



CalHome Owner-Occupied Rehabilitation Loan Program Loan Servicing Plan Housing Authority of the City of Santa Rosa

The Housing Authority of the City of Santa Rosa (Housing Authority) will carry out the Loan Servicing Plan (“Plan”) for the CalHome Owner-Occupied Rehabilitation Loan Program (“Loan Program”) as outlined herein. Reference is made in the Plan to the CalHome Owner-Occupied Rehabilitation Loan Program Guidelines (“Program Guidelines”).

A. Responsible Entity

The Housing Authority will contract with the County of Sonoma Community Development Commission (Commission) as third-party service provider to administer the Loan Program; the Housing Authority will be responsible for overseeing Commission’s administration and operation of the Loan Program, servicing loans made under the Loan Program (“Rehabilitation Loans”) as detailed in this Plan after rehabilitation is completed and complying with HCD monitoring requirements, all as more specifically detailed below.

1. The Housing Authority will oversee the services of Commission; Commission’s contractual obligations include but are not limited to:
 - a. Advertise the availability of the Loan Program in conjunction with Housing Authority;
 - b. Provide information about the Loan Program to applicants;
 - c. Distribute and accept Loan Program applications;
 - d. Review and process Loan Program applications upon receipt of a complete application as outlined in the Program Guidelines;
 - e. Confirm property eligibility by verifying mobilehome is within the city limits, legally sited and owned by the applicant through HCD title search or a preliminary title report as applicable;
 - f. Verify income eligibility of all household members at 80% of area median income (AMI) or less using HCD income guidelines;
 - g. Determine applicant eligibility using underwriting criteria;
 - h. Verify adequate property insurance;
 - i. Obtain park owner’s signature on CalHome Owner-Occupied Mobilehome Rehabilitation Loan Program Acknowledgement as further described in the Program Guidelines (“Acknowledgement”), prior to commencement of any rehabilitation work;
 - j. Inspect the mobilehome to determine a rough scope of work and cost estimate in consultation with the borrower. If scope of work is within the maximum Rehabilitation Loan amount as defined in the Program Guidelines, obtain the following if not already obtained:

- i. Appraisal of before- and after-rehabilitation value of the mobilehome using sales comparables;
 - ii. HCD title search;
 - iii. Preliminary title report for mobilehome Rehabilitation Loans to be secured by real property;
 - iv. If determined necessary by Commission based on inspection, structural pest control report, and other inspections or reports necessary to determine the mobilehome's condition;
 - v. If determined necessary by Commission based on inspection, lead and asbestos risk assessment reports.
- k. Submission of final recommendation to Housing Authority for approval or denial of Rehabilitation Loan accompanied by those documents to be included in the Loan Recommendation Package as set forth in the Program Guidelines.

Final approval of each Rehabilitation Loan will be made by the Executive Director.

- l. If Executive Director approves the Rehabilitation Loan, obtain borrower's signature on all Loan Documents and any other documents as described in the Program Guidelines;
 - m. Record, as applicable, fully executed documents necessary to perfect the Housing Authority lien;
 - n. Perform all inspections, work write-ups, cost estimates, bidding, contractor selection, work approvals, and work inspections for borrowers;
 - o. Assure proper permits have been obtained by contractor prior to commencement of work;
 - p. Resolve any issues between borrower and contractor if they arise;
 - q. Pay contractors for work as completed, after completion of the project and all required inspections; and
 - r. Submit summary of final project costs to Housing Authority for each Rehabilitation Loan monthly. Accounting is to include final project construction costs and administration costs incurred within the given month. Commission ADF costs will be tracked on a program basis, and construction costs will be tracked on a project basis. CDC will notify HA when two-thirds of any draw has been expended allowing the HA to request additional funds from HCD.
2. The Housing Authority will service Rehabilitation Loans including collection of interest and principal payments from borrowers;
 3. The Housing Authority will monitor Rehabilitation Loans as required by HCD; and
 4. The Housing Authority will oversee compliance with terms and conditions of Rehabilitation Loans including annual verification of owner occupancy and renewal of property insurance.

