

CITY OF CARSON



**HOME
OWNER-OCCUPIED HOUSING
REHABILITATION
ASSISTANCE PROGRAM
PROGRAM GUIDELINES**



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

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CITY OF CARSON
OWNER-OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES

Adopted ~~May 28, 2014~~

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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 at a not-to exceed funding amount of \$50,000.00 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 at Zero percent 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

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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 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 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 and CDBG activities is: [http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml#cdbg\(use State CDBG and HOME\) limits, and for Calhome-funder activities: http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml#state-2016\(use Official State Income Limits\) http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml#cdbg(use%20State%20CDBG%20and%20HOME)%20limits,%20and%20for%20Calhome-funder%20activities%20http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml#state-2016(use%20Official%20State%20Income%20Limits)%20http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html).

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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.

2.1.1 Owner-Occupied Requirements

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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.

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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 and CDBG, as shown in the most recent HCD program-specific guidance at <http://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and-determination-guide.shtml>. ~~<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.

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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/grants-funding/income-limits/income-calculation-and-determination-guidelines/docs/AppendixB-AnnualIncomeInclusions.doc>

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~~<http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB-AnnualIncomeInclusionsExclusions.doc>~~ **See Attachment A: HOME and CDGB 24 CFR Part 5 Annual Income Inclusions and Exclusions and Attachment A-1: Cal-Home Title 25 Section 6914 Annual Income inclusion and Exclusions(State)**

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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/grants-funding/income-limits/income-calculation-and-determination-guide/docs/Appendix](http://www.hcd.ca.gov/grants-funding/income-limits/income-calculation-and-determination-guide/docs/Appendix%20AnnualIncomeInclusionsExclusions.doc)
<http://www.hcd.ca.gov/fa/edbg/FedProgGuideDocs/Appendix%20AnnualIncomeAssetInclusionsExclusions.doc>

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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.

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NOTE: Relocation benefits are not a requirement under CalHome, but are acceptable and may be covered by loan proceeds.

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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

3.3.1. NOTIFICATION AND DISCLOSURES – ~~Not required by CalHome~~

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- 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

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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 Community Development Director ~~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.

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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 Limits Per Unit http://www.hcd.ca.gov/grants-funding/income-limit/state-and-federal-income-limits.shtml#cdbg_per_bedroom. ~~See Attachment C for current limits. For CDBG-funded programs, the maximum assistance for rehabilitatin/reconstruction will not exceed \$190,430.~~

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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 CDBG or HOME projects. The exception for HOME loans per HOME Mangement Memorandum 13-01 at <http://www.hcd.ca.gov/grants-fundinggrant-management-memos.shtml#home> where in the entire HOME assistance is granted than loaned due to a lack of any after-rehabilitaton equity based on existing loans on the property. An estimate of after-rehab value will be made prior to making a commitment of funds using the method outlined in Section 4.5 Note: This does not apply to CalHome projects..

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B. HOME funded units' after-rehabilitation value shall not exceed the HOME Program Purchase Price/After-Rehab Value Limit for Los Angeles County as updated by HUD and published on the HCD Website at <http://www.hcd.ca.gov/grants-funding/income-limits/cdbg-home-income-limits.shtml>. ~~See Attachment C.~~

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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

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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-Based 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 CDBG Test for Reconstruction, for projects funded with CDBG funds; or using the State's HOME Test for Reconstruction, for projects funded with HOME funds.

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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 th Wheel or Recreational Vehicle	5 th Wheel or Recreational Vehicle	No	No	NO—not a housing unit
5 th 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 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."

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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	Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income: <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of: <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is 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.
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

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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"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the 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. 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.
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"> ▶ 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 <u>In Re Agent Orange</u> 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.
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ATTACHMENT B**PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS**

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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

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**MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT
FOR LOS ANGELES COUNTY**

(HOME Value Limits as of 3/1/179/22/15 good through 6/30/16)

Los Angeles County Existing Construction	One-Family New Construction (less Than 12 months old)
\$396,000	\$419,000

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HOME SUBSIDY LIMITS PER UNIT FOR LOS ANGELES COUNTY
(Limits are effective 11/18/2015)

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
LOS ANGELES	\$140,107	\$160,615	\$195,305	\$252,662	\$277,344

INCOME LIMITS FOR LOS ANGELES COUNTY*

(Limits are effective 06/1/2017)

Number of Persons in Household								
	1	2	3	4	5	6	7	8
80% of AMI	\$50,500 46,500	\$57,700 53,150	\$59,800 \$64,900	\$66,400 \$72,100	\$71,750 \$77,900	\$77,050 \$83,650	\$82,350 \$89,450	\$87,650 \$95,200

*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/hpd/hrc/rep/state/incNote.html> (choose CDBG and HOME limits not State limits, except for CalHome)

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**SPONSOR 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

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- 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 benefits up to \$3,000, which will be provided as a grant. 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. (See **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.

