

CITYWIDE HOUSING REHABILITATION PROGRAM AGREEMENT

CALHOME PROGRAM (RFP No. 1971)

(Neighborhood Partnership Housing Services, Inc.)

THIS CITYWIDE HOUSING REHABILITATION PROGRAM AGREEMENT is made and entered into this _____ day of _____, 2023 (“Effective Date”), by and between the CITY OF RIVERSIDE, California charter city and municipal corporation (“CITY”), and the NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES, INC., a California nonprofit corporation, 9551 Pittsburgh Avenue, Rancho Cucamonga, CA 91730 (“NPHS”).

RECITALS

A. City applied for and was approved to receive a grant from the California Department of Housing and Community Development (“HCD”) for the City’s use with its Citywide Housing Rehabilitation Program (“Program”) located within the City of Riverside.

B. City desires to contract with a local non-profit organization with experience in rehabilitating homes for low income persons in identified neighborhoods.

C. NPHS is a qualified California non-profit corporation, with experience in neighborhood housing improvement and established to serve the Riverside community by improving its neighborhoods.

D. Following a public hearing, the City Council of the City has approved an allocation of **Five Hundred Thousand Dollars (\$500,000)** from its **2023-2024 CalHOME Reuse Program** to fund the Program (CalHome Reuse Funds shall be collectively referred to as “Program Funds” or “Funds”).

E. By this Agreement, and subject to the terms and conditions herein, the City desires to provide financial assistance to NPHS for rehabilitation costs in the form of the Program Funds, and NPHS desires to assist eligible housing units occupied by low-income households as determined by HCD and consistent with CalHome regulations. When a loan is funded from CalHome Reuse Funds, NPHS will submit two separate invoices to the City for Program Development Fees (up to 10% of the total award on a per-loan basis) and for ADF (up to 10% of the total award on a per-loan basis), which shall not exceed a total program amount of \$100,000. Such administration costs shall be limited to expenses for space rental, salaries, benefits, utilities, insurance, NPHS’s, travel/mileage, equipment, and supplies, and shall not exceed **One Hundred Thousand Dollars (\$100,000)** for **2023/2024**.

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

1. PROGRAM DESCRIPTION. City agrees to provide the Program Funds to NPHS for the implementation of the Citywide Housing Rehabilitation Program ("Program") and NPHS hereby agrees to accept such provision of funds as set forth below and to perform such services as are set forth in the Program Description, as described in Exhibit "A", which is attached hereto and incorporated herein by this reference as if fully set out herein. NPHS agrees to implement the Program for eligible low-income households located within the City of Riverside.

2. PROVISION OF FUNDS. City agrees to provide NPHS an amount not to exceed **Five Hundred Thousand - Dollars - (\$500,000)**, for implementation of the Program as set forth pursuant to this Agreement. Said Program Funds are to be used by NPHS solely for the purpose of funding housing rehabilitation loans and administrative costs as more specifically defined in the Program Description. NPHS agrees that the City is not obligated to approve any other grant or other funding for any further services for this Program which may be presented by NPHS to the City.

City shall pay the Funds to NPHS for all approved costs, in accordance with the Operating Budget (Exhibit "B"). NPHS shall submit a bill or invoice to the program manager of City, or his designee, along with a certified statement setting forth in detail the expenditures for which NPHS is requesting Funds, along with pertinent supporting documentation associated with each request. City may require from NPHS such supporting documentation as may be necessary and appropriate for the City to make its determination as to allowable costs. Payment of Funds will be made within thirty (30) days of the receipt of a request for disbursement. Payment will be made in a manner consistent with the standard accounting procedures of City, including, but not limited to, wire transfers.

3. TIME OF PERFORMANCE. The services to be performed hereunder by NPHS and its employees shall be undertaken and completed in such sequence as to assure their expeditious completion and best carry out the Program and the purposes of the Agreement. Program implementation required hereunder shall begin upon the execution of this Agreement and completed per Section 4 herein.

4. TERM OF AGREEMENT. The term for disbursement of the Grant Funds shall begin upon the execution of this Agreement by the City and shall be eligible for annual renewals not to exceed five years from the Effective Date, or until all program funds have been exhausted, whichever occurs first. In the event the funds allocated hereunder are not fully expended at the termination of this Agreement, the parties may extend the Agreement by written amendment thereto.

5. CALHOME ADMINISTRATIVE REQUIREMENTS.

- a. Compliance with State Requirements. Each application is to be evaluated for eligibility for the loan funds consistent with the Program criteria as set forth in the City's CalHome Application, the CalHome Operation Handbook, the CalHome Program Guidelines, and the CalHome Program General NOFA ("CalHome Program Guidelines"), and will be administered in accordance with

CalHome Regulations, attached hereto and incorporated herein as Exhibit "D" ("CalHome Regulations").

- b. Drug-Free Workplace. By signing this Agreement, NPHS hereby certifies under penalty of perjury under the laws of the State of California that NPHS will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- (1) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against offenders for violations.
- (2) Establish a Drug-Free Awareness Program to inform employees about
 - A. The dangers of drug abuse in the workplace;
 - B. The person's or organization's policy of maintaining a drug-free workplace;
 - C. Any available counseling, rehabilitation, and employee assistance programs; and
 - D. Penalties that may be imposed upon employees for abuse violations.
 - E. Every employee who works on the proposed contract will:
 - (i) Receive a copy of the company's drug-free workplace policy statement; and
 - (ii) Agree to abide by the terms of the company's statement as a condition of employment on the contract.

c. Union Organizing.

- (1) NPHS, by its execution of this Agreement, hereby acknowledges that it has read the prohibitions on use of state funds and facilities to assist, promote, or deter union organizing set forth in Chapter 6 of Part 2 of Division 4 of Title 2 of the Government Code, commencing with Section 16645.
- (2) By signing this Agreement, NPHS hereby certifies that none of the funds being provided hereunder will be used to assist, promote, or deter union organizing.
- (3) If the assistance provided hereunder is in the form of a grant, NPHS shall account for the grant as follows: State funds designated by NPHS for use for a specific expenditure shall be accounted for as allocated to that expenditure; and State funds not so designated shall be allocated on a pro rata basis to all expenditures by the NPHS that support the program or project for which the grant is made.

(4) If NPHS is a private employer or if the assistance provided hereunder is in the form of a grant, and NPHS makes expenditures, regardless of source of funds, to assist, promote, or deter union organizing, NPHS shall maintain records sufficient to show that State funds have not been used for those expenditures.

- d. Owner Occupancy Covenants. NPHS shall require that each residential home that is rehabilitated under this Program qualifies as affordable housing in accordance with CalHome regulations. NPHS shall cause to be recorded on each residential property a deed restriction or covenants running with the land to assure that the property is owner occupied for the time period required by the applicable Program requirements. NPHS shall assure that the deed restriction or covenant includes the requirements or default remedy of the repayment of CalHome Reuse funds by the homeowner to NPHS for reimbursement of CalHome Reuse funds to the City should any of the conditions set forth therein be breached.

6. COST AND METHOD OF PAYMENT.

- a. Invoicing. City shall pay to NPHS, via an interfund payment, the Grant amount specified in Section 3 of this Agreement above on a request-basis for all approved costs. NPHS shall submit a certified statement setting forth in detail the expenditures for which it is requesting payment along with supporting documentation which specifically states how funds are to be expended.
- b. Disbursement. City shall promptly review requests for disbursement and supporting documentation and disburse funds to NPHS for approved costs in accordance with its usual accounting procedures, but in no event later than thirty (30) days. City may require additional information from NPHS as may be necessary and appropriate for City to make its determination as to allowable costs.
- c. Program Records. NPHS shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities in accordance with the requirements of the CalHome Regulations and specifically shall prepare and maintain the following records and reports to assist City in maintaining its record keeping requirements.

7. PERFORMANCE MONITORING. City will monitor the performance of NPHS against goals and performance standards required herein. Substandard performance as determined by the City will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by NPHS within a reasonable period of time after being notified by the City, contract suspension or termination procedures will be initiated.

8. USE OF GRANT FUNDS. Except as otherwise limited by this Agreement, Grant Funds shall be used exclusively to implement the Program and carry-out the Services. NPHS acknowledges that unused Grant funds, or portions thereof, are subject to a requirement that said funds must be refunded to HUD and HCD.

9. CHANGES IN GRANT ALLOCATION. City reserves the right to reduce the Grant allocation when City's fiscal monitoring indicates that NPHS's rate of expenditure will result in unspent funds at the end of the program year. Changes in the Grant allocation will be done after consultation with NPHS. Such changes shall be incorporated into this Agreement by written amendments.

10. PERSONNEL. NPHS shall furnish all personnel necessary to perform the Services and shall be responsible for their performance and compensation. NPHS recognizes that the qualifications and experience of the personnel to be used are vital to professional and timely completion of the services. The Key Personnel, listed in Exhibit "C" attached hereto and incorporated herein by this reference, assigned to perform portions of the Services shall remain assigned through completion of the Services unless otherwise mutually agreed by the parties in writing, or caused by hardship or resignation, in which case substitutes shall be subject to City approval.

11. ANNUAL BUDGET. NPHS hereby certifies and agrees that the Program funds received shall be used exclusively as described in the Annual Program Budget, attached hereto as Exhibit "B" and incorporated herein by reference. NPHS shall not make expenditures that deviate from the Budget without prior written approval of the City. City may approve Budget modifications to this Agreement for the movement of funds within the budget categories when such modifications: (i) do not exceed \$10,000 per budget cost category; (ii) are specifically requested by City; (iii) do not alter the amount of compensation subject to or under this Agreement; (iv) will not change the project goals or scope of services; (v) are in the best interests of City and NPHS in performing the scope of services under this Agreement; and (vi) are related to salaries, are in accordance with applicable salary ordinances or law.

12. UNDUE INFLUENCE. NPHS hereby agrees that no federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative Agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative Agreement. NPHS hereby agrees that if any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative Agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

10. INDEPENDENT CONTRACTOR. All acts of NPHS and all others acting on behalf of NPHS relating to the performance of this Agreement, shall be performed as independent

contractors and not as agents, officers, or employees of City. NPHS, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. NPHS has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer, or employee of the City is to be considered an employee of NPHS. It is understood by both NPHS and City that this Agreement shall not under any circumstances be construed or considered to create an employer-employee relationship or a joint venture.

NPHS is and at all times during the term of this Agreement shall represent and conduct itself as an independent contractor and not as an employee of City.

NPHS shall determine the method, details, and means of performing the work and services to be provided by NPHS under this Agreement consistent with the Program (Exhibit "A"). NPHS shall be responsible to City only for the requirements and results specified in this Agreement, and, except as expressly provided in this Agreement, shall not be subjected to City's control with respect to the physical action or activities of NPHS in fulfillment of this Agreement. NPHS has control over the manner and means of performing the services under this Agreement so long as consistent with the requirements of the regulations set forth by HUD and HCD. NPHS is permitted to provide services to others during the same period service is provided to City under this Agreement. If necessary, NPHS has the responsibility for employing other persons or firms to assist NPHS in fulfilling the terms and obligations under this Agreement.

If in the performance of this Agreement any third persons are employed by NPHS, such persons shall be entirely and exclusively under the direction, supervision, and control of NPHS. All terms of employment including hours, wages, working conditions, discipline, hiring, and discharging or any other term of employment or requirements of law shall be determined by NPHS.

It is understood and agreed that as an independent contractor and not an employee of City neither NPHS nor NPHS's assigned personnel shall have any entitlement as a City employee, right to act on behalf of the City in any capacity whatsoever as an agent, or to bind the City to any obligation whatsoever.

It is further understood and agreed that NPHS must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of NPHS's assigned personnel under the terms and conditions of this Agreement.

As an independent contractor, NPHS hereby indemnifies and holds City harmless from any and all claims that may be made against City based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

11. INDEMNITY.

- a. Indemnity - Construction Related Services. Except as to the sole negligence, active negligence or willful misconduct of the City, NPHS shall indemnify and hold the City, and its employees, officers, managers, agents and council members, harmless from any and all loss, damage, claim for damage, liability, expense or cost, including attorneys' fees, which arises out of, or is related to, or

is in any manner connected with, the performance of work, activities, operations or duties of NPHS, or anyone employed by or working under NPHS, and from all claims by anyone employed by or working under NPHS for services rendered to NPHS in the performance of this Agreement, notwithstanding that the City may have benefited from their services. This indemnification provision shall apply to any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of NPHS or of anyone employed by or working under NPHS. The parties expressly agree that any payment, attorneys' fees, costs or expense that the City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss, expense or cost for the purposes of this Section, and that this Section shall survive the expiration or early termination of the Agreement.

- b. Indemnity - Non-Construction Related Services. Except as to the sole negligence or willful misconduct of the City, NPHS shall indemnify and hold the City, and its employees, officers, managers, agents and council members, harmless from any and all loss, damage, claim for damage, liability, expense or cost, including attorneys' fees, which arises out of, or is related to, or is in any manner connected with, the performance of work, activities, operations or duties of NPHS, or anyone employed by or working under NPHS, and from all claims by anyone employed by or working under NPHS for services rendered to NPHS in the performance of this Agreement, notwithstanding that the City may have benefited from their services. This indemnification provision shall apply to any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of NPHS or of anyone employed by or working under NPHS. The parties expressly agree that any payment, attorneys' fees, costs or expense that the City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss, expense or cost for the purposes of this Section, and that this Section shall survive the expiration or early termination of the Agreement.

- c. Duty to Defend. NPHS agrees, at its cost and expense, to promptly defend the City and the City's employees, officers, managers, agents and council members (collectively the "Parties to be defended") from and against any and all claims, allegations, lawsuits or other legal proceedings which arise out of, or are related to, or are in any manner connected with: (1) the work, activities, operations, or duties of NPHS, or of anyone employed by or working under NPHS, or (2) any breach of this Agreement by NPHS. This duty to defend shall apply whether or not such claims, allegations, lawsuits or proceedings have merit or are meritless, or which involve claims or allegations that any of the Parties to be defended were actively, passively or concurrently negligent, or which otherwise assert that the parties to be defended are responsible, in whole or in part, for any loss, damage or injury. NPHS agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to the City.

12. INSURANCE.

- a. General Provisions. Prior to the City's execution of this Agreement, NPHS shall provide satisfactory evidence of, and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms and ratings required herein. The rating and required insurance policies and coverages may be modified in writing by the City's Risk Manager or City Attorney, or a designee, unless such modification is prohibited by law. A sample certificate of liability insurance is attached hereto as Exhibit "E".
- b. Limitations. These minimum amounts of coverage shall not constitute any limitation or cap on NPHS's indemnification obligations under Section 11 hereof.
- c. Ratings. Any insurance policy or coverage provided by NPHS or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.
- d. Cancellation. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to City by certified or registered mail, postage prepaid.
- e. Adequacy. The City, its officers, employees and agents make no representation that the types or limits of insurance specified to be carried by NPHS pursuant to this Agreement are adequate to protect NPHS. If NPHS believes that any required insurance coverage is inadequate, NPHS will obtain such additional insurance coverage as NPHS deems adequate, at NPHS's sole expense.
- f. Workers' Compensation Insurance. By executing this Agreement, NPHS certifies that NPHS is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. NPHS shall carry the insurance or provide for self-insurance required by California law to protect said NPHS from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, NPHS shall file with City either (1) a certificate of insurance showing that such insurance is in effect, or that NPHS is self-insured for such coverage, or (2) a certified statement that NPHS has no employees, and acknowledging that if NPHS does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days prior written notice before modification or cancellation thereof.
- g. Commercial General Liability and Automobile Insurance. Prior to City's execution of this Agreement, NPHS shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and

automobile liability insurance as required to insure NPHS against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of NPHS. The City, and its officers, employees and agents, shall be named as additional insureds under NPHS's insurance policies.

h. NPHS's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractors liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

i. NPHS's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of NPHS's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with NPHS's performance of this Agreement, which vehicles shall include, but are not limited to, NPHS owned vehicles, NPHS leased vehicles, NPHS's employee vehicles, non-NPHS owned vehicles and hired vehicles.

j. Prior to City's execution of this Agreement, copies of insurance policies or original certificates and additional insured endorsements evidencing the coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with City and shall include the City and its officers, employees and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside, and its officers, employees and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

k. The insurance policy or policies shall also comply with the following provisions:

(1) The policy shall be endorsed to waive any right of subrogation against the City and its sub-NPHSs, employees, officers and agents for services performed under this Agreement.

(2) If the policy is written on a claims made basis, the certificate should so specify and the policy must continue in force for one year after completion of the services. The retroactive date of coverage must also be listed.

(3) The policy shall specify that the insurance provided by NPHS will be considered primary and not contributory to any other insurance available to the City.

l. Errors and Omissions Insurance. Prior to City's execution of this Agreement, NPHS shall obtain, and shall thereafter maintain during the term of this Agreement, errors and omissions professional liability insurance in the minimum amount of \$1,000,000 to protect the City from claims resulting from NPHS's activities.

m. Subcontractors' Insurance. NPHS shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage or loss that may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers' Compensation, Commercial General Liability, and Automobile liability. Upon City's request, NPHS shall provide City with satisfactory evidence that Subcontractors have obtained insurance policies and coverages required by this section.

13. NONDISCRIMINATION. NPHS shall abide by 24 CFR Part 92.350 which requires that no person in the United States shall on the ground of religion, race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with federal funds, or in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code.

