

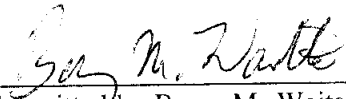


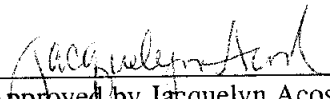
# City of Carson

## Report to Mayor and City Council

May 6, 2014  
New Business Consent

**SUBJECT: CONSIDER APPROVAL OF PROGRAM GUIDELINES FOR THE FIRST-TIME HOMEBUYER AND OWNER-OCCUPIED HOUSING REHABILITATION PROGRAMS, AND CONSULTANT RETAINER AGREEMENTS WITH FIRMS TO PROVIDE PROFESSIONAL APPRAISAL, INSPECTION AND UNDERWRITING SERVICES RELATED TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)**

  
Submitted by Barry M. Waite  
Acting Director of Community Development

  
Approved by Jacquelyn Acosta  
Acting City Manager

### **I. SUMMARY**

This item was on the March 18, 2014 City Council agenda and was referred to the City Council's Housing Committee (Councilmembers Davis-Holmes and Robles). The Committee instructed staff to ask a representative of the HCD whether the First Time Homebuyer Program maximum loan amount could be lowered. HCD responded that no such reduction could be made because the loan amount is set by the HUD policy (Exhibit No. 7).

The City's operation of the HOME Investment Partnerships Program (HOME) will require the engagement of consultants to provide professional services in the areas of residential property appraisal, property inspection and underwriting of financial assistance. Staff recommends the approval of agreements for these three services and the guidelines for the FTHB and Owner-Occupied Rehabilitation (OOR) components of the HOME program.

### **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE the Program Guidelines for the First-Time Homebuyer Program and Owner-Occupied Rehabilitation Program.
2. APPROVE a consultant retainer agreement with 3-Day Express Appraisals to provide residential property appraisal services related to the HOME Investment Partnerships Program, through January 31, 2016, at a cost not to exceed \$21,000.00.
3. APPROVE a consultant retainer agreement with MDG Associates, Inc., to provide property inspection services related to the HOME Investment Partnerships Program, through January 31, 2016, at a cost not to exceed \$45,000.00.

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4. APPROVE a consultant retainer agreement with AmeriNational Community Services, Inc., to provide financial assistance underwriting related to the HOME Investment Partnerships Program, through January 31, 2016, at a cost not to exceed \$24,000.00.
5. AUTHORIZE the Mayor to execute the above-referenced agreements following approval as to form by the City Attorney.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

### **IV. BACKGROUND**

On April 8, 2013, the City's application for HOME funds in the amount of \$700,000.00 to fund a first-time homebuyer (FTHB) down payment assistance program, and an owner-occupied rehabilitation (OOR) program was approved by the California Department of Housing & Community Development (HCD). The FTHB program will operate in a similar fashion to the FTHB program the City had previously operated through the former Redevelopment Agency's Housing Set-Aside funding with loans up to \$60,000.00. The OOR program will supplement the existing Community Development Block Grant (CDBG)-funded Neighborhood Pride residential rehabilitation program. Rehabilitation loans can be up to \$25,000.00. Program guidelines for both programs (Exhibit Nos. 1 and 2) are submitted for Council's consideration.

Households receiving HOME program assistance must meet eligibility requirements set by the U. S. Department of Housing & Urban Development (HUD) that are similar in nature to CDBG (particularly a maximum income of no more than 80% of the Los Angeles area median income, adjusted for household size). HOME funds must be spent by January 31, 2016.

Mayor Pro Tem Santarina had inquired about establishing a program to assist low-income households with needed seismic upgrades. Staff has researched this and confirmed that such upgrades are permitted uses of funds in both the Neighborhood Pride and HOME Programs. The inspectors will ensure that seismic issues are addressed.

The HOME regulations require that properties acquired through HOME-provided financial assistance have professional appraisals, and that properties rehabilitated via HOME funding be professionally inspected to ensure that the rehabilitation work meets housing quality standards. In addition, the City desires professional expertise in the underwriting of HOME-related financial assistance.

Staff issued Requests for Proposals (RFPs) for each of the three services described above (Exhibit Nos. 3, 4, and 5). Four proposals were received for appraisal, five proposals were received for inspection, and two proposals were

received for underwriting. The mailing list of all RFPs is attached as Exhibit No. 6. Following review of the proposals and interview of the responding firms, staff recommends selection of the following firms:

Appraisal Services: 3-Day Express Appraisals of Rowland Heights, California, at a cost not to exceed \$21,000.00.

Inspection Services: MDG Associates, Inc., of Rancho Cucamonga, California, at a cost not to exceed \$45,000.00.

Underwriting Services: AmeriNational Community Services, Inc., of Downey, California, at a cost not to exceed \$24,000.00.

The proposed contracts will expire January 31, 2016, so as to correspond to the expiration of the authorization to expend the HOME funds.

**V. FISCAL IMPACT**

The full amount of the grant is \$700,000.00, with the agreements above using up to \$90,000.00 of that total. Additionally, the City can use 5%(or \$35,000.00) of the total grant for administrative costs, such as staff time and supplies.

**VI. EXHIBITS**

1. City of Carson First-Time Homebuyer Program Guidelines. (pgs. 5-46)
2. City of Carson HOME Owner-Occupied Housing Rehabilitation Assistance Program/Program Guidelines. (pgs. 47-116)
3. Request for Proposals for Appraisal Services. (pgs. 117-124)
4. Request for Proposals, Inspection and Project Coordination Professional Services. (pgs. 125-140)
5. Request for Proposals for Underwriting Services for the First-Time Homebuyer Program. (pgs. 141-149)
6. RFP Lists. (pgs. 150-152)
7. City Council Housing Committee Action Minutes, April 2, 2014. (pgs. 153-154)

TO: Rev02-24-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

**Action taken by City Council**

Date \_\_\_\_\_ Action \_\_\_\_\_



# CITY OF CARSON

## First Time Homebuyer Program Guidelines

For:

HOME Investment Partnerships Program

Serving the City of Carson



HOME Approved April 16, 2014

# HOMEBUYER PROGRAM GUIDELINES

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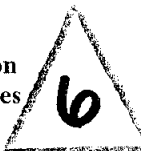
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## FIRST TIME HOMEBUYER PROGRAM GUIDELINES

### 1.0. GENERAL

The above-named entity, hereinafter referred to as the "City," has entered into a contractual relationship with the California Department of Housing and Community Development ("HCD") to administer one or more HCD-funded homebuyer programs. The homebuyer program described herein (the "Program") is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as "housing units," located within the Program's eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment "silent" second priority loans as "Gap" financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by the City, (the "Program Administrator").

The purpose of these First Time Homebuyer Program ("FTHB") guidelines is to describe the program and set forth the roles of the Program Administrator (the "Administrator"), the Participating Lenders, and the FTHB applicants. These guidelines contain a description of the FTHB Program requirements, processing procedures and program policies. The borrower, purchase price, and mortgage underwriting requirements as set forth in state and federal regulations are also described. FTHB processing forms are included as exhibits to this document, and additional program information is contained in the Addendums. The City may revise these guidelines from time to time, and notice will be given by the City for significant program changes.

Participating Lenders are expected to be well informed about all local, state and federal requirements as set forth in these guidelines. Both applicants and lenders alike must be aware of these requirements before a FTHB application is accepted. A Lender shall disqualify those applicants where the submitted information indicates that the applicant or the proposed residential acquisition does not qualify for the program.

### 1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

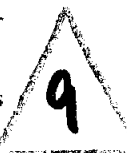
- A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English

and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may facilitate homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

- B. The Program Administrator will work with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.
- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving federal funds. The Program Administrator will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

## **1.2. APPLICATION PROCESS AND SELECTION**

- A. An interest list will be kept of all those who inquire about the program. The opening date of the interest list and the length of time the interest list is kept open will vary depending on the date of the award of HOME grant fund to the City, and the amount of funds available to loan. In no case will the interest list be kept open for longer than six months.
- B. All those on the interest list will be notified of the opportunity to attend an informational meeting. Several dates and times will be available. Interested parties may be accompanied by real estate agents, mortgage brokers or other advisors, but at least one homebuyer (who will be on title to the property) from each household must attend the FTHB informational meeting to be eligible to apply for the Program and continue on in the selection process. Those who do not attend at least one informational meeting will be removed from the interest list. Once the final informational meeting is held, the interest list will be closed.
- C. Those that attend a FTHB informational meeting and wish to continue in the eligibility process will be given a preliminary application to complete and submit by a set deadline. The applicant will be required to submit documentation as noted below as part of the preliminary application process:
  - 1. First mortgage pre-approval letter which states the amount of first mortgage, interest rate, type of loan, length of loan, anticipated monthly payment, and front-end and back-end ratios.
  - 2. Proof of attendance at an 8--hour approved Homebuyer Education Workshop containing the following components:
    - a) Preparing for homeownership;
    - b) Available financing and credit analysis;
    - c) Loan closing and homebuyer responsibilities;
    - d) Home maintenance and budgeting for mortgage payments and other



expenses:

- e) The impact of refinancing on the long-term financial health of the homebuyer; and
- f) Documentation of funds adequate to cover the 2% homebuyer contribution.

Completed applications are processed on a first-come-first-served basis. Applications are deemed complete only if all information is completed, the application is signed and dated, and a primary lender's pre-qualification letter is attached to the application. Incomplete applications are returned to the applicant and will not be date/time stamped until complete.

An application will not be accepted if any of the above items are not received at the time of application submission. There will be no exceptions to this rule.

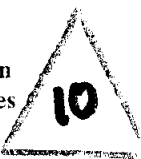
- D. Once the applicant's name comes to the top of the waiting list, their Program eligibility is confirmed and they are invited to a briefing regarding participation in the Program. At the briefing the application is reviewed and the potential homebuyer is given a "Preliminary Eligibility Letter" for the Program along with the following forms: Program Brochure, Attachment (G) Instructions to Home Buyer, List of Participating Lenders, Attachment (E) Sellers Lead-Based Paint Disclosure and the EPA Booklet (Protect Your Family from Lead in Your Home) and (F) Notice to Seller.

If Program Staff encounters material discrepancies and/or misrepresentations, and/or finds there are income, asset, household composition, or other important questions that can't be resolved, the City reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

- E. Each applicant must participate in individual Homebuyer Counseling provided by the Program Administrator and receive a certificate of completion.
- F.. The potential homebuyer is given 90 days in order to find a qualified home and begin securing a primary loan for the housing unit. If during the 90-day time frame, the potential homebuyer is unable to purchase a home, an extension may be given. However, if it appears the potential homebuyer cannot participate in the Program, the reservation of funds expires and the next person on the waiting list is given an opportunity to participate in the Program.

### **1.3. THE HOME PURCHASE PROCESS**

- A. The Housing unit selection process will be conducted by the homebuyers. When making an offer to purchase an eligible housing unit, the homebuyer shall provide seller with Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (see Attachment E) which was provided to the buyer with the Program reservation letter. The Disclosure contains the following provisions:
  - 1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement;
  - 2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;



- 3) The housing unit will be subject to inspection. The housing unit must contain no code-related and health and safety deficiencies unless repaired by the seller prior to escrow closing, per Section 3.2.A.;
- 4) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance; and
- 5) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, vacant for three months prior to submission of the purchase offer, purchased by tenant currently occupying the property.

If the seller is not provided with a statement of the above five provisions with the purchase offer, the seller may withdraw from the agreement after this information is provided.

- B. When the homebuyer's bid is accepted by a seller, the homebuyer will submit the following completed documents to the City within three working days:

- 1) Executed Standard Form Purchase and Sales Agreement;
- 2) Signed Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Attachment E).

The acceptance of the Purchase and Sales Agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. The City will verify homebuyer eligibility, housing unit and loan eligibility, and amount of assistance to be provided consistent with these guidelines.

- C. Once all requested documents have been submitted by the homebuyer and primary lender, the City will submit to the underwriter a copy of the homebuyers' complete application and the completed documents listed in "B" above. Additional documentation may be required at any point in the loan approval process.

**DEBT SERVICE  
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH**

<b>HOUSING PAYMENTS</b>		<b>TOTAL OVERALL PAYMENTS</b>	
Principal & Interest Payment	\$ 865	\$1,180	Housing
Insurance	82	+200	Other Debt Service
Taxes	<u>233</u>	\$1,380	Total Debt Service
Total Housing Expense (PITI is 35% of \$3,388)	\$1,180	(Overall debt service per month is 41% of \$3,388)	

**OTHER HOUSEHOLD DEBT SERVICE**

Car Payment	\$ 150
Credit Card Payment	<u>50</u>
Total Other Debt	\$ 200

An \$865 per month loan payment equates to borrowing \$143,000 at 5.88% for a 30 year term.



SUBSIDY CALCULATION  
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH

Purchase Price of Property	\$ 280,000
Less Primary loan amount	<b>143,000</b>
Less down payment of 1%	<u>2,800</u>
 Equals "GAP"	 <b>\$ 134,200</b>
 Plus estimated allowable settlement charges	 <u>8,400</u>
 Equals <b>Total Subsidy</b>	 <b>\$ 142,600</b>

**1.4 LEAD-BASED PAINT HAZARDS**

- A. All homes built prior to 1978 are subject to the requirements of this section. FTHB general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments or lead-based paint testing, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.
- B. The following requirements must be met:
- 1) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home*" (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the homebuyers homebuyer file.
  - 2) Prior to the homebuyer's obligation to purchase a pre-1978 home, the HUD disclosure (Attachment H), Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.
  - 3) Any home built before 1978 must undergo a Visual Assessment by the City's Program Inspector, Project Technician, or Building and Safety Inspector who have taken HUD's online Visual Assessment course. If deteriorated paint is discovered, lead-based paint testing will be conducted by a DHS certified LBP Risk Assessor/Inspector.
  - 4) If testing reveals the presence of lead-based paint in any area of deteriorated paint, all deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340. The contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work, copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation, must be submitted to Program staff.



5. The following notices are also required at certain points in the process.

- A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; and
- A notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1.

## **1.5 HOME INSPECTION**

When the participating homebuyer has executed a purchase agreement for a housing unit and prior to the issuance of a Program loan, the following steps must be taken for the home to be eligible for purchase under the Program:

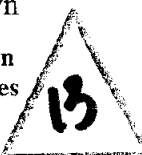
- A. An inspection will be conducted by a City Program Inspector to determine if the home is structurally sound and in compliance with State of California Health and Safety Codes and City of Carson Municipal Codes (CCMC). This inspection will not address cosmetic and non-code related issues. The homebuyer will be encouraged to arrange for a traditional home inspection.
- B. A list of all repair items documented by the City Program Inspector, including any CCMC violations, will be given to the homebuyers and their Realtor to be negotiated with the seller. All code violations must be corrected and documented prior to the close of escrow. All permits required by the City must be obtained. The Program loan will not be authorized until such time a documentation of all required repairs is received.

The cost of any required repairs will be negotiated by the homebuyer and home seller and will not be paid for out of Program funds, or be in any other way the responsibility of the City.

- C. A clear pest inspection report will be required for each home prior to close of escrow.
- D. Smoke detectors will be installed prior to close of escrow if there are none in place.
- E. The City will encourage each homebuyer to secure a homeowner's warranty policy as part of the purchase of a resale home.
- F. Applicant submits executed standard form purchase and sale agreement and primary lender prequalification letter to Program Administrator. The purchase and sale agreement will be contingent on the household and home meeting Program eligibility requirements and receiving Program loan approval. Program Administrator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.

## **1.6. HOMEBUYER COSTS**

- A. Eligible households must document that they have the funds necessary for down



payment and closing costs as required by the Primary Lender and the City. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.

- B. Homebuyer must contribute a minimum down payment of three percent (3%) of the purchase price, but may contribute more if the homebuyer desires.
- C. City will not provide more than fifty percent (50%) of the acquisition cost (purchase price plus all closing costs). The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are within approximately 25 to 30% of the gross household income. The Program Administrator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

### **1.7. HOMEBUYER EDUCATION**

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the City, Program Administrator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a city-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, worksheets, etc.

### **1.8. CONFLICT OF INTEREST REQUIREMENTS**

When the City's program contains Federal funds, the applicable Conflict of Interest requirements of Section 92.356 of the HOME Final Rule shall be followed.

- A. Conflicts prohibited. No persons described in paragraph B of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.
- B. Persons covered. The conflict of interest provisions of paragraph (A) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.



## 1.9. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

## 2.0 APPLICANT QUALIFICATIONS

Applicant means any person or persons meeting the criteria for an eligible borrower set forth in these guidelines who is in the process of securing financing for the purchase of a principal residence.

The Applicant must meet credit and underwriting criteria established by the Participating Lender providing the primary mortgage loan, taking into account the value of the FTHB loan. The applicant household shall have sufficient income and creditworthiness to qualify for primary financing as defined by their selected lender. The household shall also have sufficient assets to provide a minimum down payment of 3% of the acquisition cost of the property and payment of all applicable closing costs. At the discretion of the City, this requirement may be modified or waived in order to allow households meeting all other eligibility criteria to participate in the program.

Household assets shall not exceed the combined total of applicant's portion of the down payment, estimated closing costs, up to twelve months total monthly housing costs, and an emergency allowance of \$5,000 in additional liquid or convertible assets. **Co-owners, other than owner-occupants, will not be permitted.** This rule is included to prohibit investors from utilizing qualified persons to purchase property for their own investment purposes.

## 2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD. (Attachment C).

**Household:** Means one or more persons who will occupy a home. Unborn children don't count in family size determination.

**Annual Income:** Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

## 2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance at <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>, will be followed to independently

determine and certify the household's annual gross income. The Program Administrator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

### 2.3. HOUSEHOLD INCOME DEFINITION

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

The link to Annual Income Inclusions and Exclusions is:

[http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB\\_AnnualIncomeInclusionsExclusions.doc](http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc)

#### See Attachment A: 24 CFR Part 5 Annual Income Inclusions and Exclusions

The homebuyer household must meet the qualifications as low income for household size per the definition below.

- A. Homebuyer households must have household incomes at or below the most recent low income limits, adjusted for household size, as published by HCD each year (at or below 80% of the County's area median income (AMI), adjusted for household size. Household size is defined in Section 5. The most recent limits are shown below:

#### Income Limits

*Effective March 15 2013*

Household Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
Total Allowable Annual Income	\$46,400	\$53,000	\$59,000	\$66,650	\$71,550	\$76,850

- B. Projected annual gross income of the homebuyer household will be used to determine whether the household is above or below the published HCD income limits. Income limits are adjusted each year and the income limits in place at the time of loan issuance will apply when determining homebuyer income eligibility. Household income will be calculated using the Part 5 (Section 8) method as

described in the Income Calculation and Determination Guide for Federal Programs (2010).

- C. Income qualification criteria, using the Part 5 method as described in HUD's Income Calculation and Determination Guide for Federal Programs (2010) will be followed to independently determine and certify the household's annual gross income. Household income is the annual gross income of all adult household members that is projected to be received during the 12-month period immediately following the date of the application, and will be used to determine program eligibility. For those types of income counted, gross amounts (before any deductions have been taken) are used; the types of income that are not considered would be income of minors or live-in aides. The household's projected income must be used, rather than past earnings, when calculating income. Specific income inclusions and exclusions are listed at the end of this document (Attachment B).
- D. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, and bank statements and other documentation as needed. Third party verification of employment forms will be sent to employers, and third party verification of bank accounts will be sent to the borrower's banks. Other third-party verifications may be requested as needed. Additional income and strict eligibility documentation may be required. All documentation shall be dated within 180 days prior to loan closing and kept in the homebuyer file and held in strict confidence.
- E. Co-signers on the primary loan are acceptable as long as their names do not appear on the Grant Deed or Deed of Trust and they do not occupy the housing unit. Non-occupant primary loan co-signers will not be required to submit income and asset documentation. The co-signers income will not be included in the household income determination.
- F. **ASSETS:**  
There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. (*Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income*). For purposes of household income determination, the value of the asset is not counted. Instead, the annual income earned from the asset is counted.

The cash value (rather than the market value) of an item is counted as an asset. An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including penalties or fees for converting financial holdings and costs for selling real property. Any asset disposed of for less than fair market value in the two years preceding the application will still be counted as an asset.

***NOTE: The income information the primary lender uses to determine the amount of the first mortgage must be substantively the same as the income information that qualifies the household for the Program. However, the primary lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. In addition, assets may be treated differently by the primary lender and HCD***



*regulations. Therefore the household income calculated by the first mortgage lender and Program staff may be somewhat different. Program staff will determine whether any variations identified are reasonable.*

The Link to Asset Inclusions and Exclusions is:

[http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC\\_AnnualIncomeAssetInclusionsExclusions.doc](http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc)

**See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions**

## **2.4. HOUSEHOLD SIZE AND OCCUPANCY REQUIREMENTS**

Subject to the exemptions allowed in the Income Calculation and Determination Guide, household size includes all persons living in the home, regardless of relationship, with the following exception: foster children or adults for whom the homebuyer has a contractual caretaker relationship do not count as household members for income eligibility calculations. All other persons who will reside in the home, including those considered to be temporarily absent, are considered household members for income verification and eligibility purposes. Unborn children will not be considered as part of the household for income eligibility calculations. No portion of the home may be rented to tenants for the life of the loan.

When determining household size, the determination of whether a household member is temporarily present or temporarily absent will be made in consultation with the State Department of Housing and Community Development as outlined in the State Income Calculation and Determination Guide for Federal Programs (2010).

- Temporarily present household members will not be counted for purposes of household size and household income.
- Temporarily absent household members will be counted for purposes of household size and household income.

If an applicant's household composition at the time of application is different than the household composition expected to occupy the assisted home, additional third-party documentation may be required to verify that the new household composition is valid. The burden to provide the accuracy and legitimacy of the new household composition is on the applicant.