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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 its 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

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt <input type="checkbox"/>
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>
Section 2: Visual Assessment. Fill out Sections 1, 2, 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).			
Section 3: Notice of Presumption. 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: 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.			
Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. 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)			
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>.			
Printed Name:		Signature:	Date:
Section 6: Contact Information		Organization:	
Contact Name:		Contact Signature:	
Date:	Address:		Phone:

ADDENDUM A

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2015 INCOME ELIGIBILITY LIMITS

Table A: Eligibility Income Limits

Effective March 6, 2015

Owner-Occupied Housing Rehabilitation Program (OOR)		
Household Size	50% of Area Median	51% to 80% of Area Median
1	\$31,550 <u>\$29,050</u>	\$46,500 <u>\$50,500</u>
2	\$36,050 <u>\$33,200</u>	\$53,150 <u>\$57,700</u>
3	\$37,350 <u>\$40,550</u>	\$59,800 <u>\$64,900</u>
4	\$41,500 <u>\$45,050</u>	\$66,400 <u>\$72,100</u>
5	\$44,850 <u>\$48,700</u>	\$71,750 <u>\$77,900</u>
6	\$48,150 <u>\$52,300</u>	\$77,050 <u>\$83,650</u>
7	\$51,500 <u>\$55,900</u>	\$82,350 <u>\$89,450</u>
8	\$54,800 <u>\$59,500</u>	\$87,650 <u>\$95,200</u>
Loan Type	0% Deferred	3% Deferred

Based on 2017~~5~~ Median Family Income for Los Angeles County of \$63,000

ADDENDUM B

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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"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <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"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is 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.
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"> > 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 sub marginal 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;

General Category	(Last Modified: January 2005)
	<ul style="list-style-type: none"> > 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 <u>In Re Agent Orange</u> 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.

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"> • Paint testing • Presume LBP • Clearance (worksites) if LBP or Presumed de minimis levels 	<ul style="list-style-type: none"> • Paint testing or • Presume LBP • Risk Assessment • Clearance of Unit 	<ul style="list-style-type: none"> • Paint testing or • Presume LBP • Risk Assessment • Clearance of Unit
Lead Hazard Reduction	<ul style="list-style-type: none"> • Safe Work Practices (if LBP Present) • Standard Practices (if Presumed) • Repair any disturbed paint 	<ul style="list-style-type: none"> • Interim Controls of LBP hazards identified or produced 	<ul style="list-style-type: none"> • Abate All LBP hazards identified or produced • Use Interim controls on exterior surfaces not disturbed by rehab.
Notification	<ul style="list-style-type: none"> • Notice of Evaluation • Notice of Presumption • Notice of Hazard Reduction • Lead Hazard Evaluation report (DHS 8552) if clearance is conducted 	<ul style="list-style-type: none"> • Notice of Evaluation • Notice of Presumption • Notice of Hazard Reduction • Lead Hazard Evaluation report (DHS 8552) if clearance is conducted • Abatement of Lead Hazards Notification (DHS 8551) for interim control work 	<ul style="list-style-type: none"> • Notice of Evaluation • Notice of Presumption • Notice of Hazard Reduction • Lead Hazard Evaluation report (DHS 8552) if clearance is conducted • Abatement of Lead Hazards Notification (DHS 8551)

ADDENDUM D

HOME SUBSIDY LIMITS PER UNIT FOR LOS ANGELES COUNTY

Unit Size	Subsidy Limit
0 Bedroom	\$137,362
1 Bedroom	\$157,466
2 Bedroom	\$191,477
3 Bedroom	\$247,709
4 Bedroom	\$271,908

Effective August 1, 2014

ADDENDUM E**GREEN BUILDING MATERIALS STANDARDS****Table E: Green Building Materials Checklist**

		Current Requirement	Applicant Certification Check Off Column
Site			
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	
Materials and Resources			
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.		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
Site			
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	
Materials and Resources			
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
Energy Efficiency		

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; <ul style="list-style-type: none"> 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	
Water Efficiency		
11. Use water saving fixtures or flow restrictors. <ul style="list-style-type: none"> 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	
Indoor Environmental Quality		
12. Use Low-VOC paint and stain. <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> a. Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness. b. Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness. 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.