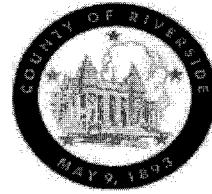


**SUBMITTAL TO THE BOARD OF COMMISSIONERS  
HOUSING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM  
10.3  
(ID # 2480)

**MEETING DATE:**  
Tuesday, November 15, 2016

**FROM :** HOUSING AUTHORITY:

**SUBJECT:** HOUSING AUTHORITY: Adoption of Resolution Number 2016-008 Authorizing the Establishment of the Housing Authority of the County of Riverside's Down Payment Assistance Program Within All Redevelopment Project Areas of the Former Redevelopment Agency for the County of Riverside and Unincorporated County of Riverside, All Districts [\$1,050,000], 2011 Taxable Tax Allocation Housing Bonds, Series A-T [95%] and 2011 Tax Allocation Housing Bonds, Series A [5%]; CEQA Exempt

**RECOMMENDED MOTION:** That the Board of Commissioners:

1. Find that the approval of the Down Payment Assistance Program is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. Adopt Resolution Number 2016-008 authorizing the establishment of the Down Payment Assistance Program;

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 1,050,000	\$ 0	\$ 1,050,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> 2011 Taxable Tax Allocation Housing Bonds, Series A-T 95%, 2011 Tax Allocation Housing Bond, Series A 5%			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	16/17

C.E.O. RECOMMENDATION: Approved

---

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Commissioner Jeffries, seconded by Commissioner Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Benoit and Ashley  
Nays: None  
Absent: Tavaglione, Washington  
Date: November 15, 2016  
xc: Housing Authority

Kecia Harper-Ihem  
Clerk of the Board  
By: *[Signature]*  
Deputy

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

3. Approve the allocation of \$1,000,000 derived from 2011 Taxable Tax Allocation Housing Bonds, Series A-T, to fund the Down Payment Assistance Program;
4. Approve the allocation of \$50,000 derived from 2011 Tax Allocation Housing Bonds, Series A, to pay Down Payment Assistance Program administrative costs including staff costs;
5. Approve and adopt the attached Housing Authority of the County of Riverside Down Payment Assistance Program Policies and Procedures (Program Guidelines);
6. Authorize the Executive Director or designee to make administrative, non-substantive revisions and amendments to the Program Guidelines, subject to approval by County Counsel;
7. Authorize the Executive Director of the Housing Authority, or designee, to approve, issue and modify Down Payment Assistance Program loans and disburse program loan funds to qualified low and moderate income borrowers in a maximum cumulative total amount not to exceed \$75,000 per household, in accordance with the Program Guidelines, subject approval by County Counsel; and
8. Authorize the Executive Director, or designee, to take all necessary steps to implement the Down Payment Assistance Program (Program), including, but not limited to, approving expenditures of funding approved by the Board, and drafting, negotiating, and executing, subsequent essential and relevant documents, including, but not limited to Program loan documents for borrowers such as loan applications, loan agreements, promissory notes, deeds of trust, security agreements, and other agreements, subject to approval by County Counsel.

**ACTION: Policy**

**BACKGROUND:**

**Summary**

In effort to encourage homeownership opportunities in the County of Riverside (County), Housing Authority of the County of Riverside (Housing Authority) staff recommend establishing a Down Payment Assistance Program (DPAP) to benefit qualified low and moderate income first time homebuyers purchasing homes within the redevelopment project areas of the former Redevelopment Agency of the County of Riverside (former RDA) and Unincorporated County of Riverside as identified in the attached site map. DPAP assistance will be provided in the form of a silent second deferred loan, meeting the private lending requirements of a down payment. All loan payments will be deferred for a period of 45 years unless the borrower defaults or sells the property to an unqualified household before the maturity date of the DPAP loan. For qualified moderate income households (annual income no greater than 120% of the area median income for Riverside County (AMI)), DPAP assistance will be a maximum of 6% of the purchase price of the home, not to exceed \$75,000. For qualified low income households (annual income no greater than 80% of the AMI) DPAP assistance will be a maximum of 25% of the purchase price of the home, not to exceed \$75,000.

