

# AGENDA TRANSMITTAL FORM

To: Board of Supervisors

Date: February 8, 2013

From: Richard M. Forster, Chairman  
(Department Head - please type)

Phone Ext. \_\_\_\_\_

- Regular Agenda
- Consent Agenda
- Blue Slip
- Closed Session

Meeting Date Requested:

March 12, 2013

Department Head Signature \_\_\_\_\_

Agenda Title: Amador-Tuolumne Community Action Agency

Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary)  
Discussion and possible action relative to a request for funding and presentation by Ms. Shelly Hance, A-TCAA Executive Director, regarding A-TCAA activities and accomplishments in the last year.

Recommendation/Requested Action: \_\_\_\_\_

Fiscal Impacts (attach budget transfer form if appropriate) \_\_\_\_\_

Staffing Impacts \_\_\_\_\_

Is a 4/5ths vote required? Yes  No

Committee Review? Name \_\_\_\_\_ N/A

Committee Recommendation: \_\_\_\_\_

Contract Attached: Yes  No  N/A   
Resolution Attached: Yes  No  N/A   
Ordinance Attached: Yes  No  N/A

Comments: \_\_\_\_\_

Request Reviewed by:

Chairman \_\_\_\_\_

Counsel CB

Auditor EFJ

GSA Director HP

CAO CB

Risk Management \_\_\_\_\_

Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)

### FOR CLERK USE ONLY

Meeting Date 3-12-13 Time \_\_\_\_\_ Item # 6

Board Action: Approved Yes \_\_\_ No \_\_\_ Unanimous Vote: Yes \_\_\_ No \_\_\_

Ayes: \_\_\_\_\_ Resolution \_\_\_\_\_ Ordinance \_\_\_\_\_ Other: \_\_\_\_\_

Noes: \_\_\_\_\_ Resolution \_\_\_\_\_ Ordinance \_\_\_\_\_

Absent: \_\_\_\_\_ Comments: \_\_\_\_\_

Distributed on \_\_\_\_\_  
Completed by \_\_\_\_\_  
A new ATF is required from \_\_\_\_\_ Department For meeting of \_\_\_\_\_

I hereby certify this is a true and correct copy of action(s) taken and entered into the official records of the Amador County Board of Supervisors.  
ATTEST: \_\_\_\_\_  
Clerk or Deputy Board Clerk

# AGENDA TRANSMITTAL FORM

To: Board of Supervisors

Date: March 6, 2013

From: Richard M. Forster, Chariman  
(Department Head - please type)

Phone Ext. x470

- Regular Agenda
- Consent Agenda
- Blue Slip
- Closed Session

Meeting Date Requested:

March 12, 2013

Department Head Signature \_\_\_\_\_

Agenda Title: Elected Officials

Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary)  
Discussion and possible action relative to a request for a salary survey to be conducted for Elected Official positions.

Recommendation/Requested Action:

Fiscal Impacts (attach budget transfer form if appropriate)

Staffing Impacts

Is a 4/5ths vote required?

Yes

No

Contract Attached:

Yes

No

N/A

Resolution Attached:

Yes

No

N/A

Ordinance Attached:

Yes

No

N/A

Comments:

Committee Review?

N/A

Name \_\_\_\_\_

Committee Recommendation:

Request Reviewed by:

Chairman \_\_\_\_\_

Counsel GG

Auditor EJL

GSA Director Hof

CAO \_\_\_\_\_

Risk Management \_\_\_\_\_

Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)

### FOR CLERK USE ONLY

Meeting Date

3-12-13

Time \_\_\_\_\_

Item #

17

Board Action: Approved Yes \_\_\_ No \_\_\_

Unanimous Vote: Yes \_\_\_ No \_\_\_

Ayes: \_\_\_\_\_

Resolution \_\_\_\_\_

Ordinance \_\_\_\_\_

Other: \_\_\_\_\_

Noes: \_\_\_\_\_

Resolution \_\_\_\_\_

Ordinance \_\_\_\_\_

Absent: \_\_\_\_\_

Comments: \_\_\_\_\_

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A new ATF is required from \_\_\_\_\_

Department

Completed by \_\_\_\_\_

For meeting

of \_\_\_\_\_

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ATTEST: \_\_\_\_\_

Clerk or Deputy Board Clerk

Save ....



Chuck Iley <ciley@amadorgov.org>

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## Request for Salary Survey

1 message

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**Martin Ryan** <martinryan@amadorgov.org>

Wed, Mar 6, 2013 at 9:17 AM

To: Chuck Iley <ciley@amadorgov.org>

Cc: Diane Blanc <dblanc@amadorgov.org>, Mike Ryan <mryan@amadorgov.org>, Kim Grady <kgrady@amadorgov.org>, Jim Rooney <jrooney@amadorgov.org>, Todd Riebe <triebe@amadorgov.org>, Joe Lowe <jlowe@amadorgov.org>, Richard Forster <rforster@amadorgov.org>

On behalf of Amador County's elected officials, I am formally requesting a salary survey be conducted for our positions. It is my understanding that the last survey was conducted in 2008 and the group felt it was important to revisit the issue at this time. The group would also request that this survey be completed by April 1, 2013 for planning purposes. If you need further information relative to this request please contact me at your earliest convenience.

Thank you,

Martin

--

Sheriff Martin A. Ryan  
Amador County Sheriff's Office  
700 Court Street  
Jackson, CA 95642  
(209) 223-6515  
martinryan@amadorgov.org

# ORDINANCE NO. 1692

## Chapter 2.68

### SALARIES OF ELECTED OFFICIALS

The Board of Supervisors of the County of Amador ordains as follows:

Section 1. Chapter 2.68 of the Amador County Code is hereby amended as follows:

Section 2.68.020 Salaries and benefits. Effective October 1, 2009 each of the following elected officials of the county shall receive as compensation for services required of him/her by law or by virtue of his/her office the below-listed salaries for each month during which the elected official holds the office. Such salaries shall be prorated for the first and last month of his/her term. Each elected official shall accrue benefits as set forth in the most current resolution adopted for management unit employees, with the exception of vacation, sick leave, unemployment, and SDI benefits; provided, however, that each elected official shall receive six days of sick leave credit for each year of continuous service for which they were elected, which credit may be used only toward PERS retirement credit. The Sheriff-Coroner shall be eligible for the PERS California Highway Patrol Retirement Plan (3%/50) to which the members of the Deputy Sheriff's Association, Sheriff's Office Association, and Sheriff's Office Mid-Management Unit are entitled. The District Attorney shall be eligible for the enhanced 2% @ 50 Safety Retirement Program for local prosecutors to which the members of the Amador County Deputy District Attorney Association are entitled. If an elected official elects not to participate in PERS, the county's share of PERS shall be paid to that official in cash and that official shall not be entitled to the sick leave credit described above.

- A. Sheriff-Coroner, ten thousand sixty dollars (\$10,060);
- B. Treasurer-Tax Collector, a combined office, eight thousand seventy-four dollars (\$8,074);
- C. Auditor, eight thousand four hundred ninety-six dollars (\$8,496);
- D. Clerk-Recorder, seven thousand seven hundred fifteen dollars (\$7,715);
- E. Assessor, eight thousand two hundred fifty-eight dollars (\$8,258);
- F. District Attorney, including duties as public administrator, ten thousand five hundred two dollars (\$10,502) and a monthly vehicle allowance of six hundred dollars (\$600);

2.68.030 Payable when. All salaries provided for under this chapter shall be paid under the same terms and conditions as salaries of other employees working for the County of Amador.

Section II. This ordinance shall be published within fifteen (15) days from the date hereof in a newspaper of general circulation, printed and published in the County of Amador, and shall become effective thirty (30) days after the date of adoption.

The foregoing ordinance was duly passed and adopted by the Board of Supervisors of the County of Amador at a regular meeting thereof, held on the 27th day of October 2009 by the following vote:

AYES: Supervisors John Plasse, Richard M. Forster, Theodore Novelli, Louis D. Boitano, and Brian Oneto


NOES: None

ABSENT: None

  
\_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST:

JENNIFER BURNS, Clerk of the  
Board of Supervisors, Amador County,  
California

  
\_\_\_\_\_  
Deputy

**AGENDA TRANSMITTAL FORM**

To: **Board of Supervisors**

Date: March 6, 2013

From: Richard M. Forster, Chairman  
(Department Head - please type)

Phone Ext. x470

- Regular Agenda
- Consent Agenda
- Blue Slip
- Closed Session

Meeting Date Requested:  
March 12, 2013

Department Head Signature \_\_\_\_\_

Agenda Title: County Medical Services Program (CMSP) Governing Board

Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary)  
Discussion and possible action relative to a report by Chairman Forster regarding the Proposed Principles and Alternative Approach for Medi-Cal Expansion in California.

Recommendation/Requested Action:

Fiscal Impacts (attach budget transfer form if appropriate)

Staffing Impacts

Is a 4/5ths vote required? Yes  No

Contract Attached: Yes  No  N/A

Resolution Attached: Yes  No  N/A

Ordinance Attached: Yes  No  N/A

Committee Review? N/A

Name \_\_\_\_\_

Committee Recommendation: \_\_\_\_\_

Comments: \_\_\_\_\_

Request Reviewed by:

Chairman \_\_\_\_\_ Counsel GG

Auditor \_\_\_\_\_ GSA Director Hop

CAO [Signature] Risk Management \_\_\_\_\_

Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)

Health & Jim Foley

**FOR CLERK USE ONLY**

Meeting Date 3/12/13 Time \_\_\_\_\_ Item # 8

Board Action: Approved Yes \_\_\_ No \_\_\_ Unanimous Vote: Yes \_\_\_ No \_\_\_

Ayes: \_\_\_\_\_ Resolution \_\_\_\_\_ Ordinance \_\_\_\_\_ Other: \_\_\_\_\_

Noes: \_\_\_\_\_ Resolution \_\_\_\_\_ Ordinance \_\_\_\_\_

Absent: \_\_\_\_\_ Comments: \_\_\_\_\_

Distributed on \_\_\_\_\_

A new ATF is required from \_\_\_\_\_

I hereby certify this is a true and correct copy of action(s) taken and entered into the official records of the Amador County Board of Supervisors.

Completed by \_\_\_\_\_

Department \_\_\_\_\_  
For meeting \_\_\_\_\_  
of \_\_\_\_\_

ATTEST: \_\_\_\_\_

Clerk or Deputy Board Clerk

Save ....

**CMSP GOVERNING BOARD  
MEETING AGENDA ITEM  
SUMMARY REPORT**

A. Proposed Principles and Alternative Approach for Medi-Cal Expansion in California

The CMSP Executive Committee met via conference call on Tuesday, February 19, to consider principles and an alternative approach to the two options presented by the Governor for expansion of Medi-Cal to cover low-income uninsured adults up to 138% of the Federal Poverty Level (FPL). (See attached document.)

The impetus for the Committee's consideration of these principles and alternative approach was a request by the Senate Budget and Fiscal Review Committee that the Governing Board, along with other county organizations, provide testimony at the Committee's hearing of February 21, 2013 on the Governor's proposal.

The Executive Committee approved the proposed principles and alternative approach.

## County Medical Services Program Governing Board

### Principles & Alternative Approach for Medi-Cal Expansion in California (approved 2/19/2013)

#### Background

In his proposed FY 2013-14 State Budget, Governor Brown proposed two alternative approaches for implementing the federal Medicaid expansion to provide Medi-Cal coverage to low income, single adults up to 138% of the Federal Poverty Level (FPL) – a State Option and a County Option. To date, Brown Administration representatives have suggested that one approach will be adopted and all 58 counties will follow the approach selected. There are potential risks and benefits associated with each approach.

#### Principles

1. The Medi-Cal expansion in CMSP counties to provide coverage to low income, single adults should be undertaken in a manner that:
  - Assures the most effective and efficient organization of health care delivery in these counties.
  - Builds upon the existing health care safety-net in these counties, including the hospitals, Federally Qualified Health Centers, Rural Health Clinics, and private providers and others that have historically served Medi-Cal and CMSP enrollees.
  - Seeks to expand provider participation through payment policies and incentives that encourage provider participation, particularly for specialty and primary care.
  - Minimizes programmatic, financial and legal risks to CMSP counties and the CMSP Governing Board.
  
2. In recognition that the Medi-Cal expansion to cover low income, single adults will receive 100% federal funding for the first three years, any redirection of County Health Realignment funding (provided pursuant to 1991 Realignment statutes) that currently supports indigent health care and public health services in California counties, including CMSP counties, should not be considered unless:
  - There are net costs to the State associated with Medi-Cal's expansion to cover low income, single adults.
  - Counties, including CMSP counties, retain savings beyond documented net State costs and utilize these resources for reinvestment in local health and public health systems and programs.
  - Counties retain sufficient Health Realignment funds to address residual responsibilities, including serving the remaining uninsured and carrying out public health service obligations.



## Alternative Approach

With an effective date of January 1, 2014 for the Medi-Cal expansion, there is urgency for the State to determine how the Medi-Cal program will be expanded to include low income, single adults. In consideration of this urgency and the principles outlined above, an alternative hybrid approach to the Governor's alternatives is proposed for implementation of the Medi-Cal expansion to cover low income single adults in California:

- The Medi-Cal expansion in CMSP counties should happen within the State system. Under this approach, the State would be responsible for contracting with Medi-Cal managed care plans, determining network adequacy, and addressing billing, cost sharing and associated legal issues. County human service departments should continue to administer Medi-Cal eligibility as under current law.
  - Counties outside of those participating in CMSP that want to explore development of a demonstration or pilot project to expand their Low Income Health Programs to serve the Medi-Cal expansion population should be given this opportunity and negotiate the terms and conditions with the State.

## COUNTIES AND FEDERAL HEALTH CARE REFORM

### I. BACKGROUND

Major provisions of the federal Affordable Care Act (ACA) become effective on January 1, 2014, including the provision of health benefit coverage through state-based Health Exchanges (Covered California), new income rules for calculating eligibility for Medicaid (Medi-Cal), and the state option to expand Medicaid to provide coverage to low income uninsured adults up to 138% of the Federal Poverty Level (FPL).

While California is proceeding with implementation of the ACA, the State faces many important policy choices. The Governor convened a Special Session of the Legislature on health care at the end of January and the two houses have introduced bills to shape California's implementation of the ACA. In the Special Session, the Legislature is expected to focus on:

- Private insurance market changes required under the ACA
- New income eligibility rules and enrollment processes for Medi-Cal
- Creation of a Medicaid Bridge Program for people whose income varies and causes them to be eligible for the Exchange and Medi-Cal at different points in time
- Expansion of Medi-Cal to include low income uninsured adults that are not currently eligible for Medi-Cal

Counties will be at the center of discussions about the ACA because of the Brown Administration has stated its desire that counties share in the risks associated with the Medi-Cal expansion to include low income uninsured adults.

### II. COUNTY ROLE IN PROVIDING HEALTH CARE

California counties have a number of roles in the health care system and the provision of services to Medi-Cal recipients:

- Counties are providers – operating hospitals, health systems and clinics;
- Counties administer the eligibility systems that enroll people in public programs; and,
- Counties provide and fund carved-out Medi-Cal mental health and substance use disorder treatment services.

The fiscal impact of the implementation of the ACA on counties is uncertain and there will be significant county-by-county variation. Notably, counties fulfill their indigent care responsibilities differently – and the impact will depend on whether a county contracts with providers, whether a county is in the County Medical Services Program (CMSP), and whether a county owns and operates hospitals, clinics or health systems. Differences also arise between counties as to whether they have implemented a Low-Income Health Program (LIHP) and what income level eligibility is determined for the LIHP.

Counties that contract out entirely for the provision of indigent health care services are positioned differently than counties that provide services directly through their existing health care infrastructures. Counties that own and operate hospitals, health systems and clinics, are essential Medi-Cal providers with large financial commitments to health care safety net infrastructure. During health reform

implementation and beyond, it will be crucial that the State not only retain this existing infrastructure, but build upon it so that access to care for all Medi-Cal beneficiaries is strengthened. Additionally, counties with county hospitals utilize current funding to support the non-federal share of Medi-Cal inpatient days, which would otherwise be paid by the State.

### **III. GOVERNOR'S MEDI-CAL EXPANSION PROPOSALS**

The Brown Administration proposes to expand Medi-Cal to adults with incomes under 138% FPL who are not currently Medicaid eligible, as allowed under the ACA. The budget document presents two options to expand Medi-Cal to these adults – a state-based approach and a county-based approach. In each case, the state is relying on the assumption that counties will achieve “savings” as the result of expanding eligibility for enrollees/patients that are currently served by county systems.