All household members identified on the Program application must occupy the home within four weeks of the close of escrow, unless a different deadline is approved in writing by the Program Staff.

It is the expectation of the Program that all household members identified on the Program application intend to continue to occupy the home for the foreseeable future. However, the household situation may change after the home purchase is complete. A change in household composition after the household has taken ownership will not cause the Program loan to be in default. Nonetheless, at least one homebuyer who is on title to the property at the inception of the Program loan must occupy the home as his/her primary residence for the life of the Program loan. Should all Program borrowers cease to reside in the residence, the total amount of the Program loan will become due and payable.

## 2.5. DEFINITION OF AN ELIGIBLE HOMEBUYER

An eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home who are planning to sell the home as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers.

The HOME-funded Program is required to use the following definition of an eligible homebuyer, which is a "first-time homebuyer" from 8201(l) Title 25 California Code of Regulations:

"First-time homebuyer" means an individual or individuals or an individual and his or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

1. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
2. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
3. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
  - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
  - b. Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

### 2.5.1. THREE-YEAR NON-OWNERSHIP REQUIREMENTS

The Applicant applying for a FTHB loan cannot have had a present ownership interest in a Principal Residence at any time during the three-year period ending on the date the mortgage is executed. This requirement qualifies the borrower as a "first-time homebuyer" under federal law. The Lender must obtain from the borrower an affidavit to the effect that the borrower had no ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the mortgage relating to FTHB loan is executed. This must be verified by the Lender's examination of the borrower's federal tax returns for the preceding three years, to determine whether the borrower has claimed a deduction for mortgage interest or taxes on a Principal Residence.



To demonstrate compliance with this three-year requirement, Applicants must complete and sign the FTHB Program affidavits and provide copies of their last three years signed state and federal tax returns (or acceptable alternative exhibits - see below).

- A. The Applicant(s) must submit with the application to the City, signed 1040A, 1040EZ, or 1040 federal income tax returns for the three preceding years with all schedules which show no deductions for mortgage interest or real estate taxes for a Principal Residence. If the Applicant filed the 1040 Long Form and cannot produce an original copy of the signed tax returns, then the Applicant can request a copy of the returns from the IRS by using IRS Request Form 4506. The Applicant should allow approximately 45 days for the copies.
- B. If the Applicant(s) has filed the short form 1040A or 1040EZ for the last three years, completes and signs the required affidavits, but is unable to produce the signed returns, the City will accept a letter from the IRS verifying the filing status of the Applicant. The letter should confirm that the Applicant filed the 1040A or 1040EZ for the years in question. The Applicant can request tax account information, which is available free of charge, from the local IRS office. This information will be provided on IRS Letter Form 1722 and will include: (1) name and social security number; (2) type of return filed; (3) marital status; (4) tax shown on return; (5) adjusted gross income; (6) taxable income; (7) self-employment tax; and (8) number of exemptions. If the address on the tax returns filed is different than the current address, the Applicant should also provide a handwritten note (signed by all Applicants) indicating that the previous returns had been filed at a different address. The tax account information should be requested, in person, from the IRS office. The Applicant will not receive a response on the spot but can expect a written reply within fifteen days. The tax returns must have an original signature certifying that "this is a true and exact copy of the returns submitted to IRS."
- C. In the event the Applicant(s) was not obligated to file federal income tax returns for any of the preceding three years, it will be necessary for the Lender to obtain from the Applicant(s) a completed and signed Income Tax Affidavit which is required in place of (a) or (b) above, along with the other Program Affidavits. This document is to be forwarded to the City with the Application Affidavit and the Lender Initial Certification. The Income Tax Affidavit must be accompanied by documented proof of the reason for not filing tax returns. For example, if the Applicant was in school, he/she would have to submit a copy of transcripts to support the status of the Applicant for that period of time. Affidavit must also be accompanied by documented proof that the Applicant was a renter during the specified period (i.e. notarized letter from the landlord or manager, canceled checks, or rent receipts).
- D. When a FTHB application is submitted during the period between January 1 and April 15 and the Applicant has not yet filed his/her Federal income tax return for the preceding year with the IRS, the City may, with respect to such year, rely on an affidavit of the Applicant that the Applicant is not entitled to claim deductions for taxes or interest on indebtedness with respect to property constituting his/her Principal Residence for the preceding calendar year. The affidavit must be forwarded to the City with the Submission Package.

- E. If the tax returns indicate the Applicant took a deduction for mortgage interest or real estate taxes on property claimed not to be the Principal Residence, documentation would be required to show proof of rental (i.e., rent receipts, canceled checks). The Lender is cautioned that in the above-noted situations involving issuance of a conditional FTHB loan Commitment, the Lender may be closing the loan without the benefit of the City review of the certified tax returns prior to closing. In the event the certified tax returns do show a deduction for interest or taxes on a Principal Residence, or in the event the certified tax returns are not obtained; the City will not issue the FTHB loan. The Lender, at its option, may forward federal tax return exhibits to the City for review prior to loan closing.
- F. Notwithstanding the above, at the discretion of the City, this requirement may be modified or waived in order to allow households meeting all other eligibility criteria to participate in the program. Special circumstances shall be documented and consideration given to households that have sold or transferred an ownership interest because of death or illness of spouse or dissolution of marriage, job-related relocation, or other significant reasons.
- G. Documentation must be received from the applicant in the form of signed copies of complete federal tax returns for the immediate past three years, including the latest tax year if the April 15 deadline for filing taxes has passed. **There will be no exceptions to this requirement.**

### 3.0. HOME ELIGIBILITY

#### 3.1. LOCATION AND CHARACTERISTICS

- A. Homes to be purchased must be located within the eligible area. The eligible area is described as follows: "Within the geographic boundaries of the City of Carson."
- B. Home types eligible for the homebuyer Program are new or previously owned single-family residences; condominiums; or manufactured homes on a single-family lot and placed on a permanent foundation system. Manufactured homes in common-interest developments, and mobile homes situated in state regulated mobile home parks, are not eligible for a Program loan.
- C. All homes must be in compliance with state and local codes and ordinances.
- D. Homes located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City of Carson as loss payee in order to close escrow.
- E. The current purchase price limit for existing/after rehabilitation housing is \$293,000, and the current purchase price limit for newly constructed single unit housing assisted by the Program is \$344,000, as established on January 1, 2014, by the State of California HOME Program Single-family Maximum Purchase Price/After Rehabilitation Value Limit, 203 (b).
- F. Eligible homes must meet one of the following criteria:

Be owner-occupied; or

The buyer was the most recent tenant; or

If previously tenant-occupied be vacant for at least 90 days prior to the date of the purchase offer.

G. Housing must be "modest," defined as having no more than three bedrooms, two bathrooms, and a two-car garage. Larger homes are acceptable if necessary for only the following reasons:

- The family size necessitates additional bedroom(s); or
- A reasonable accommodation is necessary due to the family's disability (e.g. an extra bedroom for an aide); or
- The sales price of the larger home is below 95% of median and the home's sales price is below that of any 3-bedroom home on the market.

### 3.2. CONDITIONS

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1) When the City's Program utilizes Federal funds and if the housing unit was constructed prior to 1978, then the lead-based paint requirements of Section 3.2.C will apply.
- 2) A certified housing inspector, or a City representative will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.
- 3) Upon completion of all work required by the Program Housing Inspector, City, appraiser, and pest inspector a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

B. Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year following the filing of the Project Completion Report through the end of the Affordability Period.

The HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

Amount of HOME Assistance	Period of Affordability in Years
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

- C. **Lead-Based Paint Hazards:** All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

The following requirements must be met:

- 1) **Notification:** a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home*" (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment H).
  - 2) **Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment E), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.
  - 3) **Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.
  - 4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Inspector shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.
- D. The Program Staff will: 1) confirm that the home is within the eligible area, 2) will review each proposed home to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file (see Attachment I).



### 3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A home is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with City's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

#### A. **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970**

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

#### B. **Section 104(d) of the Housing and Community Development Act of 1974**

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME-assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

### 3.4. **PROPER NOTIFICATION AND DISCLOSURES**

- A. Upon selection of a home, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.
- B. All owners who wish to sell their homes must receive an acquisition notice (Attachment F) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded programs).

### 4.0. **THE PRIMARY LOAN**

- A. Prior to obtaining a loan from the City, a homebuyer must provide evidence of

financing for the maximum amount the primary lender is willing to loan (the "primary loan") based on the borrower's household income, credit history, and debt, and subject to the debt ratios below. The primary loan must be a fully amortized, fixed-rate loan of at least 30 years in length.

- B. The borrower may use any Primary mortgage lender that is licensed by the State of California Department of Real Estate to issue primary mortgage loans. However, due to the complexity of coordinating the primary loan and FTHB loan, homebuyers will be encouraged to use a primary lender which is approved to offer primary loans through either CalHFA, FHA, VA, Freddie Mac or Fannie Mae. Primary loans underwritten by FHA, USDA Rural Development, Fannie Mae, Freddie Mac, or CalHFA will be acceptable to establish credit worthiness, repayment ability, and dependability of income, but are not required.

#### 4.1. DEBT RATIOS

Debt ratios are calculated to ensure that the borrower uses their full financial capacity for housing costs prior to the determination of the need for a Program loan. For the purpose of determining the amount of the Program loan, the debt ratio limits for the primary loan (below) are calculated using the total project annual household income as determined by the FTHB Program. Because of the variations in income calculations as noted in Section 5, the ratios calculated by the primary lender may be considerably higher than those calculated by the Program. The definition of front-end ratio and back-end ratio are in Section 2.

- A. The front-end ratio for the primary mortgage shall be between 30% and 35%. The front-end ratio is the percentage of a borrower's gross monthly, (as calculated by the FTHB Program), used for PITI (monthly primary mortgage loan principal and interest, property taxes and property insurance), mortgage insurance and any Homeowners Association (HOA) fees.
- B. The back-end ratio for the primary mortgage shall be no higher than 40%. The back-end ratio is the percentage of a borrower's gross monthly income (as calculated by the FTHB Program) used for PITI (monthly primary mortgage loan principal and interest, property taxes and property insurance), any Homeowners Association (HOA) fees, mortgage insurance, and monthly debt, including any child support or alimony payments.
- C. While these guidelines should be observed in all but the most exceptional cases, qualifying back-end debt ratio guidelines are somewhat flexible depending on the loan-to-value (LTV) ratios. The higher the LTV, the more conservative the debt ratios should be. A qualifying back-end ratio higher than 40% may be acceptable if there are significant compensating factors. Some examples of compensating factors are: 1) the prospective homebuyer has successfully demonstrated the ability to pay using their own income over a minimum 12-month period of time, housing costs equal to or greater than the proposed monthly housing costs for the home to be purchased without increasing other household debt; 2) the prospective homebuyer is a limited user of credit and they show a history of being able to save money; and, 3) there will be no more than a 5% increase in the prospective homebuyer's housing expense. All deviation from the maximum ratios listed above are at the discretion of the FTHB Loan Committee and requires a written request and supporting documentation from the homebuyer.

#### 4.2. INTEREST RATE AND TERMS

- A. The rate of interest for the primary loan shall be fixed (not an adjustable rate mortgage – ARM) at the current market rate. The current market rate must not exceed the applicable 90-day rate as established by Fannie Mae, plus 100 basis points (1%). No temporary interest rate buy-downs are permitted. <https://www.fanniemae.com/singlefamily/historical-daily-required-net-yields>
- B. The primary loan shall be fully amortized and have a term “all due and payable” in no fewer than 30 years. In all cases the Program loan length shall be the same as the Primary loan length. There shall not be a balloon payment due before the maturity date of the Program loan. The primary loan may not have any interest-only periods.
- C. Impound Account

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

#### 4.3. PURCHASE PRICE LIMITS

The purchase price limits for this Program shall not exceed the Maximum HOME Program Purchase Price/After-Rehab Value Limit for Los Angeles County as updated by HCD.

*Note: For a HOME-funded Program the home purchase price of owner-occupied and homebuyer properties must be limited as follows: for HOME-funded Programs the value (with or without rehabilitation) cannot exceed 95 percent of the area median purchase price as established by HCD and HUD.*

#### **Attachment C: MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMITS**

\*City will update these limits annually as HCD provides new information.

#### 5.0. THE PROGRAM LOAN

##### A. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed the maximum HOME subsidy limit for Los Angeles County per bedroom as designated by Section 221(d)(3) and shall never exceed the amount of the primary mortgage. **See Attachment C.** Any approved “grant” amount for lead-based paint evaluation and reduction activities or for relocation assistance shall be included in this amount.

##### B. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.

## C. AFFORDABILITY PARAMETERS FOR HOMEOWNERS

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.0.A. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The Program Staff will use the "front-end ratio" of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment, and the amount of the primary loan.

## D. RATES AND TERMS FOR PROGRAM LOAN

- All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL);
- The Program loan's term shall be equal to the length of the primary mortgage, which shall be at least 30 years;
- The Program loan's interest rate shall be 3% simple interest; and
- All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven, and the loan period cannot be extended except for loans that are resubordinated when a rate and term refinance is approved, per Attachment D..

## E. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

## 6.0. PROGRAM LOAN PROCESSING AND APPROVAL

### A. LOAN PROCESSING

All homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the City's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive only the benefit from the City's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

### B. CREDITWORTHINESS

Qualifying ratios are only a rough guideline in determining a potential borrower's

creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the City and documentation of such maintained in the loan file. The City may elect to obtain a credit report or rely on a current copy obtained by the primary lender.

#### **C. DOCUMENTS FOR PRIMARY LENDER**

After initial review of the qualified homebuyer's application packet, the Program Administrator will request any additional documents needed. Documents may be faxed, but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Administrator will do an income certification (using most recent HCD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

#### **D. DISCLOSURE OF PROGRAM AND LOAN INFORMATION TO HOMEBUYERS**

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

### **6.1 COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN**

Once the loan approval package has been completed the Program Administrator will submit it to the City for approval. City will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

### **6.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING**

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of Notice of Default are also recorded with the County Clerk/Recorder.

### **6.3. ESCROW PROCEDURES**

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined by only physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

### **7.0. PROGRAM LOAN REPAYMENT**

#### **7.1. PAYMENTS ARE VOLUNTARY**

Borrowers may begin making voluntary payments at any time.

#### **7.2. RECEIVING LOAN PAYMENTS**

A. Program loan payments will be made to:

City of Carson  
Community Development Department  
Housing Division  
701 E. Carson Street  
Carson, California 90745

B. The City will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the City's Program Income Account, as required by HCD programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the City. The City may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

#### **7.3. DUE UPON SALE OR TRANSFER**

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the principal balance of the DPL is due and payable, except:

A. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the City, to assume the loan at the rate and terms the heir qualifies for under the current

participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.

- B. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.
- C. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment D on loan defaults for further information on property restrictions.

#### **7.4. LOAN SERVICING POLICIES AND PROCEDURES**

See Attachment D for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

#### **7.5 LOAN MONITORING PROCEDURES**

City will monitor Borrowers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Property tax payment
- C. Hazard insurance coverage
- D. Good standing on Primary loans
- E. General upkeep of housing units

#### **8.0. SUBORDINATE FINANCING**

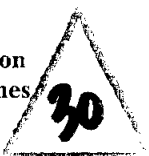
With today's high costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

#### **9.0 EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

The City may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the City's Loan Committee and/or governing body. Changes shall then be sent to HCD for approval.

##### **9.1. DEFINITION OF EXCEPTION**

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

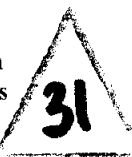


## **9.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES**

- A. The City or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the City's recommended course of action and any written or verbal information supplied by the applicant.
- B. The City shall make a determination of the exception based on the recommendation of the Program Administrator. The request can be presented to the City's loan committee and/or governing body for a decision.

## **10.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE**

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Administrator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the City. The City will then schedule a meeting with the Loan Review Committee. Its written response will be made within thirty working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the City's governing body. Final appeal must be filed in writing with HCD within one year after denial.



## ATTACHMENT A

### 24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

#### Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category	(Last Modified: January 2005)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> <li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <b>plus:</b></li> <li>• the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul>
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 pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

#### Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category	(Last Modified: January 2005)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or



	property losses (except for certain exclusions listed in income inclusion number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ol style="list-style-type: none"> <li>Amounts received under training programs funded by HUD.</li> <li>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).</li> <li>Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.</li> <li>Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</li> <li>Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</li> </ol>
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from 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).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income 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 set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> <li>▶ The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;</li> <li>▶ Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li> <li>▶ Payments received under the Alaskan Native Claims Settlement Act;</li> <li>▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li> <li>▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;</li> <li>▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program.</li> <li>▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);</li> <li>▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li> <li>▶ 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</li> </ul>

program.

- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
  - ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
  - ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
  - ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
  - ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).
  - ▶ Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
  - ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;
  - ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
  - ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
  - ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
-

## ATTACHMENT B

### PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

#### Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

#### Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

# ATTACHMENT C

## MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT FOR LOS ANGELES COUNTY (HOME Value Limits as of 1/1/14)

EXISTING	NEWLY- CONSTRUCTED
\$293,000	\$344,000

## HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR LOS ANGELES COUNTY (Limits are effective 05/08/2012)

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
LOS ANGELES	\$132,814	\$152,251	\$185,136	\$239,506	\$262,903

## INCOME LIMITS FOR LOS ANGELES COUNTY\* (Limits are effective 03/15/13)

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
<b>80% of AMI</b>	\$46,400	\$53,000	\$59,000	\$66,650	\$71,550	\$76,850	\$82,150	\$87,450

\*City staff will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is: <http://www.hcd.ca.gov/fa/home/homelimits.html>

## ATTACHMENT D

### LOAN SERVICING POLICIES AND PROCEDURES FOR CITY OF CARSON

The City of Carson, hereafter called "Lender," has adopted these policies and procedures in order to preserve its financial interest in properties whose "Borrowers" have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

#### 1. Loan Repayments:

For Notes which are deferred payment loans, the Lender must accept voluntary payments on the loan. Loan payments will be credited to principal. The borrower may repay the loan balance at any time with no penalty.

#### 2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Lender may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the City of Carson as additional insured will be required at close of escrow. The lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

#### 3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien

in front of Lender's loan. This document requires any senior lien holder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lien holder, it is in their best interest to contact any other senior lien holders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

The Lender requires that during the life of the loan the Borrower must continue to occupy the home as a principal residence. The Lender will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. The Borrower is further prohibited from renting out any portion of the property. These loan terms are incorporated in the original Note and Deed of Trust.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

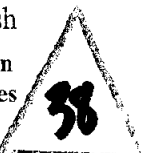
Change from owner-occupant to a new owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the City's Loan Committee (depends on the HCD program).

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full. All such changes are subject to the review and approval of the City's Loan Committee.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance the property, they must request a subordination request to the Lender. The Lender will subordinate its loan only when there is no "cash



out" as part of the refinance. No cash out means that there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household by lowering the interest rate, and the total indebtedness on the property should not exceed the current market value.

Also, provisions of Section 5.0.B and 5.0.C of these guidelines still apply, which state that the loan must:

- a) be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;
- b) not have a temporary interest rate buy-down;
- c) have a term "all due and payable" in no fewer than 30 years; and
- d) not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the City's loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

#### 7. Process for Loan Foreclosure:

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

When a senior lien holder starts a foreclosure process and the City is notified via a Request for Notice of Default, the City, who is the junior lien holder, may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. The City must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case then the City may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the City determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then City staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructure the debt such that the unit is made affordable to the Borrower. If the City does not have sufficient funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the City can afford to pay for the foreclosure process and pay off the senior lien holder and retain some or all of their investment.

If the City decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four to six months from the date of recording of the "Notice of Default." If the City fails to reinstate the senior lien holder before five days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the City determines the reinstatement and maintenance

of the property, not to be cost effective and allows the senior lien holder to complete foreclosure, the City's lien may be eliminated due to insufficient sales proceeds.

### City as Senior Lien holder

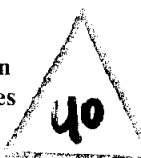
When the City is first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until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

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the City?
- 3) Can the Borrower sell the property and pay off the City?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

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

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

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



**ATTACHMENT E**  
**SELLERS LEAD-BASED PAINT DISCLOSURE**  
**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards**  
**Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

**Seller's Disclosure**

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) \_\_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
 \_\_\_\_\_
- (ii) \_\_\_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
- (i) \_\_\_\_\_ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
 \_\_\_\_\_
- (ii) \_\_\_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment (initial)**

- (c) \_\_\_\_\_ Purchaser has received copies of all information listed above.
- (d) \_\_\_\_\_ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) \_\_\_\_\_ Purchaser has (check (i) or (ii) below):
- (i) \_\_\_\_\_ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
- (ii) \_\_\_\_\_ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards (NOT PERMISSIBLE FOR HOME AND CDBG).

