



**CITY OF PORTERVILLE  
HOME REHABILITATION LOAN PROGRAM**

## INTRODUCTION

The City of Porterville's Housing Rehabilitation Loan Program (HRLP) will provide owner-occupied homeowners with a housing rehabilitation loan, secured by a first or second trust deed, to provide funds to assist the lower income homeowner in making necessary repairs to their home which address the safety and health conditions outlined in the local building codes as well as address the installation of systems which provide handicap access to the dwelling unit. In those cases where the dwelling is older than 1978, the homeowner will be provided a grant for Lead Base Paint testing, assessment, standard treatments, interim controls, paint stabilization, and clearance as outlined in the HUD regulations for lead safe housing.

The total amount of City assistance through this program may not exceed \$40,000 per household for a loan to cover hard costs for housing rehabilitation. Additional funds will be available from other funding sources for those housing units which will require lead base paint hazard reduction activities. The secured loan will be interest free and will be deferred for thirty (30) years with the principal due at the end of that period. The secured loan shall become due and payable when the borrower sells his/her home, the borrower no longer occupies the home as their principal residence, the borrower fails to maintain fire insurance and flood insurance when applicable, or there is any change to the property title.

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, sexual orientation, or other arbitrary cause be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

The Fair Housing Lender logo will be placed on all outreach materials. The City's efforts to affirmatively promote fair housing include outreach with fliers distributed in neighborhoods identified by census records as predominately low income. Notices are published in local and minority newspapers, and to religions and community organizations, both in English and in Spanish. Documentation of the housing activity locations, along with demographic characteristics of participants is maintained.

In order to be eligible, the borrower's income must be 80% or below the median income of the Visalia-Porterville-Tulare MSA, adjusted for family size, as defined annually by the U.S. Department of Housing and Urban Development (Attachment 1).

In order to qualify for a loan through the HRLP Program, the applicant must not be able to repair their home with current assets.

## **1. Property Eligibility Requirements**

(A) Loans will only be made on existing residential properties located within the City limits of Porterville. Eligible property types include one unit properties in which the borrower resides as their principal residence, condominium units, and manufactured or mobile home units on a permanent foundation and located on the borrower's property. Housing units must have at least one code violation and less than an estimated \$40,000 in hard cost repairs to bring dwelling into compliance with the local building codes less than \$2,500 in temporary relocation costs; and less than \$10,000 in lead hazard mitigation costs for lead base paint in units built prior to 1978. Weatherization, emergency repairs, and disabled access can only be paid with City funds if these are incorporated in a program that meets all rehabilitation standards.

(B) All owners of units constructed prior to 1978, regardless of funding assistance, will receive proper notification of Lead Base Paint hazards (see Attachment 2) as follows, subject to implementation of the Federal Lead Regulations by HCD:

- i. Proper notification to all owners, consisting of the Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission, will be given regardless of the cost of rehabilitation or paint test findings.
- ii. If lead-based paint is found through testing or if presumed, a Notice of Lead Hazard Evaluation or Presumption will also be supplied.

If property was constructed prior to 1978, The City of Porterville will follow 24 CFR Part 35, Subpart J (Lead-Based Paint Federal Regulations). Owners will receive notification regarding LBP hazards ("How to Protect Your Family From Lead In Your Home"), testing (or City has the option of presuming the presence of lead), abatement, safe work practices and that clearance will be performed by a certified Lead-Based Paint Inspector/Assessor and workers. Funds used for actual LBP abatement costs (not rehabilitation work costs) will be issued in the form of a grant, and not included in the loan made to the homeowners. The maximum grant amount for Lead Based Paint will be determined based on actual cost reasonableness.

(C) Other exemptions to the lead base paint requirements for housing rehabilitation assistance are as follows:

- Rehabilitation that does not disturb a painted surface;
  - Single Room Occupancy (SRO) units and other zero-bedroom dwelling units;
  - Elderly and disabled housing, except where a child less than six years old resides or is expected to reside.
  - Housing found by certified inspection to be free of lead-based paint; or
- (D) Rehabilitation projects exceeding \$40,000 in hard costs for rehabilitation construction; exceeding \$2,500 in temporary relocation, and exceeding \$10,000 in lead base paint mitigation activities will not be eligible for City funding assistance.
- (E) Tenant occupied properties will not be eligible for HRLP assistance.