#### **▪ State-Based Approach**

This approach calls for building upon the existing state-administered Medicaid program and managed care delivery system. With this approach, the state would offer a standardized, statewide benefit package comparable to what is available today in Medi-Cal, excluding long-term care coverage.

Under this option, the Administration has proposed to redirect existing 1991 Health Realignment funds to pay for new human services program responsibilities. The budget document specifically mentions subsidized child care. Other options for increased county responsibility could include CalWORKs, CalFresh administration, child support, Supplemental Security Income (SSI), and In-Home Supportive Services (IHSS). Under this approach, counties would fund those new responsibilities with “savings” resulting from low income uninsured adults receiving coverage through Medi-Cal.

#### **▪ County-Based Approach**

Under this approach, the Medi-Cal expansion would be built upon the existing county Low Income Health Programs (LIHPs). Counties would maintain their current responsibility for indigent health care services but would need to meet certain statewide requirements pertaining to eligibility and a minimum health benefits package consistent with that offered through Covered California. Counties could potentially offer additional benefits, except for long-term care.

With the county approach, counties would act as the fiscal and operational entity responsible for the expansion and would build on their LIHPs as the basis for operating the expansion. Counties would be responsible for developing provider networks, setting rates (actuarial based or cost-based similar to the LIHP rates), and processing claims. This option requires federal approval and specified waivers. At this time, it is unclear if the federal government would consider this approach favorably.

Finally, notwithstanding the assumption of county responsibility set forth under this approach, State officials have stated that they still intend to engage counties in a discussion of “savings” and some level of diversion of 1991 Health Realignment funds.

**IV. RISKS FOR COUNTIES**

There are a variety of risks to counties under either option. Under a State-Based Approach, the risks are focused primarily on proposals from the Brown Administration to take current Health Realignment funding allocated to counties and repurpose it. Under a County-Based Approach, the risks are associated with the uncertainty resulting from the approach. A summary outline of these potential risks is presented below.

County Risks Under Either Option	State-Based Option	County-Based Option
Will Medi-Cal program revenues and new program responsibilities match?		✓
Will future state and federal legislative actions revise Medi-Cal program requirements and/or federal contributions to program costs?		✓
In assuming delegated responsibility for Medi-Cal, what potential litigation risks do counties face as they take strategies intended to address local needs and conditions?		✓
What will county residual indigent health care responsibilities be, and how will they be funded?	✓	✓
What potential is created for new legal issues and county responsibilities under Welfare and Institutions Code §17000?	✓	✓



**Testimony of Lee D. Kemper  
Director of Policy and Planning  
County Medical Services Program (CMSP) Governing Board**

**SENATE BUDGET AND FISCAL REVIEW COMMITTEE  
February 21, 2013**

Good morning Mr. Chairman and Committee Members,

My name is Lee Kemper. For the past thirteen years, until the end of last December, I served as Executive Director for the County Medical Services Program Governing Board, commonly referred to as CMSP. I now serve under contract to the Governing Board as Director of Policy and Planning.

On behalf of the CMSP Governing Board, I would like to thank the Committee for the opportunity to present the views of the Board and the 35 member counties it represents on the proposed Medi-Cal expansion to include low-income single adults, its opportunities and risks, and the role for CMSP counties under federal health reform.

I would like to start my remarks by providing a little background on CMSP because many Committee Members are likely to be unfamiliar with the program for either of two reasons:

- It does not operate in your district because the county or counties you serve operate their own indigent health care programs; or,
- It has not come to your attention because the program is funded entirely by 1991 Health Realignment funding and operates as a county-only program outside of the State Budget.

I will point out, Mr. Chairman, that you previously represented a district that includes a CMSP county, Marin County. In addition, Senator Nielsen and Senator Berryhill represent districts with CMSP counties.

As a program, CMSP was established in 1982 at the time the medically indigent adults, or MIAs, were dropped from the Medi-Cal program and transferred to counties with specified funding. CMSP was established as a vehicle for smaller and rural counties to pool their resources and serve the population through a single benefit program administered by the State Department

of Health Services. To participate, counties “contracted back” with the State. California law, specifically Welfare and Institutions Code Section 16809 et seq., authorizes counties with populations up to 300,000 to participate in the program.

The statute authorizes 39 counties to participate in the program. Today, 35 counties participate. These counties cover approximately 90,000 square miles of California, have roughly 3.5 million residents, contain many remote and frontier areas of the state, have some of the deepest pockets of poverty, and experience some of the greatest difficulties in delivering needed medical care due to a lack of sufficient health care providers – primary care, specialty care, behavioral health care, and ancillary support services. I have distributed a map of the participating CMSP counties for your information.

Today, CMSP serves roughly 70,000 average monthly enrollees through two programs: CMSP and Path2Health, the CMSP Low Income Health Program, or LIHP. However, the reach of these programs is greater than monthly enrollment totals. Between 110,000 and 120,000 unduplicated persons are served by these programs each year.

Since 2000, the Governing Board has taken number of steps to strengthen CMSP and assure it can serve enrollees in the 35 counties with available Realignment revenues. Through these changes, and because of a strong economy in the period of 2004 through 2007, the Governing Board was able to build a Contingency Reserve to support the program should annual expenses exceed annual revenues. By 2008, this Reserve was approximately \$250 million.

It is important to note here that the strength of the revenues supporting CMSP is inversely related to the need for health care services by low income people. When revenues are strong, the economy is strong and more people have jobs; some may have health coverage. When the economy declines, people lose work and the need for health care services increases. Recognizing this dynamic, the Governing Board retained a Contingency Reserve for the inevitable “rainy day.”

That rainy day came. It was called the recession. Demand for services grew 50% in three years and by June 30, 2012 the Contingency Reserve was reduced to less than \$2 million. Because the Governing Board established a LIHP beginning January 1, 2012, operations continued with the support of federal matching funds and an effective transition was made without interruption of services to CMSP and Path2Health enrollees. And, importantly, during the 2008-2011 recession, as enrollment escalated, the Governing Board used funding from the Contingency Reserve to assure continued health coverage to the growing population and prevented any cuts to eligibility, benefits, or provider payment rates.

**With this background, I’d like to address the questions posed by Committee staff.**

The FY 2012-13 Budget for CMSP/Path2Health is just over \$400 million. Of this, Health Realignment funds comprise approximately \$225 million. These Realignment funds are used to match the federal LIHP funds, pay for services to enrollees in CMSP that do not qualify for the LIHP, and for program administration. The maintenance of effort amount established under the LIHP program is approximately \$125 million.

For FY 2013-14, the CMSP/Path2Health Budget is predicated upon a full year of Health Realignment funding. This funding is required to make claims payment for continued residual populations that do not become eligible for Medi-Cal or Covered California and for medical claims of covered LIHP and CMSP enrollees for the last six months of calendar year 2013. These “incurred but not paid” claims, as they are known, will be paid over the first 6-9 months of 2014, and are a part of the calculation that requires full Health Realignment funding through FY 2013-14.

Beginning January 1, 2014, we expect to see all LIHP enrollees move to Medi-Cal because they will be eligible under federal rules. The movement of other populations in CMSP to Medi-Cal or Covered California is less certain, and will be affected by the application process for those not immediately transferred to Medi-Cal and by decisions of individuals about whether or not to apply for Covered California during its Open Enrollment period. We anticipate a continuing residual service population of up to 20% of currently covered enrollees.

On Tuesday of this week, the Governing Board’s Executive Committee met via conference call to consider the Administration’s two proposed options for the Medi-Cal expansion. The Committee, which is authorized to speak for the Governing Board on all legislative matters, unanimously approved a set of principles that calls for a Medi-Cal expansion that builds on the State system. The Governing Board and its member counties are not prepared to take on the responsibility required under a County-based Option, most notably because of the need for network development to serve a substantially expanded population, estimated to be up to 160,000 persons. The Governing Board does not have capacity to achieve this by January 1, 2014.

In addition, this set of principles recognizes that there are no costs to the State of California for the Medi-Cal expansion for three years, 2014-2016, and in consideration of this fact, states that no transfer of Health Realignment funds should be considered unless:

- There are *net* costs to the State associated with Medi-Cal’s expansion to cover low income, single adults;
- Counties retain sufficient Health Realignment funds to address residual responsibilities, including serving the remaining uninsured and carrying out public health service obligations; and,

- Counties, including CMSP counties, retain free-up revenues beyond documented net State costs and utilize these resources for reinvestment in local health and public health systems and programs.

Beginning in FY 2014-15, if the maintenance of effort calculation used for CMSP's participation in the LIHP were used, roughly \$100 million would be retained by CMSP for continued services to residual populations and roughly \$125 million would be retained by CMSP for reinvestment in rural health delivery systems. Under this policy approach, roughly \$250 million would be retained by CMSP counties for reinvestment before the State experiences any costs with the Medi-Cal expansion population.

Over the past 30 years, the State of California's commitment to the healthcare infrastructure of rural and small counties has been nominal, at best. Because the majority of California's population does not live in these areas, it has simply not been a priority. But, in the face of health care reform, the CMSP Governing Board recommends that the rural and small counties it has served since 1993 need to be a priority. The CMSP Governing Board is poised to make effective use of the Health Realignment resources for this purpose. Over the past 15 years, the Governing Board has provided funding for rural clinic expansions, hospital retrofits, wellness and prevention programs, mental health and substance use treatment pilot programs, and care management pilot programs. The Governing Board has invested nearly \$25 million.

In closing, I'd like to point out that during the period of 2010 and 2011, the Governing Board assisted the State of California with claiming of federal matching funds on the basis of CMSP expenditures that were funded entirely by Realignment funds. This federal claiming allowed the State of California to receive approximately \$260 million in federal funds that went only to the State. CMSP counties did not benefit from this federal funding.

It is the CMSP Governing Board's position that Health Realignment revenues should be retained by the CMSP counties and the Governing Board until the State experiences costs for the expansion population. The Governing Board will utilize these revenues to serve the residual populations left uncovered by the Medi-Cal expansion, and the remaining funds will be reinvested in the health care infrastructure of the CMSP counties, specifically provider network and infrastructure development for primary care, specialty care, behavioral health, and health home supports. With the Medi-Cal expansion in rural counties, provider network capacity to serve the population is vital.

The CMSP Governing Board looks forward to working with Legislature, the Administration and stakeholders to make the most of the important opportunities provided by the expansion of Medi-Cal to cover low income single adults – opportunities to expand coverage to low income persons, continue coverage and services to those left out of federal health reform, and to invest



in the essential health care infrastructure California's small and rural counties need to make federal health reform successful.

Thank you, again, Mr. Chairman and Committee Members, for this opportunity to provide testimony today. I am happy to answer any questions.

**Medi-Cal Managed Care Transitions by CMSP County**  
*Revised 2/28/13*

<b>Partnership Health Plan</b>	Del Norte Humboldt Lake Lassen Marin* Mendocino* Modoc	Napa* Shasta Siskiyou Solano* Sonoma* Trinity Yolo*
<b>Tri-County Regional Two Plan:</b> <i>Anthem Blue Cross or CalViva</i>	Kings*	Madera*
<b>Rural Expansion:</b> <i>Anthem Blue Cross or California Health &amp; Wellness Plan</i>	Alpine Amador Butte Calaveras Colusa El Dorado Glenn Inyo Mariposa	Mono Nevada Plumas Sierra Sutter Tehama Tuolumne Yuba
<b>To Be Determined</b>	Imperial	San Benito

\* *Current Medi-Cal Managed Care County*

# AGENDA TRANSMITTAL FORM

To: Board of Supervisors

Date: March 6, 2013

From: Louis D. Boitano, District IV Supervisor  
(Department Head - please type)

Phone Ext. x470

- Regular Agenda
- Consent Agenda
- Blue Slip
- Closed Session

Meeting Date Requested:  
March 12, 2013

Department Head Signature \_\_\_\_\_

Agenda Title: <u>California State Association of Counties</u>		
Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary) Discussion and possible action relative to an update by Supervisor Boitano regarding a recent meeting of the CSAC Board of Directors.		
Recommendation/Requested Action:		
Fiscal Impacts (attach budget transfer form if appropriate)	Staffing Impacts	
Is a 4/5ths vote required? Yes <input type="checkbox"/> No <input type="checkbox"/>		
Committee Review? N/A <input type="checkbox"/>	Contract Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Resolution Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Ordinance Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	
Name _____ Committee Recommendation: _____	Comments: _____	
Request Reviewed by:		
Chairman _____ Auditor <u>CAJ</u> _____ CAO _____	Counsel _____ GSA Director <u>AGP</u> _____ Risk Management _____	
Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)		
<b>FOR CLERK USE ONLY</b>		
Meeting Date <u>3/12/13</u>	Time _____ Item # <u>9</u>	
Board Action: Approved Yes ___ No ___ Unanimous Vote: Yes ___ No ___		
Ayes: _____ Resolution _____ Ordinance _____ Other: _____	Noes: _____ Resolution _____ Ordinance _____	
Absent: _____ Comments: _____		
Distributed on _____  Completed by _____	A new ATF is required from _____ Department _____ For meeting _____ of _____	I hereby certify this is a true and correct copy of action(s) taken and entered into the official records of the Amador County Board of Supervisors.  ATTEST: _____ Clerk or Deputy Board Clerk

Save ....

# AGENDA TRANSMITTAL FORM

To: Board of Supervisors

Date: March 6, 2013

From: Jennifer Burns, Clerk of the Board  
(Department Head - please type)

Phone Ext. x470

<input checked="" type="checkbox"/>	Regular Agenda
<input type="checkbox"/>	Consent Agenda
<input type="checkbox"/>	Blue Slip
<input type="checkbox"/>	Closed Session
Meeting Date Requested:	
<u>March 12, 2013</u>	

Department Head Signature \_\_\_\_\_

Agenda Title: Minutes

Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary)  
Discussion and possible action relative to approval of the February 26, 2013 Board of Supervisors Meeting Minutes.

Recommendation/Requested Action: \_\_\_\_\_

Fiscal Impacts (attach budget transfer form if appropriate) \_\_\_\_\_

Staffing Impacts \_\_\_\_\_

<p>Is a 4/5ths vote required?    Yes <input type="checkbox"/>    No <input type="checkbox"/></p> <p>Committee Review?    N/A <input type="checkbox"/></p> <p>Name _____</p> <p>Committee Recommendation: _____</p>	<p>Contract Attached:    Yes <input type="checkbox"/>    No <input type="checkbox"/>    N/A <input type="checkbox"/></p> <p>Resolution Attached:    Yes <input type="checkbox"/>    No <input type="checkbox"/>    N/A <input type="checkbox"/></p> <p>Ordinance Attached    Yes <input type="checkbox"/>    No <input type="checkbox"/>    N/A <input type="checkbox"/></p> <p>Comments: _____</p>
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Request Reviewed by:

Chairman _____	Counsel <u>GC</u>
Auditor <u>EBL</u>	GSA Director <u>Hop</u>
CAO <u>OK</u>	Risk Management _____

Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)

\_\_\_\_\_

### FOR CLERK USE ONLY

Meeting Date <u>3/12/13</u>	Time _____	Item # <u>10</u>
Board Action: Approved Yes ___ No ___	Unanimous Vote: Yes ___ No ___	
Ayes: _____	Resolution _____	Ordinance _____
Noes: _____	Resolution _____	Ordinance _____
Absent: _____	Comments: _____	

Distributed on _____  Completed by _____	A new ATF is required from _____ Department _____ For meeting _____ of _____	I hereby certify this is a true and correct copy of action(s) taken and entered into the official records of the Amador County Board of Supervisors.  ATTEST: _____ Clerk or Deputy Board Clerk
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Save ....

