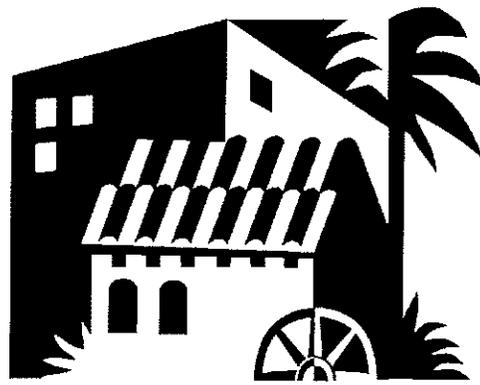


**CITY OF BALDWIN PARK
HOUSING DEPARTMENT**

HOME IMPROVEMENT PROGRAM



BALDWIN

P · A · R · K

**RESIDENTIAL REHABILITATION
LOAN AND GRANT APPLICATION**

CITY OF BALDWIN PARK, COMMUNITY DEVELOPMENT DEPARTMENT
14403 E. PACIFIC AVE., BALDWIN PARK, CA 91706
FOR MORE INFORMATION, CALL MICHELLE BRAVO AT (626) 960-4011 EXT. 354

2016 Los Angeles County

Affordable Housing Worksheet

Income Level	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Extremely Low 30%	\$18,250	\$20,850	\$23,450	\$26,050	\$28,440	\$32,580	\$36,730	\$40,890
Very Low 50%	\$30,400	\$34,750	\$39,100	\$43,400	\$46,900	\$50,350	\$53,850	\$57,300
Lower 80%	\$48,650	\$55,600	\$62,550	\$69,450	\$75,050	\$80,600	\$86,150	\$91,700

Effective March 28, 2016

**CITY OF BALDWIN PARK
COMMUNITY DEVELOPMENT DEPARTMENT**

LOAN / GRANT APPLICATION PACKAGE

Applicant & Co-applicant Name: _____

Property address: _____ Home Phone # () _____

Work Phone # () _____

PLEASE COMPLETE AND SIGN ALL APPLICABLE FORMS

_____ APPLICATION - filled out completely and signed by Applicant and Co-applicant

_____ REQUEST FOR VERIFICATION OF EMPLOYMENT - 1 signed copy necessary for **each** working household member*

_____ AUTHORIZATION TO VERIFY CREDIT INFORMATION - signed by **all** adult household members

_____ GENERAL AFFIDAVIT FORM. Family member over 18yrs. old not receiving income.

_____ SOCIAL SECURITY VERIFICATION FORM – Signed by family members receiving any form of S.S.I. assistance.

_____ CERTIFICATION – INCOME TAX RETURN NOT REQUIRED – signed by any household members who did not file taxes.

_____ UNEMPLOYMENT VERIFICATION – signed by household members currently receiving unemployment pay.

_____ COMPLETE LEAD BASE PAINT ACKNOWLEDGEMENT - signed by Applicant

_____ SAMPLE RACE/ETHNICITY CATEROGY FOR FEDERALLY FUNDED PROJECTS – signed by Applicant

_____ STATE FAIR LENDING NOTICE – Signed by Applicant and Co-Applicant

_____ FEDERAL FAIR LENDING NOTICE - Signed by Applicant and Co-Applicant

PLEASE PROVIDE COPIES OF THE FOLLOWING ITEMS

_____ **2015** INCOME TAX FORMS along with the W-2's / or signed certification of income tax not required

_____ LAST 3 EMPLOYMENT PAY STUB - For **all** working household members or unemployment verification

_____ LAST 3 MONTHS BANK DEPOSIT STATEMENTS - For **all** bank account(s)

_____ A RECORDED DEED OF TRUST or A RECORDED GRANT DEED

_____ LAST MORTGAGE STATEMENT (if you **do** owe on a mortgage)

_____ **2016** FIRE INSURANCE POLICY

_____ **2016** PROPERTY TAX BILL STUB

_____ MOST RECENT WASTE MANAGEMENT BILL

NOTE: SEND COPIES ONLY! ORIGINAL DOCUMENTS WILL NOT BE ACCEPTED!

Please make an appointment to submit application. No Walk-Ins.

To schedule an appointment to submit your application or if you have any questions, please contact Michelle Bravo at (626) 960-4011 ext. 354



CITY OF BALDWIN PARK
HOME IMPROVEMENT LOAN/GRANT
APPLICATION
(Please fill out completely)

Name: _____ Apt. No.: _____

Property Address: _____

Home Phone: _____ Work Phone: _____ Census Tract: _____

Handicapped: No Yes If handicapped, nature of handicap: _____

Total bedrooms in house: _____ Total persons in household: _____

Total bathrooms in house: _____ Is garage attached to home? Yes ___ No ___

List all persons in household (use separate sheet if needed):

1. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: Head of Household

2. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

3. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

4. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

5. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

6. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

7. Name: _____

Sex: _____ Age: _____ Soc. Sec. No.: _____

Relationship to HOH: _____

Include all totals for the following. Failure to disclose all information may lead to denial of program participation.

Employment: \$ _____ Soc. Sec.: \$ _____ Pension: \$ _____ Interest: \$ _____

Checking Account Balance : \$ _____ Savings Account Balance: \$ _____

List any other income and source: _____

How long have you lived on the property? _____ Year Built: _____

Monthly Mortgage Payment: \$ _____ First Mortgage Balance: \$ _____

Please list all persons listed on Title: _____

Property refinanced within the last 12 months? No Yes

If yes, cash out? No Yes: Amount: \$ _____

Obtained Second Loan within the last 12 months? No Yes Second Trust Deed Payment? \$ _____

Have you received a Grant or Loan from the City before? No Yes If yes, month & year: _____

Previous Improvements made: _____

Do you own any other properties aside from the home listed above? _____

PROPOSED HOME IMPROVEMENTS

Full Description

Please note: Based on the initial inspection of the property, additional work may be necessary in order to comply with City Building and Safety Codes. All Building and Safety Codes must be in compliance **prior** to the continuation of rehabilitation project. If homeowner does not want to correct Building and Safety Codes issues, a loan/grant will **not** be awarded. Loan/Grant funds can be used to correct all code violations on property.

I declare, under penalty of perjury, that the above information is true and complete, and further agree that the City of Baldwin Park shall not be held liable for damages that may arise out of, or in connection with, the home improvement(s) described above. The City of Baldwin Park acts solely as a lender.

Date

Applicant's Signature

FOR OFFICE USE ONLY

Verified Income \$ _____ Gross Per Year Verified By: _____ Date: _____

Qualified for Assistance: Grant Loan (1%) Loan (3%) Does not qualify for either

Request for Verification of Employment

Privacy Act Notice: This information is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not, your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (if VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1425b (if HUD/CPD); and Title 42 USC, 1471 et. seq. or 7 USC, 1921 et. seq. (if USDA/FmHA)

Instructions: Lender - Complete Items 1 through 7. Have applicant complete Item 3. Forward directly to employer named in Item 1.
 Employer - Please complete either Part II or Part III as applicable. Complete Part IV and return directly to lender named in Item 2.
 The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

Part 1 - Request

1. To (Name and address of employer)

2. From (Name and address of lender)

**City of Baldwin Park - Comm. Dev.
 14403 E. Pacific Avenue
 Baldwin Park, CA 91706**

I certify that this verification has been sent directly to the employer and has not passed through the hands of the applicant or any other interested party.

3. Signature of Lender

4. Title

5. Date

6. Lender's No. (Optional)

Michelle Bravo

Senior Housing Specialist

I have applied for a mortgage loan and stated that I am now or was formerly employed by you. My signature below authorizes verification of this information.