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

In addition to income qualification, a proposed homebuyer must first qualify for an eligible 30 year, fully amortized, fixed rate mortgage from a participating lender, and will be required to complete a minimum of 8 hours of homebuyer education by a U.S. Department of Housing and Urban Development (HUD) approved counseling agency. All household members must be US citizens or qualified aliens, and the property to be purchased must be in standard condition suitable for occupancy. The DPAP loan will be evidenced by a promissory note and secured by a 2<sup>nd</sup> priority deed of trust. In addition, affordability covenants will be recorded against each property to ensure that it remains owner-occupied by an eligible household for a minimum of 45 years. The proposed policies, procedures and underwriting guidelines for the DPAP are set forth in the attached Housing Authority of the County of Riverside Down Payment Assistance Program Policies and Procedures (Program Guidelines).

To address the lack of funding to finance affordable housing within the redevelopment project areas of the former RDA and Unincorporated County of Riverside, Housing Authority staff have identified two financial sources that can be used to fund the DPAP in the total amount of \$1,050,000, (i) \$1,000,000 derived from 2011 Taxable Tax Allocation Housing Bonds, Series A-T, and (ii) \$50,000, derived from 2011 Tax Allocation Housing Bonds, Series A, both allocations of which have been approved by the California Department of Finance on the Successor Agency to the Redevelopment Agency for the County of Riverside's 16-17 Recognized Obligation Payment Schedule. The Housing Authority is authorized to use the aforementioned funds as the housing successor to the former RDA. The aforementioned taxable housing bond proceeds are required to be expended as soon as possible in accordance with applicable IRS rules and regulations. The capitalization of DPAP in the amount of \$1,050,000 will allow the Housing Authority to provide approximately 30 homeownership opportunities for low and moderate income households in the County. Pursuant to California Health and Safety Code Section 33334.2 (g), Resolution Number RDA 2005-35 adopted on December 20, 2005 and County Resolution Number 2005-374 adopted on December 20, 2005, the former RDA and County made the requisite findings establishing that the use of RDA low and moderate income housing funds for low and moderate income housing outside the Project Areas is of benefit to the Project Areas. The aforementioned housing bonds are backed by former RDA low and moderate income housing funds.

Pursuant to the California Environmental Quality Act (CEQA), the Down Payment Assistance Program was reviewed and determined to be categorically exempt under State CEQA Guidelines Section 15301, Class 1 – Existing Facilities and State CEQA Guidelines Section 15061(b)(3), General Rule or “Common Sense” Exemption. The project relates to the establishment of a program to provide down payment assistance to low and moderate income households to purchase existing single family homes (Project). The proposed Project is exempt under State CEQA Guidelines Section 15301, Class 1 – Existing Facilities since it includes providing financial assistance to acquire existing single family homes, and no expansion of an existing use will occur. In addition, the Project is also exempt under the common sense exemption of State CEQA Guidelines section 15061(b)(3) in that it can be seen with certainty there is no possibility that the Down Payment Assistance Program may have a significant effect

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

on the environment, as the loan program itself and the provision of financial assistance to be used as a down payment towards the purchase of a home, is administrative in nature, will have mostly financial effects, and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by the Housing Authority staff with the County Clerk within five days of the approval of Down Payment Assistance Program.

Staff recommends that the Board of Commissioners (i) adopt Resolution Number 2016-008 authorizing the establishment of the Down Payment Assistance Program, and (ii) approve and adopt the attached Housing Authority of the County of Riverside Down Payment Assistance Program Policies and Procedures. County Counsel has approved as to form Resolution Number 2016-008 and the Down Payment Assistance Program Policies and Procedures.

**Impact on Citizens and Businesses**

Affordable housing has a positive impact on families and communities. It provides families with stability and financial security, and contributes to economic impacts, including increases in local purchasing power, job creation, and new tax revenues.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

No impact upon the Housing Authority's General Fund; the Housing Authority's contribution to the Program will be fully funded through the 2011 Taxable Tax Allocation Housing Bonds, Series A-T proceeds, and 2011 Tax Allocation Housing Bonds, Series A proceeds, pursuant to the previously approved 16-17 ROPS.

