneficiary and continues to occupy the property. County must be notified if the trust is amended or revoked.

If the transfer of property occurs through inheritance, heirs must proceed diligently through probate to get their name on title, provide hazard insurance and maintain the property. If heirs are low income and intend to live in the assisted house, they may apply to County to assume the deferred payment loan. If heirs intend to occupy the property and are not low-income, the loan is due and payable. If heirs choose to rent out the house to a low-income tenant, monthly payments or payment in full will be required.

PROPERTY CONVERSION

If a borrower converts the County-assisted property to any commercial or non-residential use, the loan is due and payable.

FORECLOSURE

If the borrowers default on any loan conditions and the loan balance is substantial, the County will consider foreclosure if the sales price of the home would cover the following: 1) principal balance owing, 2) necessary advances to maintain fire insurance, maintenance and/or update of delinquent property taxes, 3) monthly yard maintenance, and 4) periodic inspections of the property to prevent vandalism, foreclosure, and marketing costs. The Loan Review Committee will review the account and make a recommendation for foreclosure action. The account will also be reviewed by County Counsel.

Borrower's Initials _____

If the LRC recommends foreclosure, the owner must receive, by certified mail, a thirty (30) day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the County to prevent foreclosure (such as funds to bring a delinquent below market interest rate loan current or to pay off the loan).

At the end of thirty (30) days, the County will contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the borrowers 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 minimum \$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 housing program participants.

SENIOR LOAN / NOTICE OF DEFAULT

If borrowers have a first mortgage or senior lien recorded before County's housing loan, a "Request for Notice of Default and Sale" is prepared and recorded. This document requires any senior lienholder to notify the County of initiation of a foreclosure, sale of the property or any other transfer of title.

If a Notice of Default or Notice of Sale are received, County staff will contact the borrowers to ask how they plan to cure the default and reinstate their mortgage. In hardship situations, the County may offer the borrowers a loan that would cancel the foreclosure by reinstating the senior lienholder. The reinstatement amount would be obtained by County staff contacting the senior lienholder and sending borrower's written permission to release information. This amount would 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.).

County's Housing Loan Review Committee would be asked to review the situation and approve a loan to cure the default. Borrowers would sign loan documents to secure the loan against the property. The loan would charge three percent (3%) interest and require monthly payments. Borrowers are cautioned that such a loan is rarely given and they must make payments to their first mortgage holder on time.

If borrowers do not respond to inquiries, County staff must then consider the cost effectiveness of reinstating the senior lienholder to protect the County's investment and whether the County would need to keep the account current by submitting a monthly payment thereafter. The County Loan Review Committee and County Counsel would review the situation and advise whether to initiate foreclosure on the property, realizing that the result may be the ownership of the property at the completion of foreclosure, with associated costs such as protecting the property against vandalism, paying marketing

Borrower's Initials _____

costs (readying the home for sale), monthly yard maintenance, and 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 have to be written off.

BORROWER NAME _____

PROPERTY ADDRESS _____

LOAN DATE _____ LOAN AMOUNT \$ _____

ACKNOWLEDGEMENT

We, the borrowers, acknowledge our responsibility to abide by the conditions of the housing loan provided by County of Tulare. We understand that if we default on any condition of the loan, the County may require immediate and full repayment of the loan. We acknowledge that we have read, or listened to an explanation of, the attached County's Loan Servicing Policy and Procedures and initialed each page.

Borrower Signature

Borrower Signature

Date Signed

Borrower's Initials _____

All repair work will meet Uniform Building Code standards. At a minimum, all health and safety hazards must be eliminated and Tulare County Housing Authority Section 8 Housing Quality Standards will be met.

ELIGIBLE REHABILITATION COSTS

Rehabilitation will address the following issues in the order listed. Eligible costs are included for each item.

1. Health and Safety Issues

Eligible costs include, but are not limited to, energy-related improvements, lead-based paint hazard, improvements for handicapped accessibility, repair or replacement of major housing systems.

2. Code and Regulation Compliance

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

3. Demolition

Eligible costs include, but are not limited to, tear down and disposal of dilapidated structures when part of the reconstruction of affordable housing.