## 2. Housing Eligibility Requirements:

- (A) Applications will be accepted from households who meet the single-family owner-occupied definitions as established by the Federal guidelines. Single-family owner-occupied means: an individual or individuals or an individual and spouse, parent, relative, friend, or significant other who hold ownership of subject property by deed of trust prior to their application with the City of Porterville for Federal assistance.
- (B) The housing unit affected by repairs must be the principal residence of the owner. All persons living in residence are considered household members for purposes of income eligibility.
- (C) Applicants will be selected on a first come, first serve basis. Only applicants who reside inside the City limits of Porterville will be considered. No priority will be given to a specific target area, race, age group, or occupants with special needs.
- (D) Applicant will need an equity reserve of 7% for the subject property, after completion of the rehabilitation work, to qualify for a City loan. The rehabilitation specialist will estimate the after value prior to loan commitment, to assure that it does not **exceed 93% of loan to value**. The project file will be documented to contain the estimate of value and the documentation for the basis of value estimates. Three comparables within one mile of property and within 6 months time will be acquired to determine approximate market value. A qualified appraisal of the property may be necessary when comps are not available or when the indebtedness and value of the home, after completion of the rehabilitation work, may be close to **93% of loan to value**. The cost of that appraisal will be a part of the City loan to the applicant.

- (E) The maximum after-rehab value of the assisted dwelling cannot exceed \$247,000 (Based on 2006 HOME Program Maximum Purchase Price and After-Rehab Value Limits (Attachment 3) which is subject to change periodically).
- (F) In accordance with 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 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 the policy can be made only after public disclosure and formal approval by the governing body of the locality.

### **3. Income Qualification Criteria**

- (A) Annual Household adjusted gross income shall not exceed 80% of the Visalia-Porterville-Tulare MSA, adjusted for family size (unborn children may be counted towards family size). Income Limits are based on the current available Income Limits annually determined by U.S. Housing and Urban Development Department. (See Attachment 1) The HOME Program uses 24CFR Part 5 methodology from the HUD publication, “Technical guide for Determining Income and Allowances for the HOME program” for calculating income to determine whether HOME assistance is given. In the case of the Cal-Home Program, the income limits are the State Income Limits published by the Department of Housing and Community Development in the California Code of Regulations (Attachment 1). Subject to the exemptions allowed in this publication, all persons in residence are considered household members for purposes of income eligibility.

The annual income definition as found at 24CFR Part 5 is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. 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. The verification of income is accomplished through third-party certification and/or by review of documents. Certain other household members living apart from the household also require special consideration. The household’s projected income must be used, rather than past earnings, when calculating income. The Technical Guide for Determining Income and Allowances for the HOME Program will be used in income determination. The income inclusions and exclusions can be found on the HUD website. (Attachment 4)

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

- (B) The prospective borrower's credit report shall not show any delinquent or unpaid collection amounts after an application is made for the City's HRLP program. Borrower will repay those debts prior to City funding assistance.

#### **4. Maximum Assistance Loan**

The maximum rehabilitation loan assistance for housing units is \$40,000 for the hard costs associated with the rehabilitation construction. Additional funding sources will be available to assist with the costs for lead base paint hazard reduction activities and temporary relocation.

#### **5. Loan Limits and Terms; Underwriting Requirements**

- (A) All loan funding assistance provided to the borrower for the hard costs associated with housing rehabilitation will be in the form of a zero interest 30 year loan. No periodic payments are required. Borrower agrees to pay the unpaid principal balance and any other amounts due under the Note at the end of the 30<sup>th</sup> year. Loan funds will be secured by a first or second deed of trust on subject property. An appraisal, if necessary, and escrow and title fees associated with a loan, approximately \$500-\$1,000 per loan, are to be a part of this loan. All sums will be due and payable when the borrower sells his/her home, the property no longer is the borrower's principal residence, the borrower fails to maintain fire hazard insurance, or there is any change to the title. The secured loan shall become due and payable at the time of the property transfer, change of title, sale, or when the acceleration clause in the loan documents is triggered.
- (B) The maximum secured first or second trust deed loan under this program shall be \$40,000 for each housing unit for the hard costs for rehabilitation construction activity. Additional funding sources will be available for lead hazard mitigation costs and temporary relocation as a grant and are not a part of the housing rehabilitation loan package.
- (C) Grants may be provided for the least amount necessary for the following:
  - i. Temporary relocation expenses – up to \$2,500, and not to exceed expenses.
  - ii. Lead-based paint hazard mitigation – On a graduated scale, equivalent to 50% of proposed hard costs for repairs up to \$10,000 per household. These are for increased costs due to lead based paint hazard mitigation and will only be used for

the lead based paint hazard mitigation that does not increase the value of the home.