7. Name and Address of Applicant (Include employee or badge number)

8. Signature of Applicant

Part II - Verification of Present Employment

9. Applicant's Date of Employment

10. Present Position

11. Probability of Continued Employment

12A. Current Gross Pay Base (Enter amt. and Check Period

Annual Weekly Other
 Monthly Hourly (Specify)

\$ _____

13. For Military Personnel Only

Pay Grade _____
 Type _____ Monthly Amount _____

14. If Overtime or Bonus is Applicable, is Continuance Likely?

Overtime Yes No
 Bonus Yes No

12B. Gross Earnings

Base Pay \$ _____

15. If paid hourly - average hours per week.

Type	Year To Date	Past Year 20__	Past Year 20__	Rations	\$
Base Pay	\$ _____	\$ _____	\$ _____	Flight or Hazard	\$ _____
Overtime	\$ _____	\$ _____	\$ _____	Clothing	\$ _____
Commiss.	\$ _____	\$ _____	\$ _____	Quarters	\$ _____
Bonus	\$ _____	\$ _____	\$ _____	Pro Pay	\$ _____
				Overseas or Combat	\$ _____
Total	\$ _____	\$ _____	\$ _____	Variable Housing Allowance	\$ _____

16. Date of applicant's next pay increase.

17. Projected amount of next pay increase.

18. Date of applicant's last pay increase.

19. Amount of last pay increase.

20. Remarks (if employee was off work for any length of time, please indicate time period and reason.)

Part III - Verification of Previous Employment

21. Date Hired

23. Salary/Wage at Termination Per (Year)(Month)(Week)

22. Date Terminated

Base _____ Overtime _____ Commissions _____ Bonus _____

24. Reason for Leaving

25. Positions Held

Part IV - Authorized Signature

- Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA secretary, the U.S.D.A., FmHA/FHA Commissioner, or the HUD/CPD Assistant Secretary.

26. Signature of Employer

27. Title (Please print or type)

28. Date

29. Print or type name signed in item 26

30. Phone No.



CITY OF BALDWIN PARK HOME IMPROVEMENT PROGRAM

Consent to Gather Credit Information

In connection with the attached application for a Rehabilitation Home Loan, and in accordance with the City of Baldwin Park's policy to gather credit information on potential applicants, I/we authorize the City of Baldwin Park to make whatever inquiries necessary for purposes of collecting and evaluating my/our credit.

_____ Signature	_____ Print Name	_____ Date
Social Security # _____	Date of Birth: _____	
Drivers License #: _____	Phone #: _____	
Address: _____		

_____ Signature	_____ Print Name	_____ Date
Social Security # _____	Date of Birth: _____	
Drivers License #: _____	Phone #: _____	
Address: _____		

_____ Signature	_____ Print Name	_____ Date
Social Security # _____	Date of Birth: _____	
Drivers License #: _____	Phone #: _____	
Address: _____		

*Signature required for all adult household members. Use back side for additional adult household members.



GENERAL AFFIDAVIT FORM

State of California)
County of Los Angeles)

ss

I, _____ hereby state that I receive no source of income from
either wages, benefits or interest.

I am solely supported by _____.

Signature

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

On, _____ Before me, _____
personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing is
true and correct.

WITNESS my hand and official seal.

Signature of Notary Public



SOCIAL SECURITY VERIFICATION

_____, 2016

Social Security Administration
437 N. Asuza Ave.
West Covina, CA 91791

Re: Social Security Consent Statement

I, _____, Social Security No. _____ reside
at _____ Baldwin Park, CA 91706,
authorize your agency to release information about my benefits to:

ATTENTION:

**City of Baldwin Park
Housing Department
14403 E. Pacific Ave.
Baldwin Park, CA 91706
Attn: Michelle Bravo**

This information is necessary for the purpose of verifying my total household income for participation in the City of Baldwin Park Housing Rehabilitation Program.

The information to be released should include my master beneficiary record and supplemental security record.

Date

Signature



CERTIFICATION INCOME TAX RETURN NOT REQUIRED

The owner(s) of the property at _____
certify that because of insufficient income, filing of income tax return for 20____
was not required.

Owner

Date

Owner

Date

PENALTY FOR FALSE OR FRAUDULENT STATEMENT, U.S.C. Title 18, Section 1001, provides: "Whoever, in the matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies... or makes any false fictitious or fraudulent statements or representations, or makes or uses any false writing documents knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than 5 years or both."



Unemployment Verification

I am submitting an application for participation in a Home Improvement Program with the City of Baldwin Park. Pursuant to law, the City of Baldwin Park is required to secure written verification of my income to determine my eligibility.

Therefore, I hereby give my consent to have information regarding my unemployment income released to the City of Baldwin Park.

Signature

Social Security Number

Date on Which Present Claim Commenced:

Date on Which Present Claim Ends:

Date on Which Any Additional Claims Commenced:

Date on Which Any Additional Claims End:

Current Weekly Benefit Amount:

Number of Consecutive Payments Received Since Last Filing: _____

Signature of Person Completing Form

Printed Name

Title

Phone Number

Date

If you have any questions please call Michelle Bravo at (626) 960-4011 ext.354

Notification

To: Owners and Tenants & Purchasers
of Housing Constructed
before 1978

Watch Out For Lead-Based Paint Poisoning

This property was constructed before 1978. There is a possibility it contains lead-based paint. Please read the following information concerning lead-based paint poisoning.

Sources of Lead Based Paint

The interiors of older homes and apartments often have layers of lead-based paint on the walls, ceilings, window sills, doors and door frames. Lead-based paint and primers may also have been used on outside porches, railings, garages, fire escapes and lamp posts. When the paint chips, flakes or peels off, there may be a real danger for babies and young children. Children may eat paint chips or chew on painted railings, window sills or other items when parents are not around. Children can also ingest lead even if they do not specifically eat paint chips. For example, when children play in an area where there are loose paint chips or dust particles containing lead, they may get these particles on their hands, put their hands into their mouths, and ingest a dangerous amount of lead.

Hazards of Lead-Based Paint

Lead poisoning is dangerous - especially to children under the age of seven (7). It can eventually cause mental retardation, blindness and even death.

Symptoms of Lead-Based Paint Poisoning

Has your child been especially cranky or irritable? Is he or she eating normally? Does your child have stomachaches and vomiting? Does he or she complain about headaches? Is your child unwilling to play? These may be signs of lead poisoning. Many times though, there are no symptoms at all. Because there are no symptoms does not mean that you should not be concerned if you believe your child has been exposed to lead-based paint.

Advisability and Availability of Blood Lead Level Screening

If you suspect that your child has eaten chips of paint or someone told you this, you should take your child to the doctor or clinic for testing. If the test shows that your child has an elevated blood lead level, treatment is available. Contact your doctor or local health department for help or more information. Lead screening and treatment are available through the Medicaid Program for those who are eligible. If your child is

identified as having an elevated blood lead level, you should immediately notify the Community Development or other agency to which you or your landlord is applying for rehabilitation assistance so the necessary steps can be taken to test your unit for lead-based paint hazards. If your unit does have lead-based paint, you may be eligible for assistance to abate that hazard.

Precautions to Take to Prevent Lead-Based Paint Poisoning

You can avoid lead-based paint poisoning by performing some preventive maintenance. Look at your walls, ceilings, doors, door frames and window sills. Are there places where the paint is peeling, flaking, chipping, or powdering? If so, there are some things you can do immediately to protect your child.

- (a) Cover all furniture and appliances;
- (b) Get a broom or stiff brush and remove all loose pieces of paint from walls, woodwork, window wells and ceilings;
- (c) Sweep up all pieces of paint and plaster and put them in a paper bag or wrap them in newspaper. Put these packages in the trash can. DO NOT BURN THEM;
- (d) Do not leave paint chips on the floor in window wells. Damp mop floors and window sills in and around the work area to remove all dust and paint particles. Keeping these areas clear of paint chips, dust and dirt is easy and very important; and
- (e) Do not allow loose paint to remain within your children's reach since children may pick loose paint off the lower part of the walls.

