CITY OF RIVERBANK
REGULAR CITY COUNCIL AND THE LOCAL REDEVELOPMENT AUTHORITY BOARD MEETINGS

(The City Council also serves as the LRA Board)

City Hall North • Council Chambers

6707 Third Street • Suite B• Riverbank • CA • 95367

AGENDA

TUESDAY, APRIL 10, 2018– 6:00 P.M.

(THE AGENDA PACKET IS POSTED AT THE CITY CLERK'S OFFICE AND AT WWW.RIVERBANK.ORG)

CALL TO ORDER: Mayor/Chair Richard D. O'Brien

FLAG SALUTE: Mayor/Chair Richard D. O'Brien

INVOCATION: Riverbank Ministerial Association

ROLL CALL: Mayor/Chair Richard D. O'Brien
Vice Mayor/Chair Darlene Barber-Martinez (CM-D4)
Council/Authority Member District 2 Cindy Fosi
Council/Authority Member Cal Campbell
Council/Authority Member Leanne Jones Cruz

CHANGES TO THE AGENDA: Mayor/Chair Richard D. O'Brien

CONFLICT OF INTEREST
Any Council/Authority Member or Staff who has a direct Conflict of Interest on any scheduled agenda item to be considered is to declare their conflict at this time.

1. PRESENTATIONS

Item 1.1: Proclamation – National Library Week, April 8 – 14, 2018.

Item 1.2: Presentation – Legislative Update by Churchwell White.

2. PUBLIC COMMENTS (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the City Council/LRA Board. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time; time cannot be yielded to another person. Under State Law, matters presented during the public comment period cannot be discussed or acted upon. For record purposes, state your name and City of residence. Please make your comments directly to the City Council/LRA Board.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council/LRA Board unless requested by an individual Council/Authority Member or member of the public for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by motion of the City Council/LRA Board.

Item 3.A: Waive Readings. All Readings of ordinances and resolutions, except by title, are waived.

Item 3.B: Approval of the March 20, 2018, Special Joint City Council and Local Redevelopment Authority Board Minutes.

Item 3.B-1: Approval of the March 27, 2018, Regular City Council and Local Redevelopment Authority Board Minutes.

Item 3.C: Reject Bids for Riverbank Industrial Complex Renovations.

Item 3.D: A **Resolution** to Reaffirm the Authorization of the Officers Appointed as the City Manager, Director of Finance, and the New Position of Assistant City Manager/Director of Finance to Act on the City's Behalf on the Management of Financial Assets.

Recommendation: It is recommended that City Council/LRA Board approve the Consent Calendar items by roll call vote.

4. UNFINISHED BUSINESS

There are no items to consider.

5. PUBLIC HEARINGS

The public notice for Item 5.1 was published in the Riverbank News on 3/28/2018.

Item 5.1: **Continuance of the First Reading by Title Only and Introduction of a Proposed Ordinance Amending Title XV: Land Usage, Chapter 153: Zoning, Section 153.033: Building Requirements, Single-Family Residential District R-1 Zone** – It is recommended that the City Council conduct a public hearing and continue this item to the April 24, 2018, regular City Council meeting to allow Planning Commission the opportunity to review their requested code amendment and make a formal recommendation to Council.

6. NEW BUSINESS

Item 6.1: **Consideration to Authorize the Issuance of a Compliance Order for the Conduct of a Prohibited Home Business** - It is recommended that the City Council consider the proposed request, and by minute order, authorize the City's Code Enforcement Officer to issue a compliance order for a prohibited home business of building and selling skate ramps out of a citizen's home.

Item 6.2: **Rescind, Restate, and Clarify Ad Hoc Illegal Fireworks Committee** – It is recommended that the City Council:

1) Rescind, by roll call vote, the City Council's voting action on March 27, 2018, creating a committee on Illegal Fireworks; and
2) Clarify that a two Council Member committee will serve as a true ad hoc committee which will solicit input from interested members of the public, staff, and outside agencies for a period not to exceed 90 days on the matter of illegal fireworks and potential solutions. The findings and recommendations of the ad hoc committee will be reported back to Council.

Item 6.3: **A Resolution Approving the Guideline Amendments for the First Time Homebuyer Program, Housing Rehabilitation Program, Single Family Temporary Relocation Plan, and Loan Servicing Policies and Procedures** – It is recommended that the City Council hold the Public Hearing and consider adopting a Resolution approving the recommended amendments to the guidelines for the First Time Homebuyer Program, Housing Rehabilitation Program, Single Family Temporary Relocation Plan, and Loan Servicing Policies and Procedures.

7. COMMENTS/REPORTS

A brief report on notable attendance of a meeting or conference or other notable topics of business shall be made. The Brown Act does not allow for discussion or action by the City Council.

Item 7.1: Staff

Item 7.2: Council/Authority Member

Item 7.3: Mayor/Chair

8. CLOSED SESSION

The public will have a limit of 5 minutes to comment on Closed Session item(s) as set forth on the agenda prior to the City Council/LRA Board adjourning to Closed Session.

Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to Government Code Section 54956.8
Property: 062-031-005, 062-031-006, 062-031-007
Agency Negotiator: Sean Scully, City Manager
Property Negotiator: Aemetis, Inc.

Item 8.2: **CONFERENCE WITH LABOR NEGOTIATORS**
Pursuant to Government Code § 54957.6
Agency representative: Sean Scully, City Manager
Employee organizations: Miscellaneous Employees
Mid-Management Bargaining Unit

Item 8.3: **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to subdivision (b) of Government Code § 54956.9: (2) potential cases

9. REPORT FROM CLOSED SESSION

Item 9.1: Report from Closed Session on Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Item 9.2: Report from Closed Session on Item 8.2: **CONFERENCE WITH LABOR NEGOTIATORS** – Miscellaneous and Mid-Management Bargaining units

Item 9.3: Report from Closed Session on Item 8.3: **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:** (2) potential cases

ADJOURNMENT **(The next regular City Council meeting – Tuesday, April 24 @ 6:pm)**

UPCOMING EVENTS:

City Hall Friday Office Hours	• **City Offices are Closed Alternating Fridays** o **Friday: April 6 & 20 – CLOSED** o **Friday: April 13 & 27 – OPEN from 8:00 am to 5:00 p.m.**
2018 Canceled Regular City Council Meetings	• **City Council voted to cancel the following regular meetings:** o Tuesday, July 10, 2018 o Tuesday, August 14, 2018 o Tuesday, November 27, 2018 o Tuesday, December 25, 2018

AFFIDAVIT OF POSTING

I hereby certify under penalty of perjury, under the laws of the State of California that the foregoing agenda was posted 72 hours prior to the meeting in accordance to the Brown Act.

Posted this 5th day of April, 2018
/s/Annabelle H. Aguilar, CMC, City Clerk /LRA Recorder

Notice Regarding Americans with Disabilities Act: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122 or cityclerk@riverbank.org. Notification (72) hours before the meeting will enable the City to make reasonable arrangements to ensure any special needs are met. [28 CFR 35.102-35.104 ADA Title II].

Notice Regarding Non-English Speakers: Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Riverbank City Council/LRA Board shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

GENERAL INFORMATION

Meeting Schedule	The City Council Members also serve as the LRA Board Members. The Riverbank City Council/LRA Board meets in the City Hall North Council Chambers. Regular City Council meetings are held on the 2nd and 4th Tuesdays of each month at 6:00 p.m. The Local Redevelopment Authority Board meets on an "as needed" basis. Meetings are held as indicated, unless otherwise noticed.
City Council / LRA Agenda & Reports	The City Council/LRA Board agenda is posted pursuant to the California Brown Act, which only requires these agenda title pages to be posted near the entrance of the location where the meeting is to be held and, when available, on the City's website. Additional documents may be provided by the City in its efforts of transparency to keep the public well informed. **The agenda packet (agenda plus supporting documents) are posted for public review at the City Clerk's Office**, **6707 Third Street, Riverbank, CA and at www.riverbank.org upon distribution to a majority of the City Council/LRA Board.** A subscription to receive the agenda can be purchased for a nominal fee through the City Clerk's Office.
Public Hearings	In general, a public hearing is an open consideration within a regular meeting of the City Council or a meeting of the LRA, for which special notice has been given and may be required. During a specified portion of the hearing, any resident or concerned individual is invited to present protests or offer support for the subject under consideration.
Televised / Video of Meetings	City Council/LRA meetings are televised on Charter Channel 2 and AT&T Uverse Channel 99. Video of the meeting and the schedule of replays may be seen on the City's website, under the "Action 2" Icon. (Note: Technical difficulty occurs on occasion preventing the televising or recording of the meeting.)
Questions	Contact the City Clerk at (209) 863-7122 or aaguilar@riverbank.org

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 1.1

SECTION 1: PRESENTATIONS

Meeting Date:	April 10, 2018
Subject:	Proclamation – National Library Week, April 8 – 14, 2018
From:	Sean Scully, City Manager
Submitted by:	Cheryl Stefani, Administrative Assistant

RECOMMENDATION

It is recommended that the City Council read the Proclamation for National Library Week, April 8 – 14, 2018; and present to Vicky Holt, Riverbank Library Branch Manager.

SUMMARY

Libraries, librarians, library workers, volunteers and supporters in Stanislaus County are celebrating National Library Week, April 8 – 14, 2018. Libraries and library workers are trusted sources in their community and enhance lives by providing access to technology, information, and opportunities for community involvement. Literacy is vital for personal growth, as well as, success in school, in work, and in life. Libraries continue to evolve in a time of increasing technology and cultural change. Libraries offer equal rights to the usage of their resources regardless of race, ethnicity, creed, ability, sexual orientation, or socio-economic status. During this week, we recognize the valuable contributions made by all library workers and acknowledge the significance of libraries.

FINANCIAL IMPACT

None

ATTACHMENT

1. Proclamation

CITY OF RIVERBANK

PROCLAMATION

NATIONAL LIBRARY WEEK

WHEREAS, literacy is key to achieving personal success in school, in business, and in life; and,

WHEREAS, libraries lead in working with diverse communities, including people of color, immigrants and people with disabilities, offering services and educational resources that transform communities, open minds, and promote inclusion and diversity; and,

WHEREAS, libraries and librarians open up a world of possibilities through technology, innovative programming, and through the power of information; and,

WHEREAS, libraries offer 24/7 access to library services through online resources such as eBooks, eMagazines, downloadable audiobooks, music, movies, online language instruction, and research databases; and,

WHEREAS, libraries partner with parents and caregivers to empower children to enter Kindergarten with the knowledge and skills necessary for success in school and beyond; and,

WHEREAS, libraries, librarians, library workers, volunteers and supporters in Stanislaus County are celebrating National Library Week.

NOW, **THEREFORE, LET IT BE RESOLVED** that the City Council of the City of Riverbank does hereby unanimously proclaim April 8-14, 2018 as Stanislaus County Library Week and urges everyone to visit their local library to take advantage of the wonderful resources available, provided through the voter-approved 1/8-cent sales tax dedicated to the support of libraries.

April 10, 2018

Richard D. O'Brien
Mayor

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 1.2

SECTION 1: PRESENTATIONS

Meeting Date:	April 10, 2018
Subject:	Presentation – Legislative Update by Churchwell White
From:	Sean Scully, City Manager

RECOMMENDATION

It is recommended that Council receive a legislative update on current state legislation that may be of interest to the City of Riverbank.

SUMMARY/BACKGROUND

As a municipality the City of Riverbank is greatly effected on a continual basis by changes in law at the State level. It is important to keep up to date on new, upcoming and pending legislation that could be of interest to City operations. The City Attorney's office has prepared a legislative update to brief Council on these types of legislation.

STRATEGIC PLAN

This item specifically connects to all sections of the specific plan as state legislation greatly influences the way that the City conducts business.

ATTACHMENT

None

RIVERBANK CITY COUNCIL / LRA AGENDA ITEM NO. 3.A

SECTION 3: CONSENT CALENDAR

Meeting Date:	April 13, 2018
Subject:	Waiver of Readings
From:	Sean Scully, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk / LRA Recorder

RECOMMENDATION

It is recommended that the City Council / LRA Board approve the waiver of readings of any proposed ordinances and resolutions for consideration, except by title.

SUMMARY

In lieu of reading the entire text of a proposed ordinance or resolution that is introduced for consideration for adoption and approval, by majority vote, the City Council may waive the reading of the text and introduce the ordinance or resolution by title only for the record.

The proposed ordinances and resolutions, and any related documents that are part of the agenda packet, are available for review by the public on the City's website and in the City Clerk's office at City Hall (North) upon distribution to a majority of the City Council; typically 72 hours prior to the scheduled date and time of the meeting.

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENTS

There are no attachments to this report.

RIVERBANK CITY COUNCIL / LOCAL REDEVELOPMENT AUTHORITY
AGENDA ITEM NO. 3.B

SECTION 3: CONSENT CALENDAR

Meeting Date:	April 10, 2018
Subject:	Approval of the March 20, 2018, Special Joint City Council and Local Redevelopment Authority Minutes
From:	Sean Scully, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk / LRA Recorder

RECOMMENDATION

It is recommended that the City Council / Local Redevelopment Authority Board approve the Joint Special City Council /LRA Meeting Minutes as presented.

SUMMARY

The Draft Minutes of the March 20, special joint City Council and the Local Redevelopment Authority Board meeting have been prepared for review and approval.

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENT

1. March 20, 2018, Special Joint City Council and LRA Minutes

CITY OF RIVERBANK

SPECIAL JOINT CITY COUNCIL AND LOCAL REDEVELOPMENT AUTHORITY BOARD CLOSED SESSION

MINUTES OF

TUESDAY, MARCH 20, 2018

choose civility

Only the opened public portion of a Closed Session meeting is recorded by these minutes.

CALL TO ORDER:

The City Council of the City of Riverbank met at 3:00 p.m. on this date at the City Hall South Conference Room, 6617 Third Street, Riverbank, California, with Mayor/Chair O'Brien presiding.

ROLL CALL: **Mayor/Chair Richard D. O'Brien**
Present **Vice Mayor/Chair Darlene Barber-Martinez (CM-D4)**
Council/Authority Member District 2 Cindy Fosi
Council/Authority Member Cal Campbell
Council/Authority Member Leanne Jones Cruz

CONFLICT OF INTEREST
Any Council Member and Staff who would have a direct Conflict of Interest on any scheduled agenda item to be considered are to declare their conflict at this time.

No one declared a conflict.

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken)

Pursuant to Government Code in reference to a special meeting, the public has the opportunity to address the City Council only on items appearing on this special meeting notice. Individual comments are limited to a **maximum of 5 minutes** per person and each person may speak once during this time. Time cannot be yielded to another person.

No one spoke.

2. CLOSED SESSION

Item 2.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to Government Code Section 54956.8
Property: 062-031-005, 062-031-006, 062-031-007
Agency Negotiator: Sean Scully, City Manager
Property Negotiator: Industrial Realty Group, LLC
Property Negotiator: Aemetis, Inc.

MAYOR/CHAIR O'BRIEN ANNOUNCED THE CLOSED SESSION ITEM AND OPENED THE ITEM FOR PUBLIC COMMENT; NO ONE SPOKE. THE MEETING WAS RECESSED AND THE CITY COUNCIL AND LRA BOARD WENT INTO CLOSED SESSION AT 3:01 P.M.

Council/Authority Member Fosi departed from the meeting at 6:34 p.m.

3. REPORT FROM CLOSED SESSION

MAYOR/CHAIR O'BRIEN RECONVENED TO OPEN SESSION AT 6:56 P.M.

Item 3.1: Report from Closed Session on Item 2.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Mayor/Chair O'Brien reported that direction was provided to Staff.

ADJOURNMENT

There being no further business, Mayor/Chair O'Brien adjourned the meeting at 6:56 p.m.

ATTEST: ***(Adopted 4/10/2018)***	**APPROVED:**
______________________________	______________________________
Annabelle H. Aguilar, CMC **City Clerk / LRA Recorder**	**Richard D. O'Brien** **Mayor / Chair**

RIVERBANK CITY COUNCIL / LOCAL REDEVELOPMENT AUTHORITY
AGENDA ITEM NO. 3.B-1

SECTION 3: CONSENT CALENDAR

Meeting Date:	April 10, 2018
Subject:	Approval of the March 27, 2018, City Council and Local Redevelopment Authority Minutes
From:	Sean Scully, City Manager
Submitted by:	Annabelle Aguilar, CMC, City Clerk / LRA Recorder

RECOMMENDATION

It is recommended that the City Council / Local Redevelopment Authority Board approve the City Council /LRA Meeting Minutes as presented.

SUMMARY

The Draft Minutes of the March 27, 2018, regular City Council and the Local Redevelopment Authority Board meetings have been prepared for review and approval.

FINANCIAL IMPACT

There is no financial impact to this item.