**Agent's Acknowledgment (initial)**

- (f) \_\_\_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____	_____	_____	_____
Seller	Date	Seller	Date
_____	_____	_____	_____
Purchaser	Date	Purchaser	Date
_____	_____	_____	_____
Agent	Date	Agent	Date



ATTACHMENT F

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

This is to inform you that \_\_\_\_\_ would like to purchase the property, located at \_\_\_\_\_, if a satisfactory agreement can be reached. We are prepared to pay \$\_\_\_\_\_ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, \_\_\_\_\_, through the City, \_\_\_\_\_ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the City. \_\_\_\_\_ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$\_\_\_\_\_ and was estimated by \_\_\_\_\_, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arm's length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: \_\_\_\_\_ . If you have any questions about this matter, please contact \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Title

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

Form continues on next page with Seller's Acknowledgment

## Acknowledgement

As the Seller I/we understand that the \_\_\_\_\_ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City of Carson's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

*I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.*

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date



ATTACHMENT G  
CITY OF CARSON

INSTRUCTIONS TO HOMEBUYER

- A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.
- B. After consultation with Program Staff regarding approved bedroom and bathroom maximums (always 3 bedrooms and 2 bathrooms unless extenuating circumstances justify more to be approved), participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. The HOME Program allows only homes vacant for three months or more prior to the date of the purchase contract, unless the current tenant is purchasing the home.
- C. Participant selects home and enters into a purchase contract (contingent upon receiving Program loan approval). Lender provides the Program Staff with a copy of:
  - real estate sales contract
  - residential loan application and credit report
  - verified income documentation
  - disclosure statement
  - proof of personal funds for participation in program
  - breakdown of closing costs
  - structural pest control clearance
  - appraisal with photos and preliminary title report
- D. Program Staff reviews paperwork to determine program eligibility and financing affordability for participant.
- E. Program Staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and homeownership responsibilities.
- F. Program Staff has home inspected to document health & safety and code compliance. Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.
- G. Program Staff requests loan approval from City's Loan Review Committee. Following loan approval, Program Staff prepares Deed of Trust, Promissory Note, Request for Notice of Default, Grant Agreement, Owner-Occupant Agreement with City of Carson, and Escrow Instructions, and requests check and deposits same into escrow.
- H. Escrow company furnishes Program Administrator with proof of documents to be recorded, and any escrow closeout information. After receipt of recorded loan documents, Final HUD-1, Insurance Loss Payee Certification and Final Title Insurance Policy, Program Administrator closes out the loan file.



## ATTACHMENT H LEAD-BASED PAINT

### VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

<b>Section 1: Background Information</b>			
Property Address:			No LBP found or LBP exempt <input type="checkbox"/>
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>

<b>Section 2: Visual Assessment.</b> Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found <input type="checkbox"/>	
Attachment A: Summary where deteriorated paint was found.	

<b>Section 3: Notice of Presumption.</b> Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.	
Date of Presumption Notice:	
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <i>hazards</i> are presumed to be present <input type="checkbox"/>	
Attachment B: Summary of Presumption:	

<b>Section 4: Notice of Lead-Based Paint Hazard Reduction Activity.</b> Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types.	
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

<b>Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity</b>		
Printed Name:	Signature:	Date:

<b>Section 6: Contact Information</b>		Organization:
Contact Name:	Contact Signature:	
Date:	Address:	Phone:



## ATTACHMENT I

### Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

Document Name	Purpose	✓
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Disclosure Form	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.	

This was taken from the HUD Website at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting>



# CITY OF CARSON



## HOME OWNER-OCCUPIED HOUSING REHABILITATION ASSISTANCE PROGRAM

### PROGRAM GUIDELINES



HOME Approved (Date)

**CITY OF CARSON  
OWNER-OCCUPIED HOUSING REHABILITATION  
PROGRAM GUIDELINES**

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**CITY OF CARSON****OWNER-OCCUPIED HOUSING REHABILITATION  
PROGRAM GUIDELINES****Adopted (date)****1.0. GENERAL**

The above-named entity, hereinafter referred to as the "CITY", has entered into a contractual relationship with the California Department of Housing and Community Development ("HCD") to administer one or more HCD-funded housing rehabilitation programs. The rehabilitation program described herein and hereinafter referred to as the "Program" is designed to provide assistance to eligible homeowners for correction of health and safety items, as well as code violations, located within the Program's eligible area, as described in Section 3.0. The Program provides this assistance in the form of deferred payment loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary and code-compliant home, referred to herein as "housing unit". The Program will be administered by the Community Development Department, hereinafter referred to as the "Program Operator".

**1.1. PROGRAM OUTREACH AND MARKETING**

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation, be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

- A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. A Fair Housing Marketing Plan can be found as Attachment D. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homeownership education classes to help educate homeowners about credit, budgeting, predatory lending, foreclosure prevention and home maintenance, as well as future responsibilities.



- B. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The City will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.
- C. The City shall not discriminate in the administration of HOME housing-related programs based on race, color, religion, marital status, sex, national origin, ancestry, age, familial status, disability or any arbitrary basis. Administration includes advertising, making loans, real estate services, site selection, rentals, and sales. The City must administer every allocation in a manner, which affirmatively promotes fair housing. The use of the Fair Housing and Handicap Accessibility logos will be placed on all outreach materials.

## 1.2. APPLICATION PROCESS AND SELECTION

### A. Waiting List/Homeowner Contact

The City will utilize a waiting list. In response to a homeowner's request, the homeowner is placed on the waiting list. Homeowners are offered the opportunity to qualify for assistance by waiting list priority (a first-come, first-served basis).

The Program Operator will contact homeowners by mail and/or by telephone to advise of funding availability. The homeowner has 30 days to complete and return the loan application and supporting documentation. Should a homeowner fail to respond to the initial contact for assistance or to provide any of the required documentation within the 30-day period, the homeowner's name will be removed from the waiting list. If the homeowner desires assistance at a later time, he/she will be placed on the waiting list at that time.

Should the waiting list be exhausted, the Program will be marketed in accordance with the City's Marketing Plan (**Attachment D**).

### B. Application/Interview

An application packet is provided to homeowners for completion and submittal to the Program, along with supporting documentation. An interview or workshop is scheduled with the applicant(s). The Program is fully explained; application forms and documentation are reviewed. Verifications are obtained for income, assets, employment, benefits, and mortgage. Title report and appraisals are also obtained.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are incomes, asset, household composition, or other important questions that cannot be resolved, the City reserves the right to deny assistance to the household.

In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

C. Household Selection

Households selected for participation in the City's Housing Rehabilitation Program are those determined eligible upon completion of processes described in A. and B. above.

D. Initial Inspection/Work Write-Up/Estimate

Prospective units are inspected by a certified housing inspector, or a City Representative, to determine eligibility and acceptability of properties for participation in the Program.

If the home is a pre-1978 unit, the initial inspection will also include paint testing by a certified Lead-Based Paint (LBP) inspector/assessor or presumption of LBP. Code deficiencies will be corrected, and if presumption is used or lead hazards are found, they will be properly treated according to HUD regulations (Section 6.1.E & F) and cleared by a certified LBP inspector/assessor.

Measurements and observations are noted about the property, including special conditions with potential cost consequences (dilapidated outbuildings, absence of curb and gutter when required by code, etc.). A floor plan and site plan, as needed, are drawn for the home and property, including all appurtenances.

Findings are noted on an inspection form, and later used by the Program housing inspector to prepare the work write-up. Estimated costs are determined by the Program housing inspector who has years of experience in the building industry, and in reviewing contractor bids and verifying cost with materials suppliers. The homeowner reviews the completed work write-up and cost estimate, and the approved write-up is incorporated into bid documents.

E. Bid Solicitation

A bid walk-through date and time are scheduled. The homeowner may choose to solicit his/her own bids or request that the Program Operator solicit bids on his/her behalf. Invitations to bid are mailed to all eligible contractors on file in efforts to obtain three reasonable bids. Bid results will be provided to participating contractors.

Contractors must be licensed and bonded by the State of California Contractors Licensing Board. Contractors must also provide Program Operator with evidence of Workers' Compensation Insurance and Comprehensive General Liability and Property Damage Insurance with Combined Single Limits of at least \$1,000,000.

Cost reasonableness is determined by comparing the bids received with the cost estimate prepared by the Program housing inspector. Bids must be within 10% of the Program housing inspector's cost estimate. Otherwise an explanation should be provided to the file for any bid selected exceeding 10% of the estimate. The homeowner is encouraged to accept the lowest reasonable bid.

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

F. Loan Request/Approval

A report and loan request is prepared on behalf of the homeowner by the Program Operator. The loan request includes the cost of construction, a contingency fund, and other project costs (listed in Section 6.3.). A Loan Review Committee meeting is scheduled to hear the loan request. Section 1.3 provides additional information on the loan approval process. Once approved, loan documents are executed and the loan is funded.

G. Pre-Construction Conference

A pre-construction conference is scheduled with homeowner, contractor, and Program housing inspector. The Program housing inspector reviews the Owner-Contractor Construction Contract, including the work write-up, start date, pay schedule, and date of completion, with the homeowner and contractor. The construction contract and Notice to Proceed are executed.

The following items will be reviewed at the Pre-construction Conference:

- Sign the construction contract and insure that the contractor and owner fully understand the scope of work and their individual responsibilities.
- Inform the parties of the payment process.



- Review Work Write-up, making sure both the homeowner and contractor understand that only items in the Work Write-up will be accepted and paid for under the loan, unless there is an approved "change order".
- Review performance and payment schedule.
- Review payment procedure - emphasize homeowner control, time factor for issuing checks.
- Review change-order procedure - emphasize no extra work to be performed without an approved change order.
- Show and discuss lien release forms.
- Emphasize contractor responsibility for permits and inspections - clarify that progress reviews are not inspections.
- Provide homeowner with several blank Requests for Payment. The form will be completed prior to each requested inspection.
- Obtain from contractor and homeowner the construction "start date" and "completion date".
- Explain the "Notice to Proceed" and give copy to contractor and owner. The Notice specifies the agreed upon "start date" and gives an agreed upon number of calendar days thereafter for completion of the job. Work performed prior to the "start date" is not reimbursable under the program.
- The Construction Contract will then be executed.

#### H. Start-Up/Field Inspections

The Program housing inspector monitors date of start-up and performs field inspections on a regular basis. The Program housing inspector will visit the job site regularly in order to check the scope of work, inspect materials, and to confirm the job is on schedule and within budget. The Program housing inspector works with City Building and Safety to ensure the work meets building codes, while not exceeding funding limits.

The Program housing inspector reviews the work status with the homeowner and with the contractor in order to remedy any developing problems quickly and to ensure that both are satisfied with the construction process. At the completion of each phase, the Program housing inspector inspects the work and the homeowner authorizes contractor payments.

The Program housing inspector will refer back to original work write-up and specifications to verify the work was completed as contracted.

#### I. Change Orders

A change order is a written modification to the work write-up. In order to be accepted, the homeowner, contractor and the City must approve a change order. Work other than that described in the work write-up and approved change order, including work performed before the change order, may not be paid for under the Program. It is the Program Inspector's responsibility,

through the progress review process, to assure this rule is strictly adhered to. Change orders relating to unforeseen difficulties encountered during the course of construction may receive verbal approval from the Program Manager so as not to interrupt or delay the flow of work. Such approval is to be followed immediately with appropriate paperwork. The change order process is as follows:

- Change orders can only be initiated by the homeowner or contractor. The homeowner should contact Program Inspector and notify them of their intentions. Program Operator should at this time, and repeatedly thereafter, remind the homeowner that with the exception above, no change in the work write-up is approved until all parties, including the Program Operator, have signed the change order and that work performed on an unapproved change cannot be paid for by Program.
- The Program Inspector shall visit the home and determine if any unauthorized work been performed. Is there anything inappropriate about the change; e.g., cost, etc. Is there anything in the proposed change which does not conform to the program guidelines. If any of these questions are answered "yes", the change order will not be approved. The Program Operator will inform the homeowner of this fact, document the decision and reasons (as well as the time and date of the conversation) in the project file, and Program Operator will inform the homeowner's that any and all unauthorized work must be paid for out of the homeowners personal funds.
- In the event that all of the above questions are answered "no", a change order should be prepared by the Program Operator. After the homeowner and contractor have signed the change order, it must be returned to the Program office for signatures. The original signed change order is placed in the project file, and two copies are transmitted to the homeowner. At this point, the work described in the change order may begin.
- In the event that Program Operator disapproves the change order, the homeowner must be promptly notified in writing of the decision and the reason.

J. Progress Payments

90% of the contract amount is distributed to the contractor in the form of progress payments during construction. The final 10% of the contract amount is set aside as a retention payment. The contractor requests a progress payment from the homeowner and notifies the Program Inspector that he/she has done so.

Upon favorable inspection by the homeowner and Program Inspector, the payment authorization is signed by the homeowner and submitted for payment.



## K. Completion and Final Payment

The completion and final payment process is a payment process intended to:

- Document completion of the work.
- Protect the homeowner from liens.
- Assure prompt payment to the contractor.

When all work on the project is completed, the contractor submits a request for final payment, approved and signed by the homeowner.

When the Program Inspector performs the final review, he/she must have the following forms from the contractor:

- Lien Release
- Labor Release

Prior to Release of the 10% retention payments, a 30-day follow-up contact shall be performed with the owners, and the following tasks performed:

- Check with property owner for any rehabilitation work deficiencies the owner feels should be corrected under the contract
- If required, have work completed by contractor and signed off by owner
- Record the Notice of Completion  
Release remaining 10% of withheld contract funds to contractor.

## L. Final Inspections

The Program Housing Inspector inspects completed work along with contractor and applicant. Program Operator notes the list of incomplete or unacceptable items on a punch list form and gives the owner and contractor a copy for correction. Upon approval of completed work contractor prior to final payment must submit the following:

- Signed off building permits for all rehabilitation work from the Building Department.
- Lien releases from sub-contractors, labor and material suppliers.

The homeowner is responsible for:

- Executing a Notice of Completion.
- Signing all necessary payment authorizations.

Program Operator is responsible for ensuring all contract and payment packets are placed in the project file.

Any remaining funds will be credited to the borrower's loan account and applied to the outstanding loan's principal. The borrower will be notified in writing of the loan

credit. When this transaction has been completed for both the general and project ledgers, the file is closed and moved to the "completed project file."

### 1.3. LOAN PROCESS

The Loan Review Committee must approve all loans and grants. The amount of assistance provided shall not exceed the County maximum HOME subsidy limit per bedroom as defined by Section 221 (d)(3) and the total financing cannot exceed the Maximum After-Rehabilitation Value (**Attachment C**).

#### 1.3.1. GRANTS

HOME funds are granted when assistance is provided for the following:

- A. Lead-based paint evaluation and reduction activities as described in Section 6.1.D. and Table C, using the least-cost alternative.
- B. Temporary relocation of an owner-occupant or resident tenant. See City's Relocation Assistance Plan, **Attachment E**. These costs must be planned for and budgeted into the total allowable HOME subsidy for the project. The limit on temporary relocation assistance provided to an owner-occupant is \$3,000.
- C. When the homeowner's equity is insufficient to provide the collateral necessary to secure a HOME OOR assistance loan (with a maximum 100% loan-to-value ratio per Section 6.3.A. above). Per State HOME Program Regulations §8205(b)(3), the amount of the grant cannot exceed 25% of the HUD Per-unit Subsidy Limit [221(d)(3)] established pursuant to 24 CFR 92.250(a) and is in addition to any other grant funds provided for relocation and lead-based paint mitigation.

State Recipients must submit a pre-approval package to HCD prior to committing any HOME funds to an "Owner Occupied" Rehabilitation (OOR) project that requires grant funds. A contingency may be included in the project costs. However any unused contingency must be credited first to the grant amount, not to the loan amount.

In order to obtain financing, applicants must meet all property and eligibility guidelines in effect at the time the application is considered. Homeowners will be provided written notification of approval or denial. Any reason for denial will be provided to the applicant in writing.

## 1.4. CONFLICT OF INTEREST REQUIREMENTS

Section 92.356 of the HOME Final Rule shall be followed.

- A. **Conflicts Prohibited.** No persons described in (B) below who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.
- B. **Persons covered.** The conflict of interest provisions of (A) above apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or sub-recipient which are receiving HOME funds.
- C. **Exceptions: Threshold Requirements.** Upon the written request from the City to HCD, HUD may grant an exception to the provisions of (a) above on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d) (1-6) for details on the documentation needed to submit an exception request to HUD.
- D. A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to standard construction procedures. Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by the Program to be part of the scope of work. Owner/builders are not reimbursed for labor.

## 2.0. APPLICANT QUALIFICATIONS

### 2.1. INCOME LIMITS

All homeowners must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size,



as published by HCD each year (**Attachment C**).

The link to the official HCD-maintained income limits for HOME activities is:  
<http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>.

**Household:** means one or more persons who will occupy a housing unit. Unborn children don't count in family size determination.

**Annual Income:** Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

**Owner-Occupant:** to be eligible, household income must be equal to or less than the applicable HCD income limits. Owner will be required to provide income documentation. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income (**Attachment A**). Refer to Asset Inclusions and Exclusions for further guidance to the types of assets to be included or excluded when calculating gross annual income (**Attachment B**). Owner-occupants' housing and/or debt ratios are not considered, nor is a credit report required, as the funding provided creates no additional monthly financial obligation. If an owner-occupant has a mortgage, it is verified that all payments are current and that no late payments have been received in the past twelve months.

## 2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria for HOME, as shown in the most recent HCD program-specific guidance at: [http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB\\_AnnualIncomeInclusionsExclusions.doc](http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc), will be followed to independently determine and certify the household's annual gross income. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

### A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and of live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

The link to Annual Income Inclusions and Exclusions is: [http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB\\_AnnualIncomeInclusionsExclusions.doc](http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc). See **Attachment A: HOME Part 5 Annual Income Inclusions and Exclusions**

**B. ASSETS:**

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

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

The Link to Asset Inclusions and Exclusions is:

[http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC\\_AnnualIncomeAssetInclusionsExclusions.doc](http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc)

**See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions**

**2.3. HOMEOWNER ELIGIBILITY AND RESIDENCY REQUIREMENTS**

The City of Carson and the Carson Community Development Department requires that the Program benefit persons of low income. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD each year. See **Attachment C**.

**2.3.1. OWNER-OCCUPANCY**

- A. Continued residency is monitored annually for the term of the loan within 45 days of the anniversary date of the loan. Occupancy will be verified by the submission of the following:
  - 1. Proof of occupancy in the form of a copy of a current utility bill; and
  - 2. Statement of unit's continued use as primary residence of the owner.
- B. In the event that an homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable, unless the following conditions are met:



The homeowner who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as his/her principal residence. Upon approval of the City, 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 applicable eligibility requirements, the loan is due and payable.

- C. If a homeowner converts the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.

### 3.0. PROPERTY ELIGIBILITY

#### 3.1. CONDITIONS

- A. No unit will be eligible if a household's income exceeds the prescribed income limits listed in **Attachment C**.
- B. Units to be rehabilitated must be located within the corporate city limits of Carson.
- C. Property must contain a legal residential structure intended for continued residential occupancy.
- D. All repair work will meet Local Building Code standards. At a minimum, all health and safety hazards and code violations must be eliminated. The property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components.

#### 3.2. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Homeowners will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to health and safety of occupants or public danger or is otherwise undesirable because of the nature of the project. Relocated persons will receive increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the "Residential Anti-displacement and Relocation Assistance Plan" (**Attachment E**).

Owner-occupants are not eligible for temporary relocation benefits, unless health and safety threats are determined to exist by the Program housing inspector. In cases where relocation is determined to be necessary by the Program housing inspector, assistance for actual costs incurred shall be in the form of a grant (**see Section 4.3. for allowable grants**). HOME-funded projects will provide relocation assistance in the form of a grant, which shall be included in the maximum assistance amount.



The City of Carson, as a State Recipient, is required to comply with the requirements of:

- A. The Uniform Relocation Act (URA) at 42 U.S.C. 4201-4655 and 49 CFR part 24; and
- B. Section 104 (d) of the Housing and Community Development Act 1974.

The City of Carson has its own relocation plan. A copy of the plan is attached as **Attachment E**. If relocation is necessary (ex. tenting related to termite work), our goal is to minimize the expense and the length of relocation and the length of the temporary displacement of current occupant(s).

### 3.3. NOTIFICATION AND DISCLOSURES

- A. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as follows:

The Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission will be given to all owners regardless of the cost of rehabilitation or paint test findings. If lead-based paint is found through testing or if presumed, a Notice of Lead Hazard Evaluation or Presumption will also be supplied. When Lead hazards are present, a Notice of Lead Hazard Reduction Activity and a Lead Hazard Evaluation Report will also be provided (**Attachment I**).

- B. Homeowners located in properties that will receive housing rehabilitation will be provided a notice outlining their relocation rights and benefits (**Attachment E**).

## 4.0. THE PROGRAM LOAN

### 4.1. INITIAL APPLICANT SCREENING

Upon initial contact by potential applicants, Program staff shall perform a preliminary screening of the applicant, the property, and desired improvements to determine potential eligibility for Program participation. If determined to be potentially eligible, staff shall provide a Program application. Staff will notify potential applicants in writing within thirty days if they are not eligible.

During the initial screening, the potential applicant shall be advised of the application review process and provided with approximate review timeframes.

#### 4.1.1. LOAN APPLICATION REVIEW PROCESS

Upon receipt of an application, Program staff will review the submission for completeness. If the applicant is ineligible, Program staff shall inform them of their status in writing. If the applicant is preliminarily deemed eligible for Program participation, the application shall be logged, dated, assigned an application number

and a project file established. City staff will maintain an applicant log for all applications received.

Program Operator shall request credit report, perform an estimate of value method using the MLS and/or OMA, and obtain preliminary title report for each loan application deemed preliminarily eligible. There is no appraisal required except for in the case of reconstruction and/or rehab grants.

Program Operator shall prepare Annual Income Calculation Form.

Program Operator shall prepare Loan Approval Schedule.

Organize and schedule the Loan Review Committee (LRC) meeting.

The Loan Review Committee (LRC) shall consist of the Business and Employment Development Manager and his/her designees. Complete application packages will be reviewed by the LRC members for approval or disapproval based upon the Program guidelines and underwriter's recommendations. In order to proceed, all LRC members must approve all Program loans and requests to subordinate Program loan liens.

#### 4.1.2. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

An eligible homeowner may qualify for the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances. Maximum assistance shall not exceed the Los Angeles County maximum HOME Subsidy Limit per bedroom as designated by Section 221(d) (3) (**Attachment C**).

#### 4.1.3. AFFORDABILITY PARAMETERS FOR HOMEOWNERS

A. Total indebtedness against property shall not exceed 100 percent of after-rehabilitation value as determined by "Estimates of value" or an appraisal, for HOME projects. An estimate of after-rehab value will be made prior to making a commitment of funds using the method outlined in Section 4.5.