- (D) The acceleration clause will be in effect when the property is no longer the borrower's principal place of residence, upon discovery of willful misrepresentation or fraud in connection with the program, borrower fails to keep property taxes current, borrower fails to maintain fire hazard insurance on property, or borrower violates any other requirement stipulated in the Home Owner Rehabilitation Loan Program Participant Agreement. Annual written verification of these items is required.
- (E) Rental of the property is prohibited and will cause the loan to be accelerated.
- (F) Refinancing of the property will accelerate the loan, unless the conditions to re-subordinate the loan (Attachment 5) have been met.
- (G) The loan is not assumable.
- (H) No financing, junior or senior to the City Program loan, shall have a balloon payment due before the maturity date of the City Program loan.
- (I) Insurance Requirements
  - (i) Fire Insurance on the property for the duration of the loan. This insurance must be in an amount adequate to cover all encumbrances on the property, but not less than replacement value and City of Porterville must be named as loss payee.
  - (ii) All housing units must be documented as to flood zone status and flood insurance must be maintained in those homes designated in a 100 year flood zone. The homeowner is required to maintain flood insurance in an amount adequate to cover all encumbrances on the property, but not less than replacement value and the City must be named as loss payee.
  - (iii) Borrower is required to submit proof annually that the property is insured in the manner described. If appropriate insurance is not maintained, the loan is due and payable. The City may initiate foreclosure proceedings.
- (J) Title Criteria. Borrower must have ownership of the property through fee simple title.

- (K) All property tax payments must be kept current with the County of Tulare.

## 6. City Loan Procedures

- (A) Applicants will be selected from the existing waiting list established and maintained in the Community Development office and from future applicants, taken on a first come, first serve, Citywide basis.\*
- (B) Applicants must be pre-qualified by the Rehabilitation Specialist for participation in the program. A complete borrower application, including household income, evidence of ownership in the subject property, and evidence of property taxes paid is to be provided to the City.
- (C) *Specifications and Scope of Work* will be prepared after an on-site inspection of the borrower's property by the Rehabilitation Specialist and Building Inspector using a checklist review of the local building codes and HUD's criteria of visual inspection for deteriorated paint. The *Specifications and Scope of Work* for the general rehabilitation construction and the lead base paint hazard mitigation activities can be either combined as one set of specifications and scope of work or identified as two separate specifications and scope of work to be bid out by the appropriate contractor qualified for the type of work that is needed. However, when at all possible, both specifications and scope of work will be bid under one contract.
- (D) Cost estimates for the repairs are prepared from the *Specifications and Scope of Work* write up and determined by the Rehabilitation Specialists' independent research and area-wide survey of cost for services and materials for specified work, consultation with the building inspector, and incorporating the potential lead base paint hazard mitigation activities associated with the project. Only those repairs which address these standards and/or any other defects which are deemed to be hazardous to the occupant's immediate safety and health will be considered as eligible work items. (See Rehabilitation Standards – Attachment 6)
- (E) City staff reviews the application and submits the funding request to Community Development Financial Assistance Review Committee (Committee) for approval. The request for funding assistance will include a loan request based on the hard costs associated with the *Specifications and Scope of Work* of the general rehabilitation construction and, when required, a grant request for the estimated costs associated with lead base paint hazard mitigation activities.

An exception to the first come/first serve policy would be allowed when it is determined that the condition of the house poses an immediate threat to the health and safety of the residents of the house. The Community Development Financial Assistance Review Committee (CDFARC) could approve, upon staff recommendation, the expenditure of funds for rehabilitation work when it is determined that it is an emergency situation. All other program rules and regulations would apply to the project. If CDFARC determines that it is not an emergency, the household would be placed on the regular application waiting list in the order in which the request was received.

- (F) Loan approval of the Committee is based on applicant eligibility, property eligibility and the estimate of costs to complete the repairs identified in the written *Specifications and Scope of Work*.
- (G) Once a loan is approved by the Committee for funding assistance, the City will order a lead base paint inspection of those properties requiring such inspection, if the property tests negative for lead, lead hazard reduction activities cost estimates that were requested in the original funding assistance to the Committee will be withdrawn. In those properties where there is a positive test for lead, and the lead base paint inspector/risk assessor's evaluation determines that the costs will exceed the original staff estimate, a revised funding assistance request will be submitted to the Committee for review and approval of additional funding assistance for lead base paint mitigation.
- (H) The Community Development Financial Assistance Review Committee will serve as an appeals board for staff-rejected loans, and review other policy and procedures as necessary.