The following demonstrates the proposed funding sources and amounts:

2011 Taxable Tax Allocation Housing Bonds, Series A-T	\$1,000,000
2011 Tax Allocation Housing Bonds, Series A	\$50,000
<b>Total</b>	<b>\$1,050,000</b>

**ATTACHMENTS:**

- A. Resolution Number 2016-008
- B. Down Payment Assistance Program Policies and Procedures
- c. Site Map

**SUBMITTAL TO THE BOARD OF COMMISSIONERS HOUSING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

RF:JWW:HM:JA:JG:KH

2480

H:\Housing\HOME\1STBUYER\DPAP (2011 Housing Bond)\HA BOC F11 Adoption of Resolution Number 2016-008.docx

2  
3 **RESOLUTION NO. 2016-008**  
4 **AUTHORIZING THE ESTABLISHMENT OF A DOWN**  
5 **PAYMENT ASSISTANCE PROGRAM WITHIN THE REDEVELOPMENT PROJECT**  
6 **AREAS OF THE FORMER REDEVELOPMENT AGENCY OF**  
7 **THE COUNTY OF RIVERSIDE**  
8 **AND UNINCORPORATED COUNTY OF RIVERSIDE**  
9 **(All Supervisorial Districts)**

10 **WHEREAS**, the Redevelopment Agency for the County of Riverside ("RDA") was  
11 a redevelopment agency duly created, established and authorized to transact business  
12 and exercise its powers, pursuant to the California Community Redevelopment Law  
13 (Part 1 of Division 24 of the California Health and Safety Code (commencing with  
14 section 33000 et seq.) ("CRL");

15 **WHEREAS**, the Riverside County Board of Supervisors adopted redevelopment  
16 plans for Redevelopment Project Area Nos. 1-1986, Jurupa Valley, Mid-County, Desert  
17 Communities and the I-215 Corridor, as amended, ("Project Areas");

18 **WHEREAS**, the RDA was responsible for the administration of redevelopment  
19 activities within the jurisdiction of the County and implementing the redevelopment plans  
20 for the Project Areas;

21 **WHEREAS**, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484  
22 ("Dissolution Act"), added Parts 1.8 and 1.85 to the CRL. As a result, the RDA was  
23 dissolved on February 1, 2012 such that the RDA is now deemed a former  
24 redevelopment agency under Health and Safety Code Section 34173;

25 **WHEREAS**, pursuant to Health and Safety Code Section 34176 (a), all housing  
26 functions previously performed by the former RDA, including related rights, powers,  
27 duties, obligations, and housing assets were transferred to the Housing Authority of the  
28 County of Riverside, a public entity, corporate and politic ("Housing Authority");

**WHEREAS**, the Housing Authority is organized and existing under the Housing  
Authorities Law (commencing at Section 34200 of the California Health and Safety

1 Code), and authorized to transact business and exercise the powers of a housing  
2 authority;

3 **WHEREAS**, on September 22, 2015 State budget trailer bill SB107 passed which  
4 made amendments to the existing Dissolution Act. Under the Dissolution Act, only  
5 housing bond proceeds from bonds issued prior to January 1, 2011, that were issued for  
6 affordable housing purposes and secured by a pledge of low and moderate income  
7 housing funds, remaining after satisfaction of enforceable obligations approved on a  
8 Recognized Payment Obligation Schedule, were considered housing assets and were  
9 allowed to be expended. SB 107 changed the date by which the applicable housing  
10 bonds must have been issued from January 1, 2011 to June 28, 2011;

11 **WHEREAS**, the Housing Authority has unused housing bond proceeds issued  
12 prior to June 28, 2011 derived from former RDA 2011 Taxable Tax Allocation Housing  
13 Bonds, Series A-T, and former RDA Tax Allocation Housing Bonds, Series A;

14 **WHEREAS**, the Housing Authority has identified the expansion of affordable  
15 rental housing stock for low and moderate income households as a high housing priority  
16 and desires to encourage homeownership opportunities in the County and increase  
17 affordable housing inventory;

18 **WHEREAS**, on January 26, 2016, the Board of Supervisors of the County  
19 approved the Recognized Obligation Payment Schedule for the fiscal year 2016-2017  
20 ("ROPS 16-17") and the use of 2011 Taxable Tax Allocation Housing Bonds, Series A-T  
21 for a down payment assistance program and 2011 Tax Allocation Housing Bonds,  
22 Series A for project staffing costs;

23  
24 **WHEREAS**, the Board of Commissioners desires to establish a Down Payment  
25 Assistance Program ("Program") to benefit qualified low and moderate income first time  
26 homebuyers purchasing single family homes within the Project Areas and within  
27 Unincorporated County of Riverside, to be implemented and governed by the proposed  
28 Housing Authority of the County of Riverside Down Payment Assistance Program