B. HOME funded units' after-rehabilitation value shall not exceed the HOME Program Purchase Price/Value Limit [221(d) (3)] for Los Angeles County as updated by HUD and published on the HCD Website. **See Attachment C.**

#### 4.2. RATES AND TERMS

##### 4.2.1. OWNER-OCCUPANTS

A. Homeowners are eligible for Deferred Payment Loans (DPL), at 3% interest, evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 30 years unless the borrower sells or transfers title or discontinues residence in the dwelling.



- B. If the homeowner dies, and if the heir(s) to the property live(s) in the house and is/are income eligible, the heir(s) may be permitted, upon approval of the City, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines.
- C. If the homeowner dies and the heir(s) is/are not income eligible, the loan becomes all due and payable.
- D. If a homeowner converts the rehabilitated property to any residential-rental, commercial or non-residential use, the loan becomes all due and payable, unless they meet requirements outlined in Section 2.3.2.
- E. As specified in the Rehabilitation Loan Agreement, all applicants who participate in the Program must maintain the property at post-rehabilitation conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable. A method of inspection will be established by the City.

#### 4.3. APPRAISAL

- A. The After-Rehab Value for rehabilitation projects is determined using the "Estimates of value" method. The Program inspector determines estimates of value based on the sale prices of at least three comparable properties, sold within the last six months (within one year of the assistance date, which is the date the promissory note is signed), and located within one mile of the subject property. The participants' file will include the estimate of value and document the basis for the value estimates. The purpose of the "Estimates of value" is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**Attachment C**). If three comparable properties cannot be found, or if there is any question regarding the After-Rehab Value, the ARV will be determined by a licensed appraiser, as described in Section 4.4.B. below.
- B. A licensed appraiser determines the After-Rehab Value for rehabilitation projects, when the "Estimates of value" method cannot be used. For rehabilitation projects the appraiser determines the value of the unit with the rehabilitation building plans and specifications included. The cost of the appraisal will be paid by the, not by the homeowner. The purpose of the appraisal is to determine that the after-rehabilitation value of the housing unit will not exceed the permitted amount per HCD Program regulations (**Attachment C**), and that the combined loans will not exceed the maximum combined loan-to-value limit, as described in Section 4.1.3A above.
- C. The After-Rehab Value for reconstruction projects is determined by a licensed appraiser. The After-Rehab Value for rehabilitation projects is determined by an appraisal completed from the building plans and specifications for the home. The cost of the appraisal will be paid by the City, not by the homeowner. The purpose of the appraisal is to determine that the After-Rehabilitation Value Limit of the



housing unit will not exceed the permitted amount per HCD Program regulations (Attachment C).

#### 4.4. INSURANCE

#### 4.5. FIRE INSURANCE

The homeowner shall maintain fire insurance on the property for the duration of the Program loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the City as a Loss Payee. Evidence of coverage showing the City as a Loss Payee and included on a Notice of Cancellation Endorsement shall be provided to the City at the time of assistance.

##### 4.5.1. FLOOD INSURANCE

For homes in a 100-year flood zone, the owner is required to maintain flood insurance in an amount adequate to secure the Program loan and all other encumbrances. This policy must designate the City as Loss Payee and a binder shall be provided to the City and maintained in the borrowers file. The premium may be paid by the Program loan for one year.

Carson is classified on FEMA Flood Zone maps as either Zone "C," or Zone "X". Flood insurance will be required for funded HOME eligible applicants with property located within any SFHA zoned area, with an endorsement naming Carson as a loss payee, during the term of the outstanding HOME loan. **Note: HOME funds cannot be used to pay insurance costs beyond those identified as initial loan costs.**

##### 4.5.2. LOAN SECURITY

- A. Loan security for all owner-occupied stick-built homes to be rehabilitated will be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the City.
- B. Entering a subordinate lien is acceptable. However, the City will not subordinate a first lien position once established.

#### 5.0. PROGRAM LOAN SERVICING AND MAINTENANCE

##### 5.1. RECEIVING LOAN PAYOFFS

- A. Program loan payoffs will be made to:

*City of Carson  
Attn: City Treasurer's Office  
701 East Carson Street  
Carson, CA 90745*



- B. The City will be the receiver of loan payoffs or recapture funds and will maintain a financial record-keeping system. Payments shall be deposited and accounted for in the appropriate Program Income Account, as required by all three HCD programs. Program Administrator will accept loan payoffs from Borrowers repaying or making payments in full upon sale or transfer of the property. All loan payments are payable to the City. The City may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

## 5.2. LOAN SERVICING POLICIES AND PROCEDURES

See **Attachment F** for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

## 5.3. LOAN MONITORING PROCEDURES

Homeowners will be required to submit each of the following to the City between January 1 and 15 of each year for the term of the loan:

- Proof of occupancy in the form of a copy of a current utility bill;
- Statement of unit's continued use as a residence;
- Declaration that other title holders do not reside on the premises;
- Verification that property taxes are current; and
- Verification of current required insurance policies.

## 5.4. DEFAULT AND FORECLOSURE

If an owner defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the City Foreclosure Ordinance (**Attachment G**).

## 5.5. SUBORDINATIONS

The City may approve a request to subordinate a loan, in order for the owner to refinance the property, under the following conditions:

- A. The lien position of the loan will remain the same or be advanced.
- B. The new primary loan is no greater than the balance of the loan being refinanced, except the costs of refinancing the loan may be added to the principal balance.



- C. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the owner's payment.
- D. The refinanced loan must have an impound account for taxes and insurances.
- E. The refinancing terms must be acceptable to the City.

## 6.0. CONSTRUCTION

### 6.1. STANDARDS

All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. The City may also require elimination of code deficiencies. The property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components.

#### A. Contracting Process

1. Contracting will be done on a competitive basis.
2. The homeowner will be the responsible agent, but the City and/or its Program housing inspector will prepare the work write-up, prepare and advertise the bid package, and assist the owner in negotiating the construction contract.
3. The City does not warrant any construction work, or provide insurance coverage.

#### B. Approved Contractors

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

#### C. Construction Initiation

Contractor receives the signed contract and the Notice to Proceed and only then is contractor to begin work. Contractor will obtain building permits. Rehabilitation work is to commence within ten working days of



authorization by Notice to Proceed. Contractor is to notify and arrange starting date with applicant. Program Operator will monitor rehabilitation work. Signed Progress Payment Requests (by contractor) must conform to progress payment plan agreed to and should be submitted on the contractor's invoice. Progress or interim inspection of work must have been completed by the City Building Department and/or the Program Inspector. Progress payment requests must be signed off by the Property owner and Program Inspector before being submitted for payment.

Contractor will request inspections from the Building Department for any permit related inspections.

#### D. Lead Base Paint

Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in Section 3.3.A.

All housing units built prior to 1978 for which HOME funding is anticipated are subject to the requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821- 4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851- 4856), and implementing regulations at 24 CFR Part 35, subparts A, B, J, K, M and R.

Such homes must undergo a visual assessment by an individual or firm qualified to perform lead based paint visual assessments. Deteriorated paint must be stabilized using work safe methods.

Clearance must be obtained after paint stabilization by a California Department of Health Services certified LBP Risk Assessor/Inspector. HOME general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, this program will provide a grant to assist with the cost of any and all activity. Staff shall ensure that the project file will contain all necessary lead notification documents.

The following lead requirements must be met:

##### Notifications

- A. Prior to rehabilitation of a pre-1978 home, the property owner will be given the most recent copy of and asked to read the EPA pamphlet "Renovate Right – Important Lead Hazard Information for Families, Child Care Providers and Schools" (EPA 740-F-08-002). A signed receipt for the pamphlet will be maintained in the project file;
- B. Notice to residents is required following a risk assessment/inspection using CDPH Form 8552, which is provided by



- a California Department of Health Services certified Risk Assessor/Inspector;
- C. Transmittal of the Risk Assessor/Inspector's lead based paint survey to the property owners;
- D. When abatement of lead hazards is performed, a copy of the CDPH Form 8551 shall be posted at all entrances to the work area and structure.
- E. Upon completion of lead based paint hazard measures, a CDPH Form 8552, completed by a California Department of Health Services certified Risk Assessor/Inspector, and Clearance Report indicating satisfactory clearance shall be provided to the property owner and maintained in the project file.

#### Inspections

The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.

#### Lead Hazard Reduction

In accordance with the requirements of 24 CFR Part 35, the appropriate Lead Hazard Reduction methods shall be employed by appropriately licensed and certified supervisory and worker personnel, as LRC certified by the California Department of Public Health, and in conformance with the Environmental Protection Agency's lead regulations at 40 CFR Part 745.

Prior to the contractor initiating lead hazard reduction work, Program staff shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job, and to ensure that only qualified contractors and workers are allowed to perform the LBP reduction activities.

#### File Documentation

A lead compliance checklist will be completed and placed in the project file.

#### Exemptions to the LBP Rule

- A. A residential property for which construction was completed on or after January 1, 1978.
- B. A zero bedroom dwelling unit, including a single room occupancy dwelling unit.
- C. Housing used exclusively for elderly



- D. Housing used exclusively for the disabled; except this exemption shall not apply if child less than age 6 resides or is expected to reside in the dwelling unit.
- E. Housing found by certified inspection to be free of LBP.
- F. Housing in which all LBP has been properly identified, removed, and cleared (This does not apply where enclosure or encapsulation has been used as a method of abatement).
- G. Emergency repair action, which are those needed to safeguard against imminent danger to human life, health or safety, or to protect property from further structural damage.
- H. Rehabilitation that does not disturb a painted surface.

## 6.2. ELIGIBLE CONSTRUCTION COSTS

“Rehabilitation” means, in addition to the definition in Section 50096 of the Health and Safety Code, repairs and improvements necessary to correct any condition causing the home to be substandard pursuant to Section 1704 of Title 25, California Code of Regulations. Rehabilitation also means repairs and improvements where necessary to meet any locally-adopted standards used in local rehabilitation programs. Rehabilitation does not include replacement of personal property.

Rehabilitation includes reconstruction. Federal law and policy allows the use of HOME funds to demolish and reconstruct owner-occupied residential structures. Reconstruction is defined as the demolition and construction of a structure. However, the City’s policy is to only demolish/reconstruct when code deficiencies have been cited. The City and/or Program housing inspector must document that the reconstruction costs are less than the cost to rehabilitate the existing substandard housing. This documentation process will be conducted using the State’s HOME Test for Reconstruction, for projects funded with HOME funds.

Additionally, the City must determine that the project’s value after reconstruction (housing and land combined) is less than the Maximum After-Rehabilitation Value for the City (**Attachment C, One-Family**).

The residential structure to be reconstructed must be a structure with cooking, eating, sleeping, and sanitation facilities which has been legally occupied as a residence within the preceding 12 months. Fifth wheels or recreational vehicles, for example, are not considered dwellings and therefore are not eligible under this Program.

Like-for-like requires that the structure being demolished must be replaced with a like structure (replace manufactured housing with manufactured housing, for example). Replacing a manufactured housing unit with a site-built unit is considered a



homebuyer activity, even if the applicant/beneficiary owns the lot and existing manufactured unit. HUD identifies the activity as OOR when replacing like units of housing with like units. The identifying characteristic is site-built or non site-built. The following chart will show you what activity a particular project is classified as based on what is being replaced and what it is being replaced with::

Current Unit	Replacement Unit	Eligible OOR	Eligible FTHB	Eligible HOME Activity?
5 <sup>th</sup> Wheel or Recreational Vehicle	5 <sup>th</sup> Wheel or Recreational Vehicle	No	No	NO—not a housing unit
5 <sup>th</sup> Wheel or Recreational Vehicle	Manufactured Housing, or Site-Built Home	No	Yes	Yes
Manufactured Housing	Manufactured Housing	Yes	No	Yes
Manufactured Housing	Site-Built Home or Modular Home	No	Yes	Yes
Site-Built Home	Site-Built Home or Modular Home	Yes	Yes	Yes
Site-Built Home	Manufactured Housing	Yes	Yes	Yes

Temporary relocation benefits must be planned for and budgeted into the total allowable subsidy for the project, but if required, such relocation benefits would be in the form of a grant.

Depending on the outcome of the Statutory Worksheet (Environmental test), a reconstructed project may require authorization from the State before funds are committed to the project.

Allowable rehabilitation\reconstruction costs include:

- A. Cost of building permits and other related government fees.
- B. Cost of architectural, engineering, and other consultant services which are directly related to the rehabilitation of the property.
- C. Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the City for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g., planning, engineering, construction management, including inspections and work write-ups).



**D. Cost Analysis for Reconstruction Projects**

The HOME Test for Reconstruction form at [http://www.hcd.ca.gov/fa/home/Reconstruction\\_Test.xls](http://www.hcd.ca.gov/fa/home/Reconstruction_Test.xls) must be completed by the Program Operator and submitted to HCD for approval. Back-up documentation, including cost estimates, must be provided where noted.

Cost estimates must itemize any costs, paid for with HOME or non-HOME funds that are being charged to the project including but not limited to:

- demolition
- site work
- rehabilitation or reconstruction hard costs
- relocation expenses
- lead-based paint abatement
- environmental remediation
- on-site and off-site improvements

The rehabilitation estimate may include up to 10% of total construction hard costs (excluding relocation) for contingency estimate.

**Increase in Bedroom, Bathroom, or Square Footage**

Along with the required justification noted in the Test for Reconstruction form, the jurisdiction must show these increases in both the rehabilitation cost estimate and the reconstruction cost estimate. If the justification's request for the increase in the bedroom/bathroom size is not approved, the jurisdiction may be required to submit a revised Test for Reconstruction that excludes those costs.

**Maximum size of reconstructed home (when HOME grant funds are used)**

When grants are used for reconstruction projects, the reconstructed home must not exceed the limits established below. The grantee has chosen the following method:

The existing home's square footage may be increased by up to 20%, plus 125 square feet for each additional bedroom and 75 square feet for each additional bathroom needed to alleviate overcrowding.

Exceptions to these limits will be considered by the Department when the reconstructed home is a mobilehome or if there is a local ordinance requiring that all reconstructions—not just those funded by government

programs—be of a certain minimum size and/or require the addition of a

garage. The supporting ordinance will be provided to HCD for review.

This chart illustrates the application of these limits:

Type of activity	Does project need HOME grant funds (in addition to lead paint, relocation and ADC costs)?	Maximum size limits apply?
OOR	No	No
OOR	Yes	Yes
OOR/Mobilehome as reconstructed home	Yes	Case by case HCD review.
OOR/Local ordinance requiring minimum size for all reconstructions	Yes	No, but HCD must review the local ordinance.

HCD Pre-approval is required as follows:

Reconstructions with no increase in square footage	Reconstructions with an increase in square footage	Any activity involving use of HOME grants
HCD pre-approval required unless the local agency receives an HCD waiver.	HCD pre-approval required	HCD pre-approval required

### 6.3. ELIGIBLE PROJECT COSTS

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

- Appraisal
- Property Report/Title Insurance
- Building Plan
- Termite Report
- Lead Paint Testing
- Land Survey
- Grading Plan
- Recording Fees
- Fire/Course of Construction Insurance
- Flood Insurance
- Disposal Bin
- Storage

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

**6.4. REPAIR CALLBACKS**

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

**7.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES****7.1. AMENDMENTS**

The City may make amendments to these Participant Guidelines. Any changes made shall be in accordance with federal and state regulations, shall be approved by the Loan Committee and/or local governing body and submitted to HCD for approval.

**7.2. EXCEPTIONS**

- Where a standard policy or procedure, as stated in the guidelines, does not apply
- Where an applicant is treated differently from others of the same class

**7.2.1. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES**

- A. The City or its Program housing inspector may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Program housing inspector's recommended course of action and any written or verbal information supplied by the applicant.
- B. The City shall make a determination of the exception based on the recommendation of the Program Housing Inspector. The request can be presented to the Program's loan committee and/or governing body for decision.

**8.0. DISPUTE RESOLUTION AND APPEALS PROCEDURES****8.1. PROGRAM COMPLAINT AND APPEAL PROCEDURE**

Complaints concerning the City's Rehabilitation Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the City. The City will then schedule a meeting with the City's Loan Review Committee. Their written response will be made within 30 working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the local governing body. Final appeal may be filed in writing with HCD within one year after denial or the filing of the Project notice of completion.

## 8.2. GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR

Contracts signed by the contractor and the participant include the following clause, which provides a procedure for resolution of grievances:

"Any controversy arising out of or relating to this Contract, or the breach thereof, shall be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator shall have the final authority to order work performed, to order the payment from one party to another, and to order who shall bear the costs of arbitration. Costs to initiate arbitration shall be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding shall be entitled to recover from the other all attorney's fees and costs of arbitration."



**ATTACHMENT A****24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS****Part 5 Inclusions**

This table presents the Part 5 income inclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category	(Last Modified: January 2005)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> <li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities; <b>plus:</b></li> <li>• the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul>
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 pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

## Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category (Last Modified: January 2005)	
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> <li>a. Amounts received under training programs funded by HUD.</li> <li>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).</li> <li>c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.</li> <li>d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</li> <li>e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</li> </ul>
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from 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).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income 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

Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:

- ▶ The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- ▶ Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- ▶ Payments received under the Alaskan Native Claims Settlement Act;
- ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- ▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- ▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program.
- ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;
- ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).
- ▶ Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescaiero Reservation;
- ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;
- ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.



## ATTACHMENT B

### PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

#### Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

#### Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.



## ATTACHMENT C

**MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT  
FOR LOS ANGELES COUNTY  
(HOME Value Limits as of 01/1/14)**

Existing	Newly-Constructed
\$293,000	\$344,000

**HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR LOS ANGELES COUNTY  
(Limits are effective 05/08/2012)**

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
LOS ANGELES	\$132,814	\$152,251	\$185,136	\$239,506	\$262,903

**FAMILY INCOME LIMITS FOR LOS ANGELES COUNTY\*  
(Limits are effective 03/15/2013)**

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
<b>80% of AMI</b>	\$46,400	\$53,000	\$59,650	\$66,250	\$71,500	\$76,850	\$82,150	\$87,450

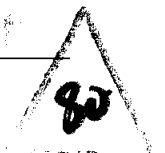
\*The City will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is: <http://www.hcd.ca.gov/fa/homelimits.html>

**STANDARDS FOR BEDROOM AND BATHROOM ADDITIONS TO ALLEVIATE  
OVERCROWDING**

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

- Opposite sex children under 6 years of age may share a bedroom, up to 2 children per bedroom.
- Opposite sex children 6 years of age and older may have their own bedroom.
- Children shall be permitted a separate bedroom from their parents.
- Same sex children of any age may share a bedroom, up to 2 children per bedroom.
- Adults not in a partner relationship may have their own bedroom.
- 4 or more people – a second bathroom may be added.
- 8 or more people – a third bathroom may be added.
- Same rules apply to mobile home units.

**The chart above is used as a guide to overcrowding.**



## ATTACHMENT D

### HOUSING REHABILITATION MARKETING PLAN

#### **SUMMARY**

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

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

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

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

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

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

#### **MARKETING FORMS**

- Fliers
- Brochures
- Newspaper Ads and Articles
- Public Service Announcements
- Public Informational Meetings
- Mail
- Website

#### **MARKETING VENUES**

- Local Government Buildings
- Local Public Services Buildings
- Private Businesses
- Lending Agencies
- Real Estate Offices
- Newspaper



## ATTACHMENT E

**RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN**  
**City of Carson's Plan Version 2**

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require all grantees of Community Development Block Grant (CDBG) funds or Home Investment Partnership (HOME) funds to follow a written Residential Anti-displacement and Relocation Assistance Plan (Plan) for any activities which could lead to displacement of occupants whose property is receiving funds from these or other federal funding source. Having been developed in response to both aforesaid federal legislations, this Plan is intended to inform the public of the compliance of the City of Carson (City) with the requirements of federal regulations 24 CFR 570.606 under state recipient requirements and Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR 92 of the HOME federal regulations. The Plan will outline reasonable steps, which the Sponsor will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements. The City's governing body has adopted this plan via a formal resolution.

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

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

All City programs/projects will be implemented in ways consistent with the City's commitment to Fair Housing. Participants will not be discriminated against on the basis of race, color, religion, age, ancestry, national origin, sex, familial status, or handicap. The City will provide equal relocation assistance available 1) to each targeted income group household displaced by the demolition or rehabilitation of housing or by the conversion of a targeted income group dwelling to another use as a direct result of assisted activities; and 2) to each separate class of targeted income group persons temporarily relocated as a direct result of activities funded by HUD programs.

A. Minimizing Permanent Displacement and Temporary Relocation Resulting from Housing Rehabilitation or Reconstruction Activities

Consistent with the goals and objectives of activities assisted under the Act, the City will take the following steps to minimize the displacement of persons from their homes during housing rehabilitation or reconstruction funded by HUD programs:

1. Provide proper notices with counseling and referral services to all tenants so that they



- understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced persons to find alternate housing in the neighborhood.
2. Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.
  3. Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.
  4. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
  5. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation/displacement payments to households permanently displaced by assisted activities.

B. Lead Based Paint Mitigation Which Causes Temporary Relocation:

On September 15, 2000, the Final Rule for Lead Based Paint Hazard Control went into effect. Among other things, it requires that federally-funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead hazards. **At no time should the tenant-occupant(s) be present in work areas or designated adjacent areas while LHC activities are taking place in any dwelling unit interior, common area, or exterior.** As such, occupants may not be allowed to remain in their units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards has been completed, and the unit passes clearance, the occupants can return. **The tenant-occupants may not reoccupy a work area or adjacent area until post-lead hazard reduction clearance standards have been achieved and verified with laboratory results.** The final rule allows for certain exceptions: programs:

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

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

entitled to the same relocation benefits as those who are relocated because of substantial rehabilitation or reconstruction activities.