## **7. Rehabilitation Construction Procedures**

- (A) Once the borrower is approved for a loan, the written *Specifications and Scope of Work* will be delivered to the homeowner for their use in contacting and securing a qualified contractor or specialty contractor (herein referred to as rehabilitation contractor) for the described work. Three written bid estimates are desirable, unless evidence can be provided that only two bid estimates could be secured. The contractor's bid estimate must be within 10% of the initial staff estimate unless an explanation can be provided to the file for the variance.
- (B) If there is no presence of lead in the paint to be disturbed by the rehabilitation construction, or the housing unit was built after

1978, following the HUD regulations for lead safe housing are not required.

- (C) Once contractor bid estimates have been reviewed by City staff, the owner will make the contractor selection which is based on both an acceptable bid estimate and the contractor's eligibility. Eligibility of contractor or subcontractors is determined by: client references; meeting the contractor qualifications for lead base paint mitigation activities (if necessary); the contractor qualifications stated in the General Conditions of the Housing Rehabilitation Loan Program; and the contractor's ability to complete the work within the specified period of time. Owner is to provide evidence that selected contractor has a current city business license, or such evidence is provided by the Contractor with the paid building permit. The Rehabilitation Specialist will review and determine that the selected contractor is eligible under Federal and State requirements, including not being listed on the debarred list of contractors. The Rehabilitation Specialist will also determine that all insurance coverage and other requirements, stipulated in the HRLP's "General Conditions", are adequately met (debarment certification from internet will be in file).
  
- (D) A Contract Agreement is executed between the homeowner and contractor which incorporates by reference all other contract documents utilized in the program, such as, but not limited to, the Notice of Proceed, Payment Schedule, signed bid estimate, General Conditions, the written *Specification and Scope of Work*, and, if required, a lead base paint risk assessor's report. It will be the responsibility of the rehabilitation contractor to abide by the recommendations of the City and the certified lead base paint risk inspector/assessor for implementation of standard treatments, interim controls and stabilization of painted surfaces in units testing positive for lead or presumed to have lead base paint.
  
- (E) Rehabilitation contractors are to secure city permits and a signed *Notice to Proceed* prior to beginning their repair work. In housing units testing positive for lead, a general rehabilitation contractor or subcontractors, before beginning work must provide the City with evidence of their certification as a certified lead base paint abatement contractor. If the rehabilitation contractor is not certified for lead hazard mitigation activities, then the contractor must: (1) secure a certified lead base paint abatement contractor, (2) secure a certified lead base paint abatement supervisor, or (3) provide evidence that he/she is using certified lead base paint safe work practices for workers for that portion of the work that stabilizes deteriorate paint or disturbs painted surfaces.

- (F) When a homeowner chooses the “Green Option” arrangements should be made with contractor for the required materials to be purchased and cost adjustments will be made to bid. If appliances need to be replaced, they will be replaced with ENERGY STAR appliances if the homeowner chooses this option.  
(see attachment 7)
- (G) Contractors or subcontractors are to obtain required periodic inspections from the City Building Inspector and submit a copy of the City’s inspection record with their progress payment or final payment. The Rehabilitation Specialist will make regular contact with the property owner to request if project is continuing to move forward and assist owner with questions or other assistance deemed necessary.
- (H) When final inspection is requested, both the City’s Chief Building Official and the Rehabilitation Specialist will perform a walk thru inspection with the owner and rehabilitation contractor to determine that all specified work has been done in compliance with the specifications and scope of work. If necessary, a punch list will be developed of items that remain unfinished or require additional work as determined at this inspection. All conditions noted on the original written *Specifications and Scope of Work* are to be completed to the Chief Building Official’s and Rehabilitation Specialist’s satisfaction. It is the responsibility of the rehabilitation contractor to order a lead base paint clearance inspection, once all lead base paint mitigation activities are completed, and provide a clearance of the work site from a certified lead base paint inspector/assessor.
- (I) A re-inspection of the property, if necessary will be scheduled by the Contractor with the same parties stated above participating in this final re-inspection. If all work is determined to be satisfactory, the contractor submits his final invoice for payment. In projects which exceed \$10,000 in funding assistance and/or the rehabilitation contractor has used subcontractors for the rehabilitation construction, the owner will execute a Notice of Completion which is recorded on the subject property at the County Recorder’s Office. Once the 35 day waiting period from time of recordation of the Notice of Completion has passed, a final payment is made to the contractor.