B. Owner Occupancy Requirement

Borrowers are required to recertify annually that they are the residents and owners of the mobilehome.

C. Renewal of Insurance

Borrower must maintain property insurance, including fire and flood if applicable, during the life of the Rehabilitation Loan. The borrower must have sufficient insurance to cover the amount of the Rehabilitation Loan and all senior liens, up to the full value of the mobilehome post-rehabilitation. 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.

D. Property Taxes

The borrower shall be responsible for making property tax payments on a timely basis. Failure to pay property taxes on a timely basis shall constitute a default of the Rehabilitation Loan.

E. Payment of Space Rent

Borrowers with mobilehomes located on rented spaces must keep space rent current at all times during the term of the Rehabilitation Loan. Failure to pay space rent on a timely basis shall constitute a default of the Rehabilitation Loan.

F. Mobilehome Registration Fees

Borrowers must keep HCD registration for the mobilehome current at all times during the term of the Rehabilitation Loan. Failure to keep registration current shall constitute a default of the terms of the Rehabilitation Loan.

G. Repayment of CalHome Rehabilitation Loans

Rehabilitation Loans must be paid in full under the terms of the Promissory Note or if the mobilehome is transferred, except as expressly allowed under the Program Guidelines. Rehabilitation Loans must be paid in full if the mobilehome is converted to a rental unit or is abandoned.

When a Rehabilitation Loan is repaid, the Housing Authority will deposit the repayment into the City's CalHome Account (Key No. 340111) as defined in the CalHome Operations Handbook Reuse Account Plan so that it can be reused for an eligible CalHome activity.

H. Calculating Payoffs

Payoff amounts are determined by the amount of the original Rehabilitation Loan plus any accrued interest minus payments received toward the Rehabilitation Loan, if any. Although payments on the Rehabilitation Loan are deferred, borrowers may opt to make payments to lower the balance of the Rehabilitation Loan. Any payments received are applied to the applicable account and

considered when calculating the payoff amount. Any payments received towards the Rehabilitation Loan will be applied first to accrued interest, then toward the principal.

I. Processing Payoff Demands

Requests for payoff demands should be addressed to the Housing Authority. When the Housing Authority receives a demand letter from a borrower or a borrower's representative, such as a title company, lender or legal representative, the Housing Authority will calculate the payoff amount in accordance with the provisions of the Loan Documents, as defined in the Program Guidelines.

Within 21 days of receipt of the demand letter, Housing Authority will issue a written payoff demand, including a daily calculation of interest and any other amounts due, depending on the terms of the Promissory Note.

J. Release of Lien

Upon receipt of payment in full, the Executive Director will execute such documents as necessary for release or reconveyance of the Housing Authority lien. Borrower shall be responsible for payment of any fees charged by the Housing Authority for preparing the reconveyance or release documents.

K. Default/Foreclosure Policy

1. In the event of any default by borrower of one or more of the Rehabilitation Loan terms, the Executive Director, with the advice of General Counsel, may initiate foreclosure proceedings.
2. If the mobilehome goes to sale pursuant to this section, the sale proceeds will be applied as follows.
 - a. The reasonable and necessary expenses for preparing and conducting the sale including space rent and any other expenses incurred by the Housing Authority;
 - b. The satisfaction of indebtedness secured by all senior liens or encumbrances in order of their priority;
 - c. The satisfaction of indebtedness secured by the security interest of the Housing Authority's lien;
 - d. The satisfaction of indebtedness secured by any subordinate liens or encumbrances on the property in the order of their priority; and
 - e. To the registered owner within 45 days after the sale if a surplus remains.

L. Assumption and Transfer of Rehabilitation Loan

Rehabilitation Loans are not assumable by or transferrable to future owners of the mobilehome except as outlined in the Program Guidelines.

M. Process for Discounting Notes

If, after project completion, the amount of the Promissory Note exceeds the actual amount of the eligible work done to complete the project, the Housing Authority will return the remainder to the City's CalHome Account (Key No. 340111) to be used to fund other loans. The borrower will be sent a letter informing him or her of the final financial obligation for the Note. Cash out of the Rehabilitation Loan to the borrower is prohibited.