



# CalHome Owner-Occupied Rehabilitation Loan Program Guidelines Housing Authority of the City of Santa Rosa

## I. Introduction

**Background:** In 2014 the Housing Authority of the City of Santa Rosa (Housing Authority) was awarded a grant by the State of California Department of Housing and Community Development (HCD) for the purpose of funding and operating a rehabilitation loan program for low-income homeowners. The Housing Authority approved utilization of the grant funds for mobilehome rehabilitation loans. In order to serve as many homeowners in the city limits of Santa Rosa as possible, the Housing Authority elected to subcontract many aspects of the operation of the program to the Sonoma County Community Development Commission (Commission) as a third-party service provider. The Housing Authority has an existing “Policy Statement on the Mobilehome Rehabilitation Loan Program” established by Resolution No. 851 dated July 24, 1995, updated by Resolution No. 1163 on July 30, 2001, and further updated by Resolution No. 1260 on July 28, 2003, (“Policy Statement”); which shall provide guidance. In the event of conflict between these Program Guidelines and the existing Policy Statement, these Program Guidelines shall prevail.

### A. Purpose and Objectives

1. The purpose of the CalHome Owner-Occupied Mobilehome Rehabilitation Loan Program (“Loan Program”) is to facilitate rehabilitation of mobilehomes owned and occupied by low-income households within the City of Santa Rosa. Low-income households are those whose income is 80% or less than the Sonoma County area median income (AMI) limit as determined by HCD from time to time, adjusted for household size.
2. The objective of the Loan Program is to provide decent, safe and sanitary housing for low-income mobilehome residents of Santa Rosa through the correction of actual or potential health and safety problems.

### B. Authority

1. The Housing Authority will oversee the Loan Program. This document (“Program Guidelines”) contains the policies which form the framework for the Loan Program, and has been approved by the Executive Director of the Housing Authority of the City of Santa Rosa (“Executive Director”) as authorized in Housing Authority Resolution No. 1580, adopted June 17, 2014. No revisions may be made hereto without the express approval of the Executive Director.

2. The Executive Director may make exceptions to the policies contained in these Program Guidelines to the extent necessary to provide assistance required to correct health and safety hazards that are deemed an imminent threat to mobilehome occupants' physical well-being.

### **C. Program Funding**

HCD granted funds to the Housing Authority to fund homeowner rehabilitation loans for low income residents; the Housing Authority directed that the funds be used for mobilehome owners within the city limits of the City of Santa Rosa for rehabilitation loans ("Rehabilitation Loans"). Current and future grant funds may be used according to Title 25, California Code of Regulations, Division 1, Chapter 7, Subchapter 9, commencing with Section 7715, as amended from time to time.

## **II. Eligibility**

Neither the Housing Authority nor the Commission will discriminate in the provision of financial assistance because of race, color, national origin, religion, sex, familial status, marital status, pregnancy, disability, age, gender, military membership or sexual orientation.

### **A. Conflict of Interest**

No member of the City of Santa Rosa City Council, the Housing Authority of the City of Santa Rosa, the County of Sonoma, the Commission, or any other official, employee or agent of the City, County or Commission who exercises any policy decision-making functions or responsibilities in connection with the planning and implementation of the Loan Program shall directly or indirectly be eligible for a Rehabilitation Loan.

### **B. Ownership and Residency Requirements**

1. The applicant must be the registered owner of the mobilehome to be rehabilitated and, if applicable, the legal owner of the parcel upon which the mobilehome is sited.
2. The mobilehome must be occupied by the applicant as his or her principal residence.
3. The names of non-occupant parents, ex-spouses, siblings and/or children may be on the title to the mobilehome in addition to the name of the owner-occupant(s). No other non-occupants may be listed on the title.
4. Applicants who occupy and control a mobilehome through a revocable or irrevocable trust, a life estate or other similar arrangement through which the applicant and/or one or more non-occupant parents, ex-spouses, siblings and/or children are trustees or hold title to the mobilehome shall be eligible for a Rehabilitation Loan if the applicant has the legal right to encumber the mobilehome.
  - a. If the trustee and/or other non-occupant on title is not the parent, ex-spouse, sibling and/or child of the applicant, the applicant will not be eligible for financial assistance under this Loan Program.