NPHS further agrees not to discriminate on the grounds of sexual orientation or disability, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto.

Pursuant to the Americans with Disabilities Act and specifically 42 USC ' 12132, NPHS acknowledges and agrees that in the performance of this Agreement, no qualified individual shall, by reason of a disability, be excluded from participation in or be denied the benefits of the services, programs or activities of the City or NPHS or be subjected to discrimination by the City or NPHS.

14. AVAILABILITY OF FUNDS/AUTHORIZATION. City's allocation of funding to NPHS pursuant to this AGREEMENT is contingent upon the availability to the City of CalHome Reuse Funds and continued authorization for program activities by HCD and is subject to amendment or termination due to lack of funds or authorization. This Agreement is subject to written modification or termination as necessary by City in accordance with requirements of future CalHome amendments, regulations or City policy. In addition, this Agreement may be amended or terminated as provided herein.

The City Council of City shall determine the final disposition and distribution of all funds received by City under the CalHome Program and the activities for which such funds shall be used, subject to the provisions of this Agreement.

15. COMPLIANCE WITH LAWS. NPHS shall also comply with all federal, state and local laws and regulations pertinent to its operation and services to be performed hereunder, and shall keep in effect any and all licenses, permits, notices and certificates as are required thereby. NPHS shall further comply with all laws applicable to wages and hours of employment, occupational safety, fire safety, health and sanitation.

16. TERMINATION. This Agreement may be terminated at any time by either party upon giving thirty (30) days' notice in writing to the other party. The terminating party or its designee is hereby empowered to give said notice, subject to approval or ratification by the City Council. Further, City may immediately terminate this Agreement upon the termination, suspension, discontinuation or substantial reduction in Grant funding for the Agreement activity. Further, and notwithstanding any other provision of this Agreement, if NPHS materially fails to comply with any term of this Agreement, or the award that is subject of this Agreement, whether stated in a Federal statute or regulation, an assurance, in a State plan or obligation, a notice of award, or elsewhere, the awarding agency or City may take any one or more of the following actions, as appropriate in the circumstances:

- a. Temporarily withhold cash payments pending correction of the deficiency by NPHS or more severe enforcement action by the awarding agency.
- b. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance.
- c. Wholly or partly suspend or terminate the current award for the City's or NPHS's program.
- d. Withhold further awards for the program.
- e. Take other remedies that may be legally available.
- f. Further, and notwithstanding any other provision of this AGREEMENT, the award may be terminated for convenience in accordance with 24 CFR Part 85.44.

17. COSTS FOLLOWING TERMINATION. Costs of NPHS resulting from obligations incurred by NPHS during a suspension or after termination of this Agreement are not allowable unless the City expressly authorizes them in the Notice of Suspension or Termination or subsequently.

18. NOTICES. Service of any notices, bills, invoices or reports required by this Agreement shall be sufficient if sent by one party to the other in the United States mail, postage prepaid, to the address noted below:

City
City of Riverside
Housing Authority

NPHS
Neighborhood Partnership
Housing Services, Inc.

3900 Main Street, 5th Flr.
Riverside, California 92522

9551 Pittsburgh Avenue
Rancho Cucamonga, CA 91730

19. ASSIGNMENT. It is mutually understood and agreed that this Agreement shall be binding upon the City and its successors and upon NPHS and its successors. Neither this Agreement, nor any part thereof, nor moneys due or to become due there under, may be assigned by NPHS without the prior written consent and approval of the City. The City and NPHS hereby agree to the full performance of the covenants contained herein.

21. AMENDMENTS. All amendments to this Agreement shall be mutual and in writing. This Agreement may be modified or amended only by a written amendment authorized by the City Manager of City, or his designee, and signed by the duly authorized and empowered representatives of the City and NPHS, provided such amendment does not increase or change the amount of the Grant Funds granted herein, or result in substantive material changes to the Program or this Agreement.

22. SEVERABILITY. Each paragraph and provision of this Agreement is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect.

23. ENTIRE AGREEMENT. It is expressly agreed that this Agreement embodies the entire Agreement of the parties in relation to the subject matter hereof, and that no other Agreement or understanding, verbal or otherwise, relative to this subject matter, exists between the parties at the time of execution.

24. REGISTRATION. NPHS agrees to maintain a current registration in the federal central contractor registration ("CCR") database (<http://www.ccr.gov>) pursuant to the Federal Funding Accountability and Transparency Act, P.L. 109-282, as amended by Section 6202(a) of P.L. 110-252. If NPHS is not currently registered, it must do so within ten (10) days of the date NPHS executes this Agreement. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (<http://DNB.com>) is required for registration in the CCR.

25. EXHIBITS. The following exhibits attached hereto are incorporated herein to this Agreement by this reference:

- Exhibit "A" – Program Description
- Exhibit "B" – Operating Budget
- Exhibit "C" – Key Personnel
- Exhibit "D" – CalHome Regulations
- Exhibit "E" – Risk Management Sample Certificate of Insurance

(Signatures on Following Page.)

IN WITNESS WHEREOF, the City and NPHS have caused this Agreement to be duly executed the day and year first written above.

CITY OF RIVERSIDE, a California
a charter city and municipal corporation

NEIGHBORHOOD PARTNERSHIP
HOUSING SERVICES, INC., a California
non-profit corporation

By: _____
Mike Futrell, City Manager

By: 
Clemente Arturo Mojica, CEO

Date: _____

Date: 6/14/23

Attest: _____
Donesia Gause, City Clerk

Date: _____

Approved as to Form:

By: 
Deputy City Attorney

CERTIFIED AS TO FUNDS AVAILABILITY:

BY: 
ASSISTANT CHIEF FINANCIAL OFFICER

23-0615 sw 5/321/23
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EXHIBIT "A"

Program Description

Program Description

Over the last 40 years the City of Riverside has offered financial assistance to low-income, owner-occupied households through its Citywide Housing Rehabilitation Program. This Program provides financial assistance to single-family residences within the City of Riverside in an effort to correct health and safety hazards, correct code enforcement citations, make general improvements, or even make the home accessible to accommodate persons with disabilities.

Financial Assistance is provided by way of interest-free deferred loans up to \$60,000 to qualified households.

The goal of the Program is to preserve, expand, and improve the condition of the affordable housing stock available to low-income persons. Homeowners are required to have owned their home for at least one year and household income must be at or below 80% of the Area Median Income (“AMI”), adjusted for household size, per the median income calculations published annually by U.S. Department of Housing and Urban Development (“HUD”). Owner-occupancy covenants are recorded on the property.



EXHIBIT "B"

Annual Operating Budget

Annual Operating Budget

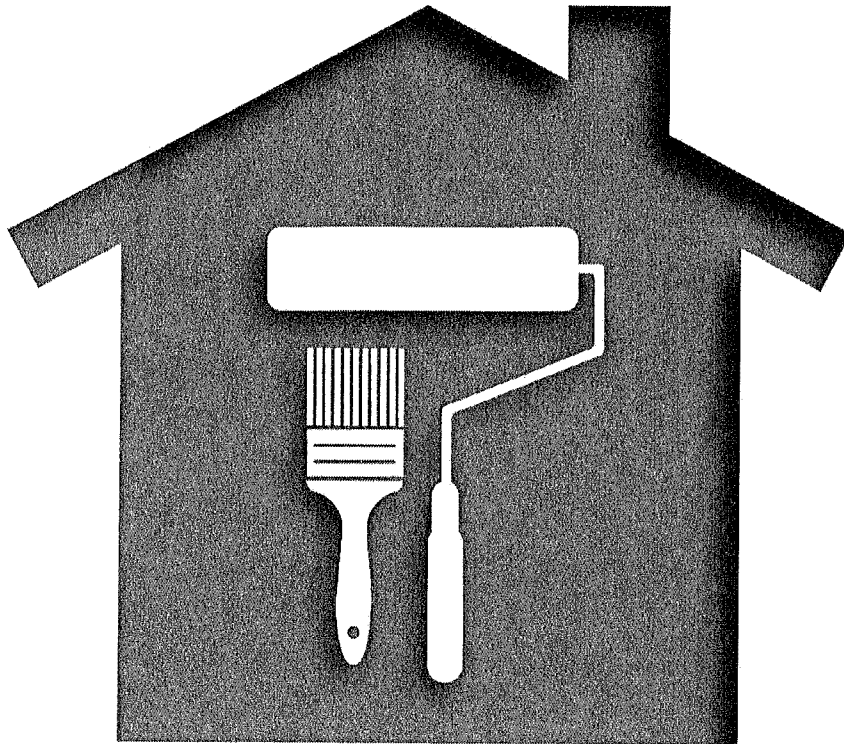
Funding Sources	
CalHome Reuse Rehabilitation Program	\$500,000.00
Total Available Funding	\$500,000.00
Program Expenses	
Construction Costs	\$400,000.00
Total Administration Expenses*	\$100,000.00
Total Program Expenses	\$500,000.00

*NPHS will submit CalHome invoices to the City of Riverside for Project Development Fees and Activity Development Fees separately, not to exceed 10% of the loan amount for each. Total Administrative costs for CalHome cannot exceed 20% of the total award or \$100,000. Administration costs include expenses for space rental, salaries, benefits, utilities, insurance, consultants, travel/mileage, equipment, and supplies.

EXHIBIT "C"

Program Guidelines

**City of Riverside
Housing Rehabilitation Program**



**Rehabilitation Policy, Procedures,
and Guidelines**

Staffing and Authority:

Overall program oversight and monitoring is provided by the City of Riverside's Housing Authority staff ("City Staff"). Day to day operation and staffing of the program is provided by Neighborhood Partnership Housing Services, Inc. ("Program Staff"), a not for profit community housing development organization, under contract with the City of Riverside. Neighborhood Partnership Housing Services, Inc. provides all staffing necessary to generate and complete all eligible rehabilitation projects. Upon completion of projects, the City Staff provides all loan servicing functions (billing and payment receipts, etc.). A summary of the operational functions provided by Neighborhood Partnership Housing Services, Inc. are as follows:

- Conduct program marketing and community outreach, to include creating and printing marketing materials
- Application intake
- Underwrite and review applications to determine program eligibility
- Obtain compensations and appraisals on single-family residences to ensure the after rehabilitated value does not exceed the current local median sales price of a single-family home in the County of Riverside. The CalHome Program refers to the California Association of Realtors website at <http://www.car.org/en/marketdata/data/countysalesactivity>. The County of Riverside median sales prices as of April 2023 is **\$615,000**. (If prices have significantly changed, the CalHome Program allows the City of Riverside to request that HCD approve different limits based on a local calculation of median values (Guidelines Section 7735, subd. (b)).
- Inspect and assess eligible properties for health and safety hazards and code violations
- Obtain all necessary environmental reports and reviews (Lead Based Paint, Historic, Energy efficiency, etc.)
- Test eligible houses for lead-based paint hazards
- Prepare scope of work/bid specifications for all projects
- Maintain list of licensed and insured contractors and assist clients with obtaining contractor bids
- Provide clients with contractor bids and verify their contractor selection
- Verify appropriate funding sources and level of assistance available to project
- Notify contractor of client selection and issue Notice to Proceed
- Conduct a pre-construction meeting with contractor and client, assist client with contract interpretation
- Assess relocation needs for each project and coordinate between client and contractor during construction
- Monitor and provide assistance and coordination between client and contractor during construction

- Verify appropriate permits are obtained and approved for projects
- Inspect rehabilitated projects and obtain client approval for payment draws and provide funds disbursement to contractor
- Complete final inspection, check final permits, and file Notice of Completion
- Reconcile project funds and prepare files for close out
- Forward closed files to Office of Homeless Solutions staff for storage and loan servicing
- Provide CalHOME Program Quarterly Status Reports to City Staff detailing program activity
- Submit itemized invoices for expenses per the approved budget (Exhibit B)

All the above activities will be conducted in accordance with the CalHOME Program, including all Exhibits, and in accordance with the Housing Rehabilitation Program Guidelines, which are incorporated herein by reference.

Program Funds:

The City of Riverside will allocate up to \$500,000 of CalHome Reuse Program funds to provide housing rehabilitation grants and loans. Of the \$500,000 program funding, \$100,000 is the maximum that can be used to cover Neighborhood Partnership Housing Services, Inc. administration costs for the program.

Program Administrator:

The Program Administrator shall oversee all day-to-day operation of staffing the Program. The Program Administrator shall be the President, Chief Executive Officer of Neighborhood Housing Partnership Services, Inc., or other designated individual.

Program Arbitrator:

The Program Arbitrator shall monitor and oversee the total operation and accomplishments of the Program. The Program Arbitrator shall be the Housing Authority Manager of the City of Riverside Housing Authority, or other designated individual. The Program Arbitrator shall be responsible for settling all disputes or appeals regarding program eligibility, permitted program activities, contractor participation, homeowner complaints, etc. The Program Arbitrator shall render all decisions, interpretations, and recommendations in the best interest of the City of Riverside and the Housing Rehabilitation Program; at all times keeping in mind the program's stated goals and policies.

Homeowner Complaints:

In cases where the Homeowner believes the contractor's work is substandard (i.e. the workmanship is shoddy or the work creates a health and safety hazard) or inconsistent with the signed Scope of Work, they must write a letter to the Program Arbitrator explaining the exact nature of their complaint. If the work in question has already been approved by a City Building Inspector, the Inspector's prior determination will stand.

If a Building Inspector has not approved the work, within 10 working days the Program Arbitrator and a City Building Inspector will inspect the work to verify whether or not it was completed to acceptable building standards and is consistent with the Contract. If the Inspector and Arbitrator determine that the work is substandard or outside the Contract, payment will be withheld from the Contractor until the work has been completed to an acceptable standard. Costs for repairing substandard work will be borne by the Contractor (or the Program, as a payee of last resort), but not by the Homeowner.

The Program Arbitrator will only act when the health and safety standard or quality of CalHome funded rehabilitation work is in question. Under no circumstances will the City or Neighborhood Partnership Housing Services, Inc. arbitrate between the Homeowner and the Contractor on matters of aesthetics. It is incumbent upon the Homeowner and Contractor to negotiate issues of an aesthetic nature.

If the Homeowner believes the substandard work constitutes an immediate health and safety threat, the Program Arbitrator and Building Inspector will endeavor to make an inspection of the work within 72 hours of receiving the Homeowner's letter.

Exceptions to Program Policies:

It is acknowledged that no set of rules can fit every individual circumstance. Exceptions to the single-family housing policies and procedures are allowable on an individual case-by-case basis. The Program Administrator, or designated Program Staff, may make written requests to the Program Arbitrator detailing the exception(s) being requested and the reason(s) supporting it. Exceptions will only be made in tandem with program guidelines. The Program Arbitrator shall be responsible for considering such exception requests and giving a written decision within ten working days.

Conflicts of Interest:

All applicants, contractors, and Program Staff must disclose any direct, or indirect, business or familial relationships they may have with one another. Program Staff may not be assigned or otherwise handle an applicant's file when such a relationship connection exists. Program Staff and City Staff employed by the Housing Authority of the City of Riverside are NOT eligible to personally participate in the Housing Rehabilitation Program. Also, City Council members are NOT eligible to personally participate in the Housing Rehabilitation Program due to their direct involvement in the allocation and use of the Program's City funding. Conflict of interest standards run for the life of oversight committee membership, and for one year thereafter. These conflict-of-interest standards are mirrored in federal code Section 24 CFR 570.611.

Types of Funding:

Deferred Loans* - Maximum loan amount of \$60,000. Deferred loans do not accrue interest and require no monthly payments. Deferred loans become due and payable upon the resale, transfer of title, refinancing of the subject property, or at their 30-year maturity date.

General Guidelines:

The program's basic intent is to eliminate health and safety hazards, and code violations in the City of Riverside's affordable housing stock, and, to conserve, expand, and improve the condition of the affordable housing stock available to low-income persons. Therefore, all projects funded through the Housing Rehabilitation Program using CalHome funds, at a minimum must correct all existing code deficiencies and/or health and safety related repairs needed. Code and health/safety threats may be known or found upon inspection.

Any and all existing construction found on-site that was done without City permits (room additions, garage conversions, patio additions, etc.) must be either brought up to code and obtain approved building permits, or must be demolished, as part of the rehabilitation project. Once the cost of repairing all existing code deficiencies and health and safety related items are totaled up, any additional program funding utilized by a recipient, up to the program limits, may be used to address general property improvements. *Applicants may NOT receive CalHome funding to repair only a portion of their health and safety hazards and code violations.

Applicant Eligibility:

Eligibility for the program is limited to persons and households with incomes at or below 80% of the area median income (AMI), adjusted for household size, per the median income calculations published annually by HUD for the use of CalHome and CDGB Program funds.

Un-reported income is fraudulent and will result in denial of the Rehabilitation Loan.

Each applicant must be a U.S. citizen or other national of the United States or a qualified alien as defined by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and 8 U.S.C. 1611 et. seq. Citizenship can be identified using a U.S. passport, Certificate of Naturalization, Certificate of U.S. Citizenship, or a tribal membership card with photo.

If the aforementioned is not attainable, a State of U.S. issued birth certificate, U.S. Citizenship identification card or a final U.S. adoption decree can be provided concurrently with a current driver's license with photo, State issued identification card with photo, work or school identification card, military identification card with photo or a U.S. American Indian or Alaskan Native tribal document.

A bankruptcy must be discharged for a minimum of four (4) years or two years if an exception from the City is obtained. Keep in mind, exceptions are rarely approved and would need to involve circumstance such as a severe (documented) medical condition.