# AGENDA TRANSMITTAL FORM

To: Board of Supervisors

Date: March 6, 2013

From: Richard M. Forster, Chairman  
(Department Head - please type)

Phone Ext. x470

- |                                     |                |
|-------------------------------------|----------------|
| <input checked="" type="checkbox"/> | Regular Agenda |
| <input type="checkbox"/>            | Consent Agenda |
| <input type="checkbox"/>            | Blue Slip      |
| <input type="checkbox"/>            | Closed Session |

Meeting Date Requested:

March 12, 2013

Department Head Signature \_\_\_\_\_

Agenda Title: <u>Community Development Block Grant (CDBG) Program</u>		
Summary: (Provide detailed summary of the purpose of this item; attach additional page if necessary) Discussion and possible action relative to a public hearing for the purpose of soliciting citizens' views to consider an update to the County's CDBG Program Income and Reuse Plan.		
Recommendation/Requested Action: _____		
Fiscal Impacts (attach budget transfer form if appropriate)	Staffing Impacts	
Is a 4/5ths vote required? Yes <input type="checkbox"/> No <input type="checkbox"/>	Contract Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Resolution Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Ordinance Attached: Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> Comments: _____	
Committee Review? N/A <input type="checkbox"/> Name _____ Committee Recommendation: _____		
Request Reviewed by:		
Chairman _____ Auditor <u>EJL</u> CAO <u>[Signature]</u>	Counsel <u>[Signature]</u> GSA Director <u>[Signature]</u> Risk Management _____	
Distribution Instructions: (Inter-Departmental Only, the requesting Department is responsible for distribution outside County Departments)		
<b>FOR CLERK USE ONLY</b>		
Meeting Date <u>3-12-13</u>	Time _____ Item # <u>11</u>	
Board Action: Approved Yes ___ No ___ Unanimous Vote: Yes ___ No ___		
Ayes: _____ Resolution _____ Ordinance _____ Other: _____		
Noes: _____ Resolution _____ Ordinance _____		
Absent: _____ Comments: _____		
Distributed on _____  Completed by _____	A new ATF is required from _____ Department _____ For meeting _____ of _____	I hereby certify this is a true and correct copy of action(s) taken and entered into the official records of the Amador County Board of Supervisors.  ATTEST: _____ Clerk or Deputy Board Clerk

Save ....

**MEMORANDUM**

TO: Amador County Board of Supervisors

FROM: Terry Cox

DATE: March 4, 2013

SUBJECT: CDBG Public Hearing on March 12, 2013

**DISCUSSION/SUMMARY:**

The County has received funding for a several housing programs from the Community Development Block Grant (CDBG) Program funded by the State Department of Housing and Community Development (HCD). In past years the repayments from these housing loans generated Program Income Reuse Funds.

HCD allows grantees to retain these payments to use for other CDBG eligible activities as long as they have an adopted, State approved Program Income Reuse Plan. This plan sets up revolving loan accounts (RLA's), such as housing rehabilitation, to collect repayments and to then re-loan them.

The County last adopted a Reuse Plan update in 2008 (copy attached). Recently, the State has issued new guidelines on the use of Program Income and has required that all grantees adopt a standardized format for their Reuse Plans. This new format allows only four types of Revolving Loan Accounts-Housing Rehabilitation, Homebuyer Assistance, Business Assistance and Micro-enterprise Assistance (copy attached).

The County has no Program Income Reuse Funds currently. Nevertheless, the State has required that the County designate a Revolving Loan Fund in case funds are received. State approved guidelines for Housing Rehabilitation are attached. The County may change where funds are allocated in the future, after a noticed public hearing.

HCD has provided an alternative method to use Program Income Reuse funds called a Waiver. The County can request to use a specific amount of money for a CDBG eligible activity that is not included in one of the approved types of RLA's. The County held a noticed public hearing in March 2012 to approve the transfer of \$40,000 for the New Construction RLA into the Rental Security Deposit Waiver Activity. The State has never approved nor denied the request. Now that the New Construction RLA will no longer exist, in order for the County to proceed with the waiver request for the Rental Security Deposit Program, the Board will need to reapprove the transfer in a new resolution.

**Recommended Action**

Staff recommends that the Board of Supervisors approve the attached resolution approving the updated Program Income Reuse Plan.

RESOLUTION NO.

A RESOLUTION APPROVING THE UPDATE OF THE COUNTY CDBG  
PROGRAM INCOME REUSE PLAN

BE IT RESOLVED by the Board of Supervisors of Amador County as follows:

SECTION 1.

The County Board of Supervisors has reviewed and hereby approves the updated Community Development Block Grant Program Income Reuse Plan dated March 12, 2013.

SECTION 2.

The County has determined that federal Citizen Participation requirements were met during consideration of adopting the updated Program Income Reuse Plan.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was duly passed and adopted by the Supervisors of the County of Amador, State of California, this 12<sup>th</sup> day of March, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Chair, Board of Supervisors



**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
(CDBG)  
PROGRAM INCOME (PI) REUSE PLAN  
WITH  
JURISDICTIONAL CERTIFICATIONS**

*This Agreement provides official notification of the Jurisdiction's PI Reuse Plan's (hereinafter, "PI Reuse Plan") approval under the State's administration of the Federal Community Development Block Grant Program (hereinafter, "CDBG" or "the Program") for Non-entitlement jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program.*

*By completing this PI Reuse Plan and signing the end of this document, the Authorized Representative certifies the Jurisdiction has read, understands and will adhere to the Program Income (PI) Reuse Plan detailed in the first section of this document, the PI definitions and rules in the second section of this document, and Department of Housing and Community Development (the Department herein) terms and conditions in the third section of this document.*

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**SECTION ONE: PROGRAM INCOME (PI) REUSE PLAN**

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**JURISDICTION:** Amador County

**GOVERNING BODY ADOPTED ON:** 03/12/2013

This PI Reuse plan establishes policies and procedures for the administration and utilization of PI received as a direct result of eligible activities funded under the State of California CDBG Program (Department). All revenue received from CDBG funded activities are required to be used per this adopted plan.

**DISTRIBUTION OF PROGRAM INCOME**

*Introduction: There are six (6) methods of distribution for PI listed below. The four (4) non-Revolving Loan Account obligation methods are optional and can be used on a case-by-case basis as needed for activity funding by the Jurisdiction.*

*The use of one or more Revolving Loan Account (RLA) is mandatory under this adopted PI Reuse Plan.*

The Amador County certifies that PI will only be distributed, as follows:

1. **Deposit into Revolving Loan Accounts (RLAs)**

The following RLAs are hereby established to utilize the \_\_\_\_\_ Amador County \_\_\_\_\_ PI. *If an RLA activity is not going to be utilized, zero percent (0%) is to be indicated in percentage area below.* One or more of the RLAs will be utilized annually. The allocation of received PI to each RLA is as follows:

- A. 100% *(insert percentage, 0 to 100 percent (0%-100%))* of PI received will be deposited into the **Housing Rehabilitation – Single Family (1-4 Units)** Revolving Loan Account (**HR-RLA**).
- B. \_\_\_\_\_ *(insert percentage, 0 to 100 percent (0%-100%))* of PI received will be deposited into the **Homeownership Assistance** Revolving Loan Account (**HA-RLA**).
- C. \_\_\_\_\_ *(insert percentage, 0 to 100 percent (0%-100%))* of PI received will be deposited into the **Business Assistance** Revolving Loan Account (**BA-RLA**).
- D. \_\_\_\_\_ *(insert percentage, 0 to 100 percent (0%-100%))* of Received PI will be deposited into the **Microenterprise Financial Assistance** Revolving Loan Account (**ME-RLA**).

2. **PI Waiver Activity**

The \_\_\_\_\_ Amador County \_\_\_\_\_ may utilize the Department's PI Waiver process to commit PI to eligible activities that are not considered RLAs. The \_\_\_\_\_ Amador County \_\_\_\_\_ will follow all PI Waiver procedural requirements as stated in the Program Income chapter of the Grant Management Manual (GMM). The \_\_\_\_\_ Amador County \_\_\_\_\_ will obtain prior Department approval before expending any PI funds on a Waiver project. A PI Waiver project can only be approved if the total project/program cost for the proposed activity is on hand in the Jurisdiction's PI account. The \_\_\_\_\_ Amador County \_\_\_\_\_ understands that PI Waiver activities are limited to two "active" projects and/or programs and will remain active until close out has been completed and approved by the Department.

3. **Committal to Funding Application**

The \_\_\_\_\_ Amador County \_\_\_\_\_ may choose to commit non-obligated RLA funds to one or more activities in an annual CDBG application for funding. Committed PI can only be expended when application and activities with committed PI are awarded, contracted, and have all special conditions cleared. PI committed to an application for grant funding must have the PI on hand at the time of application submittal and may not remove or add to the PI amount committed without prior Department approval.

**4. Augmenting Funding to An Awarded Activity/Project**

\_\_\_\_\_ Amador County \_\_\_\_\_ may request that the Department allow PI to be added to a funded activity/project due to a funding short fall. To obtain Department approval, the \_\_\_\_\_ Amador County \_\_\_\_\_ will submit justification to their CDBG Representative outlining in detail the need/reason for the augmentation of funding.

If the Department approves the augmentation (requires a Department contract amendment) the \_\_\_\_\_ Amador County \_\_\_\_\_ would need to complete a Citizen Participation process before the Department would begin a contract amendment process.

This option only applies to awarded activities/projects and the Department will not approve adding a new activity to an awarded contract.

**5. Fund Program Income General Administration (PI GA) Activities**

The \_\_\_\_\_ Amador County \_\_\_\_\_ may set aside up to seventeen percent (17%) of PI received from activities funded with CDBG funds for payment of eligible General Administration costs. The \_\_\_\_\_ Amador County \_\_\_\_\_ may choose to move the PI GA to eligible CDBG activities, as noted above, but once the funds are removed from the PI GA account they cannot be put back at a later date.

**6. Return to the Department**

The \_\_\_\_\_ Amador County \_\_\_\_\_ has the option to return PI back to the Department.

**ADMINISTRATIVE PROCESS FOR DISTRIBUTION OF PROGRAM INCOME**

*Introduction: CDBG is a federal funding source and requires a Citizen Participation process as part of utilizing any of the six (6) methods of distribution for PI listed above.*

*Below is a general description of how to conduct proper Citizen Participation process for each of the six (6) distribution methods. See the Department's current Grant Management Manual (GMM) Chapter on Citizen Participation for specific information and sample documents.*

\_\_\_\_\_ Amador County \_\_\_\_\_ certifies that:

1. The PI Reuse Plan will be formally adopted via public hearing and resolution of \_\_\_\_\_ Amador County \_\_\_\_\_'s Governing Body, executed by Authorized Representative and fully executed by the Department. After the PI Reuse Plan is executed, the Jurisdiction reserves the right to set aside up to seventeen percent (17%) of PI received for payment of eligible GA costs. RLA activities which have PI funds being deposited into them may be activated with written Departmental approval.

The PI Reuse Plan may be amended by the Amador County's Governing Body to change the distribution percentages in a RLA via public hearing and resolution, and receipt of the Department's written approval.

2. All PI Waiver requests will be submitted for the Department's written approval. After the Department's review of the activity for Eligibility and National Objective compliance, the PI Waiver will be formally adopted via public hearing and resolution of the Amador County's Governing Body, as part of the PI Waiver Special Condition Clearance process.
3. PI committed to an open CDBG Contract to augment funding for an activity or committed to a pending application for grant funds will be formally adopted via public hearing and approval via resolution for an annual application submittal. Department approval and PI must be on hand.
4. Once a PI Reuse Plan has been executed by the Department, it is then in effect. GA PI funds can then be expended for eligible costs. GA PI funds will not be expended once the Reuse Plan is terminated by either party or the Reuse Plan has reached the 5 year expiration.
5. PI will be returned to the Department after a public hearing and formal resolution is passed by the Amador County's Governing Body.
6. Each of the above administrative processes must be in compliance with the CDBG Citizen Participation process as specified in federal regulations at 24 CFR 570.486, Local Government Requirements.

### **ADMINISTRATION OF ELIGIBLE ACTIVITIES AFTER DISTRIBUTION**

*Introduction: Administration of all CDBG eligible activities conducted under the distribution methods must be conducted in compliance with all current State and federal regulations and policies.*

*The Amador County will follow the Department's guidance for administering RLA activities, PI Waiver activities, or activities funded with PI committed to an open grant contract per the Department's current GMM Chapter regarding PI.*

*If ineligible activities or costs are paid for with CDBG PI, those funds must be returned to the Amador County PI account using local jurisdiction funds.*

#### **1. RLA Administration**

The Amador County certifies that the four RLAs under this PI Reuse Plan will be administered under the following criteria:

- A. RLAs with a balance must be "**substantially revolving**," which means on an annual basis at least 60 percent (60%) of the funds in an RLA must be used for loans which will be repaid to a PI account, based on the distribution noted in this plan. Up to the remaining 40 percent (40%) may be expended on non-revolving activities, which include Activity Delivery (AD), and grants for the same activity as the RLA.

**Note: General Administration costs are not considered part of the jurisdiction's RLA Activities and should not be used in the consideration of "substantially revolving".**

- B. A RLA which is the same activity as any funded open grant activity will be "substantially expended" before grant funds are requested for the grant activity.

The Department considers "**substantially expended**", to mean having no more than \$5,000 in a RLA.

- C. PI funds shall not be transferred between RLAs after execution of this Plan without following the proper CDBG Citizen Participation process, which includes a public hearing resulting in a certified resolution being submitted to the Department for written approval. However, the transfer of PI between RLAs each fiscal year, in the aggregate amount of \$5,000 or less, is not be subject to the Citizen Participation requirement, as stated above; but does require prior written Department approval.

- D. All PI funded activities shall be provided to project activities located within the boundaries of the Amador County.

If an additional jurisdiction(s) receives benefit, a Joint Power's Agreement (JPA) between Jurisdictions(s) is required. The Amador County must receive written approval from the Department prior to implementation and prior to parties' execution of the JPA between the parties.

- E. The Amador County will submit program guidelines specific to each RLA activity for written Department approval. Once approval is issued to the Jurisdiction, the RLA will then be deemed active.

- F. This PI Reuse Plan will not be executed by the Department until all RLAs have clear distribution percentages listed above, and have Department approved program guidelines.

All CDBG PI Reuse Plans are limited to a five (5) year term from the date of execution.

PI funds within an RLA cannot be expended until this PI Reuse Plan is executed.

- G. Reporting on RLAs and other PI Activities will be required per the Department's current policies, including financial accounting of PI received and expended for RLAs and other PI Activities. Additionally, PI performance (National Objective data and beneficiary demographics) reported as HUD required accomplishment information will be required to be submitted in a timely manner or the Jurisdiction understands that it will be required to repay a PI account for ineligible cost or activities.

- H. AD costs are **only eligible** if one or more projects are funded and accomplishments (such as beneficiaries), for those activity(ies), on an annual basis, are reported on.

## 2. **Eligible RLA Activities**

The four (4) RLA(s) listed below each have a single eligible CDBG program activity. The Amador County certifies that all CDBG rules pertaining to each eligible activity will be followed.

### A. **Housing Rehabilitation Revolving Loan Account**

The CDBG eligible activity under this RLA is a single-family housing rehabilitation program. The program will be used for the purpose of making loans to rehabilitate residential units (1-4 units), occupied by income eligible households. The CDBG National Objective of benefit to Low/Moderate-income (Low/Mod) households will be met by limiting program participants to households that have an annual income at or below eighty percent (80%) of HUD median income limits for the Amador County's **county**. Households will be income qualified based on the income calculation method specified in 24 CFR Part 5, and in accord with the Department's Income Manual.

Rehabilitation of "projects" (projects with five (5) or more units on one site) is not allowed under this RLA. Projects with five or more units must be funded via the annual grant process or through the PI Waiver process.

Jurisdictions wishing to include tenant occupied projects for the Housing Rehabilitation program must submit separate (distinguishable from the Owner Occupied Housing Rehabilitation guidelines) guidelines outlining the unique tenant occupied rules and processes.

The review and funding of requests for CDBG loans or grant assistance under this RLA shall be conducted under the Housing Rehabilitation Program Guidelines that have been adopted by Amador County and approved in writing by the Department.

No more than 19 percent (19%) of program funds expended from this RLA shall be used for AD costs.

### B. **Homeownership Assistance (Homebuyer) Revolving Loan Account**

The CDBG eligible activity under this RLA is acquisition of single family housing. The program will be used for the purpose of making loans to assist income eligible homebuyers to purchase a residential property (1-4 units). The CDBG National Objective of benefit to Low/Mod-income households will be met by limiting program participants to households that have an annual income at or below eighty percent (80%) of HUD median income limits. Households will be income qualified based on income calculation method specified in 24 CFR Part 5 and in accord with the Department's Income Manual.