- b. If the trust, life estate or other arrangement requires the trustee or other non-occupant on title to approve any encumbrance on the mobilehome, the trustee or other non-occupant on title will be required to co-sign the Rehabilitation Loan documents and shall be equally liable to repay the Rehabilitation Loan.

### **C. Eligible Properties**

1. Rehabilitation Loans may be made for improvements to mobilehomes located within the city limits of the City of Santa Rosa.
2. Mobilehomes must be legally sited, subject to a current lease agreement or other space agreement as applicable.
3. Mobilehome owners who have benefited previously through a Housing Authority Rehabilitation Loan may be eligible for the Loan Program upon the review and approval of the Executive Director and if all prior Rehabilitation Loans are fully repaid.
4. Secondary residences are not eligible for the Loan Program.
5. Space rent, HCD registration and property taxes, if applicable, must be current.
6. Park owners or their representative must be willing to execute a CalHome Owner-Occupied Mobilehome Rehabilitation Loan Program Acknowledgment (“Acknowledgement”) provided by the Housing Authority.

### **D. Income and Asset Limits**

1. All household occupants must demonstrate income eligibility.
2. Eligible borrowers must be households with incomes not to exceed 80% of AMI, adjusted for household size, and must be the owner-occupants of the mobilehome.
3. AMI shall be in accordance with HCD guidelines as amended from time to time.
4. Household income shall be computed as described in these Program Guidelines.
5. There will be a cap on the level of assets allowed for program eligibility for mobilehome owners.
  - a. Household assets cannot exceed 150% of AMI for a household of four persons\* as provided for below.
  - b. Elderly or permanently disabled\*\* households may have assets not exceeding 300% of AMI for a household of four persons.

*\*As of April 15, 2015, the AMI for a household of four is \$82,600.*

*\*\* See Section VIII below for definitions of “elderly” and “permanently disabled”.*

Hereinafter, an “eligible household” will be one who meets ownership and residency, property and income requirements. Eligible households who receive funding will hereinafter be called “borrower”.

### III. Rehabilitation Loan Terms and Conditions

The Housing Authority will offer deferred payment Rehabilitation Loans at 3% simple interest to borrowers.

#### A. Term

The Rehabilitation Loan term shall be 30 years. No payments will be required prior to the thirtieth anniversary of the Rehabilitation Loan, however, the deferred payment Rehabilitation Loan will be due and payable in full prior to 30 years should one or more of the following occur:

- The borrower dies, unless the Rehabilitation Loan is assumed by another eligible borrower;
- The mobilehome or any interest therein is sold, conveyed or transferred;
- Space rent becomes delinquent;
- The borrower no longer occupies the mobilehome as his or her principal residence for reasons other than medical treatment, disability, education, family matters or similar situations, subject to the prior written approval of the Executive Director. All such absences shall require demonstration of a temporary alternate residence;
- The borrower is in default on any other Rehabilitation Loan requirement;
- Fire, flood and other insurance is not maintained with Housing Authority as loss payee; or
- Borrower fails to keep all registration fees, levies and/or taxes current.

At the beginning of the 31<sup>st</sup> year, the deferred payment Rehabilitation Loan and all accrued interest are due and payable in full.

If the borrower meets certain conditions to modify the Rehabilitation Loan at the 31<sup>st</sup> year, the Executive Director may:

- Amend the note to defer the amount due at Rehabilitation Loan maturity for up to an additional 30 years, at 0% additional interest for any extension term, on one occasion;

**OR**

- Convert the principal and interest at Rehabilitation Loan maturity to an amortized Rehabilitation Loan, repayable in 15 years at 0% additional interest for the additional 15 year repayment period.

To be considered for a Rehabilitation Loan amendment or conversion as noted above, the borrower must demonstrate that:

1. Repayment of the Rehabilitation Loan causes a hardship;
2. The borrower is still the owner-occupant of the mobilehome;
3. The borrower is not in default of any of the Rehabilitation Loan terms; and
4. The dollar amount of any other (senior or junior) lien(s) does not exceed the dollar amount of lien(s) in effect when the Housing Authority Rehabilitation Loan was made.