In addition, applicants must self-certify that the value of all their "liquid assets" (all cash, bank checking and savings accounts, money market accounts, stocks, bonds, mutual funds, etc.), excluding the value of their primary residence, real estate investments (revenue derived from rental property is counted under income), qualified retirement savings (revenue derived from retirements savings is counted under income), household furnishings, clothing, and cars, does not exceed \$50,000.

Finally, applicants must agree to comply with all HUD, State, City, or program requirements regarding lead based paint hazard inspections, lead based paint hazard reduction work, termite inspections, termite control work, City Code compliance issues, health and safety issues, energy efficiency standards, and any other inspections and requirements as necessary.

Household Income

The total gross annual wages, salaries, commissions, fees bonuses, and all forms of compensation received by all individuals within the household must be calculated and estimated for the next 12-month period. All individuals age 18 and above within the household must execute a "Statement of Benefits" detailing the amount of all types of wages, earnings, and financial benefits they received. Pensions, Social Security benefits, Public Assistance, interest and dividends, alimony and child support, unemployment insurance, worker's compensation benefits, and all other types of periodic and determinable income are included. Items not included in income calculations are casual or sporadic gifts, reimbursements received for medical expenses, educational scholarships.

Calculation of Housing Income

All sources from which the borrower(s), and any other person over 18 years of age who is expected to live in the residence, receive income including the monthly gross pay, and additional income from overtime, part-time employment, bonuses, commissions, tips, dividends, interest royalties, pensions, Veteran's Admin compensation, net rental income or other income (such as alimony, child support, public assistance, sick pay, social security benefits unemployment compensation, income received from trusts, and income received from business activities or investments).

If one or more bedrooms of an owner-occupied single-family property is/are rented to non-household members, the non-household member's income shall not be included in income calculations for the owner's household. However, the rent paid to the owner shall be included in income calculations for the owner's household.

Gross Income

The annual gross income, of the Homeowner's household income adjusted for family size, may not exceed the program limits. Determination of the Homeowner annual household income will be based on income projected for twelve (12) months.

1. **Maximum Income Limits:** The household income of any Borrower cannot exceed 80% of the HCD low income Limits as published by the California Department of Housing and Community Development (HCD) adjusted for household size. For purposes of determining the household

income, the income of all persons 18 years and older who will reside in the property will be considered as part of the total income used to determine eligibility within the established limits.

2. **Gross Income Includes:** All sources of income from which the Borrower and any other person over 18 years of age who is expected to live in the residence. Gross income from wages, salaries; any additional income from overtime, part-time employment, bonuses, commissions, tips, dividends, interest or dividends earned on assets, royalties, annuities, insurance policies, retirement funds, pensions, disability or death benefits, Veteran's Administration (VA) compensation, net rental income or other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments).
3. **Income Determination:** The gross income of the household (as defined by CCRs Title 25 Section 6914) promulgated by the Internal Revenue Service is the household's annualized gross income. Gross income shall mean the anticipated income of a borrower or family member for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a re-determination at the end of such a period. "Income" shall consist of the following: (a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
 - i. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
 - ii. The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - iii. Interest and dividends;
 - iv. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
 - v. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).
 - vi. Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - vii. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - viii. The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
 - ix. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
 - x. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).
 - xi. Where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets mean value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(b) The following items shall not be considered as income:

- i. Casual, sporadic or irregular gifts;
- ii. Amounts which are specifically for or in reimbursement of the cost of medical expenses;
- iii. 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;
- iv. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
- v. The special pay to a serviceman head of a family away from home and exposed to hostile fire;
- vi. Relocation payments made pursuant to federal, state, or local relocation law;
- vii. Foster child care payments;
- viii. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
- ix. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

(A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

(B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

The calculation of income based on the gross income on each applicant's past three pay stubs. Each household member's income is derived by dividing the year-to-date gross income by the person's current pay period and then by annualizing an estimated pay period amount by the number of times the person is paid in one year. Calculations such as part-time employment with variable hours (or less than 40 hours per week), inconsistent income or hours, overtime, bonuses and commissions, etc., can be calculated using year-to-date income to project the annual income.

YTD gross income/current pay period x number of paid a year = Annualized gross income

Property Eligibility:

Eligibility for the program is limited to single-family homes located within the corporate boundaries of the City of Riverside that are owner occupied. Applicants must have owned the home for at least one year prior to receiving City approval and funding for their project. The exception to the one-year ownership rule is given to applicants that have recently acquired a foreclosed property within a qualified target area. Other exceptions to the minimum one-year ownership requirement can be made by the City's Housing Authority Manager.

Appraisals:

Prior to commencement of Rehabilitation work, an appraisal shall be obtained with the following requirements:

- (1) The appraisal may be prepared by Program Administrator staff using the sales of comparable properties approach to determine value. If comparable sales are not available, the appraisal shall be prepared by a state-licensed, residential property appraiser;
- (2) The appraisal shall take into consideration the estimated value of the Rehabilitation work to be completed on the property and shall include the pre-rehabilitated value and the After-Rehabilitated Value; and
- (3) An appraisal is not required in the case of Rehabilitation work on a manufactured home not on a permanent foundation

Subordination:

When a loan is made, it is intended that monies are lent to low income homeowners for special purposes, and at terms not available in the private lending market. The City will subordinate loans to existing financing on a single-family residence if the debt structure on the residence is reasonable, has better terms than the existing lien, and the homeowner is not taking cash out. After a loan is made, the City will subordinate only for refinancing that does not weaken the City's equity position on title for the property (i.e., there must be no additional financing placed ahead of the City Trust Deed). This policy allows for refinancing to lower interest rates. It is acknowledged that special circumstances may exist, and the City Manager may grant waivers based on hardships or extreme extenuating circumstances.

Underwriting Criteria:

The program is intended to be a "lender of last resort" to assist low-income homeowners who might otherwise be unable to obtain rehabilitation financing through traditional financial channels due to income and credit related issues. Therefore, the program specifically utilizes loan terms (below market interest rates and deferred payment loans) and underwriting criteria (above market loan-to-value ratios, etc.) that are favorable to the applicant, and are not normally available to low and moderate income persons.

A. *Loan-to-Value Ratio (LTV)* – Loans can be made up to a maximum LTV of 105% of a property's estimated market value. The property's estimated market value is based upon a "desktop" analysis of comparable sales and for sale properties in the subject property's surrounding neighborhood (within a ¼ mile radius), per public information available through the County Recorder's office, local Title companies, the Board of Realtors Multiple Listing Service (MLS), or other similar data sources. If comparables are not available within a ¼ mile radius, the assessment area can be increased to a ½ mile radius.

B. *Borrower's Ratios* – The program's emphasis is to make rehabilitation funding available to low income households to the maximum extent possible. Therefore, the program focuses upon "collateral based" lending, per the LTV ratios stated above. "Credit based" lending criteria is intentionally de-emphasized because the program's target population often has a problem receiving credit. Thus, the strict application of typical "credit based" lending criteria would likely exclude large segments of the target population the program is specifically trying to assist.

A homeowner cannot obtain funding approval if they are behind in any debt obligations, which is verified through a credit report.

C. Title and Escrow – Due to cost considerations, no escrow or title policies are required. Title reports, at the cost of the applicant, will be obtained to verify if there are any existing liens or indebtedness recorded against a property. Applicants must self-certify the amount of existing debt already on the property by signing the Deferred Payment Agreement. This document provides the City of Riverside the documentation necessary to pursue legal remedies against an applicant if they try to place another undisclosed lien ahead of the City's loan, or otherwise misrepresent or fail to disclose all liens and debts recorded against their property.

D. Security Instruments – Applicants receiving loans must execute a Promissory Note, a Deed of Trust, and a Regular or Deferred Payment Agreement. Additional documentation is provided in the form of a Loan Disclosure, Fair Lending Notice, and an Amortization Schedule.

Property taxes and property insurance must be current in order for an applicant to be considered for a Rehabilitation Loan and all of these must be paid when due during the term of the Rehabilitation Loan. Property insurance, including fire and flood if applicable, will be required during the life of the Rehabilitation Loan. Borrowers are required to maintain insurance on the property in an amount at least equal to the replacement value of the improvements. The City of Riverside must be named as an additional loss payee on the policy.

Household Composition:

Households are comprised of any and all individuals (minor and adult) living within the same home or housing unit. Non-income producing individuals must reside in the house for more than one year. A boarder renting a room within the home is excluded from the "household" composition. In the case of boarders, they do not count in the total number of household occupants, but the amount of their rental payment must be included within the household's income calculation. Furthermore, joint tenant property owners who are on title (partial owners of the property), but do not live onsite, are not part of the household composition.

Eligible Repairs:

A. Code / Health and Safety Repairs – The first priority of the Housing Rehabilitation Program is to eliminate, or otherwise "cure", any and all pre-existing Code violations and Health and Safety hazards. Therefore, all rehabilitation projects must correct any pre-existing code deficiencies and/or health & safety related repairs needed. This includes pre-existing construction found that was done without City permits (room additions, garage conversions, patio additions, etc). All such pre-existing construction must be either brought up to code and obtain approved building permits, or must be demolished, as part of the rehabilitation project. If applicants interrupt or refuse to allow contractors to complete the abatement of code violations and/or health and safety hazards, their file will be closed and the grant or loan will become due and payable.

B. Lead Based Paint Hazards – An additional priority of the Housing Rehabilitation Program is to reduce any lead based paint hazards present in homes. Therefore, a Lead Based Paint test (XRF testing) and a Risk Assessment are required on houses built prior to 1978 to identify the existence and scope of any lead based paint hazards in the home. When the physical scope of the rehabilitation project will not disturb any painted surfaces then the Lead Based Paint test (XRF testing) and Risk Assessment are not required provided the contractor is notified to presume that lead based paint is present and to utilize "Safe Work Practices" during the disturbance of any painted surfaces.

C. Termite Repairs – The Program requires a Termite Inspection Report be prepared for every home by a licensed inspector. The owner may receive a copy of the termite inspection report at no cost. The report should identify any termite or dry rot damaged wood members in the home as well as whether or not there are any active termite infestations in the home. The program requires that any termite or dry rot damaged wood members in the home be replaced or repaired due to the health and safety risk they pose to the structural integrity of the home. Fumigation, or other treatments recommended to eliminate any active termite infestations are required.

D. General Property Improvements – Once the cost of repairing all code deficiencies, health and safety items, lead based paint hazards, and termite repairs are totaled up, then any additional program funding utilized by a recipient, up to the program limits, may be used to address general property improvements. General property improvements may include a wide variety of items such as painting, replacement of fixtures, replacement of cabinets and vanities, replacement of flooring, etc. General property improvements may NOT include any materials or items that are of a type and quality which exceeds the standards for similar properties in the area, or that far exceed the basic standards of “decent, safe, and sanitary”.

Items that are specifically **NOT** eligible under the program are as follows:

Installation of swimming pools and hot tubs (spas). Pool repairs are eligible only when health and safety concerns exist;

Repair or purchase of furnishings or other non-realty (personal) property;

Repair or purchase of appliances such as stoves, dishwashers, etc. Large appliances can be repaired when they are physically “built-in” to a kitchen, and sanitary issues exist. Note that garbage disposals are considered a plumbing item and are eligible under the program. Refrigerators can be repaired when they are a physically “built-in” to a kitchen, and sanitary issues exist;

Acquisition of land or property;

Tools or raw building materials; and

Any item determined by program staff to far exceed the program’s goals of providing decent, safe, and sanitary living conditions.

Room additions or “garage conversions” to create additional living space are only permitted in cases of overcrowding, where the number of household members exceeds the basic State of California standards of 2 persons per bedroom, plus 2 persons for ambient space. Thus, a three-bedroom home must have more than 8 permanent household members to qualify as “overcrowded” (more than 10 permanent household members in a 4 bedroom home, etc.). Furthermore, unless overcrowding is found to exist, a room addition is a low priority and is considered a “general property improvement” which can only be considered after all code, health and safety, lead based paint, and termite required rehabilitation work was funded. In cases where a garage conversion was previously completed without City permits and approvals, it is considered a City code violation, and the program can fund the necessary repairs to bring the conversion into Code Compliance and obtain approved building permits.

The program will not fund repairs to “Granny flats” or separate living units, as a preponderance of these units may become rentals. The program is limited to use by owner-occupied dwellings and is not available for use on rental housing.

E. Timeliness – CDBG Grants endeavor to keep the maximum amount of funds available to assist the great needs of Riverside's older housing stock. Program recipient's will be made aware that the time is of the essence and all funds not expended after 12 months (excluding Planning & Permit time) may be reprogrammed at the City's sole option, and that the grantee's file will be closed.

NOTE: No program funds can be paid out directly to the homeowner, since the homeowner is not allowed to perform any of the home improvement written in the scope of work. The program funds are to be used solely for payment of housing rehabilitation work (including permits, fees, inspections, plans, engineering, etc.). Therefore, all funds are held in trust for payment to independent, third party contractors or vendors upon presentation, and signed approval by the homeowner, of valid invoices or construction draw requests.

Funding Approval:

After the full scope of a rehabilitation project has been determined, contractor bids have been received, and the homeowner has selected their contractor, Program Staff prepares an "Agenda package" that includes a project information summary detailing the budget, type of loan or grant funding to be provided, the applicant's income eligibility, and the scope of work to be done. Housing Staff reviews the "Agenda package" for approval of the rehabilitation work, the Community & Economic Development Fiscal Manager, and the City Manager or designated staff member approves the funding amount and source.

Pre-Project Expenses:

A variety of inspections, tests, and reports are needed before the scope of work for an applicant's rehabilitation project can be finalized, sent out to bid, then brought forward to the City of Riverside for funding approval. Occasionally, homeowners may cancel their applications due to personal or financial reasons before their file has been brought to the City of Riverside for funding approval, but after expenses have already been incurred for Lead Based Paint inspections, Special Building and Safety inspections, or other miscellaneous items. In these instances, pre-projects expenses will be paid by the homeowner. This can be in the form of a CalHome deferred loan as long as the fees are a minimum of \$1,000. A deed of trust and note for expended amount will be recorded with the County of Riverside. Homeowner shall sign an acknowledgement of this during application process.

Historic Review (Section 106):

If public records, from a Title Company Property Profile, City's Building Department, or other official record indicates that the applicant's home is more than 50 years old, then an historical assessment (Section 106 Review), and review of the intended scope of work, must be requested from the City's Planning Division. Approval must be obtained through the Cultural Resources Specialist of the Planning Division. Planning staff will provide their written determination and recommendations and send a copy to both Program Staff and the State Historical Preservation Office (SHPO).

Bidding Process:

Competitive bids from at least three contractors are requested on all rehabilitation projects, except health and safety emergencies which are handled on an emergency basis that does not allow time for competitive bidding. When the normal competitive bid process is used, the homeowner is provided copies of all bids received for their consideration and selection. If the homeowner is not satisfied with the bids they receive, then additional bids may be solicited from more contractors until the homeowner finds a contractor bid they want to use.

Contractor Selection:

The homeowner is provided copies of all bids received and may choose any "reasonable" contractor bid they wish, they are not required to select the lowest bidder. However, Program Staff reviews all bids received to verify they are all within a "reasonable" range of typically no more than approximately 25% variation between the high and low bidders. If the homeowner wishes to select a contractor bid that is considered to be above the "reasonable" range of bids received, then they must notify Program Staff to contact the higher bidder to determine whether the contractor is willing to negotiate their bid down into the "reasonable" range or obtain a written explanation from the contractor that adequately explains, to Program Staff's satisfaction, why their bid is above the range.

The Construction Contract:

The Construction Contract is between the homeowner and the contractor. The City of Riverside, and NPHS, Inc. are not signatories to the Contract. The City of Riverside and NPHS, Inc. do not have any enforcement power over the contractual relationship between the homeowner and the contractor. A copy of the contractor's bid is attached to the Construction Contract to specify the scope of repairs and improvements included in the Contract.

Contractor Payments:

For contracts less than \$5,000, only one draw payment is permitted to the contractor and no retention money is withheld from the payment. For contracts greater than \$5,000, up to three draw payments are permitted and 10% "retention" is withheld from each payment until 30 days after the project has been satisfactorily completed and a Notice of Completion has been recorded. The homeowner and the contractor must each sign the appropriate Payment Authorization form before any funds will be released. If the homeowner fails to sign the Payment Authorization form for any unreasonable purpose, the City of Riverside reserves the right to release payment to the contractor. In addition, the contractor must provide an invoice, waiver/lien release, and copies of signed off permits as part of any request for payment.

Contractor Qualifications:

An important element of a successful home rehabilitation program is good working relationships between the homeowners and the general contractors they select. Since most homeowners have limited prior experience with contractors, the Housing Rehabilitation Program maintains a list of contractors who have provided copies of their appropriate insurance and license. The list is offered to homeowners as an aid in soliciting contractor bids and selecting a contractor. However, the homeowner is responsible for selecting the contractor and may use any contractor that provides the program with copies of their appropriate insurance and license.

Contractors participating in the program must provide evidence of a valid City of Riverside business license, a valid State contractor's license, current worker's compensation insurance coverage, and current \$1,000,000 general liability insurance coverage. Also, their insurance must list the program's administrator, Neighborhood Partnership Housing Services, Inc., as additionally insured. Since NPHS, Inc. has had a policy requesting contractors to carry \$1,000,000 general liability insurance, no claims can be filed against the City of Riverside or NPHS, Inc.