1 Policies and Procedures attached hereto as Exhibit "A" and incorporated herein by this  
2 reference ("Program Guidelines");

3 **WHEREAS**, pursuant to California Health and Safety Code Section 33334.2 (g)  
4 and Resolution Number RDA 2005-35 and Resolution Number 2005-374, each adopted  
5 on December 20, 2005, the former RDA and County made the requisite findings that the  
6 use of RDA low and moderate income housing funds for low and moderate income  
7 housing outside the Project Areas is of benefit to the Project Areas;

8 **WHEREAS**, Program assistance for qualified moderate income households (i.e.  
9 annual income no greater than 120% of the area median income for Riverside County  
10 (AMI)), will be a maximum of 6% of the purchase price of the home, not to exceed  
11 \$75,000. For qualified low income households (i.e. annual income no greater than 80%  
12 of the AMI) program assistance will be a maximum of 25% of the purchase price of the  
13 home, not to exceed \$75,000;

14 **WHEREAS**, the Board of Commissioners desires to approve an allocation of  
15 funding in the approximate amount of \$1,050,000 as follows, (i) \$1,000,000 derived  
16 from 2011 Taxable Tax Allocation Housing Bonds, Series A-T to be used for program  
17 loans, and (ii) \$50,000, derived from 2011 Tax Allocation Housing Bonds, Series A, to  
18 be used for Program staffing costs;

19 **WHEREAS**, to increase the efficiency of the Housing Authority's proposed  
20 Program and assist the Housing Authority in encourage low and moderate income  
21 homeownership opportunities in the County , the Board of Commissioners desires to  
22 authorize the Executive Director or designee to approve, issue and modify Program  
23 loans and disburse Program loan funds to qualified low and moderate income borrowers  
24 in a maximum cumulative total amount not to exceed \$75,000 per household, in  
25 accordance with the Program Guidelines, subject to County Counsel approval;

26 **WHEREAS**, the Program was reviewed and determined to be categorically  
27 exempt under State California Environmental Quality Act (CEQA) Guidelines Section  
28 15301, and State CEQA Guidelines Section 15061(b)(3) since it involves providing



1 financial assistance to acquire existing single family homes, and no expansion of an  
2 existing use will occur. In addition, the Program is also exempt in that it can be seen  
3 with certainty there is no possibility that the Program may have a significant effect on  
4 the environment, as the loan Program itself and the provision of financial assistance to  
5 be used as a down payment towards the purchase of a home is administrative in nature,  
6 will have mostly financial effects, and will not lead to any direct or reasonably indirect  
7 physical environmental impacts; and

8 **WHEREAS**, the Board of Commissioners believes that the formation and  
9 implementation of the Program is in the best interests of the County of Riverside and  
10 the health, safety and welfare of its residents, and in accord with the public purposes  
11 and provisions of applicable State and local law and requirements.

12 **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED AND**  
13 **ORDERED** by the Board of Commissioners of the Housing Authority of the County of  
14 Riverside ("Board"), in regular session assembled on November 18, 2016, in the  
15 meeting room of the Board of Commissioners located on the 1st floor of the County  
16 Administrative Center, 4080 Lemon Street, Riverside, California, as follows:

17  
18 1. That the Board hereby finds and declares that the above recitals are true  
19 and correct.

20 2. The Board, based upon a review of the evidence and information  
21 presented on the matter, hereby determines that the Down Payment Assistance  
22 Program ("Program") is categorically exempt under State California Environmental  
23 Quality Act ("CEQA") Guidelines Section 15301, and State CEQA Guidelines Section  
24 15061(b) (3) since it includes providing financial assistance to acquire existing single  
25 family homes, and no expansion of an existing use will occur. In addition, the Program  
26 is also exempt in that it can be seen with certainty there is no possibility that the  
27 Program may have a significant effect on the environment, as the loan Program itself  
28 and the provision of financial assistance to be used as a down payment towards the

1 purchase of a home is administrative in nature, will have mostly financial effects, and  
2 will not lead to any direct or reasonably indirect physical environmental impacts.

3  
4 3. The Board hereby approves and establishes the Housing Authority of the  
5 County Riverside Down Payment Assistance Program which shall operate within the  
6 Project Areas and Unincorporated County of Riverside to assist qualified low and  
7 moderate income first time homebuyers purchasing homes.