(Revised 12/2009)

**Income Limits Summary From HCD – Effective June 26, 2010**

Visalia-Tulare-Porterville

Family Size:

% Median    1            2            3            4            5            6            7            8

30%	11,850	13,550	15,525	16,900	18,300	19,500	21,000	22,350
50%	19,750	22,550	25,350	28,150	30,450	32,700	34,950	37,200
80%	31,550	36,050	40,550	45,050	48,700	52,300	55,900	59,500

**Lead Based Paint Operating Procedures for Housing Units built prior to 1978**

**(A) Owner-Occupied Rehabilitation Program (Up to \$5,000)**

- i. **Paint Testing or Presumption:** Paint testing shall not be conducted for the housing rehabilitation projects because the City shall presume the presence of lead base paint for all housing projects within this funding range. If the rehabilitation project will disturb painted surfaces all lead base paint mitigation activities other than the actual testing, will be implemented as prescribed by HUD.
- ii. **Notice of Lead Hazard Evaluation:** The pamphlet “Protect Your Family from Lead in Your Home” (Exhibit A) will be provided to each occupant. If the housing unit is built prior to 1978, the homeowner will be provided a “Notice that Lead-Based Paint or Lead Based Paint Hazards Are Presumed to be Present” (Exhibit B) to occupants within 15 days of making such presumption.
- iii. **Visual Inspection:** A visual inspection shall be made by a rehabilitation specialist or other staff assigned to make the inspection, to determine if the project will disturb any painted areas. If the project *will not* disturb any painted areas, the case file shall be so documented and the property owner or tenant advised in writing. No additional compliance steps with lead base paint regulations are required.
- iv. **Repair Work:** If the project *will* disturb paint, then the City of Porterville will require the rehabilitation contractor to be certified as a lead base paint abatement supervisor or as a certified lead safe worker; or the rehabilitation contractor will secure a certified lead base paint abatement supervisor to monitor safe work practices in those areas where painted surfaces will be disturbed by the rehabilitation work. Safety precautions for occupant protection ((§35.1345), work site preparation and cleanup activities and prohibited methods of removal (§35.140) of lead base paint materials must be followed.
- v. **De Minimis Levels:** Safe work practices are not required for projects which are determined to disturb surfaces below *de minimis* levels (§35.1350). The case file shall be documented and a Notice of Completion and Notice of Clearance is not required.
- vi. **Notice of Completion and Notice of Clearance:** A clearance examination of the work site (the area in which the rehabilitation construction was performed) is the responsibility of the rehabilitation contractor and needs to be performed by a certified lead base paint inspector/assessor. Once work is completed, the City will provide the owner a report entitled “Summary Notice of Completion Lead Base Paint Hazard Reduction Activity” (Exhibit E) within fifteen (15) days of the completion date (the date on which clearance is achieved). A copy shall be placed in the project file as documentation.

**(B) Owner-Occupied Rehabilitation Program (\$5,001-\$25,000)**

- i. Information Pamphlet: The City shall provide the pamphlet “Protect Your Family From Lead In Your Home” to each occupant. (Exhibit A)
- ii. De Minimis Levels: Safe work practices are not required for projects which are determined to disturb surfaces below *de minimis* levels (§35.1350). The case file shall be documented and a Notice of Completion and Notice of Clearance is not required.
- iii. Paint Testing or Presumption: For projects of this funding level, presumption of the presence of lead base paint shall not be made. Instead, paint will be tested in all areas that will be disturbed by the proposed repair work by a certified lead base paint inspector/assessor.
- iv. Noticing: The City shall provide the occupants with a “Summary Notice of Lead-Based Paint Inspection” (Exhibit C) after such inspection is made by a certified lead base paint inspector/assessor in accordance with §35.1320(a).
- v. Risk Assessment: The City shall order test samples of those painted surfaces to be disturbed by the rehabilitation construction or, upon visual inspection by the rehabilitation specialist, on any painted surfaces that are deteriorated. If lead is found in the test samples, a risk assessment shall be ordered by the City and conducted by a certified lead inspector/assessor in accordance with §35.1320(b) before rehabilitation construction begins. The lead base paint inspector/assessor will provide a copy of the results to the City who will notify the owners of the property with the “Summary Notice of Lead-Based Risk Assessment.” (Exhibit D)
- vi. Interim Controls: If the risk assessment indicates the presence of lead base paint then lead hazard mitigation activities, including paint standards, interim controls and paint stabilization must be performed on all identified lead paint hazards in accordance with §35.1330. Safety precautions for occupant protection (§35.1345), work site preparation and cleanup activities and prohibited methods of removal (§35.140) of lead base paint materials must be followed.  
  