The review and funding of requests for CDBG loans or grant assistance under this RLA shall be conducted under the Homeownership Assistance Program Guidelines that have been adopted by the Amador County and approved in writing by the Department.

No more than 8 percent (8%) of the funds expended from this RLA shall be used for AD costs.

**C. Business Assistance Revolving Loan Account**

The CDBG eligible activity of Special Economic Development will be conducted under this RLA. Specifically, the RLA will fund a business assistance program that provides direct financial assistance for eligible businesses that propose projects which create or retain permanent jobs. The CDBG National Objective being met by the Special Economic Development activity will typically be benefit to Low/Mod-income persons. As such, at least fifty one percent (51%) of the full time job positions created or retained will be made available to persons whose households have an annual income at or below 80 percent (80%) or less of the Amador County's **county** median income. Income eligibility is based on the income calculation method specified in 24 CFR Part 5, and in accord with the Department's Income Manual.

Business assistance projects under this RLA program may also meet the National Objective of elimination of slums and blight, but this must be approved by the Department in writing as part of the initial business's loan application.

Local review and underwriting of business assistance projects requesting a CDBG loan under this RLA shall be conducted under the Business Assistance Program Guidelines that have been adopted by Amador County and approved in writing by the Department.

Each individual project funding request made under this RLA program must be submitted for Department review and written approval, prior to closing the loan.

No more than 15 percent (15%) of the total funds expended for business assistance activities shall be used for AD costs.

**D. Microenterprise Assistance Revolving Loan Account**

The CDBG eligible activity of direct financial assistance to eligible microenterprise businesses will be conducted under this RLA. Specifically, the RLA will fund a microenterprise direct financial assistance program that provides financial assistance to start up or existing microenterprise businesses. Eligible businesses must meet the HUD definition of microenterprise. A microenterprise is defined as a business that has five (5) or fewer employees including the owner(s). The only CDBG National Objective which will be used for this activity is benefit to Low/Mod-income households. As such, micro business owners assisted

under this program must be documented as having an annual household income at or below 80 percent (80%) of the Jurisdiction's **county** median income, based on income calculation method specified in 24 CFR Part 5, and in accord with the Department's Income Manual.

Local review and underwriting of microenterprise business assistance projects requesting a CDBG loan or grant under this RLA shall be conducted under the Microenterprise Financial Assistance Program Guidelines that have been adopted by the Amador County and approved in writing by the Department.

Each individual project funding request made under this RLA program must be submitted for Department review and written approval, prior to closing the loan.

No more than 15 percent (15%) of the total funds expended for business assistance activities shall be used for AD costs.

### **3. Administration of Non-RLA Program Income Expenditures**

#### **A. Program Income Waiver Eligible Activities**

Amador County certifies that the PI Waiver Submission Process below will be followed if a PI Waiver is to be requested:

- 1) This process will involve discussion at a properly noticed public hearing, held in front of the Amador County's Governing Body, and submission of a Certified Resolution as part of a PI Waiver Request to the Department, in accordance with current Department policy, and any subsequent policy, regulation, or statutory-guidance, in writing, from The Department.
- 2) Final commitment and expenditure of PI Waiver funds will not commence until clearance of all required Special Conditions have been met, and written Department approval has been issued to the Amador County.
- 3) Reporting on PI Waiver activities will take place per current Departmental policies and include financial accounting of PI received and expended for PI Waivers and PI Waiver activity performance.
- 4) PI Waiver activities must be fully funded with program income already on hand. Therefore, future PI may not be pledged to the PI Waiver activity.
- 5) Only two (2) PI Waiver agreements may be open and active at any one time.



**B. Program Income Committed in an Annual Grant Application and Included in an Open Grant Agreement**

\_\_\_\_\_ Amador County \_\_\_\_\_ certifies that the PI Committed to a funded Annual CDBG Application will be:

- 1) Funded with PI currently on hand;  
***Future PI may not be pledged to an open grant activity.***
- 2) Expended first and prior to requesting grant funds;
- 3) Administered in accordance with terms and conditions of the grant contract with the Department; and,
- 4) Reported using the Department's current PI and fiscal reporting forms. All PI activity performance data will be reported using grant and fiscal reports.

**C. Program Income Added to an Existing Open Grant**

\_\_\_\_\_ Amador County \_\_\_\_\_ certifies that the PI committed to an existing CDBG Grant will be:

- 1) Approved by the Department, with a Grant Amendment fully executed before PI can be committed to a grant activity.
- 2) Funded with PI currently on hand.  
***Future PI may not be pledged to an open grant activity.***
- 3) Expended first and prior to requesting grant funds.
- 4) Administered in accordance with terms and conditions of the grant contract with the Department.
- 5) Reported using the Department's current PI and fiscal reporting forms. All PI activity performance data will be reported using grant and fiscal reports.

**4. Program Income General Administration (PI GA) Cost Limitation and Activities**

\_\_\_\_\_ Amador County \_\_\_\_\_ certifies that no more than 17 percent (17%) of the total amount of PI received annually will be expended for PI GA costs. These funds will accumulate annually and be carried from one fiscal year to the next if unexpended.

If more funds are expended than what is available in PI GA, the Jurisdiction will be required to return the over-expended GA amount back into their PI Account. *Additionally, any ineligible PI GA costs will also be required to be returned to their PI Account.*

GA eligible costs for PI are the same as open grant agreements with the Department. See the current CDBG Grant Management Manual (GMM) for list of eligible activities and allowable costs.

PI GA activity costs will be reflected on fiscal reports submitted to the Department as per current reporting forms and policies.

**A. Planning Activities**

The Amador County reserves the option of utilizing PI, within the 17 percent (17%) PI GA annual cap to fund planning studies for CDBG eligible activities.

All proposed planning activities must receive written Department approval prior to expending PI on the activity.

Eligible planning activities funded with PI are the same as open grant agreements with the Department. See current NOFA for a list of eligible planning studies.

All planning activities must have a final product (report or study) resulting from the expenditure of PI.

Upon completion of the planning activity, the study must be formally accepted by the Jurisdiction and submitted to the Department for review.

The planning activity costs will be reflected on fiscal reports submitted to the Department.

**B. Loan Portfolio and Asset Management Policies and Costs**

The Amador County certifies that it has asset management policies and loan portfolio servicing policies that are in compliance with HUD standards per 24 CFR Part 570. The use of CDBG funds creates public financial assets. The public financial assets created can be in the form of loans or other repayment instruments which result in PI. Financial assets may also be in the form of real property or chattel (equipment and fixtures). All assets created from the use of CDBG funds must be administered in compliance with OMB Circulars A-87, A-122 A-133, 24 CFR Part 85.

Loan payment tracking and collection systems must be put in place for collection purposes of all loans funded with CDBG. In addition, loan servicing policies and procedures must be in place to service the loan assets, ensuring repayment.

Costs of managing the portfolio of CDBG funded loans may be charged to PI under GA within the allowable limits set by the Department.

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## SECTION TWO: JURISDICTION ASSERTIONS AND CERTIFICATIONS

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### 1. Requirements of Program Income

The PI Reuse Plan is intended to satisfy the requirements specified in federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489(e) and (f). These statutory and regulatory sections permit a unit of local government to retain PI for CDBG-eligible community development activities. Under federal guidelines adopted by the State of California's CDBG Program, local governments are permitted to retain PI as long as the local government has received advance approval from the State of a local plan that will govern the expenditure of the PI. This plan has been developed to meet that requirement.

Amador County certifies that their PI will be used to fund eligible CDBG activities that meet a National Objective and any public benefit requirements. Eligible activities, National Objective and public benefit requirements are specified in Federal Statute at Sections 104(b), 105(a) of The Housing and Community Development Act of 1974, and in Federal Regulations at 24 CFR 570.482 and 24 CFR 570.483. The Jurisdiction understands, if it is determined that an activity/project funded with PI that does not meet a National Objective and/or meet the public benefit requirement, the Jurisdiction will be required to use its own local funds to repay the PI Account.

### 2. Definition of Program Income

"Program Income" means gross income earned by the Jurisdiction from grant-funded activities and is subject to CDBG regulatory requirements pursuant to 24 CFR, Part 570.489(e) - Program Administrative Requirements as amended in the CDBG Final Rule, 24 CFR, Part 570.504 - Program Income, 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, and OMB Circulars A-87 and A-122 as applicable. These regulations include the requirement that the Jurisdiction record the receipt and expenditure of PI as part of the financial transactions of the grant activity(ies).

For activities generating PI that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation. Examples of PI include but are not limited to: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on PI pending its disposition; interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; and, income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating jurisdiction or sub-recipient.

**3. Federal Nature of Program Income**

Amador County certifies that per 24 CFR 570.489(e)(2)(i), as amended in the CDBG Final Rule May 23, 2012, all PI received through a RLA, will be counted as PI regardless of the amount, and all PI generated through an open grant that is \$35,000 or less may either be:

- A. Counted and reported as PI, allowing the Jurisdiction to include that amount in its PI GA (17%) calculation; or,
- B. Not counted as PI and reported as such, which “de-federalizes” the funds, and allows them to be deposited into the Jurisdiction’s General Fund. Supporting accounting records and documentation must be in the Jurisdiction’s file to substantiate the calculations reported.

If PI is generated from a loan that is made partially from a RLA and partially from another source, then the PI accounting and reporting must reflect the correct amounts and proportions of PI from the RLA (counted and reported as PI Income) versus the amount generated from the other source, which may be accounted for and reported using either of the methods above.

**4. Definition of Excessive Program Income**

Amador County certifies that if there is excessive PI (\$500,000 or more), which includes GA, at the end of the fiscal year they will be required to submit a plan (included in the Reporting form) for expending the funds to the Department for review and approval. The Amador County understands that if no plan is submitted, or the plan is not approved by the Department, it risks having to return the PI to the Department. The Amador County agrees to use the Semi Annual PI Report forms to describe the reason(s) for the excessive amount and the method(s)/plan(s)/reason(s) the Amador County will use to reduce the amount over the coming year.

Should the Jurisdiction choose to ‘accumulate’ PI to fund a project that will cost more than \$500,000, the Jurisdiction must identify the project in their Semi Annual PI Report form with a detailed narrative about the project and the expected timing for the project to start and complete, with completion including the meeting of a national objective. Approval of a PI balance above \$500,000 will be made on a case-by-case basis.

**5. Reporting of Program Income**

Amador County certifies that CDBG PI will be accounted for using the Department’s fiscal year (July 1 to June 30). All receipts and expenditures of PI in accordance with this PI Reuse Plan will be monitored and reported per the Department’s fiscal year cycle. Amador County certifies that they will report using the Department’s reports/forms and will submit them in a timely manner.

**6. Duration of This Program Income Reuse Plan**

Amador County and the Jurisdiction's Governing Body understand that this document is effective for five (5) years from the execution date by the authorized CDBG representative listed in this Agreement unless otherwise notified by the Department. The Department has the Authority to void the Agreement with notice for cause.

**7. Status of Program Income Upon Leaving State Non-Entitlement CDBG Program and Entering the CDBG Entitlement Program**

Amador County certifies that the Jurisdiction's Governing Body may move the PI earned under the State program to the Entitlement Program if/when the Jurisdiction is authorized and chooses to participate in the CDBG Entitlement Program provided the Jurisdiction's Governing Body certifies that the Amador County has:

- A. Officially elected to participate in the Entitlement Grant Program;
- B. Agrees to use such PI in accordance with Entitlement Program requirements; and,
- C. Sets up Integrated Disbursement Information System (IDIS) access and agrees to enter receipt of PI into IDIS.
- D. The Amador County submits the above to the State and receives the Department's approval to no longer report State CDBG PI to the Department.

**8. Status of Program Income Upon Entering the State Non-Entitlement CDBG Program from the Entitlement CDBG Program**

Amador County certifies that the Jurisdiction's Governing Body will inform the Department in writing of the Jurisdiction's decision to either:

- A. Retain program income generated under Entitlement grants and continue to comply with Entitlement program requirements for program income; or
- B. Retain the program income and transfer it to the State CDBG program, in which case the Jurisdiction will certify that it will comply with the state's rules for program income and the requirements of 24 CFR 570.489(e) and (f).

**9. Amendment of PI Reuse Plan**

Amador County certifies that it will adopt and submit for Department written approval a new version of this plan as updates are released by the Department.

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## **SECTION THREE: DEPARTMENT TERMS, CONDITIONS AND AUTHORIZATION**

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**TERMS AND CONDITIONS:** Amador County certifies that all terms and conditions listed below have been read and understood, and will be implemented and followed:

**1. Authority & Purpose**

This Agreement provides official notification of the Jurisdiction's PI Reuse Plan's (hereinafter, "PI Reuse Plan") approval under the State's administration of the Federal Community Development Block Grant Program (hereinafter, "CDBG" or "the Program") for Non-entitlement jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program.

In accepting the PI Reuse Plan Approval, the Jurisdiction agrees to comply with the terms and conditions of this Agreement, all exhibits hereto and the representations contained in the Jurisdiction's PI Reuse Plan. Any changes made to the PI Reuse Plan after this Agreement is accepted must receive prior written approval from the Department of Housing and Community Development (Department).

**2. Distribution for Reuse of PI**

- A. The Jurisdiction shall perform PI funded activities as described in the Distribution for Reuse in the PI Reuse Plan. All written materials or alterations submitted as addenda to the original PI Reuse Plan and which are approved in writing by the Department are hereby incorporated as part of the PI Reuse Plan.

The Department reserves the right to require the Jurisdiction to modify any or all parts of the PI Reuse Plan in order to comply with CDBG requirements. The Department reserves the right to review and approve all Work to be performed by the Jurisdiction in relation to this Agreement. Any proposed revision to the Work must be submitted in writing for review and approval by the Department and may require an amendment to this Agreement. Approval shall not be presumed unless such approval is made in writing by the Department.

- B. The PI funded activities shall principally benefit Low/Mod-income persons or households (Low/Mod) whose income is no more than 80 percent (80%) of the median area income.

**3. Sufficiency of Funds and Termination**

The Department may terminate this Agreement at any time for cause by giving at least 14 days written notice to the Jurisdiction. Termination shall consist of violations of any terms and/or special conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority.

**4. Meeting National Objectives**

All activities performed under this Agreement must meet one of the National Objectives determined by the HUD regulations as included in the Application authorized under Title I of the Housing and Community Development Act of 1974, as amended.

- A. Benefit to HUD defined Low/Mod-income person or household (LMI). The term Low/Mod-income is defined under CDBG as no more than 80 percent (80%) of the median area income, as determined by HUD, per Federal Regulation 24 CFR, Part 570.483(b); and/or;
- B. Prevention or elimination of slums or blight. In order for an activity to meet the National Objective of elimination of slums and blight, the activity must take place in an area that meets the definition of a blighted area and the project must be shown to eliminate blight or prevent further blight per Federal Regulation 24 CFR, Part 570.483(c).
- C. For Microenterprise Assistance activities, the Jurisdiction must only meet the benefit to Low/Mod-income person or household (LMI) National Objective.

**5. Inspections of Activities**

- A. The Department reserves the right to inspect any activity(ies) performed hereunder to verify that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.
- B. The Jurisdiction shall inspect any activity performed by contractors and subrecipients hereunder to ensure that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.

The Jurisdiction agrees to require that all activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

**6. Insurance**

The Jurisdiction shall have and maintain in full force and effect during the term of this Agreement such forms of insurance, at such levels as may be determined by the Jurisdiction and the Department to be necessary for specific components of the activity(ies) described in this Reuse Plan.

## 7. Contractors and Subrecipients

- A. The Jurisdiction shall not enter into any agreement, written or oral, with any contractor or subrecipient without the prior determination that the contractor or subrecipient is eligible to receive CDBG funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.
- 1) Contractors are defined as program operators or construction contractors who are procured competitively.
  - 2) Subrecipients are defined as public or private non-profit agencies or organizations and certain (limited) private for-profit entities who receive CDBG funds from an awarded jurisdiction to undertake eligible activities.
- B. An agreement between the Jurisdiction and any contractor or subrecipient shall require:
- 1) Compliance with the applicable State and federal requirements of this Agreement, which pertain to, among other things, labor standards, non-discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace; and, Compliance with the applicable provisions relating to Labor Standards/Prevailing Wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.
  - 2) Maintenance of, at minimum, the State-required Workers' Compensation Insurance for those employees who will perform the activity(ies) or any part of it.
  - 3) Maintenance of, if so required by law, unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm, or corporation, who may be injured or damaged by the contractor, or any subcontractor in performing the activity(ies) or any part of it.
  - 4) Compliance with the applicable Equal Opportunity Requirements described in this Agreement.
- C. Contractors shall:
- 1) Perform the activity(ies) in accordance with federal, State and local housing and building codes, as are applicable.
  - 2) Provide security to assure completion of the project by furnishing the borrower and construction lenders with Performance and Payment Bonds, or other security approved in advance in writing by the Department.