ATTACHMENT

1. March 27, 2018, City Council and LRA Minutes

City of Riverbank

REGULAR CITY COUNCIL AND

LOCAL REDEVELOPMENT AUTHORITY BOARD

(The City Council also serves as the LRA Board)

MINUTES OF

TUESDAY, MARCH 27, 2018

Verbatim proceedings of the meetings may be viewed on-line or a copy may be provided for a fee.

CALL TO ORDER:

The City Council and Local Redevelopment Authority Board of the City of Riverbank met at 6:00 p.m. on this date at the Riverbank City Council Chambers, 6707 Third Street, Suite B, Riverbank, California, with Mayor/Chair Richard D. O'Brien presiding.

FLAG SALUTE: Mayor/Chair Richard D. O'Brien

INVOCATION: Reverend Charles Neal, Riverbank Ministerial Association

ROLL CALL: Mayor/Chair Richard D. O'Brien
Present Vice Mayor/Chair Leanne Jones Cruz
Council/Authority Member District 2 Cindy Fosi
Council/Authority Member District 4 Darlene Barber-Martinez
Council/Authority Member Cal Campbell

AGENDA CHANGES: Mayor/Chair Richard D. O'Brien – ***Items 1.1 and 3.C were removed from the agenda.***

CONFLICT OF INTEREST
Any Council/Authority Member or Staff who has a direct Conflict of Interest on any scheduled agenda item to be considered is to declare their conflict at this time.

No one declared a conflict.

1. PRESENTATIONS

~~**Item 1.1:** Update on the Stanislaus Consolidated Fire Protection District Board.~~

2. PUBLIC COMMENTS (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the City Council/LRA Board. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time; time cannot be yielded to another person. Under State Law, matters presented during the public comment period cannot be discussed or acted upon. For record purposes, state your name and City of residence. Please make your comments directly to the City Council/LRA Board.

No one spoke.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council/LRA Board unless otherwise requested by an individual Council/Authority Member for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

Item 3.A: Waive Readings. All Readings of ordinances and resolutions, except by title, are waived.

Item 3.B: Approval of the March 13, 2018, City Council and Local Redevelopment Authority Minutes.

~~**Item 3.C:** Award Bid for Riverbank Industrial Complex Renovations.~~

Item 3.D: A **Resolution [No. 2018-011]** Authorizing the Execution of a Performance Agreement with Chris Ricci Presents, Inc. for the Coordination of the 2018 Cheese & Wine Festival and the Potential Appropriation of $15,000 from the General Fund for Said Services.

Item 3.E: A **Resolution [No. 2018-012]** Authorizing the Mayor to Execute a Lease with Chris Ricci Presents, Inc. for the Area Associated with the Riverbank Cheese and Wine Festival.

Item 3.F: A **Resolution [No. 2018-013]** Adopting the 2017 Annual General Plan and Housing Element Annual Progress Reports (APRs) as well as Authorizing Staff to Submit said Reports to the California Office of Planning and Research and California Department of Housing and Community Development

Recommendation: It is recommended that City Council/LRA Board approve the Consent Calendar items by roll call vote.

ACTION: ***By motion moved and seconded (Jones Cruz / Barber-Martinez / passed 5-0) to approve Consent Calendar Items 3.A, 3.B, 3.D, 3.E, and 3.F as presented; Motion carried by unanimous City Council and LRA Board roll call vote.***
AYES: Fosi, Campbell, Jones Cruz, Barber-Martinez, and Mayor/Chair O'Brien
NAYS: None / ABSENT: None / ABSTAINED: None

4. UNFINISHED BUSINESS

Item 4.1: **Second Reading by Title Only and Adoption of Proposed Ordinance No. 2018-004 Repealing in its Entirety Chapter 122: Video Franchise of Title XI: Business Regulations and Replacing it with a New Chapter 122: Video Service Franchise to Include Reauthorization of the PEG Fee and to Automatically Reauthorize the Peg Fee upon Renewal of a State Video Franchise** – It is recommended that the City Council conduct the second reading by title only of proposed Ordinance No. 2018-004 and consider its adoption by roll call vote.

City Manager Sean Scully presented the staff report.

ACTION: ***By motion moved and seconded (Jones Cruz / Campbell / passed 5-0) to approve Repealing in its Entirety Chapter 122: Video Franchise of Title XI: Business Regulations and Replacing it with a New Chapter 122: Video Service Franchise to Include Reauthorization of the PEG Fee and to Automatically Reauthorize the Peg Fee upon Renewal of a State Video Franchise by adoption of Ordinance [No. 2018-004] as presented.***
Motion carried by unanimous City Council roll call vote.
AYES: Fosi, Campbell, Jones Cruz, Barber-Martinez, and Mayor O'Brien
NAYS: None / ABSENT: None / ABSTAINED: None

5. PUBLIC HEARINGS

There were no items to consider.

6. NEW BUSINESS

There were no items to consider.

7 COMMENTS/REPORTS

A brief report on attendance of a meeting or conference or other notable topics of business shall be made. The Brown Act does not allow for discussion or action by the City Council.

Item 7.1: Staff

- ***City Manager Sean Scully provided an update on the local Chamber of Commerce and announced that the City closed escrow on Well #11.***

Item 7.2: Council/Authority Member

- ***Vice Mayor/Chair Barber-Martinez commented on gun violence.***

Item 7.3: Mayor/Chair

Mayor/Chair O'Brien requested that staff look into when a cannabis tax measure needs to be submitted to the County, to have in place in case of the loss of Development Agreements.

8. CLOSED SESSION

The public will have a limit of 5 minutes to comment on Closed Session item(s) as set forth on the agenda prior to the City Council/LRA Board recessing into Closed Session.

Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Pursuant to Government Code Section 54956.8
Property: 062-031-005, 062-031-006, 062-031-007
Agency Negotiator: Sean Scully, City Manager
Property Negotiator: Industrial Realty Group, LLC
Property Negotiator: Aemetis, Inc.

Item 8.2: **CONFERENCE WITH LABOR NEGOTIATORS**
Pursuant to Government Code § 54957.6
Agency representative: Sean Scully, City Manager
Employee organizations: Miscellaneous Employees
Mid-Management Bargaining Unit

Item 8.3: **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to subdivision (b) of Government Code § 54956.9: (2) potential cases

Item 8.4: **PUBLIC EMPLOYMENT**
Pursuant to Government Code Section 54957(b)
Title: City Manager

Item 8.5: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to Government Code Section 54956.8
Property: 3012 High Street (APN 132-003-022)
Agency Negotiator: Sean Scully, City Manager
Property Negotiator: Jason James

Mayor/Chair O'Brien announced the Closed Session Item and opened the item for public comment; no one spoke. The meetings were recessed and City Council went into Closed Session at 6:11 p.m.

9. REPORT FROM CLOSED SESSION

Mayor/Chair O'Brien reconvened the meetings at 7:41 p.m.

Item 9.1: Report from Closed Session on Item 8.1: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Mayor O'Brien reported that direction was provided to Staff.

Item 9.2: Report from Closed Session on Item 8.2: **CONFERENCE WITH LABOR NEGOTIATORS** – Miscellaneous and Mid-Management Bargaining units

Mayor O'Brien reported that direction was provided to Staff.

Item 9.3: Report from Closed Session on Item 8.3: **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:** (2) potential cases

Mayor O'Brien reported that direction was provided to Staff.

Item 9.4: Report from Closed Session on Item 8.4: **PUBLIC EMPLOYMENT**– City Manager

Mayor O'Brien reported that direction was provided to Staff.

Item 9.5: Report from Closed Session on Item 8.5: **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Mayor O'Brien reported that direction was provided to Staff.

ADJOURNMENT

There being no further business, Mayor/Chair O'Brien adjourned the meetings at 7:42 p.m.

ATTEST: ***(Adopted 04/10/2018)***	**APPROVED:**
______________________________	______________________________
Annabelle H. Aguilar, CMC **City Clerk / LRA Recorder**	**Richard D. O'Brien** **Mayor / Chair**

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 3.C

SECTION 3: CONSENT CALENDAR

Meeting Date:	March 27, 2018
Subject:	Reject Bid for Riverbank Industrial Complex Renovations
From:	Sean Scully, City Manager
Submitted by:	Laura Graybill, Project Coordinator

RECOMMENDATION:

It is recommended that the City Council reject the bid and authorize staff to re-bid project.

SUMMARY:

A bid opening was held on Thursday, February 1, 2018, to consider the bids received for the Riverbank Industrial Complex Renovations Project. The following bid was received:

JHK Construction Inc.	$234,500.00

Staff has reviewed the bid, and is recommending the bid be rejected and re-bid the project. Bids came in well over the Engineer's Estimate and staff will be working to determine necessary changes.

Work on the project includes, but is not limited to, furnishing all labor, materials, equipment, transportation, and incidentals necessary for renovation of two restrooms for ADA compliance and to improve and expand a dock door and all other work included on the plans.

BACKGROUND

The Local Redevelopment Authority prepared a CDBG "Over-the-Counter" application for up to $902,019 in response to the May 2016 Notice of Funding Availability (NOFA).

On September 22, 2016 the City Council approved a Resolution approving the submittal of an application for funding and the execution of a grant agreement and any amendments thereto form the Economic Development "Over-the-counter" (OTC) allocation for fiscal year 2016 through the Community Development Block Grant.

FISCAL IMPACT: None.

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 3.D

SECTION 3: CONSENT CALENDAR

Meeting Date:	April 10, 2018
Subject:	A **Resolution** to Reaffirm the Authorization of the Officers Appointed as the City Manager, Director of Finance, and the New Position of Assistant City Manager/Director of Finance to Act on the City's Behalf on the Management of Financial Assets
From:	Sean Scully, City Manager
Submitted by:	Annabelle H. Aguilar, CMC, City Clerk

RECOMMENDATION

It is recommended that the City Council approve the resolution by roll call vote.

SUMMARY

The holder of the City's financial assets such as stocks, bonds, and money, and other assets, from time to time, require that the City Clerk of the City of Riverbank attest, and thereby affirm, that the designated officers appointed as the City Manager and Director of Finance are authorized by City Council resolution to act on behalf of the City of Riverbank. The proposed resolution, adds the newly created position of Assistant City Manager/Director of Finance, and reaffirms the City Council's desire to authorize the officers appointed to the said positions to carry out the responsibilities required to manage the City's financial assets.

STRATEGIC PLAN

This update and reaffirmation of a resolution to authorize designed appointed officers to act on the management of the City's financial assets is relative to the strategic plan's core value of fiscal responsibility, and the goal to achieve and maintain financial stability and sustainability.

FINANCIAL IMPACT

There is no financial impact.

ATTACHMENT

1. Proposed Resolution of Authorization

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, TO REAFFIRM THE AUTHORIZATION OF THE OFFICERS APPOINTED AS THE CITY MANAGER, DIRECTOR OF FINANCE, AND THE NEW POSITION OF ASSISTANT CITY MANAGER/DIRECTOR OF FINANCE TO ACT ON THE CITY'S BEHALF ON THE MANAGEMENT OF FINANCIAL ASSETS

WHEREAS, the City of Riverbank ("municipality") was incorporated in 1922 in the State of California; and

WHEREAS, the City of Riverbank is a municipality in good standing; and

WHEREAS, the City of Riverbank has created a new position of Assistant City Manager/Director of Finance, which shall be a position to include as authorized.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Riverbank does hereby declare and approve the following:

1. That the officers that are appointed City Manager, Director of Finance, and Assistant City Manager/Director of Finance, each of whom holds office of the City of Riverbank is authorized to act on behalf of the municipality to buy, sell, assign, loan, borrow, endorse for transfer and receive stocks, bonds, securities, money, and other assets now or hereafter registered in the name of or held by or for the municipality.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the 10th day of April, 2018; motioned by Councilmember , seconded by Councilmember , and upon roll call was carried by the following City Council vote of :

AYES:
NAYS:
ABSENT:
ABSTAINED:

ATTEST:	**APPROVED:**
Annabelle H. Aguilar, CMC **City Clerk**	**Richard D. O'Brien** **Mayor**

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 5.1

SECTION 5: PUBLIC HEARING

Meeting Date:	April 10, 2018
Subject:	**Continuance** of the First Reading by Title Only and Introduction of a Proposed **Ordinance** Amending Title XV: Land Usage, Chapter 153: Zoning, Section 153.033: Building Requirements, Single-Family Residential District R-1 Zone
From:	Sean Scully, City Manager
Submitted by:	Donna M. Kenney, Planning and Building Manager

RECOMMENDATION

It is recommended that the City Council conduct a public hearing and continue this item to the April 24, 2018, regular City Council meeting to allow Planning Commission the opportunity to review their requested code amendment and make a formal recommendation to Council.

SUMMARY

Staff presented a potential code amendment to the Planning Commission to regulate skate ramps in residential yards consistent with the City's General Plan. At the Planning Commission meeting, the Commission requested that staff change the recommended amendment to include a number of different components not previously conceived in the proposed ordinance. As such, staff will rewrite the amendment return to Commission for a formal recommendation on the updated code amendment, once that process is complete the item will return to Council for a formal public hearing. At this time staff is requesting a continuance of the public hearing to the regular City Council meeting of April 24, 2018.

ENVIRONMENTAL DETERMINATION

The amendment to the City of Riverbank Municipal Code is exempt from environmental review because it is not a project within the meaning of Section 15378 of the State CEQA Guidelines.

FISCAL IMPACT

Unknown code enforcement costs, including staff hours for inspections, hearing preparations, and re-inspection hours.

STRATEGIC GOALS

The City of Riverbank Strategic Planning Session is a plan and set of goals that Riverbank will work towards for the next three (3) years. The approval of an amendment to regulate skate ramps is not a stated strategic goal but is consistent with the General Plan goal to "To be recognized as a premier community where individuals, families and businesses thrive in a safe and beautiful environment."

PUBLIC NOTICE

The City Council hearing notice was published in the Riverbank News and posted at City Hall North, South, Post Office, Community Center, and website on March 28, 2018. Upon approval of continuance, a notice of continuance will be posted as required by law.

ATTACHMENTS

There are no attachments.

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.1

SECTION 6: NEW BUSINESS

Meeting Date:	April 10, 2018
Subject:	Consideration to Authorize the Issuance of a Compliance Order for the Conduct of a Prohibited Home Business
From:	Sean Scully, City Manager
Submitted by:	Donna Kenney, Planning and Building Manager Annabelle Aguilar, CMC, City Clerk

RECOMMENDATION

It is recommended that the City Council consider the proposed request, and by minute order, authorize the City's Code Enforcement Officer to issue a compliance order for a prohibited home business of building and selling skate ramps out of a citizen's home.

SUMMARY

A code enforcement case has been opened pursuant to the Riverbank Municipal Code ("RMC") under *Home Occupations, Section 153.267: Prohibited Uses, (B.) Manufacturing, including cabinet shops and similar uses,* due to evidence of a prohibited home business of building skate ramps and selling them from a citizen's home. This evidence includes photos of pallets of wood being delivered to the home, photos of a variety of trucks picking up skate ramps, and past and recent Craig's List ads showing photos of ramps (some at the citizen's home) and listing ramps "starting at $225." The condition of the ramps in the ads is stated as "new" (Attachment-1).

Staff has communicated via emails and phone calls, and has met with the citizen since the first complaint was received in October 2016. The most recent meeting was held at City Hall on March 26, 2018, when staff's evidence of conducting business was shared with the citizen and his wife. The citizen repeatedly denies conducting a business out of his home, instead claims it is his hobby to build skate ramps for himself, use them a couple of weeks, and then sell them online when he tires of them; all of which is contrary to the evidence of building and selling the skate ramps from his home. The citizen has expressed that the City has no right to tell him he cannot make a little money from his hobby; nor is there anything the City can do about it.

In order to enforce the RMC of Home Occupations, the City must initiate the process of addressing the citizen's prohibited home business in accordance with RMC Chapter 99: Administrative Remedies, Section 99.03, which states that whenever the Code

Enforcement Officer determines that a violation is occurring or exists, the officer may issue a written compliance order to any person responsible for the violation, upon first obtaining the approval of the City Council; hence, the request for approval to authorize issuance of a compliance order to the citizen. Any further action after the issuance of the order shall be conducted in accordance with the provisions of RMC Chapter 99: Administrative Remedies for compliance, noncompliance, penalties, or appeal of any decisions or actions.

BACKGROUND

The citizen of the prohibited home business has admittedly claimed that he uses the skate ramps he builds. The use of the skate ramps on his property has caused the opening of a code enforcement case involving privacy issues due to the ends of the skate ramp being has high as the 6-foot privacy fence; noise issues due to the skateboard wheels sliding and pounding on the ramps, coupled with loud music throughout the day and evening; unshielded exposure to lighting aimed at neighboring properties; and the result of contentious relations between the citizen and a neighbor seeking peace and privacy (Attachment-2).