8 4. The Board hereby approves the Housing Authority of the County Riverside Down  
9 Payment Assistance Program Policies and Guidelines, a copy of which is attached  
10 hereto as Exhibit "A" and incorporated herein by this reference ("Program Guidelines").  
11 The Program shall be operated and administered in accordance with the attached  
12 Program Guidelines.

13 5. The Board hereby approves the allocation of \$1,050,000 derived from the  
14 following sources to fund the Program, (i) \$1,000,000 derived from 2011 Taxable Tax  
15 Allocation Housing Bonds, Series A-T, to be used for Program loans, and (ii) \$50,000,  
16 derived from 2011 Tax Allocation Housing Bonds, Series A, to be used for Program  
17 staffing costs.

18 6. The Board hereby delegates to the Executive Director, or designee, the  
19 authority to approve, issue and modify Program loans and disburse Program loan  
20 funds to qualified first time homebuyers in a maximum cumulative total amount not to  
21 exceed \$75,000, in accordance with the Program Guidelines and subject to County  
22 Counsel approval, provided the following requirements are satisfied, (i) households  
23 must qualify as first-time home buyers, (ii) households must be of low or moderate  
24 income as defined in the CRL, (iii) the subject home must be located in a Project Area  
25 or within Unincorporated County of Riverside, (iv) the subject home must be a single-  
26 family, duplex, manufactured home, mobile home, or condominium, (v) the subject  
27 home must remain as the principal residence of the qualifying low or moderate income  
28

1 household for a period of not less than forty-five years, and (vi) all other conditions  
2 within the program Guidelines are satisfied.

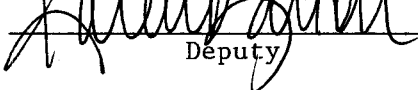
3 7. The Board hereby Authorizes the Executive Director, or his designee, to  
4 sign all documents necessary and appropriate to carry out and implement the Program  
5 and to administer the Housing Authority's obligations, responsibilities, and duties to be  
6 performed under the Program Guidelines, including, but not limited to, approving  
7 expenditures of funding up to the limits approved by the Board, drafting, negotiating,  
8 and executing, subsequent essential and relevant documents, including, but not limited  
9 to Program loan agreements, promissory notes, deeds of trust, security agreements,  
10 and other necessary documents, in accordance with the Program Guidelines and  
11 subject to approval by County Counsel.

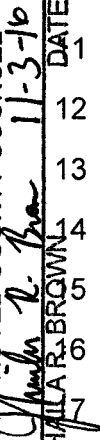
12  
13  
14 ROLL CALL:

15 Ayes: Jeffries, Benoit and Ashley  
16 Nays: None  
17 Absent: Tavaglione and Washington

18 The foregoing is certified to be a true copy of a resolution duly  
19 adopted by said Board of Supervisors on the date therein set forth.

20  
21  
22  
23  
24  
25  
26  
27  
28  
KECIA HARPER-IHEM, Clerk of said Board

By  Deputy

FORM APPROVED COUNTY COUNSEL  
BY:  DATE: 11-3-16  
JHILLA R. BROWN

1 EXHIBIT A  
2 HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE DOWN PAYMENT  
3 ASSISTANCE PROGRAM POLICIES AND PROCEDURES  
4 (behind this page)  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE  
DOWN PAYMENT ASSISTANCE PROGRAM (DPAP)  
POLICIES AND PROCEDURES**



This document provides the policies and procedures for the implementation of the Housing Authority of the County of Riverside Down Payment Assistance Program, as established by Board of Commissioners. In addition to these guidelines, the Down Payment Assistance Program will be administered according to applicable provisions of state law. In the event of a conflict between this Policies and Procedures and state law, the state law shall take precedence. The policies and procedures contained within this Policies and Procedures are intended to implement the Down Payment Assistance Program established by the Board of Commissioners.