C. Temporary Relocation of Owner Occupants:

Owner occupants are not allowed to stay in units which are hazardous environments during lead based paint mitigation. When their home is having lead based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation benefits up to \$3,000, which will be provided as a grant. In the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be eligible for temporary relocation benefits up to \$3,000, which will be provided as a grant. In no case shall the grant for temporary relocation exceed \$3,000 for any one owner occupant.

Owner occupants will be encouraged to move in with family or friends during the course of rehabilitation, since they are voluntarily participating in the Program. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will complete a temporary relocation benefits form (**Appendix C**) to document that the owner occupant understands that they must relocate during the course of construction and what benefits they wish to be reimbursed for as part of their relocation.

D. Temporary Relocation of Residential Tenants:

If continued occupancy during rehabilitation is judged to constitute a substantial danger to health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, the tenant may be required to relocate temporarily. The contract administrator or rehabilitation specialist will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. He or she may move in with family and friends and still receive full or partial temporary assistance based on eligible cost incurred. The housing rehabilitation loan specialist and/or the rehabilitation specialist will ensure that each tenant occupied unit under the Program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant occupied unit will have a temporary relocation benefits form completed for them. (**Appendix C**). These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation benefits.

A tenant receiving temporary relocation shall receive the following:

1. Increased housing costs (e.g. rent increase, security deposits) and
2. Payment for moving and related expenses, as follows:
  - a. Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified;
  - b. Packing, crating, unpacking, and uncrating of personal property;

- c. Storage of personal property, not to exceed 12 months, unless the grantee determines that a longer period is necessary;
- d. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
- e. Insurance for the replacement value of personal property in connection with the move and necessary storage;
- f. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
- g. Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
- h. Any costs of credit checks required to rent the replacement dwelling;
- i. Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
  - 1) Interest on a loan to cover moving expenses; or
  - 2) Personal injury; or
  - 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or
  - 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

E. Rehabilitation Activities Requiring Permanent Displacement

The City's rehabilitation program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff responsible for the rehabilitation program will consult with the City's legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If local staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and benefit determination and implementation. If local staff does wish to do the permanent displacement activity then they will consult and follow the HUD Relocation Handbook 1378.

F. Rehabilitation Which Triggers Replacement Housing

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

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City to provide funds for an activity that will directly result in such demolition or conversion, the City will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development or the appropriate federal authority the following information in writing:

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

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

G. Record Keeping and Relocation Disclosures/Notifications

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

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

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

1. General Information Notice: As soon as feasible when an owner investor is applying for Federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy his or her present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30 percent of his or her average monthly gross household income. The tenant will be informed that if he or she is required to move temporarily so that the rehabilitation can be completed, suitable housing will be made available and he or she will be reimbursed for all reasonable extra expenses. The tenant will be cautioned that he or she will not be provided relocation assistance if he or she decides to move for personal reasons. **See Appendix A for sample notice to be delivered personally or by certified mail.**
2. Notice of Non Displacement: As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. **See Appendix B for sample notice to be delivered personally or by certified mail.**
3. Disclosure to Occupants of Temporary Relocation Benefits: This form is completed to document that the City is following it's adopted temporary relocation plan for owner occupants and tenants. **See Appendix C for a copy of the disclosure form.**
4. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the City is attempting to provide permanent displacement benefits then there are a number of other forms which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced as a result of housing rehabilitation activities funded by CDBG or other federal programs.

**APPENDIX A**

Dear \_\_\_\_\_,

On (date), (property owner) submitted an application to the \_\_\_\_\_ for financial assistance to rehabilitate the building which you occupy at (address).

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact (name), (title), at (telephone number), (address).

Sincerely,

(name)

(title)



**APPENDIX B**

(date)

Dear \_\_\_\_\_:

On (date), we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On (date), the owner's request was approved, and the repairs will begin soon.

This is a notice of non-displacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain until after construction is completed. If increased after construction is done, your new rent and estimated average utility costs will not exceed local fair market rents for your community. Of course, you must comply with all the other reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact (name), (title), at (phone #), (address). Remember; do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

(name and title)

**APPENDIX C****DISCLOSURE TO OCCUPANT OF TEMPORARY RELOCATION BENEFITS***Top to be completed at time of loan application submittal or Home Visit*

Property Address: \_\_\_\_\_  
                                     \_\_\_ Rental Unit                      \_\_\_ Owner/Occupied Unit

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

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

Acknowledged:

\_\_\_\_\_  
 Occupant Signature      Date                      Occupant Signature                      Date

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

The rehabilitation construction specialist for the City/County of \_\_\_\_\_  
 has explained the Rehabilitation Scope of Work for our house and I/we agree that it will:  
 \_\_\_ Not require I/we to be relocated. (If initialed then STOP here and sign bottom.)  
 \_\_\_ Yes, I/we need to be temporarily relocated. (Complete rest of form if initialed.)

Start date and duration of relocation:

\_\_\_ Starting on or about \_\_\_\_\_ we will move for all or part of the rehabilitation project.  
 \_\_\_ Approximate length of temporary relocation: \_\_\_\_\_ Number of days.

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

- \_\_\_ Relocate with friends and family.  
 \_\_\_ Relocate into a suitable temporary housing unit identified by rehab specialist.  
 \_\_\_ Relocate furnishings only into a temporary storage unit.

\_\_\_ I/We have been told what our relocation benefits are and elect **Not** to be reimbursed for any eligible relocation expenses.

\_\_\_ I/We have been told what our relocation benefits are and want to be reimbursed for: \_\_\_\_\_

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

\_\_\_\_\_  
 Occupant Signature                      Date                      Occupant Signature                      Date



**ATTACHMENT F****LOAN SERVICING POLICIES AND PROCEDURES  
FOR THE CITY OF CARSON**

The City of Carson, hereafter called "City," has adopted these policies and procedures in order to preserve its financial interest in properties, whose "Borrowers" have been assisted with public funds. The City will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Sponsor has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the follow areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

For Notes which are deferred payment loans, the borrower may repay the loan balance at any time with no penalty.

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the City as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the City may take out force-placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100 year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance naming the City of Carson, County of Los Angeles as a lender loss payee will be required at close of loan. The City will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes, then the City may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the City encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.



### 3. Required Request for Notice:

When the Borrower's loan is in second position behind an existing first mortgage, it is the City's policy to prepare and record a "Request for Notice" for each senior lien in front of loan. This document requires any senior lien holder listed in the notice to notify the City of initiation of a foreclosure action. The City will then have time to contact the Borrower and assist them in bringing the first loan current. The City can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the City is in a third position and receives notification of foreclosure from only one senior lien holder, it is in its best interest to contact any other senior lien holders regarding the status of their loans.

### 4. Annual Occupancy Restrictions and Certifications:

On some owner occupant loans, the City may require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original note and deed of trust.

### 5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the City in writing of any change. The City and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the City. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the City's Loan Committee.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income-eligible. If the heir intends to occupy the property and is not low income, the balance of the loan is due and payable. All such changes are subject to the review and approval of the City's Loan Committee.

Conversion to use other than residential use is not allowable. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

## 6. Requests for Subordination:

When a Borrower wishes to refinance the property, they must request a request for subordination to the City. The City will subordinate its loan only when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the City will provide the proper subordination document for execution and recordation.

## 7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; or 4) default on senior loans, the City or its designee will send out a letter to the Borrower notifying them of the default situation. If the default situation continues, the City may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the City is notified via a Request for Notice of Default, the City, who is the junior lien holder, may cancel the foreclosure proceedings by reinstating the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. The City or its designee must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case, then the City may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the City determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect its position by paying off the senior lien holder in total and restructure the debt such that the unit is made affordable to the Borrower. If the City does not have sufficient funds to pay the senior lien holder in full, then it may choose to cure the senior lien holder and foreclose on the property. As long as there is sufficient value in the property, the City may elect to pay for the foreclosure process and pay off the senior lien holder and retain some or all of its investment.

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



City as Senior Lien Holder

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

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the City?
- 3) Can the Borrower sell the property and pay off the City?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of the home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the City may opt to initiate foreclosure. The Borrower must receive, by certified mail, a 30-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the City to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of 30 days, the City should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the City of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the City informed of the progress of the foreclosure proceedings.

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

**ATTACHMENT G**

**CITY OF CARSON  
FORECLOSURE ORDINANCE**

ORDINANCE NO. 13-1510

AN ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, AMENDING ARTICLE V, CHAPTER 7 (PROPERTY MAINTENANCE) AND ARTICLE V, CHAPTER 9 (RESIDENTIAL PROPERTY REGISTRATION) OF THE CARSON MUNICIPAL CODE, INCLUDING AMENDMENTS TO SECTIONS 5702, 5902, 5910 AND 5913

WHEREAS, the California housing market has shown only marginal improvement since the start of the 2008 national economic downturn and the related housing market collapse; and

WHEREAS, this prolonged downturn, aggravated by high rates of unemployment, within the City of Carson, continues to keep the number of foreclosed properties in the City of Carson uncommonly high as unemployed households struggle to make monthly mortgage payments; and

WHEREAS, such homes are acquired by banks, financial institutions and large real estate conglomerates that have little to no connection to the communities in which they own property; and

WHEREAS, most of these foreclosed homes are vacated prior to the conclusion of the foreclosure process. Homes sit empty for months, and even remain vacant for years, awaiting the final foreclosure sale; often creating an attractive public nuisance. Some homes are in violation of multiple aspects of City building codes. As the mortgagees are often times large financial institutions located out of state, enforcement of building code violations poses an immense challenge; and

WHEREAS, City code violations include, and may in the future foresee ably include, among other things multiple violations, unoccupied buildings susceptible to vandalism and/or open structures rendering them unsafe and dangerous, yards full of litter and trash, unlocked houses, overgrown grass and bushes, and unsecured swimming pools that are not only a threat to children but become breeding grounds for infectious insects such as mosquitoes; and

WHEREAS, this problem exists not only in Carson and California, but nationwide. Banks and financial institutions refuse to maintain properties, and City building inspectors have great difficulty in determining who the responsible parties are and how to contact them to correct code violations; and



WHEREAS, through the amendments of Chapter 7 and Chapter 9, the City can implement a new program designed to prevent and address the adverse impacts large numbers of vacant properties have the potential to create; and

WHEREAS, the inventory of vacant foreclosed properties within the City of Carson remains relatively high as a result of the prolonged nature of the current economic downturn; and

WHEREAS, according to most economic forecasts there is little indication that the adverse economic conditions that have led to historically high foreclosure rates will fully abate any time prior to the year 2016.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

**Section 1.** The foregoing recitals are true and correct.

**Section 2.** The City Council has conducted a public hearing on February 7, 2013, to consider the adoption of this ordinance, including the amendment to the provisions of Chapters 7 and 9 of the Carson Municipal Code. After the conclusion of the February 7, 2013, public hearing, the City Council approved the first reading of this ordinance. The second reading of this ordinance was approved by the City Council at its regular meeting of February 20, 2013

**Section 3.** The City Council finds and determines as follows:

- A. When the owner of a foreclosed vacant residential property fails to actively maintain and manage the building, the building can become a major cause of blight in both residential and nonresidential neighborhoods. Foreclosed vacant residential properties which are boarded, substandard and or long-term vacancies discourage economic development and depreciate property values.
- B. It is a responsibility of the foreclosed vacant residential property owner to prevent the condition of unoccupied property from becoming a burden or blight to the neighborhood and or a threat to the public health, safety, and welfare.
- C. Once vacant building in a neighborhood that is not actively monitored by the owner for maintenance and appropriate security can be the core and cause of spreading blight.
- D. Owners of multiple foreclosed vacant residential properties, either concurrently or serially, that are blighting to the community are significant problems in the City. Owners of multiple properties who fail to correct deficiencies and blighted conditions contribute to the decline of neighborhoods to a greater extent than owner-occupied residences. It is in the interest of the welfare of neighborhoods that owners of multiple vacant residential properties who fail to maintain



properties be subject to imposition of higher penalties in order to encourage these owners to maintain their properties or correct violations of proposed Chapter 7 or proposed Chapter 9, in a prompt manner.

- E. Without the legal mechanisms provided under Chapters 7 and 9, the City would not be able to address problems and potential dangers to the community associated with the large inventory of unoccupied residential. Accordingly, the City Council hereby finds and determines that the changes applicable to chapters 7 and 9 is a necessary and reasonable response to the ongoing adverse economic conditions that continues to plague the State of California and the City of Carson.

**Section 4.** Article V., Chapter 7 (Property Maintenance), Section 5701, of the Carson Municipal Code is hereby amended to read as follows:

“Beneficiary” means a lender under a promissory note to pay money secured by a deed of trust on property. The word ‘beneficiary’ as used in this Chapter 9 means and includes any assignee or successor to such beneficiary, whether such assignee or successor acquires its interest in the beneficiary’s promissory note either before a note of default is recorded. In the event that a property may provide security for the loan or obligation of more than one beneficiary, the beneficiary who causes its notice of default to be recorded shall be responsible for registering the property as set forth in this Chapter 9.”

**Section 6.** Article V, Chapter 7 (Property Maintenance), Section 5702 (Property Maintenance) of the Carson Municipal Code is hereby amended to read, in its entirety, as follows:

“5702(v) Maintenance of Property.

- A. Properties which are abandoned or vacant shall be, in comparison to the neighborhood standard, maintained by the beneficiary and kept free of weeds, dry brush, dead vegetation, trash, junk, debris, building materials, any accumulation of newspapers, circulars, flyers notices, except those required by federal, state or local law, discarded personal items including but not limited to furniture, clothing, large and small appliances, printed material or any other items that give the appearance that the property is abandoned. The beneficiary shall maintain such property free of graffiti, tagging or similar markings by removal or painting over with an exterior grade paint that matches the color of the exterior of the structure. In general, the maintenance of abandoned or vacant property by the beneficiary shall comply with the standards set forth in Section 7.040 and HUD Mortgagee Letter 2007-03, dated January 25, 2007, or such other standard as may hereafter be ordered in writing addressed to the beneficiary by the Chief Building Official. Adherence to the maintenance and monitoring standard set forth in



this section does not relieve the beneficiary/trustee or property owner of any obligations set forth in any covenants, conditions and restrictions and/or homeowners' association rules and regulations which may apply to the property.

- B. Each Property which is acquired by a beneficiary following the recordation of a notice of default, whether acquired by such beneficiary by foreclosure, deed in lieu of foreclosure or judgment of foreclosure, shall be maintained by the beneficiary so as not to constitute a public nuisance under Chapter 7 of the Carson Municipal Code and other applicable laws, for so long a period of time as the beneficiary may own such property."

**Section 7.** Article V, Chapter 9 (Property Maintenance), Section 5901 of the Carson Municipal Code is hereby amended to read, in its entirety, as follows:

"'Beneficiary' means a lender under a promissory note to pay money secured by a deed of trust on property. The word 'beneficiary' as used in this Chapter 9 means and includes any assignee or successor to such beneficiary, whether such assignee or successor acquires its interest in the beneficiary's promissory note either before a note of default is recorded. In the event that a property may provide security for the loan or obligation of more than one beneficiary, the beneficiary who causes its notice of default to be recorded shall be responsible for registering the property as set forth in this Chapter 9."

**Section 8.** Article V, Chapter 9 of the Carson Municipal Code is hereby amended by the addition of a new Section 5902(d) to read, in its entirety, as follows:

"5902(d) Foreclosed Vacant Residential Property.

- A. The beneficiary or its agent shall register the property with the Chief Building Official, on forms provided by the City within ten (10) days from the earlier of the following dates: (i) the date a notice of default is recorded on a property; or (ii) the date of a default inspection which indicates that the property is vacant or abandoned. The provisions of subsection (i) of the preceding sentence of this Section 5902 shall apply to each property for which a notice of default is recorded on or after July 31, 2010.
- B. Property which is acquired by a beneficiary following the recordation of a notice of a notice of default, whether acquired by such beneficiary by foreclosure, deed in lieu of foreclosure or judgment of foreclosure, shall also be subject to compliance with the provisions of Carson Municipal Code Section 5902, upon the sale, exchange, transfer or other conveyance of such property by the beneficiary to a third person.



C. Property which is vacant or abandoned at the time of acquisition by a beneficiary, whether acquired by such beneficiary by foreclosure, deed in lieu of foreclosure or judgment of foreclosure shall also be subject to compliance with the provisions of Carson Municipal Code Section 5902, prior to the earlier date of either: (i) re-occupancy of such property by any tenant of the beneficiary; or (ii) sale, exchange, transfer or other conveyance of such property by the beneficiary to a third person.

- a. Property which is occupied by either the trustor or a tenant of the trustor at the time of acquisition by a beneficiary, whether acquired by such beneficiary by foreclosure, deed in lieu of foreclosure or judgment of foreclosure, shall also be subject to compliance with the provisions of Carson Municipal Code Section 5902 prior to the earlier date of either: (i) the re-occupancy of such property by any successor tenant to the trustor or such other successor tenant to the tenant in possession of the property at the time of the beneficiary's acquisition of the property; or (ii) sale, exchange, transfer or other conveyance of such property by the beneficiary to a third person."

**Section 9.** Article V, Chapter 9 of the Carson Municipal Code is hereby amended by the addition of a new Section 5902 to read, in its entirety, as follows:

"5902 Notice by Beneficiary to city of Disposition of Registered Property

- A. Within ten (10) days following the release of a notice of default and the reinstatement of the loan of the trustor, the beneficiary or its agent shall give the City written notice of such release and reinstatement.
- B. Within ten (10) days following the sale, transfer or their conveyance to a third person of a property registered with the City under this Chapter 9, the beneficiary or its agent, shall give the City written notice of such sale, transfer or other conveyance together with current contact information for such bona fide purchaser/successor-in-interest to the beneficiary in such property."

**Section 10.** Article V, Chapter 9 of the Carson Municipal Code is hereby amended by the addition of a new Section 5902(e) to read, in its entirety, as follows:

"5902 Re-Registration of Property Subject to this Chapter



- A. The beneficiary or its agent shall annually renew a registration of each property which the beneficiary has previously registered with the City under this Chapter 9, and in which such beneficiary retains either an equitable or legal interest as of the first anniversary of the registration of such property with the City. The beneficiary or its agent shall re-register the property on forms provided by the City.
- B. The provisions of this Section 5902(e), shall apply to each property for which a notice of default was recorded on or after October 1, 2009.”

**Section 11.** Article V, Chapter 9, Section 5910(e) of the Carson Municipal Code is hereby amended to read, in its entirety, as follows:

**“5910 Refunds, Fees and Penalties**

Fees and charges for the administration of the regulatory program established by this Chapter 9 shall be set by resolution of the City Council including without limitation the fee for registering with the City a property for which a notice of default has been recorded, and the separate fee for registering with the City a property which either the beneficiary or the City has found to be vacant or abandoned.”

**Section 12.** Article V, Chapter 9, Section 5913(e) is hereby repealed in its entirety.

**Section 13.** Article V, Chapter 9 of the Carson Municipal Code is hereby amended to add a new Section 5910(f) to read, in its entirety, as follows:

**“5910(f) Fine for Failure to Timely Register a Property with the City**

- A. Notwithstanding any other provision of this Chapter or Chapter 1 or Chapter 7 to the contrary, the City may impose a fine on a beneficiary for its failure to timely register a property with the City under this Chapter 9 in the following amounts:
  - (i) Two Hundred and Fifty Dollars (\$250.00) for the first violation in the 12 months preceding the date of such violation;
  - (ii) Five Hundred Dollars (\$500.00) for the second violation in the 12 months preceding the date of such violation;
  - (iii) One Thousand Dollars (\$1,000.00) for the third



and each subsequent violation in the 12 months preceding the date of such violation.

- B. The special fine amount provisions of this Section 5910 shall be applicable to citations issued on or after March 1, 2013, by the City under Chapter 7 of the Code to a beneficiary for a violation of this Chapter 9.”

**Section 14.** Article V, Chapter 9 of the Carson Municipal Code is hereby amended to add a new Section 5902(f) to read, in its entirety, as follows:

“5902(f) Special Provisions Where Property is Encumbered with the Security Interests of Multiple Beneficiaries

- A. In the event that a property is encumbered by the security interests of more than one beneficiary at the time when a notice of default is recorded, the beneficiary who causes a notice of default for its security interest to be recorded shall be responsible for registering the property with the City as provided in Section 5902 and 5910.
- B. Upon the recordation of a notice of default on a property by any beneficiary, regardless of the security lien interest priority of such beneficiary in the property in relation to the priority of the security interests of the other beneficiaries in the same property, the City, in its discretion may elect to enforce the provisions of this Chapter 9 against one or more beneficiaries who have not separately recorded a notice of default against the property.”

**Section 15.** Inconsistent Provisions. Any provision of the Carson Municipal Code or appendices thereto inconsistent with the provisions of one or more Sections of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to the extent necessary to affect the provisions of this Ordinance.

**Section 16.** CEQA Exemption. The adoption of this Ordinance and the implementation of the regulatory programs authorized under Sections 4 through 12 of this Ordinance, do not require further review under the California Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061, in view of the fact that the regulatory programs are hereby enacted, apply to existing structures and buildings and are intended to provide for continuous and appropriate maintenance and protection of such structure and buildings for so long as the structures and buildings may remain unoccupied or vacant.

**Section 17.** Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, or phrase not declared



invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**Section 18.** Effective Date. The Mayor shall sign and the City Clerk attest to the passage of this ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption. This ordinance shall become effective 30 days from its adoption.