Homeowner Maintenance and Treatment of Lead-Based Paint Hazards

As a homeowner, you should take the necessary steps to keep your home in good shape. Water leaks from faulty plumbing, defective roofs and exterior holes or breaks may admit rain and dampness into the interior of your home. These conditions damage walls and ceilings and cause paint to peel, crack or flake. These conditions should be corrected immediately. Before repainting, all surfaces that are peeling, cracking, chipping or loose should be thoroughly cleaned by scraping or brushing

the loose paint from the surface, then repainted with two (2) coats of non-lead paint. Instead of scraping and repainting, the surface should be covered with other material such as wallboard, gypsum, or paneling. Beware that when lead-based paint is removed by scraping or sanding, a dust is created, which may be hazardous. The dust can enter the body either by breathing it or swallowing it. The use of heat or paint removers could create a vapor or fume which may cause poisoning if inhaled over a long period of time. Whenever possible, the removal of lead-based paint should take place when there are no children or pregnant women on the premises. Simply painting over defective lead-based paint surfaces does not eliminate the hazard. Remember that you as an adult play a major role in the prevention of lead poisoning. Your actions and awareness about the lead problem can make a big difference.

Tenant and Homebuyer Responsibilities

You should immediately notify the management office or the agency through which you are purchasing your home if the unit has flaking, chipping, powdering, or peeling paint, water leaks from plumbing, or a defective roof. You should cooperate with that office's effort to repair the unit.

I have received a copy of the Notice entitled "Watch Out for Lead Paint Poisoning"

Date

Print Full Name

Signature



City of Baldwin Park

Sample Race/Ethnicity Form For Federally Funded Programs

Race/Ethnicity

This information is confidential and is only used for government reporting purposes to monitor compliance with equal opportunity laws. Please note that self-identification of race/ethnicity is voluntary.

RACE

- White
- Black/African American
- Asian
- American Indian or Alaska Native
- Native Hawaiian or other Pacific Islander
- American Indian or Alaska Native AND White
- Asian AND White
- Black/African American AND White
- American Indian/Alaska Native AND Black/African American
- Other _____

HISPANIC/LATINO ETHNICITY Yes No

- Yes, Mexican/Chicano
- Yes, Puerto Rican
- Yes, Cuban
- Yes, Other Hispanic/Latino: _____

Signature

Date

Baldwin Park Home Improvement Program

STATE OF CALIFORNIA FAIR LENDING NOTICE

This notice applies to all applicants for financial assistance for the purchase, construction, rehabilitation, improvement or refinancing of one-to-four family residences.

It is unlawful, under the housing financial discrimination act of 1997, for a public agency to consider any of the following in determining whether or not, or under what condition to provide or arrange for financial assistance:

1. Neighborhood characteristics (such as average age of the homes or the income level in the neighborhood) except, to the limited extent necessary to avoid an unsafe and unsound business practice.
2. Race, religion, sex, color, marital status, or national ancestry.

It is also unlawful to consider, in appraising a residence, the racial, ethnic, or religious composition of a particular neighborhood or whether or not such composition is undergoing change or expected to undergo change.

If you wish to file a complaint, or if you have questions about your rights, contact:

Office of Lending & Transportation Agency
1120 N Street
Sacramento, CA 95814
(916) 332-9851

If you file a complaint, the law requires that you receive a decision within thirty (30) days.

I (we) received a copy of this notice.

Signature

Date

Baldwin Park Home Improvement Program

Fair Lending Notice

This notice applies to all applicants for a secured or unsecured loan to purchase or refinance an owner occupied one-to-four family members.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract) because all or part of the applicant's income derives from any public assistance program or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this, concerning this creditor is the U.S. Comptroller of the Currency, Consumer Affairs Division, Washington, D.C. 20219.

The California Housing Financial Discrimination Act. Of 1977 provided in part as follows:

35810. No financial institution shall discriminate in the availability of, or the provision of, financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing housing accommodations due, in whole or in part, to the consideration of conditions, characteristics or trends in the neighborhood or geographic area surrounding the housing consideration in the particular case is required to avoid an unsafe and unsound business practice.

35811. No financial institution shall discriminate in the availability of, or the provision of, financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing housing accommodations due, in whole or in part, to the consideration of race, color, religion, sex, marital status, national origin, or ancestry.

35812. No financial institution shall consider the racial, ethnic, religious or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodations or in determining whether or not, and under what terms and conditions, to provide financial assistance for the purpose of purchasing, constructing, rehabilitating, improving, or refinancing a housing accommodation. No financial institution shall utilize appraisal practices that are inconsistent with the provisions of this part.

If you wish to file a complaint, or have questions about your rights, contact Comptroller of the Currency, Administrator of National Banks, Consumer Complaint Department, Stewart Street Tower, Suite 2101, One Market Plaza, San Francisco, California 94105.

I (we) received a copy of this notice.

Signature

Date

Signature

Date

City of Baldwin Park

Home Improvement Loan and Grant Program

I. General Information

- A. Purpose
- B. Goals
- C. Funding Source
- D. Loan Assistance

II. Guidelines

- A. Property Eligibility and Improvements
- B. Participant Eligibility
- C. Loan Conditions
- D. Loan Amount Determination

III. Procedures

- A. Intake Process
- B. Initial Inspection
- C. Bid and Contract Award Procedures
- D. Contractor Selection
- E. Financial Review
- F. Loan Documentation
- G. Contract Management
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- I. Final Inspection
- J. Loan Collection
- K. Pre-Payment Penalty
- L. Loan Subordination Policy

IV. Grant Program

- A. Grant Amount Determination
- B. Priority Improvements
- C. Eligible Home Improvements
- D. Limitations

V. Lead Education and Testing

VI. Lead Abatement Program

I. General Information

A. Purpose

The purpose of the Home Improvement Loan and Grant Program (the "Program") is to provide the monetary resources needed to assist persons (the "Participants") who are very low-income and low-income (as defined by the applicable funding source) owner-occupants of eligible property located throughout the City of Baldwin Park (the "Property") to make needed repairs and improvements to their homes, thus providing decent, safe and sanitary housing while enhancing overall the neighborhood and community. The loans are provided at low interest rates and in certain cases are not payable until the Property is sold, refinanced, title transferred, or no longer owner-occupied. Repayment at that time allows another eligible household to benefit from the Program.

B. Goals

The goal of the Program is the elimination of blighted housing conditions and declining neighborhoods within Baldwin Park. The Program offers an incentive for property owners to repair and maintain their homes, thereby beginning the revitalization process in neighborhoods that are in need of improvement. The Program is operated by the City of Baldwin Park (the "City").

C. Funding Sources

The Program is funded through a variety of sources (each with its own regulations and requirements with which the City and the Participant must comply). The funding sources currently utilized are:

- Community Development Block Grant ("CDBG")
- HOME Investment Partnership Fund ("HOME")
- CalHome State Grant Fund ("CalHome")

D. Loan Assistance

The following types of loans are available through the Program for eligible Property improvement and rehabilitation, as described below. The grants available through the Program are described in Section IV.