A borrower may repay the outstanding balance of the Rehabilitation Loan, or any portion thereof, at any time without penalty. A borrower may choose to make irregular, periodic payments on the Rehabilitation Loan. All such prepayments will be credited first to the interest due, if any, and then to the principal balance of the Rehabilitation Loan.

Borrowers will be advised on the face of the Promissory Note as follows: “You have chosen to finance the rehabilitation of your mobilehome with a Rehabilitation Loan that includes a balloon payment. This means that the last scheduled payment is significantly larger than any other prior payments you may have chosen to make. Your contract reflects a balloon payment of \$\_\_\_\_\_.”

## **B. Interest**

Interest will be simple interest and shall accrue on the unpaid principal balance from the date on which the Notice of Completion is executed. The annual interest rate for deferred payment Rehabilitation Loans is 3%.

## **C. Rehabilitation Loan Amount**

The maximum amount available for Rehabilitation Loans is \$650,000. The program total Activity Delivery Fee (ADF) for Commission shall be a flat rate of \$117,000, and the ADF for the Housing Authority shall be \$15,000. Commission shall provide a summary of Commission ADF admin costs, and currently completed project costs to Housing Authority monthly. The ADF shall not be considered part of the principal loan amount.

## **IV. Eligible Improvements**

### **A. Eligible Improvements**

Improvements must be of a permanently fixed nature. Repairs and improvements for each mobilehome should be completed in the following priority. In no event will the Housing Authority approve a Rehabilitation Loan for any work unless all identified items described in IV.A. 1, 2 and 3 below are corrected as a result of the work carried out in conjunction with the Rehabilitation Loan.

1. Improvements to correct health and safety hazards, including lead hazard removal, and to maintain the structural integrity of the mobilehome.
2. Repairs to correct cited code violations.
3. Repairs to correct other code items (items that have not been cited but are known to be code violations by the Commission inspector).
4. Repairs to correct incipient code items. An incipient code violation exists if, at the time of inspection, it is thought that the physical condition of an element in the mobilehome will deteriorate into an actual code violation within one year.
5. The addition of air conditioning may be an eligible improvement if deemed necessary for health reasons in writing by a medical professional.

## **B. Ineligible Improvements**

1. Items which exceed the Commission's established moderate quality standards for fixtures, windows, floor coverings, finishes or other items;
2. Improvements of a recreational nature; and
3. Luxury improvements such as a swimming pool, spa or other items that do not meet Commission's, Housing Authority's or HCD's definition of eligible improvements.

The Housing Authority will not approve a Rehabilitation Loan for work required to repair a condition for which the applicant has received, or will receive, an insurance settlement or funds from another source, such as FEMA or SBA, to pay for the repair, except to augment the insurance or other funds in cases where such funds are insufficient to make the required repairs in compliance with all applicable codes or ordinances.

All work funded in whole or in part by the Rehabilitation Loan is subject to the permit processes of HCD.

- All work must be done as required by the State of California Department of Housing and Community Development Codes and Standards ("Code"). Work shall be inspected by Commission for completeness and adherence to Code prior to issuance of progress payments to the contractor by Commission.
- The proper HCD permit(s) will be obtained by Contractor for all work that requires permits. Commission will assure contractor has obtained proper permits for all work. The cost of permits to be paid by borrower may be covered in the budgeted use of funds from the Rehabilitation Loan.

"Self-Help" work by the borrower may not be a part of the contract or Rehabilitation Loan. No volunteer assistance is allowed.

## **V. Rehabilitation Loan Procedures**

### **A. Application Process**

1. Rehabilitation Loan applications will be distributed by Commission.
2. Completed Rehabilitation Loan applications will be submitted to the Commission in person or by US Mail at 1440 Guerneville Road, Santa Rosa, CA 95403. The Commission will process, evaluate and consider complete applications on a first-come, first-served basis. An application will be deemed complete when all required information has been supplied by the mobilehome owner(s). Required information includes:
  - Proof of mobilehome ownership and real property ownership, if applicable;
  - Income information (employment, income and asset documentation including a minimum of three months of bank statements);
  - Copies of property tax bills, if applicable;

- Proof of current registration of the mobilehome; and
- Proof of insurance.