D. Subrecipients shall:

- 1) Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.
- 2) Permit the State, federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation, and all other materials relevant to the agreement for the purpose of monitoring, auditing, or otherwise examining said materials.

**8. Obligations of the Jurisdiction with Respect to Certain Third Party Relationships**

The Jurisdiction shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Activities funded under this agreement with respect to which assistance is being provided under this Agreement to the Jurisdiction.

The Jurisdiction shall comply with all lawful requirements of the Department necessary to ensure that the Program, with respect to which assistance is being provided under this Agreement to the Jurisdiction, is carried out in accordance with the Department's Assurance and Certifications, including those with respect to the assumption of environmental responsibilities of the Department under Section 104(g) of the Housing and Community Development Act of 1974.

**9. Periodic Reporting Requirements**

During the term of this Agreement, the Jurisdiction must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Jurisdiction's performance under this Agreement will be based, in part, on whether it has submitted the reports on a timely basis.

- A. Semi-Annual PI Expenditure/Performance Report: Submit by January 31 and July 31 of each year regardless of whether or not the Jurisdiction has any unspent PI. PI Waivers or open Grants with no accomplishment are not excluded to the reporting requirement.
- B. Annual Federal Overlay Reporting: Submit by July 31 starting from the contract effective date to subsequent June 30, and for each State Fiscal Year. Annual Reporting includes but is not limited to: Section 3, and Minority Owned Business/Women Owned Business (MBE/WBE).

- C. Wage Compliance Reports: Semi-annual Wage Compliance Reports are to be submitted by October 7 and April 7 during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.
- D. Any other reports that may be required as a Special Condition of this Agreement.

**10. Monitoring Requirements**

The Department shall perform a program and/or fiscal monitoring of the activity(ies). The Jurisdiction shall be required to resolve any monitoring findings to the Department's satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Jurisdiction's performance score on future applications.

Additionally, the Department reserve the right to suspend a jurisdiction's authority to expend PI (Waiver, RLA and/or PI attached to an open grant) based on significant compliance issues, reporting concerns or serious lack of cooperation in clearing PI monitoring findings.

**11. Signs**

If the Jurisdiction places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department's funding portion of the project that the Department is a source of financing through the CDBG Program.

**12. Audit/Retention and Inspection of Records**

- A. The Jurisdiction must have intact, auditable fiscal records at all times. If the Jurisdiction is found to have missing audit reports from the SCO during the term of this Agreement, the Jurisdiction will be required to submit a plan to the State, with task deadlines, for submitting the audit to the SCO. If the deadlines are not met, the Jurisdiction will be subject to termination of this Agreement and disencumbrance of the funds awarded. The Jurisdiction's audit completion plan is subject to prior review and approval by the Department.
- B. The Jurisdiction agrees that the Department or its designee will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. The Jurisdiction agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code (PCC) Section 10115 et seq., Government Code (GC) Section 8546.7 and 2 CCR 1896.60 et seq. The Jurisdiction further agrees to maintain such records for a period of five (5) years after final

payment under this Agreement. The Jurisdiction shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.

- C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee by the Jurisdiction.
- D. Absent fraud or mistake on the part of the Department, the determination by the Department of the allowability of any expenditure shall be final.
- E. For the purposes of annual audits under OMB Circular A-133 (The United States Office of Management and Budget Circular for Audits of States and Local Governments), Jurisdiction shall use the Federal Catalog Number 14.228 for the State CDBG Program.
- F. Notwithstanding the foregoing, the Department will not reimburse the Jurisdiction for any audit cost incurred after the expenditure deadline of this Agreement.
- G. The jurisdiction understands that the expenditure of PI is covered under the OMB A-133 Single Audit Requirements and will meet all these requirements and report said PI Expenditure along with grant funds each fiscal year.

**13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials**

Pursuant to 24 CFR 570.611, no member, officer, or employee of the Jurisdiction, or its designees or agents, no member of the Governing Body of the locality in which the program is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The Jurisdiction shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

**14. Waivers**

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Jurisdiction of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

**15. Litigation**

- A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. The Jurisdiction shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

**16. Lead-Based Paint Hazards**

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 (Industrial Relations) and Title 17 (Public Health) of the CCR and 24 CFR, Part 35 (Lead Disclosure). Any grants or loans made by the Jurisdiction with assistance provided under this Agreement shall be made subject to the provisions for the elimination or mitigation of lead-based paint hazards under these Regulations. The Jurisdiction shall be responsible for the notifications, inspections, and clearance certifications required under these Regulations.

**17. Prevailing Wages**

- A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Jurisdiction shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.
- B. For the purposes of this requirement "construction work" includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the "construction contract"). Where the construction contract will be between the Jurisdiction and a licensed building contractor, the Jurisdiction shall serve as the "awarding body" as that term is defined in the LC. Where the Jurisdiction will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the "awarding body." Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

**18. Compliance with State and Federal Laws and Regulations**

- A. The Jurisdiction agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Jurisdiction, its subcontractors, contractors or subcontractors, and the Reuse activity(ies), and any other State provisions as set forth in this Agreement.
- B. The Jurisdiction agrees to comply with all federal laws and regulations applicable to the CDBG Program and to the activity(ies), and with any other federal provisions as set forth in this Agreement.

**19. Anti-Lobbying Certification**

The Jurisdiction shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this activity(ies) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and no more than \$100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. 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; and,
- B. 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."

**20. Bonus or Commission, Prohibition Against Payments of**

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

- A. Obtaining the Department's approval of the Application for such assistance; or,
- B. The Department's approval of the Applications for additional assistance; or,
- C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of 1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

**21. Citizen Participation**

The Jurisdiction is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

**22. Clean Air and Water Acts**

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

**23. Conflict of Interest of Certain Federal Officials**

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same. The Jurisdiction shall report all perceived or actual conflicts of interest cases to the State for review before financial benefits are given.

**24. Environmental Requirements**

The Jurisdiction shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The Jurisdiction shall not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

25. Equal Opportunity

A. The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances

During the performance of this agreement, the Jurisdiction assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status, or religious preference, under any activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Jurisdiction further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR, Part 8, including, but not limited to, for Jurisdiction's with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business and Lower-Income Persons Assurance of Compliance

- 1) The activity(ies) to be performed under this Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR, Part 135.34(a)(2).
- 2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
- 3) The Jurisdiction will include these Section 3 clauses in every contract and subcontract for Work in connection with the activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Jurisdiction or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR, Part 135 and, will not let any contract unless the Jurisdiction or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

4) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the activity(ies), binding upon the Jurisdiction, its successors, and assigns. Failure to fulfill these requirements shall subject the Jurisdiction, its contractors and subcontractors and its successors, to such sanctions as are specified by 24 CFR, Part 135 and those sanctions specified by this Agreement.

D. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or More

The Jurisdiction hereby agrees to place in every contract and subcontract for construction exceeding \$10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Jurisdiction furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.

**26. Flood Disaster Protection**

- A. This Agreement is subject to the requirements of the Flood Disaster Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under FDPA, Section 3 (a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to FDPA, Section 102(d) of said Act.
- B. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of FDPA, Section 102(a) of said Act.
- C. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.
- D. These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under FDPA, Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required



notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

**27. Federal Labor Standards Provisions**

The Jurisdiction shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

- A. Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.
- B. "Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.
- C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.
- D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts I, 3 and 5) are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Jurisdiction shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

**28. Procurement**

The Jurisdiction shall comply with the procurement provisions in 24 CFR, Part 85.36: Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

**29. Non-Performance**

The Department shall review the actual National Objective and/or Public Benefit achievements of the Jurisdiction. In the event that the National Objective and/or Public Benefit requirements are not met, the Department will require the recapture of the entire PI expended on that project/activity. Additional remedies may include suspending the Jurisdiction's authority to use PI funds until the Jurisdiction has developed capacity to ensure future PI funds will be used for eligible activities that will meet a National Objective.

**30. Relocation, Displacement, and Acquisition**

The provisions of the Uniform Relocation Act, as amended, 49 CFR, Part 24, and Section 104(d) of the Housing and Community Development Act of 1974 shall be followed where any acquisition of real property is carried out by the Jurisdiction and assisted in whole or in part by funds allocated by CDBG.

**31. Uniform Administrative Requirements**

The Jurisdiction shall comply with applicable Uniform Administrative Requirements as described in 24 CFR, Section 570.502, including cited Sections of 24 CFR, Part 85.

**32. Section 3**

The Jurisdiction will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at 24 CFR, Part 135.

**33. Affirmatively Furthering Fair Housing**

The Jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the Jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

**34. General Contract Conditions**

The following conditions apply to all activities, including set aside activities. The Jurisdiction must meet the conditions within ninety (90) days of this Agreement's execution. Failure to meet the following Special Conditions may result in termination of this Agreement.

A. Environmental Compliance

The Jurisdiction shall have satisfied all National Environmental Policy Act (NEPA) requirements and California Environmental Quality Act (CEQA) requirements. CEQA shall be approved by the Jurisdiction. The level of compliance varies by activity. NEPA review must be completed by the Jurisdiction for each activity and approved in writing by Department staff prior to incurring costs on the activity(ies).

B. Acquisition/Relocation Compliance

The Jurisdiction must document its compliance with the Uniform Relocation Act, Section 104(d) before release of funds by the Department. The Jurisdiction must submit a specific relocation assistance plan for each activity which may result in temporary or permanent displacement. For projects where there will be temporary or permanent displacement, the Jurisdiction must submit signed General Information Notices (GINs) from

each tenant who was residing in the project at the time of Application submittal. If the Jurisdiction believes that there will be no displacement as a result of their activities, they must submit a letter explaining why no displacement or relocation will occur, which will be subject to written approval by the Department.

C. Site Control

The Jurisdiction shall demonstrate site control of the proposed project property by submitting evidence of one or more of the following to the Department:

- 1) Fee title;
- 2) A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all Program requirements;
- 3) An option to purchase or lease;
- 4) A disposition and development agreement with a public agency;
- 5) A land sale contract, or other enforceable agreement for the acquisition of the property; or,
- 6) All easements and right-of-ways (required for completion of the CDBG project) must be obtained.

D. Funding Commitments and Project Cost Estimates

All funding required for project completion must be documented and committed. If all funding is not committed, the Department shall terminate this Agreement. If the Jurisdiction has applied for other funding prior to the execution of this Agreement, the Jurisdiction must notify the Department as soon as that application is approved or denied. If the Jurisdiction must apply for other funding after the execution date of this Agreement, the Jurisdiction must apply at the earliest possible opportunity offered by the other funding source(s) and notify the Department as soon as that application is approved or denied.

A current third-party cost estimate must be provided by the engineer or architect for the project.

E. Activity Administration Documentation

There are four methods of administering and/or completing RLA activities:

- 1) Use of in-house staff only;
- 2) Subrecipient agreement(s) with qualified non-profit(s);

- 3) Consultants/contractors/others obtained through federal procurement procedures; and,
- 4) Any combination of the above methods.

The Jurisdiction must provide the following documentation demonstrating that one or more of these methods were used for the GA of the RLA and for all activities carried out under this Agreement.

- 1) Use of in-house staff only: If not previously provided in the Application, submit staff resumes and duty statements that clearly identify that Jurisdiction staff has capacity and experience to complete administration of the proposed activities in the Application.
- 2) Subrecipient agreement(s) with qualified non-profit(s): Subrecipients, and their respective agreements with the Jurisdiction must adhere to all Program requirements. Submit the subrecipient agreement that was executed between the non-profit and the Amador County. (Submitting draft documents for review prior to execution is recommended.) The scope of work in the subrecipient agreement must match the description of activity in this Agreement. Any parts of the activity description in this Agreement not covered by the subrecipient agreement must have separate procurement information. If the subrecipient is using CDBG funds to hire other consultants or subrecipients to do part or all of the Work then the procurement documentation or additional subrecipient agreements must be provided to the Department for review and approval.
- 3) Consultants: Submit procurement documentation that all third-party consultants are procured in accordance with Federal Procurement Procedures and the Grant Management Manual, as follows:

A copy of the document used to notify prospective consultants, such as a Request for Proposal or similar document.

A list of all bid respondents, showing respondents' contact information and the dollar amount of each proposal.

A brief description of the process used to select the consultant/contractor/other, including the rationale for the selection.

Additional information may be found in the Grant Management Manual, Program Operators.

#### F. Compliance With All Loans and/or Grant Agreements

Pursuant to this Agreement, the Jurisdiction must comply with State and Federal Laws and Regulations that pertain to matters applicable to the Jurisdiction. Prior to disbursement of any funds under this Agreement, the

Jurisdiction shall be in compliance with all loan and/or grant agreements to which it is a party, which are administered by the Department.

G. Easements and Rights-of-Way

If required for the completion of a CDBG project, the Jurisdiction must obtain all easements and rights-of-ways required for completion of the CDBG project within twelve (12) months of execution of this Agreement. Failure to obtain these may result in termination of this Agreement.

H. Section 504 Accessibility Requirements

- 1) Section 504 Regulations apply when CDBG funds are used on a new construction housing or public facility project or when an existing public facility or housing project with fifteen (15) or more units is being purchased and/or "substantially" rehabilitated. Qualified CDBG assisted housing projects are required to have a certain percentage of the units designed for and accessible to persons with mobility and sensory impairments.
- 2) For a federally assisted new construction housing project, Section 504 requires five percent (5%) of the dwelling units, or at least one unit, whichever is greater, to meet Uniform Federal Accessibility Standards or a standard that is equivalent or stricter, for persons with mobility disabilities. An additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.
- 3) Under Section 504, alterations are substantial (i.e. substantially rehabilitated ) if they are undertaken to a housing project that has 15 or more units and the cost of the alterations is seventy-five percent (75%) or more of the replacement cost of the completed facility; and require that a minimum of five percent (5%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.
- 4) The Jurisdiction shall provide documentation satisfactory to the Department verifying that the required housing units or public facility described in the project comply with the accessibility standards. CDBG funds will not be released until the necessary documentation is provided. All CDBG funded programs must, to the greatest degree possible, be conducted in buildings which meet Section 504 accessibility standards.

I. Grantee's Data Universal Numbering System (DUNS)

The Jurisdiction shall provide the Department with a DUNS number for any contractor or subcontractor prior to release of any funds under this Agreement.

**35. Community Development Activity Conditions**

A. Homeownership Assistance

If the Work to be performed under this Agreement involves Homeownership Assistance, the following additional special conditions apply:

- 1) Program Guidelines: The Jurisdiction must submit a copy of its Homeownership Assistance Program Guidelines and its PI Re-Use Plan to the Department for review and approval within ninety (90) days of the execution date of this Agreement.
- 2) If the Jurisdiction proposed to assist homebuyers to purchase newly constructed units in its CDBG application under the Homeownership Assistance activity, the following requirements must be met:
  - a) The units must have been available for sale to the general public;
  - b) Development of the new subdivision must not be dependent upon the funding of the homebuyer loan;
  - c) CDBG funds shall not be used for construction; and,
  - d) Homeownership Assistance loans will not be approved prior to the foundation of the housing being in place.

B. Housing Rehabilitation

If the Work to be performed under this Agreement involves Housing Rehabilitation, the following additional special conditions apply:

- 1) Program Guidelines: The Jurisdiction must submit a copy of its Housing Rehabilitation Program Guidelines and its PI Re-Use Plan to the Department for review and approval.
- 2) Affordable Rent: If the Jurisdiction's Housing Rehabilitation Program provides for rehabilitating rental properties, the Jurisdiction must submit to the Department its provisions for assuring affordable rent for the LMI occupants. Jurisdiction may include this information as part of the Housing Rehabilitation Program Guidelines.