1. **CDBG/HOME Funding**

a. Deferred Payment Loan

Owner-occupants who are very low-income households, low-income senior citizens, and low-income disabled/handicapped residents may obtain a CDBG/HOME Deferred Payment Loan. A CDBG/HOME Deferred Payment Loan bears interest at the rate of one percent (1%) annual simple interest. No payments of either principal or interest are required until such time as the promissory note is due (a term of thirty (30) years) or such earlier time as the Property is sold, refinanced, or no longer owner-occupied or title is transferred to a new owner*. Upon the occurrence of any of those events, the CDBG/HOME Deferred Payment Loan together with all accrued interest becomes due and payable.

b. Amortized Loan

All owner-occupants who are low-income households may obtain a CDBG/HOME Amortized Loan. The CDBG/HOME Amortized Loan bears interest at the rate of three percent (3%) annual simple interest rate. The recipient of a CDBG/HOME Amortized Loan makes monthly payments of principal and interest throughout the loan term to a City-approved escrow company. The maximum term of the loan is up to twenty (20) years, as determined by the City based upon the Participant's ability to pay, provided, however, that repayment may be required at such earlier time as the home is sold, refinanced, or no longer owner-occupied, or title is transferred to a new owner*.

Eligible income levels for CDBG and HOME loans are determined by the United States Department of Housing and Urban Development ("HUD"). Those income levels are described in Section II.B.1, below, but are subject to modification as required by HUD.

2. **CalHome Funding**

Owner-occupants who are very low-income or low-income households may obtain a CalHome Deferred Payment Loan. A CalHome Deferred Payment Loan bears interest at the rate of one percent (1%) annual simple interest. No payments of either principal or interest are required until such time as the promissory note is due (a term of thirty (30) years) or such earlier time as the home is sold, refinanced, or no longer owner-occupied or title is transferred to a new owner*. Upon the

occurrence of any of those events, the CalHome Deferred Payment Loan together with all accrued interest becomes due and payable.

Eligible income levels for CalHome loans are determined by the law of the State of California. Those income levels are described in Section II.B.1, below, but are subject to modification as required by State law.

**Pursuant to federal law (the Garn-St.Germain Depository Institution Act of 1982 (12 U.S.C.A 1701J-3(b) (2),) certain transfers may not accelerate the maturity date of the principal and accrued interest on loans. These situations are described more fully in the promissory notes executed by the Participant.*

3. The CDBG/HOME Deferred Payment Loan, CDBG/HOME Amortized Loan, and CalHome Deferred Payment Loan are each hereafter referred to as a "Loan" in these Guidelines, unless the context clearly requires otherwise.

II. Guidelines

A. Property Eligibility Requirements and Improvements

Properties on which Program money may be spent must be located within the boundaries of the City of Baldwin Park. In order to be eligible for Program money, the Property must require repairs or improvements to make it meet the City's building and safety codes (collectively, the "Building Code") and/or the Property Rehabilitation Standards attached hereto as attachment "A". The repairs or improvements must be specified by the Participant. The top priority for use of proceeds from the Program must be to remedy existing nonconforming uses and Building Code violations. All improvements must be physically attached to the Property and permanent by nature (except for attic insulation). All eligible project cost must meet 24 CFR 29.206

Eligible Improvements: Improvements to the property shall be prioritized according to the priorities established by these Guidelines as implemented by the Community Development and Housing Department. **However**, if any Building Code violations exist, they **must** be corrected before any other property improvements can be done. All corrections must be approved by the City's Housing Division and completed by a contractor who is properly licensed through the State of California and the City of Baldwin Park.

Improvements will be categorized as "high", "moderate," "low", or "ineligible". Improvements are also listed in order of importance within their classifying categories. These categories are defined and described as

follows:

High Priority: All existing or potential code violations, as well as all health and safety concerns. Potential code violations include items that are in the beginning stages of deterioration. For example, a roof with obvious signs of weatherization and/or age is considered a potential code violation. High priority items are those that preserve the structural integrity of the home.

Eligible High Priority items include the following:

- A. Repair or replace roofing (always to include home and garage)
- B. Structural repairs
- C. Existing un-permitted room additions brought into conformity with the Building Code through demolition -- if rebuilding is sought, the room addition must qualify as a Moderate Priority Item
- D. Existing un-permitted patios brought into conformity with the Building Code through demolition or minor structural changes; rebuilding of patios is not eligible
- E. Repair or replace electrical wiring and service
- F. Repair or replace heating system
- G. Repair or replace deteriorated plumbing
- H. Repair, replace, or relocate water heater
- I. Termite fumigation and repair
- J. Repair or replace existing air conditioning unit*
- K. Repair or replace garage door*
- L. Install or replace smoke detectors
- M. Install or replace Ground Fault Circuit Interrupters (GFCIs)
- N. Install or replace security hardware (doors and windows)
- O. Tie into sewer system
- P. Existing non-functional built-in appliances*
- Q. Operable windows
- R. Senior and Disabled Standards
- S. Exterior improvements
 - 1. Replace exterior surface (stucco and wood only)
 - 2. Exterior painting
 - 3. Construction, or repair, of front porch area

*Items that may be eligible depending on the severity of need or reason for need. For example, the replacement of a garage door for a single disabled person.

Moderate Priory Items: Improvements not deemed as necessary although improve living conditions. Eligible Moderate Priority items include the following:

- B. Room additions/enlargements for homes (over-crowded situations

ONLY - To determine an over-crowded situation, please use formula below in point A1.) using the following conditions:

1. Living or family rooms can be enlarged if the after improvement square footage of the room is less than 40 sq. ft. per person in the household (over-crowded situations ONLY).
2. Bedroom and bathroom additions are eligible if the number of bedrooms multiplied by 2 plus 1, is less than or equal to the number of persons in households. Note that bedroom additions shall not be 1½ times the largest current bedroom in the household (over-crowded situations ONLY).
3. Kitchen enlargements are eligible if the after improvement square footage is less than or equal to 20 sq. ft per person in the household (over-crowded situations ONLY).

Low Priority Items:

- A. Repair or replace windows and/or window sills (no new windows where they do not already exist. Exception is bathroom with no existing ventilation).
- B. Construction of curb, sidewalk and driveway runway (required on all projects over \$20,000 per City Engineering Department).
- C. Permanent insulation.
- D. Repair or replace doors.
- E. Kitchen counters, sinks, and cabinets. Existing must be in deteriorated state.
- F. Interior painting.
- G. Flooring (flooring type, approved areas, and other conditions to be determined on a case- by-case basis).
- H. Exterior improvements
 1. Cement entryways and walks
 2. Cement or asphalt driveways
 3. Front yard landscaping for seniors or disabled only (irrigation system).
 4. Construction of fences (for safety purposes only)
- I. Removal of deteriorated fencing.

- J. Any other improvements approved by the City, as appropriate for the funding source.

Ineligible Items: These are items deemed as a luxury, and do not provide improved living conditions, and in some cases serve more as an aesthetic upgrade. Ineligible items include, but are not limited to, the following:

- A. Swimming pools, spas or hot tubs
- B. Construction or repair of garages
- C. Brick work
- D. Patio Covers or Enclosures
- E. Fencing
- F. Kitchen appliances (washer and dryer included)
- G. New fireplace
- H. Guest house
- I. Security system or window security bars
- J. Kennels
- K. Recreational rooms or areas
- L. Wood shingle or shake roofs
- M. Granite countertops
- N. Skylights
- O. Solar panels
- P. Other items not listed will be decided upon on a case-by-case basis

All improvements made to the Property shall be made in compliance with all applicable City rules and regulations regardless of the source of funds.

The need for such items must be presented to the Loan Committee, who will then determine if need for replacement/installation of item is deemed necessary. The Loan Committee's decision is final.