Only general contractor and sub-contractors who have applied and meet program requirements are eligible to enter into Rehabilitation Program construction contracts.

Adding contractors to the list is an ongoing process. Applications from local contractors (including women and minority contractors) are encouraged. Any contractor who meets the licensing and insurance requirements is eligible to apply for inclusion on the list.

Contractors who maintain their business credentials and comply with program guidelines and policies are automatically retained on the list. Contractors may be disqualified from participation in the program at any time for just cause.

- A. Contractor Applications** – Applications are accepted from contractors at any time. Contractors interested in being included on the Contractor List and bidding for construction contracts must complete a standard application and submit copies of their current worker's compensation insurance, liability insurance and state contractor's license to the Program Staff.
- B. Contractor Review** – Contractor applications are reviewed by program staff. Staff will:
- Call the State Contractor Board, or check their website, to verify that the contractor is currently licensed.
 - Verify that the copies of insurance coverages and business licenses are current.

Disqualification of Contractors:

Contractors may be disqualified from participation in the program at any time for just cause. Evidence constituting just cause for contractor disqualification includes:

- Failure to maintain State Contractor's Board license and registration, or failure to maintain required insurance coverage or City business license.
- Insolvency, bankruptcy, or other conduct or conditions causing monetary loss for a homeowner, or the Housing Rehabilitation Program, in connection with construction contracts.
- Activities in conflict with Housing Rehabilitation Program policies or procedures, such as: bid rigging, kickbacks to homeowners, hiring homeowners for pay, failure to complete warranty work in a timely manner, abusive or repeated cost increases and change orders to contracts.
- A history of non-performance in fulfilling construction contracts.
- A history of contract performance judged unacceptable by the Housing Rehabilitation Program due to poor work quality, lack of cooperation, or repeated conflicts with homeowners.
- Abandoning a job or repeated failure to complete contract work according to specified deadlines.
- Conviction of a crime in connection with contract work, contract payments, or any other funding administered by the City of Riverside.

The decision to disqualify a contractor shall be authorized by the Program Administrator (President, Chief Executive Officer of NPHS, Inc.) upon the recommendation of any Program Staff. Disqualified contractors shall be notified in writing. A disqualified contractor may appeal the decision within ten days of receiving the written notification. Disqualification appeals shall be made to the Program Arbitrator, who shall consider any additional information provided by the contractor and render a final decision within one week.

EXHIBIT "D"

Key Personnel

Neighborhood Partnership Housing Services, Inc.
Key Personnel

Jesse Ibarra, Chief Business Officer

April Deleon, Redevelopment Sr. Project Manager

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EXHIBIT "E"

CalHOME Regulations

CalHome Program Final Guidelines



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State of California**

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December 30, 2022

CALHOME PROGRAM GUIDELINES

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ARTICLE I. GENERAL OVERVIEW

Section 100. Purpose and Scope

- (a) These CalHome Program Final Guidelines (the “Guidelines”) implement and interpret, Chapter 6 (commencing with §50650) of Part 2 of Division 31, Health and Safety Code (H.S.C.), which establishes the CalHome Program administered by the California Department of Housing and Community Development (the “Department”) and Chapter 2 (commencing with §54006) of Part 16 of Division 31, H.S.C.
- (b) These guidelines implement Assembly Bill (AB) 434 (Chapter 192, Statutes of 2020), which amends H.S.C. §50517.5. AB 434 requires the Department to harmonize the Joe Serna, Jr. Farmworker Housing Grant Program (the “Serna Program”) with the CalHome Program in the following four respects: (1) Serna Program funds are to be made available at the same time as CalHome Program funds; (2) Serna Program applications are to be rated and ranked in a manner consistent with CalHome Program applications; (3) Serna Program funds are to be administered consistent with the CalHome Program, and; (4) Serna Program Loan terms are to be consistent with CalHome Program Loan terms to the greatest extent possible.
- (c) These Guidelines establish terms, conditions and procedures for the Award and disbursement of funds allocated to the CalHome program pursuant to H.S.C. §54006(g).
- (d) These Guidelines apply only to funds made available through H.S.C. §54006(g) and do not apply to funds made available to the CalHome program authorized by Chapter 6 (commencing with §50650) prior to the adoption of H.S.C. §54006(g).

NOTE: Authority cited: §50406(n), 50650.2, 50650.7, and 54014, H.S.C.. Reference: 50650.3, 50650.4, 50650.5, 50650.7, and H.S.C. §54006(g).

Section 101. Definitions

In addition to the definitions found in Chapter 2 (commencing with §50050), of Part 1 of Division 31, H.S.C., the definitions in the Definitions Appendix shall apply to this subchapter.

In the event of a conflict, the definitions in the Definitions Appendix shall prevail for the purposes of these Guidelines and application. The defined terms will be capitalized as they appear in the guideline text. References to sections herein refer to sections of these Guidelines unless otherwise noted.

ARTICLE II. GENERAL PROGRAM REQUIREMENTS

Section 200. Eligible Applicants

To be eligible to apply for funding, the Applicant shall be a Local Public Entity, Local Public Agency, Tribal Entity, or Nonprofit Corporation.

- (a) Geographic restrictions.
 - (1) A Local Public Entity shall only be eligible to apply for an award of CalHome program funds for a Local Program or project located within its jurisdictional boundaries. A Locality may hire Nonprofit and for-profit consultants located and/or registered within or outside its jurisdictional boundaries, including other counties within the state. Out-of-county consultants are obliged to fulfill the same experience requirements as the in-county entities. Localities may establish a consortium (provided there is a Memorandum of Understanding between the parties) with a single administrator. One Locality shall apply on behalf of other entities in a consortium and may serve all jurisdictions.
 - (2) A Nonprofit Corporation shall only be eligible to apply for an Award of CalHome program funds for a program or project if it has developed a project or operated a housing program in California within the past two years or if the Nonprofit Corporation has an existing 523 Self-Help Technical Assistance Grant Agreement with the United States Department of Agriculture (USDA).
- (b) Stability and capacity:
 - (1) To be eligible for funding, the Applicant shall demonstrate to the Department's satisfaction that it has sufficient organizational stability and capacity to carry out the activity for which it is requesting funds.
 - (2) In order to demonstrate organizational stability, the Applicant shall have been operating as a housing Developer or housing program administrator for a minimum of two years prior to the date of application. A Locality may subcontract with an Administrative Subcontractor to qualify toward the organizational stability and experience requirement.
 - (3) A Nonprofit Corporation must be a corporation whose exempt purposes for the two years prior to the date of application have included the activity for which it is applying.
 - (4) A Nonprofit Corporation shall also demonstrate financial stability to the Department's satisfaction through audited financial statements

submitted for Department review as part of its application for funding.

- (5) An Applicant shall also meet the additional stability and capacity requirements set forth in these Guidelines for the specific activity for which it is applying.
 - (6) To the extent necessary to address a presidential declaration of disaster or emergency, or a “state of emergency” or a “local emergency” declared by the Governor under GC §8571, the Department may alter or waive state-required criteria set forth in this subsection (b), to the extent otherwise allowed by law.
- (c) Reporting requirements
- (1) Recipients shall submit outstanding reports from previous CalHome program Grants to the Department by the application date (as specified in the NOFA). Failure to submit the reports by the application date will make the Recipients ineligible for a CalHome program Award.

NOTE: Authority cited: §50406(n), 50650.2, H.S.C. and 50650.7, H.S.C., Reference: 50650.3, 50650.4, 50650.5, and 50650.7, H.S.C.

Section 201. Eligible Activities

Eligible Activities are:

- (a) Homeownership Development Project Loans
 - (1) The Department may make construction period Loans to eligible Applicants for development of Homeownership Development Projects, including Program eligible Housing Developments that include ADUs or JADUs, or make permanent Loans for Mutual Housing and limited equity housing cooperatives.
 - (2) Proposed development projects shall be ineligible to receive funding if Construction Work has begun or will begin prior to the date that the Department makes an Award of program funds. “Construction Work” includes grading; site preparation (with the exception of demolition or clearing of property); or site improvements intended for public dedication.
- (b) Self Help Technical Assistance
- (c) Mortgage Assistance
- (d) Owner-Occupied Rehabilitation

- (e) Shared Housing
- (f) Accessory Dwelling Units/Junior Accessory Dwelling Units

Section 202. Eligible and Ineligible Uses of Funds

- (a) Eligible uses of funds for specific activities are set forth in the Guideline provisions that directly address each activity.
- (b) CalHome program funds shall not be used for any of the following costs that may be incurred in the Local Program or the project:
 - (1) Refinancing of existing Loans with CalHome program funds, except CalHome program funds may be used for site acquisition bridge Loans with a term of 36 months or less on Homeownership Development Projects.
 - (2) Costs associated with the Rehabilitation or repair of property owned by a Mobilehome Park owner.
 - (3) Offsite improvements (improvements outside the boundaries of the subdivision or individual parcels for scattered site development).
 - (4) Unit construction costs, except in Owner-Occupied Rehabilitation Local Programs or for construction period expenses for development of new Homeownership Development Projects.
 - (5) Recurring Loan closing costs.
 - (6) Payoff of all or any portion of a Borrower's consumer debt, liens, or judgments.
 - (7) Self-Help Technical Assistance Grant funds may not be used to pay for purchase of land, materials, tools, and construction equipment or for any costs of construction.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), H.S.C.

Section 203. Eligible Households

To be eligible to receive the benefits of CalHome program funding, an individual Household shall:

- (a) Be a Lower-Income Household, when considering the Annual Income of all Household residents 18 years old or older. When calculating income eligibility, Applicants shall refer to Chapter 3 of the Income Calculation and Determination Guide for Federal Programs. For Shared Housing Match services, where the provider is Elderly, the income of non-

occupying children who are on title will not be counted;

- (b) Be a Moderate-Income Household that is a victim of a disaster, when considering the Annual Income of all Household residents 18 years old or older. When calculating income eligibility, Applicants shall refer to Chapter 3 of the Income Calculation and Determination Guide for Federal Programs. For Shared Housing Match services, where the provider is Elderly, the income of non-occupying children who are on title will not be counted;
- (c) Include as Borrowers on the CalHome program promissory note all persons who will be or are on title to the property; and
- (d) Either:
 - (1) In the case of a Rehabilitation Loan or if receiving Shared Housing Match services, be an owner-occupant and intend to continue occupying the home as a principal place of residence; or
 - (2) In the case of a Mortgage Assistance Loan or if receiving Self-Help Technical Assistance services, be a First-Time Homebuyer and intend to occupy the home as a principal place of residence.

Residents of an ADU or a JADU shall not be considered as part of the Household receiving CalHome program funding for purposes of this section. If the Borrower will occupy an ADU or a JADU, then the residents of the primary unit shall not be considered as part of the Household receiving CalHome program funding for purposes of this section.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., Reference: 50650(c) and 50650.3, H.S.C.

Section 204. Local Program/Project Administration

- (a) The Recipient shall implement the Local Program or project and be responsible for the following activities:
 - (1) Marketing the Local Program or project;
 - (2) Determination of a Household's income-eligibility pursuant to the income requirements of Section 203 of these Guidelines;
 - (3) Where applicable, based on the nature of the Local Program or project, compliance with the following requirements:
 - (A) Section 205 Homebuyer Education requirements;
 - (B) Section 206 Loan servicing requirements;

- (C) Section 207 Reuse Account requirements;
 - (D) Section 401.3 Self-Help Technical Assistance Administration requirements;
 - (E) Section 402.3 Mortgage Assistance administration requirements;
 - (F) Section 402.4 Mortgage Assistance underwriting requirements;
 - (G) Section 403.3 Owner-Occupied Rehabilitation administration requirements;
 - (H) Section 403.4 Owner-Occupied Rehabilitation underwriting and construction requirements;
 - (I) Section 404.3 Shared Housing Program administration requirements;
 - (J) Section 405.4 ADU/JADU underwriting and construction requirements;
 - (K) Section 405.3 ADU/JADU Program administration requirements.
- (4) For Mortgage Assistance or Owner-Occupied Rehabilitation Loans, disbursing funds on behalf of Borrowers at time of property acquisition or during Rehabilitation;
 - (5) Maintaining complete and accurate records of all CalHome program Loan disbursements and repayments to ensure adherence to proper accounting procedures for the CalHome program Loans, which may be verified by the Department and may be subject to a fiscal and programmatic audit;
 - (6) Complying with reporting requirements pursuant to Section 602; and
 - (7) Complying with all other Locality and/or Nonprofit Corporation requirements as set forth in these Guidelines and all applicable federal and state regulations.
- (b) The Recipient shall adopt a written nondiscrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language,

immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Program funds.

- (c) The Recipient shall comply with all applicable state and federal laws, rules, guidelines, and regulations that pertain to nondiscrimination and fair housing. Such laws include, without limitation, the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.); the Americans with Disabilities Act of 1990; the Fair Housing Act; the Fair Housing Amendments Act of 1988; the California Fair Employment and Housing Act; the Unruh Civil Rights Act; Government Code section 11135; Section 504 of the Rehabilitation Act of 1973; and all regulations promulgated pursuant to those statutes.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), 50650.4 and 50650.7, H.S.C.

Section 205. Homebuyer Education Requirements

- (a) Homebuyer Education shall be provided to all homebuyers receiving a CalHome program Mortgage Assistance Loan and to all Self-Help Construction participants being assisted under a CalHome program Self-Help Technical Assistance Grant. For each home purchase completed by an assisted Household, the CalHome program shall provide a Grant of up to a maximum amount as published in the latest NOFA per assisted Household toward the cost of the Homebuyer Education, provided the following conditions are met:
 - (1) Homebuyer Education curriculum shall be pre-approved by the Department and, at a minimum, shall include the following topics:
 - (A) Preparing for Homeownership;
 - (B) Available financing and credit analysis;
 - (C) Loan closing and homebuyer responsibilities;
 - (D) Home maintenance and Loan servicing.
 - (2) A certificate of successful completion of Homebuyer Education shall be issued to each prospective homeowner and a copy submitted to the Department.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C.

Section 206. Loan Servicing Requirements

- (a) Recipients shall develop and employ a Loan servicing plan that has been submitted to and approved by the Department as addressing the following topics:
 - (1) Process for monitoring the requirement of owner-occupancy
 - (2) Annual review of hazard and flood insurance
 - (3) Timely payment of property taxes and assessments
 - (4) Accounting for repayment of CalHome program Loans
 - (5) Properly calculating payoffs
 - (6) Processing demands
 - (7) Reconveyance of deeds of trust
 - (8) Collection of CalHome program notes in default or foreclosure
- (b) If Loan servicing will be performed under a contract with a third party, that third party must be in the business of performing Loan servicing; and
- (c) Recipients shall be required to enter into a long-term Monitoring Agreement with the Department allowing Department monitoring of Loan servicing for compliance with these Guidelines.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), 50650.4 and 50650.7, H.S.C.

Section 207. Reuse Account Requirements

- (a) CalHome program Recipients shall develop and employ a Reuse Account plan that has been submitted to and approved by the Department as addressing the following topics:
 - (1) Description of a tracking system to ensure the reuse of funds for eligible activities including:
 - (A) Loans to individual homeowners and homebuyers,
 - (B) CalHome program Loan processing, housing Rehabilitation processing, Homebuyer Education and other eligible ADF,

and

- (C) Allowable 5 percent Loan servicing fee.
- (b) All repayments of CalHome Loan principal and any CalHome program Loan interest (i.e., program income) shall be deposited into a separately maintained Reuse Account.
- (c) Any interest earned on deposited CalHome reuse funds must accrue to the CalHome program identified funds and be reused for CalHome program purposes.
- (d) Funds in the Reuse Account shall only be used by the Recipient for CalHome program eligible activities which are subject to these Guidelines.
- (e) Recipients shall be required to enter into a long-term Monitoring Agreement with the Department allowing the Department monitoring of Reuse Accounts for compliance with these Guidelines.

Section 208. Threshold Requirements

Applications will not be considered for funding unless the application is received by the deadline as stated in the NOFA and demonstrates compliance with all CalHome program Statutes and Guidelines, including the following conditions:

- (a) The Applicant meets geographic restrictions per CalHome Guidelines (Guidelines Section 200, subd. (a))
- (b) The Applicant is an eligible Local Public Entity, Local Public Agency, Tribal Entity, or Nonprofit Corporation (Guidelines Section 200). For purposes of these Guidelines, a Local Public Entity or Locality is defined to include a Tribal Entity. Pursuant to Health & Safety Code §50091, a Nonprofit Corporation shall include a tribally designated housing entity as further defined therein.
- (c) The Applicant has complied with reporting requirements (Guidelines § 200, subd. (c))
- (d) The activity is eligible (Guidelines §201)
- (e) The proposed use of funds is eligible (Guidelines §202)
- (f) The Applicant meets the eligibility requirements for the activity or activities for which they are applying:

- (1) First-Time Homebuyer Mortgage Assistance (Guidelines §402.1)
- (2) Owner-Occupied Rehabilitation Assistance (Guidelines §403.1)
- (3) Technical Assistance for Self-Help Housing Projects (Guidelines §401.1)
- (4) Technical Assistance for Shared Housing Programs (Guidelines §404.1)
- (5) ADU/JADU Assistance (Guidelines §405.1)
- (6) Homeownership Development Project Loans (Guidelines §400.1)
- (g) The application is complete (Guidelines §501)
- (h) The application shall be on the Department forms and cannot be altered or modified by the Applicant
- (i) The Applicant does not have any unresolved audit findings for prior Department or federally funded housing or community development projects or programs (Guidelines §501)
- (j) The Applicant has no pending lawsuits that would impede the implementation of the program (Guidelines §501)

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.3(d), H.S.C.