**36. Economic Development Activity-Specific Conditions**

**A. Restrictions on CDBG-Assisted Public Property**

CDBG funds can be used by the Jurisdiction to purchase or rehabilitate public property. The change of use of real property provisions contained in 24 CFR 570.489(i) apply to real property within the unit of general local government's control (including activities undertaken by subrecipients), which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (currently \$100,000). The restrictions shall apply from the date CDBG funds are first spent for the property until five (5) years after completion of the project. See the Federal Regulations for the full text of this regulation. The Jurisdiction must provide documentation of proper restriction on assisted property.

**B. Business Assistance Activity**

- 1) Jurisdictions implementing Business Assistance (BA) Loans, shall submit program guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements" and with public benefit requirements contained in 24 CFR 570.482(f).
- 2) Jurisdictions implementing a BA loan shall provide a written Employment Agreement required to be executed between the Jurisdiction and the business owner [requirements of the Employment Agreement are described in 24 CFR 570.506 (b), (5), and (6)]. The written Employment Agreement must include a commitment by the business that the jobs are to be created or retained by the termination date of this Agreement and that at least fifty-one percent (51%) of all jobs created or retained (on a FTE basis) will be held by LMI persons. The Employment Agreement shall specify that, prior to receiving assistance, the business shall agree to:
  - a) Provide a listing, by job title, of the permanent jobs projected to be created;
  - b) Identify which jobs, if any, are part-time and the annual hours of work for each position;
  - c) Identify which jobs are projected to be filled by LMI; and,
  - d) Provide periodic reporting (semi-annual) not limited to: listing jobs, by job title, of all the permanent jobs actually filled, and which of those jobs are held by members of the LMI.

C. Microenterprise Assistance Activities

- 1) Jurisdictions implementing a Microenterprise Assistance activity for technical assistance and/or microenterprise loans, shall submit program guidelines that ensure compliance with CDBG requirements. Specifically, guidelines must ensure that all beneficiaries of the program are eligible micro enterprises, per HUD definitions. A microenterprise must:
  - a) Have all owners of the business documented as meeting HUD family income eligibility standards; and,
  - b) Have documentation that the business's owners and employees are five (5) or fewer in number.
- 2) When implementing a Microenterprise Program, the program guidelines shall include the proposed benefits, eligible activities and ongoing evaluation of program services. The guidelines will include a Beneficiary Tracking Plan, which defines the goals; identifies the roles and responsibilities of the service providers; identifies the market and focuses the outreach; defines the screening and referral process; and, tracks the beneficiaries through the program's level of service. The Beneficiary Tracking Plan shall also describe the roles and responsibilities of the Jurisdiction and/or program operator for meeting the reporting requirements of the State CDBG Program.
- 3) When implementing a Microenterprise Program that is part of an integrally-related component of a larger project where non-LMI persons will be extended training and supportive services, shall submit guidelines including the methodology describing how CDBG funds will only be used towards the assistance of LMI to LMI persons under the Jurisdiction's activity.
- 4) Jurisdictions implementing a Microenterprise activity for loans to microenterprises made with Grant funds or PI funds, shall submit guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR, Part 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."
- 5) If under this Agreement, a Microenterprise Façade Improvement activity is being implemented, the Jurisdiction shall submit program guidelines that ensure compliance with CDBG National Objective requirements, as described in 24 CFR 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."



D. Required Agreements for Assisted Businesses

The Jurisdiction shall execute a written agreement between the Jurisdiction and the business receiving CDBG funds (loans or grants) under this Agreement to ensure compliance with CDBG State and federal regulations. The written agreement shall contain language to ensure each business complies with the terms of this Agreement, Exhibit A, as well as each of the criteria as set forth in 24 CFR 570.506 (b)(4) and (c).

- 1) Each agreement between the Jurisdiction and the business(es) shall be submitted to the Department for review and written approval, prior to execution by the business and Amador County.
- 2) Each agreement shall require the business to report employee information periodically (semi-annual) to the Jurisdiction. The report shall list each job position by job title and number of annual hours worked and LMI status. The report shall list all the permanent jobs actually created or retained, and identify which of those job positions are held by members of the LMI. Additionally, the report shall include the demographics of job holders (ethnicity/race, disability, status, gender, and head of household status).
- 3) Each agreement shall require the business(es) submit a Data Universal Numbering System (DUNS) number and be verified as not being on the current federal debarred list, prior to receiving any CDBG financial assistance. The agreement shall require proof of proper insurance for secured collateral and protecting the Jurisdiction. The agreement shall reference this Agreement between the Department and the Jurisdiction. The agreement shall contain all other special conditions as directed by the Department or local loan committee. The agreement shall include but is not limited to the following conditions:
  - a) Maintaining a specific annual debt service level; and,
  - b) Requiring a quarterly review of the businesses financial statements with the owner and accounting staff.

**37. Community and Economic Development Planning Activities**

A. Non-Implementation Activity

In some cases, the Department may allow a Jurisdiction to first complete a Household Income Survey and/or a Market Study in order to document low-income benefit for the proposed study. In such cases, the Jurisdiction must conduct the survey according to CDBG standards and submit the survey for review and written approval by the Department, prior to initiating any further study activities. All Non-Implementing/Planning Activities pursuant to this Agreement must be funded with PI General Administration (PI GA).

B. Implementation Activity

Implementation Activities are not permitted under this Agreement using PI GA funds.

**Certified Approving Resolution Is Attached**

***I certify that the foregoing is true and correct, and will follow all requirements of this agreement. I understand that my certification also acknowledges that serous compliance issue with the above requirements could result in the State suspending \_\_\_\_\_ Amador County \_\_\_\_\_ authority to expend PI or may require \_\_\_\_\_ Amador County \_\_\_\_\_ to return unused PI to the State until the \_\_\_\_\_ Amador County \_\_\_\_\_ clears the serious compliance issues.***

\_\_\_\_\_  
Signature of Authorized Representative

03/12/2013  
\_\_\_\_\_  
Date Signed

Charles Iley, County Administrator  
\_\_\_\_\_  
Name and Title of Authorized Representative

\_\_\_\_\_  
Signature of CDBG Section Chief

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Name of CDBG Section Chief

# **AMADOR COUNTY**

## **OWNER-OCCUPIED HOUSING REHABILITATION ASSISTANCE PROGRAMS (CDBG, HOME, CalHome)**

### **PROGRAM DESIGN AND PROCESS**



**HCD Version 12/10  
CalHome Approved (date)  
CDBG Approved (date)  
HOME Approved (date)**

**AMADOR COUNTY  
OWNER-OCCUPIED HOUSING REHABILITATION  
PROGRAM GUIDELINES**

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**AMADOR COUNTY  
OWNER-OCCUPIED HOUSING REHABILITATION  
PROGRAM GUIDELINES**

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**AMADOR COUNTY****OWNER-OCCUPIED HOUSING REHABILITATION  
PROGRAM GUIDELINES****Adopted 3/12/13****1.0. GENERAL**

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

**1.1. PROGRAM OUTREACH AND MARKETING**

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

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

- B. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

## 1.2. APPLICATION PROCESS AND SELECTION

### A. Waiting List/Homeowner Contact

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

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

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

### B. Application/Interview

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

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

### C. Household Selection

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

D. Initial Inspection/Work Write-Up/Estimate

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

If the home is a pre-1978 unit, the initial inspection will also include paint testing by a certified Lead-Based Paint (LBP) inspector/assessor or presumption of LBP. Code deficiencies will be corrected and if presumption is used or lead hazards are found they will be properly treated according to HUD regulations (Section 6.1.E & F) and cleared by a certified LBP inspector/assessor. **Note: CalHome-funded projects do not require LBP compliance. CDBG projects shall refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual.**

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

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

E. Bid Solicitation

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

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

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



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

F. Loan Request/Approval

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

G. Pre-Construction Conference

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

H. Start-Up/Field Inspections

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

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

The Program Operator will refer back to original plans and specifications to verify the work was completed as contracted. Homeowner's "sweat equity" commitment will also be checked, if any.

I. Change Orders

Written change orders are required when the homeowner requests any changes in the write-up, such as eliminating an item completely, eliminating one item

and substituting another, or adding items. The change order will state the change and dollar value for the change. The change order must be signed by both the contractor and the homeowner, and submitted to the Program Operator for approval. If the change order exceeds the approved financing, the homeowner will be asked to provide additional funds or a report and request for additional funds may be presented to the Sponsor's Loan Review Committee for approval prior to Program Operator signing-off on the change order.

J. Progress Payments

Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The final ten-percent (10%) of the contract amount is set aside as a retention payment. The contractor requests a progress payment from the homeowner and notifies the Program Operator that he/she has done so. Upon favorable inspection by the homeowner, Program Operator, and Sponsor or Sponsor's Building Inspector, the payment authorization is signed by the homeowner and submitted for payment.

K. Final Inspections/Notice of Completion/Final Payment

When the project is completed, the Program Operator inspects the work item by item with the homeowner, the contractor, and/or the Sponsor. The Sponsor's Building Inspector performs a final inspection. Any corrections or deficiencies are noted and corrected by the contractor. Upon favorable final inspections, a Notice of Completion is prepared, signed by the homeowner, and then recorded. The final ten-percent (10%) retention payment is released 35 days after the recording of the Notice of Completion.

### 1.3. LOAN PROCESS

The Sponsor's Loan Review Committee must approve all loans and grants. The Loan Review Committee may approve assistance with financing exceeding 100 percent of after-rehabilitation value as needed in cases where no other financial resources are available to cover the cost of the improvements and where clear and convincing documentation exists, justifying why the exception is needed. However, if the project is CalHome funded, the total financing can not be more than 105 percent of the after-rehabilitation value. For HOME-funded loans, the amount of assistance provided will not exceed the Sponsor's County maximum HOME subsidy limit per bedroom as defined by Section 221 (d)(3) and the total financing can not exceed the Maximum After-Rehabilitation Value. **See Attachment C.**

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

## 1.4. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance, and Section 92.356 of the HOME Final Rule shall be followed for HOME assistance.

A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to standard construction procedures. Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by the Program Operator to be part of the scope of work. Owner/builders are not reimbursed for labor.

## 2.0. APPLICANT QUALIFICATIONS

### 2.1. INCOME LIMITS

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

The link to the official HCD-maintained income limits for HOME and CDBG Funded activities is: <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>, and for CalHome-funded activities: <http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k6.pdf>.

**Household:** means one or more persons who will occupy a housing unit. Unborn children count in family size determination.

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

### 2.1.1 OWNER-OCCUPIED REQUIREMENTS

Owner-Occupant - to be eligible, household income must be equal to or less than the applicable HCD income limits. Owner will be required to provide income documentation. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. **See Attachment A for HOME and CDBG. See Attachment A-1 for CalHome.** Refer to Asset Inclusions and Exclusions for further guidance to the types of assets to be included or excluded when calculating gross annual income. **See Attachment B.**

Owner-occupants housing and/or debt ratios are not considered, nor is a credit report

required, as the funding provided creates no additional monthly financial obligation. If an owner-occupant has a mortgage, it is verified that all payments are current and that no late payments have been received in the past twelve months.

**2.1.2 OWNER-INVESTOR REQUIREMENTS - (eligible under only CDBG-funded programs)**

Owner-Investor - There are no restrictions on the income of the owner-investor unless the owner-investor is a member of the Targeted Income Group (TIG) and is interested in qualifying for a Deferred Payment Loan (see Section 4.3.2.C.).

Owner-investor housing and debt ratios are considered, and a credit report is required, since the funding provided may create an additional monthly financial obligation. If an owner-investor has a mortgage on the property to be rehabilitated it is verified that all payments are current and that no late payments have been received in the past twelve months.

TENANT REQUIREMENTS (eligible under only CDBG-funded programs)

Tenant - If a rental is currently occupied, the tenant's household income must be equal to, or less than, the applicable HCD income guidelines. Tenant will be asked to cooperate by providing income documentation and income will be projected for 12 months based on current income. See Attachments A and B.

**2.2. INCOME QUALIFICATION CRITERIA**

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

**A. HOUSEHOLD INCOME DEFINITION:**

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

The link to Annual Income Inclusions and Exclusions is:

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

**See Attachment A: HOME and CDBG 24 CFR Part 5 Annual Income Inclusions and Exclusions and Attachment A-1: CalHome Title 25 Section 6914 Annual Income inclusions and Exclusions (State)**

B. ASSETS:

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

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

The Link to Asset Inclusions and Exclusions is:

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

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

## 2.3. HOMEOWNER ELIGIBILITY AND RESIDENCY REQUIREMENTS

The Sponsor's Housing Rehabilitation Program allows for owner-occupied and owner-investor/tenant occupied properties to participate in the Program. Owner-occupied units must be the owner's principal place of residence. **Note: Owner-investor/tenant occupied properties are eligible under only CDBG funding, and must meet all requirements listed under section 2.3.2.** A photocopy of a recent utility bill will verify proof of occupancy. No unit to be rehabilitated will receive financial assistance if it is currently occupied by an over-income household or does not meet the eligibility standards outlined in these guidelines.

### 2.3.1 OWNER-OCCUPIED

A. Continued residency is monitored annually for the term of the loan within 90 days of the anniversary date of the loan. Occupancy will be verified by the submission of the following:

1. Proof of occupancy in the form of a copy of a current utility bill; and

2. Statement of unit's continued use as primary residence of the owner.

- B. In the event that an homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable, unless the following conditions are met:

The homeowner who received the loan dies and the heir to the property meets income requirements and intends to occupy the home as his/her principal residence. Upon approval of the Sponsor, the heir may be permitted to assume the loan at the rate and terms the heir qualifies for under current participation guidelines. If the heir does not meet applicable eligibility requirements, the loan is due and payable. **Note: Loans provided by CalHome are not assumable.**

- C. If a homeowner converts the property to a rental unit, or any commercial or non-residential use, the loan is due and payable, unless the loan was funded with CDBG and tenant and homeowner meet eligibility requirements as described in Section 2.3.2. below.

If the loan is funded with a CalHome Loan it is not transferable except under the following limited circumstances:

- (a) The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
- (b) A transfer of the Property where the spouse becomes an owner of the property;
- (c) A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property; or
- (d) A transfer to an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property.

### **2.3.2. OWNER INVESTOR REQUIREMENTS (eligible only under CDBG-funded programs)**

- A. If the owner-investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.
- B. An owner-investor may convert a rental property to his or her personal residence if all conditions below exist:
  - 1. He or she can prove that the previous tenant was not evicted without cause.

2. He or she is income eligible.
  3. He or she requests approval from the Sponsor.
- C. If an owner-investor converts the rental property to his or her personal residence, but is not income eligible, the loan is due and payable.
  - D. If the owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.
  - E. Over-income rental households occupying units in a project which will receive financial assistance for other eligible units will be allowed to stay in their respective units. To prevent owners from evicting ineligible tenants before applying for the Program, the owner must certify that no tenant has been forced to move without cause during the previous six months.

### **3.0. PROPERTY ELIGIBILITY**

#### **3.1. CONDITIONS**

- A. No unit will be eligible if a household's income exceeds the prescribed income limits listed in Attachment C.
- B. Units to be rehabilitated must be located within the unincorporated areas of the Sponsor's jurisdiction.
- C. Property must contain a legal residential structure intended for continued residential occupancy.
- D. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. For CDBG the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components. Section 8 Housing Quality Standards may be required on rentals by Sponsor when CDBG funds are used.

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

Tenants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to health and safety of occupants or public danger or is otherwise undesirable because of the nature of the project. Relocated persons will receive increased housing costs, payment for moving and

related expenses and appropriate advisory services, as detailed in the Sponsor's "Residential Anti-displacement and Relocation Assistance Plan" (**Attachment E**).

Owner-occupants are not eligible for temporary relocation benefits, unless health and safety threats are determined to exist by the Program Operator. In cases where relocation is determined to be necessary by the Sponsor/Program Operator, assistance may be provided for actual costs incurred from the applicant's loan proceeds or as a grant (**see Section 4.4. for allowable grants**). HOME-funded projects will provide relocation assistance in the form of a grant, which shall be included in the maximum assistance amount.