4. Upgrades

Eligible costs include, but are not limited to, additional bedrooms and bathrooms if the need can be demonstrated. The program will not fund additions to a home for a den or family room.

The program will not fund appliances such as garbage disposals, dishwashers, or refrigerators.

5. General Property Improvements

Eligible costs include, but are not limited to, removal of debris and repair or installation of fencing. General property improvements shall not exceed \$7,000.

GENERAL CONSTRUCTION NOTES

Following is a description of all materials and equipment to be used in the proposed work. All items not described or indicated will be explained in related text and drawings.

All material and equipment shall be standard grade or better. Material and equipment shall equal or exceed that described or indicated.

All work shall be performed in a workmanlike manner and in accordance with best practices and code provisions.

1. EXCAVATIONS

Soil bearing condition and footings to be approved by the County Building Inspector prior to placing concrete.

2. TERMITE CONTROL

Provide soil treatment for termite control, as herein specified.

Treat the entire soil area within the building walls and 10 feet out from outside walls under any finished concrete or paving abutting the building.

In addition to the requirements of these specifications, comply with manufacturer's instructions and recommendations for work, including preparation of substrate and application.

For application of soil treatment solutions, engage a professional pest control operator, licensed in accordance with regulations of governing authorities.

Restrictions: Do not apply soil treatment solution until excavating, filling and grading operations are completed, except as otherwise required in construction operations.

To ensure penetration, do not apply soil treatment to frozen or excessively wet soils or during inclement weather. Comply with handling and application instructions of the soil toxicant manufacturer.

Furnish written warranty to homeowner and copy to the Tulare County Community Development and Redevelopment Division (County), certifying that applied soil poisoning treatment will prevent infestation of subterranean termites and that, if subterranean termite activity is discovered during the warranty period, Contractor will re-treat soil and repair or replace damage caused by termite infestation.

Use an emulsible concentrate insecticide for dilution with water, specially formulated to prevent infestation by termites. Fuel oil will not be permitted as a diluent. Provide a working solution of:

Chlordane, in water emulsion.

Surface Preparation: Remove foreign matter, which could decrease effectiveness of treatment on areas to be treated. Loosen, rake, and level soil to be treated, except previously compacted areas under slabs and foundations. Toxicants may be applied before placement of compacted fill under slabs, if recommended by toxicant manufacturer.

Application Rates: Apply soil treatment solution as follows:

Under slab-on-grade structures, treat soil before concrete slabs are placed using either power sprayer or tank-type garden sprayer.

Apply 4 gallons of chemical solution per ten 10 linear feet to soil-critical areas under slab, such as along inside of foundation walls.

Apply 1 gallon of chemical solution per ten 10 square feet as an overall treatment under slab and attached slab areas where fill is soil or unwashed gravel.

Post signs in areas of application warning workers that soil poisoning has been applied. Remove signs when areas are covered by other construction.

3. FOUNDATIONS

All concrete to be 5-sack mix and have compressive strength of 2,000 pounds per square inch at 28 days. Minimum depth of excavations below natural surface of ground and finished grade shall be 12 inches for single-story installations. Soil conditions and fill on site may require additional depth. Reinforcing steel size shall be size 2" #4. Sill material size 2 x 4 inches to be pressure treated. Anchor bolts size to be minimum 2" D x 10".

4. EXTERIOR WALLS

Foundation plates shall be pressure treated. Grade, specifications and species for framing shall be D.F. #2. Wood members to conform with provisions of Chapter 25, Uniform Building Code, 1991 Edition.

Roof sheathing: 2" CDX plywood, with exposed overhang to be C-C exterior grade with exterior glue.

Siding: 5/8 T-1:11 exterior-approved plywood.

Exterior stud spacing to be 24" on center on non-bearing walls and 16" on center on bearing walls. Interior stud spacing to 24" on center on non-bearing walls and 16" on center on bearing walls.

5. ROOF

2 x 4 inch trusses spaced 24 inches on center. Pre-engineering drawings and calculations to be submitted to the Tulare County Planning and Development Department Building Inspection Division for approval prior to delivery to site.