A public hearing on a proposed ordinance to regulate the use of skate ramps on residential property is an item that was public noticed to be considered on this evening's City Council agenda. The amendments to the ordinance were initiated due to the citizen of the prohibited home business using the skate ramps on his residential property, affecting the peace and privacy of a neighbor, whom seeks remedy of the matter (Attachment-2).

STRATEGIC PLAN

The City's swift attention to the enforcement and compliance of the RMC to remedy matters of noncompliance strives to maintain and improve service delivery systems in place for the preservation of tranquility and enjoyment of each citizen's personal property in Riverbank.

FINANCIAL IMPACT

The usual cost of business in pursuing the enforcement and compliance of the City's municipal code, which may be offset by any penalties that may be imposed pursuant to the RMC.

ATTACHMENT

1. Attachment-1: Evidence of Home Business
2. Attachment-2: Copy of submitted written public comments to the Planning Commission (photos submitted with written comments are available for public inspection at the City Clerk's Office)

CL

SF bay area > east bay > for sale > sporting goods - by owner

Posted a day ago on: 2018-03-20 10:41am

Contact Information:

SKATEBOARD / Scooter RAMPS - $250

image 1 of 22

condition: **new**

DURABLE SKATEBOARD RAMPS STARTING AT $225.

QR Code Link to This Post

(SERIOUS BUYERS CALL ONLY/NO TEXTING OR EMAILS)

- 4' wide by 2' tall quarter pipes $250

- 4'x3' quarter $350

- 4' wide by 2' tall half pipes $550

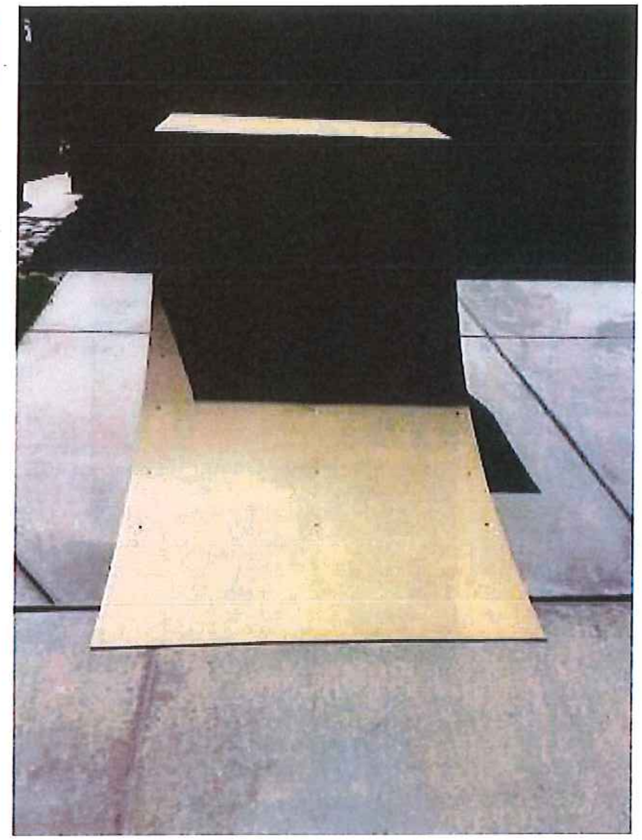
serious/adults buyers call show contact info)))

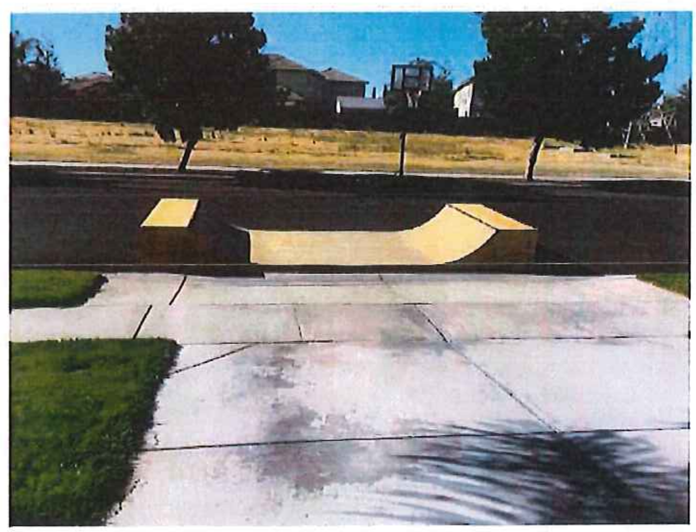
skateboard ramp, quarter pipe, half pipe, skate ramp, bike ramp,

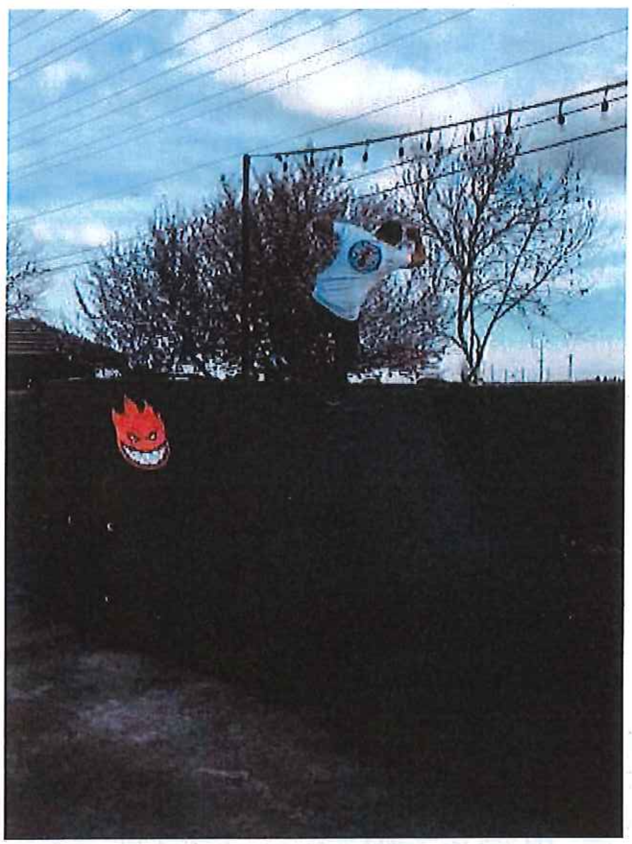
Thanks

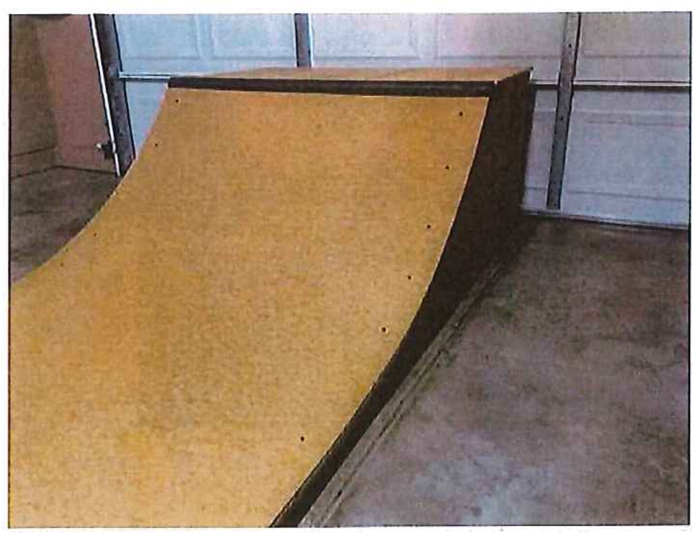
Skateboard, skater, skateboard ramp, skateboard ramps, skate, skate ramps, skate ramp, half pipe, quarterpipe, ramp, halfpipe, skateboarding, half pipes, quarter pipe, quarterpipes, grind box, fun box, pyramid, launch ramp, vert ramp, mini ramp, bowl, pool, tony hawk, skateboarder, ramps, fun, free, wood, orange county, los Angeles, skateboard ramp kits, skate ramp kits, skater ramp kits, pre-assemble, tony hawk, grinding rails, grind rail, grind bench, extreme,

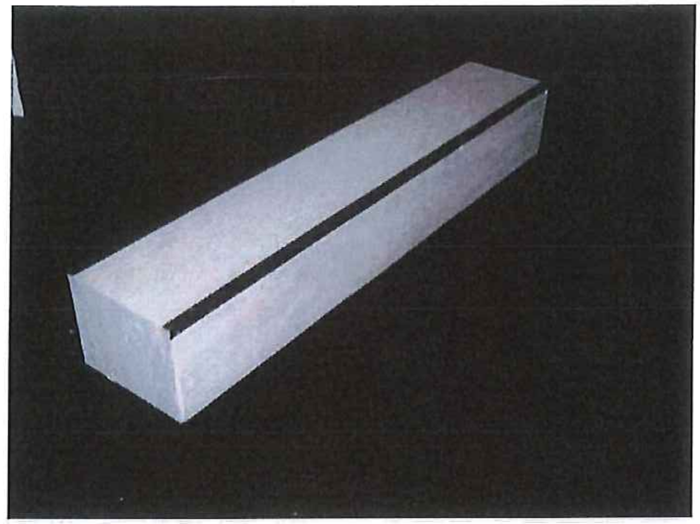
hardcore, kicker ramps, kickers, skateboard ram
p installation, install, build, pre build, ollie, kickflip, skateboard decks, trucks, wheels, snowboard, park, orange county, free shipping, in line, rollerblade, scooter, bike, bicycle, billabong, volcom, rvca, quicksilver, deck, bearings, SkatePaint, surf, surfboard, bodyboard,