ARTICLE III. HOMEOWNERSHIP/HOMEBUYER LOAN REQUIREMENTS

Section 300. Maximum Homeowner/Homebuyer Loan amounts

- (a) CalHome program Loans to individual Borrowers shall not exceed the amount published in the current NOFA or, when considered with other available financing and assistance, the minimum amount necessary:
 - (1) In the case of First-Time Homebuyer Mortgage Assistance, to ensure Affordable monthly Housing Costs as defined by the first Mortgage Lender.
 - (2) In the case of Owner-Occupant Rehabilitation, to fund eligible Rehabilitation costs only, in accordance with program

requirements.

- (3) In the case of ADU/JADU assistance, to fund eligible costs only, in accordance with program requirements.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 301. Maximum Homeowner/Homebuyer Loan terms

- (a) CalHome program Loans shall be secured by the property or leasehold interest, as applicable.
- (b) The lien securing repayment of the CalHome program Loan shall be subject only to liens, encumbrances and other matters of record reviewed and approved by the Recipient responsible for underwriting the CalHome program Loan.
- (c) Homeowner/homebuyer CalHome program Loans shall have the following terms and conditions:
 - (1) Principal and interest payments shall be deferred for the term of the CalHome program Loan;
 - (2) Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the CalHome program Loan maturity date. However, if it is determined by the Recipient that repayment of the CalHome program Loan at the maturity date causes a hardship to the Borrower, the Recipient has two other options. They are:
 - (A) Amending the note and deed of trust to defer repayment of the amount due at Loan maturity, that is, the original principal and the accrued interest, for up to an additional 30 years (at 0 percent additional interest), this may be offered one time, or
 - (B) Converting the debt at Loan maturity, that is, the original principal balance and any accrued interest, to an amortized Loan, repayable in 15 years at 0 percent additional interest.
 - (3) Loans are not assumable;
 - (4) The following transfers of interest shall not require the repayment of the CalHome program Loan:
 - (A) Transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;

- (B) A transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - (i) A transfer where the spouse becomes an owner of the property;
 - (ii) A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - (iii) A transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.
- (5) The term for First-Time Homebuyer Mortgage Assistance CalHome program Loans shall be 30 years with the following exception: when USDA, Rural Housing Service (RHS) 502 Mortgage Loans are in first lien position, the term shall be the term of the 502 Mortgage (30 to 38 years);
- (6) The term for Owner-Occupied Rehabilitation CalHome program Loans shall be a maximum of 30 years as determined by the Recipient; and
- (7) A Borrower may pay the CalHome program Loan amount, in part or in whole, at any time without penalty.
- (d) All CalHome program assistance to individual Households shall be made in the form of a Loan. Recipients may make CalHome program Loans bearing simple interest up to 3 percent per annum and may allow forgiveness of all or a portion of the accrued interest as part of its Local Program design. Loan principal shall not be forgiven, except as allowed by statute. In lieu of making Loans bearing a fixed rate of interest, Recipients may instead charge contingent deferred interest in the form of shared net appreciation as set forth in subsection (e).
- (e) Shared net appreciation is allowed, only as follows:
 - (1) Gross appreciation is calculated by subtracting the original sales price from the current sales price or the current appraised value if the Loan accelerating event is other than sale of the property;
 - (2) Net appreciation is calculated by subtracting the seller's applicable closing costs, seller's cash contribution in the original purchase transaction, the value of seller's sweat equity, if applicable, and the documented value of capital improvements from the gross appreciation amount;

- (3) The Recipient may only claim repayment of the principal, interest, and a portion of the net appreciation. That maximum portion of the net appreciation which may be claimed by the Recipient is equal to the percentage of the value of the residence financed by the CalHome program Loan. That is, if the Loan equals 20 percent of the initial value of the residence, a maximum of 20 percent of the appreciation may be charged by the Recipient.
- (f) In any Loan transaction where there is no other public subsidy or public resale restriction, the Borrower cannot be restricted from selling the home at its fair market value at any time.
- (g) CalHome program assistance that is provided to assist in the Rehabilitation or replacement of existing Mobilehomes located in a Mobilehome or Manufactured Home community may be provided in the form of a forgivable Loan.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 302. Homeowner/Homebuyer Loan-to-Value Limits

- (a) The Loan-to-Value Ratio for a Mortgage Assistance CalHome program Loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.
- (b) The Loan-to-Value Ratio for an Owner-Occupied Rehabilitation CalHome program Loan, when combined with all other indebtedness secured by the property, shall not exceed 105 percent of the After-Rehabilitation Value estimated pursuant to §403.4.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

ARTICLE IV. PROGRAM REQUIREMENTS

Section 400 Homeownership Development Project Loan

Section 400.1 Eligible Applicant

In addition to the requirements of §200, to be eligible to apply for a Homeownership Development Project Loan, an Applicant shall have successfully developed a minimum of two similar projects within the last four years, and the Applicant shall have staff that will be committed to the proposed project that possess the knowledge, skills, and ability

to perform the tasks required in a Homeownership Development Project. If the Applicant will use a portion of a Homeownership Development Project Loan to provide Mortgage Assistance to qualified First-Time Homebuyers, the Applicant or its Administrative Subcontractor shall also have successfully administered a homebuyer program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 400.2 Eligible Costs

CalHome program funds in support of a Homeownership Development Project shall be used only for the following costs:

- (a) Purchase of real property;
- (b) Building permits and state and local fees;
- (c) Predevelopment Costs directly related to eligible Homeownership Development Projects, including ADUs and JADUs;
- (d) Onsite improvements related to eligible Homeownership Development Projects (within the boundaries of the subdivision or individual parcels for scattered site developments);
- (e) Carrying costs during construction, including insurance, construction financing fees and interest, taxes, and any other expenses necessary to hold the property while the eligible Homeownership Development Project, including ADUs and JADUs, is under construction;
- (f) Escrow, title insurance, recording and other related costs;
- (g) Costs for items intended to assure the completion of construction, such as contractor bond premiums;
- (h) Environmental hazard reports, surveys, and investigations;
- (i) Payoff of bridge Loan financing for site acquisition which has a term of 36 months or less; and
- (j) Attorney fees directly associated with activities related to units funded by the CalHome program.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C.

Section 400.3 Site Control

To be eligible to apply for a Homeownership Development Project Loan, the Applicant shall have site control of the proposed project property through the application Award date listed in the NOFA, as evidenced by one of the following:

- (a) Fee simple title;
- (b) An enforceable option to purchase, which shall extend, or may be extended, for a minimum of 120 days beyond the deadline for application submittal;
- (c) A disposition and development agreement with a public agency;
- (d) A sales contract, or other enforceable agreement for the acquisition of the property;
- (e) A leasehold interest, or an enforceable option to lease. The option to lease shall extend for a minimum of 120 days beyond the deadline for application submittal. The leasehold term must be for a minimum of 40 years. The leasehold must have provisions that enable the lessee(s) to make improvements on and encumber the property for a term sufficient to secure the CalHome program lien; or
- (f) Other forms of site control that give the Department equivalent assurance that the project will be able to proceed without inordinate delay. For example, site control as evidenced, in the case of a Tribal Entity and a Homeownership Development Project located on land held in trust by the Bureau of Indian Affairs (BIA) or land subject to a restriction by the United States against alienation, by a title status report (TSR) issued by the BIA and other documentation as may be required demonstrating site control satisfactory to the Department.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C.

Section 400.4 Maximum Homeownership Development Project Loan Amount

The maximum Homeownership Development Project Loan amount shall be published in the current NOFA.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 400.5 Homeownership Development Project Loan Terms

- (a) All CalHome Homeownership Development Project Loans shall be secured by the project real property and improvements, subject only to liens, encumbrances and other matters of record which have been

reviewed and approved by the Department on a case-by-case basis. For clarity, in the case of a Tribal Entity and a Homeownership Development Project located on land held in trust by the BIA or land subject to a restriction by the United States against alienation, a CalHome Homeownership Development Project Loan may be secured by (i) a Declaration of Restrictive Covenants, (ii) lien against the leasehold property interest, or (iii) other mechanism acceptable to the Department.

- (b) The Homeownership Development Project Loan term shall end no later than the date specified in the Standard Agreement.
- (c) Principal and interest payments shall be deferred for the term of the Homeownership Development Project Loan.
- (d) Homeownership Development Project Loans shall be repayable at permanent closings of the individual homebuyer CalHome program Loans or at the Homeownership Development Project Loan maturity date, whichever occurs first. The portion of Homeownership Development Project Loan repayments that are used to provide Mortgage Assistance to qualified First-Time Homebuyers will be converted to a Grant to the Recipient. The balance of the Homeownership Development Project Loan will be repaid to the Department.
- (e) Homeownership Development Project Loans shall bear interest at the rate of 6 percent simple interest per annum. The Department may forgive accrued interest on a pro rata basis to the extent that the number of Lower-Income Households and disaster-affected Moderate-Income Households originally proposed to be served have been served upon completion of the project.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 400.6 Homeownership Development Project Loan-to-Value Limits

Loan-to-Value limits include all liens recorded or to be recorded on the project property.

- (a) When Homeownership Development Project Loan funds are used for the purchase of unimproved real property, the Loan-to-Value Ratio shall not exceed 100 percent of the unimproved appraised value.
- (b) When Homeownership Development Project Loan funds are used for the purchase of improved real property, the Loan-to-Value Ratio shall not exceed 100 percent of the improved appraised value.
- (c) When Homeownership Development Project Loan funds are used for predevelopment or site improvement costs, the Loan-to-Value Ratio shall not exceed 100 percent of the appraised land value, plus predevelopment

and/or site improvements costs.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 400.7 Homeownership Development Project Requirements

- (a) Prior to disbursement of Homeownership Development Project Loan proceeds:
 - (1) The Developer Borrower shall be the sole owner of the Homeownership Development Project site (when CalHome program funds are being used for site acquisition, the Developer Borrower shall be the sole owner of the Homeownership Development Project site upon close of purchase escrow). In the case of a Tribal Entity that is a Developer Borrower and a Homeownership Development Project located on land held in trust by the Bureau of Indian Affairs or land subject to a restriction by the United States against alienation, the Tribal Entity Developer Borrower shall be either the legal beneficiary of said trust, or benefitted by said restriction against alienation, respectively;
 - (2) The Developer Borrower shall have a firm financing commitment(s) for all costs to complete the Homeownership Development Project;
 - (3) The Department shall have approved a final construction budget that ensures that the estimated sales price of the homes to be constructed:
 - (i) Does not exceed the limits established in the NOFA; and
 - (ii) Can reasonably be expected to be Affordable to eligible buyers; and
 - (4) The Developer Borrower shall have met all other Department conditions for disbursement as stated in the Standard Agreement required by §600(a).
- (b) A home assisted with a Homeownership Development Project Loan shall not be sold at a price that exceeds its appraised value.
- (c) Occupancy restrictions on all properties shall be imposed and enforced in a manner which does not violate state or federal fair housing laws.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 401 Self-Help Technical Assistance Project

Section 401.1 Eligible Applicant

In addition to meeting the requirements of §200 of these guidelines, to be eligible to apply for CalHome program assistance for a Self-Help Technical Assistance project, the Applicant shall meet the criteria set forth in the CCR, Title 25, Division 1, Chapter 7, Subchapter 6.5, Article 1, §7532 "Eligible Sponsors", and have successfully completed a minimum of two Self-Help Construction projects within the four years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), 50650.4 and 50650.7, H.S.C.

Section 401.2 Eligible Costs

CalHome program funds in support of a Self-Help Technical Assistance project shall be used only for the following costs:

- (a) Costs for assistance, training, and supervision on Self-Help Construction activities and techniques;
- (b) Homebuyer Education, which will be reimbursed in the form of a Grant from the Department to the Recipient in an amount not to exceed the maximum published in the current NOFA;
- (c) Costs of assistance provided in project development which include, but are not limited to, the preparation of contracts for professional services, application for project funding, packaging Households' applications for assistance, preparation of subdivision maps, review of engineering plans and specifications for construction and Rehabilitation projects, and compliance with appropriate requirements of funding agencies and local government;
- (d) Administrative costs of providing Technical Assistance for the project funded by the Department including, but not limited to, wages, salaries and fringe benefits of clerical and management personnel, and payment for rent, utilities, communications, printing, and travel expenses.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), H.S.C.

Section 401.3 Self-Help Technical Assistance Administrative Requirements

- (a) The Recipient shall develop and employ Self-Help Technical Assistance Program Guidelines submitted to and approved by the Department as addressing the following topics:
 - (1) Program Marketing
 - (2) Recruitment of homebuyers and selection criteria

- (3) Income limits for participation and income determination procedures
- (4) Criteria for homebuyer participation in the program including:
 - (A) Residency requirements
 - (B) Credit requirements
 - (C) Process of providing reasonable accommodations to persons with a disability
- (5) List of activities to be performed by Self-Help participants
- (6) Construction training plan
- (7) Homeownership training plan
- (b) A home assisted with Self-Help Technical Assistance shall not be sold at a price that exceeds its appraised value;
- (c) Prior to the disbursement of an advance, not to exceed 25 percent of the total Grant amount, the Recipient must submit a certification that the Recipient does not have available funds to initiate the project.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b), H.S.C.

Section 402 Mortgage Assistance Program

Section 402.1 Eligible Applicant

In addition to the requirements of §200, to be eligible to apply for CalHome program funding for a Mortgage Assistance program, the Applicant or its Administrative Subcontractor shall have successfully administered a homebuyer program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.4, H.S.C.

Section 402.2 Eligible Costs

CalHome program funds in support of a Mortgage Assistance program shall be used only for the following costs:

- (a) Mortgage Assistance for permanent financing of:
 - (1) A dwelling unit, which may include an ADU or a JADU, ready for

occupancy; or

- (2) A unit, which may include an ADU or a JADU, acquired by a Loan such as a HUD FHA 203(k) Loan. This includes Mortgage Assistance for Self-Help Construction housing, except that CalHome program permanent financing may be disbursed at time of lot purchase where the Self-Help Construction housing is being financed under the USDA-RHS 502 program.
- (b) Homebuyer Education, which will be reimbursed in the form of a Grant from the Department to the Recipient in an amount not to exceed the maximum published in the current NOFA.
- (c) Non-recurring Loan closing costs.
- (d) A CalHome program Loan-processing ADF not to exceed the maximum amount published in the current NOFA will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C.

Section 402.3 Administrative Requirements

The Recipient of CalHome program funds to operate a local Mortgage Assistance program shall be responsible for the following activities:

- (a) Providing information and assistance to First-Time Homebuyers on obtaining the maximum amount of first Mortgage financing pursuant to the underwriting requirements in §402.4(a)(3)(A)
- (b) Reviewing CalHome program required appraisals for property eligibility under value limits established pursuant to §402.4(b)(3). The appraised value shall not exceed these limits;
- (c) In the case of acquisition of existing housing, the Recipient shall be responsible for inspection of properties to be purchased or a review of Uniform Residential Appraisal Reports, including the valuation conditions, to ensure that they conform to the requirements of State Housing Law (California H.S.C., §17910 et seq.);
- (d) If the unit type is a Manufactured Home in a Mobilehome Park, ensuring that the Mobilehome Park has a valid Permit to Operate or conditional Permit to Operate.
- (e) Ensuring completion by each assisted Household of a Homebuyer Education class that meets the requirements of §205; and

- (f) Originating, underwriting, packaging, and closing CalHome program Loans in accordance with program requirements.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 402.4 Underwriting Requirements.

- (a) CalHome program Recipients shall develop and employ Mortgage Assistance Program Underwriting Guidelines that have been submitted to and approved by the Department as addressing the following underwriting topics:
 - (1) Establish Front- and Back-End Ratios used to qualify the Borrower;
 - (2) What criteria will be used to determine the credit worthiness of the Borrower;
 - (3) Requirements for the first Mortgage:
 - (A) Borrower shall obtain the maximum first lien Mortgage Loan with a term and interest rate from a Mortgage Lender consistent with Affordable Housing Costs as defined in each program's Guidelines.
 - (4) Mortgage Loans shall not include provisions for negative amortization, principal increases, balloon payments, or deferred interest.
 - (5) Financing subordinate to the CalHome program Loan:
 - (A) Fees and/or charges for subordinate financing shall be reasonable Loan origination fees for first Mortgage financing as determined by the Department to be consistent with industry standards;
 - (B) There must not be a balloon payment due before the maturity date of the CalHome program Loan;
 - (C) All subordinate financing provided shall defer principal and interest payments for the term of the CalHome program Loan;
- (b) Prior to close of escrow, the Recipient shall ensure that an appraisal has been obtained which meets the following requirements:
 - (1) The appraisal shall be prepared by a state-licensed, residential

property appraiser;

- (2) The appraisal shall use the sales of comparable properties approach to determine value; and
 - (3) Maximum appraised home values at time of purchase or upon completion of acquisition/Rehabilitation work shall not exceed the appraised value limit established by the Department and published in the NOFA.
- (c) Cash out of escrow to Borrowers is limited to the amount deposited into escrow by the Borrowers and not needed for any lender-required minimum down-payment.
 - (d) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.
 - (e) Fire insurance (and flood insurance where applicable) requirements are as follows:
 - (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
 - (2) Recipient must be named as additional loss payee on the policy.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 403 Owner-Occupied Rehabilitation

Section 403.1 Eligible Applicant

In addition to the requirements of §200, to be eligible to apply for CalHome program assistance for an Owner-Occupied Rehabilitation Program, the Applicant or its Administrative Subcontractor shall have successfully administered a local Owner-Occupied Rehabilitation Program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.4 and 50650.7, H.S.C.