A person performing paint standards, interim controls or stabilization must be trained in accordance with 29 CFR 1926.59 and be a certified lead base paint safe worker or certified lead base paint abatement supervisor.
- vii. Relocation: As stated in section §35.1345, temporary relocation is required unless: (1) the work will not disturb lead based paint or lead based paint hazards; (2) only exterior work is being conducted and openings to the interior are closed during the work and lead-hazard-free entry to the dwelling is provided; (3) the interior work will be completed in 8 hours, the work sites are contained to prevent dust release into other areas, and no other health or safety hazards are created; or (4) interior work will be completed in 5 consecutive days, work sites are contained, no other health or safety hazards are created, work sites and areas 10 feet from the containment are cleaned at the end of each work day, and occupants have safe access to sleeping, kitchen and bathroom facilities.

Safe access to sleeping, kitchen and bathroom facilities can be provided in another convenient location outside of the work site, thereby avoiding unnecessary relocation of residents.

viii. Clearance: Clearance shall be the responsibility of the rehabilitation contractor who will order the clearance inspection from a certified lead base paint inspector/assessor and in accordance with §35.1340(b).

ix. Notice of Completion and Notice of Clearance: Once work is completed and after a clearance examination of the work site is performed by a certified lead paint inspector/assessor, a copy shall be placed in the project file as documentation. The City will provide a “Summary Notice of Completion of Lead Based Paint Hazard Reduction Activity” (Exhibit E) to the owner within 15 days from project completion date. The lead base paint inspector/assessor will provide a “Lead Hazard Evaluation Report” (Form DHS 8552) to the City, the owner and to the Department of Health Services.

**(C) Owner-Occupied Rehabilitation Program (Over \$25,000)**

The City of Porterville is not undertaking projects where hard costs for rehabilitation construction exceed \$25,000.

- NOTE:
- 1) This is the brochure that is given to homeowners:  
“Protect Your Family From Lead In Your Home”  
[www.hud.gov/lead](http://www.hud.gov/lead) - **type in the above title under search**
  - 2) Exhibits B, C, D, and E will be faxed to you

**State of California HOME Program  
Single-Family Maximum Purchase Price/After-Rehabilitation Value Limits  
Effective April 15, 2010**

For the 203(b) limits for buildings containing more than one unit, please contact  
your HOME Representative.

**One-Unit 203 (b) Limit**

Alpine County	362,790	Orange County	451,250
Amador County	337,250	Placer County	362,790
Butte County	304,000	Plumas County	311,600
Calaveras County	362,790	Riverside County	362,790
Colusa County	302,100	Sacramento County	362,790
Del Norte County	236,550	San Benito County	362,790
El Dorado County	362,790	San Bernardino County	362,790
Fresno County	289,750	San Diego County	362,790
Glenn County	218,000	San Joaquin County	362,790
Humboldt County	299,250	San Luis Obispo County	370,500
Imperial County	234,650	Santa Barbara County	362,790
Inyo County	362,790	Santa Clara County	481,650
Kern County	280,250	Santa Cruz County	432,250
Kings County	237,360	Shasta County	321,955
Lake County	304,950	Sierra County	251,750
Lassen County	216,600	Siskiyou County	223,250
Los Angeles County	362,790	Solano County	362,790
Madera County	323,000	Sonoma County	362,790
Mariposa County	312,895	Stanislaus County	362,790
Mendocino County	362,790	Sutter County	322,757
Merced County	58,383	Tehama County	237,500
Modoc County	200,160	Trinity County	200,160
Mono County	389,025	<b>Tulare County</b>	<b>247,000</b>
Monterey County	362,790	Tuolumne County	332,500
Napa County	362,790	Ventura County	369,550
Nevada County	362,790	Yolo County	362,790
		Yuba County	322,757

**NOTE: The above value limits can and do change periodically.** If there is a discrepancy between any limit in this table and a limit obtained from the HUD “FHA Mortgage Limits” webpage

([www.hcd.ca.gov/fa/home/manual/01/D04\\_Appendix\\_1-B-1\\_max\\_purchase\\_limits.pdf](http://www.hcd.ca.gov/fa/home/manual/01/D04_Appendix_1-B-1_max_purchase_limits.pdf) - 2008-05-06) please utilize

the FHA limit and inform your HOME Representative of the change. **Additionally:** if the State Recipient has been granted a purchase price increase by HUD it is not reflected in the above table. **Updated:** April 15, 2010.