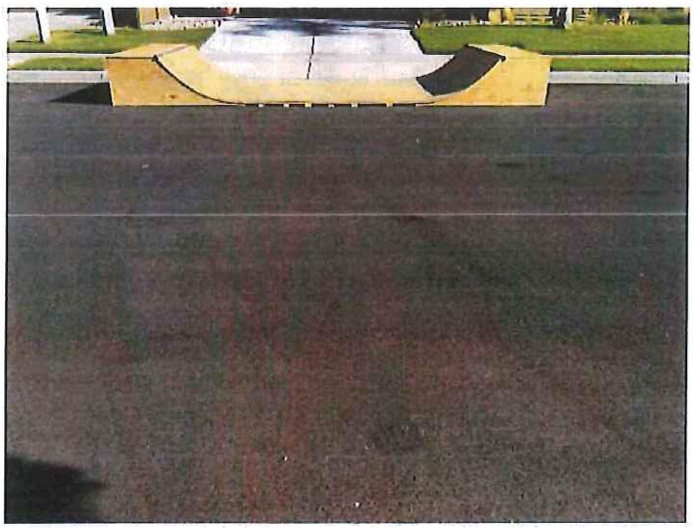


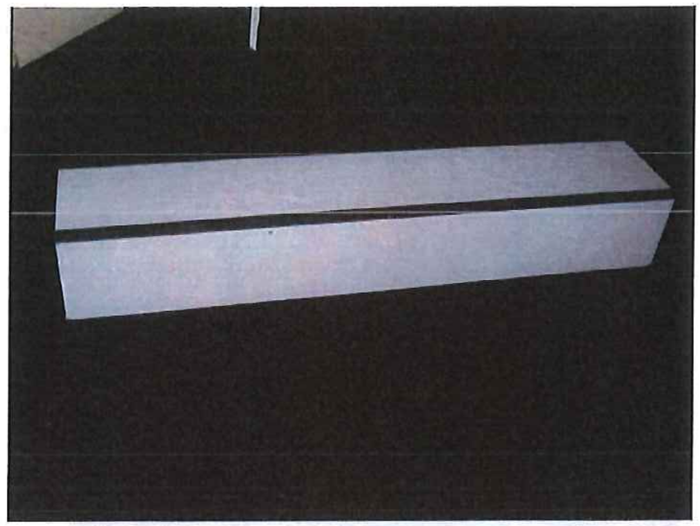


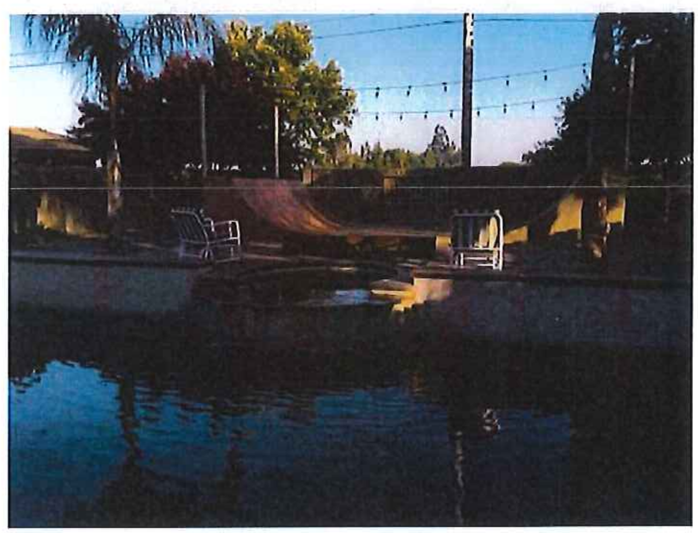


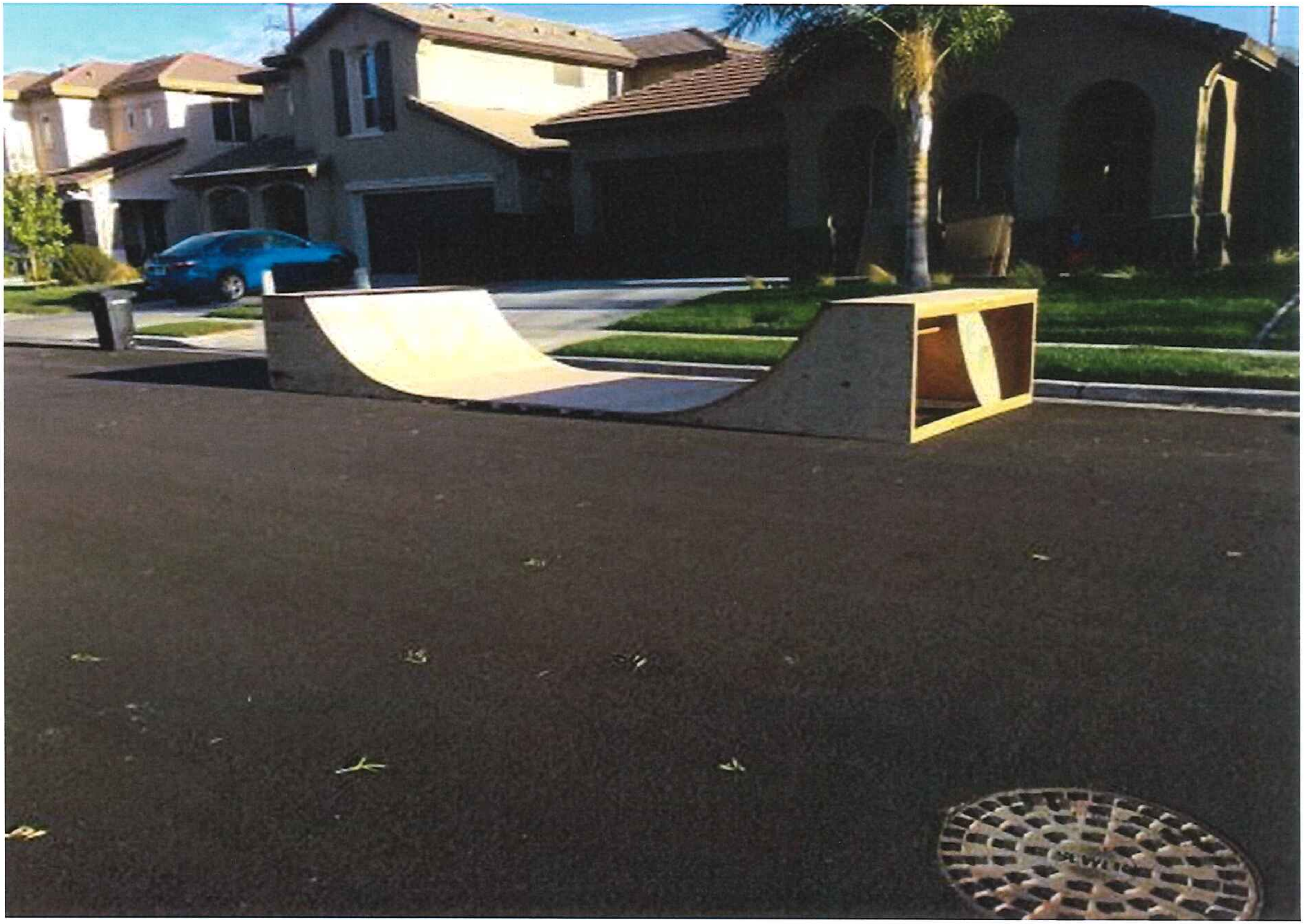


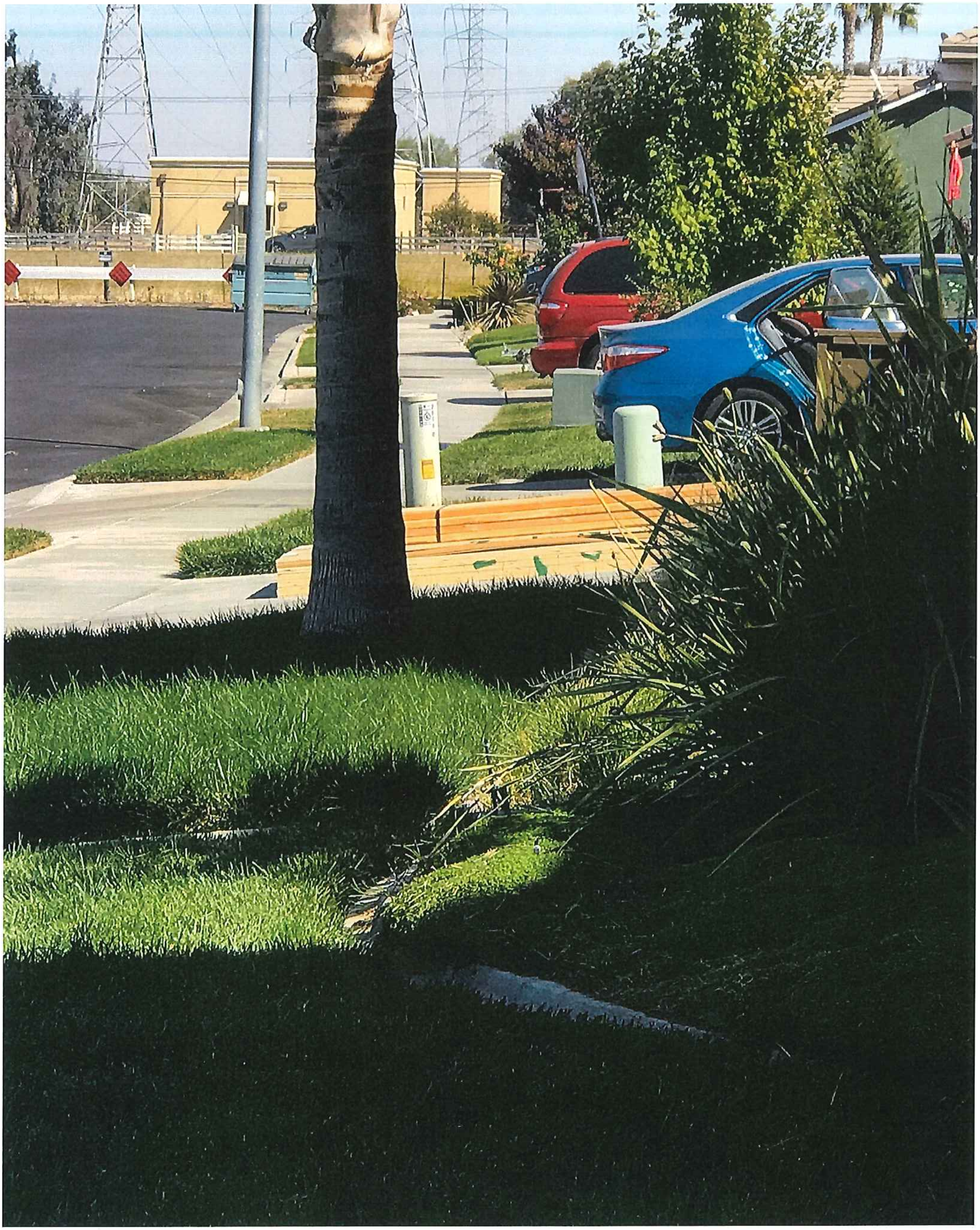












September 19, 2017

City of Riverbank

Topic on Agenda Re: Private Skateboard Ramps

Hello everyone,

I live next door to the half pipe that has brought this issue to the table. I respect my neighbors right to utilize his property for his enjoyment. Unfortunately, the way he chooses to utilize his property is impacting my legally protected right to the peaceful enjoyment of my property. The noise from the skateboard wheels on the wood ramp is disturbing my peace. The ramp was constructed at an elevation above the top of our shared 6' privacy fence, completely taking away the privacy the fence was intended to provide. Some of you may now be getting the impression I am the grouchy old complaining neighbor. I assure you that is not the case. My wife and I purchased this property August 2009 with the hope of raising our family in a nice peaceful neighborhood. Approximately 1 year later Mr. Hoyt purchased the home next door. My wife and I were pleased that a married couple raising a family were moving in next door. Very shortly after, Mr. Hoyt moved in, began the construction of the first half pipe. This half pipe is not the one that has raised this issue. This structure was erected at a much lower elevation. Also, there are some other incidents I feel that are pertinent and should be mentioned because they illustrate the type of disturbances Mr. Hoyt brought to the neighborhood. In addition to the noise disturbances from Mr. Hoyt's half pipe skating, Mr. Hoyt dug holes and built mounds for jumping motorcycles and moto cross bicycles on the canal bank behind our homes. After seeing 10-20 teens using Mr. Hoyt's dirt obstacle course behind my home and having these teens looking over my fence I felt it was time to take some action. Instead of calling the police I made a complaint to MID who responded immediately bringing out tractors and several pieces of heavy equipment to level Mr. Hoyt's obstacle course. Next Mr. Hoyt constructed another dirt track complete with jumps, mounds and holes across the street from our homes under the power lines on the right of way property maintained by Hetch Hetchy. The noise and dust created from Mr. Hoyt's motorcycle on his dirt track became unbearable. We contacted Hetch Hetchy and they responded with tractors and heavy equipment to level Mr. Hoyt's moto cross track. Shortly after that, Mr. Hoyt constructed another track on the Hetch Hetchy Right of Way. Again, we made the report and again Hetch Hetchy had to bring out the heavy equipment to level Mr. Hoyt's moto cross track. Next, the construction of the ramps for sale to the public began. There was the constant construction noise, wood sawing, drilling, and screwing from Mr. Hoyt. Ramps were being constructed on the street, sidewalk and backyard. This went on for over a year until we reported Mr. Hoyt to the City for operating a fabrication business in a residential area which City of Riverbank Code Enforcement immediately responded and resolved the issue. Then, the old half pipe was deconstructed and the new half pipe which is now in question was constructed. Hopefully, you all are getting the picture that I am not the grouchy old man next door by now. I feel we have been overly tolerant of Mr. Hoyt's disturbances. I would also like to state that we bought this home not only as a place to reside but as an investment in our retirement as I am sure most of us have. The intention being to sell and downsize once our children have moved on. I have been informed by several real estate agents that the noise and privacy issues from Mr. Hoyt's half pipe will have to be disclosed to any potential buyers, and more likely than not will have a negative impact on the value of my home. Not many buyers out there are looking for a residence next door to a Tony Hawk amusement park. Depending on the results of this hearing, litigation to my property value loss will be an option I will be considering.

Hopefully the council will understand this is impacting my legally protected right to the peaceful enjoyment of my home. I am not against the extreme sports Mr. Hoyt enjoys. I find the x-games on TV entertaining, but there is a time and place for these activities and I do not believe a residential subdivision is the place. The City has graciously already provided a skate park for the skating enthusiasts, and judging from the commercial area the City chose to erect this park, it would appear noise impact was considered in determining the parks location.

In the event you disagree with me there are restrictions I hope you will consider as follows:

1) Turn the half pipe in a north to south direction. There is not a shared fence on the south fence line, therefore no residents to impact on the south line.

2) Time restrictions that will impact adjacent neighbors less. My recommendation is 12:00 p.m. to 5:00 p.m., Mon - Sat and no skating on Sundays to allow residents 1 day a week of complete relief.

3) Utilization of noise reduction construction materials. There are several noise reduction materials on the market and I cannot see any reason why these materials shouldn't be utilized.

PHOTOS SUBMITTED WITH THIS WRITTEN COMMENT ARE AVAILABLE FOR PUBLIC INSPECTION AT THE CITY CLERK'S OFFICE, 6707 THIRD ST., SUITE A, RIVERBANK

THIS WRITTEN COMMENT WAS SUBMITTED TO THE PLANNING COMMISSION FOR CONSIDERATION OF A PUBLIC HEARING ITEM 4.1 ON MARCH 20, 2018

March 2, 2018

Re: March 20, 2018 Meeting
Issue: Skateboard Ramps

Council Members of City of Riverbank

First, I would like to start out by thanking all of you for the time you have put into this issue and listening and considering options for skate ramps in backyards of subdivision residential areas.

At the last meeting, Planning Commissioner Robert Ball commented people have trampolines, and you are correct. In fact, another neighbor does have one as well. There is not an issue with the trampoline. These are people jumping up and down in matter of seconds and honestly no privacy issue is my thought with trampolines. We love hearing the kids jumping, laughing and having a great time. We love hearing everyone and the gatherings at their homes and the laughter that goes with it all, we have them! We have 4 boys, 2 still at home. Trust me we have family gatherings or the boys have had friends over. Difference, we did not have structures allowing anyone to stand at the top of looking over at neighbors, disturbing them and their yard and tempting them to comment.

This issue is a matter of either banning and if not then regulating the size of skateboard ramps height, width, depth, the times of use in respect for people that work different schedules and hugely PRIVACY. The height of this particular ramp that is subject stands taller than our fence at peak height at each end of ramp and the ramp takes up then entire back end of the yard almost fence to fence with exception of structure requirements how far away from fence. This neighbor and whoever he has over literally stands up there having conversation, looking over our fence, antagonizes our dogs and at times he and his guests have made comment to us while we are sitting back there "what are you looking at" "is there a problem", well excuse us your standing there looking over my fence and at us making the comments, this is our backyard. We have had to call the police out several times due to incidents of things said to us over the fence and leaded to the front and everyone arguing. NOT OK! The noise is only an issue with skateboarding due to times chosen to use it.

When we have guests over and swimming I have had more comments about it as well. Sorry but not all of us want to be seen publicly in our bathing suits or we would have invited you. We cannot go out in mornings in our pajamas and have coffee not knowing if we will have company of him and his ramp and looking over our fence. The issue is merely the fact rules/regulations if anything need to be implemented if this is going to be allowed out of respect and privacy of the neighbors. We are in a subdivision not out into the country with large property. Everyone should be able to enjoy the privacy of their property.

Please consider if not banning it in residential properties then at least implementing rules/regulations. The size, the materials used to build should include noise reduction materials, the times for use, the height of the lighting attached to the ramps (neighbor has posts high up with lighting all aound it like an amusement park). I truly would hate to see anyone else have to go through some of the incidents we have had to here. It is difficult, it is embarrassing and uncalled for and well have to live next to each other still, we own our homes! To avoid this regulations at least need to be implemented, I cannot emphasize that enough. Preference would certainly be banning, there are parks for this activity with the no privacy or noise issues to worry about.

Food for thought, if it mattered to him much why have they not showed up to any of the meetings to argue their side. We have attended each meeting. The neighbor on other side of us is trying to clear their schedule to attend March 20th as well as a few others in area if their schedules allow. Hard for many due to work, children and/or school. We do not have neighbors behind us it is a canal and we do not have neighbors across the street it is field owned by Hetch Hetchy. Otherwise, I am sure this would have caused issues with others.

Thank you for your consideration

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.2

SECTION 6: NEW BUSINESS

Meeting Date:	April 10, 2018
Subject:	Rescind, Restate, and Clarify Ad Hoc Illegal Fireworks Committee
From:	Sean Scully, City Manager

RECOMMENDATION

It is recommended that the City Council:

1) Rescind, by roll call vote, the City Council's voting action on March 27, 2018, creating a committee on Illegal Fireworks; and
   2) Clarify that a two Council Member committee will serve as a true ad hoc committee which will solicit input from interested members of the public, staff, and outside agencies for a period not to exceed 90 days on the matter of illegal fireworks and potential solutions. The findings and recommendations of the ad hoc committee will be reported back to Council.

SUMMARY/BACKGROUND

At the May 13th City Council meeting Council considered the creation of a committee to examine solutions to the citywide problem of illegal firework use in and around the 4th of July holiday. As this is a specific task with a specified time frame associated the intent from the outset was to create an ad hoc committee. Through Council discussion a number of different ideas were presented as to committee makeup, the intent from Council was that it would be a series of informal meetings to discuss options for handling the problem of illegal fireworks. After Council directed general makeup (subsequent to the meeting and Council action) staff's analysis indicated that if the makeup moved forward as discussed, technically the committee would no longer be considered "ad hoc" and instead would be subject to the same restrictions and formalities as a Planning Commission or Budget Advisory Committee. As this had not been the intent of Council, staff would recommend that Council more clearly delineate that the ad hoc committee will only formally include Councilmembers Campbell and Fosi who will participate in informal meetings with interested community members, staff and outside agency reps in order to develop some recommendations for Council. Once those recommendations are presented to Council the normal terms of the public hearing process will allow for input and discussion.

FINANCIAL IMPACT

Minimal financial impact is expected. Some minor resources will be used to coordinate meetings, and staff time associated with research/policy development. The impact is not expected to be significant to the City budget.

STRATEGIC PLAN

This item was specifically stated as a strategic objective under the "Enhance Public Safety" section.

ATTACHMENT

None

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.3

SECTION 6: NEW BUSINESS

Meeting Date:	April 10, 2018
Subject:	A **Resolution** Approving the Guideline Amendments for the First Time Homebuyer Program, Housing Rehabilitation Program, Single Family Temporary Relocation Plan, and Loan Servicing Policies and Procedures
From:	Sean Scully, City Manager
Submitted by:	Marisela H. Garcia, Assistant City Manager/Director of Finance Rosa Casas, Housing Specialist

RECOMMENDATION

It is recommended that the City Council hold the Public Hearing and consider adopting a Resolution approving the recommended amendments to the guidelines for the First Time Homebuyer Program, Housing Rehabilitation Program, Single Family Temporary Relocation Plan, and Loan Servicing Policies and Procedures.

SUMMARY

The City is required by granting agencies to update program guidelines in order to comply with specific regulations established by the agencies. The program guidelines provide direct guidance to the City on the policies and procedures that are necessary to ensure full compliance with the program. The First Time Homebuyers and Housing Rehabilitation Guidelines have been properly updated as required by the Community Development Block Grant (CDBG) Program, HOME Investment Partnership, and CalHOME. The last update to these guidelines was approved in 2014.

BACKGROUND

First Time Homebuyer Program

The City of Riverbank's First Time Homebuyer (FTHB) Program has been assisting residents in Riverbank on the purchase of their first homes since 1998. This program is designed to be a "gap financing" mechanism whereby the City is able to loan funds to those residents whose primary loan is insufficient to purchase their first home. Currently, our program is funded by grants awarded by the Community Development Block Grant (CDBG) Program and the Home Investment Partnership (HOME) Program. These funding sources require first time homebuyer applicants to meet Housing and Urban Development (HUD) income guidelines to qualify for our program.

Major recommended changes to the First Time Home Buyer Guidelines include the following:

1. Cleanup of language to reflect correct titles on forms commonly used in Real Estate transactions (such as Purchase & Sales Agreement).
2. The City will not providing funding for the payment of discount points, which are costs that should be solely borne by the purchaser.
3. Co-signer income and assets will be taken into consideration when determining income eligibility.
4. Maximum Program Assistance Amount (Loan) will increase from $70,000 to $125,000. This will significantly benefit those residents on the low-to –very low income spectrum.
5. Document current policies that are not formally in writing, such as:
    a. Document that the loan term is a 30 year term.
    b. Document that Interest begins to accrue upon the signing of the City Loan.
    c. Document that there are no prepayment penalties.

Housing Rehabilitation Loan Program

The Housing Rehabilitation Program has been very successful in assisting residents of the City of Riverbank with the rehabilitation or reconstruction of their homes since 1986. The major recommended changes to the Housing Rehabilitation (HR) Program Guidelines as follows:

1. A Landlord choosing to participate in this program must commit to a Rental Limitation agreement for the life of the loan. Tenants must be a part of a Targeted Income Group (i.e. seniors).
2. Maximum Program assistance Amount was increased from $100,000 to $150,000.
3. Clarification on who can receive deferred payment loans, grants for Lead Based Paint remediation, prepayments, and Property Owner Responsibilities should they elect not to move forward with rehab.
4. Clarified terms with regards to financing for Reconstructions, including financing limits ($220,000), types of improvements, property owner responsibilities, financing terms, etc.

Single Family Temporary Relocation Plan

If a rehabilitation project results in the potential that a family will be displaced during the project period, the City is required to follow an Anti-Displacement and Relocation Assistance Plan. The City must provide permanent relocation benefits to all eligible “displaced” households during the project period. Relocation benefits can include rental of an apartment and storage unit rental, amongst others. No substantive changes were made other than language cleanup.