Applications received prior to the receipt of approval of these Program Guidelines by HCD will not be considered. The Housing Authority will notify Commission of the date of approval to signify the official start of the Loan Program.

3. Commission will confirm property eligibility by verifying that the mobilehome is within the city limits, legally sited and owned by the applicant through HCD title search or a preliminary title report, as applicable.
4. Commission will verify income eligibility at 80% of AMI or less using HCD income guidelines through review of the income of all household members. Documents utilized may include but may not be limited to credit reports, employment verification, income verification, award letters, asset verification, tax returns, bank statements and tax bills.

## **B. Underwriting Criteria**

In all instances, Commission's underwriting standards will be employed in a consistent, equitable manner. The Commission will at all times utilize sound judgment in making Rehabilitation Loans to ensure that the public funds are adequately protected. The Commission's underwriting standards will generally follow private lending practices.

The following underwriting criteria will be used to evaluate each application:

- a. Rehabilitation Loan applicants must be the registered owner of the mobilehome and must have the authority to encumber the property.
- b. A preliminary title report shall be made for all mobilehomes sited on land owned by the mobilehome owner.
- c. A formal mobilehome title search will be conducted through HCD for all Rehabilitation Loans.
- d. Unreported income is fraudulent and will result in denial of the Rehabilitation Loan.
- e. Property taxes, if applicable, mobilehome registration fees, space rent, and property insurance must be current in order for an applicant to be considered for a Rehabilitation Loan and all of these must be paid when due during the term of the Rehabilitation Loan.
- f. A Rehabilitation Loan may result in a loan-to-value ratio of up to 100% of the after-rehabilitation market value. Mobilehome value will be established through an appraisal prepared by a State licensed or certified mobilehome appraiser or through recent comparable sales.
- g. Senior liens on any mobilehome will be allowed only if:
  - i. The loan is not negatively amortized;
  - ii. The loan terms do not contain provisions for any balloon payment which would come due during the term of the Rehabilitation Loan; and
  - iii. Open lines of credit are calculated as the maximum credit available to the borrower for purposes of determining loan-to-value ratio.

### C. Rehabilitation Loan Approval and Processing

1. After making preliminary approval of an application, Commission will inspect the mobilehome to determine a rough scope of work and cost estimate in consultation with the borrower. If the scope of work and cost estimate are within the maximum Rehabilitation Loan amount, Commission will proceed to obtain the following documents, if not already obtained:
  - a. Appraisal of before- and after-rehabilitation value of the mobilehome; appraisal requirement may be met using recent sales comparables;
  - b. HCD title search;
  - c. Preliminary title report for mobilehome Rehabilitation Loans to be secured by real property, if any;
  - d. If determined necessary by Commission based on inspection, structural pest reports, and other inspections or reports necessary to determine the mobilehome's condition;
  - e. If determined necessary by Commission based on inspection, lead and asbestos risk assessment reports.

There will be no charge for these services if Commission does not recommend approval of the Rehabilitation Loan. If the borrower makes a voluntary decision not to proceed with the Rehabilitation Loan after approval, and if there is no other reason why the project cannot proceed, the borrower may be requested to reimburse the Commission for all usual and customary direct costs incurred.

2. Property insurance, including fire and flood if applicable, will be required during the life of the Rehabilitation Loan. The applicant must have sufficient insurance to cover the amount of the Rehabilitation Loan and all senior liens, or the value of the mobilehome whichever is higher. Coverage deficiencies must be corrected as a condition of Rehabilitation Loan approval. The Housing Authority of the City of Santa Rosa and the City of Santa Rosa shall be named on the policy as mortgagee/loss payee for the full term of the Rehabilitation Loan.
3. After complete review of each application for completeness and consistency with underwriting standards, Commission will make a recommendation to the Housing Authority for final approval or denial of the Rehabilitation Loan application.
4. Commission will submit, with any recommendation for approval to the Housing Authority, a cover sheet summarizing the estimated loan amount, applicant eligibility to include proof of ownership (title search or preliminary title report), supporting documentation for borrower eligibility and underwriting, loan-to-value ratio and any supporting analysis, potential scope of work, estimated cost of work, executed Acknowledgement, and any reports obtained regarding the value or condition of each mobilehome (the "Loan Recommendation Package"). If Commission recommends Rehabilitation Loan denial, the reason for denial will be included in the summary.
5. Housing Authority will review the Loan Recommendation Package submitted by Commission and the Executive Director will make a determination of Rehabilitation Loan approval or denial based on compliance with Program Guidelines. It will be within the purview of the Executive Director to disapprove any Rehabilitation Loan application or to request additional information.