ADOPTED FEBRUARY 19, 2013

**ATTACHMENT H**

**CERTIFICATION OF OCCUPANCY**

**CITY OF CARSON**

I/we \_\_\_\_\_ declare as follows:  
(Please Print Occupant's Name(s))

That I/we am/are currently occupying as my/our principal place of residence  
the real property commonly known as:

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, State, Zip code)

Daytime Phone Number: \_\_\_\_\_

Executed on \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_, CA  
(Date) (City)

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

Signature(s) of all occupants:

Occupant: \_\_\_\_\_

Occupant: \_\_\_\_\_

Occupant: \_\_\_\_\_

Occupant: \_\_\_\_\_

Occupant: \_\_\_\_\_



## ATTACHMENT I

## LEAD-BASED PAINT

## VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

<b>Section 1: Background Information</b>			
Property Address:			No LBP found or LBP exempt <input type="checkbox"/>
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>
<b>Section 2: Visual Assessment.</b> Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.			
Visual Assessment Date:		Report Date:	
Check if no deteriorated paint found <input type="checkbox"/>			
Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).			
<b>Section 3: Notice of Presumption.</b> Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.			
Date of Presumption Notice:			
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint <b>hazards</b> are presumed to be present <input type="checkbox"/>			
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.			
<b>Section 4: Notice of Lead-Based Paint Hazard Reduction Activity.</b> Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.			
Date of Hazard Reduction Notice:			
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>		Start & Completion Dates:	
If "No", dates of previous Hazard Reduction Activity Notices:			
Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.			
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.			
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)			
<b>Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity and Acknowledgement of Receipt of pamphlet <i>Protection Your Family from Lead in Your Home</i>.</b>			
Printed Name:		Signature:	Date:
<b>Section 6: Contact Information</b>		Organization:	
Contact Name:		Contact Signature:	
Date:	Address:	Phone:	

## ADDENDUM A

### 2013 INCOME ELIGIBILITY LIMITS

Table A: Eligibility Income Limits

Owner-Occupied Housing Rehabilitation Program (OOR)		
Household Size	50% of Area Median	51% to 80% of Area Median
1	\$29,000	\$46,400
2	\$33,300	\$53,000
3	\$37,300	\$59,650
4	\$41,400	\$66,250
5	\$44,750	\$71,500
6	\$48,050	\$76,850
7	\$51,350	\$82,150
8	\$54,650	\$87,450
Loan Type	0% Deferred	3% Deferred

Based on 2013 Median Family Income for Los Angeles County of \$61,900

## ADDENDUM B

### DETERMINATION OF ADJUSTED GROSS INCOME

In calculating income, all of the income of the owner-occupants shall be considered and determined as delineated within 24 CFR Part 5 - Annual Income Inclusions and Exclusions, as detailed in **24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS Part 5 Inclusions.**

**Table B.1: Part 5 Income Inclusions (Third Edition; January, 2005)**

General Category	(Last Modified: January 2005)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Soc. Sec., annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).



General Category	(Last Modified: January 2005)
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> <li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus:</li> <li>• the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul>
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 pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

Table B.2: Part 5 Income Exclusions (Third Edition; January, 2005)

General Category	(Last Modified: January 2005)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.

General Category (Last Modified: January 2005)	
5. Income of Live-In Aides	Income of a live-in aide (as defined in 24 CFR 5.4Q3),
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial	The full amount of financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<p>a. Amounts received under training programs funded by HUD.</p> <p>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).</p> <p>c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.</p> <p>d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <p>e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</p>
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from 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).

General Category (Last Modified: January 2005)	
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child,
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income 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 set forth in 24 CFR 5-609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> <li>&gt; The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;</li> <li>&gt; Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li> <li>&gt; Payments received under the Alaskan Native Claims Settlement Act;</li> <li>&gt; Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li> <li>&gt; Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes;</li> <li>&gt; Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;</li> <li>&gt; Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C, 1721);</li> <li>&gt; The first \$2,000 of per capita shares received from Judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li> </ul>

General Category	(Last Modified: January 2005)
	<ul style="list-style-type: none"> <li>&gt; 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;</li> <li>&gt; Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);</li> <li>&gt; Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the <u>In Re Agent Orange</u> product liability litigation, M.D.L. No. 381 (E.D.N.Y.);</li> <li>&gt; Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned Income credit payments;</li> <li>&gt; The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;</li> <li>&gt; Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);</li> <li>&gt; Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;</li> <li>&gt; Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;</li> <li>&gt; Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;</li> <li>&gt; Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and</li> <li>&gt; Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.</li> </ul>



## ADDENDUM C

## SUMMARY OF LEAD BASED PAINT FOR REHABILITATION

Table C: Lead Based Paint Matrix

REHAB COST IS:	\$5,000 OR LESS	\$5,000 - \$25,000	More than \$25,000
Approach	"Do no harm"	Identify and control lead hazard	Identify and abate lead hazard
Lead Hazard Evaluations	<ul style="list-style-type: none"> <li>• Paint testing</li> <li>• Presume LBP</li> <li>• Clearance (worksite) if LBP or Presumed de minimis levels</li> </ul>	<ul style="list-style-type: none"> <li>• Paint testing or</li> <li>• Presume LBP</li> <li>• Risk Assessment</li> <li>• Clearance of Unit</li> </ul>	<ul style="list-style-type: none"> <li>• Paint testing or</li> <li>• Presume LBP</li> <li>• Risk Assessment</li> <li>• Clearance of Unit</li> </ul>
Lead Hazard Reduction	<ul style="list-style-type: none"> <li>• Safe Work Practices (if LBP Present)</li> <li>• Standard Practices (if Presumed)</li> <li>• Repair any disturbed paint</li> </ul>	<ul style="list-style-type: none"> <li>• Interim Controls of LBP hazards identified or produced</li> </ul>	<ul style="list-style-type: none"> <li>• Abate All LBP hazards identified or produced</li> <li>• Use Interim controls on exterior surfaces not disturbed by rehab.</li> </ul>
Notification	<ul style="list-style-type: none"> <li>• Notice of Evaluation</li> <li>• Notice of Presumption</li> <li>• Notice of Hazard Reduction</li> <li>• Lead Hazard Evaluation report (DHS 8552) if clearance is conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Notice of Evaluation</li> <li>• Notice of Presumption</li> <li>• Notice of Hazard Reduction</li> <li>• Lead Hazard Evaluation report (DHS 8552) if clearance is conducted</li> <li>• Abatement of Lead Hazards Notification (DHS 8551) for interim control work</li> </ul>	<ul style="list-style-type: none"> <li>• Notice of Evaluation</li> <li>• Notice of Presumption</li> <li>• Notice of Hazard Reduction</li> <li>• Lead Hazard Evaluation report (DHS 8552) if clearance is conducted</li> <li>• Abatement of Lead Hazards Notification (DHS 8551)</li> </ul>



## ADDENDUM D

**HOME SUBSIDY LIMITS**  
**(Section 221(d)(3) Per Unit Subsidy Limits)****Table D: City of Carson, 221(d)(3) limits:**

Unit Size	Subsidy Limit
0 Bedroom	\$132,814
1 Bedroom	\$152,251
2 Bedroom	\$185,136
3 Bedroom	\$239,506
4 Bedroom	\$262,903

**Effective May 8, 2012**

## ADDENDUM E

## GREEN BUILDING MATERIALS STANDARDS

Table E: Green Building Materials Checklist

		Current Requirement	Applicant Certification Check Off Column
<b>Site</b>			
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.		Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
<b>Materials and Resources</b>			
Use engineered lumber Beams and Headers Wood I-Joists or web trusses for floors and ceilings		Essential for Bonus Consideration	
Use Oriented Strand Board (OSB) Floor, Wall and Roof sheathing.		Essential for Bonus Consideration	
Provide effective air sealing. Seal sole plates.  Seal exterior penetrations at plumbing, electrical and other penetrations. Seal top plate penetrations at plumbing, electrical, cable and other penetrations. Weather-strip doors and attic access openings. Seal penetrations in interior equipment closets and rooms. Seal around bathtub drain penetrations in raised floors.		S Essential for Bonus Consideration	
5. Install and flash windows in compliance with window installation protocols.		Essential for Bonus Consideration	
Exterior Doors Insulated or solid core. Flush, paint or stain grade shall be metal clad or have hardwood faces. Factory primed on six sides with a one year warranty.		Essential for Bonus Consideration	
7. Select durable non-combustible roofing materials which carry a three-year contractor installation guarantee.		Essential for Bonus Consideration	



## GREEN BUILDING MATERIALS STANDARDS

Table E: Green Building Materials Checklist

		Current Requirement	Applicant Certification Check Off Column
<b>Site</b>			
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.		Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
<b>Materials and Resources</b>			
2. Use engineered lumber a. Beams and Headers b. Wood I-Joists or web trusses for floors and ceilings		Essential for Bonus Consideration	
3. Use Oriented Strand Board (OSB) a. Floor, Wall and Roof sheathing.		Essential for Bonus Consideration	
4. Provide effective air sealing. a. Seal sole plates. b. Seal exterior penetrations at plumbing, electrical and other penetrations. c. Seal top plate penetrations at plumbing, electrical, cable and other d. Weather-strip doors and attic access openings. e. Seal penetrations in interior equipment closets and rooms. f. Seal around bathtub drain penetrations in raised floors		Essential for Bonus Consideration	
5. Install and flash windows in compliance with window installation protocols.		Essential for Bonus Consideration	
7. Exterior Doors a. Insulated or solid core. b. Flush, paint or stain grade shall be metal clad or have hardwood faces. c. Factory primed on six sides with a one year warranty.		Essential for Bonus Consideration	

		Current Requirement	Applicant Certification Check Off Column
<b>Energy Efficiency</b>			
8. Install ENERGY STAR® Ceiling Fans in living areas and all bedrooms; install a whole house fan with insulated louvers; or install an economizer.		Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
9. Install ENERGY STAR® appliances in each unit, including but not limited to; a. Dishwashers b. Refrigerators c. Clothes washers		Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
10. Install gas storage water heater with an Energy Factor (EF) of 0.62 or greater and a capacity of at least 30 gallons for one- and two- bedroom units and 40 gallons for three- bedroom units or larger.		Essential for Bonus Consideration	
<b>Water Efficiency</b>			
11. Use water saving fixtures or flow restrictors. a. Kitchen and Service Areas < 2 gallons per minute (gpm). b. Bathroom Sinks < = 1.5 gallons per minute (gpm). c. Showers and Bathtubs < = 2.5 gallons per minute (gpm).		Essential for Bonus Consideration	
<b>Indoor Environmental Quality</b>			
12. Use Low-VOC paint and stain. a. Flat interior wall/ceiling paints & stains < 50gpl VOCs. b. Non-flat wall/ceiling paints & stains <150gpl VOCs.		Essential for Bonus Consideration	
13. Floor coverings a. <b>Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness.</b> b. <b>Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness.</b> c. Carpet shall comply with U.S. Department of Housing and Urban Development/Federal Housing Administration UM 44C, or alternatively, cork, bamboo, linoleum, or hardwood floors shall be provided in all other floor areas.		Essential for Bonus Consideration	

**ADDENDUM F****LOAN INTEREST RATES AND TERMS****Table F: Loan Interest Rate and Terms Schedule**

- 3% Deferred Loan**

Principal Loan Amount	Loan Terms	3% Interest (\$750*2 yrs.)	Total Principal & Interest
\$25,000	30 Years	\$15,000	\$40,000

- 0% Deferred Loan**

Principal Loan Amount	Loan Terms	3% Interest	Total Principal & Interest
\$25,000	30 Years	\$0.00	\$25,000

**RECAPTURE AND RESALE REQUIREMENTS:**

Pursuant to federal HOME regulation 92.254, if the home is sold prior to the end of the affordability period, the HOME funds are subject to recapture (i.e., the HOME loan must be paid off when the home is sold).

**Recapture Loans:** Under this option, where the City of Carson is not imposing its own resale controls, the entire amount of the HOME loan may be recaptured by the City of Carson or by HCD. The amount of accrued interest recaptured may be reduced as permitted under the state HOME regulations. However, pursuant to 24 CFR 92.254, when the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, and there are not net proceeds or the net proceeds are insufficient to repay the HOME investment due, only the net proceeds can be recaptured, if any. The net proceeds are the sales price minus superior loan repayments (other than HOME funds) and any closing costs. HOME loans made under the recapture option may also be assumed by subsequent HOME-eligible purchasers.



# CITY OF CARSON REQUEST FOR PROPOSALS FOR APPRAISAL SERVICES

ISSUE DATE: NOVEMBER 14, 2013

RESPONSE DEADLINE: DECEMBER 12, 2013 by 5:00 P.M.

---

## SECTION I

### Introduction

The federally funded HOME Investment Partnerships Act was enacted under Title II of the National Affordable Housing Act of 1990, as amended from time to time ("HOME"). The objectives and intent of HOME include, but are not limited to providing decent affordable housing to lower-income households and to strengthen the ability of state and local governments to provide such housing.

HCD adopts regulations (Section 8200 et seq. of Title 25) which establish procedures for the award and disbursement of funds and establishes policies and procedures for the use of these funds.

Carson has been awarded funds from HOME to continue implementing its First Time Home Buyer ("FTHB") and Owner-Occupied Rehabilitation ("OOR") programs, and is seeking a consulting firm to perform interior and exterior evaluation professional appraisal service on each of the properties proposed for participation in the city's OOR program. The firm selected must provide a sufficient complement of qualified personnel to perform the services as listed below on an as-needed basis.

The City anticipates that it will undertake FTHB and/or OOR projects on approximately 20 residential, single-family, homes per year, but makes no representation that this number (or any number) of homes will be qualified to participate in the FTHB and/or OOR program.

The term of the consulting services agreement will be for three (3) consecutive calendar years from and after issuance of a written notice to proceed. The deadline for the city to expend its current allocation of HOME funding is January 31, 2016. The City's intention is to have this contract awarded by the City Council on January 21, 2014.

The successful firm must be knowledgeable of all guidelines, requirements, and regulations applicable to state and federally-funded programs. The successful firm must also have demonstrated experience with

HOME (federal and state) in order to understand the full range and scope of the tasks required under the scope of services to be provided.



EXHIBIT NO 03



A copy of the RFP is available at Community Development Department, Housing Division located at 701 East Carson Street, Carson, CA 90745. A copy is also available at <http://ci.carson.ca.us>

Interested firms should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d) (3) (iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered," and is the means by which staff will recommend to the appropriate city legislative body the "proposal [which] is most advantageous to" the FTHB or OOR program (as applicable).

## SECTION II

### Summary of Contract Opportunity

#### Background

As a part of HOME (federal and state), the city will offer FTHB down payment assistance and funding for rehabilitation of residential owner-occupied qualifying properties ("OOR"). As a part of this process, the city will require valuations for eligible residential properties prior to undergoing OOR and following completion of OOR.

The city is seeking proposals from qualified Appraisers to perform interior and exterior evaluations of participating property(ies), provide summary appraisal reports, photographs, sketches, comparable photographs, a comparable location map, and a signed statement of limiting conditions specifically for the HOME and/or CalHOME and related programs.

The requested services will be performed in accordance with all applicable federal regulations (49 CFR Part 24). All services provided for participating OOR residential properties shall meet all requirements of a Uniform Residential Appraisal ("URA") as well as all HOME (federal and state) requirements, including the URA appraisal requirements set forth in 49 CFR 24.103.

Interested proposers should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d) (3) (iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered."

Through this Request for Proposals ("RFP") process, the City will identify the most responsive and responsible appraiser and enter into a three-year agreement (for the term noted above).



## **Submittal Deadline**

**5:00 P.M. December 12, 2013**

## **Contact Information**

City of Carson  
Attn: Sheilah Thompson  
Community Development Department  
701 E. Carson Street  
Carson, California 90745  
Phone: (310) 830-7600

## **SECTION III**

### **Scope of Services**

The following services shall be performed by the successful firm and shall include, but not necessarily be limited to, the following:

- Provide an appraisal as defined by 49 CFR 24.2(a)(3)
- Identify the highest and best use for the property. If highest and best use is in question or different from the existing use, provide an appropriate analysis identifying the market-based highest and best use.
  - Present and analyze relevant property data
  - Perform an inspection of the subject property as follows:
    - The extent of the inspection and description of the neighborhood and proposed project area,
    - The extent of the subject property inspection, including interior and exterior areas,
    - The level of detail of the description of the physical characteristics of the property being appraised (and in the case of a partial acquisition, the remaining property).
- In the appraisal report, include a sketch of the property and provide the location and dimensions of any improvements. Also, it should include adequate photographs of the subject property, comparable sales and any listed sales.
- In the appraisal report, include the property rights(s) to be acquired as follows:
  - Fee simple, easement, etc., the value being appraised (usually fair market value), and its definition, appraised as if free and clear of contamination (or as specified),
  - The date of the appraisal report and the date of valuation, the known and observed encumbrances, if any, title information, location, zoning, present use and at least a 5-year sales history of the property.
- In the appraisal report, include before and after rehabilitation value.



- In developing and reporting the appraisal, disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project.
- Report his or her analysis, opinions and conclusions in the appraisal report.

The initial term of any contract shall be for a one year period. At the discretion of the City, and following a first performance evaluation the contract may be extended for up to two additional one-year periods at the sole and unfettered discretion of the City.

## **SECTION IV**

### **Submission Requirements**

Proposals submitted in response to this RFP shall include the information and materials listed below in the following order and format. Proposals that do not address all topic areas adequately will be deemed nonresponsive and ineligible.

#### **A. Appraisal Firm Identification**

1. Provide the appraisal firm's name, address, and phone number, and a description of the appraisal entity's business and length of operation.
2. Describe the type of legal entity, i.e. corporation, joint venture, partnership, sole proprietor or other. If a corporation, identify when and where incorporated and list any other DBA's.
3. List the officers, partners or owners of the appraisal entity and percent of ownership. Indicate the individual in charge of negotiations along with those in decision making roles.
4. Provide resumes for all principals and key individuals who will be involved in the contract.
5. Describe the organizational structure and management approach to the appraisal entity including lines of responsibility (provide an organizational chart).
6. Consultants shall provide proof of insurance required and perform the tasks as outlined above.

#### **B. Relevant Firm Experience**

1. Describe two projects or contracts completed by the appraisal firm within the last five years that most closely resemble the scope of services identified in this RFP and that is being proposed by the firm to the city (include client name, phone number, and dates of contract).

#### **C. Contract Management**

1. Identify each of the personnel the firm intends to propose, and identify the amount of time each can commit to the city in performing the scope of services identified in this RFP. Identify how the firm proposes to manage the scope of services identified in this RFP.



2. Provide a listing of at least three current references that have relevant knowledge concerning firm's ability to perform the scope of services identified in this RFP. References should be able to address the firm's project management skills and the firm's ability to deliver the proposed services.

**D. Format, Time and Place of Submission**

Respondents shall submit **five copies** of their proposal packages in sealed envelopes or boxes labeled "Proposal for HOME Appraisal Services", no later than **5 p.m. on December 12, 2013** at the following address:

**City of Carson  
Office of the City Clerk  
701 East Carson Street  
Carson, California 90745**

Please include a return address on your proposal package that includes your company name and address.

**Any proposals received after the filling deadline will be rejected.**

This includes any proposals post marked prior to the final filing date and time, but not received until after the final filing date and time. The City is not responsible for any costs incurred by respondents to prepare proposals for this RFP.

**SECTION V**

**Selection Process and Evaluation Criteria**

**A. Selection Process**

The firm will be selected to enter into an agreement for "HOME" and/or related programs for "Appraisal Services" of the residential dwellings based on the submittals (Proposals) received in response to this RFP.

1. The selection process will consist of two steps:

Step 1

The first step in the process will be the evaluation of the proposals by a team of City staff and outside consultants with specialized expertise. As a result of the evaluation process a short list of the most responsive and qualified firms will be created.

Step 2

The short listed proposing firms may be invited to make a presentation to the evaluation team and to respond to any questions posed by the team.

**B. Evaluation Criteria**

The following criteria will be used to evaluate and rank proposals based on the information submitted in each of the categories listed in the Submission Requirements section of the RFP. Consideration will also be given to the



overall responsiveness of the appraisers relevant to the submittal requirements.

- 1. Team Qualifications – maximum 20 points**
  - Licensed personnel in organization
  - Resumes of organizations principals and project team
  - Team's Experience performing
- 2. Appraiser Team Experience – maximum 20 points**
  - Experience and qualifications of staff performing similar services
  - Documentation of familiarity with prevailing wages/DBRA
  - Examples of two similar projects
  - Years of experience providing reports
- 3. Project Management – maximum 20 points**
  - Time and commitment of key staff
  - Roles of staff and team assembled for this contract
  - Licensed personnel assigned to the contract
  - Management approach to the contract
- 4. Capacity – maximum 20 points**
  - Experience working with state, federal and/or municipal housing programs
  - Ability to conduct residential (define) per federal standards
  - Organizational history
  - Ability to provide reports quickly while preserving quality
- 5. Responsiveness to Submittal Requirements – maximum 20 points**
  - Were responses provided for the questions in Section IV of the RFP?
    - Valid contractor license
    - Contractor has NOT been debarred
    - Maintain levels of insurance as required and copy attached
  - Were responses provided for all the submittal requirement questions?
- 6. Local Initiative – maximum 5 points**
  - Main office in Carson

For complete program and selection criteria, please see attached Addendum.

#### **C. Consultant Selection Process**

A selection committee will review proposals submitted in response to this RFP using the evaluation criteria shown on Exhibit "C" and will recommend an individual(s) or firm(s) to the City Council.

As part of the evaluation process, the City may conduct interviews with individuals/firms responding to the RFP that are judged to be the most qualified. The City reserves the right to:

- Reject any or all proposals submitted.
- Request clarification of the proposals.



- Waive any irregularities or errors in responses that the City finds to be minor.
- Request additional information from respondents to this RFP
- Waive or change any irregularity or error in the RFP or the consultant procurement process; make any change necessary to ensure that this RFP is consistent with local, federal, and State procurement procedures.
- Elect to negotiate fees or other contract issues with the selected consultant before recommending execution of a consultant contract to the City Council. If a satisfactory agreement cannot be reached within 30 days, the City may elect to enter negotiations with another qualified respondent to this RFP.

Individuals and firms receiving a copy of the RFP will be immediately notified of any changes or waivers and will have an opportunity to revise their submittal as a result of the change or waiver.