Loan Servicing Policies and Procedures

The Loan Servicing Policies and Procedures are internal guidelines intended to guide the staff when administrating loans after they have been issued. These are documented in order to ensure that all loans are treated equally.
Major amendments include the following:

1. Documents the Annual Occupancy requirements which request homeowner to submit proof of ownership on an annual basis.
2. Documents the formal Foreclosure process, whether it is initiated by the City or by a senior lienholder (first mortgage).

STRATEGIC PLAN

This item is indirectly related to the City's Strategic Plan, but offers the City the opportunity to provide valuable programs to the residents of Riverbank.

FINANCIAL IMPACT

No financial impact is anticipated with the adoption of the guidelines.

ATTACHMENT

1. Exhibit A: First Time Homebuyer Program Guidelines – Redline Version
2. Exhibit B: Housing Rehabilitation Program Guidelines – Redline Version
3. Exhibit C: Single Family Temporary Relocation Plan – Redline Version
4. Exhibit D: Loan Servicing Policies and Procedures – Redline Version
5. Resolution

EXHIBIT A

City of Riverbank

State of California Housing and Community Development
Community Development Block Grant (CDBG)
HOME Investment Partnership

Serving the Area of

City of Riverbank,
City Limits

Homebuyer
Program Guidelines

Resolution : 2018-XXXX
April 10, 2018

HOMEBUYER PROGRAM GUIDELINES
Table of Contents

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TABLE OF CONTENTS (CONTINUED)
ATTACHMENTS

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CITY OF RIVERBANK

HOMEBUYER PROGRAM GUIDELINES

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 homebuyer programs. The homebuyer program described herein (the "Program") is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as "housing units", located within the Program's eligible area, as described in Section 2.1. The Program provides this assistance in the form of a deferred payment "silent" second priority loan as "Gap" financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers. The Program will be administered by the City of Riverbank ~~Finance and Housing Department~~ Housing Division (the "Program Operator"). (Note: Program Operator may be the Sponsor, or may be a named contractor, consultant, or subrecipient that has been approved by the Sponsor.) ***~~Note: For CDBG the Sponsor is the Grantee~~.***

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 logo 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. (For HOME, the Sponsor shall develop a Fair Housing Marketing Plan prior to project set up). 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 homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

B. The Program Operator will work closely with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.

C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise

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qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor should take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. The Sponsor maintains an ~~waiting~~ interest list of applicants. Each applicant is asked to complete an application form, which asks for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for Program participation. Applications are only deemed complete if all information is completed, the application is signed and dated, and a primary lender's pre-qualification letter is attached to the application. Incomplete applications ~~are~~ will be returned to the applicant and will not be date/time stamped until complete.

B. Applicants ~~is~~ are invited to a briefing regarding participation in the Program. At the briefing the application is reviewed and an income screening completed for eligibility. If eligible the potential homebuyer is given a "Preliminary Eligibility Letter" for the Program along with the following forms: ~~Program Brochure~~, ~~Attachment (I)~~ Instructions to Home Buyer with checklist of Loan Documents to be submitted, the EPA Booklet (Protect Your Family from Lead in Your Home), Property Disclosure package containing Acquisition Notice to Seller, Seller Certification, attachment (~~F~~D) Sellers Lead-Based Paint (LBP) Disclosure, attachment (~~G~~E) LBP Contract Contingency Language, (~~H) Notice to Seller~~, and ~~the EPA Booklet (Protect Your Family from Lead in Your Home)~~ attachment (F) Disclosures to seller with Voluntary, Arm's Length Purchase offer, . Complete applications are date and time stamped, therefore, assistance is given on a first-come-first-served basis.

C. The potential homebuyer application eligibility screening will be valid for 180 days (six months) in order to find a qualified home and begin securing a primary loan for the housing unit. If during the 180-day time frame the potential homebuyer is unable to purchase a home, a~~re~~ renewal application must be completed. Application process will remain available as long as funding is available. Once funding has expire, an interest list will be initiated.

1.3. THE HOME PURCHASE PROCESS

A. The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

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DEBT SERVICE
FOR A ~~FAMILY~~ HOUSEHOLD OF
FOUR EARNING $~~2,500~~3,700 PER MONTH

HOUSING PAYMENTS		**TOTAL OVERALL PAYMENTS**	
Principal & Interest Payment	$ ~~580~~1,110	$ ~~750~~1,280	Housing
Insurance	50	+~~250~~300	Other Debt Service
Taxes	120	$~~1,000~~1,580	Total Debt Service
Total Housing Expense	$~~750~~1,280		

(PITI is ~~30~~35% of $~~2,500~~3,700) (Overall debt service per month is 43% of $3,700)

OTHER HOUSEHOLD DEBT SERVICE

Car Payment	$~~150~~200
Credit Card Payment	100
Total Other Debt	$~~250~~300

A $~~580~~ 1,110 per month loan payment equates to borrowing $~~121,500~~219,000 at 4.5% for a 30-year term.

SUBSIDY CALCULATION
FOR A FAMILY OF FOUR EARNING $~~2,5~~3,700 PER MONTH

Purchase Price of Property	$ ~~150~~280,000
Less Primary loan amount	$ ~~121,500~~219,000
Less down payment of 1%	~~1,500~~$2,800
Equals **"GAP"**	**$ ~~27,000~~58,200**
Plus estimated allowable settlement charges	$10,000 ~~4,500~~
Equals **Total Subsidy**	**$ ~~31,500~~68,200**

B. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions: (Depending on the HCD Program)

1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement;
2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
3) The housing unit will be subject to inspection;
Note: For CDBG local health and safety standards and for HOME the housing unit must comply with local codes at the time of construction. CalHome has not established conditions of housing units that are to be purchased but has elected to leave this requirement to the Sponsor.

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4) All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment F);

5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;

6) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, a renter purchasing the unit, or vacant for four months (120 days) prior to submission of the purchase offer.

7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.

C. Applicant submits executed standard form Purchase and Sale agreement, all addendums, and primary lender prequalification letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit, loan eligibility, and amount of assistance to be provided consistent with these guidelines.

D. Any work to be completed after purchase will be undertaken through the Program's housing rehabilitation program time period of completed will be determined by the Loan Committee at time of loan approval.

Note: For HOME the housing unit must meet code no later than two years after transfer and be free from health and safety defects prior to initial occupancy. CalHome funds shall only be used for permanent gap financing for a housing unit ready for occupancy with the exception of a primary loan obtained through HUD or USDA, which addresses rehabilitation of the housing unit.

~~D.~~E. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Sponsor for approval or denial, including the reasons for the recommendation. Sponsor determines Applicant's approval or denial and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures.

~~E.~~F. When Primary Lender requirements are met Program funds are deposited into escrow with required closing instructions and loan documents.

~~F.~~G. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood, if required, and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is required. Failure to provide owner occupied hazard insurance will cause the City to enter into the foreclosure process.

1.4. HOMEBUYER COSTS

A. Eligible households must document that they have the funds necessary for the down payment and closing costs as required by the Primary Lender and the Sponsor. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement.

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B. Homebuyer funds shall be used in the following order:

1) Down payment ~~-~~ï one percent (1%) minimum requirement~~:~~ ~~(Example: Three percent of purchase price or $3,000, whichever is greater).~~

2) To the extent possible after satisfying 1), above, appraisal fee; cost of credit report; the loan origination fee;~~ discount points customary homebuyer closing costs;~~ homebuyer's customary portion of the escrow fees; title insurance; and the establishment of impound accounts for property taxes and insurance.

3) After 1) and 2) above are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the ~~interest rate~~impound account of the primary loan as necessary.

C. If the items in B.1~~2~~), above cannot be satisfied with ~~home~~buyer funds, the ~~Sponsor~~ buyer may use gifted funds from any source other than the seller of the property being purchased to cover the remaining balance.~~provide Program loan assistance to cover the remaining balance~~ Gift funds must be supported by a notarized gift letter.

D. Sponsor may not provide more than 50 percent of the down payment required by the primary lender ***(CDBG requirement)***. Sponsor may provide sufficient assistance, as Program loan principal, to reduce the monthly payments for PITI to an affordable level of household income. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are within approximately 30 to 45 percent of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training can bring success to the Sponsor, Program Operator, the Program, and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a Sponsor-approved homebuyer education class ***(a CalHome requirement)***. The homebuyer education class may cover such topics as the following: planning and preparing for homeownership; money management; available financing; credit analysis; loan servicing; shopping for a home; loan closing; homeownership responsibilities; and home maintenance.

1.6. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, the following shall be addressed: in accordance with title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan

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committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.

1.7. NON-DISCRIMINATION REQUIREMENTS

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

2.0 APPLICANT QUALIFICATIONS

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

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

~~2014 median family income for non-metropolitan counties statewide, applies to 18 counties*~~

~~Number of Persons in Household~~								
	~~1~~	**~~2~~**	**~~3~~**	**~~4~~**	**~~5~~**	**~~6~~**	**~~7~~**	**~~8~~**
~~of AMI~~	~~1,400~~	~~5,850~~	~~0,350~~	~~4,800~~	~~8,400~~	~~2,000~~	~~5,600~~	~~9,150~~

Income Limits ~~to~~ will be updated annually upon ~~funding source of~~ issuance of annual Income Limits by the funding source. *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/grants-funding/income limits/state-and-federal-income-limits.shtml~~hpd/hrc/rep/state/cdbg_home07.pdf~~

Household: means one or more persons who will occupy a housing unit.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the upcoming 12-month period, and/or Net income of self-employed business supported by a Profit and Loss document prepared by a~~formed~~ CPA and/or certified tax preparer.

2.2. INCOME QUALIFICATION CRITERIA

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Projected annual gross income of the applicant's household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance, will be followed to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements, and third party Verification of Employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the upcoming 12-month period, and will be used to determine program eligibility. For those types of income counted, gross amounts (before any deductions have been taken) are used,~~;~~ and the types of income that are not considered would be income of minors or 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.hud.gov/~~offices/cpd/affordablehousing/training/web/calculator/definitions/part5.cfm~~grants-funding/income-limits/income-calculation-and-determination-guides.shtml**

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

~~NOTE: Non-occupant co-signers will not be required to submit income and asset documentation. Co-signers income will not be included in the household income determination. Co-signers are acceptable as long as their names do not appear on the Grant Deed or Deed of Trust.~~

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 Assets 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.hud.gov/~~/~~grants-funding/income-limits/income-**

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calculation-and-determination-guides.shtml
~~offices/cpd/affordablehousing/training/web/calculator/definitions/part5.cfm~~

See Attachment B: ~~Part 5~~ Annual Income Assets Inclusions and Exclusions

2.3. DEFINITIONS OF AN ELIGIBLE HOMEBUYER

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

Note: Jurisdictions with CDBG-funded programs may develop their own definitions of an eligible homebuyer, and may choose to assist eligible homebuyers who are not "first-time" homebuyers.

HOME- and CalHome-funded Programs are required to use the following definition of an eligible homebuyer, which is a "first-time homebuyer" from 8201 (k) Title 25 California Code of Regulations:

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

1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;

2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and

3) An individual or individuals who owns or owned, as a principal residence during the prior three years before the purchase of a home with assistance, a dwelling unit whose structure is:

a) Not permanently affixed to a permanent foundation in accordance with local or state regulations; or

b) ~~Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.~~

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3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: City limits of the City of Riverbank.

B. Housing unit types eligible for the Homebuyer Assistance Program are new or previously owned, single-family detached houses, halfplex, duplex, condominiums, or manufactured homes on a single-family lot and placed on a permanent foundation system. HOME does not allow the purchase of manufactured homes unless it is located on a permanent foundation system.

C. All housing units must be in compliance with State and Local codes and ordinances.

D. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance in order to close escrow.

3.2. CONDITION

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit not requiring participation in Sponsor's housing rehabilitation program, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

1) The Program Operator's ~~construction~~ building inspector will walk through the housing unit, determine if it is structurally sound and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their realtor to be negotiated with the seller.

2) When the Sponsor's Program utilizes Federal funds, and if the housing unit was constructed prior to 1978, then the lead-based paint requirements of Section 3.2.E will apply.

3) A clear pest inspection report will be required for each housing unit.

4) Smoke detectors will be installed if there are none in place.

~~3)~~5) The Program Operator will encourage each homebuyer to secure a homeowner's warranty policy as part of the purchase of a resale housing unit.

~~4)~~6) Upon completion of all work required by the ~~construction~~ building inspector, a final inspection will be conducted prior to close of escrow. The inspector

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will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with state and local codes and health and safety requirements at the time of purchase and prior to occupancy.

B. After a home is purchased using this Program (unless a commitment is made to rehabilitate the home in conjunction with the purchase) such home **shall not** be eligible for the Sponsor's housing rehabilitation program, if any, for the relevant period of affordability. ***Note: All three HCD programs allow purchase and rehabilitation concurrently.***

Note: For HOME-funded programs - during the first year after the rehabilitation project is complete, the Sponsor may commit additional funds to a project. After the first year, no additional HOME funds may be provided during the period of affordability (except a homebuyer may be assisted to acquire a unit previously assisted with HOME funds).

C. If the assisted homebuyer is acquiring and rehabilitating a home with Program funds:

1) The housing unit must be free from any defects that pose a danger to the health and safety of occupants before occupancy ***(and for HOME-funded programs any deficiencies must be corrected no later than six months after the transfer is made to the owner)***. The ~~construction~~ building inspector must inspect the housing unit again at project completion. The housing unit must meet written rehabilitation standards and local codes and ordinances at project completion ***(and for HOME within two years of property transfer to the owner).***

2) The Sponsor's Housing Rehabilitation Guidelines will be adhered to.

D. Housing unit size shall be sufficient to meet the needs of the homebuyer household, without overcrowding. Generally, this means not more than two persons per bedroom or living room.

E. ~~E.~~ Lead Based Paint Hazards: All housing units built prior to 1978 for which HOME or CDBG funding is anticipated, are subject to the requirements of this ~~section~~ Section 3.2.E. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. (Note: The Sponsor may choose to pick up the cost as an incentive to sellers who might not otherwise sell to a Program participant due to costs and potential delays due to dealing with lead-based paint requirements.) HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

(Note: the CDBG Program allows grants for lead hazard evaluation and reduction activities. The HOME Program allows grants for lead hazard evaluation and reduction activities only for **acquisition with rehabilitation** ***programs where the proposed paint stabilization measures do not add value to the home, ~~and upon approval of revised regulations expected to be adopted in~~***

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~~April, 2004,~~ HOME will also allow grants for lead hazard evaluation and reduction activities that do not add value to the home for* acquisition-*only programs.)

The following requirements must be met:

1) **Notification**: a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given a copy of and asked to read the EPA pamphlet "*Protect Your family From Lead in Your Home".* (EPA 747-K-94-001, ***~~September 2001~~June 2017****)*. A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 ~~(Attachment J).~~

2) **Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment ~~F~~D), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.

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

4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job, in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

5) **Purchase Contract Contingency Language:** Before a homebuyer is obligated under any contract to purchase a pre-1978 housing unit, the seller shall permit the homebuyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. (See Attachment ~~G~~ E for sample lead-based paint contract contingency language).

   A homebuyer may waive the opportunity to conduct the risk assessment or inspection by so indicating in writing, such as in Attachment ~~F~~D, item (e)(ii). In this case the purchase contract contingency language is not required.

F. The Program Operator will: 1) confirm that the housing unit is within the eligible area, and 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding.

3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner occupied or have been vacant for

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four months prior to the acceptance of a contract to purchase. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However if tenant occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws:

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

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

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

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

3.4. PROPER NOTIFICATION AND DISCLOSURES

A. Upon selection of a housing unit, a qualified seller and homebuyer must be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller. **(See Attachments for Sample disclosures.)**

B. All owners who wish to sell their housing units must receive an acquisition notice prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (Required for federally funded Programs).

4.0. PURCHASE PRICE LIMITS

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The purchase price limits for this Program, by number of units in the home, are as follows: One-family $______; Two-family $______; Three-family $______; Four-family $_______.

Note: Sponsor may eliminate multi-unit homes from consideration. For HOME- and CalHome-funded Programs the home purchase price of owner-occupied and homebuyer properties must be limited as follows: For CalHome-funded Programs, the purchase price can not exceed 100% of the area median purchase price as established by comparable sales or information provided by the California Real Estate Association; for HOME-funded Programs the value (with or without rehabilitation) can not exceed 95 percent of the area median purchase price -- see Attachment C. Sponsor may choose to establish lower limits if it sees fit. Sponsor is not required to establish a purchase price limit for solely CDBG-funded Programs.

~~**Attachment C:**~~ **MAXIMUM PURCHASE PRICE / AFTER REHAB VALUE LIMITS** to be the most current limits as issued annual by HCD ~~http://www.hcd.ca.gov/fa/home/homelimits.html~~ http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml.*Sponsor will update these limits annually as HCD provides new information.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

5.1. QUALIFYING RATIOS

Primary loans underwritten by FHA, USDA Rural Development, Fannie Mae, Freddie Mac, or CalHFA will be acceptable to establish creditworthiness, repayment ability, and dependability of income.