6. At the discretion of the Executive Director, a Rehabilitation Loan may be approved despite isolated instances of slow payments or even more significant past credit problems based upon careful analysis of the contributing causes and circumstances. The borrower's demonstrated ability to reestablish a good credit standing, to maintain a good repayment pattern on housing-related debts and to build equity in the real property if owned by the borrower are all factors to be considered.
7. Commission will obtain the park owner's or owner's representative signature on the Acknowledgment prior to commencement of any rehabilitation work.
8. Upon Rehabilitation Loan approval from the Housing Authority, Commission shall prepare for signature the following (hereinafter "Loan Documents"):
  - Promissory Note;
  - Mobilehome Rehabilitation Security Agreement or Deed of Trust;
  - HCD 480 Statement of Lien (if applicable);
  - Fair Lending Notice;
  - Truth-in-Lending Disclosure;
  - Notice of Right of Rescission; and
  - Request(s) for Notice of Default and Sale (if applicable).
9. The borrower shall execute Loan Documents and the Commission shall record any of these documents or take any such actions necessary to perfect the Housing Authority lien.
10. Upon completion of the rehabilitation work, Commission shall supply a final loan package to the Housing Authority. The final loan package ("Final Loan Package") shall include all of the following:
  - All original Loan Documents;
  - Proof of insurance;
  - The fully executed Notice of Completion;
  - Copy of contract for rehabilitation work;
  - All construction documentation, including permits; and
  - Proof of contractor payment in full.
11. Upon receipt Housing Authority will securely store all documents related to each Rehabilitation Loan, as appropriate.

#### **D. Rehabilitation Loan Documents**

- Loan Documents are defined in V.C.8bove.
- All registered owners of the mobilehome shall execute all documents required to complete the Rehabilitation Loan, as appropriate.
- Non-occupant parents, ex-spouses, siblings and/or children who are listed on title to the real property or as registered owners of the mobilehome will be required to co-sign the Loan Documents and shall be equally liable to repay the Rehabilitation Loan. Spouses and registered

domestic partners shall sign the Loan Documents unless title is clearly held as the owner's sole and separate property.

- Any borrower financial contributions necessary for completion of the rehabilitation project shall be held by Commission for disbursement to the contractor, or in payment of other Rehabilitation Loan costs, on behalf of the borrower.

## **VI. Construction**

### **A. Competitive Bidding**

After a Rehabilitation Loan is approved, Commission will coordinate the competitive bidding process to obtain fixed-price bids from qualified, licensed contractors.

1. Commission may obtain bids from its list of pre-approved contractors to complete the rehabilitation work. If no such pre-approved contractor is listed, Commission shall determine whether a contractor is qualified through its pre-screening process wherein all contractors must submit a contractor application on the required forms to the Commission at, or prior to, the time of submitting their first bid. All contractors must hold a valid contractor's license issued by the California Contractors State License Board that is appropriate for the type of work they perform. At a minimum, all contractors must carry Workers' Compensation, Commercial General Liability and Employer Liability insurance as required by California law.
2. The borrower may select any responsible contractor whose bid does not exceed 110% of the Commission staff's in-house cost estimate for the rehabilitation work.

### **B. Construction Contract**

Commission staff will coordinate contracting for all rehabilitation work funded through the Rehabilitation Loan or from borrower financial contributions to the work, manage the contracts, assure required permits are secured by contractor, inspect the work and approve and disburse any payments to contractor.