Section 403.2 Eligible Costs

CalHome program funds in support of an Owner-Occupied Rehabilitation program shall be used only for the following costs:

- (a) Cost of Rehabilitation of the property, as defined in Appendix A.
- (b) Cost of building permits and other related government fees.
- (c) Cost of an appraisal, and of architectural, engineering, and other consultant services that are directly related to the Rehabilitation of the property.
- (d) Non-recurring Loan closing costs.
- (e) Replacement cost of a Manufactured Home not on a permanent foundation up to the maximum amount published in the current NOFA in the case where it has been determined by the Recipient it is infeasible to rehabilitate the home.
- (f) Transport costs for purchase of Manufactured Homes.
- (g) Installation costs for Manufactured Homes.
- (h) A CalHome program ADF in an amount not to exceed the maximum amount published in the current NOFA per Assisted Unit will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 403.3 Administrative Requirements

The Recipient of CalHome program funds for the operation of a local Owner-Occupied Rehabilitation Program shall be responsible for the following activities:

- (a) Reviewing CalHome program required After-Rehabilitation appraisals for property eligibility under value limits established in the current published NOFA;
- (b) Originating, underwriting, packaging, and closing CalHome program Loans in accordance with program requirements; and
- (c) Completion of Rehabilitation construction requirements pursuant to the Owner- Occupied Rehabilitation Program Guidelines required by §403.4 (a).

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 403.4 Owner-Occupied Underwriting and Construction Requirements

- (a) CalHome program Recipients shall develop and employ Owner-Occupied

Rehabilitation Program Guidelines submitted to and approved by the Department as addressing the following topics:

- (1) Owner-Occupied Rehabilitation underwriting guidelines, including Borrower credit requirements; and
 - (2) Rehabilitation construction requirements.
- (b) Prior to commencement of Rehabilitation work, an appraisal shall be obtained with the following requirements:
- (1) The appraisal may be prepared by Recipient's staff using the sales of comparable properties approach to determine value. If comparable sales are not available, the appraisal shall be prepared by a state- licensed, residential property appraiser;
 - (2) The appraisal shall take into consideration the estimated value of the Rehabilitation work to be completed on the property and shall include the pre-rehabilitated value and the After-Rehabilitation Value; and
 - (3) An appraisal is not required in the case of Rehabilitation work on a Manufactured Home that is not on a permanent foundation.
- (c) Any cash out of escrow to Borrowers is prohibited.
- (d) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.
- (e) Fire insurance (and flood insurance where applicable) requirements are as follows:
- (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
 - (2) Recipient must be named as additional loss payee on the policy.
 - (3) The Department may, at its sole discretion, waive these requirements for loan recipients who also receive funds from the ReCover California Owner-Occupied Rehabilitation and Reconstruction Program (www.hcd.ca.gov/recoverca) and who are in compliance with that program's insurance requirements.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 404 Shared Housing Programs

Section 404.1 Eligible Applicant

In addition to the requirements of §200, to be eligible to apply for CalHome program assistance for a Shared Housing program, the Applicant or its Administrative Subcontractor shall have successfully administered a Shared Housing program for renters or homeowners for a minimum of two years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., Reference: 50650.3(b), 50650.4 and 50650.7, H.S.C.

Section 404.2 Eligible Costs

CalHome program Shared Housing Technical Assistance funds shall be used only for the following costs:

- (a) Indirect costs of administering a Shared Housing Local Program, including the costs of providing information and referrals; outreach/marketing costs; program evaluation; and CalHome program reporting requirements; and/or
- (b) Costs of direct services, including Shared Housing Matching, documentation of match efforts, and match follow-up services.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., Reference: 50650.3(b), H.S.C.

Section 404.3 Administration Requirements.

- (a) A Shared Housing Technical Assistance Local Program shall, at a minimum, include the following features:
 - (1) Information regarding services available, procedures and program requirements, which shall be provided to all individuals requesting assistance;
 - (2) Outreach and marketing activities shall be conducted to reach both potential Homeowner Providers and potential Seekers and provide information about the availability, purpose, and requirements of Shared Housing Match services;
 - (3) Program evaluations shall be obtained from clients (Homeowner Providers and Seekers) by the Shared Housing Technical Services provider to be used as a basis for assessment and improvement of services provided to clients;

- (4) All services required to effect a Shared Housing Match between a Low- Income qualified Homeowner Provider and a Seeker, which must include, at minimum, intake forms/applications, face-to-face interviews between Homeowner Providers/Seekers and Shared Housing agency staff, reference checks, and income determinations to determine Homeowner Provider eligibility;
 - (5) Documentation of a minimum 10 percent reduction in Housing Costs (or increased income) for Homeowner Providers, except in instances where a Homeowner Provider is age 60 or over or disabled and the Seeker (renter) will be providing services to the Homeowner Provider. In cases that do not meet this requirement, the Recipient shall provide written justification; and
 - (6) Match follow-up services to determine Match satisfaction and to help clients maintain a successful Shared Housing Match.
- (b) A Seeker may not be matched to a Homeowner Provider who rents out more than two rooms in their home.
 - (c) The aggregate annual CalHome program reimbursement cannot exceed 50 percent of the Locality's or Nonprofit Corporation's annual budget for their Shared Housing Match Local Program.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3(b) and 50650.7, H.S.C.

Section 405 ADU/JADU Programs

Section 405.1 Eligible Applicant

In addition to the requirements of §200, to be eligible to apply for CalHome program assistance for an ADU/JADU Program, the Applicant or its Administrative Subcontractor shall have successfully administered a local Owner-Occupied Rehabilitation Program, new construction development involving multiple Homeownership units (including single-family subdivisions), or an ADU/JADU Program for a minimum of two years within the four years immediately preceding the application.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.4 and 50650.7, H.S.C.

Section 405.2 Eligible Costs

CalHome program funds in support of an ADU/JADU Program shall be used only for the following costs:

- (a) Cost of construction, reconstruction, repair, conversion, or rehabilitation.

- (b) Cost of structural modifications to the existing home necessary to accommodate an ADU or a JADU.
- (c) Cost of building permits and other related government fees, including all fees necessary to build and occupy an ADU or a JADU.
- (d) Cost of an appraisal, and of architectural, engineering, and other consultant services that are directly related to the construction.
- (e) Non-recurring Loan closing costs.
- (f) A CalHome program ADF in an amount not to exceed the maximum amount published in the current NOFA per Assisted Unit will be reimbursed in the form of a Grant from the Department to the Recipient.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, and 50650.7, H.S.C.

Section 405.3 ADU/JADU Programs Administration Requirements.

The Recipient of CalHome program funds for the operation of a local ADU/JADU Program shall be responsible for the following activities:

- (a) Originating, underwriting, packaging, and closing CalHome program Loans in accordance with program requirements; and
- (b) Completion of construction requirements pursuant to the ADU/JADU Program Guidelines required by §405.4(a).

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

Section 405.4 ADU/JADU Programs Underwriting and Construction Requirements

- (a) Recipients shall develop and employ ADU/JADU Program Guidelines submitted to and approved by the Department as addressing the following topics:
 - (1) ADU and/or JADU underwriting guidelines, including Borrower credit requirements;
 - (2) ADU and/or JADU construction requirements; and
 - (3) ADU and/or JADU site standards required by local jurisdictions.
- (b) Recipients must obtain title insurance in the amount of the CalHome program Loan at close of escrow.

- (c) Fire insurance (and flood insurance where applicable) requirements are as follows:
 - (1) Recipient must require Borrowers to maintain insurance on the property in an amount at least equal to the replacement value of the improvements; and
 - (2) Recipient must be named as additional loss payee on the policy.
 - (3) The Department may, at its sole discretion, waive these requirements for loan recipients who also receive funds from the ReCover California Owner-Occupied Rehabilitation and Reconstruction Program (www.hcd.ca.gov/recoverca) and who are in compliance with that program's insurance requirements.
- (d) Recipients shall set a minimum tenancy of 30 days and shall not use this program for short-term rentals.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.3, 50650.3(b), H.S.C. and 50650.7, H.S.C.

ARTICLE V. APPLICATION PROCEDURES

Section 500. Application Process

- (a) The Department shall periodically issue a NOFA that specifies, among other things, the amount of funds available, the minimum/maximum application amount, the minimum/maximum activity amount, minimum/maximum amount per Assisted Unit, the Maximum Sales Price/Value Limit which will represent 100 percent of the current local median sales price of a single family home, minimum number of units per Homeownership Development Project, application requirements, the activities eligible for funding, the number of activities that may be applied for in one application, the allocation of rating points, the deadline for submittal of applications, and the schedule for rating and ranking applications and awarding funds.
- (b) In order to implement goals and purposes of the CalHome program, the Department may adopt measures to direct funding awards to designated Local Program types or project types including, but not limited to Local Programs or projects that: are utilizing self-help labor; are utilizing Volunteer Labor; involve a Construction Skills Training Program; contribute toward Community Revitalization; are located in Rural Areas or other areas to achieve a reasonable geographic distribution of funding, to the extent feasible; or are located in a geographic area subject to a presidential declaration of disaster or emergency, or a "state of emergency", or a "local emergency", as those terms are defined in GC §8558. Such measures may include, but are not limited to:

- (1) Issuing a separate NOFA for designated Local Program or project types;
- (2) Awarding bonus points to designated Local Program or project types within a particular NOFA;
- (3) Reserving a portion of funds in the NOFA for designated Local Program or project types; and/or
- (4) Notwithstanding anything in these Guidelines to the contrary, a separate NOFA issued pursuant to this subsection may establish an over-the-counter application process, meaning the Department continuously accepts and rates applications until the funding available under the NOFA is exhausted. At a minimum, a separate NOFA shall include a description of the application process and funding conditions, shall require compliance with paragraph (a) of this Section, and shall establish minimum funding threshold criteria consistent with these Guidelines.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: 50650.2, H.S.C. and 50650.3, H.S.C.

Section 501. Application Requirements

Application shall be made in a format provided by the Department. The Department shall request the following information:

- (a) Applicant identification information including: name, address, telephone number, contact person and, for Nonprofit Corporations, corporate governing documents and financial information (e.g., articles and by laws, certificate of good standing, confirmation of 501(c)(3) status, audited financial statements), and list of legislative representatives for the area where the program or project will be undertaken.
- (b) Authorizing resolutions of the Applicant's governing board shall be provided, and must be approved by the Department, prior to issuance of a Standard Agreement.
- (c) Documentation evidencing that the Applicant: has the authority to undertake the activities applied for; that it meets the eligibility requirements; that it does not have any unresolved Department audit findings nor pending lawsuits; that if the application is for a construction project, Construction Work has not yet begun; and that it agrees to comply with all program requirements.
- (d) Project or program description including amount applied for, number of units or Households to be assisted, income levels of Households to be

assisted, description of prior experience with the type of program or project applied for, geographic location of the activities, financing sources and uses, and description of any contributed labor.

- (e) For Homeownership Development Projects, the description of the project also shall include: a description of how the Applicant has site control; the status of all local government approvals; availability of on and off site improvements and utilities; soil condition and environmental conditions; project costs; unit description in terms of size, number of bedrooms; per unit construction cost; estimated sales price and sources of financing; estimated monthly Housing Costs of purchasers; and description of the Homebuyer Education program.
- (f) A description of how the Applicant will comply with the requirements for Local Program/project administration set forth in §204 applicable to the program or project being applied for.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. Reference: and 50650.7, H.S.C.

Section 502. Selection Process

- (a) For applications that pass threshold reviews, those applications will be rated and ranked according to the rating criteria set forth in the NOFA, and application.
- (b) For those eligible applications received in an over-the-counter NOFA process, individual Projects will be evaluated for funding on a first-come, first-served basis as set out in NOFA.
- (c) Tiebreaker criteria and methodology will be specified in the NOFA.
- (d) Applications shall be evaluated on the criteria identified in the NOFA.
- (e) Once an Activity is awarded Department funds, the Recipient's acceptance of these Department funds is acknowledging the Activity as submitted and approved by the Department is the activity that is to be funded. Any modification of the Activity, without written approval from the Department, would deem that Award null and void, as the awarded Project is no longer feasible as originally submitted and approved and because the awarded funds are unable to be assumed or assigned.

Article VI. Program Operations

Section 600. Legal Documents

- (a) Upon the Award of funds, the Department shall enter into a Standard Agreement with the Recipient constituting a conditional commitment of funds. This contract shall require the parties to comply with the requirements and provisions of these Guidelines. The Standard Agreement shall encumber state monies in an amount sufficient to fund the approved Local Program or project, subject to limits established in the NOFA and consistent with the application. The Standard Agreement shall contain, but not be limited to, the following as appropriate for the activity.
- (1) A description of the approved Local Program or project and the permitted uses of CalHome program funds;
 - (2) Provisions governing the amount, terms, and conditions of the Department's development Loan or Grant to Recipient;
 - (3) For Homeownership Development Projects, provisions governing the Construction Work and, as applicable, the acquisition of the project site, and the disbursement of Loan proceeds;
 - (4) For Self-Help Technical Assistance projects, a budget, and a timetable for completion of the project;
 - (5) Requirements for the execution, and where appropriate, the recordation of the agreements and documents required under the CalHome program;
 - (6) For a Local Program or project, the Recipient's responsibilities for operation of the Local Program or completion of the project, including, but not limited to, number of units to be assisted, marketing, CalHome program Loan processing and funding, construction monitoring and disbursement, report submissions, file documentation;
 - (7) For a Homeownership Development Project, the Recipient's responsibilities for the development of the project, including, but not limited to, number of units to be assisted, marketing, processing of individual homebuyer CalHome program Loans, expiration date, report submissions, file documentation;
 - (8) Manner, timing, and conditions for disbursement of CalHome program or Project funds to Recipients;
 - (9) Provisions relating to the placement on or in the vicinity of the Homeownership Development Project site, a sign indicating that the Department has provided financing for the Project. The Department may also arrange for publicity of the Department

CalHome program Homeownership Development Loan in its sole discretion;

- (10) Remedies available to the Department in the event of a violation, breach, or default of the Standard Agreement;
 - (11) Requirements that the Recipient permit the Department or its designated agents and employees the right to inspect the Project or Local Program and all books, records and documents maintained by the Recipient in connection with the Local Program or Self-Help Technical Assistance Project Grant or Homeownership Development Project Loan or Local Program individual CalHome program Loans;
 - (12) Special conditions imposed on a case-by-case basis as part of Department approval of the Local Program or Project;
 - (13) Terms and conditions required by federal or state law; and
 - (14) Other provisions necessary to ensure compliance with the requirements of the CalHome program.
- (b) Prior to the disbursement of funds, the Department shall enter into a 20-year Monitoring Agreement with the Recipient requiring the parties to comply with the requirements and provisions of §207 regarding a Reuse Account established pursuant to the CalHome program legislation. The Monitoring Agreement shall contain, but not be limited to, the following:
- (1) Requirements regarding the establishment of a Reuse Account for the deposit of CalHome program Loan repayments, including interest and principal, and the requirements for disbursement of funds from the Reuse Account;
 - (2) The plan for servicing of the CalHome program Loans as prepared by the Recipient and reviewed and approved by the Department;
 - (3) The plan for the reuse of CalHome program funds;
 - (4) Requirements for submittal of an annual report;
 - (5) Remedies available to the Department in the event of a violation, breach, or default of the Monitoring Agreement;
 - (6) Requirements that the Recipient permit the Department or its designated agents and employees the right to inspect the Local Program or Project and all books, records and documents maintained by the Recipient in connection with the Reuse Account and long-term Loan servicing; and

- (7) Other provisions necessary to ensure compliance with the requirements of the CalHome program.
- (c) All homeowner/homebuyer CalHome program Loans originated by a Recipient shall be evidenced by the following documents and provisions:
- (1) A promissory note evidencing the CalHome program Loan, payable to the Recipient in the principal amount of the CalHome program Loan, and stating the terms and rate of interest of the CalHome program Loan consistent with the requirements of the CalHome program. The Recipient is prohibited from assigning their beneficial interest under the note. The note shall be secured by a deed of trust, or other appropriate security instrument acceptable to the Department, on the homeowner/ homebuyer property naming the Recipient as beneficiary. This deed of trust or other appropriate security instrument shall be recorded and shall secure the Recipient's financial interest in the Project.
 - (2) In the case of homeowner Rehabilitation CalHome program Loans, a Loan agreement between the homeowner and the Recipient governing the Rehabilitation and the CalHome program Loan terms. The terms of any other financing provided by the Recipient should also be included.
- (d) Homeownership Development Project Loan legal documents shall include, but not be limited to:
- (1) A promissory note evidencing the Loan, payable to the Department in the principal amount of the Loan and stating the terms of the Loan consistent with the requirements of the CalHome program. The note shall be secured by a deed of trust on the Project property naming the Department as beneficiary. This deed of trust shall be recorded junior only to such liens, encumbrances and other matters of record approved by the Department and shall secure the Department's financial interest in the Project and the performance of the Developer Borrower's program obligations. In the case of a Tribal Entity and a Project located on land held in trust by the BIA or land subject to a restriction by the United States against alienation, the note may be secured by the following wherein the Department shall be named as a beneficiary in each security instrument (i) a Declaration of Restrictive Covenants, (ii) lien against the leasehold property interest, or (iii) other mechanism acceptable to the Department;
 - (2) A development agreement between the Department and the Developer Borrower, for not less than the term of the Homeownership Development Project Loan, which sets forth the

obligations of the parties regarding standards and conditions which control development of the subject property.