B. Participant Eligibility

1. Loans are available only to persons of legal age and of competent mental capacity to enter into financial and contractual agreements.
2. The Participant must own the property for a minimum of one year and occupy the Property as his/her principal residence.
3. Former participants in any City or Commission program must have completely repaid any and all previous loans prior to receiving an additional loan.
4. Unless other criteria are specified by the source of funds, the following criteria shall apply to determine applicant eligibility:

a. Income eligibility is based upon the Participant's household's income (refer to Appendix "A" Gross Income Inclusions and Appendix "B" Gross Income Exclusions) as compared to the median income within the County of Los Angeles. To qualify within a particular category, the Participant's household may not exceed the maximum percentage of that median income level as set forth below:

	Very Low Income	Low Income
CDBG	50%	60-80%
HOME	50%	60-80%
CalHome	50%	80%

b. A "senior citizen" is defined as an individual that has achieved sixty two (62) years of age. Proof of age may be required.

c. A "disabled/handicapped person" is defined as any person who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such impairment.

d. Household income - In determining income eligibility, all persons on title are considered household members. In addition, all persons in the residence are considered household members. The total or combined household's income must be within the most recent HUD approved income limits for Los Angeles County at the time the household is approved for the Program.

5. All persons on title to the Property must sign a Loan Agreement, Promissory Note ("Note"), Deed of Trust, Declaration of Covenants, Conditions, and Restrictions ("Declaration") and any other documents deemed necessary to effectuate the Loan.
6. Credit history, income-to-debt ratio, and employment status shall be reviewed and verified by the City. Participants may be approved or disapproved according to typical underwriting criteria.

C. Loan Conditions

1. City Conditions

- a. As incorporated into the "Fair Lending Notice" section of the Loan application package, the City, as Lender, must comply with the Federal Equal Credit Opportunity Act and California Housing Financial Discrimination Act of 1977.
- b. As included in the Lead Based Paint Notification part of the Loan application packet, HUD requires the City to advise Participants of the danger of lead based paint, provide documentation in the case file and abate the presence of lead based paint (as required). Grants are provided for the testing and abatement of lead based paint, when necessary, for all Properties participating in the Program.
- c. The City must comply with the Fair Credit Reporting Act, which stipulates and guarantees the Participant's privacy and the right to have all information regarding the Loan transaction kept in a confidential manner.

2. Participant's Conditions:

a. Terms and Conditions

The specific terms and conditions for any Loan shall be incorporated in a Loan Agreement, Promissory Note, Deed of Trust and other instruments, as applicable, prepared by the City. The Participant agrees to execute each such document.

b. Civil Rights

The Participant shall not discriminate upon the basis of sex, age, race, creed, color, class, national origin, or ancestry in the sale, lease, rental, use, or occupancy of the Property, or the awarding of any contract relating to the Property.

c. Use of Proceeds

The Participant shall agree to use the Loan proceeds only to pay for costs of services and materials necessary to carry out the improvement work as detailed in the "Work Write Up" prepared.

d. Construction Process and Future Property Inspections

The Participant shall permit inspections by the City of the entire Property for compliance with the Property Rehabilitation Standards. The Participant shall also permit all other inspections deemed necessary by the City's Community Development and Public Works Departments regarding the Property, any improvement work on the Property and/or any future Property maintenance compliance.

e. Completion of Work

The Participant shall assure that the improvement work shall be carried out promptly and efficiently through a written contract with a licensed contractor. The contract form shall be that provided by the City. The contract shall be awarded after review of the Program requirements and written approval by the Housing Loan Committee as set forth in Section III.D.5.a below.

f. Ineligible Contractors

The Participant shall agree not to award any contract for improvement work to be paid for in whole or in part with the proceeds of a Loan under the Program to any contractor who does not meet standards set forth in Section III.C below.

g. Records

The Participant shall keep such records as may be required to assure compliance of the improvement work with the requirements of the Program. The City provides initial copies of documents and forms at the time of processing as requested by the Participant. Additional copies may be obtained for a fee determined by City public records rates.

h. Interest of Public Body

Following approval of a CDBG, HOME or CalHome Loan, the Participant may not list for sale, sell, refinance, or lease the Property without first notifying the City in writing.

The Participant shall allow no member of the governing body of the City and/or the Commission who exercises any functions or responsibilities in connection with the administration of the Program to have any interest, direct or indirect, in the proceeds of any Loan or in any contract entered into by the Participant for the performance of work financed, in whole or in part, with the proceeds of the Loan.

i. Bonus, Commission or Fee

The Participant shall not pay any bonus, commission, or fee for the purpose of obtaining approval of a Loan.

j. Preservation of the Property

In keeping with the purposes and the goals of this Program (which is the elimination of blighted housing conditions and declining neighborhoods by providing decent, safe and sanitary housing), Participant shall maintain the Property during the term of the Loan in a manner that conforms to the Property Rehabilitation Standards.

k. Hazard Insurance

The Participant shall maintain fire and extended coverage on the Property equivalent to the total amount of indebtedness during the term of the Loan.

l. Taxes

The Participant shall keep property taxes current during the term of the Loan.

m. Lead-Based Paint

The Homeowner must participate in the Lead-Based Paint Programs.

n. Title Insurance

As a condition to disbursement of the Loan, Participant shall, at no cost to City, obtain and cause to be delivered to the City a standard form CLTA lender's policy of title insurance, issued by a title company as may be mutually approved by the City and Participant, in an amount not less than the Loan, insuring priority of the City's Deed of Trust against all monetary liens and encumbrances against the Property, including but not limited to, mechanic's lien claims, and excepting only : (1) the lien of any non-delinquent property taxes, (ii) any prior lien(s) existing as of the date of approval of the Loan, and (iii) such encumbrances and exceptions to title as may be approved by the City in its sole and absolute discretion.

D. Loan Amount Determination

The maximum amount of a Loan is determined by application of the following criteria:

1. Loan Amount is determined by the estimated cost of work to be completed along with a minimum of 10% contingency funds. Contingency funds are only to be used for unexpected expenses such as emergency work or additional work requested by City staff. The cost of improvements and repairs performed in compliance with the Work Write-up and the fees related thereto, including City Building and Planning Fees (the total "Project Cost") shall not exceed \$45,000.

Contingency funds not expended are returned to the principal balance.

2. The Project Cost shall not exceed twenty five percent (25%) of the fair market value of the Property after rehabilitation.
3. The maximum amount of the Loan shall not exceed the fair market value of the Property after rehabilitation. The fair market value is established by HUD's median fair market value for the county and with up to date comparisons provided by an outside title company.
4. Total indebtedness against the Property shall not exceed one hundred percent (100%) of the fair market value of the Property after rehabilitation.

5. The Participant shall pay for the title insurance policy and any escrow servicing fees connected with a Loan. The cost of such title insurance policy and escrow servicing fees are included in the Loan amount, and payment will be made by the City from the proceeds of the Loan. The City shall pay all other costs in connection with a Loan, including, but not limited to staff costs arising from the Loan processing, and the credit report required for an applicant. If the Participant's Loan application is approved but the Participant then cancels his/her application, the Participant shall reimburse the City for any escrow fees incurred or the cost of any title insurance policy which has been issued.

III. Procedures

This section sets forth the steps to be followed in the processing of a Loan application.