Note: If none of the above primary loans are used, it will be up to the Sponsor to establish the front-and back-end ratios that will be allowable in their program. The ratios are calculated on the borrower's fixed monthly expenses to the household's gross monthly income.

The front-end ratio shall be between _30_% and _35_%, ~~***(28% to 35%, for example)***~~ and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of PITI (loan principal and interest payment + property taxes + property insurance).

Note: The borrower would qualify if the proposed monthly PITI payment were 35% or less than the borrower's gross monthly income.

The back-end ratio shall be between _35_% and _45_% ~~***(36% to 49%, for example)***~~ and is the percentage of a borrower's gross monthly income that would cover the cost of PITI plus any other monthly debt payments like car or personal loans and credit card debt.

~~***Note: Qualifying ratio guidelines can be somewhat flexible depending on the loan-to-value (LTV) ratios. The higher the LTV, the more conservative the ratios should***~~

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~~be. A qualifying ratio higher than the guidelines may be acceptable if there are compensating factors. Some examples of compensating factors are: 1) the prospective homebuyer has successfully demonstrated that over a minimum 12-month period the ability to pay housing costs equal to or greater than the proposed monthly housing costs for the home to be purchased; 2) the prospective homebuyer is a limited user of credit and they show a history of being able to save money; 3) there will be no more than a 5% increase in the prospective homebuyer's housing expense.~~

5.2. INTEREST RATE

The primary loan rate of interest shall be fixed (not an adjustable rate mortgage~~,~~ (ARM)) at the current market rate. If "Risk Rates" are applied (an interest rate that reflects the primary lender's loan risk) each loan shall be evaluated by the Sponsor on a case by case basis.

Note: for HOME-funded programs, ~~upon approval of revised regulations expected to be adopted in April, 2004~~, the current market rate must be evidenced by the Effective Rate plus 50 basis points listed in the Federal Housing Finance Board's most recent Monthly Interest Rate Survey for the San Francisco District and no temporary interest rate buy-downs are permitted.

5.3. LOAN TERM

The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

~~Note: One exception under the CDBG and CalHome-funded Programs is that sponsor may incorporate into its guidelines a shorter term for loans to purchase manufactured homes not on permanent foundations.~~

5.4. IMPOUND ACCOUNT

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

6.0. THE PROGRAM LOAN

6.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed $~~70,000.00~~125,000.00 ~~(Example $45,000)~~. Any approved "grant" amount for lead-based paint evaluation and mitigation activities or for closing costs shall be included in this amount.

Note: The CalHome and CDBG Programs do not have a specific subsidy limit, but Sponsor must establish a subsidy limit for the local Program. The following HOME subsidy limits (updated each year by HUD) control the amount of HOME Program assistance that may be provided to a Program homebuyer. The loan amount may be lower than the County's HUD-published limits.

~~**Attachment D:**~~ **HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d) (3) can be**

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located at http://hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml
Homeowner Maximum Purchase Price/After-Rehabilitation Value Limits can be located at: http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml

6.2. NON-RECURRING CLOSING COSTS

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

6.3 AFFORDABILITY PARAMETERS FOR BUYERS

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.1. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The primary lender will use the "front-end ratio" of housing-expense-to-income to determining the amount of the primary loan and, ultimately, the program subsidy amount required, bridging the gap between the purchase price (less down payment) and the amount of the primary loan.

6.4. RATE AND TERMS FOR PROGRAM LOANS

All Program assistance to individual households shall be made in the form of a deferred payment (~~interest and principal)~~ loan. ~~Below in A and B are the two types of interests that are allowed on the program loan. The Sponsor may elect to do both types of interest but not on the same loan. The homebuyer may either be offered type A or B (explained below) on their Program loan.~~

~~A.~~ The Program loan's term shall be for at least as long as the primary loan which will be limited to 30 year term, fixed interest rate. All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan payment. The City loan ~~interest rate (for CalHome and HOME ranging from 0 to 3 percent)~~ shall be 3%, simple interest rate. ~~***(to be established here, depending on the HCD Program the Sponsor will be using)***~~. Interest earning shall begin occurring upon signing date of City Loan Deed of Trust.~~All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan.~~ ~~***Note:***~~

The Sponsor may allow forgiveness of all or a portion of the accrued interest as part of a local program design. ~~***Loan principal shall not be forgiven, unless allowed by statute. In lieu of making loans bearing a fixed rate of interest, Sponsors may instead charge contingent deferred interest in the form of shared net appreciation as set forth in Section B (CalHome only).***~~

6.5. LOAN-TO-VALUE RATIO

The loan-to-value ratio, when combined with all other indebtedness to be secured by the

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property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time, upon written notification to and approval of the Sponsor. No prepayment penalties shall be implemented at any time prior to maturity of City loan. All prepayments will be applied to interest earned first then any excess will be applied to principal balance.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

City of Riverbank
6707 Third Street
Riverbank, CA 95367

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 Program Income Account, as required by all three HCD programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the 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.

7.3. DUE UPON SALE OR TRANSFER

A. Loans are due upon sale or transfer of title ~~(unless assumable as in B below)~~ or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. ~~See Attachment E on loan defaults for further information on property restrictions.~~

B. Program loans may or may not be assumable according to the HCD program and the loan documents. Loan Committee will make determination on a one by one basis.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment ~~E~~C 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.

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7.5. LOAN MONITORING PROCEDURES

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

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

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

A. Loan Processing

All homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Sponsor's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit:

- ~~1)~~ accepted property sales contract and addendums with proper seller notification;
- 2) mortgage application with ~~good faith estimates~~ estimated settlement statement and first mortgage disclosures;
- 3) full mortgage credit report and rent verification;
- 4) current third party income verifications and verifications of assets;
- 5) homeownership education certificate~~, if applicable.~~

Staff will work with local lenders to ensure qualified participants receive only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible, for example in many cases the Primary Lender will not require mortgage insurance with the Sponsor's second in place which will save on the homebuyer's monthly payment.

B. Credit worthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's credit-worthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or ~~disapprove~~ deny a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documents needed. Documents may be faxed but originals ~~shall~~ must be received ~~through the~~via mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the

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Program Operator will do an income certification (using most recent HCD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

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

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

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

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign both promissory notes, deeds of trust, and statutory lending notices (right of rescission, truth in lending, etc. ~~etera~~); the ~~deeds~~ Deeds of ~~trust~~ Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of notice of default are also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

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

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be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

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

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

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

10.1. DEFINITION OF EXCEPTION

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

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor'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 Sponsoros loan committee and/or governing body for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. The appeal must be made in writing. Sponsor has 30 days to review the appeal, seek recommendations from the loan committee, or if none, the sponsoros governing body, and respond in writing to the applicant.

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~~ATTACHMENT A~~

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

~~Part 5 Inclusions~~

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

~~**General Category**~~	~~**Statement from 24 CFR 5.609 paragraph (b) (April 1, 2004)**~~
~~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 amount (except as provided in number 14 of Income Exclusions).~~
~~5. Unemployment & Disability Income~~	~~Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).~~
~~6. Welfare Assistance~~	~~Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:~~ ~~Qualify as assistance under the TANF program definition at 45 CFR 260.31; and~~ ~~Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).~~ ~~If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:~~ ~~the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; *plus*~~ ~~the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.~~
~~7. Alimony, Child Support, & Gift Income~~	~~Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.~~
~~8. Armed Forces Income~~	~~All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).~~

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~~Part 5 exclusions~~

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

~~General Category~~	~~Statement from 24 CFR 5.609 paragraph (c) (April 1, 2004)~~
~~1. Income of Children~~	~~Income from employment of children (including foster children) under the age of 18 years.~~
~~2. Foster Care Payments~~	~~Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).~~
~~3. Inheritance and Insurance Income~~	~~Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).~~
~~4. Medical Expense Reimbursements~~	~~Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.~~
~~5. Income of Live-in Aides~~	~~Income of a live-in aide (as defined in 24 CFR 5.403).~~
~~6. Disabled Persons~~	~~Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-basedrental 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. Armed Forces 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~~	~~a. Amounts received under training programs funded by HUD.~~ ~~b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set side for use under a Plan to Attain Self-Sufficiency (PASS).~~ ~~c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.~~ ~~d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.~~ ~~e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.~~
~~10. Gifts~~	~~Temporary, nonrecurring, or sporadic income (including gifts).~~
~~11. Reparations~~	~~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 SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.~~
~~15. Property Tax Refunds~~	~~Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.~~
~~16. Home Care Assistance~~	~~Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.~~

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~~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 of 24 CFR 5.609(c) apply, including:~~ - ~~The value of the allotment made under the Food Stamp Act of 1977;~~ - ~~Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);~~ - ~~Payments received under the Alaskan Native Claims Settlement Act;~~ - ~~Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;~~ - ~~Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;~~ - ~~Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;~~ - ~~Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);~~ - ~~The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;~~ - ~~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 Indian 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 Service Act of 1990;~~ - ~~Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;~~ - ~~Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and~~ - ~~Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.~~

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Attachment A

Annual Income Inclusions and Exclusions

Part 5 Inclusions

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

General Category	(Last Modified: January 2005)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).
6. Welfare Assistance	Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income: - Qualify as assistance under the TANF program definition at 45 CFR 260.31; and - Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of: - the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; **plus**: - The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

Part 5 Exclusions

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

General Category	(Last Modified: January 2005)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in	Income of a live-in aide (as defined in 24 CFR5.403).

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Aides	
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	a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set side for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving s a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of $480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	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;

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	- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; - Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps). - Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation; - Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990; - Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran; - Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and - Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

~~ATTACHMENT B~~

~~24 CFR Part 5 ASSETS INCLUSIONS AND EXCLUSIONS~~

~~This presents the Part 5 asset inclusions and exclusions as stated in the Code of Federal Regulations.~~

~~Statements from 24 CFR Part 5 - April 1, 1998~~

~~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.~~
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 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

Annual Income 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 ï 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 householdd 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).

Assets that are Part of an Active Business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

~~ATTACHMENT C~~

~~MAXIMUM PURCHASE PRICE / AFTER REHABILITATION VALUE LIMITS~~
~~http://www.hcd.ca.gov/fa/home/homelimits.html~~
~~State of California HOME Program~~
~~Single-Family Maximum Purchase Price/After-Rehabilitation Value Limits~~

~~FOR ACQUISITION AND/OR REHABILITATION OF EXISTING HOUSING~~

~~Effective January 1, 2014~~

~~County~~	**~~One-Unit~~ ~~95% Median Limit~~**
~~San Diego County~~	~~312,000~~
~~San Joaquin County~~	~~173,000~~
~~San Luis Obispo County~~	~~356,000~~
~~Santa Barbara County~~	~~228,000~~
~~Santa Clara County~~	~~430,000~~
~~Santa Cruz County~~	~~383,000~~
~~Shasta County~~	~~171,000~~
~~Sierra County~~	~~208,000~~
~~Siskiyou County~~	~~168,000~~
~~Solano County~~	~~204,000~~
~~Sonoma County~~	~~299,000~~
~~Stanislaus County~~	~~143,000~~
~~Sutter County~~	~~145,000~~
~~Tehama County~~	~~162,000~~
~~Trinity County~~	~~205,000~~
~~Tulare County~~	~~139,000~~
~~Tuolumne County~~	~~204,000~~
~~Ventura County~~	~~333,000~~
~~Yolo County~~	~~219,000~~
~~Yuba County~~	~~142,000~~

~~For the limits for buildings containing more than one unit, please contact your HOME Representative.~~

Attachment C

Space reserve for approved
Loan Servicing Policies and Procedures
r̃Exhibit Dò

Attachment D
Home Program Subsidy Limits Per Unit – Section 221(d)(3)

STATE OF CALIFORNIA HOME PROGRAM
SUBSIDY LIMITS PER UNIT – SECTION 221(d) (3)
(All limits are effective 5/8/12)

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
Fresno	$126,726	$145,273	$176,650	$228,528	$250,853
Kings	$119,532	$137,026	$166,622	$215,555	$236,612
Lake	$126,726	$145,273	$176,650	$228,528	$250,853
Madera	$117,318	$ 134,488	$163,536	$ 211,563	$ 232,231
Mariposa	$121,745	$139,563	$169,708	$219,546	$240,994
Mendocino	$121,745	$139,563	$169,708	$219,546	$240,994
Merced	$119,532	$137,026	$166,622	$215,555	$236,612
Santa Cruz	$132,260	$151,616	$184,364	$238,507	$261,807
Stanislaus	$124,512	$142,735	$173,565	$224,536	$246,471
Tulare	$121,745	$139,563	$169,708	$219,546	$240,994
All other Counties	$132,814	$152,251	$185,136	$239,506	$262,903

Attachment E

LOAN SERVICING POLICIES AND PROCEDURES

FOR CITY OF RIVERBANK___
Name of the City/County/Sponsor)

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

~~property restrictions, which are associated with them.~~

~~The policies and procedures are broken down into the 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; 8) Lender as Senior Lien Holder..~~

~~1. Loan Repayments:~~

~~The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes, which are amortized promissory notes, (or Lender will use ______________________ loan collection Company to collect payments).. Late fees will be charged for payments received after the assigned monthly date.~~

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

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

~~As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Lender may take out forced place 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 will, with enforcement endorsement naming the City of Riverbank as additional insured, be required at close of escrow. The lender may verify the insurance on an annual basis.~~

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

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

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

~~4. Annual Occupancy Restrictions and Certifications:~~

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

~~Change from owner-occupant to 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 Lender'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 in the a Targeted Income Group. 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 Lender'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 Lender 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 Lender. The Lender will only subordinate their loan 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 pay offs 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 Lender.~~

~~7. Process for Loan Foreclosure:~~

~~Upon any condition of loan default: 1) non payment; 2) lack of insurance or~~ failure to make ~~property tax payment; 3) violation of rent limitation agreement; 4) change in title or use without~~ prior ~~approval;~~ or ~~5) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.~~

~~When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, 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. Lender 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 Lender 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 Lender 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 Lender 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 them selves. As long as there is sufficient value in the property, the Lender 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 Lender 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 Lender 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 Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.~~

~~8. Lender as Senior Lien holder~~

~~When the Lender 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 Lender may consider foreclosure. Lender’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 Lender?~~

~~3) Can the Borrower sell the property and pay off the Lender?~~

~~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 Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a Deferred Payment Loan).~~

~~At the end of thirty days, the Lender 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 Lender 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 Lender 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 Lender 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 Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.~~

ATTACHMENT D~~F~~

SELLERS LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards Lead Warning Statement

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

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

____

(ii)____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) ____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).

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(ii) ____Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c)____Purchaser has received copies of all information listed above.

(d)____Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

(e)____Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or;

(ii) _____waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

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

Certification of Accuracy

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

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Seller	Date	Seller	Date
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Purchaser	Date	Purchaser	Date
ð ð ð ð ð ð ð ð ð ð	ð ð ð ð ð ð ð ð ð ð	ð ð ð ð ð ð ð ð ð	ð ð ð ð ð ð ð ð ð
Agent	Date	Agent	Date

ATTACHMENT ~~G~~E
Homebuyer Assistance Program
~~Sample~~ Lead-Based Paint Contract Contingency Language

This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the tenth calendar-day after ratification. This ending date is: _______________. [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in Your Home" for more information.)

This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report.

The Seller may, at the Seller's option, within _____ days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of the settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counteroffer, the Purchaser shall have _____ days to respond to the counter-offer or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

Seller: _________________________________ Date: ______________

Purchaser: ______________________________ Date: ______________

Property Address: ____

ATTACHMENT ~~H~~F

~~Sample~~ Disclosures to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

This is to inform you that ____(buyer's name) would like to purchase the property~~,~~ located at ______________________________________(property address), if a satisfactory agreement can be reached. We are prepared to pay $____________ for a clear title to the property under conditions described in the attached proposed contract of sale.

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

1. The sale is voluntary. If you do not wish to sell, the buyer, ____________________, thru the agency, City of Riverbank will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor City of Riverbank will not use the power of eminent domain to acquire the property.

2. The estimated fair market value of the property is $__________ and was estimated by ____, to be finally determined by a professional appraiser prior to close of escrow.

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

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:
6707 Third Street, Attn: Housing Division, Riverbank, CA 95367. If you have any questions about this matter, please contact the Housing Specialist at (209) 863-7126.

Sincerely,

____
Title

_________________________________ _____________________
Buyer Date

_________________________________ _____________________
Buyer Date

Form continues on next page with Seller's Acknowledgment

Disclosures to Seller with Voluntary, Arm's Length Purchase Offer
(Page 2)

Acknowledgement

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

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

☐ Vacant at least 4 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

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

_________________________________ _______________________
Seller Date

_________________________________ _______________________
Seller Date

Attachment I

IMPLEMENTATION STEPS
INSTRUCTIONS TO HOMEBUYER

______City of Riverbank________
(Name of Sponsor)

A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.

B. Participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. Preference will be given to vacant or owner occupied homes rather then tenant occupied.

C. Participant selects home and enters into a purchase contract (contingent upon receiving Program loan approval). Lender provides the Program Operator with a copy of:

- real Real estate sales contract
- residential Residential loan application
- credit Credit report
- verified Verified income documentation
- disclosure Disclosure statement
- proof Proof of personal funds for participation in program
- breakdown Breakdown of closing costs
- structural Structural pest control clearance
- appraisal Appraisal with photos
- escrow Escrow instructions
- preliminary Preliminary title report

D. Program Operator reviews paper work to determine program eligibility and financing affordability for participant, etc.

E. Program Operator staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and home ownership responsibilities.

F. Program Operator has home inspected (if necessary) to meet HQS or code compliance (dependent upon the program). Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.

G. Program Operator requests loan approval from Sponsor's CAO (City Manager/Administrator or County Administrative/Executive Officer)Loan Committee. Following loan approval, Program Operator prepares Deed of Trust, Promissory Note, Notice of Default, Grant Agreement, Owner – Occupant Agreement with City/County, requests checks and deposits same into escrow.

H. Escrow company furnishes Program Operator with proof of documents to be recorded, and any escrow close out information. After receipt of recorded loan documents, HUD I, Insurance Loss Payee Certification and Final Title Insurance Policy (Program Operator) closes out the loan file.

Attachment ~~J~~G

LEAD-BASED PAINT VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt ☐
Select one:	Visual Assessment ☐	Presumption ☐	Hazard Reduction ☐

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found ☐	
Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.
Date of Presumption Notice:
Lead-based paint is presumed to be present ☐ and/or Lead-based paint ***hazards*** are presumed to be present ☐
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes ☐ No ☐	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 lead-based paint remaining in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

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

Section 6: Contact Information	Organization:	
Contact Name:	Contact Signature:	
Date:	Address:	Phone:

~~**See Excel Spreadsheet Attachment "HOMEBUYER PROGRAM GUIDELINES CHECKLIST"**~~

Attachment H

IMPLEMENTATION STEPS
INSTRUCTIONS TO HOMEBUYER

City of Riverbank

A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.

B. Participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. Preference will be given to vacant or owner occupied homes rather than tenant occupied.

C. Participant selects home and enters into a purchase contract (contingent upon receiving Program loan approval). Lender provides the Program Operator with a copy of:

- Real estate sales contract
- Residential loan application
- Credit report
- Verified income documentation
- Disclosure statement
- Proof of personal funds for participation in program
- Breakdown of closing costs
- Structural pest control clearance
- Appraisal with photos
- Escrow instructions
- Preliminary title report

D. Program Operator reviews paper work to determine program eligibility and financing affordability for participant, etc.

E. Program Operator staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and home ownership responsibilities.

F. Program Operator has home inspected (if necessary) to meet Health and Safety Standards or code compliance (dependent upon the program). Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.

G. Program Operator requests loan approval from Sponsor's Loan Committee. Following loan approval, Program Operator prepares Deed of Trust, Promissory Note, Notice of Default, Grant Agreement, Owner Occupant Agreement with City/County, requests checks and deposits same into escrow.

H. Escrow company furnishes program operator with proof of documents to be recorded, and any escrow close out information. After receipt of recorded loan documents, HUD I, Insurance Loss Payee Certification and Final Title Insurance Policy (Program Operator) closes out the loan file.

EXHIBIT B

CITY OF RIVERBANK
HOUSING REHABILITATION
PROGRAM GUIDELINES

STATE OF CALIFONRINIA
HOUSING AND COMMUNITY DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) ~~PROGRAMS~~
CALHOME

Resolution No. 2018-XXXX
April xx, 2018

CITY OF RIVERBANK
HOUSING REHABILITATION
PROGRAM GUIDELINES

I. APPLICANT ELIGIBILITY

A. Conflict of Interest

No member of the governing body of the locality and no other official, employee, or agent of the city government who exercises policy, decision-making functions, or responsibilities in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program, unless the application for assistance has been reviewed and approved according to applicable California Department of Housing and Community Development (HCD) guidelines. This ineligibility shall continue for one year after an individual's relationship with the city ends.

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 Construction Supervisor to be part of the scope of work. Owner/builders are not reimbursed for labor.) The City reserves the right to determine if the owner is capable of owner/builder rehabilitation work.

B. Income

1. Owner Occupant - To be eligible, household income must be equal to, or less than, the applicable HCD income guidelines. Owner will be required to provide income documentation. (See attached Annual Household Income Definition~~/Income Limits~~). These limits are subject to update from time to time by the HCD.

2. 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. Owner Investor will be required to commit~~tee~~ to a Rental Limitation Agreement for the life of the loan in which the tenant will be member of the Target Income Group (TIG). City reserves the right to rank property priority to owner occupant.

3. 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. (See attached Annual Household Income Definition~~/Income Limits~~).

C. Occupancy

No unit to be rehabilitated will be eligible if it is currently occupied by an HCD ineligible household. Rental households occupying such units will be allowed to remain in the 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.

D. Temporary Relocation

1. Tenants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to the health and safety of a tenant or public danger or is otherwise undesirable because of the nature of the project. Relocated tenants will receive increased housing costs, payment for moving and related expenses, and appropriate advisory services as detailed in the City of Riverbank's "~~Residential Anti-displacement and Relocation Assistance Plan~~Single Family Temporary Relocation plan", which ~~The "Residential Anti-displacement and Relocation Plan"~~ is available upon request.

2. Owner occupants are not eligible for temporary relocation benefits, unless health and safety threats are determined to exist by the project coordinator/construction supervisor. The "~~Residential Anti-displacement and~~Single Family Temporary Relocation Plan", which is available upon request.

E. Fair Housing

This program will be implemented in ways consistent with the City's commitment to Fair Housing. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Community Development Block Grant (CDBG) and CALHOME funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (children), physical or mental disability, sexual orientation, or other arbitrary cause.

II. PROPERTY ELIGIBILITY

A. Location - Units to be rehabilitated must be located within Riverbank's city limits.

B. Rehabilitation Standards - All repair work will meet Uniform Building Code standards. The priority will be the elimination of health and safety hazards.

C. Property Improvements - All improvements must be physically attached to the property and permanent in nature. General property improvements (i.e. sidewalks, approaches, fences, detached garages) should be limited to ~~15~~25% of the rehabilitation loan amount. Luxury items are not permitted.

D. Lead-Based Paint - Program participants rehabilitating homes constructed prior to January 1, 1978 must be provided with the proper disclosure notification concerning lead-based paint (LBP) hazards. Whenever pre-1978 houses are rehabilitated under CDBG, please refer to Chapter 20 CDBG Management Manual, Lead-Based Paint Requirements for guidance. The costs associated with meeting these requirements are eligible to be paid for with CDBG funds, and should be considered during program design.

III. FINANCING

A. Owner Occupant

1. Limits - An eligible owner may qualify for the full cost of the rehabilitation work needed to comply with Uniform Building Code standards. Maximum assistance with CDBG funds is $~~100~~150,000. Total indebtedness against the property will not exceed 100 percent of after rehabilitation value. Rehabilitation costs for CDBG funded jobs may be supplemented with personal financing or with other loan or grant programs, which are sources of leverage for the city.

2. Types of Financing and Terms

   a. Below Market Interest Rate Loan (BMIR) - Participants, whose monthly housing costs are less than 30% of their gross monthly income, shall receive a BMIR at 3% simple annual interest, for 15 years and/or until paid in full, with a minimum payment of $~~20~~50.00 per month.

   b. Deferred Payment Loans (DPL) ~~-~~ï Participants, whose monthly housing costs are more than 30% of their gross monthly income shall receive a non-interest bearing loan, secured by a deed of trust, for a deferred period of 15 years, at which time no payback is required until the participant sells or transfers title or discontinues residence in the dwelling within the deferred loan period. ~~(seeIV.A.2).~~ Upon maturity ~~date~~ of the deferment period, ~~loan to~~participant will initiate monthly payment schedule for 15 to 20 years (to be determined based on clients affordability) and/or until paid in full, with a minimum payment of $50.00 per month.

   ~~b.~~c. Grants ï recipients of a grant are limited to CDBG Lead Base Paint mandates, Mold remediation, and or ADA barrier removal on sidewalks and approaches. Grant will be subject to a $10,000.00 project cap. All grants will be on a 5 year amortized periods, in which 1/5 of the loan will be forgiven each year. If the house is sold, transferred, or refinanced within the stated period, the remaining amount of the grant will be due and payable.

   d. Prepayments- At no time will a prepayment penalty be applicable. Payments may be made voluntarily on a DPL. Owner to submit prepayment letter to staff for account setup.

   e. Property Owner Responsibility - In the event the rehabilitation process enters into preconstruction expenses, such as architectural expenses, engineering expenses, ~~and~~ energy calculation expenses, and appraisals in which the property owner withdraws from the project without just cause, the City may request property owner to repay ~~for~~ such expenses.

   ~~Prepayments- At no time will prepayment penalty be applicable. Payments may be made voluntarily on a DPL. Owner to submit prepayment letter to staff for account setup.~~

3. Determining Eligibility

~~Every~~ The following targeted income group owner occupants who are determined to be eligible for the CDBG program may receive DPL financing: ~~A limited number of $7,500 grants are available as follows:~~

- Senior Citizens - at least 65 years old.
- ~~Handicapped~~ Disabled - only for handicap modifications to a house with one or more physically handicapped occupants who would function more independently if such modifications were installed.

B. Owner Investor

~~Limits~~ An owner investor may qualify for the full cost of the rehabilitation work needed to comply with current Uniform Building Code standards. Maximum assistance from CDBG funds is to be determined by the local jurisdiction. Two underwriting variables to consider are the loan-to-value ratio (does the property constitute sufficient value compared to the size of the loan the borrower is requesting to adequately secure the debt) and the debt-to-income ratio (the ability of the borrower to repay the debt). Total indebtedness against the property will not exceed 100 percent of after rehabilitation value. Rehabilitation costs for CDBG funded ~~jobs~~ projects may be supplemented with personal financing or with other sources of leverage.

C. Maximum Loanï to-Value

The maximum encumbrance will normally be limited to ~~(~~100 %~~)~~ of the propertyôs after-rehabilitated value.

~~When the ratio is at or above (100 %) the city/county may require an appraisal.~~

D. Debt-to-Income Ratio

Applicants whose debt to income ratio exceeds ~~(~~45%~~)~~ may be considered ineligible to participate in the program.

E. Types and Terms of Financing

1. Amortized loan - Below Market Interest Rate (BMIR) loan at 3 to 5% percent interest, secured by a deed of trust and with a maximum term of 15 years, late fees may be applicable.

2. Deferred Payment Loans - 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. Same terms as described in previous paragraph above.

3. Late Fees ï For new loans issued under the 2018 guidelines all participants

payments will be due on the 1 of each month. Participants will have a grace period of 15 days, after which a $10 late fee will be applicable to their loan balance.

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F. Restrictions

1. 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:

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 city median income for the appropriate household size in that unit. Owner investor shall affirmatively seek TIG households by contacting the local housing authority. Where such contact does not result in eligible TIG tenants, the owner investor shall contact the city 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

If financing is the combined BMIR/DPL, adherence to these rent limitations will be for five years from the date of Notice of Completion of construction.

If financing is a DPL, adherence to these rent limitations will be for the term of the loan.

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.

5. Lead-Based Paint

Program participants, including tenants, rehabilitating homes constructed prior to January 1, 1978 must be provided with the proper disclosure notification concerning lead-based paint (LBP) hazards. Whenever pre-1978 houses are rehabilitated under CDBG, please refer to Chapter 20 CDBG Management Manual, Lead-Based Paint Requirements for guidance. The costs associated with meeting these requirements are eligible to be paid for with CDBG funds, and should be considered during program design.

6. 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 a minimum of five years. ~~Should~~ If the property ~~not be~~is not maintained accordingly, the loan will become due and payable and, if necessary, foreclosure proceedings will be initiated.

IV. RECONSTRUCTION FINANCING

A. Limits

An eligible owner ~~or~~ may qualify for the full cost of reconstruction work needed. Maximum assistance with CDBG funds is $220,000.00. Total indebtedness against the property will not exceed 100 percent of after reconstruction value. Reconstruction costs for CDBG funded jobs may be supplemented with personal financing or with other loan or grant programs, which are resources of leverage for the City.

B. Property Improvements

All improvements must be physically attached to the property and permanent in nature. Requested improvements to other than the residence shall be secondary to the necessary~~eded~~ improvements to the residence in meeting ~~needed~~ health and safety ~~I~~improvements, local, and state uniform building codes. An allocation of ~~15~~25% maybe allowed for property improvements with proper approval of the City of Riverbank.

C. Property Owner Responsibility:

In the event the reconstruction process enters into preconstruction expenses, such as architectural expenses, engineering expenses, ~~and~~ energy calculation expenses, and appraisals in which the property owner withdraws from the project without just cause, the City may request property owner to repay ~~for~~ such expenses

D. Financing and Terms

1. Below Market Interest Rate Loan (BMIR) - Participants, whose monthly housing costs are less than 30% of their gross monthly income, shall receive a BMIR at 3% simple annual interest~~,~~ for 15 years and/or until paid in full, with a minimum payment of $50.00 per month.

2. Deferred Payment Loans (DPL) -ï Participants, whose monthly housing costs are more than 30% of their gross monthly income shall receive a ~~N~~non-interest bearing loan,~~,~~ secured by a deed of trust,~~,~~ ~~with~~for a deferred period of 15 years, at which time ~~with~~ no payback is required until the participant sells or transfers title or discontinues residence in the dwelling within the deferred~~Deferment~~ loan period. ~~(seeIV.A.2).~~ Upon maturity ~~date~~ of the deferment period, ~~loan to~~participant will initiate monthly payment schedule for 15 years to 20 years and/or until paid in full, with a minimum payment of $50.00 per month.~~ly~~

3. Grants - are limited to CDBG Lead Base Paint and Mold testing and remediation in relationship to demolition, and or ADA barrier removal on sidewalks and approaches. Grant will be subject to a $10,000.00 project cap. All grants will be on a 5 year amortized periods, in which 1/5 of the loan will be forgiven each year. If the house is sold, transferred, or refinanced within the stated period, the remaining amount of the grant will be due and payable.

4. Prepayments - At no time will a prepayment penalty be applicable. Payments may be made voluntarily on a DPL. Owner to submit prepayment letter to staff for account setup.

IV. RESIDENCY REQUIREMENTS

A. Owner Occupant

Owner occupants will be required to submit to the ~~city~~ City between January 1st and March 30th ~~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.

In the event that an owner occupant sells, transfers title, or discontinues residence in the rehabilitated or purchased property for any reason, the loan is due and payable.

If the owner occupant dies, and if the heir to the property lives in the house and is income eligible, the heir may be permitted, upon approval of the City of Riverbank, to assume the loan at the rate and terms the heir qualifies for under current participation guidelines.

If the owner occupant dies and the heir is not income eligible, the loan is due and payable.

If an owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.

B. Owner Investor

If an owner investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.

An owner investor may convert a rental property to his or her personal residence if all of the following conditions ~~below~~ exist:

- He or she can prove that the previous tenant was not evicted without cause.
- He or she is income eligible.
- He or she requests approval from the city.

If an owner investor converts a rental property, rehabilitated with CDBG funds, to his or her personal residence, but he or she is not income eligible, the loan is due and payable.

If an owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.

V. DEFAULT AND FORECLOSURE

If an owner defaults on a loan, and foreclosure procedures are initiated, they shall be carried out according to the ~~CDBG Foreclosure Policy~~Loan Servicing Policies and Procedures adopted by the City, ~~and~~ which is available upon request.

VI. INSURANCE

A. Fire Insurance

The applicant shall maintain fire insurance on the property for the duration of the loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the city as Loss Payee for the amount of the loan(s). A Proof of Insurance Certificate shall be provided to the city.

In the event the applicant fails to make the fire insurance premium payments in a timely fashion, the City of Riverbank, at its discretion~~option~~, may make such payments for a period not to exceed 60 days. The city may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the City of Riverbank make any payments, it may, in its sole discretion, add such payments to the principal amount that the applicant is obligated to repay the city under this program.

B. Flood Insurance

In areas designated by HUD as flood prone, the owner is required to maintain flood insurance in an amount adequate to secure the Rehabilitation Loan. This policy must designate the city as Loss Payee. The premium may be paid by the Rehabilitation Loan for one year.

VII. LOAN OR GRANT APPROVAL

All loans and grants must be approved by the CDBG Loan Review Committee. In order to obtain CDBG financing, applicants must meet all property and eligibility guidelines in effect at the time of loan approval. Applicants will be provided written notification of approval or denial. Reason for denial will be provided to the applicant in writing.