<p><b>Exhibit 3.1 – 24 CFR Part 5</b></p> <p><b>Annual Income Inclusions</b></p> <p>1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.</p> <p>2. 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.</p> <p>3. 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.</p> <p>4. 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 for certain exclusions, listed in Exhibit 3.2, number 14).</p> <p>5. Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation, and severance pay (except for certain exclusions, as listed in Exhibit 3.2, number 3).</p> <p>6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul>	<p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> <li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <b>plus</b></li> <li>• the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family’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.</li> </ul> <p>7. 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.</p> <p>8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).</p> <p><b>Last Modified: January 2005</b></p> <p>Technical Guide for Determining Income and Allowances for the HOME Program — 20</p> <p><b>Chapter Three – Calculating Annual (Gross) Income</b></p>
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**Exhibit 3.2 – 24 CFR Part 5**

**Annual Income Exclusions**

1. Income from employment of children (including foster children) under the age of 18 years.
2. 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. 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 Exhibit 3.1, number 5 of Income Inclusions).
4. 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 a live-in aide (as defined in 24 CFR 5.403).
6. Certain increases 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. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. (a) Amounts received under training programs funded by HUD.  
(b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).  
(c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
- (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.

- (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Temporary, nonrecurring, or sporadic income (including gifts).
11. 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. 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 in excess of \$480 per adopted child.
14. 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. 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. 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 the developmentally disabled family member at home.
17. 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.

*Last Modified: January 2005*

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**Chapter Three – Calculating Annual (Gross) Income**

## **Attachment 5**

### **Requirements and Conditions for Re-Subordination**

1. Lender providing the new financing must be approved by the Community Development Financial Assistance Review Committee as a Participating Lender of the City's Low Income First Time Home Buyer Program.
2. Submittals for Lender Participation Agreements and re-subordination applications will be processed as time allows. First priority is to current loan applications. (Processing time could take from 1-4 weeks).
3. No change is made to the property title.
4. Borrower is reducing their monthly mortgage payment or lowering term of loan as a result of the refinancing. If lowering term results in a increase in payment, borrower must re-qualify as meeting the low income eligibility threshold and debt ratio standards.
5. The new first mortgage must be a 30 year fixed rate fully amortized loan. Closing cost may be allowed to be included in the refinance if all income requirements are met.
6. Borrower's new loan to refinance their primary mortgage cannot be greater than the original first mortgage loan.
7. Borrower's Secured Note must be current with the City with no delinquent payments due.
8. Any cash resulting from refinance shall be applied to Borrower's secured loan.
9. Re-subordination submittal may be subject to final review, approval and Conditions of the City of Porterville's Community Development Financial Assistance Review Committee.

## ATTACHMEN 6

### CITY OF PORTERVILLE HOUSING REHABILITATION STANDARDS

BUILDING EXTERIOR	BUILDING INTERIOR
Roof: Repair/Replacement	Elect Switches/Outlets: Repair
Exterior Stairs or Railings: Repair	Electrical hazards
Downspouts	Doors operational
Exterior Walls: Repair or Replace	Walls/Ceiling hazard defects
Exterior Doors: Repair or Replace	Floor: Repair hazardous defects
Chimney Repair	Floor- Bath: Impervious to water
Electrical Panel repair/replacement	Floor Covering: Habitable Rooms
Elec. Panel - Identify & Label Breakers	Floor - Kitchen: Impervious to water
Window Glass replacement	Kitchen - Ceiling Light
Windows: Make operable/lockable	Kitchen: Stove Repair or Replace
Doors: Operational/lockable	Kitchen: Refrigerator Repair or Replace
Caulking walks, vents, plumbing	Kitchen Sink: Hot & Cold Water
Protective Covering for <i>unpainted</i> wood surfaces, or plumbing fixtures	Kitchen Sink: Trap, Plumbing Leaks
Accessory Building (Garage or living quarters addressed by City of Porterville codes)	Kitchen Counter: Unsanitary
Handicap Ramp to ground floor entry	Bath - Ceiling Light
Sub-area screens: repair/replace	Bath: GFI Outlet
Sub-area access: Provide crawl space	Bath: Ventilation (Window or Vent)
Sub-area soil removal	Bath: Toilet repair/replacement
Foundation - hazards	Bath Sink: Hot & Cold Water
Fence Gate repair	Bathroom sink: Repair/replace
<b>Paint Exterior Walls, facia, doors</b>	Bath: Plumbing Leaks
OTHER ITEMS	Bathroom: Hot & Cold Water
Weather stripping Exterior Doors	Bathroom: Water Saver Shower Head
Heating Unit repair/replacement	Bath: Grab Bar at Toilet or over tub
Cooling System repair/replacement	Bath: Repair/Replace Tub/Shower Unit
Water heater repair/replacement	Bath Exhaust Vent: Provide/repair
Gas supply line: Provide or Repair	Bath: Caulk around toilet, tub, shower
Water Heater: Strapping, Blanket Restore Pressure Relief	Smoke Detectors
Provide barriers to earth to wood contact	Carbon Monoxide Detector
Water supply lines repair	Flooring deemed unsafe or unsanitary
Meter ground wire	Insulation – Ceiling
Add Additional Square Feet to house for safety or overcrowded conditions	Heat-Cool Thermostat Replacement
Lead Base Paint Hazard Reduction Activities that do not increase the value of the home	Lead Base Paint Hazard Reduction Activities