A. Intake Process

1. Initial Screening

- a. The City's Housing Specialist (or Administrative Clerk) shall provide general information and an application form to a Participant.
 - i) The Loan application packet shall include:
 - A cover letter listing the supplemental items required to be submitted with the application package
 - Loan application form
 - Property Owner Agreement
 - Fair Lending Notice
 - Lead Based Paint Notification
 - Information authorization
 - Verification forms
 - Ethnicity form
 - ii) Supplemental Items shall Include:
 - Proof of income for each adult living in house, including but not limited to the following:
 - Two most recent payroll stubs
 - Social Security benefits
 - Supplemental Security benefits
 - Retirement pensions/benefits

- Welfare benefits
 - Any other source of income
 - A legal description of the Property and proof of ownership:
 - Deed of Trust (or) Grant Deed
 - Last property tax bill
 - Monthly mortgage payment statement or mortgage payment book (this statement should show the name and address of the lender, the loan number, monthly mortgage payment and the remaining balance of loan)
 - Current homeowner's fire insurance policy/certificate
 - Most recent signed income tax returns (including W-2's) for all persons residing at the Property (past two years income tax returns and W-2's shall be provided if the Participant is self-employed)
 - Current checking and savings accounts for all adults in the Participant's household
 - Payment statements or other information for any auto and/or personal loans
- b. The Housing Specialist (or Administrative Clerk) shall determine the "initial feasibility" of the Participant. A determination of the initial feasibility includes review of the following:
- Income eligibility - review of total household monthly income projected for the upcoming year.
 - Housing and total debt-to-income ratios – review of housing debt and total debt-to-income to verify ability to make monthly payments (if required).
 - Credit worthiness – review of FICO score, number of open accounts and payment history.
- c. If a Participant is determined not to be initially feasible, the Housing Specialist (or Administrative Clerk) shall make a note of such determination on the Activity Log Sheet and

shall notify the Participant in writing of such determination and the justification for such determination. The application shall be maintained by the City and shall be filed under "Ineligible."

If the Participant is determined to be initially feasible, the Housing Specialist (or Administrative Clerk) shall note such eligibility on the Activity Log Sheet and then shall notify the Participant of eligibility for participation under the Program. He/she shall then refer the case to the Housing Rehabilitation Specialist, who shall contact the Participant to set up a date and time to conduct an initial inspection and preparation of a Work Write Up for the Property.

- d. The Housing staff shall keep written records of every telephone call and every conversation with any person connected with the Loan application, including, but not limited to: the date, person spoken with, and the matter discussed. Such information shall be kept on the Activity Log Sheet located in the applicable Participant's file.
- e. The Housing staff shall keep all forms in each Participant's file. A checklist shall be maintained in the file providing a list of dates the information was received and any pertinent notes.

B. Initial Inspection

1. The Housing Rehabilitation Specialist shall set up an appointment for Property inspection and write up of the work to be performed ("Work Write Up"). The Participant must accompany the Housing Rehabilitation Specialist during such inspection. Photos (Polaroid or digital are accepted) should be taken during this inspection.
2. The Housing Rehabilitation Specialist shall document existing and incipient violations of Building Codes and other City ordinances, and any Eligible Improvements requested, after explaining which improvements are eligible under the Program and which are not. Such information shall be detailed on a Work Write Up
3. Other detailed findings on a Work Write Up shall include:
 - Scope of work
 - Construction method
 - Quantity
 - Quality
 - Location
 - Pertinent references

4. The Housing Rehabilitation Specialist shall schedule testing for lead based paint (to be conducted at City's expense) and shall notify the Participant of the results. If the Loan is approved, the Participant shall receive a grant for abatement of the lead based paint as required by HUD.
5. The Housing Rehabilitation Specialist shall make any necessary changes to the Work Write Up to meet City approval, and shall schedule a meeting with the Participant to review and approve the Work Write Up, and to explain the contractor selection procedures. The Participant must approve and sign the Work Write Up.

C. Bid and Contract Award Procedures:

1. The City may maintain a list of qualified contractors. The contractor list is not an endorsement of any one contractor listed and is strictly intended as a courtesy to Baldwin Park residents.
2. The Request for Bids shall be sent by the Participant to Contractors from the City provided list or any contractor of their choice. The Participant may request the aid of the Housing Rehabilitation Specialist in soliciting bids. Notwithstanding such aid, the Participant is responsible to assure that the bid process proceeds in conformance with all applicable City procedures and guidelines.
3. The Request for Bids shall include:
 - A copy of the Work Write Up (to be signed by the contractor).
 - The date that the sealed bid must be received.
 - All items to be bid on (detailed as per item price cost).
 - Space for the signature and date of acceptance by the Participant.
4. If the City participates in the bid process, sealed bids must be mailed first class to the City/CDC, provided that at the discretion of the Housing Rehabilitation Specialist, bids may be faxed directly to the City's Housing Department.
5. To the extent feasible, a minimum of three (3) bids shall be received before the official opening of all received bids.
6. Any bids received that are in excess of the City's cost estimate will be considered ineligible. If the Participant selects a contractor who is not the lowest bidder, the Participant must supply written

justification, subject to review and approval by the City, for selection of that particular contractor.

7. The Participant shall sign an acceptance of the bid quote from a contractor, indicating that the Participant shall award the contract to that contractor. The Participant and contractor shall thereafter sign and execute a "General Conditions for Construction" contract in a form as approved by the City.

D. Contractor Selection

1. In connection with development of the City list of qualified contractors, the City's Housing Department shall verify contractor standing with the California State Contractors License Board and shall also list the contractors excluded from Federal Procurement and non Procurement Programs. If the Participant desires to utilize a contractor not on the City list, said contractor must complete a contractor's information sheet in order for said contractor to be included on the City's list of permitted contractors.
2. Responsibility for the selection of a contractor ultimately rests with the Participant. The Participant must select a qualified contractor and the bid must not be in excess of the City's cost estimate (or such percentage over as is deemed appropriate by the City's Community Development Director). Upon request of the Participant, the Housing Rehabilitation Specialist may assist the Participant in selecting a contractor. Such assistance may include determination of whether the successful completion of a project may be hindered by the choice of a particular contractor. For example, the following may hinder a project: if a contractor has too many jobs; if a contractor does not have sufficient workers to complete the job; or if a contractor subcontracts out the improvement work to be performed.
3. If selected contractor's bid exceeds loan budgeted amount, it is the responsibility of the homeowner(s) and the selected contractor to eliminate low priority items in order to fit the budget allotted. Items requested by homeowner(s) but not otherwise eligible to be covered by the HIP can be done after the completion of the City funded project at the homeowner's expense. However, it is important to note that for all work performed on homes located within the City of Baldwin Park boundaries, homeowners are responsible for abiding by City Building and Zoning Codes.
4. Notwithstanding the foregoing, no agreement, written or otherwise, shall be binding upon the contractor or Participant unless first approved in writing by the Housing Rehabilitation Specialist.

5. Contractor obligations - Prior to approval of a contract, the contractor shall have already obtained the following:

- State of California Contractors License;
- City of Baldwin Park Business License;
- Workers compensation Insurance;
- Liability Insurance (minimum of \$500,000); and
- Bond Certificate.

a. The contractor shall be responsible for site plans and drawings and obtaining all required City permits and approvals, including but not limited to building permits and any permits or approvals required from the City's Planning Division. All construction work shall be performed in accordance with the current Uniform Building Code (UBC), Uniform Mechanical Code (UMC), Uniform Plumbing Code (UPC), National Electrical Code (NEC) and any other applicable law or regulation.

b. All construction work shall be performed in accordance with the current Uniform Building Code (UBC), Uniform Mechanical Code (UMC), Uniform Plumbing Code (UPC), National Electrical Code (NEC) and any other applicable law and regulation.

c. The contractor shall provide a one (1) year guarantee on all labor and materials provided for the project.

E. Financial Review

1. The Housing Rehabilitation Specialist shall review the completed Loan application.
2. The Housing Rehabilitation Specialist shall confer with the Housing Specialist and shall determine Participant's credit worthiness and shall verify income and title to the Property via a lot book report or title search.
3. The Housing Rehabilitation Specialist shall determine if an application is consistent with all requirements of the Program and therefore may be presented to the Housing Loan Committee, and shall notify Participant of the decision.