**Effective Date: November 15, 2016**

**HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**

November 15, 2016

**DOWN PAYMENT ASSISTANCE PROGRAM (DPAP)  
POLICIES AND PROCEDURES**

Prepared by:

Housing Authority of the County of Riverside  
(951) 351-0700

Mailing Address:  
Housing Authority of the County of Riverside  
5555 Arlington Avenue  
Riverside, CA 92504

**[www.harivco.org](http://www.harivco.org) [www.rivcoeda.org](http://www.rivcoeda.org)**

November 15, 2016

**HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**  
**[2011 TAXABLE TAX ALLOCATION HOUSING BONDS, SERIES A-T]**  
**DOWN PAYMENT ASSISTANCE PROGRAM (DPAP)**  
**POLICIES AND PROCEDURES**

Table of Contents

1)	INTRODUCTION.....	1
	a) Purpose.....	1
	b) Source of Funds .....	1
2)	GENERAL ELIGIBILITY REQUIREMENTS .....	2
	a) Eligible Properties.....	2
	b) Home Buyer Qualifications.....	4
	c) Determination of Adjusted Gross Income.....	5
	d) Assets.....	5
3)	GENERAL LOAN REQUIREMENTS.....	5
	a) First Loan Requirements .....	5
	b) Affordability Restriction .....	6
	c) Home Buyer Education .....	6
	d) Types of Down Payment Assistance.....	6
	e) Minimum and Maximum Assistance .....	6
	f) Notifications.....	6
	g) Confidentiality .....	7
	h) Resales .....	7
	i) Subordination.....	7
	j) Refinancing .....	7
	k) Title Insurance .....	8
	l) Property Maintenance Requirement.....	8
	m) Loss Payee .....	8
	n) Auditing/Monitoring .....	8
	o) Conflict of Interest .....	9
4)	PARTICIPATING LENDERS.....	9
	a) Requirement.....	9
	b) Selection.....	9
	c) Brokers.....	10
	d) Removal .....	10
	e) Authorized Lender Staff.....	10
5)	PROCESSING PROCEDURES.....	11
	a) Pre-Qualification Phase.....	11
	b) Reservation Phase .....	11
	c) Request for Funding Phase.....	12

d)	Closing Phase.....	13
e)	Resubmission of Denied Applications.....	14
f)	Changes in Information.....	14
6)	APPROVAL OF APPLICATIONS .....	16

APPENDICES

Appendix A - Income and Property Value Limits; Determination of Affordable Housing Cost .....	18
Appendix B - Participating Jurisdictions.....	32
Appendix C - Calculating Gross Income.....	29
Appendix D – Down Payment Assistance Program Definitions .....	36
Appendix E - Housing Quality Standards Checklist .....	37



1) **INTRODUCTION**

a) **Purpose**

- i) The Housing Authority of the County of Riverside (HACR) is offering a Down Payment Assistance Program (DPAP *or* DPAP Program *or* Program) to qualified first time home buyer. The primary objective of the Down Payment Assistance Program is to provide housing inventory on a continuing basis, which will be available for purchase by first time home buyers of low to moderate income. The Program will be available to low and moderate income first time home buyers. The term "low income" as used herein shall mean annual income that is no greater than 80% of the area median income, adjusted for household size, as published annually by the California Department of Housing and Community Development (HCD) and set forth in Section 6932 of Title 25 of the California Code of Regulations. The term "moderate income" as used herein shall mean annual income that is no greater than 120% of the area median income, adjusted for household size, as published annually by the California Department of Housing and Community Development (HCD) and set forth in Section 6932 of Title 25 of the California Code of Regulations. This program is only available to homes being purchased within the Redevelopment Project Areas of the former Redevelopment Agency for the County of Riverside or unincorporated areas of Riverside County.
- ii) Under the Program, qualified moderate income households can receive down payment assistance as a silent second loan equal to the lesser of (i) six percent (6%) of the purchase price of the home, and (ii) \$75,000. Under the Program, qualified low income households can receive down payment assistance as a silent second loan equal to the lesser of twenty-five percent (25%) of the purchase price of the home, and (ii) \$75,000. Assistance is subject to further limitations as set forth herein. One of the conditions to qualify for the Program is that the buyer must accept the highest loan-to-value ratio senior purchase-money loan for which they qualify. The senior loan must be a fully amortized, fixed rate, thirty-year mortgage, due in thirty years, with no adjustable rate rider, and the HACR's financial participation will be secured by a deed of trust recorded junior to the deed of trust securing the purchase money loan mortgage. HACR will also record affordability covenants.
- iii) All buyers participating in this Program shall agree to the terms and conditions of an affordability covenant. The affordability covenant will provide that if the property is resold within forty-five (45) years, it will be offered or otherwise be made available for purchase by qualified low or moderate income households. If the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the affordability period, and the purchaser is not eligible for this Program, all HACR financial participation must be repaid. .