- (e) Self-Help Technical Assistance Grant legal documents shall include, but not be limited to, an agreement between the Recipient and Self-Help participants which clearly sets forth what is expected of each party, and which clearly shows what work is expected of the participating Household.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., 50650.3(b), 50650.4 and 50650.7, H.S.C.

Section 601. Disbursement of Loan and Grant Funds

- a) CalHome program funds shall be disbursed on an advance basis or a reimbursement basis. Advances may include, but are not limited to:
 - (1) Homeownership Development Project Loan disbursements;
 - (2) Advances of up to 25 percent of the Award for Self-Help and Shared Housing Technical Assistance;
 - (3) Advances of up to 25 percent of the Award for Owner-Occupied Rehabilitation Programs or ADU/JADU Programs up to the amount of the Recipient's anticipated volume of closed Loans for the following 60 days; or
 - (4) Advances of up to 25 percent of the Award for escrow for Mortgage Assistance Loans.

- b) Details of the process for disbursements are as follows:
 - (1) CalHome program funds shall not be obligated to a Recipient prior to the date a Standard Agreement is executed by both the Recipient and the Department. CalHome program funds may be released only after the Standard Agreement is fully executed and the Department has reviewed and approved the following Recipient submissions:
 - A. Loan servicing plan;
 - B. Recipient's applicable Program Guidelines;
 - C. Loan document templates;
 - D. Reuse Agreement with verification of established Reuse Account;

- E. Fully executed 20-year Monitoring Agreement, and;
- F. If Recipient contracts with a third party for any item(s) listed under this Section 601(b)(1), then Recipient shall also submit the contract with such third party, together with any and all exhibits, addenda, and amendments thereto, to the Department for review and approval.

2. CalHome program funds may be requested as either a reimbursement or as an advance. All Recipients shall reconcile advances within ninety (90) days of receipt of funds from HCD. Documentation showing at least two-thirds of the funds previously released for program activities were expended shall be submitted to the Department before another advance request will be processed. Recipients shall also be up to date on all submissions of quarterly performance reports before another advance request will be processed.

c) Advances that are not used within 180 days of the receipt of funds shall be returned to the Department.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., Reference: 50650.3(b), H.S.C., 50650.4 and 50650.7, H.S.C.

Section 602. Reporting Requirements

- (a) During the term of the Standard Agreement, and no later than 30 days after the end of each calendar quarter, the Recipient shall submit to the Department a performance report which shall address the following topics;
 - (1) Description of current status of program activity, including number of units assisted,
 - (2) Description of activities to be undertaken in the next reporting period,
 - (3) Description of problems or delays encountered in program implementation, and course of action taken to address them,
 - (4) Description of actions taken to meet program expenditure deadlines,
 - (5) Summary of program fiscal status, including:
 - (A) Award amount

- (B) Funds drawn
 - (C) Remaining balance
- (b) During the term of the Standard Agreement and Monitoring Agreement, no later than 30 days after June 30 of each year, the Recipient shall submit to the Department an annual performance report which shall address the following topics:
 - (1) Number of units assisted with CalHome program Loans by program activity type,
 - (2) Amount of CalHome program funds spent on CalHome program eligible activities by category,
 - (3) Summary of fiscal status for the reporting period, including
 - (A) Award amount,
 - (B) Funds drawn as of June 30, and
 - (C) Remaining balance.
- (c) At any time during the term of the Standard Agreement or the Monitoring Agreement, the Department may perform or cause to be performed an independent financial audit of any and all phases of the Recipient's Local Program, Self-Help Technical Assistance Project or Homeownership Development Project. At the Department's request, the Recipient shall provide, at its own expense, a financial audit prepared by a certified public accountant.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C., H.S.C., 50650.7, H.S.C., and 50650.7, H.S.C.

Section 603. Performance Goals

- (a) For all Local Program activities:
 - (1) 100 percent of funds shall be expended within 36 months of the date the Standard Agreement is executed by the Department. If this goal is not met:
 - (A) The remaining unused funds may be disencumbered by the Department; and
 - (B) If less than 95 percent of the funds are expended at the end of the 36th month, the Recipient's next application for funding under the CalHome program may receive a penalty

deduction in the total points awarded pursuant to the current NOFA.

- (b) For Homeownership Development Projects:
 - (1) The Recipient shall draw down CalHome program funds or begin onsite construction within 22 months from the date the Standard Agreement is executed by the Department. If this goal is not met, the Department may disencumber all funds and cancel the Department commitment to the Project; and
 - (2) Unit construction must be completed and CalHome program Mortgage Assistance Loans closed within 60 months from the date the Standard Agreement is executed by the Department. If the projected number of Assisted Units has not been achieved by the end of the 60th month, the Recipient's next application for funding under the CalHome program may receive a penalty deduction in the total points awarded pursuant to the current NOFA.

- (c) For Self-Help Technical Assistance Grants:
 - (1) The Recipient shall begin onsite construction within 12 months from the date of the Award of funds by the Department. If this goal is not met, the Department may disencumber all funds and cancel the Department commitment to the Project; and
 - (2) Unit construction shall be completed within 36 months of the date the Standard Agreement is executed by the Department. If this goal is not met, then:
 - (A) The remaining unused funds may be disencumbered by the Department; and
 - (B) If the projected number of Assisted Units has not been completed by the end of the 36th month, the Recipient's next application for funding under the CalHome program may receive a penalty deduction in the total points awarded pursuant to the current NOFA.

- (d) The Department may exercise its reasonable discretion to disencumber funds discussed under this provision or to grant an extension of time; provided however that any extensions are in all events subject to any and all applicable encumbrances, deadlines, and limitations, including but not limited to H.S.C. 54006(g).

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. and 50650.7, H.S.C.

Section 604. Defaults and Loan Cancellations

- (a) Funding commitments may be canceled by the Department under any of the following conditions:
 - (1) The objectives and requirements of the CalHome program cannot be met;
 - (2) Implementation of the Local Program or Project cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement; or
 - (3) Funding conditions have not been fulfilled within required time periods.
- (b) In the event of a breach or violation by the Recipient of any of the provisions of the Standard Agreement, the development agreement, the Homeownership Development Project Loan promissory note, or the Homeownership Development Project Loan deed of trust or other security interest, or any other agreement pertaining to the Homeownership Development Project, the Department may give written notice to the Sponsor to cure the breach or violation within a period of not less than 15 days. If the breach or violation is not cured to the satisfaction of the Department within the specified time period, the Department, at its option, may declare a default under the relevant document and may seek legal remedies for the default, including the following:
 - (1) The Department may accelerate all amounts, including outstanding principal and interest, due under the Loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Department may proceed with a foreclosure in accordance with the provisions of the deed of trust and state law regarding foreclosures. In the case of a Tribal Entity and a Project located on land held in trust by the BIA or land subject to a restriction by the United States against alienation, the Department may exercise its beneficiary rights under the security instrument described under §600(d)(1);
 - (2) The Department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the Project in accordance with CalHome program requirements; and
 - (3) The Department may seek such other remedies as may be available under the relevant agreement or any law.
- (c) Upon receipt of a notice of intent to cancel the commitment from the Department, the Recipient shall have the right to appeal to the Director.

NOTE: Authority cited: §50406(n) and 50650.2, H.S.C. and 50650.3(b), and 50650.7, H.S.C.

APPENDIX A- DEFINITIONS

This appendix includes combined definitions for both Homeownership Super NOFA Guidelines and replaces former Guidelines definitions. Definitions specific to a particular set of program Guidelines are identified by the color coding noted below:

General across both Programs - Black

Serna specific Guidelines Definitions - Green

CalHome specific Guidelines definitions - Blue

AB 434- Assembly Bill No. 434, Chapter 192, Statutes of 2020.

Accessory Dwelling Unit (ADU)- Shall have the same meaning as defined by paragraph (4) of subdivision (j)(1) of Government Code (GC) §65852.2.

Accessible Housing Unit- A housing Unit that meets the persons with disabilities requirements of the State of California's Building Code.

Activity Delivery Fees ("ADFs")- Are reasonable and necessary costs incurred by the Applicant and associated with the financing, or development (or both) of activities assisted with CalHome or Program funds. ADFs directly related to a specific Activity are not part of the general administrative costs. The Fee is to defray such costs as: adequate inspections to ensure that work writeups for contractor bid purposes are professionally done and accurately reflect required rehabilitation work; overseeing the bid process and ensuring that only qualified contractors are selected; inspecting completed work for deficiencies; or arranging for qualified architectural or engineering work as may be required. The maximum ADF amounts shall be published in the NOFA. This amount is payable to the Recipient in the form of a Grant and the amount is not included in the Borrower's Loan amount.

Activity- An eligible use of Program funds that can be either a Project or a Local Program.

Administrative Subcontractor- Any entity or individual which contracts with the Program Recipient to provide any portion of administrative services to the Local Program Activity. Individuals or groups that are acting in the capacity of developer or owner of a Project shall not act as Administrative Subcontractor for the Activity.

ADU/JADU Program- Funds are provided to a Locality or Nonprofit Corporation to administer a Program to fund the construction, reconstruction, repair, or Rehabilitation of ADUs or Junior Accessory Dwelling Units (JADUs). The Eligible Household is allowed, if assisted through a CalHome Program ADU/JADU Program, to rent or lease an ADU or a JADU unit.

Affordable- As it relates to housing costs, this means that the housing obligation can be paid by the person or Household, along with all other financial responsibilities, without endangering the financial stability of the Household.

After-Rehabilitation Value- The appraised value of the property

including completed Rehabilitation work.

Agricultural Employment- Employed in the cultivation and tillage of the soil; the production, cultivation, growing and harvesting of any agricultural or horticultural commodities; the raising of livestock, bees, furbearing animals, or poultry; dairying, forestry, and lumbering operations; and any work on a farm as incident to or in conjunction with such farming operations, including the delivery and preparation of commodities for market or storage. Agricultural Employment also includes work done by any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not such person is encompassed within the definition specified in subdivision (b) of §1140.4 of the Labor Code.

Agricultural Household- An Agricultural Worker or workers and other persons who reside or will reside with an Agricultural Worker in an Assisted Unit.

Agricultural Worker- An individual who derives, or prior to retirement or disability derived, a substantial portion of his/her income from Agricultural Employment.

Annual Income- All income as defined in 24 Code of Federal Regulations (CFR), Part 5, §5.609 (see Income Calculation and Determination Guide for Federal Programs, Chapter 1, Chapter 2, and Chapter 3). ADU or JADU related income will be exempt from the Annual Income calculation.

Applicant- The Local Public Entity(ies) and/or Nonprofit(s) applying to the Department for the Program funding. Such Local Public Entity(ies) and/or Nonprofit(s) may also be the Sponsor, defined in these guidelines. Upon receiving an Award of funds, the Applicant or co-Applicants will, both individually and collectively, be referred to as the "Recipient" in the Department's legal documents relative to an Award of a Grant, or as "Sponsor" in the Department's legal documents relative to an Award of a Loan. For the purpose of designated Program guidelines, an Applicant or co-Applicant that only receives an Award of Grant funding will, both individually and collectively, be referred to as the "Recipient."

Assisted Housing Unit (Unit)- A housing Unit that is subject to Program occupancy restrictions as a result of financial assistance provided under the Program. Assisted Units shall also include Units occupied by a Seeker successfully matched to a Homeowner Provider under a Shared Housing Local Program or a Household provided with Self-Help Technical Assistance in a Project funded pursuant to this subchapter.

Award- A commitment of money in the form of a Program Grant or a Loan that is made by the Department to an Applicant.

Back-End Ratio- The ratio between monthly Household income and monthly Housing Costs plus all payments on long-term installment debt.

Borrower- A homebuyer(s) or existing homeowner(s) who has or will receive a Program Loan made from the Department funded Local Program. This person(s) will sign the promissory note and is or will be the homeowner of the property being financed.

Community Revitalization- A Program or Project will be considered to contribute towards Community Revitalization if all Units to be assisted with Program funds are, or will be, located within a federal Promise Zone or a Choice Neighborhood Initiative Area or an Opportunity Zone.

Construction Skills Training Program- An existing program that trains youth 16 to 24 years old in construction skills.

Construction Period Costs- Standard costs that are incurred during the construction period that are not directly related to the cost of construction.

Construction Work - means grading; site preparation (with the exception of demolition or clearing of property); and/or site improvements intended for public dedication.

Department- The California Department of Housing and Community Development (HCD).

Developer- locality or Nonprofit Corporation that owns the Project land, obtains the Project financing, and develops the Homeownership Development Project.

Developer Borrower- Developer who receives a Program Loan for the development of a Project involving Homeownership Units.

Elderly- The same as defined in H.S.C., §50067.

Eligible Household- A Lower or Very Low-Income Household at or below Moderate-Income Household that is a victim of a disaster as defined in H.S.C., §50650.3 that is:

- (a) A First-Time Homebuyer;
- (b) An existing owner-occupant of property in need of Rehabilitation, including construction, repair, reconstruction, or rehabilitation of an ADU or a JADU;
- (c) A homeowner participant in a Shared Housing Local Program; or
- (d) A First-Time Homebuyer participant in a Self-Help Construction Project.

The Eligible Household shall occupy, or intend to occupy, the property as their principal residence and shall not lease or rent the property (except in the case of a Homeowner Provider assisted through a CalHome Shared Housing Program in renting a room in their home to a Seeker, or in the case of an owner-occupant assisted through a CalHome Program ADU/JADU Program in renting an ADU or a JADU Unit).

First-Time Homebuyer- A Borrower(s) who has not owned a home during the three-year period before the purchase of a home with Program assistance, except that the following individual or individuals may not be excluded from consideration as a First-Time Homebuyer under this definition:

- (a) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has

not within the preceding two years worked on a fulltime basis as a member of the labor force for a consecutive 12-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment, and worked primarily without remuneration to care for his or her home and family;

- (b) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody, or is pregnant; or
- (c) An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with Program assistance, a dwelling Unit whose structure is:
 - (1) Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - (2) Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

Front-End Ratio- The ratio between monthly Household income and monthly Housing Costs, including first Mortgage, principal, interest, taxes, and insurance.

Grant- An Award of funds made from the Department to eligible Localities or Nonprofit Corporations to operate Local Programs or to provide Self-Help Technical Assistance to a Project. In the case of a Homeownership Development Project Loan, the portion of that Loan which is used to provide Mortgage Assistance to qualified First-Time Homebuyers is converted to a Grant.

Grant Agreement- The written agreement between the Department and the developer of an ownership Housing Project ensuring compliance with construction, financial and Program obligations.

Homebuyer Education- A specific course of instruction to educate First-Time Homebuyers regarding various aspects of purchasing and maintaining a home.

Homeownership-

- (a) For Mortgage Assistance: fee simple title on real property or a leasehold interest on real property that enables the lessee to make improvements on and encumber the property and has a term sufficient to secure the Program Loan or ownership of a Manufactured Housing Unit located on a rented space in a Mobilehome Park.
- (b) Owner-Occupied Rehabilitation: fee simple title on real property; or a leasehold interest that enables the lessee to make improvements on and encumber the property and has a term sufficient to secure the Program Loan; or ownership of a Manufactured Housing Unit located on a rented space in a Mobilehome Park.
- (c) A share interest in a limited equity housing cooperative.

(d) An interest in a Mutual Housing Project.

Homeownership Development Project- New construction, rehabilitation, or adaptive reuse on a site, including single-family subdivisions, multifamily Homeownership Projects such as condominium developments, or scattered sites, that is under common ownership, development financing and construction.

Homeowner Provider- A Low-Income person(s) currently residing in a home they own and occupy as a principal place of residence who desires to find a tenant to share their residence.

Household- One or more persons occupying the same housing Unit.

Housing Cost- Pursuant to Title 25, California Administrative Code, §6920, the Housing Cost of a person or family purchasing a housing Unit shall include all of the following associated with that housing Unit:

- (a) Principal and interest on a Mortgage Loan, including any Rehabilitation Loans, and any Loan insurance fees associated therewith;
- (b) Property taxes and assessments;
- (c) Fire and casualty insurance covering replacement value of property improvements;
- (d) Property maintenance and repairs;
- (e) A reasonable allowance for utilities, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities does not include telephone service. Such an allowance shall take into consideration the cost of an adequate level of service;
- (f) Homeowner association fees;
- (g) Space rent if the housing Unit is situated on rented land.

Housing development- A residential housing development that receives assistance from the Program and includes Assisted Housing Units.

HUD- The U.S. Department of Housing and Urban Development.

Indian Country-

- (a) All land located in "Indian country" as defined by 18 U.S. Code (USC) 1151;
- (b) All land within the limits of a Rancheria under the jurisdiction of the United States Government;
- (c) All land held in trust by the United States for an Indian tribe or individual; and
- (d) All land held by an Indian tribe or individual subject to a restriction by the United States against alienation.