4. The Housing Rehabilitation Specialist and Housing Specialist shall present the application to the Housing Loan Committee.
5. Housing Loan Committee Review
 - a. The Finance Director of the City, City Principal Planner and the Housing Manager (or their designee) shall act as the "Housing Loan Committee" Members.
 - b. After review of the application, the Housing Loan Committee shall approve or deny the Loan.
 - c. The Loan Committee reserves the right to set additional requirements as conditions to loan approval. The Loan Committee may also reduce or increase the loan or grant amount at their discretion. However, under no circumstances will any loan exceed the maximum allowable amount.
 - d. The Participant may appeal the decision of the Housing Loan Committee in writing within thirty (30) days of receipt of written notification by the Housing Loan Committee of its decision. Such written notification to the Participant shall be sent by certified mail.
 - e. The City's Director of Community Development or his/her designee shall hear an appeal of a decision by the Housing Loan Committee and shall make the final determination. The decision of the City's Director of Community Development shall be final.
6. Upon approval of the application, the Housing Specialist shall prepare the Loan Documents (this may be done by an outside source). Said Loan Documents shall include:
 - Loan Agreement
 - Promissory Note
 - Deed of Trust
 - Declaration of Covenants, Conditions, and Restrictions
 - Request for Notice

F. Loan Documentation

1. The Housing Rehabilitation Specialist shall schedule and hold a Loan closing meeting (this may be done with an outside source).
2. The Participant shall attend the Loan closing meeting.

3. The Housing Rehabilitation Specialist shall review the Loan Documents and Participant's responsibilities.
4. The Participant shall sign the Loan Documents. The signatures on the Deed of Trust, Declaration, and Request for Notice shall be notarized.
5. The Participant shall be provided a Notice of Right to Cancel. The Participant has the right to cancel the Loan within three (3) days of the Loan closing meeting.
6. The Housing Specialist shall forward the signed and notarized Deed of Trust, Declaration, and Request for Notice to the County for recording.
7. The title company shall issue the title insurance. The insurance company shall be notified of policy endorsement and/or increase when applicable.
8. The original Loan Documents shall be filed with the City Clerk (after recordation if applicable).

G. Contract Management

1. Contract management shall begin with contractor selection and signing of the contract and shall continue through the actual construction work, job inspections, change orders, final close out of the job and through the one-year warranty period (provided on labor and materials). Contract management shall include the following:
 - a. Inspections - The Housing Rehabilitation Specialist shall conduct on-site inspections of the Property and approve payment requests.
 - b. Change Order Procedures - The Housing Rehabilitation Specialist shall ensure that any changes required by job conditions or requested by the Participant must be done on a City approved change order form in writing, including price, and agreed to by the Participant and contractor and approved by the Housing Rehabilitation Specialist, PRIOR to the start of work.

- c. Dispute Resolution - Any dispute between Participant and the contractor shall be subject to non-binding arbitration conducted by the City's Housing Department. Such arbitration shall be completed prior to the instigation of any litigation. At all times that such a dispute is pending, the City may, in its sole discretion, withhold the disbursement of funds.
- 2. The Participant and contractor shall sign all applicable contract documentation.
 - 3. Additional Contractor and Homeowner Responsibilities

Contractor Responsibilities

- a. A licensed contractor, to be chosen by the homeowner, subject to City review and approval, must complete all work. Once the Participant signs an acceptance of the bid quote from the contractor indicating the Participant shall award the contract to the contractor, neither the contractor nor the Participant will renege on the contract prior to the commencement of project.
- b. Correction of all existing code violations will be completed first. The only exception is if work needed to rid the code violation is done in conjunction with other work not deemed necessary for code violation compliance. For example, for the installation of a new GFCI (a high priority item) on a deteriorated wall, the wall must be fixed prior to the installation of the GFCI. The first Notice to Proceed will be issued to fix all existing code violations. Upon the completion the remediation of all code violations, a second Notice to Proceed with the remaining rehabilitation project will be granted by the Housing Department. Failure to complete the remediation of all code violations first may lead to the halting of the remainder of the rehabilitation project, non-payment to the contractor, or recall of the entire approved loan.
- c. Contractors are expected to leave the finished project in a completed state with a professional level of cleanliness and organization. All items broken or disturbed on the project location by a contractor must be fixed and/or replaced and left in the original condition (or as close as possible) at the contractor's expense.

Homeowner Responsibilities

- a. The City will not permit a project at an approved site to begin if another construction/rehabilitation project is in progress at the same time. Homeowner(s) and contractors are not allowed to proceed with side projects during the time the City sponsored rehabilitation project is proceeding. All other projects are to take place either before or after the completion of the City project.
- b. The Housing Department will enforce approved work write-up guidelines. Any work deviating from the approved work write-up, other than pre-approved change orders, will result in either the halting of the rehabilitation project, non-payment to contractor, or the recall of the entire approved loan. Homeowner will be responsible for any charges/fees not covered by a loan or grant.
- c. Note, the City of Baldwin Park Housing Services Department reserves the right to pay a contractor for work completed to the satisfaction of the approved work write-up and Building Code in the event that the homeowner refuses to release payment to the contractor. This only applies when all scheduled work has been completed and all permits have been finalized and homeowner refuses to sign authorization of payment.
- d. The Contract is between the homeowner(s) and the Contractor they choose only. The City are not a party to any Contract, nor is the City responsible for the performance of said Contract by the Contractor. The City is only the lending institution providing the funds and insuring that the work billed for has actually been completed pursuant to the Building Code and work write-up.

Contractor and Homeowner Joint Responsibilities

- a. Contract management is the responsibility of the participating homeowner and contractor. The Participant and contractor shall sign all applicable contract documentation.
- b. Contract management shall begin with contractor selection and signing of the contract and shall continue through the actual construction, job inspections, change orders, final close out of the job and through the one (1) year warranty period (provided on labor and materials). Contract management shall include the following:
 - i. Inspections- Both inspections by City Building and

Housing Departments are required throughout construction until finalization of project. Refusal of inspections will lead to the termination of loan or grant contract and/or case referral to the City's Code Enforcement Division. A case will not be considered "closed" or "finalized" until all necessary inspections are completed and all necessary permits are "finalized".

- ii. Change Order Procedures- The Housing Rehabilitation Specialist shall ensure that **any** changes required by job conditions or requested by the Participant must be done on a City approved change order form in writing, including price, agreed upon by the Participant and contractor, and approved by the Housing Rehabilitation Specialist, **PRIOR** to the start of work. Failure to obtain written approval by the City of Baldwin Park Housing Department will result in either the non-payment for the unapproved work, recall of the entire loan amount, or the halting of the remainder of the project. The City of Baldwin Park Housing Department will solely decide upon penalty.
- iii. Dispute Resolution- Any dispute between Participant and the contractor shall be subject to limited non-binding arbitration conducted by the City's Housing Department. Such arbitration shall be completed prior to the instigation of any litigation. At all times that such a dispute is pending, the City may, in its sole discretion, withhold the disbursement of funds.

H. Disbursement of Funds

1. The contractor shall prepare a payment request form for work completed or material delivered to the Property. The contractor shall secure the Participant's signature and shall deliver the form to the Housing Rehabilitation Specialist, together with any applicable permits and all required conditional lien release(s). Should any further payment request be submitted, the contractor shall provide the Housing Rehabilitation Specialist with a copy of unconditional lien release(s) for the previous payment request(s), along with the conditional lien release(s) for the further payment requested. All lien releases must be completed and executed by the contractor and any sub-contractors.
2. The Housing Rehabilitation Specialist shall conduct on-site inspection of the Property to verify completion of work and/or

purchase of materials. The Housing Rehabilitation Specialist may receive verifications of progress approvals from the City's Building Division if applicable. The Housing Rehabilitation Specialist may request pictures of improvement work progress be included with a payment request.