Water connection lines to city meter, including fees and permits	Sewer connection lines to sewer lateral, including fees and permits
Well abandonment on private property	Septic Tank Abandonment on private property
Public Works Connections Fees for Water/Sewer	Permits and Fees associated with City services

- Each dwelling will have to be independently visually assessed. Repair items that may potentially disturb existing painted surfaces may require testing from a certified LBP inspector/risk assessor to determine how to proceed with rehabilitation construction and stabilization efforts on the existing paint.**

(Revised December 2010)

## **GREEN BUILDING OPTION**

Beyond energy efficiency, there are a number of ways to preserve our resources while increasing comfort and lifestyle. Green buildings, by definition, reduce or eliminate negative impacts on the environment and the health of building occupants. Through green design we can increase comfort today, while planning for the future of our planet and the built environment. “Green Building” is a process for creating buildings and supporting infrastructure that minimize the use of resources, reduce harmful effects on the environment, and create healthier environments for people.

Incorporating green building features in rehabilitation projects should be an important consideration. Dollar savings help low-income families the most, as utility cost are known to be approximately 25% of the expenses. Green building can produce economic and quality-of-life benefits, improve the financial bottom line for property owners, and generate economic and environmental benefits for the local, regional, and world community.

In an effort to conserve energy and assist homeowners save money on energy costs. City of Porterville is offering the following options during the home rehabilitation process. Please read this carefully and inform the home rehabilitation specialist if this is an option you would like to take advantage of.

<b>GREEN BUILDING OPTIONS:</b>	<b>INTERESTED</b>	<b>NOT INTERESTED</b>
<b>Site</b>		
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.		
<b>Materials and Resources</b>		
2. Use engineered lumber a. Beams and Headers b. Wood I-Joists or web trusses for floors and ceilings		
3. Use Oriented Strand Board (OSB) a. Floor, Wall and Roof sheathing.		
4. Provide effective air sealing. a. Seal sole plates. b. Seal exterior penetrations at plumbing, electrical and other penetrations. c. Seal top plate penetrations at plumbing, electrical, cable and other penetrations. d. Weather-strip doors and attic access openings. e. Seal penetrations in interior equipment closets and rooms. f. Seal around bathtub drain penetrations in raised floors.		

5. Install and flash windows in compliance with window installation protocols.		
6. Exterior Doors a. Insulated or solid core. b. Flush, paint or stain grade shall be metal clad or have hardwood faces. c. Factory primed on six sides with a one year warranty.		
7. Select durable non-combustible roofing Materials which carry a three-year contractor Installation guarantee.		
<b>Energy Efficiency</b>		
8. Install ENERGY STAR® Ceiling Fans in living areas and all bedrooms; install a whole house fan with insulated louvers; or install an economizer.		
9. Install ENERGY STAR® appliances in each unit, including but not limited to; a. Dishwashers b. Refrigerators c. Clothes washers		
10. Install gas storage water heater with an Energy Factor (EF) of 0.62 or greater and a capacity of at least 30 gallons for one- and two-bedroom units and 40 gallons for three-bedroom units or larger.		
<b>Water Efficiency</b>		
11. Use water saving fixtures or flow restrictors. a. Kitchen and Service Areas < 2 gallons per minute (gpm). b. Bathroom Sinks < = 1.5 gallons per minute (gpm). c. Showers and Bathtubs < = 2.5 gallons per minute (gpm).		
<b>Indoor Environmental Quality</b>		
12. Use Low-VOC paint and stain. a. Flat interior wall/ceiling paints & stains < 50gpl VOCs. b. Non-flat wall/ceiling paints & stains <150gpl VOCs.		
13. Floor coverings a. Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness.  b. Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness.  c. Carpet shall comply with U.S. Department of Housing and Urban Development/Federal Housing Administration UM 44C, or alternatively, cork, bamboo, linoleum, or hardwood floors shall be provided in all other floor areas.		