Type of roofing: 3-Tab 235# size 12" x 36" composition shingles approved by Uniform Building Code.

Approved specifications: 15# felt underlayment to be provided for all work. Flashing material to be minimum 28-gauge galvanized metal or aluminum.

6. GUTTERS

Materials to be galvanized iron, 26 gauge, 4" minimum. Downspouts to be galvanized iron, 26 gauge, size: 2" x 2", primed and painted, or equal.

7. INTERIOR SHEET ROCK

Interior: 2" gypsum, taped and textured finish. (See Item #9.)

8. SPECIAL FLOORS

Kitchen, bath and utility room: Linoleum, FHA certified and installed per manufacturer's specifications. Thresholds: Aluminum and vinyl fitted.

9. BATHROOM ACCESSORIES

Paper holder, two towel bars and medicine chest or full mirror (owner's choice).

10. DECORATING

All paints to provide full and even coverage. *(See detailed Paint Specifications.)*

Kitchens, bathrooms and utility rooms: Two coats of washable semi-gloss latex enamel on both walls and ceilings.

Dining rooms, living rooms and bedrooms: Two coats of washable flat latex paint. Dining rooms, living rooms and bedrooms to have acoustical spray for ceiling. All other rooms to have painted ceilings.

11. INTERIOR DOORS

Hollow core 1-5/8" wood with stock pine trim. Finish: seal and varnish.
Trim: paint.

12. WINDOWS

All to be aluminum-framed, double-glazed sliding windows with weatherstripping of built-in neoprene rubber.

13. ENTRANCE AND EXTERIOR DETAIL

Main entrance door: 3'0" x 6'8" x 1-3/4" solid-core wood with 1" thick door frame. Door frame to have rabbited jamb and aluminum threshold with neoprene weatherstripping.

Kitchen: Exterior door to be minimum size 2'8" x 6'8" x 1-3/8" with 1" fir rabbited jamb and aluminum threshold with neoprene weatherstripping.

All exterior doors shall be type #1 and finished with two coats of good-quality exterior paint.

Exterior Millwork: #1 redwood finished with good-quality exterior paint or heavy-body stain.

14. CABINETS AND HARDWARE

Kitchen and laundry room cabinets: Material is birch plywood to be varnished. Countertops to be plastic laminate with 3" backsplash, fitted at tops to walls adjoining. Bathroom vanity width to vary; see approved plans if provided, or if existing cabinet to be replaced, verify dimensions. Color to match bathroom.

15. KITCHEN EQUIPMENT

Stove to be CEC-approved drop-in range with combination oven. Kitchen hood to include two-speed exhaust fan, model No. H-8-35 Radar Range, or equal. All equipment to be standard grade or better. Owner to select whether gas or electric stove. Owner to select color.

16. PLUMBING

Kitchen sink by Polar, stainless steel, size 33" x 22", manufacturer's No. 533-E, or equal.

Water heater to be CEC-approved, energy-efficient, by American, storage-type, 40 gallons, fiberglass-lined steel, or equal. Provide R-12 insulation blanket. Insulate piping in unconditioned space within 5' of water heater with R-3 insulation.

Water closet by Universal-Rundel, white, size 19" x 16", manufacturer's identification number 40-31, or equal.

Bathtub by Lasco/Pineco, fiberglass, size 32" x 60", manufacturer's identification number #2123c, or equal.

Shower over tub by Lasco/Pineco, size 32" x 72" x 60", manufacturer's number 2603-SG, or equal.

Shower enclosure to have double-sliding doors of tempered/safety glass.

Drain and vent system: Schedule-40 ABS pipe, painted where material penetrates and extends above roofline.

Water system: Galvanized or copper pipe and fittings, with PVC pipe approved only for yard service, as permitted.

Note: Electrical grounding to be provided by minimum 10' length galvanized piping to service utility located at house end. Supplement water pipe ground system with 8' ground rod or buffer ground in footing.

All piping used for installation of gas service shall be galvanized steel or black iron.

All plumbing installation, workmanship, materials and standards to be as required by the Uniform Plumbing Code, 1991 edition.