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

### **3.3. NOTIFICATION AND DISCLOSURES - Not required by CalHome**

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

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

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

### **4.0. THE PROGRAM LOAN**

#### **4.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

An eligible homeowner may qualify for the full cost of rehabilitation/reconstruction work needed to comply with State and local codes and ordinances. Maximum assistance shall not exceed the Sponsor's County maximum HOME Subsidy Limit per bedroom as designated by Section 221(d)(3). **See Attachment C. For CDBG funded programs the maximum assistance for rehabilitation/reconstruction will not exceed \$190,430.**

#### **4.2. AFFORDABILITY PARAMETERS FOR HOMEOWNERS**

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



- B. HOME funded units' after-rehabilitation value shall not exceed the HOME Program Purchase Price/Value Limit for Sponsor's County as updated by HUD and published on the HCD Website. **See Attachment C.**
- C. Total indebtedness against property shall not exceed 105 percent of the after-rehabilitation value as determined by an appraisal for CalHome projects. An estimate of After-Rehab Value will be made prior to making a commitment of funds using the method outlined in Section 4.5. Note: This does not apply to HOME or CDBG projects.
- D. Costs may be supplemented with personal financing and/or credit will be provided for volunteer labor ("sweat equity") valued at \$10 per hour as per Section 6.1.D., or with other loan or grant programs, which are sources of leverage for the Sponsor.
- E. Any bid within 10% of the Program Operator's estimate may be selected, otherwise an explanation must be provided to the file for a bid selected exceeding 10% of the estimate.

### 4.3. RATES AND TERMS

#### 4.3.1. OWNER-OCCUPANTS

- A. Homeowners are eligible for Deferred Payment Loans (DPL), at zero interest, evidenced by a Promissory Note and secured by a Deed of Trust, with no payback required for 15 years unless the borrower sells or transfers title or discontinues residence in the dwelling. Payments may be made voluntarily on a DPL. **Note: If it is determined by the Sponsor that repayment of a CalHome or CDBG Program loan at the maturity date causes a hardship to the homeowner, the Sponsor may opt the following:**
  - 1. Amend the note and deed of trust to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 30 years (at 0% additional interest). This may be offered one time;
  - 2. Convert the debt at loan maturity; that is the balance of the original principal plus any accrued interest, to an amortized loan, repayable in 15 years at 0% additional interest.
- B. If the homeowner dies, and if the heir(s) to the property live(s) in the house and is/are income eligible, the heir(s) may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir(s) qualifies for under current participation guidelines. **Note: CalHome loans are not assumable.**
- C. If the homeowner dies and the heir(s) is/are not income eligible, the loan becomes all due and payable.

- D. If a homeowner converts the rehabilitated property to any residential-rental, commercial or non-residential use, the loan becomes all due and payable, unless they meet requirements outlined in Section 2.3.2.
- E. As specified in the Rehabilitation Loan Agreement, all applicants who participate in the Program must maintain the property at post-rehabilitation conditions for the term of the loan. Should the property not be maintained accordingly, the loan shall be considered in default and becomes all due and payable, and if necessary, foreclosure proceedings will be initiated. A method of inspection will be established by the Sponsor.

#### **4.3.2. OWNER-INVESTORS (eligible under only CDBG-funded programs)**

The rate and terms for an owner-investor may vary depending on the owner's financial situation below are the options available:

- A. Amortized Loan - Below Market Interest Rate (BMIR) loan at 3 percent interest, secured by a deed of trust and with a maximum term of 15 years.
- B. DPL for a TIG owner-investor who agrees to comply with standard investor restrictions (i.e., Maintenance Agreement for minimum five years and recorded Rent Limitation Agreement for life of the loan), as outlined below. DPL terms are the same as those described in 4.3.2.B. above.
- C. Rent Limitation Agreement (RLA)  
An owner-investor who elects to rehabilitate a rental unit with CDBG financing must sign an RLA, which will be recorded. This agreement will specify:
  - 1. In no instance shall rents exceed the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) schedule while the RLA is in effect.
  - 2. Base Rent -- Vacant Unit  
If the house is vacant, rent charges shall not exceed 30 percent of 80 percent of the Sponsor median income for the appropriate household size in that unit. Owner-investor shall affirmatively seek TIG households. Where such efforts do not result in eligible TIG tenants, the owner-investor shall contact the Sponsor for guidance.
  - 3. Base Rent -- Occupied Unit  
If the house is occupied, rent charges shall not exceed 30 percent of the existing tenants' household income; or, where, before rehabilitation, rents already exceed 30 percent of the existing tenants' income, no rent increases shall be allowed which provide for rents plus utilities over 30 percent of the tenants' income.
  - 4. Terms --BMIR finance will require rent limitation for a minimum of 5 years. DPL financing will require rent limitations for the full term of the loan.
  - 5. Verification -- Each year during the term of the Agreement, the borrower shall provide the Sponsor with a written list of current occupants' names and monthly rents by January 15<sup>th</sup>. The Sponsor may

verify this information with the occupant.

6. Compliance -- Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be initiated.

D. Maintenance Agreement

As specified in the Rehabilitation Loan Agreement, an owner-investor who participates in the Program must maintain the property at post-rehabilitation conditions for the term of the loan(s). Should the property not be maintained accordingly, the loan will become due and payable, and if necessary, foreclosure proceedings will be initiated.

#### 4.4. GRANTS

A. CDBG funded programs may provide grants as follows:

A grant of up to \$7,500 is available for any one of the following qualifying factors:

1. Senior Citizen - at least 62 years old; or
2. Handicapped – for only handicap modifications to a house with one or more physically handicapped occupants who would function more independently if such modifications were installed; or
3. Lowest Targeted Income Group – with gross annual income less than 50 percent of County median income; or
4. Equity maintenance – if financing rehabilitation entirely with a loan would cause indebtedness to exceed 100% of after-rehabilitation value.

B. HOME and CDBG provide grants for all actual costs of lead-based paint evaluation and reduction activities.

C. HOME and CDBG provide grants for relocation assistance. See Relocation Assistance Plan, **Attachment E**.

1. Owner-Occupant – Limit of \$3,000.
2. Residential Tenant – Assistance will be provided at the level necessary to comply with the Uniform Relocation Act (URA) and Section 104(d) of the Housing and Community Development Act of 1974. **Note: HOME funds cannot be used for tenant-occupied units.**

D. **Grants are not available in CalHome-funded programs.**

#### 4.5. APPRAISAL

- A. The After-Rehab Value for rehabilitation projects is determined using the “Estimates of value” method. The Sponsor or Program Operator determines estimates of value based on the sale prices of at least three (3) comparable properties, sold within the last six months (within one year of the assistance date, which is the date the promissory note is signed), and located within one mile of

the subject property. The participants' file will include the estimate of value and document the basis for the value estimates. The purpose of the "Estimates of value" is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**). If three comparable properties cannot be found, or if there is any question regarding the After-Rehab Value, the ARV will be determined by a licensed appraiser, as described in Section 4.5.B. below.

- B. A licensed appraiser determines the After-Rehab Value for rehabilitation projects, when the "Estimates of value" method cannot be used. For rehabilitation projects the appraiser determines the value of the unit with the rehabilitation building plans and specifications included. The cost of the appraisal will be paid by the Sponsor, not by the homeowner. The purpose of the appraisal is to determine that the after-rehabilitation value of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**), and that the combined loans will not exceed the maximum combined loan-to-value limit, as described in Section 4.2.A above.
- C. The After-Rehab Value for reconstruction projects is determined by a licensed appraiser. The After-Rehab Value for reconstruction projects is determined by an appraisal completed off the building plans and specifications for the new home. The cost of the appraisal will be paid by the Sponsor, not by the homeowner. The purpose of the appraisal is to determine that the After-Rehabilitation Value Limit of the housing unit will not exceed the permitted amount per HCD Program regulations (**See Attachment C**).

## 4.6. INSURANCE

### 4.6.1. FIRE INSURANCE

The homeowner shall maintain fire insurance on the property for the duration of the Program loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the Sponsor as Loss Payee for the amount of the Program loan(s). A binder shall be provided to the Sponsor.

In the event the applicant fails to make the fire insurance premium payments in a timely fashion, the Sponsor at their option, may make such payments for a period not to exceed 60 days. The Sponsor may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Sponsor make any payments, it may, in its sole discretion, add such payments to the principal amount that the applicant is obligated to repay the Sponsor under this Program. The premium may be paid by the Program loan for one year.

**Note: HOME funds can not be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds can not be used to pay insurance at any time.**

### 4.6.2. FLOOD INSURANCE

For homes in a 100-year flood zone, the owner is required to maintain flood insurance in an amount adequate to secure the Program loan and all other encumbrances. This policy must designate the Sponsor as Loss Payee and a binder shall be provided to the Sponsor and maintained in the borrowers file. The premium may be paid by the Program loan for one year. **Note: HOME funds can not be used to pay insurance cost beyond those identified as initial loan costs. Note: CalHome funds can not be used to pay insurance at any time.**

**4.7. LOAN SECURITY**

- A. Loan security for all owner-occupied rehabilitation stick-built homes will be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the Sponsor.
- B. A manufactured home in a mobile home park or on leased land that is not on a permanent foundation will be secured by an HCD 480.7 or an HCD 484 Statement of Lien, and will also include a Promissory Note and Loan Agreement.
- C. Entering a subordinate lien is acceptable. However, the Sponsor will not subordinate a first lien position once established.

**5.0. PROGRAM LOAN SERVICING AND MAINTENANCE**

**5.1. PAYMENTS ARE VOLUNTARY**

Borrowers may begin making voluntary payments at any time.

**5.2. RECEIVING LOAN REPAYMENTS**

- A. Program loan payments will be made to:

*Amador County Auditor's Office  
810 Court St.  
Jackson, CA95642*

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

**5.3. LOAN SERVICING POLICIES AND PROCEDURES**

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

**5.4. LOAN MONITORING PROCEDURES**

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

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

**5.5. DEFAULT AND FORECLOSURE**

If an owner defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Program Foreclosure Policy adopted by the Sponsor, and attached to these guidelines as **Attachment G**.

**5.6. SUBORDINATIONS**

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

- A. The lien position of the Sponsor loan will remain the same or be advanced.
- B. The new primary loan is no greater than the balance of the loan being refinanced, except the costs of refinancing the loan may be added to the principal balance.
- C. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the owner's payment.
- D. The refinanced loan must have an impound account for taxes and insurances.
- E. The refinancing terms must be acceptable to the Sponsor.
- F. CDBG allows refinancing with CDBG funds in conjunction with only rehabilitation of the unit

**6.0. CONSTRUCTION**

**6.1. STANDARDS**

- A. All repair work will meet Local Building Code standards. At a minimum, health and safety hazards must be eliminated. For CDBG the priority will be the elimination of health and safety hazards. Sponsor may also require elimination of code deficiencies. When HOME funds are used for housing rehabilitation, the property must meet all applicable current codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. However, if certain components of the house are sound and were built to code prescribed at the time of installation, no repair or alteration will be made to those components. Section 8 Housing Quality Standards may be required on rentals by Sponsor when CDBG funds are used.
  
- B. Contracting Process
  - 1. Contracting will be done on a competitive basis.
  - 2. The homeowner will be the responsible agent, but the Sponsor and/or its Program Operator will prepare the work write-up, prepare and advertise the bid package, and assist the owner in negotiating the construction contract.
  - 3. The Sponsor does not warrant any construction work, or provide insurance coverage.
  
- C. Approved Contractors
  - 1. Contractors are required to be licensed with the State of California, and be active and in good standing with the Contractors' License Board.
  - 2. Contractors will be checked against HUD's list of federally debarred contractors. No award will be granted to a contractor on this list.
  - 3. Contractors must have public liability and property damage insurance, and worker's compensation, unemployment and disability insurance, to the extent required by State law.
  - 4. Contractor must agree to comply with all federal and state regulations.
  
- D. Sweat Equity Labor
  - 1. Homeowners may agree to participate in the rehabilitation of their property by providing sweat equity labor as all or part of the project. The "Participant Labor Agreement Form" will indicate the tasks the owner will complete. The loan amount will include all items in the accepted bid, or in-house cost estimate, including sweat equity, so that should the homeowner be unable to complete their portion of the job, labor funds will be available to complete the job. Upon completion of the total job, the labor saved through sweat equity will be a credit against the agreed upon

project cost, which included labor prior to the commitment of sweat equity, thereby providing a credit to the original job cost estimate such that the loan balance will equal the actual net project cost for outside labor and materials.

2. In cases where the homeowner agrees to do parts of the job, an agreement will be signed by the homeowner, specifying tasks and completion times. If the work is not completed in a timely manner, the contractor working on the job may be asked to complete the work.
  3. If the project has lead paint hazards, the homeowner must provide documentation of lead paint training for each person to be working on the house prior to signing the sweat equity agreement or starting work. Lead hazard worker certifications will not be necessary if the project does not have lead paint (built after 1978 or tested negative for lead paint), or the project is cleared of lead hazards by a certified lead inspector, and the work performed by the homeowner will not create additional lead hazards.
  4. The value or leverage generated from sweat equity will be determined on the basis of ten dollars (\$10) per hour. The cost difference or savings generated will be documented in the construction portion of the file.
  5. The Sponsor reserves the right to determine whether the work is appropriate for sweat equity labor, or if the owner is capable of such labor.
  6. CalHome requires that a homeowner have a valid contractor's license to perform the rehabilitation work themselves.
- E. Occupants of units constructed prior to 1978 will receive proper notification of Lead-Based Paint (LBP) hazards as identified in Section 3.3.A. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.**
- F. Units constructed prior to 1978 will also be inspected according to the following HUD regulations. **Note: Units funded solely with CalHome funds are not required to comply with LBP regulations.** For CDBG funded programs please refer to Chapter 20, Lead-Based Paint Requirements for guidance in the CDBG Grant Management Manual
1. If the total amount of Federal assistance or the total amount of rehabilitation hard cost is up to and including \$5,000, the following is required:
    - (a) Paint testing or presume LBP;
    - (b) Clearance of disturbed work areas; and
    - (c) Notifications listed in Section 3.3.A.
  2. If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$5,000 up to and including \$25,000, the following is required:
    - (a) Paint testing or presume LBP;
    - (b) Risk assessment; and
    - (c) Clearance of unit.



If LBP hazards are identified, interim controls will be implemented. This level will also require a notice of “Abatement of Lead Hazards Notification” at least five days prior to starting work.

3. If the amount of Federal assistance or the total amount of rehabilitation hard cost is more than \$25,000, the following is required:
  - (a) Items (a), (b), and (c) of 2. above;
  - (b) Abatement of all LBP hazards identified or produced;
  - (c) Use of interim controls on exterior surfaces not disrupted by rehab; and all notices listed above in Sections 3.3.A. and 6.1.F.2.
4. All paint tests that result in a negative finding of lead-based paint are exempt from any and all additional requirements. If defective paint surfaces are found, they will be properly treated or abated. A State-certified Inspector/Assessor will perform all paint testing, risk assessments, and clearances. A trained supervisor may oversee interim controls; however, a certified supervisor and workers will perform all abatement.

## **6.2. ELIGIBLE CONSTRUCTION COSTS**

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

Rehabilitation includes reconstruction. Federal law and policy allows the use of HOME funds to demolish and reconstruct owner-occupied residential structures. Reconstruction is defined as the demolition and construction of a structure. The Sponsor and/or Program Operator must document that the reconstruction costs are less than the cost to rehabilitate the existing substandard housing. This will be done using the State’s CDBG Test for Reconstruction, for projects funded with CDBG funds; or, using the State’s HOME Test for Reconstruction, for projects funded with HOME funds.

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

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

Like for like requires that the structure being demolished must be replaced with a like structure (replace manufactured housing with manufactured housing, for example). However, additions may be approved by the HCD Program when required by Codes/Ordinances or to alleviate overcrowding. **(See Attachment C)**

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

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

Allowable rehabilitation\reconstruction costs include:

- A. Cost of building permits and other related government fees.
- B. Cost of architectural, engineering, and other consultant services which are directly related to the rehabilitation of the property.
- C. Rehabilitation or Replacement of a manufactured home not on a permanent foundation. Rehabilitation of a manufactured home may include the replacement of the unit with a used manufactured home and the cost to repair it, as long as the unit has been occupied and not used as a demonstration model. Should the unit meet the criteria for reconstruction a new manufactured home can be used for replacement and all cost associated with the purchase and transportation can be added to the loan.
- D. Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to the Sponsor for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g. planning, engineering, construction management, including inspections and work write-ups).
- E. Rehabilitation will address the following issues in the order listed. Eligible costs are included for each item.

- 1. Health and Safety Issues

Eligible costs include, but are not limited to, energy-related improvements, lead-based paint hazard evaluation and reduction activities, improvements for handicapped accessibility, repair or replacement of major housing systems. A driveway may be considered part of rehabilitation if it is determined to be a health and safety issue.