Junior Accessory Dwelling Unit (JADU)- In compliance with GC §65852.22, a residential living area contained within a proposed or existing Single-Family residence that is no more than 500 square feet in size. JADUs can include additions to an existing structure of no more than 150 square feet. JADUs shall include independent provisions for living, sleeping, eating, and cooking (area meeting the definition of Efficiency Kitchen but not a standard Kitchen), and shared or separate sanitation facilities with the main dwelling unit. See also Accessory Dwelling Unit.

Loan- The same meaning as defined in H.S.C., §50076.6.

Loan-to-Value Ratio- The ratio between the amount of all indebtedness liened, or to be liened, against a property and the appraised value of the property securing the liens.

Limited Liability Company- a Limited Liability company where all the members are nonprofit public benefit corporations. Limited Liability Company eligibility requirements are specified in §200.1 of the Serna Guidelines.

Limited Partnership- A Limited Partnership as defined in §171.5 of the Corporations Code and in which all of the general partners are either Nonprofit public benefit corporations, Limited Liability Companies, or a combination of Nonprofit public benefit corporations and Limited Liability Companies. Limited Partnership eligibility requirements are specified in §200.1 of the Serna guidelines.

Local Public Entity or Locality- Any county, city, city and county, Tribal Entity, a community redevelopment agency, or successor agency organized pursuant to Part 1 (commencing with §33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with §34200) of Division 24, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of Low-Income. It also includes two or more Local Public Entities acting jointly.

Local Program- Either a First Time Homebuyer Mortgage Assistance, Owner-Occupied Rehabilitation, Self-Help Technical Assistance, Serna Acquisition of Manufactured Housing Activity, CalHome ADU/JADU, or CalHome Shared Housing Program operated by a Local Public Entity or Nonprofit Corporation.

Lower-Income or Low-Income- The same meaning as defined in §50079.5 of the H.S.C. or another definition if one is provided in a given NOFA for Program funding.

Manufactured Housing or Manufactured Home- A Mobilehome as defined by §18007 of the H.S.C. A Manufactured Home can be either in a rental Mobilehome Park, on leased land, or on property owned by the occupant. It can either be on a permanent foundation or a foundation system. In these guidelines, with respect to Manufactured Housing not installed on a permanent foundation, terms that typically apply to conventionally constructed housing or to Loans secured by real property shall be given the appropriate analogous meaning used in the Manufactured Housing industry. For example, rather than holding fee title to the property, a Manufactured Homeowner is listed as the registered owner on the certificate of title issued by the Department.

Maximum Sales Price/Value Limit- The maximum allowable sales price, or the maximum

After-Rehabilitation Value of a home assisted with a Program Loan.

Mobilehome- Pursuant to HSC §18008 means a structure that was constructed prior to June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected onsite, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation system when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Mobilehome" includes any structure that meets all the requirements of this paragraph and complies with the state standards for Mobilehomes in effect at the time of construction. "Mobilehome" does not include a commercial modular, as defined in HSC §18001.8, factory-built housing, as defined in HSC §19971, a Manufactured Home, as defined in H.S.C. §18007, a multifamily Manufactured Home, as defined in HSC §18808.7, or a recreational vehicle, as defined in HSC §18010.

Notwithstanding any other provision of law, if a codified provision of state law uses the term "Mobilehome," and it clearly appears from the context that the term "Mobilehome" should apply only to Mobilehomes, as defined under subdivision (a), the codified provision shall apply only to those Mobilehomes. If any codified provision of state law, by its context, requires that the term applies to Mobilehomes or Manufactured Homes without regard to the date of construction, the codified provision shall apply to both Mobilehomes, as defined under subdivision (a), and Manufactured Homes, as defined under HSC §18007.

Mobilehome Park- The same as defined in H.S.C. §18214.

Moderate-Income Household- The same as defined in H.S.C., §50093, or another definition if one is provided in a given NOFA for CalHome funding.

Monitoring Agreement- The contract entered into between the Department and a Recipient that allows for the long-term monitoring of Award for compliance with Program guidelines.

Mortgage- A deed of trust which is used to secure a lien on real property or, in the case of Manufactured Housing, a security instrument sufficient to legally perfect a security interest in the home.

Mortgage Assistance- Permanent financing used towards homebuyer costs, up to a maximum limit as specified in the current NOFA.

Multifamily Housing- A structure or facility established primarily to provide housing that provides four or more living Units, in which ultimately Agricultural Households hold title to individual Units.

Mutual Housing- A multi-Unit Homeownership Development that allows each resident a vested financial interest that has a determinable market value, is divisible and gives the owner an exclusive right to occupy a designated Unit for an indefinite period.

NOFA- Notice of Funding Availability issued by the Department to announce that funds are available and that applications for that funding may be submitted.

Nonprofit- The same as "Nonprofit Corporation" defined in H.S.C. §50091.

Owner-Occupied- Real estate in which the person who owns the property also uses the home as their primary residence.

Owner-Occupied Rehabilitation Program- A Program to assist owners of homes that are in need of Rehabilitation that is run by a locality or Nonprofit Corporation.

Permit to Operate –A "Permit to Operate" a mobile home issued by the Mobilehome Parks Program of the Division of Codes and Standards of the California Department of Housing and Community Development.

Person With a Disability- An individual with a physical or mental impairment that limits one or more major life activities as defined by the California Fair Employment and Housing Act (FEHA) and other disability rights statutes (GC §12955.3, GC §12926(m), and GC §12926(j)).

Predevelopment Costs- The costs directly related to Program eligible housing development, including ADUs and JADUs. Predevelopment Costs may include, but are not limited to, the costs of, or the costs associated with, land purchase or options to buy land; professional services such as architectural, engineering, or legal services; permit or application fees; bonding; site preparation; related water or sewer development; or material expenses.

Principal- Employees of the Applicant who are in a position responsible for the oversight and management of development activities.

Program— in the CalHome guidelines, the term 'Program' is defined as the CalHome Program.

Program- in the Serna guidelines, the term 'Program' is defined as the Joe Serna, Jr. Farmworker Housing Grant Program.

Project- An eligible Activity that is a specific, singular endeavor to deliver a tangible output, such as a housing development, as opposed to a Program which is a combination of activities is delivered as a single package, such as a Mortgage Assistance Program.

Recipient- An eligible Applicant that has applied or has received approval for an Award of funds from the fund. The term "Recipient" shall include successors in interest and assignees of a Recipient.

Rehabilitation- In addition to the definition from H.S.C. §50096 and §50097, it can also have the following meanings:

- (a) Repairs and improvements to a Manufactured Home necessary to correct any condition causing the home to be substandard;
- (b) Installation of a permanent foundation on a Manufactured Home that is Owner-Occupied as a principal place of residence, such that the Manufactured Home is assessed as real property, and valued in the same manner as a conventional home;

- (c) Reconstruction;
- (d) Construction, repair, reconstruction, or Rehabilitation of an ADU or a JADU;
- (e) Conversion of an existing space to add an ADU or a JADU;
- (f) Room additions to prevent overcrowding;
- (g) Repairs and improvements which are necessary to meet any locally adopted standards used in local Rehabilitation; and
- (h) Modifications, alterations, and additions necessary to improve accessibility and usability for persons with disabilities who reside in or regularly visit them.

Rehabilitation includes costs incurred for implementing resiliency mitigation measures identified in the Hazard Mitigation Plan or the Safely Element of the General Plan adopted by the jurisdiction in which the Program will be offered.

Rehabilitation does not include replacement of personal property.

Reuse Account- An account established pursuant to §209 of these guidelines.

Rural Area- The same as defined in H.S.C. §50199.21.

RD or Rural Development- The United States Department of Agriculture acting through the Rural Housing Service, formerly known as the Farmers Home Administration.

Seeker- A person who desires to be placed as a tenant in a home that is Owner-Occupied.

Self-Help Construction- Owner building as defined in H.S.C., §50692 and may include Mutual Self-Help Housing as defined in H.S.C., §50692(b).

Self-Help Technical Assistance- Conducting and administrating a Project of technical or supervisory assistance, which will aid Eligible Households in carrying out owner-builder housing efforts.

Shared Housing- A Local Program designed to preserve Homeownership by matching a Homeowner Provider with a Seeker.

Shared Housing Match- A Seeker who has been successfully placed as a tenant into the residence of a Homeowner Provider.

Shared Housing Technical Assistance- The provision of services required to match a Homeowner Provider with a Seeker.

Single-Family Housing- A residence with one to four dwelling Units in which ultimately Agricultural Households hold title to individual Units.

Standard Agreement- The contract entered into between the Department and a Recipient pursuant to §600 of these guidelines.

Sponsor- *This term is only applicable under the New Construction Loan Program.* A Sponsor is an entity who constructs, develops, rehabilitates, purchases, or owns a housing development that is or will be subject to legally enforceable restrictive covenants that require the housing development to provide, at least in part, Affordable housing.

TCAC/HCD Opportunity Area Map- The map or maps approved periodically by the California Tax Credit Allocation Committee (TCAC) as the TCAC/HCD Opportunity Area Map.

Tribal Entity- Any of the following:

- (a) An Indian Tribe as defined under United States Code (USC) §4103(13)(B) of Title 25.
- (b) A Tribally Designated Housing Entity under 25 USC §4103(22).
- (c) If not a federally recognized Indian Tribe as identified above, either:
 - (1) An Indian Tribe Listed in the Bureau of Indian Affairs Office of Federal Acknowledgment Petitioner List, pursuant to CFR §83.1 et. seq. of Title 25; or
 - (2) Indian Tribe located in California that is on the contact list maintained by the State of California Native American Heritage Commission for the purposes of consultation pursuant to GC §65352.3.

Very Low-Income Household- The same as defined in §50105 of the H.S.C. or another definition if one is provided in a given NOFA for CalHome funding.

Volunteer Labor- Skilled or unskilled construction labor provided without remuneration.

APPENDIX B- Tribal Eligibility

A **Tribal Entity** may qualify for CalHome program funds if their **Project** meets the following requirements:

(a) Projects are located on one of the following lands:

- (1) Located in **Indian country** or on fee land within the State of California

AND;

(b) The Applicant meets the following conditions of Award funding to the extent applicable, and, subject to any modifications or waivers as provided for in HSC §50406, subdivision (p) (Assembly Bill 1010 (Chapter 660, Statutes of 2019) that shall be set forth in a Standard Agreement. It is noted that these same conditions do not need to be satisfied initially to engage in the competitive Award process:

- (1) **BIA Consent.** The BIA has consented to the Applicant's execution and recordation (as applicable) of all Department-required documents that are subject to 25 CFR sec. 152.34, 25 CFR sec. 162.012, or 25 CFR sec. 162.388, et seq., prior to Award disbursement. This requirement shall not apply to Projects that are located on fee land not subject to restriction by the United States against alienation.
- (2) **Personal and Subject Matter Jurisdiction.** Personal and subject matter jurisdiction in regard to the Standard Agreement, Project, or any matters arising from either of them is in state court and the Department has received any legal instruments or waivers, all duly approved and executed, as are or may be legally necessary and effective to provide for such personal and subject matter jurisdiction in state court.
- (3) **Title Insurance.** The Department has received title insurance for the property underlying the Project that is satisfactory to the Department. Notwithstanding the foregoing sentence, upon a showing of good cause, for Applicants unable to provide a conventional title insurance policy satisfactory to the Department, this condition may be satisfied by a TSR issued by the BIA Land Title and Records Office and pursuant to a title opinion letter issued for the benefit of the Department but paid for by the Applicant.
- (4) **Recordation Requirements.** Where recordation of instruments is a condition of Award funding or otherwise required under or pursuant to the Standard Agreement, the subject instrument is recorded if recorded with the Land Titles and Records Office at the BIA or in the appropriate official records of the County in which the Project is located, as may be applicable
- (5) **Fee Security Required.** For all Projects, except those located on trust or restricted lands within Indian Country, fee security shall be required,

unless the terms allowing leasehold security are satisfied as set forth in Title 25 CCR 8316. If a Department Loan/Grant is recorded on fee land, then there must be a restriction preventing that land being put into trust until the Department Loan/Grant term is complete.

- (c) Minimum Requirements for Sovereign Immunity Waivers. Sovereign immunity waiver language shall be included in the Department Standard Agreement, and all Department regulatory and Loan or Grant agreements, all of which may be accomplished by incorporating by reference a separately executed sovereign immunity waiver instrument. The Applicant shall also provide or obtain a separate limited waiver of sovereign immunity instruments for both personal and subject matter jurisdictions which shall require, at a minimum, compliance with state construction standards and regulations or, with respect to tribal housing Projects in Indian Country, compliance with tribal construction standards and regulations that are at least as stringent as state construction standards and regulations, subject to the Department's review and satisfaction.

EXHIBIT "F"

Risk Management Sample Certificate of Insurance

RISK MANAGEMENT - SAMPLE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER INSURANCE BROKER/AGENCY STREET NAME CITY STATE ZIP	CONTACT NAME: AGENT NAME	
	PHONE (A/C, No, Ext): AGENT PHONE NUMBER	FAX (A/C, No):
STREET NAME CITY STATE ZIP		E-MAIL ADDRESS: AGENT EMAIL ADDRESS
		INSURER(S) AFFORDING COVERAGE
INSURER A:		INSURER'S FULL LEGAL NAME
INSURER B:		INSURER'S FULL LEGAL NAME
INSURER C:		INSURER'S FULL LEGAL NAME
INSURER D:		INSURER'S FULL LEGAL NAME
INSURER E:		
INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADD'L SUBR INSD	WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY			FULL POLICY NUMBER	00/00/000	00/00/000	EACH OCCURRENCE	
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	Y	Y				EACH OCCURRENCE	\$ 1,000,000
	<input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
OTHER:							MED EXP (Any one person)	\$ 10,000
B	AUTOMOBILE LIABILITY			FULL POLICY NUMBER	00/00/000	00/00/000	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS	Y	Y				BODILY INJURY (Per person)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS						BODILY INJURY (Per accident)	\$
	OTHER:							
UMBRELLA LIAB							EACH OCCURRENCE	\$
EXCESS LIAB							AGGREGATE	\$
DED							RETENTION \$	\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			FULL POLICY NUMBER	00/00/000	00/00/000	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: DESCRIPTION OF WORK PERFORMED FOR THE CITY OF RIVERSIDE, REFERENCE TO EVENT OR DESCRIPTION OF OPERATIONS

THE CITY OF RIVERSIDE AND ITS OFFICERS, EMPLOYEES, AND AGENTS SHALL BE NAMED AS ADDITIONAL INSURED AS RESPECTS TO THE OPERATIONS OF THE NAMED INSURED PER ATTACHED GENERAL LIABILITY FORM XXXX. AND AUTOMOBILE FORM XXXX. WORKERS COMPENSATION WAIVER OF SUBROGATION APPLIES IN FAVOR OF THE CITY OF RIVERSIDE PER ATTACHED FORM XXXX.

CERTIFICATE HOLDER CITY OF RIVERSIDE RISK MANAGEMENT 3900 MAIN STREET RIVERSIDE CA 92622	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

GENERAL LIABILITY- ADDITIONAL INSURED

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 20 26 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

The City of Riverside, its officers, employees and agents are added as additional insureds.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

GENERAL LIABILITY- WAIVER OF SUBROGAION

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 04 05 09

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:-

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

City of Riverside
3900 Main St
Riverside , CA 92501

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

GENERAL LIABILITY- PRIMARY & NON-CONTRIBUTORY

Policy Number:

COMMERCIAL GENERAL LIABILITY
CG 20 01 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NONCONTRIBUTORY – OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

(1) The additional insured is a Named Insured under such other insurance; and

(2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

BUSINESS AUTO LIABILITY- WAIVER OF SUBROGATION

POLICY NUMBER:

COMMERCIAL AUTO
CA 04 44 10 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION)

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured:

Endorsement Effective Date:

SCHEDULE

Name(s) Of Person(s) Or Organization(s):

City of Riverside
3900 Main St
Riverside , CA 92501

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The **Transfer Of Rights Of Recovery Against Others To Us** condition does not apply to the person(s) or organization(s) shown in the Schedule, but only to the extent that subrogation is waived prior to the "accident" or the "loss" under a contract with that person or organization.

BUSINESS AUTO LIABILITY- ADDITIONAL INSURED

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement is effective on the inception date of the policy unless another date is indicated below.

SECTION II — LIABILITY COVERAGE, 1. WHO IS AN INSURED is amended to include as an "insured" the person(s) or organization(s) named in the Schedule below, but only with respect to their legal liability for acts or omissions of a person for whom Liability Coverage is afforded under this policy. You are authorized to act for the additional insured named in the Schedule in all matters pertaining to this insurance.

SCHEDULE

Name and Address of Additional Insured:

ANY PERSON OR ORGANIZATION THAT YOU HAVE AGREED IN
A WRITTEN CONTRACT, THAT SUCH PERSON OR ORGANIZATION
IS AN ADDITIONAL INSURED ON THIS POLICY.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number:

Policy Number:

Named Insured

Endorsement Effective Date:
address.

local Standard Time at the First Named Insured's

WORKERS COMP- WAIVER OF SUBROGATION

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

WC 00 03 13

(Ed. 4-84)

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

City of Riverside
3900 Main St
Riverside , CA 92501

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement
Insured

Effective Policy No.

Endorsement No.
Premium

Insurance Company

Countersigned by _____

WC 00 03 13
(Ed. 4-84)