1. The contract for the work will be executed by the borrower and the contractor. Commission staff will provide the contract form.
2. Commission staff will assist the borrower with the control, supervision and direction of the work to be performed under the contract.
3. Changes to the services to be provided under the contract and amounts to be paid pursuant to the contract may be made only by written change order by and between the borrower and the contractor and only upon approval by the Commission so long as the changes are within the Rehabilitation Loan budget.
4. During the performance of the contract, the borrower shall not enter into any additional agreements with the contractor, whether written or verbal, without the written approval of Commission.
5. Inspections will be made by Commission staff prior to the disbursement of any payments to the contractor.

6. The borrower must accept the work performed before any payments can be made by Commission under the contract for such work.
7. Upon satisfactory completion of all work in the contract, the borrower shall sign the Notice of Completion evidencing borrower's acceptance of the work, which shall be provided to Housing Authority.

## **VII. Rehabilitation Loan Administration and Collections**

### **A. Subordination**

In the case of a mobilehome located in a park where the borrower owns the real property where the home is sited, the Housing Authority will subordinate the Rehabilitation Loan to a new senior loan only in the case where the borrower wants to refinance an existing first mortgage and the borrower will not take any cash out from the refinance, and then only on a standard form of subordination, provided that the Housing Authority's financial position in the property will not be negatively impacted in any way.

### **B. Transfer and Assumption**

Rehabilitation Loans provided through this Loan Program cannot be transferred to, or assumed by, future owners of the mobilehome except in the case of transfer to a qualified occupant spouse, sibling, registered domestic partner or child as detailed in these Program Guidelines.

### **C. Deferred Payment Rehabilitation Loan Collection**

The borrower shall make full repayment of the Rehabilitation Loan when due in accordance with the Promissory Note. Recipients of deferred payment Rehabilitation Loans will be allowed to make periodic prepayments directly to the Housing Authority in order to reduce the amount of their indebtedness. Payments will be applied first to interest and then to the Rehabilitation Loan principal.

### **D. Rehabilitation Loan Defaults**

In the event of any default by borrower of one or more of the Rehabilitation Loan terms included in the Loan Documents, the Executive Director, with the advice of General Counsel, may initiate foreclosure proceedings.

## **VIII. Definitions**

Assets: Assets of the applicant and household members shall be considered in determining household income. Household assets include:

- Amounts in savings and checking accounts (the greater of the current amounts or the average balance for the last two months in savings and checking accounts).
- Stocks, bonds, savings certificates, money market funds and other investment accounts.
- Equity in real property other than the applicant's principal residence or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset.
- The cash value of trusts that are available to the household, not including irrevocable trusts.
- Annuities in the applicant's name that could be liquidated.

- Assets which, although owned by more than one person, allow unrestricted access by the applicant.
- Lump-sum receipts such as inheritances, capital gains, lottery winnings, cash from sale of assets, insurance settlements and other claims.
- Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
- Cash value of life insurance policies.
- Household assets **do not include**
  - Personal property except as noted above;
  - Interest in Indian trust lands;
  - Assets not accessible by the household (e.g., irrevocable trusts);
  - Assets that are a part of an active business or farming operation; or
  - Retirement plans which, if withdrawn, would result in a penalty.

Below Market Interest Rate: An interest rate lower than the interest rate generally accepted for use by commercial lenders at the time of consideration.

Borrower: Any member of the household who is listed on title to the mobilehome or the real property if the mobilehome is sited on a parcel owned by mobilehome owner and who will be accepting responsibility for repayment of any Rehabilitation Loan.

Codes and Standards: All applicable housing, planning, fire prevention, building, zoning, health codes and other pertinent local or state ordinances.

Disabled Household: A household in which any applicant or co-applicant is physically or mentally disabled. It may include two or more disabled persons living together, or one or more of these persons living with one or more live-in aides or other household members.

Elderly Household: A household in which any applicant or co-applicant is 62 years of age or older. It may include two or more persons 62 years of age or older living together, or one or more of these persons living with one or more live-in aides or other household members.