This RFP does not commit the City to award a contract, to enter an agreement or to pay for any of the costs incurred by respondents to this RFP. The City may negotiate a contract with any respondent or cancel this RFP in total or in part if the City determines it is in its best interest to do so. Interested proposers should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d)(3)(iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered."

## SECTION VI

### Miscellaneous Provisions

#### A. City Reserved Rights

The City reserves the right in its sole discretion and without notice to: terminate this RFP; modify the scope of the project; modify the City obligations or selection criteria and the selection process; and/or take any other actions it deems necessary to achieve the respective City's objectives.

#### B. Rejection of Submittals

The City reserves the right to reject any or all submittals made in connection with this offering, including not proceeding with the project.

#### C. Proposals – City Property

Upon submission of a proposal by an appraiser in response to this RFP, said proposal and any associated material shall become the property of the City. This RFP is not a contract, nor a commitment of any sort by the City.



## QUESTIONS OR CLARIFICATIONS

For general questions or clarifications regarding the contents of this Request for Proposals contact:

City of Carson  
Community Development Department  
Attention: Sheilah Thompson  
701 E. Carson Street  
Carson, California 90745  
Phone: (310) 830-7600  
Fax: (310) 549-1466





## **REQUEST FOR PROPOSALS ("RFP")** **INSPECTION AND PROJECT COORDINATION** **PROFESSIONAL SERVICES**

**Issue Date: November 7, 2013**

**Response Deadline: December 5, 2013 by 5:00 P.M.**

### **INTRODUCTION**

The federally funded HOME Investment Partnerships Act was enacted under Title II of the National Affordable Housing Act of 1990, as amended from time to time ("HOME"). The objectives and intent of HOME include, but are not limited to, providing decent affordable housing to lower-income households and to strengthen the ability of state and local governments to provide such housing.

HCD adopts regulations (Section 8200 et seq. of Title 25) which establish procedures for the award and disbursement of funds and establishes policies and procedures for the use of these funds.

Carson has been awarded funds from HOME to continue implementing its First Time Home Buyer ("FTHB") and Owner-Occupied Rehabilitation ("OOR") programs, and is seeking proposals from consultants experienced in performing inspections and coordination of residential rehabilitation professional services. The firm selected will need to provide a sufficient complement of qualified inspection personnel to perform the services as listed below on a full-time workweek basis. Primary objectives and duties will include the following:

1. The initial assessment and determination of the scope of work necessary to complete rehabilitation projects in the City of Carson. Structure types consist of single-family homes and mobilehomes.
2. Project coordination and job progress/compliance monitoring.

Interested proposing consultants should have the capacity to provide services in a culturally sensitive manner and have experience working with persons from low-income and non-English speaking households.

The City anticipates that it will undertake FTHB and/or OOR projects on approximately 40 residential, single-family homes and mobilehomes, per year, but makes no representation that this number (or any number) of homes will be qualified to participate in the FTHB and/or OOR program.

The term of the consulting services agreement will be for three consecutive calendar years from and after issuance of a written notice to proceed. The deadline for the City to expend its current allocation of HOME funding is January 31, 2016. The City's intention is to have this contract awarded by the City Council on January 21, 2014.



**EXHIBIT NO 04**



The successful firm must be knowledgeable of all guidelines, requirements, and regulations applicable to state and federally-funded programs. The successful firm must also have demonstrated experience with HOME (federal and state) in order to understand the full range and scope of the tasks required under the scope of services to be provided.

A copy of the RFP is available at Community Development Department, Housing Division located at 701 East Carson Street, Carson, CA 90745. A copy is also available at <http://ci.carson.ca.us>.

Interested firms should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d)(3)(iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered," and is the means by which staff will recommend to the appropriate city legislative body the "proposal [which] is most advantageous to" the FTHB or OOC program (as applicable).

### **BACKGROUND**

The City of Carson has approximately 25,306 housing units. Its housing stock consists of 78.8% single-family dwellings, 2.8% units in buildings of from two to four units, 8.5% units in buildings of five units or more, and 9.8% mobilehomes. Thirty-two percent of the City's housing stock was built prior to 1960, with 35.5% having been built between 1960 and 1969, and 18.8% having been built between 1970 and 1979. In an effort to sustain decent, safe and habitable homes for its residents, the City provides a housing rehabilitation program for income-eligible homeowners

## **SECTION II RESIDENTIAL INSPECTION SERVICE CONSIDERATIONS**

The following tasks and requirements serve as a suggested list of steps for the completion of residential projects:

1. Initial Inspection of the Property: Identify rehabilitation items eligible under current CDBG, CalHOME and/or HOME (as applicable) program guidelines:
2. Description of Work: Based on the results of the initial inspection, a description of work will be created summarizing the items identified in the initial inspection including a construction cost estimate. (See Attachment No. 1, Rehabilitation Standards Checklist.)
3. Bid Procedure: Compile information for projects that will be used to implement the bid process.
4. Coordination of Pre-Construction Meetings and Job Walks.
5. Coordination and Monitoring of Job Progress: Conduct inspections to determine work progress. Keep written log of inspections and comments.
6. Recommend/Request Payments: Based on results of inspection(s) of work performed, recommend progress and final payments to the contractor.
7. Case File Completion: Complete all paperwork needed to complete and close out project. Case file shall include a completed check-off list.



8. Compliance Monitoring: Monitor compliance with state of California prevailing wage requirements and federal Davis-Bacon and Related Acts (DBRA) provisions.
9. Rehabilitation:  
The City intends to use a contractor for rehabilitation work that focuses on an evaluation of deficiencies within the property that will include the following:
  - Code violations, and health and safety issues;
  - Roofing;
  - Plumbing;
  - Electrical;
  - Heating;
  - Pest infestation;
  - Interior and exterior painting window replacement;
  - Lead-based paint
  - Asbestos abatement as needed on a case-by-case basis
  - Interior carpet or other flooring
  - Foundation

Please refer to the Residential Rehabilitation Standards Checklist (Attachment No. 1) for additional detail about the requirements and guidelines issued under this program.

10. Pre-Construction Meeting: The consultant will conduct pre-construction meetings between homeowner and awarded contractor.
11. Notary Services: The consultant will perform notary services, and must hold a current notary commission at all times.
12. Insurance: The selected contractor must carry errors and omissions insurance, as well as liability insurance in the following amounts: not less than \$1,000,000 for personal injury to any one person, \$1,000,000 for injuries arising out of any accident, and \$1,000,000 for property damage. Such insurance must also name the City as an additional insured.

### **SECTION III INSPECTION SERVICE FIRM(S) REQUIREMENTS**

1. Consultant shall submit complete detailed work descriptions of duties performed and estimate billing costs.
2. Consultant shall perform the required tasks as outlined above during the City's normal business hours, which are Monday through Thursday, 7:00 a.m. to 6:00 p.m. or on an "as needed basis". However, the consultant may be required to perform certain duties outside of the normal business hours.
3. Consultant shall provide a vehicle to be used in performing the required tasks as outlined above.
4. All data, documents and other products used or developed during the project shall become the property of the City of Carson. All original records and documents are to be transferred to the City of Carson (HCD State Recipient). All original records will be retained for record retention for the maximum of five years.



5. Consultant shall provide proof of insurance required to perform the tasks as outlined above.

Proposals submitted in response to this RFP shall include the information and materials listed below in the following order and format. Proposals that do not address all topic areas adequately will be deemed incomplete and ineligible.

**A. Inspection Service Entity**

1. Provide the inspection service entity's name, address, and phone number, and a description of the inspection service entity's business and length of operation.
2. Describe the type of legal entity, i.e., corporation, joint venture, partnership, sole proprietorship or other. If a corporation, identify when and where incorporated and list any other DBAs.
3. List the officers, partners or owners of the inspection service entity and their respective ownership percentages. Indicate the individual in charge of negotiations along with those individuals in decision making roles.
4. Provide resumes for all principals and key individuals who will be involved in the contract. Provide copies of professional certifications for key individuals providing inspection and architectural design services.
5. Describe the organizational structure and management approach to the inspection service entity including lines of responsibility (provide an organizational chart).

**B. Relevant Experience**

1. Describe a minimum of two projects or contracts completed by the inspection service entity within the last five years that most closely resembles the type of project proposed (include client name, phone number, and dates of contract). At least one such project or contract shall involve the use of CDBG funds, and at least one such project or contract shall involve the use of HOME funds.

**C. Contract Management**

1. State the time and personnel commitment the inspection service entity proposes to commit to the implementation of the project. Identify the anticipated management structure of the proposed contract.
2. Provide a listing of at least three current references that have relevant knowledge concerning the inspection service entity's ability to manage such a project. References should be able to address project management and the ability of the respondent's company to deliver the proposed services.



**D. Format, Time and Place of Submission**

Respondents shall submit **five copies** of their proposal packages in sealed envelopes or boxes labeled "Proposal for Rehabilitation and Commercial Project Inspection Services", no later than **5:00 p.m. on December 5, 2013**, at the following address:

**City of Carson  
Office of the City Clerk  
701 East Carson Street  
Carson, CA 90745**

Please include a return address on your proposal package that includes your company name and address.

**Any proposals received after the filing deadline will be rejected.**

This includes any proposals post marked prior to the final filing date and time, but not received until after the final filing date and time. The City is not responsible for any costs incurred by respondents to prepare proposals for this RFP.

**SECTION V SELECTION PROCESS AND EVALUATION CRITERIA**

**A. Selection Process**

All complete proposals received prior to the deadline will be reviewed by staff of the City of Carson. Selection of a consultant will be based on the quality of the proposal including comprehensiveness and responsiveness to the requirements of the RFP. The cost of preparing responses to this RFP shall be borne by the respondents and shall not be reimbursed by the City. The award of any contract for professional services will be based on the evaluative criteria noted in Attachment A, and will not necessarily be awarded based on the lowest monetary or responsible proposer.

**B. Evaluation Criteria**

The following criteria will be used to evaluate and rank proposals based on the information submitted in each of the categories listed in the Submission Requirements section of the RFP. Consideration will also be given to the overall responsiveness of the inspection service entities relevant to the submittal requirements:

**1. Team Qualifications – maximum 20 points**

- Licensed personnel in organization
- Resumes of organizations principals and project team
- Team's Experience performing

**2. Services Team Experience – maximum 20 points**

- Experience and qualifications of staff performing similar services
- Documentation of familiarity with prevailing wages/DBRA
- Examples of two similar projects
- Years of experience providing reports



**3. Project Management – maximum 20 points**

- Time and commitment of key staff
- Roles of staff and team assembled for this contract
- Licensed personnel assigned to the contract
- Management approach to the contract

**4. Capacity – maximum 20 points**

- Experience working with state, federal and/or municipal housing programs
- Ability to conduct residential (define) per federal standards
- Organizational history
- Ability to provide reports quickly while preserving quality

**5. Responsiveness to Submittal Requirements – maximum 20 points**

- Were responses provided for the questions in Section IV of the RFP?
  - Valid contractor license
  - Contractor has NOT been debarred
  - Maintain levels of insurance as required and copy attached
- Were responses provided for all the submittal requirement questions?

**6. Local Initiative – maximum 5 points**

- Main office in Carson

**Total Possible Points=105**

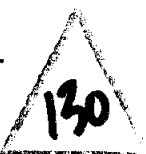
For complete program and selection criteria, please see attached Addendum.

**C. Consultant Selection Process**

A selection committee will review proposals submitted in response to this RFP using the evaluation criteria shown in Attachment A and will recommend an individual(s) or firm(s) to the City Council.

As part of the evaluation process, the City may conduct interviews with individuals/firms responding to the RFP that are judged to be the most qualified. The City reserves the right to:

- Reject any or all proposals submitted.
- Request clarification of the proposals.
- Waive any irregularities or errors in responses that the City finds to be minor.
- Request additional information from respondents to this RFP
- Waive or change any irregularity or error in the RFP or the consultant procurement process; make any change necessary to ensure that this RFP is consistent with local, federal, and State procurement procedures.
- Elect to negotiate fees or other contract issues with the selected consultant before recommending execution of a consultant contract to the City Council. If a satisfactory agreement cannot be reached within 30 days, the City may elect to enter negotiations with another qualified respondent to this RFP.



Individuals and firms receiving a copy of the RFP will be immediately notified of any changes or waivers and will have an opportunity to revise their submittal as a result of the change or waiver.

This RFP does not commit the City to award a contract, to enter an agreement or to pay for any of the costs incurred by respondents to this RFP. The City may negotiate a contract with any respondent or cancel this RFP in total or in part if the City determines it is in its best interest to do so. Interested proposers should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d)(3)(iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered."

## **SECTION VI MISCELLANEOUS PROVISIONS**

### **A. City Reserved Rights**

The City reserves the right in its sole discretion and without notice to: terminate this RFP; modify the scope of the project; modify the City obligations or selection criteria and the selection process; and/or take any other actions it deems necessary to achieve the respective City's objectives. The consultant waives all rights to seek legal remedies regarding any aspects of the RFP and the City's selection process, upon the submittal of a response to the RFP.

In consideration of the compensation and other benefits from any contract with the city, the consultant shall agree to indemnify and hold the City harmless from claims or losses arising from, or in connection with, all work relating to the project.

The consultant will be expected to indemnify the City, officers, employees or agents and hold said personnel harmless from any and all claims, liabilities, obligations and causes of action of whatever kind or nature for injury to, or the death of any persons or the damage or destruction of property during the term of the contract.

Under California State law, selection of a firm for contract services is based on qualifications, and as such, the City of Carson reserves the right to accept a proposal other than the lowest bid. The award of the contract is subject to funding availability and City Council action, will be made in the best interest of the City, and will be final.

### **B. Rejection of Submittals**

The City reserves the right to reject any or all submittals made in connection with this offering, including not proceeding with the project.

### **C. Proposals – City Property**

Upon submission of a proposal by an inspection service entity in response to this RFP, said proposal and any associated material shall become the property of the City. This RFP is not a contract, nor a commitment of any sort by the City.



## QUESTIONS OR CLARIFICATIONS

For general questions or clarifications regarding the contents of this Request for Proposals, contact:

City of Carson  
Community Development Department  
Attention: Sheilah Thompson  
701 E. Carson Street  
Carson, CA 90745  
Phone: (310) 830-7600 ext. 1308



## Attachment No. 1

### Residential Rehabilitation Standards Checklist

Property Owner:		Date of Inspection:	
Resident Names (if different from above):		Inspection Type:	
		Inspector:	

Property Address:		Property Type: SFD ____ Condo ____	
Year Constructed:	Census Tract No.:	Were residents present for inspection?	

### EXTERIOR ASSESSMENT

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
<b>GENERAL SITE CONDITIONS</b>				
Walls and Fencing				
Landscaping				
Free of Debris				
Access to unit				
Refuse Disposal Area				
Interior Stairs and Common Halls				
<b>RESIDENCE EXTERIOR</b>				
Condition of Foundation				
Condition of Stairs/Rails/Porches				
Condition of Roofs				
Roof Mounted Appliances				
Condition of Gutters				
Condition of Exterior Surfaces				
Driveway				
Walkways - free of hazards				
Garage Door				
Windows - Operative / condition				
Condition of Screens				
Exterior Doors Condition				
Entry Door Locks – No Dbl Cyl.				
Security Door – No Dbl Cyl.				
Chimney				
Lead-Based Paint				<i>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</i>
Are all painted surfaces free of deteriorated paint?				



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

### INTERIOR ASSESSMENT

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	

#### GENERAL- ALL ROOMS

Smoke Detectors				
All Functioning				
minimum # required installed				
Electricity on-all rooms				
Visible Mold Conditions				
Window condition				
Furniture blocking windows				
Electrical hazards - exposed wires				

#### KITCHEN

Electrical Hazards				
Grounded Outlets				
GFCI				
Outlets / Switches / Fixtures				
Floor / VCT / Tile condition				
Walls condition				
Ceiling condition				
Stove				
Oven				
Refrigerator				
Cabinets & Drawers				
Counter				
Sink				
Garbage Disposal				
Visible Mold Conditions				
Space for storage of food				
Space for preparation of food				
Washer / Dryer				
Door condition				
Window condition				
Light/Ventilation				
Lead-Based Paint				Reference "Lead Paint Assessment and



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
				<b>Recommendations" report prepared by environmental consultant</b>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

#### DINING ROOM

Walls / Ceiling condition				
Carpet / Flooring condition				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<b>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</b>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

#### LIVING ROOM

Carpet / Flooring condition				
Walls conditions				
Ceiling condition				
Door(s)				
Window(s) condition				
Security				
Window Coverings present				
Drapes / Blinds				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<b>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</b>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

#### BATHROOM # 1 (hallway)

Grounded Outlets				
------------------	--	--	--	--



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
Floor coverings				
GFCI				
Outlets / Switches / Fixtures				
Tub / Shower / Enclosure in unit				
Toilet in enclosed room in unit				
Counter				
Vanity/Cabinets				
Sink or lavatory in unit				
Mirror				
Door condition				
Window condition				
Ventilation (Fan / window)				
Visible Mold Conditions				
Walls condition				
Floor condition				
Ceiling condition				
Lead-Based Paint				<i>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</i>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

#### BATHROOM # 2 (Master)

Grounded Outlets				
Floor coverings				
GFCI				
Outlets / Switches / Fixtures				
Tub / Shower / Enclosure in unit				
Toilet in enclosed room in unit				
Counter				
Vanity/Cabinets				
Sink or lavatory in unit				
Mirror				
Door condition				
Window condition				
Ventilation (Fan / window)				
Visible Mold Conditions				
Walls condition				
Floor condition				
Ceiling condition				
Lead-Based Paint				<i>Reference "Lead Paint Assessment and</i>



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
				<b>Recommendations" report prepared by environmental consultant</b>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

**MASTER BEDROOM No. 1** Floor Level \_\_\_\_\_

Floor condition				
Wall condition				
Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<b>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</b>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

**BEDROOM (left of hall) No. 2** Floor Level \_\_\_\_\_

Floor condition				
Wall condition				
Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<b>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</b>



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

**BEDROOM (right of hall) No. 3** Floor Level \_\_\_\_\_

Floor condition				
Wall condition				
Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<i>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</i>
Are all painted surfaces free of deteriorated paint?				
If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				

**BEDROOM (No 4)** Floor Level \_\_\_\_\_

Floor condition				
Wall condition				
Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				
Lead-Based Paint				<i>Reference "Lead Paint Assessment and Recommendations" report prepared by environmental consultant</i>
Are all painted surfaces free of deteriorated paint?				



INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
If not, do deteriorated surfaces exceed two square feet per room an/or is more than 10% of a component?				

#### HEATING & PLUMBING

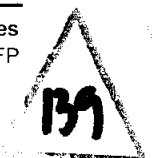
Adequacy of Space Heating				
Safety of Heating Equipment				
Ventilation				
A/C Unit				
Approvable Water Supply				
Plumbing – Water Supply Lines				
Plumbing – Drain/Waste/Vent Lines				
Sewer Connection				
Water Heater Correctly Installed				

#### ELECTRICAL

Condition of Service Panel				
Condition of Service Drop				
Functioning Labeled Breakers				
GFCI on Exterior Outlets				

#### GENERAL HEALTH & SAFETY

Evidence of Infestation				
Garbage & Debris				
Refuse Disposal				
Interior Air Quality				
Site & Neighborhood conditions				
Lead-based paint owner's certificate				



I certify that a property inspection was performed on the date indicated below, and that this assessment represents an accurate appraisal of property conditions at the time of inspection:

\_\_\_\_\_  
Inspector's Signature

\_\_\_\_\_  
Date

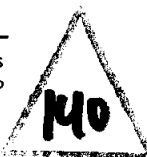
\_\_\_\_\_  
Homeowner's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Homeowner's Signature

\_\_\_\_\_  
Date

*Please attach separate sheet with any additional comments.*





## REQUEST FOR PROPOSALS FOR UNDERWRITING SERVICES FOR THE FIRST TIME HOMEBUYER PROGRAM

ISSUE DATE: NOVEMBER 21, 2013

RESPONSE DEADLINE: DECEMBER 19, 2013 by 5:00 P.M.

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### 1. INTRODUCTION

The federally funded HOME Investment Partnerships Act was enacted under Title II of the National Affordable Housing Act of 1990, as amended from time to time ("HOME"). The objectives and intent of HOME include, but are not limited to, providing decent affordable housing to lower-income households and to strengthen the ability of state and local governments to provide such housing.

HCD adopts regulations (Section 8200 et seq. of Title 25) which establish procedures for the award and disbursement of funds and establishes policies and procedures for the use of these funds.

Carson has been awarded funds from HOME to continue implementing its First Time Home Buyer ("FTHB") and Owner-Occupied Rehabilitation ("OOR") programs, and is seeking proposals from consultants experienced at providing underwriting services to low-income homebuyers. Interested proposing consultants should have the capacity to provide services in a culturally sensitive manner and have experience working with persons from low-income and non-English speaking households..

The City anticipates that it will undertake FTHB and/or OOR projects on approximately 20 residential, single-family, homes per year, but makes no representation that this number (or any number) of homes will be qualified to participate in the FTHB and/or OOR program.

The term of the consulting services agreement will be for three consecutive calendar years from and after issuance of a written notice to proceed. The deadline for the city to expend its current allocation of HOME funding is January 31, 2016. The City's intention is to have this contract awarded by the City Council on January 21, 2014.

The successful firm must be knowledgeable of all guidelines, requirements, and regulations applicable to state and federally-funded program(s). The successful firm must also have demonstrated experience with HOME (federal and state) in order to understand the full range and scope of the tasks required under the scope of services to be provided.

A copy of the RFP is available at Community Development Department, Housing Division located at 701 East Carson Street, Carson, CA 90745. A copy is also available at <http://ci.carson.ca.us>

Interested firms should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d)(3)(iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered," and is the means by which staff will recommend to the appropriate



EXHIBIT NO 05



city legislative body the "proposal [which] is most advantageous to" the FTHB or OOC program (as applicable).