VIII. REPAIR CALLBACKS

In the event that a contractor must be called back to make corrections on rehabilitation work items that are not covered by the one year warranty~~, the City has the option to cover the costs through the current CDBG construction budget.~~

IX. PROGRAM COMPLAINT AND APPEAL PROCEDURE

Complaints concerning the CDBG Program should be made to the Project Manager first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the ~~city~~City. The ~~city~~ City will then schedule a meeting with the CDBG Loan Review Committee. Their written response will be made within fifteen (15) working days. If the applicant is not satisfied with the committee's decision, a request for an appeal may be filed with the City Council. Final appeal may be filed in writing to HCD within one year after denial or the filing of the Project Notice of Completion.

X. 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.

XI. CONTRACTING PROCEDURES

- All housing rehabilitation work must be carried out using the CDBG adopted housing rehabilitation guidelines.
- The city will prepare, advertise the bid package, and assist the homeowner in negotiating the contract.
- The homeowner will select the contractor.
- All contractors must be checked and cleared with HUDÕs federal debarred list of contractors.
- All contractors must be actively licensed and bonded with the State of California.
- All contractors must have public liability insurance to the city required limits, WorkmenÕs Compensation Insurance, unemployment and disability insurance.
- All contractors must comply with CDBG federal and state regulations.
- A Notice of Completion must be recorded with the County Recorder.

XII. SWEAT EQUITY

Participants who wish to perform sweat equity will sign a written commitment itemizing the work they will perform, a time schedule for completion, and a dollar value of the contribution.

Owners that contribute sweat equity that involves painting will not participate in activities that include the abatement or mitigation of lead paint hazards without first being trained on Safe Work Practices as required by HUD and provide documentation of such in the project file.

XIII. AMENDMENTS

Amendments to these guidelines may be made by the ~~city~~ City and submitted to HCD for approval.

XIV. EXCEPTIONS

Exceptions to these guidelines will require City Council and HCD approval.

XIV. HUD INCOME LIMITS ADJUSTED FOR FAMILY SIZE FOR CITY

From time to time, HUD provides the Annual Household Income Definition/Income Limits to all jurisdictions, including the City. The City will use the most up to date Income Limits established by HUD to determine eligibility.
http://www.hcd.ca.gov/~~fa/home/homelimits.html~~grants-funding/income-limits/state-and-federal-income-limits.shtml/~~docs~~

XIII. ATTACHMENTS

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

- Attachment A-Annual Household Income Definition~~/ Income Limits~~
- Attachment B-~~*Residential Anti-displacement and Relocation Assistance~~Single Family Temporary Relocation Plan*
- Attachment C-~~*CDBG Foreclosure Policy~~Loan Servicing Policies and ~~Ps~~Procedures*

(*Note to Readers: The Residential Anti-displacement and Relocation Assistance Plan is available upon request. The CDBG Foreclosure Policy is also available upon request.)

ATTACHMENT A

ANNUAL HOUSEHOLD INCOME DEFINITION

For the purposes of determining eligibility in accordance with HCD income guidelines~~,~~ Annual Income ***will*** include, for all members of the household:

1. Gross wages and salary before deductions.
2. Net ~~money~~ income from self-employment.
3. Cash income received from such sources as rental units, Social Security benefits, pensions, and periodic income from insurance policy annuities.
4. Periodic cash benefits from public assistance and other compensation, including AFDC, SSI, Worker's Compensation, State Disability Insurance and Unemployment benefits.
5. Interest earned on savings and investments.

Annual Income will ***not*** include:

1. Non-cash income such as food stamps or vouchers received for the purpose of food or housing.
2. Capital gains or losses.
3. One time unearned income such as scholarship and fellowship grants; accident, health or casualty insurance proceeds; prizes or gifts; inheritances.
4. Payments designated specifically for medical or other costs, foster children or their non-disposable income.
5. Income from employment of children under the age of 18.
6. ~~Payment for the care of foster children.~~

This is not meant to be a complete list. Grantee will make the final decision in situations where the classification of income is not clear ~~cut~~. Any exceptions or other deviations from this definition of annual income will be considered by the Grantee.

~~Current CDBG INCOME LIMITS as issued by Housing and Community Development CDBG Programs. Accessible at http://www.hcd.ca.gov/fa/home/homelimits.html~~

~~PLEASE REFER TO RESIDENTIAL ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN-AVAILABLE UPON REQUEST~~

~~CDBG FORECLOSURE POLICY AVAILABLE UPON REQUEST~~

ATTACHMENT B

SPACE RESERVE FOR APPROVED
Single Family Temporary Relocation Plan
"Exhibit C"

ATTACHMENT C

SPACE RESERVE FOR APPROVED
Loan Servicing Policies and Procedures
“Exhibit D”

EXHIBIT C

CITY OF RIVERBANK

HOUSING REHABILITATION PROGRAM
SINGLE FAMILY TEMPORARY RELOCATION PLAN

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

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

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

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

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

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

   1. Provide proper notices with counseling and referral services to all tenants so that they understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced persons to find alternate housing in the neighborhood.

   2. Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.

   3. Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.

   4. Encourage owner occupant to temporarily move in with family or friends during the course of the rehabilitation, since they are voluntarily participating and not entitled to relocation benefits, unless health and safety threats exist, as explained below.

   5. Require owner investors who participate in assisted rehabilitation to agree to continue to rent to Low Income Group tenants and agree to rent limitations, for a period of at least 5 years.

   6. Provide counseling and referral services to assist displaced persons in finding alternate housing in the neighborhood.

   7. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.

   8. 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 (LHC) 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:

1. The work will not disturb lead-based paint, or create dust-lead or soil-lead hazard; or

2. The work is on exterior only and openings are sealed to prevent dust from entering the home, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or

3. The interior work will be completed in one period of less than 8-daytime hours and the work site is contained to prevent the release of dust into other areas of the home; or

4. The interior work will be completed within five (5) calendar days, the work site is contained to prevent the release of dust, the worksite and areas within 10 feet of the worksite are cleaned at the end of each day to remove any visible dust and debris, and the residents have safe access to kitchen and bath and bedrooms.

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

C. RehabilitationTemporary Relocation of Owner Occupants: The program administrator or construction supervisor will make a determination of the need for temporary relocation. 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 $900, 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 $900, which will be provided as a grant. Allowable temporary relocation expenses are limited to the security deposit of rental dwelling and a cap of 5 monthsôrent. Maximum payments which can be made are based on the Section 8 Fair Market Rent Rates for Stanislaus County established under the Department of Housing and Urban Development.

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 program administrator or construction supervisor 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 construction 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 **City** 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 **City** 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 1378.0.

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

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

1. A description of the proposed assisted activity;

2. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as targeted income group dwelling units as a direct result of the assisted activity;

3. A time schedule for the commencement and completion of the demolition or conversion;

4. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;

5. The source of funding and a time schedule for the provision of the replacement dwelling units;

6. The basis for concluding that each replacement dwelling unit will remain a targeted income group dwelling unit for at least 10 years from the date of initial occupancy; and,

7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of targeted income group households in the jurisdiction.

The Grantôs Coordinator at the **City** is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The **City** is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in 24 CFR 570.606, to any targeted income group displaced by the demolition of any dwelling unit or the conversion of a targeted income group dwelling unit to another use in connection with an assisted activity.

G. Record Keeping and Relocation Disclosures/Notifications: The **City** will maintain records of occupants of federally funded rehabilitated, reconstructed or demolished property from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable program regulations. Each rehabilitation project, which dictates temporary or permanent or replacement activities, will have a project description and documentation of assistance provided. (See sample forms in HUD Relocation Handbook 1378.0, 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 only for 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. <u>General Information Notice</u>: 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. <u>Notice of Non Displacement</u>: 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. <u>Disclosure to Occupants of Temporary Relocation Benefits</u>: This form is completed to document that the City is following its adopted temporary relocation plan for owner occupants and tenants. **See Appendix C for a copy of the disclosure form.**

4. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the City is attempting to provide permanent displacement benefits then there are a number of other forms which are required. Staff will consult HUD's Relocation Handbook 1378.0 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

(SAMPLE OF GENERAL INFORMATION NOTICE)

Dear ___________,

On _______(date), ___________________,(property owner), submitted an application to the City of Riverbank 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
(SAMPLE OF NOTICE OF NON DISPLACEMENT)

__________(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)
__________________(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 of Riverbank has explained the temporary relocation services and benefits available under the current rehabilitation program relocation plan.

I/we have been advised that the City of Riverbank rehabilitation construction specialist will inform me if I need to be temporarily relocated and will 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 Riverbank 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
______________________	______	______________________	______

~~(APPENDIX E)D~~

~~DISCLOSURES TO SELLER , ARM'S LENGTH PURCHASE OFFER~~

~~This is to inform you that __________ (Buyer(s) Name(s)) would like to purchase the property located at _________________(Street Address or Other Property Identification), if a satisfactory agreement can be reached. Buyers are prepared to pay $______________for clear title to the property under the conditions described in the attached proposed contract of sale.~~

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

~~The sale is voluntary. If you do not wish to sell, the Buyer will not acquire our property. The Buyer does not have the power to acquire your property by condemnation (i.e., eminent domain)~~

~~We estimate the fair market value of the property to be $ _____________.~~

~~As the Seller, I understand that this Program involves a city or county housing code inspection for basic health and safety and that most of these items will be repaired as part of the lending process.~~

~~As the Seller, I understand that public funds will be involved in this transaction and as such, all properties built on or before 1978 will require a lead paint disclosure to be signed by both the Buyer and Seller.~~

~~As the Seller, I understand that under the city/county�s program, property must be currently owner occupied, vacant for four months at time of submission of purchase offer, or renter purchasing the unit. I hereby certify that the unit is:~~

☐ ~~Vacant for four months~~
☐ ~~Owner occupied~~
☐ ~~Renter buying unit~~

~~The property meets the above stated criteria so federal and state relocation laws will not be triggered.~~

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

~~Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us.~~

~~If you have any questions about this matter, please contact__________________. His/Her telephone number is ______________.~~

~~PROPERTY OWNER/SELLER:~~
~~I hereby certify that I have read and understand this "Notice to Seller" and a copy of said Notice was given to me. All information contained in this Notice is true and correct to the best of my knowledge.~~

~~Signature:~~ ________________________________ ~~Date:~~ __________________

~~Address:~~ ____

EXHIBIT D

CITY OF RIVERBANK
LOAN SERVICING POLICIES AND PROCEDURES

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

The policies and procedures are broken down into the follow areas:

1. Require monthly payments or voluntary payments on a loan's principle and interest.
2. Require payment of insurance and property taxes.
3. Require Request of Notice of Default on all ~~second~~ prior mortgages.
4. Require Rent Limitation Agreement and Monitoring of investor properties.
5. Loans with annual occupancy restrictions and certifications.
6. Require noticing and limitations on any changes on title or use of property.
7. Require noticing and process for requesting a subordination during a refinance.
8. Process of foreclosure in case of default on the loan.

1. Loan Repayment:

The Lender will collect monthly payments from those borrowers who are obligated to do so under an Installment Note, which are amortized promissory notes, (or Lender may use a designated loan collection company of their choice to collect payments.) Late fees may be charged for payments received after the assigned monthly date.

For Straight Notes, which are deferred payment loans; the Lender may accept voluntary payments on the loan. Loan payment will be credited to the accrued interest first and then to principal. The borrower may repay the loan balance at any time with no penalties.

2. Payment of Insurance and Property Taxes:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as "Loss Payee" in first or additional insured if the loan is a second mortgage. If borrower fails to maintain the necessary insurance, the Lender may take out forced place 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 will be required at close of escrow. The Lender will check insurance on an annual basis at maturity of insurance certificate.

Property taxes must be kept current during the term of the loan. The Lender requires 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. Require Request for Notice of Default:

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

4. Request Rent Limitation Agreement for Investor Properties:

All owner investor properties which receive loans from the Lender will be required to enter into a rent limitation agreement which restricts the tenants' and the rents on the property for a fixed period of time, depending on the public funds used. The rent limitation agreement will be recorded on title of the property and non-compliance with this agreement can lead to foreclosure actions by the Lender. The rent limitation agreement will be monitored annually to ensure that low or very low-income households occupy the assisted investor units and that the rents charged to those households are affordable. In some cases the units must be inspected annually to ensure that they are up to minimum health and safety standards. At the end of the designated affordability periods, the Lender will release the Borrower from the rent limitation agreement.

5. Annual Occupancy Restrictions:

All Borrower's will be required to submit annual proof of occupancy throughout the term of the loan. Documentation submitted must illustrated the resident's name and address. Documents must be within 60 days of current date.

~~5.~~6. Require Noticing and Restrictions on Any Changes of Title or Occupancy:

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

Change from owner-occupant to owner-occupant occurs at a sale, the loan is not assumable and the loan balance is immediately due and payable. 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 family size and household income, provided the heir is in the TIG. If the heir intends to occupy the property and is non-TIG, 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 either be paid in full or 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 Lender's Loan Committee.

~~6.~~7. Request for Subordinations:

When a Borrower wishes to refinance the property, they must submit a subordination request to the Lender. The Lender will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the refinance transaction amount; therefore, refinance charges will be covered by Borrower. . There can be no third party debt payoffs or additional encumbrance on the property. Furthermore, the refinance should benefit the Borrower with a lower housing cost and/or a lower interest rate. The total indebtedness on the property should not exceed the current market value. Term periods must stay within existing loan periods. Refinance term periods will be review by the Loan Committee on individual basis.

Upon receiving the proper documentation from the refinance agency, the subordination 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 Lender.

~~7.~~8. Process for Loan Foreclosure:

Upon any condition of loan default by Borrower in the areas of:

A. Default in payment
B. Lack of compliance of proof of insurance certificate or payment of property tax payment
C. Violation of rent limitation agreement
D. Change in title or use of property without Lender's prior approval
E. Default on senior loans,

The Lender will send out a letter(s) to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, 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 payment, late charges and fees to date. Lender 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 Lender 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 Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

Senior Lien holder

When the Lender is in a first position as a senior lien holder, active collection efforts will begin on any loan that is ~~31~~ 60 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~~ 120 days in arrears, at which time the City may consider foreclosure. City 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 rate and term be adjusted to allow for affordable payments such as to avoid foreclosure?
- Can the Borrower refinance with a private lender and pay off the Lender?
- Can the Borrower sell the property and pay off the Lender?
- 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 Lender 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 Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and will make all necessary notifications to the owner and junior lien holders. The service will advise the Lender 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 Lender 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 Lender could either sell the home themselves under a homebuyer program or could contact a real estate broker to market the home. Proceeds of the sale of property will be used to fund Program Income eligible items.

Junior Lien holder

It is the Lender'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 or loans through publicly funded program(s).

This document requires any senior lien holder to notify the lender (City) 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 Lender 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 City 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 City 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 City 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 City determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the City's lien may be eliminated due to insufficient sales proceeds.

CITY OF RIVERBANK

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, APPROVING THE AMENDED FIRST TIME HOMEBUYERS PROGRAM, HOUSING REHABILITATION PROGRAM, SINGLE FAMILY TEMPORARY RELOCATION PLAN, AND LOAN SERVICING POLICIES AND PROCEDURES.

WHEREAS, The City Council of the City of Riverbank acknowledges the public hearing regarding the amendment to the First Time Homebuyers Program Guidelines and Housing Rehabilitation Program Guidelines, which includes the Single Family Temporary Relocation Program and the Loan Servicing Policies and Procedures; and

WHEREAS, The City Council of the City of Riverbank has been presented with the amended guidelines herein incorporated on **"Exhibit A"**, First Time Homebuyers Program Guidelines; and

WHEREAS, The City Council of the City of Riverbank has been presented with the amended guidelines herein incorporated on **"Exhibit B"**, Housing Rehabilitation Guidelines, including the Single Family Temporary Relocation Program in **"Exhibit C"**; and

WHEREAS, The City Council of the City of Riverbank has been presented with the amended guidelines herein incorporated in **"Exhibit D"** Loan Servicing Policies and Procedures.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Riverbank hereby approves the amendments to the First Time Homebuyers Guidelines and Housing Rehabilitation Program Guidelines, including the Single Family Temporary Relocation Program and Loan Servicing Policies and Procedures.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the 10th day of April, 2018; motioned by Councilmember , seconded by Councilmember , and upon roll call was carried by the following City Council vote of :

AYES:
NAYS:
ABSENT:
ABSTAINED:

ATTEST:	**APPROVED:**
______________________________	______________________________
Annabelle H. Aguilar, CMC **City Clerk**	**Richard D. O'Brien** **Mayor**

Attachment: Exhibit A: First Time Homebuyer Program Guidelines
Exhibit B: Housing Rehabilitation Program Guidelines
Exhibit C: Single Family Temporary Relocation Plan
Exhibit D: Loan Servicing Policies and Procedures