Final Loan Package: The Final Loan Package shall include all of the following:

- All original Loan Documents;
- Proof of insurance;
- The fully executed Notice of Completion;
- Copy of contract for rehabilitation work; and
- Proof of contractor payment in full.

General Property Improvements: Items not specifically required by code which will generally improve the appearance and/or livability of the property and the neighborhood.

Gross Income: The total income of the household before any withholdings are taken.

Housing Authority of the City of Santa Rosa: The Housing Authority is the grantee recipient of the CalHome Program funds used to provide Rehabilitation Loans and has elected to subcontract responsibility for components of the program to the Sonoma County Community Development Commission.

Incipient Code Violations: An incipient code violation exists if, at the time of inspection, it is thought that the physical condition of an element in the mobilehome will deteriorate into an actual code violation within one year. Examples are an old roof that is beginning to leak or a furnace that can reasonably be expected to become inoperative or hazardous because of its age or condition.

Income: All income from persons in a household must be included in the household income. Income from minors/dependents is not included in household income except for Survivor's Social Security, SSI, other public assistance or disability payments and pension payments. Annual household income includes:

- Annual gross amounts of wages, salaries, tips and commissions;
- Net annual income from operation of business or profession;
- Net annual income from rental of real or personal property. If one or more of the bedrooms of an owner-occupied mobilehome is rented to non-household members, the non-household members' incomes shall not be included in income calculations for the owner's household. However, the rent paid to the borrower shall be included in income calculations from the owner's household;
- Actual or imputed income from assets. If household assets are \$5,000 or more, the actual income earned from assets will be compared to an imputed income earned figure arrived at by multiplying the total assets greater than \$5,000 by HUD's imputer income rate, also known as the passbook rate. This rate is periodically adjusted by HUD. The higher of the actual income earned or the imputed income earned figures will be added to the household income;
- Annual income from periodic payments such as Social Security, insurance, retirement funds, pensions, alimony, or child support;
- Annual amount of payment in lieu of earnings such as unemployment, disability or workers' compensation;
- Annual amount of public assistance allowances or grants.

Total annual income divided by 12 equals monthly income. The income shall mean the anticipated income of a household for the twelve-month period following the date of determination of income.

Loan Documents: Loan Documents include the Promissory Note, the Mobilehome Rehabilitation Security Agreement or Deed of Trust, the HCD 480 Statement of Lien, a Fair Lending Notice, a Truth-in-Lending Disclosure, a Notice of Right of Rescission and Request(s) for Notice of Default and Sale, if applicable.

Loan Recommendation Package: Loan Recommendation Package includes a cover sheet summarizing the loan amount, applicant eligibility to include proof of ownership (title search or preliminary title report), supporting documentation for borrower eligibility and underwriting, loan-to-value ratio and any supporting analysis, potential scope of work, estimated cost of work, executed Acknowledgement, and any reports obtained regarding the value or condition of each mobilehome

Low-Income: Low-income households are those whose income is 80% or less than the Sonoma County median income limit as determined by HCD from time to time, adjusted for household size.

Minor/Dependent: Members of the household other than the borrower(s) who are under 18 years old or who are full-time students and live at home, or who are disabled in such a manner as to require ongoing dependency.

Mobilehome: For purposes of this program, a mobilehome is defined as a transportable structure designed for use as a dwelling and may sometimes also be called manufactured housing.

Non-Household Members: A single person or a collective body of two or more persons who rent one of the bedrooms of a single-family house or mobilehome and who do not share common income with the owner-occupant household.

Sonoma County Community Development Commission (Commission): The Commission is the third-party subcontractor for the Housing Authority of the City of Santa Rosa, assisting with administration of the Rehabilitation Loan Program.

The attached signature page must be signed and returned to the Sonoma County Community Development Commission by the Applicant.

This page of the CalHome Owner-Occupied Mobilehome Rehabilitation Loan Program Guidelines is to be returned to the Commission along with the other required documents by the borrower.

I have read and understand the information presented in these Program Guidelines and agree to follow the requirements as stated above for the CalHome Mobilehome Rehabilitation Loan Program.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mobilehome Owner Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mobilehome Owner Signature

\_\_\_\_\_  
Address

\_\_\_\_\_  
Printed Name