## **2. DESCRIPTION OF SCOPE OF WORK, SCHEDULE, COMPENSATION, SPECIAL PROVISIONS, CERTIFICATIONS AND QUALIFICATIONS**

Exhibit A	Scope of Work and Schedule of Performance
Exhibit B	Compensation
Exhibit C	Proposal Evaluation Criteria
Addendum	Program and Selection Criteria

## **3. CONSULTANT SELECTION PROCESS**

A selection committee will review proposals submitted in response to this RFP using the evaluation criteria shown on Exhibit "C" and will recommend an individual(s) or firm(s) to the City Council.

As part of the evaluation process the City may conduct interviews with individuals/firms responding to the RFP that are judged to be the most qualified. The City reserves the right to:

- Reject any or all proposals submitted.
- Request clarification of the proposals.
- Waive any irregularities or errors in responses that the City finds to be minor.
- Request additional information from respondents to this RFP
- Waive or change any irregularity or error in the RFP or the consultant procurement process; make any change necessary to ensure that this RFP is consistent with local, federal, and State procurement procedures.
- Elect to negotiate fees or other contract issues with the selected consultant before recommending execution of a consultant contract to the City Council. If a satisfactory agreement cannot be reached within 30 days, the City may elect to enter negotiations with another qualified respondent to this RFP.

Individuals and firms receiving a copy of the RFP will be notified of any changes or waivers and will have an opportunity to revise their submittal as a result of the change or waiver.

This RFP does not commit the City to award a contract, to enter an agreement or to pay for any of the costs incurred by respondents to this RFP. The City may negotiate a contract with any respondent or cancel this RFP in total or in part if the City determines it is in its best interest to do so. Interested proposers should understand that this professional services contract will be awarded based on a variety of factors and will NOT necessarily be awarded to the lowest monetary or responsible proposer. Specifically, 24 CFR 85.26(d)(3)(iv) provides that "[a]wards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered."

## **4. PROPOSAL SUBMITTAL REQUIREMENTS**

All proposals must comply with the following requirements. The City may reject proposals that do not comply with the following instructions.

### **A. Proposal format**

- Proposals must be submitted in writing.
- Include a transmittal letter indicating that your firm is responding to an RFP for Underwriting Services for the City of Carson First Time Homebuyer Program. The letter should be signed by a person with signatory authority to represent the firm submitting the proposal and who is authorized to execute contracts. The letter should indicate whether the proposal is for the entire scope of work as described in



Exhibit "A", or whether the proposal covers only a portion of the tasks included in the scope of the work.

- Proposal must be submitted in a sealed envelope plainly marked with the title for this RFP by the deadline date and time.

B. Proposal must include the following items:

- Transmittal letter
- Certifications provided in Program Criteria signed by a person with signatory authority to represent the firm submitting the proposal and who is authorized to execute contracts.
- A list of any subcontractors that may be used to perform any services under this contract. Include contact name, address, phone number, resumes or required qualifications for the persons providing services.

**5. FORMAT, TIME AND PLACE OF SUBMISSION**

Respondents shall submit **five copies** of their proposal packages in sealed envelopes or boxes labeled "Proposal for Residential Underwriting Services", no later than **5:00 p.m.** on **December 19, 2013**, at the following address:

**City of Carson  
Office of the City Clerk  
701 East Carson Street  
Carson, CA 90745**

Please include a return address on your proposal package that includes your company name and address.

**Any proposals received after the filing deadline will be rejected.**

This includes any proposals post marked prior to the final filing date and time, but not received until after the final filing date and time. The City is not responsible for any costs incurred by respondents to prepare proposals for this RFP.

**6. QUESTIONS OR CLARIFICATIONS**

For general questions or clarifications regarding the contents of this Request for Proposals, contact:

City of Carson  
Community Development Department  
Attention: Debra Scott  
701 E. Carson Street  
Carson, CA 90745  
Phone: (310) 830-7600 ext. 1309



## EXHIBIT A

### **SCOPE OF WORK**

The City may modify Consultant duties by substituting duties that reduce costs or increase efficiency of the project, provided Consultant agrees to the modification.

The selected consultant may be paid from federal or state funding sources, including Community Development Block Grant (CDBG), HOME and CalHOME programs, and is therefore subject to state and federal overlays. A copy of the overlays is attached in the addendum for review.

The initial term of any contract shall be for a one year period. At the discretion of the City, and following a first performance evaluations (discussed below) the contract may be extended for up to two additional one-year periods at the sole and unfettered discretion of the City.

### CONSULTANT RESPONSIBILITIES

The contractor should, at a minimum, be prepared to offer the following services:

- LOAN PROCESSING AND UNDERWRITING

The consultant will provide services for down payment assistance, in the form of a second mortgage. The Down Payment Assistance will be offered to eligible applicants as part of the City's First Time Home Buyer Program.

The final approval of down payment assistance will be dependent upon the successful completion of an application package with the first trust deed lender. Upon the completion of the first trust deed lender's determination that the applicant is a viable candidate, a copy of the loan application package will be sent the consultant.

Upon receipt of the completed loan application package, the consultant will review the application package to determine that all support materials are present and all forms are complete. A complete loan application package must include tax returns, paycheck stubs, W-2's, credit report, first trust deed underwriting approval, complete signed purchase agreements, escrow instructions and appraisal.

- UNDERWRITING ANALYSIS

The primary objective of an underwriting analysis for down payment assistance is to ensure that the City's program requirements are met and the City's lien position is secure. The consultant will be responsible for reviewing the file for accuracy and thoroughness. The consultant will order the appropriate Lender's Policy of Title Insurance for the second trust deed. The Consultant's underwriting analysis must address the following items:

- Affordability (debt to income ratio analysis); current and prior credit history (if applicable); financial interest in the property (Loan to Value); and status of title to secure lien position.
- The first trust deed lender's approval is dependent upon a commitment from the City to fund the down payment assistance. The consultant will issue a "Final Loan Recommendation" to the City after all requirements have been met by the applicant and Lender.
- Upon review and approval of the Final Loan Recommendation by the City, the City will issue the "Conditional Approval Letter" to the applicant for the qualified loan amount of up to \$75,000.00



- LOAN DOCUMENT PREPREPARATION

Upon receipt of the Lender's Final Approval letter, the consultant will prepare the following documents to be submitted to the escrow for execution by the applicant:

- Loan Document Request: This form is used by the City staff to request the preparation of loan documents. The document is used to provide the information needed to fill out the documents correctly. The request should be faxed or emailed to the consultant for preparation.
- Deed of Trust: A written instrument by which a borrower (trustor) conveys title to real property to a neutral third party (trustee) for the purpose of securing an obligation to a lender (beneficiary).
- Promissory Note: A written promise to pay or repay a specified sum of money at a stated time or on demand to a named person. In addition to the payment of principal, a promissory note usually provides for the payment of interest.
- Truth and Lending Disclosure Statement: Reveals to the borrower the actual cost of repaying principal and interest over the term of a loan. This also includes a breakdown of all costs associated with origination of the loan.
- Request for Notice: Notice recorded by the junior lien holders requesting notification if a Notice of Default is recorded.
- Notice of Right to Cancel: Gives the consumer notice of his/her legal right to cancel loan transaction within three days of executing the promissory note. The notice must specify the maximum date and time to which cancellation will be accepted.
- Regulatory Agreement: A written agreement which sets forth the terms and conditions under which the City conditionally agrees to make a loan to an eligible homebuyer based on the eligible homebuyer's agreement to restrict the use of the real property for a defined term.
- Loan Agreement: A written agreement between an eligible homebuyer and the City of Carson which sets forth the terms and conditions of the City's First Time Homebuyer Loan, which provides an eligible homebuyer with a subsidy for the purchase of a real property.

- PROGRAM DISBURSEMENTS AND DISBURSEMENT OF LOAN PROCEEDS

Upon direction from the escrow agent, the Consultant will issue an authorization for payment to the City for approval to disburse loan proceeds to the sale escrow from a specialized down payment assistance program disbursement account.

The consultant should be educated and knowledgeable of requirements and the operation of local government programs. The consultant must have thorough knowledge of program requirements. In addition, the consultant will work closely with the escrow company to ensure that all conditions are met between all parties before funds are disbursed.

- ADDITIONAL SERVICES

- The consultant should provide loan payoff quotations and will perform reconveyances or Satisfactions of Mortgage at the borrower's expense for any loan at the City's request.
- Provide loan amortization schedules for any loan at the City's request.
- Provide for an annual tickler notification to any borrower, should the City request it.
- Supply a year end account summary statement to each borrower if there has interest or escrow activity on their account. This will indicate principal and interest paid the amount of payments we made on the borrower's behalf for taxes and insurance, and any remaining escrow balance.



- LOAN SERVICING FOR DEFERRED LOANS

1. **Introductory Letter:** Upon boarding of each new loan, Consultant will send to each borrower a welcome letter with instructions on how to make voluntary payments, if they choose
2. **Payment of Property Taxes:** Upon the City's request, Consultant will monitor the timely payment of property taxes. Tax service will be ordered to monitor the payment of property tax.
3. **Written Delinquent Notification:** Consultant will notify the borrower in writing of delinquent payment at intervals of 30, 60 and 90 days past the date the loan is finally due. Upon issuing the 90-day notice, Consultant will provide foreclosure or forbearance service, if requested by the City.
4. **Insurance Monitoring:** Consultant will notify the insurance agent in writing that Consultant is monitoring premium payments and that we are to be made aware of delinquencies or cancellations.
5. **Escrow/Impound Account:** If the City chooses, an escrow account will be established for any borrower for payment of taxes and insurance. Tax service will be ordered to facilitate the accurate and timely payment of property taxes. Many borrowers find it easier to pay into an escrow on a monthly basis rather than making large semi-annual or annual tax and insurance payments. Consultant will collect the monthly escrows from the borrower and make the tax and insurance payments on the borrower's behalf.

- REPORTS

- **Portfolio Status Report:** The report will provide a complete account per loan of the total portfolio. The report identifies annual payments made, remaining balances, borrower's name and account number, original loan balance; interest rate, and loan term. For those deferred loans accruing interest, the report shows ongoing interest accrued and the resulting increase in loan balance. The consultant will provide a monthly status report.
- **Current Month Reconciliation Report:** This report should serve as reconciliation for the loan payments remitted by the borrowers. Many borrowers, who are not required to make regular payments, choose to do so. Consultant should collect payments and remit the total amount collected to the City. Consultant will report, along with remittance check, forwarded to the City within ten working days of the close of the month.
- **Loan Payoff Quotation:** A payoff quotation indicates the amount required to fully satisfy the balance owned on the loan as of the date of the quotation. The payoff figure is automatically calculated by adding the prorated interest, plus borrower's demand and re-conveyance fees. An interest per diem amount is also indicated to facilitate payoffs.

- PROVIDE FEEDBACK

Provide feedback to the City when requested by staff regarding the First Time Homebuyer Program, including suggestions for making the program more successful and more responsive to potential homebuyers.

- PERFORMANCE EVALUATION

The City will evaluate the Consultant's effectiveness when considering whether to extend the contract beyond the initial 1 year period. Effectiveness will include timeliness of response to inquiries, in addition to customer satisfaction of workshop attendees, homebuyers, realtors and lenders working with the City's homebuyer programs. Information submitted through reports should demonstrate that the Consultant has achieved the goals reflected above regarding number of transactions underwritten and number of loans closed.



- ANTI-DISCRIMINATION

Consultant shall not discriminate in employment or provision of services against any race, sex, national origin, marital status, familial status, physical and mental disability, religion, or any other arbitrary forms of discrimination as defined in state and federal laws and local ordinances.

- CITY RESPONSIBILITIES

The city will market homebuyer programs, shall have final approval of all homebuyer eligibility and loans, and will approve all loan documentation.



## EXHIBIT B

### COMPENSATION

Compensation for the proposed work shall be in accordance with the Consultant's cost proposal and schedule of hourly rates for each classification assigned to the scope of work described in Exhibit "A" of this RFP, or as negotiated between the City and the selected consultant.

The initial term of any contract shall be for a one year period. At the discretion of the City, and following a first performance evaluation (discussed below) the contract may be extended for up to two additional one-year periods at the sole and unfettered discretion of the City.

A proposed budget should be provided based on a list of tasks based on Exhibit "A" – Scope of Work. Include an annual estimated number of accomplishments and a projected annual budget for each task.

The City has determined that payment of state and/or federal prevailing wages is not required for work completed under the scope of this contract.

Compensation will be based on detailed invoices submitted by the Consultant. If the Consultant proposes to subcontract for any portion of the work, the Consultant must provide to the City a budget, a copy of the subcontract, and a description of the experience of the subcontractor related to the work to be performed prior to the City's execution of Consultant's contract. The Consultant must have written approval from the City for the budget, work and qualifications of the subcontractor before using the subcontractor for this contract. The Consultant shall be responsible for following any applicable federal, state or city procurement requirements if hiring a subcontractor to fulfill any portion of this contract.



## EXHIBIT C

### PROPOSAL EVALUATION CRITERIA

Consultant/Firm Name: \_\_\_\_\_

Each proposal will be evaluated on the basis of the following criteria and assigned a numerical score. A minimum score of 75 is required for applicants to be placed on the list for further consideration.

Evaluation Criteria	Points Possible
<b>LOAN PRE-QUALIFICATIONS EXPERIENCE</b> <ul style="list-style-type: none"><li>• Years of experience with loan pre-qualification/loan underwriting</li><li>• Number of loans pre-qualified/underwritten in past three (3) years</li><li>• Experience working with State, Federal or Municipal funded Homebuyer Assistance Programs – specified, and Affordable Housing Programs</li></ul>	<b>50</b>
<b>CAPACITY</b> <ul style="list-style-type: none"><li>• Number of staff available to provide underwriting services for the City of Carson First Time Homebuyer Program</li><li>• Availability and ability to respond to inquiries</li><li>• Organizational History</li></ul>	<b>50</b>
<b>TOTAL POINTS POSSIBLE = 100</b>	<b>SCORE:</b>

Notes:

\_\_\_\_\_  
Signature of Rater

\_\_\_\_\_  
Date



LIST - HOME INSPECTION PROJECT COORDINATION SERVICES RFP

	COMPANY	ADDRESS	CITY
1	A-Pro Home Inspection Services	1040 Ocean Park Blvd. #C	Santa Monica, CA 90405
2	Bert L. Howe & Associates, Inc.	5415 La Palma Ave.	Anaheim, CA 92807
3	Best Realty Inspection Services	17920 Newbrook Ave.	Cerritos, CA 90703
4	Bona Fide Home Inspection	1629 Via Margarita	Palos Verdes, CA 90274
5	Camelot Home Inspection Services	1346 Madronna Rd.	San Luis Obispo, CA 93405
6	Comprehensive Housing Svc.	8840 Warner Ave. Ste 203	Fountain Valley, CA 97208
7	Crest Home Inspection Services	2509 W. 182nd St.	Torrance, CA 90504
8	Epic Land Solutions	2601 Airport Dr., Ste. 115	Torrance, CA 90505
9	Gillett Home Inspection Service	4742 W. 191st St.	Torrance, CA 90503
10	Hayer Consultants, Inc.	4067 Hardwick St. PMB 250	Lakewood, CA 90712
11	Home Pro Inspections, Inc.	9909 Topanga Canyon, Ste.	Chatsworth, CA 91311
12	Housing Programs	6285 E. Spring St. #261	Long Beach, CA 90808
13	Jones Payne Group	123 N. Washington St.	Boston, MA 02114
14	JWA Urban Consultants, Inc.	609 Deep Valley Dr, Ste 200	Rolling Hills Estates, CA 90274
15	Kosmont Companies	865 S. Figueroa St. #3500	Los Angeles, CA 90017
16	MDG Associates, Inc.	10722 Arrow Route #822	Rancho Cucamonga, CA 91730
17	Paz/Vodery Construction & Dev	17700 Avalon Blvd. #107	Carson, CA 90746
18	Superior Inspection-Leak	154 Foothill Blvd. Ste. A-261	Upland, CA 91786
19	Ticonserv	951 W. Princeton St.	Ontario, CA 91762
20	Urban Design Center	1100 S. Hope St., Ste 103	Los Angeles, CA 90015
21	Willdan Associates	2401 E. Katella Ave.	Anaheim, CA 92806-6073
22	Willdan Engineering	13191 Crossroads Pkwy. N.	Industry, CA 91746



# LIST - HOME UNDERWRITING SERVICES RFP

Company	Prefix	Contact	Address
HPP Cares	Ms.	Katherine Peeples-McGill	3939 Long Beach Blvd.
New Economics for Women	Ms.	Vanessa Sarabia	421 S. Bixel St., Ste. A
Los Angeles Neighborhood Housing Services	Ms.	Lori Gay	3926 Wilshire Blvd. Ste 200
AmeriNational Community Services, Inc.	Ms.	Amber Anderson	217 S. Newton Ave.



## LIST - HOME APPRAISAL SERVICES

APPRAISERS	PHONE	COMPANY	LICENSE/ EXPIRATION DATE	EMAIL	ADDRESS
1 JEREMY BAGOTT	(805) 794-0555	JEREMY BAGOTT CO.			1056 E. META ST., #202
2 MICHAEL REPPUCCI	(310) 726-9980	MUR, INC.		mireppucci@verizon.net	617 ELM AVENUE
3 RAY HENRY			(CERTIFIED GENERAL) CAAG012482 - 05/21/2014		1638 EDM STREET
4 VINCE S. MENDOZA		EXECUTIVE APPRAISALS	(CERTIFIED RESIDENTIAL) CAAR032204 - 12/11/2013		523 E. DOUBLE STREET
5 GEORGE CUBBAGE JR.		CUBBAGE APPRAISAL SVC	(CERTIFIED RESIDENTIAL) CAAR034939 - 8/24/2014		337 CENTERVIEW DRIVE
6 ABEL L. OCHOA		UNO APPRAISAL	(CERTIFIED RESIDENTIAL) CA3000729 - 3/13/2015		338 W. ARBUTUS STREET
7 CRAIG R. WALLACE		WALLACE REAL ESTATE SVC	(CERTIFIED RESIDENTIAL) CAAR035799 - 12/02/2014		377 LOS ALTOS AVENUE
8 THOMAS L. SHELBY			(CERTIFIED RESIDENTIAL) CAAR036373 - 2/8/2015		4112 E. BROADWAY
9 JOSE M. RODRIGUEZ			(CERTIFIED RESIDENTIAL) CAAR037097 - 4/26/2015		223 BELMONT AVENUE #3
10 ERROL T. JACOBS		ACCELERATED APPRAISALS	(CERTIFIED RESIDENTIAL) CAAR037204 - 5/4/2015		225 W. 3RD STREET #335
11 TIMOTHY R. FARRELL		TRF APPRAISALS, INC.	(CERTIFIED RESIDENTIAL) CAAR037563		3102 OSTROM AVENUE
12 WILLIAM A. STOVEKEN		ALL COUNTY APPRAISAL SVC	(CERTIFIED RESIDENTIAL) CAAR038611 - 10/18/2015		51 NIETO AVENUE #2
13 MICHAEL TIDWELL, JR.			(CERTIFIED RESIDENTIAL) CAAR039542 - 2/9/2014		375 REDONDO AVENUE, #202
14 JENNIFER SAKATANI			(CERTIFIED RESIDENTIAL) CAAR042440 - 4/26/2015		6231 E. 5TH STREET
15 SAMUEL E. SPADE			(CERTIFIED RESIDENTIAL) CAAR043193 - 10/16/2015		2127 E. 2ND STREET, #1
16 ARTHUR L. ANDRADE			(CERTIFIED RESIDENTIAL) CAAR043293 - 11/8/2015		838 PINE AVENUE, UNIT 413
17 JACQUELINE M HEYNE			(CERTIFIED RESIDENTIAL) CAAR044467 - 10/31/2013		2127 E. 2ND STREET, #1
18		GEOPPNER & ASSOCIATES			1096 SEA BLUFF DRIVE
19 NORMAN EICHEL		EICHEL, INC.			6850 CANBY AVENUE, STE 101





## MINUTES

### CITY OF CARSON REGULAR MEETING OF THE CITY COUNCIL HOUSING COMMITTEE

CARSON CITY HALL  
EXECUTIVE CONFERENCE ROOM  
701 EAST CARSON STREET  
CARSON, CALIFORNIA 90745

APRIL 2, 2014

2:00 P.M.

AGENDA POSTED: MARCH 25, 2014

"In accordance with the Americans with Disabilities Act of 1990, if you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's office at 310-952-1720 at least 48 hours prior to the meeting."  
(Government Code Section 54954.2)

CALL TO ORDER: The meeting was called to order at 2:08 p.m.

ROLL CALL: PRESENT: COUNCILMEMBERS DAVIS-HOLMES AND ROBLES

ABSENT: NONE

ALSO PRESENT: ACTING COMMUNITY DEVELOPMENT DIRECTOR WAITE; HOUSING ANALYST BENNETT; REHABILITATION FINANCIAL COUNSELOR SCOTT; SENIOR ADMINISTRATIVE SPECIALIST THOMPSON; SENIOR CLERK NURSEMENT

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#### NEW BUSINESS DISCUSSION (Item 1)

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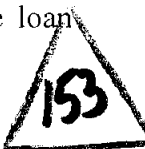
#### ITEM NO. (1) CAL HOME PROGRAM

Recommendation for City Council Housing Committee:

1. DISCUSS and PROVIDE direction.

ACTION: Staff was instructed to ask HCD whether the FTHB maximum loan amount could be lowered. HCD responded that no such reduction could be made because the loan amount is set by HUD policy.

EXHIBIT NO 07



Additionally, Staff was instructed to meet with the Citywide Advisory Commission “out of season” to explain the policies and procedures of CDBG fund allocations to public service providers.

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**ORAL COMMUNICATIONS**

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**ADJOURNMENT:**

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