3. The Housing Rehabilitation Specialist shall check the payment schedule, deduct any applicable retention, and complete the payment request. Approved payments will only be made when work is completed as specified in the bid and Work Write Up. The payment request is then approved and executed by the City's Director of Community Development (or his/her designee) and then forwarded for processing. Payments prior to recordation of the Notice of Completion shall be made less ten percent (10%) retention.
4. Up receipt of a check for a payment request, the Housing Specialist shall copy the check and stamp the bottom of the copied page with the date the check is received. The Housing Specialist shall then mark on the page the date the check is picked up and signed for, or the date the check was mailed. The Housing Specialist shall make two copies of the receipt of check and the payment request. One copy of each shall be mailed to the Participant and the second copy shall be placed in the Participant's file maintained by the City.
5. The contractor is responsible for execution and recordation of the Notice of Completion. The retention amount shall be paid 35 days after City is provided information to demonstrate that the Notice of Completion has been recorded.

I. Final Inspection

1. The Housing Rehabilitation Specialist, Participant and contractor shall together make a final inspection of the Participant's Property. The Housing Rehabilitation Specialist shall take photos of completed improvement work at that time. When the improvement work is completed and signed off, the improvement work is considered complete except for a one (1) year guarantee by the contractor on all labor and materials. Therefore, all punch list items must be completed prior to the final inspection.
2. If the final inspection demonstrates that the work is complete, the Housing Rehabilitation Specialist shall complete a certification of final inspection.

J. Loan Collection

1. Escrow collection for Amortized Payment Loans shall be made according to the terms of the Loan Agreement.
2. Final payoff shall be processed as follows:
 - a. Upon completion of Loan payments or if the Loan payment is accelerated or payment otherwise due pursuant to the provisions of the Program, the City escrow company shall receive a payoff demand.
 - b. The payoff demand with the full amount of the Loan balance shall be submitted to the City's Director of Community Development or his/her designee, who shall sign it and forward it to the Participant.
 - c. Payment shall be made in the full amount of the payoff demand to the City or its escrow company, as determined by the City.
 - e. Upon receipt of payment in full, the Original Deed of Trust shall be executed by the City's Chief Executive Officer or the CDC's Executive Director (as appropriate) releasing the City's interest in the Property. The original Deed of Trust and Promissory Note shall be forwarded to Participant.

K. Pre-Payment Penalty

1. An early repayment fee of 5% of total of loan received will be incurred in addition to any other amounts due if the Property is sold, or refinanced with cash-out option, within 5 years after the Participant receives a City Loan.

L. Loan Subordination Policy

In the event the Participant seeks to refinance a loan, which is primary to that of the City, the City will review a request for subordination on a case-by-case basis, and the requirements of the source of funding for the City Loan. The City may agree to subordinate the interest it has obtained under the Program to a new lien if the refinancing is solely for the purpose of reducing the interest rate of an existing mortgage and not to cash out the Participant's equity in the Property.

No financing, senior or junior, to a City loan shall require a Balloon Payment at any time.

IV. Grant Program

The City also utilizes CDBG/HOME funds for a grant program. *Low Income senior citizens, disabled/handicapped persons and low-income households facing economic hardship may be eligible for such grants. Determination of economic hardships will be reviewed and approved on a case-by-case basis.*

A. Grant Amount Determination

The maximum amount of the grant is determined by application of the following criteria:

1. The cost of repair and fees related to the property improvement (work performed in compliance with Work Write Up and any applicable City building and/or planning fees) shall not exceed Ten Thousand Dollars (\$10,000).
2. All costs relative to the grant processing (processing of the application, Work Write Up, title report, etc.) are paid for by the City.
3. Specific costs covered by the grant include repairs necessary to correct violations or soon to be violations of the Property Rehabilitation Standards and work consistent with objectives of the Program as noted in the Work Write Up.

B. Priority Improvements

The following are priority improvements eligible for a grant. These improvements are required of Participants and must be undertaken as part of the total home improvement work, unless in any specific case such improvements are determined by the City not to be eligible:

1. Building Code Violations
2. Health and safety Issues
3. Smoke detectors

C. Eligible Improvements

The eligible improvements for grant funding are those listed in Section II.A. as "High Priority" Improvements:

D. Limitations

1. Individuals who have previously participated in this Program are not eligible to participate again.

2. If the proposed necessary improvements to be completed are anticipated to exceed Ten Thousand Dollars (\$10,000), the Participant will not be eligible for the grant program, however, may qualify for the Deferred Payment Loan Program.
 3. A licensed contractor must perform the improvement work and, to the extent feasible, three (3) bids must be received prior to determination of contractor and acceptance of the contractor's bid (except for in emergency situations). A City inspector shall inspect the progress of the work as it is completed.
 4. Grant proceeds are ineligible for the purpose of improving the for sale.
 5. The Homeowner must participate in the Lead-Based Paint Programs.
- Property

V. Lead Testing And Education

As of September 15, 2000, a new Lead-Based Paint regulation became effective. As a result, owners of properties constructed prior to 1978 will be required to meet certain lead-based paint requirements prior to being assisted under this program. These requirements include the following:

1. Distribution of lead-based paint notification pamphlets to all households occupying assisted units.
2. Inspection of all properties for defective paint surfaces. This inspection will be completed by a State Certified Lead-Based Paint Inspector.
3. Abatement of all hazardous paint surfaces that are identified at the time of the inspection.

VI. Lead Abatement Program

Participants whose homes test positive for lead hazards are required to abate the lead hazard. All program participants will be given a full copy of the test results. This is required for all loan participants. If no lead hazards are found, but lead positive items will be disturbed during the rehabilitation process, lead abatement will also be required.

Properties receiving loans or grants up to \$5,000 will be tested for lead-based paint. Any lead-based paint found will be addressed with safe work practices.

Properties receiving loans or grants more than \$5,000 and up to \$25,000 will be tested for lead-based paint. Any lead-based paint found will be addressed with interim controls.

Properties receiving loans or grants more \$25,000 will be tested for lead-based paint. Any lead-based paint hazards found must be abated. In the instance where lead abatement is necessary, separate lead abatement grants are available for participating homeowners.

Effective July 1, 2006, the Lead Abatement Grant (Forgivable Loan), funded with HOME funds, will be awarded to City of Baldwin Park Rehabilitation resident participants whose homes have tested positive for lead hazards by an independent professional provided by the City of Baldwin Park. The purpose of this grant is to provide financial assistance for the abatement of all lead hazards. A lead hazard is defined as peeling, painting, chipping, or loose lead-based paint found anywhere on the participating property (See California Department of Health for further information). According to the California Department of Health, the presence of lead described as "intact" in testing results are not considered a lead hazard. Initially a lien will be recorded against the participating property for the amount of money used to abate the existing lead hazard.

Lead Abatement Grants (Forgivable Loans) are not to exceed \$15,000 and will be forgiven on the 3rd anniversary from the date of the official loan signing.

Participants of the Lead Abatement Grant are held to the same conditions listed for participation of the overall Home Rehabilitation Loan Program. For participants whose home is sold, refinanced with cash options, or becomes a rental prior to the grant term, the entire lien amount (lead abatement loan) will be due and payable.

APPENDIX "A"
Title 25 Section 6914 Gross Income Inclusions

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

"Income" shall consist of the following:

(a) Except as provided in subdivision (b), "Exclusions", all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family.

Income shall included, but not be limited to:

- (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- (3) Interest and dividends;
- (4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts;
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay
- (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
- (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

APPENDIX "B"
Title 25 Section 6914 Gross Income Exclusions

- (b) The following items shall not be considered as income:
- (1) Casual, sporadic or irregular gifts;
 - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
 - (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
 - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
 - (6) Relocation payments made pursuant to federal, state, or local relocation law;
 - (7) Foster child care payments;
 - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
 - (9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).