- 2. Code and Regulation Compliance

Eligible costs include, but are not limited to, additional work required to

rehabilitate and modernize a home, and bring it into compliance with current building codes and regulations. Painting and weatherization are included.

### 3. Demolition

Eligible costs include, but are not limited to, the tear down and disposal of dilapidated structures when they are a part of the reconstruction of an affordable housing unit. If a garage or carport is detached, it may not be rehabilitated but may be demolished, if it is determined to be a health and safety issue.

### 4. Upgrades

Eligible costs include additional bedrooms and bathrooms if the need can be demonstrated per HUD's or Sponsor's overcrowding guidelines listed in **Attachment C**. The Program will not fund additions to a home for a den or family room, or for any luxury items.

The CalHome Program's requirement is that a bedroom or bathroom can be added to omit overcrowding, and this is up to the Recipient to decide what is overcrowding.

### 5. General Property Improvements

Eligible costs include, but are not limited to, installation of a stove, refrigerator, and/or dishwasher; and repair or installation of fencing.

All improvements must be physically attached to the property and permanent in nature. Non-code property improvements (fencing, landscaping, driveway, etc.) will be *limited to 15 percent* of the rehabilitation loan amount. Any cash contribution by the property owner will be considered a general property improvement and be included in this percentage. Luxury items are not permitted. Items such as refrigerators, stoves and dishwashers that are not built-in may be replaced due only to incipient failure or documented medical condition of the homeowner, and must be of moderate quality.

### 6. Rehabilitation Standards

All repair work related to health and safety conditions will meet Local Building Code standards. The priority will be the elimination of health and safety hazards and code compliance.

### **6.3. ELIGIBLE PROJECT COSTS**

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

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

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

### **6.4. REPAIR CALLBACKS**

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

### **6.5. SWEAT EQUITY**

The Sponsor will determine if Sweat Equity will be allowed on a case by case basis in accordance with Section 6.1.D. CalHome requires that a homeowner have a valid contractor's license to perform the rehabilitation work themselves.

### **7.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

#### **7.1. AMENDMENTS**

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

**7.2. EXCEPTIONS**

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

**7.2.1 PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES**

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

**8.0. DISPUTE RESOLUTION AND APPEALS PROCEDURES**

**8.1. PROGRAM COMPLAINT AND APPEAL PROCEDURE**

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

**8.2. GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR**

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

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

## ATTACHMENT A

## 24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

## Part 5 Inclusions

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

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

**Part 5 exclusions**

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

<b>General Category</b>	<b>(Last Modified: January 2005)</b>
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> <li>a. Amounts received under training programs funded by HUD.</li> <li>b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).</li> <li>c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.</li> <li>d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</li> <li>e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</li> </ul>
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the

Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:

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



**ATTACHMENT A-1**

**Title 25 Section 6914 Gross Income Inclusions – For CalHome activities**

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income.

“Income” shall consist of the following:

(a) Except as provided in subdivision (b), “Exclusions”, 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:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) 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);
- (3) Interest and dividends;
- (4) 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;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay;
- (6) Public Assistance. If the public assistance payment includes any 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:
  - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
  - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
- (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts from persons not residing in the dwelling;

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.

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**ATTACHMENT B****PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS**

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

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

**Inclusions**

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

**Exclusions**

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

**ATTACHMENT B-1**

**Title 25 Section 6914 Gross Income Inclusions – For CalHome activities**

- (b) The following items shall not be considered as income:
- (1) Casual, sporadic or irregular gift items;
  - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
  - (3) 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;
  - (4) 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 a subsistence are to be included in income;
  - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
  - (6) Relocation payments made pursuant to federal, state, or local relocation law;
  - (7) Foster child care payments;
  - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is an excess of the amount actually charged the eligible household;
  - (9) Payments received pursuant to participation of 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 Program 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).

## ATTACHMENT C

**MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT FOR AMADOR COUNTY  
(HOME Value Limits as of X/XX/XXXX)**

COUNTY NAME	One-Family
AMADOR	\$XXX,XXX

**HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR AMADOR COUNTY  
(Limits are effective XX/XX/XXXX)**

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
AMADOR	\$	\$	\$	\$	\$

**FAMILY INCOME LIMITS FOR AMADOR COUNTY\*  
(Limits are effective XX/XX/XXXX)**

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
80% of AMI	\$	\$	\$	\$	\$	\$	\$	\$

**HCD XXXX INCOME LIMITS FOR CALHOME  
ADJUSTED FOR FAMILY SIZE FOR AMADOR COUNTY**

Income Level	Household Size							
	1	2	3	4	5	6	7	8
80%	\$	\$	\$	\$	\$	\$	\$	\$

\*Sponsor will insert the limits for the county in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is:

<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

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

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

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

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

## ATTACHMENT D

### HOUSING REHABILITATION MARKETING PLAN

#### **SUMMARY**

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

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

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

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

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

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

#### **MARKETING FORMS**

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

#### **MARKETING VENUES**

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

**ATTACHMENT E**

**RESIDENTIAL ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN  
Version 2**

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

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

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

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

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

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

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

understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced persons to find alternate housing in the neighborhood.

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

**B. Lead Based Paint Mitigation Which Causes Temporary Relocation:**

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

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

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



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

C. Temporary Relocation of Owner Occupants:

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

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

D. Temporary Relocation of Residential Tenants:

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

A tenant receiving temporary relocation shall receive the following:

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

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

E. Rehabilitation Activities Requiring Permanent Displacement

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

F. Rehabilitation Which Triggers Replacement Housing

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

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

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

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

G. Record Keeping and Relocation Disclosures/Notifications

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

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

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

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

**APPENDIX A**

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

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

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

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

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

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

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

Sincerely,

(name)

(title)

**APPENDIX B**

(date)

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

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

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

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

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

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

Sincerely,

(name and title)

**APPENDIX C**

**DISCLOSURE TO OCCUPANT OF TEMPORARY RELOCATION BENEFITS**

*Top to be completed at time of loan application submittal or Home Visit*

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

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

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

Acknowledged:

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

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

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

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

For temporary relocation, I/We elect to (check all that apply):  
\_\_\_\_ Relocate with friends and family.  
\_\_\_\_ Relocate into a suitable temporary housing unit identified by rehab specialist.  
\_\_\_\_ Relocate furnishings only into a temporary storage unit.

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

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

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

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

**ATTACHMENT F**

**LOAN SERVICING POLICIES AND PROCEDURES  
FOR THE COUNTY OF AMADOR**

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

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

1. Loan Repayments:

The Sponsor will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly date.

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

2. Payment of Property Taxes and Insurance:

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

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

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the Sponsor may pay the taxes current and add the



balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Sponsor encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

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

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

### 4. Annual Occupancy Restrictions and Certifications:

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

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

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

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

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an

owner-investor, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Sponsor's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Sponsor allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

#### 6. Requests for Subordinations:

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

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

#### 7. Process for Loan Foreclosure:

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

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

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

If the Sponsor decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

#### Sponsor as Senior Lien holder

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

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

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

BMIR current or pay off a DPL).

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

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

**ATTACHMENT G**

**AMADOR COUNTY'S  
FORECLOSURE POLICY**

Sponsor As Junior Lien holder

It is the County of Amador's (Sponsor's) policy to prepare and record a "Request for Notice" on all junior liens (any lien after the first position) placed on properties financed by a loan.

This document requires any senior lien holder to notify the Sponsor of initiation (recordation of a "Notice of Default") of a foreclosure only. This is to alert the junior lien holder that they are to monitor the foreclosure with the senior lien holder. When the Sponsor is in a third position and receives notification of foreclosure from only one senior lien holder, it would be in their best interest to contact both senior lien holders regarding the status of their loans.

The junior lien holder may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges, advances (fire insurance premiums, property taxes, property protection costs, etc.), and foreclosure costs (fees for legal counsel, recordings, certified mail, etc.)

Once the Sponsor has the information on the reinstatement amount, staff must then determine if it is cost effective to protect their position by reinstating the senior lien holder, keeping them current by submitting a monthly payment thereafter, foreclosing on the property possibly resulting in owning the property at the end of foreclosure, protecting the property against vandalism, and paying marketing costs (readying the home for marketing, paying for yard maintenance, paying a real estate broker a sales commission).

If the Sponsor decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Sponsor fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Sponsor determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Sponsor's lien may be eliminated due to insufficient sales proceeds.

Sponsor As Senior Lien holder

When the Sponsor is in a first position, or the senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which

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time the Sponsor may consider foreclosure. Sponsor staff will consider the following factors before initiating foreclosure:

- Can the loan be cured (brought current or paid off) by the owner without foreclosure?
- Can the owner refinance with a commercial lender and pay off the Sponsor?
- Can the owner sell the property and pay off the Sponsor?
- Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

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

At the end of thirty days, the Sponsor should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the Sponsor of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Sponsor informed of the progress of the foreclosure proceedings. When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Sponsor would then contact a real estate broker to market the home.

**ATTACHMENT H**

**CERTIFICATION OF OCCUPANCY**

**AMADOR COUNTY**

I/we \_\_\_\_\_ declare as follows:

(Please Print Occupant's Name(s))

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

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

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

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

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

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

Signature(s) of all occupants:

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

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

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

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

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

## ATTACHMENT I

## LEAD-BASED PAINT

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

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



**PROGRAM INCOME REUSE PLAN  
COUNTY OF AMADOR  
December 2003**

**A Reuse Plan Governing Program Income from Community Development Block Grant  
(CDBG) Assisted Activities**

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the State Community Development Block Grant Program.

**Need for Plan Governing Reuse of Program Income.** This Reuse Plan is intended to satisfy the requirements specified in Federal statute and regulation at Section 104 (j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489 (e) (3). These statutory and regulatory sections permit a unit of local government to retain program income for CDBG-eligible community development activities. Under federal guidelines adopted by the State of California's CDBG program, local governments are permitted to retain program income so long as the local government has received advance approval from the state of a local plan that will govern the expenditure of the program income. This plan has been developed to meet that requirement.

**Program Income Defined.** Program Income is defined in federal regulation at 24 CFR 570.489 (e) which specifies that program income is the gross income received by the jurisdiction that has been directly generated from the use of CDBG funds. (For those program income-generating activities that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation). Examples of program income include: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on program income pending its disposition, and interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating jurisdiction or subrecipient.

If the total amount of income generated from the use of CDBG funds (and retained by the County) during a single program year (July 1 through June 30) is less than \$25,000, then these funds shall not be deemed to be program income and shall not be subject to these policies and procedures. Costs incurred that are incidental to the generation of Program Income may be deducted from the gross income to determine the Program Income amount.

**General Administration Cost Limitation.** Up to eighteen percent (18%) of the total program income expended on all activities during a single program year may be used for CDBG general administration expenses.

**Reuses of Program Income.** Program income must be: a) disbursed for an activity funded under an open grant prior to drawing down additional Federal funds; b) forwarded to the State of California, Department of Housing and Community Development (Department); or c) distributed according to this Program Income Reuse Plan that has been approved by Department.

The County's program income will be used to fund eligible CDBG activities that meet a national objective. Eligible activities and national objective requirements are specified in federal statute at Section 105(a) and in federal regulations at 24 CFR 570.482 and 24 CFR 570.483. The Reuse Plan shall specify all proposed uses of these funds and the plan shall be adopted by the local governing body after compliance with the locality's citizen participation process as specified in Federal Regulations at 24 CFR 570.486, Local Government Requirements.

The County reserves the option of utilizing program income to fund or augment a CDBG funded activity included in a grant agreement. The County must first follow the citizen participation process, hold a public hearing, obtain a governing body resolution, and obtain approval from the State CDBG Program.

**Planning Activities.** The County reserves the option of utilizing program income, within the 18 percent general administration cap, to fund planning for CDBG-eligible activities. Such planning activities may include: cash match for a State CDBG Planning and Technical Assistance Grant; environmental reviews or other studies necessary for CDBG-eligible projects or programs; or application preparation for CDBG or other grants/loans to supplement funding for CDBG-eligible activities. The costs of such planning activities may be charged to a revolving loan account (RLA) if the planning is for the same activity as the RLA. Otherwise, program income may only be expended on planning activities in conjunction with (written or amended into) an open CDBG grant.

**Distribution for Reuse of Program Income.** The County's program income will be distributed, as follows:

One revolving loan account (RLA) is established to utilize the program income. One hundred percent (100%) of all program income will be deposited into the First Time Home Buyer Revolving Loan Account. Funds shall not be used for any other CDBG-eligible activity without conducting a properly noticed CDBG Citizen Participation public hearing.

**Reporting and Federal Overlay Compliance.** The County shall comply with all State CDBG reporting requirements, including submittal of an annual Grantee Performance Report for each RLA and submittal of the required Quarterly and Annual Program Income Reports, which shows receipts from the RLA on one report (due by August 15). The County shall ensure that the use of program income under this Reuse Plan complies with all CDBG program requirements, including citizen participation, environmental review, equal opportunity, lead-based paint, labor standards, procurement and property management, and maintenance of adequate accounting and recordkeeping systems. To ensure ongoing compliance with CDBG requirements, the County shall utilize the latest available State CDBG Program Grant Management Manual for guidance on compliance procedures and policies. The County shall obtain the Department's

written approval before proceeding with any program income funded activity.

**Maximum funds in Revolving Loan Accounts.** Program Income received by the RLA during the program year (July 1 through June 30) shall be substantially expended by the end of the program year (June 30). At any given time, the funding balance for the RLA should not exceed the typical cost of a single RLA project, plus reasonable administration costs (up to 18 percent of total expended costs). For example: The average cost of a First Time Home Buyer loan is approximately \$40,000 plus administration costs for a balance of \$46,000.

**Revising this plan.** The Board of Supervisors has the authority to amend this document with a properly noticed Board meeting and approval by the State Department of Housing and Community Development (HCD) to amend an open grant.

The purposes and allowed uses of funds under this RLA are, as follows:

**First Time Home Buyer Revolving Loan Account.**

This fund will be principally used for the purpose of making loans to First Time Home Buyer households which have an annual income which is Eighty percent (80%) or less of the county's median income. At least Fifty-One percent (51%) of the funds expended for activities funded under this RLA shall be used on revolving activities (i.e., loans).

One Hundred percent (100%) of the program income funds received during the program year shall be expended for First Time Home Buyer loans. No more than Eighteen percent (18%) of the funds expended from this RLA shall be used for activity delivery costs. No more than Eighteen percent (18%) of the amount expended annually may be expended for general administrative costs related to this RLA activity. In any event, the total expended for non-revolving activities (grants, activity delivery costs, and general administration) shall not exceed 49 percent of the total funds expended during the program year (July 1 thru June 30).

The review and funding of requests for CDBG loan or grant assistance under this RLA shall be conducted under the First Time Home Buyer Program Guidelines that have been adopted by the County. All assistance provided to activities under this RLA shall be made for activities that are located within the County's jurisdiction.

If the activities funded under the RLA are for the same activities as those funded under an open State CDBG grant agreement, then the funds available in this RLA shall be expended prior to drawing down funds from the State CDBG program.

**TO AMADOR LEDGER DISPATCH FOR PUBLICATION ON FEBRUARY 8,  
2013**

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the BOARD OF SUPERVISORS of the COUNTY OF AMADOR, State of California, will conduct a PUBLIC HEARING for the purpose of soliciting citizens' views to consider an update to the County's CDBG Program Income Reuse Plan. The plan is required by the State Department of Housing which administers the Community Development Block Grant (CDBG) Program. Citizen participation is encouraged throughout the grant process, the requirements for which are explained in Section 7080 of the State Community Development Block Grant Program regulations.

NOTICE IS HEREBY FURTHER GIVEN that said Board of Supervisors will hold this public hearing on **March 12, 2013** at the Board of Supervisors Chambers, Amador County Administration Building, 810 Court St., Jackson, California at **10:30 A.M.**, or as soon thereafter as can be heard. All interested parties may attend the hearing and be heard thereon.

A public review file including the CDBG Program Income Reuse Plan and the State regulations will be available at the County Administrative Office during normal working hours from March 5, 2013 through March 12, 2013. Written comments by County residents are invited in addition to comments at the public hearing. Please mail to: CDBG, Amador County Administrative Office, 810 Court St., Jackson, California, 95642.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please contact the County Administrative Office at 223-6470 to arrange for those accommodations to be made. The County promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, familiar status (children), or handicap.