17. HEATING AND VENTILATING

CEC-approved wall furnace with thermostat.

Evaporative cooler to be McGraw-Edison or equal, sized to service dwelling, including duct and 4-way diffuser. All mechanical work as per 1991 Uniform Mechanical Code.

Installation Standards:

The discharge duct shall not be the only method of support. Cooler body assemblies shall be properly supported at each corner by acceptable metal supports.

Wiring shall be enclosed in conduit or weather-tight flex with means of disconnect either in, or with an approved water-tight switch assembly mounted on, the cooler body. No SJ cord connection will be accepted.

An approved method of draining overflow shall be provided. Either a PVC or approved metal drain line will be accepted. Drain may terminate at roof edge or in a plumbing vent. Any drain that terminates in a vent shall be properly trapped to prevent contamination of air by sewer gases.

A cooler water supply shut-off valve is required. Valve shall be readily accessible within dwelling or at grade level. Roof-located valves will not be allowed.

18. ELECTRICAL

All underground or overhead services to be 100 amp minimum. All wiring to be copper and installed to code. Service entrance conductors may be aluminum or copper. Outside receptacles to be weatherproof type and equipped with ground fault interrupter (GFCI).

Bathrooms: Receptacles equipped with GFCI.

Smoke Detector: Smoke Guard, square type, manufacturer's number 907-A, or equal. To be wired directly to 110-volt service and approved per NFPA Standard No. 74 (1975), Household Warning Equipment, or equal as per 1991 Uniform Building Code.

Lighting fixtures: See plan and specifications. Light fixtures in kitchens and bathrooms to be fluorescent.

All electrical work to be in compliance with 1990 edition of National Electrical Code.

19. INSULATION

Ceiling shall be insulated to R-30 value. Walls: rockwood or fiberglass batts, R-11 value. Vapor barrier under slab: Polyethelene, 6 mil. Newly constructed residences shall meet the same requirements as above, except with R-19 value in the walls. Contact the County Building Inspector for approval.

20. FINISH HARDWARE

Weiser or equal doorknobs and locks. Exterior door locks to be keyed alike. Deadbolts required.

21. CARPORT

All carport area to be 4" concrete slab with 14" x 14" x 12" footings under all bearing 4" x 4" posts. All 4" x 4" posts to be provided with positive connection points of attachment with approved hardware.

Maximum change in elevation at all entrances not to exceed 3/4". Landing or step may be 7-1/2" below threshold if door does not swing over step or landing in accordance with Uniform Building Code Section 3303 (1991 edition).

Carport roof to be supported under eaves at house wall by ledger.

Approach end of carport to have minimum 8" slab thickness extending 12 inches.

22. GRADING

Ensure that the grade is such that water will not puddle or stand in areas around the foundation.

**DETAILED EXTERIOR/INTERIOR PAINTING
AND FINISHING SPECIFICATIONS**

PART I - PRODUCTS

1.1 PAINT, STAIN AND VARNISH QUALITY

- A. Lead content: Coatings shall not contain more than six one-hundredths (0.06) of one percent lead by weight, calculated as lead metal in the total non-volatile content of liquid paints.
- B. Paint and Stain Color Selections:
 - 1. The owner will choose from the contractor's selection.
 - 2. The contractor will provide a reasonable selection subject to the County's approval.

1.2 MINIMUM DRY FILM THICKNESS

- A. Minimum thickness of finished film surfaces applied, or called for by this work, shall be:
 - 1. Enamels on Metal: 1 mil.
 - 2. Latex Paints: 1 mil.
 - 3. Metal Primers: 1.5 mils.
 - 4. Under Coats: 1.5 mils
 - 5. Oil Paints: 1.5 mils.
 - 6. Oil Paints on Masonry: 2 mils.
 - 7. Interior surfaces: 1 mils.
- B. Interior finish coat shall provide a washable finish to the extent of removal of ordinary household stains. The finish on walls in kitchens, bathrooms, and laundries shall be smooth and be resistant to damage from grease, water, detergents and normal household chemicals.

1.3 SEALANT

- A. Type: Silicone base sealant with anti-fungus additive.
- B. Specifications: TT-S-001543A, non-sag, Class A or B.
- C. Colors: White.
- D. Primer: Use primer as recommended by the sealant manufacturer.

PART 2 - EXECUTION

2.1 PROTECTION OF OTHER WORK

- A. Arrange procedures and devices to protect other work from disfigurement and physical damage.
- B. Repair or replace materials damaged as a result of the work of this section.

2.2 PREPARATION FOR PAINTING

- A. General:
 - 1. Remove existing loose, cracking, scaling, peeling and/or blistered paint; scrape, sand or wire brush surfaces to smooth condition to receive finish, feather edges into sound adjoining surfaces, and dust clean.
 - 2. Protect glass, screens and finished areas adjacent to painted surfaces.
 - 3. Mask off, or remove and replace, electrical devices and finish hardware.
 - 4. Remove paint misapplied to non-painted surfaces.
- B. Wood:
 - 1. Remove projecting nails, hooks or screws. Shellac knotholes, pitch and sappy portions, or seal with knot sealer.
 - 2. Fill nail holes, cracks and defects after first coat, with putty matching color of stain or paint.
 - 3. Prime new materials, spot prime existing materials.
- C. Plaster, Concrete, Masonry:
 - 1. Check for high moisture and alkali content.
 - 2. If high alkali is present, dry out the surfaces.
 - 3. Prime new materials.
- D. Gypsum Wallboard:
 - 1. Clean and sand existing surfaces.
 - 2. Apply one coat of texture, sealer and primer to new materials.
- E. Painted and Stained Surfaces:
 - 1. Remove loose paint, dirt, fungus and other foreign materials from the surface.
 - 2. Smooth surfaces with steel wool or sandpaper.
- F. Wallpaper:
 - 1. Remove all paper to firm subsurface.
 - 2. Patch holes in subsurface, and apply seal coat.

2.3 PREPARATION FOR SEALANT

- A. Replace: Remove existing caulking compounds and replace with sealant.
- B. Install New: Fill joints with sealant.

2.4 SEALANT WORKMANSHIP

- A. Apply even, uniform bead of sealant without holidays or skips.
- B. Tool joint to smooth finish and remove excessive sealant from adjacent materials.

2.5 PAINTING WORKMANSHIP

- A. Supplier's Instructions: Unless these specifications are more restrictive, follow the Supplier's printed instructions for the use and installation of his/her products.

- B. Leveling: Apply finish evenly with proper consistency and quantity so finish flows out to a level surface, free of brush and roller marks, bubbles, dust, runs, sags, and holidays.
- C. Appearance: Provide full coverage of uniform color, texture and sheen.
- D. Neatness:
 - 1. Finish shall not be smeared, spattered or run over adjoining colors or materials.
 - 2. Cut-in lines shall be straight.

2.6 COMPATIBILITY OF FINISH TYPES

- A. Finish entire area or unit complete, flat surfaces to nearest intersection, without holidays or exclusions. Paint exposed pipe conduit or ducts.
- B. Omit priming for materials already satisfactorily primed and substitute touch-up coat.
- C. Use sufficient coats to provide proper coverage film thickness and finish appearance.

County As Junior Lienholder

It is the County of Tulare's (County) policy to prepare and record a "Request for Notice" on all senior liens (any lien prior to the County's lien) placed on properties financed by a loan or loans through CDBG or HOME programs. 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 determine if it is cost effective to protect its position by reinstating the senior lienholder, keeping them current by submitting a monthly payment thereafter, initiate foreclosure on the property with the possible result of owning the property at the completion of foreclosure, protecting the property against vandalism, and 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 may 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 be eliminated due to insufficient sales proceeds.

County As Senior Lienholder

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

- < Can the loan be cured (brought current or paid off) by the owner without foreclosure?
- < Can the owner refinance with a commercial lender and pay off the County loan?
- < Can the owner sell the property and pay off the County 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 “as is” cover the principal balance owing, necessary advances (to maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspection of property to prevent vandalism, etc.), foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the 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 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).