b) **Source of Funds**

The DPAP is funded through the use of taxable housing bond funds. On January 26, 2016, the Board of Supervisors approved the Recognized Obligation Payment Schedule covering the fiscal year 2016- 2017 (ROPS 16-17), which was subsequently approved by the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside on January 28, 2016. The approval of the ROPS 16-17 allows the Housing Authority to complete previously approved projects and programs. The DPAP Program is one of those programs and will utilize 2011 Tax Allocation Housing Bonds, Series A-T. Moneys from the ROPS 16-17 must be expended in conformity with all applicable provisions of the California Community Redevelopment Law ("CRL"), as set forth in Section 33000, *et seq.*, of the California health and Safety Code.

2) **GENERAL ELIGIBILITY REQUIREMENTS**

a) **Eligible Properties**

- i) **Location.** The DPAP Program is only available within the Redevelopment Project Areas of the former Redevelopment Agency for the County of Riverside or within unincorporated areas of the County of Riverside.
- ii) **Price Limits.** To be eligible for the DPAP Program, the maximum property value should not exceed affordable housing cost for low and moderate income per Health and Safety Code Section 50052.5. Both the appraised value of the home and the actual purchase price cannot exceed this limit.
- iii) **Type of Home.** The DPAP program may be used to purchase any new construction or resale single family home, condominium/town home or a new manufactured home that meets all of the following minimum criteria:
  - (1) The home is permanently fixed to a permanent foundation; and
  - (2) A manufactured home in a mobile home park, if the park meets Riverside County permit standards, and the manufactured home has received an installation acceptance permit. The manufactured home has to be new (never occupied) and have a lease for a minimum term of forty five (45) years.
  - (3) The home has a minimum of two bedrooms; and
  - (4) The home is currently occupied by the seller, being purchased by a tenant currently occupying the property, or vacant. For vacant properties that were tenant occupied, the seller must supply documentation that the tenant was given 90 days written notice to vacate at least 90 days prior to the initial offer to purchase as well as a copy of the tenant's lease. Under no circumstances may a lease be terminated for a Section 8 tenant on transactions utilizing the DPAP program. **Tenant occupied properties are always ineligible, unless the tenant is purchasing the unit in which they reside.**
  - (5) In addition, the following criteria apply to newly constructed homes:
    - (a) The value of a newly constructed home shall be established by an appraisal prepared by a qualified appraiser on Fannie Mae Form 1004 (Uniform Residential Appraisal Report). Whenever possible comparative properties should include homes located outside of the subject tract. Master Endorsements of Value will not be accepted.
    - (b) The home must be in sound condition and meet the Housing Quality Standard as determined by HACR. The purchaser must reside in the home as his or her **principal** residence within sixty (60) days of purchase and the home shall not be used as a business, rental nor as a vacation (second) home.
  - (6) Homes with in-ground pools or spas shall be ineligible for the DPAP Program.
- iv) **Home Condition.** A home shall not be eligible for purchase under the DPAP unless it is in standard condition and suitable for occupancy upon purchase. Under no circumstances shall a home be modified or altered to qualify a home that is otherwise an ineligible

property after submittal of a DPAP application to HACR. The following procedures will be used to determine if the home meets these requirements:

(1) *Existing Homes*

- (a) All purchasers of existing homes must obtain a home inspection report prepared according to industry standards. Any deficient items affecting habitability of the home noted in the home inspection and the purchase agreement shall be corrected prior to the close of escrow. HACR may inspect the home to determine if it meets the Housing Quality Standard (HQS). The Housing Quality Standard (HQS) is a basic standard of livability based on health and safety standards. The HQS Checklist is attached in Appendix E. Any home which does not meet HQS will be disqualified from purchase under this Program.
- (b) Inspection Process. Home Inspections are to be performed by qualified Home Inspection Professionals in accordance with industry standards. Home Inspectors who are members of the California Real Estate Inspectors Association, the American Society of Home Inspectors or the International Conference of Building Officials will be presumed to be qualified. Typically, Home Inspections are 7 to 15 pages in length, and utilize a checklist with explanations of any items that need work or are not in standard condition. It is strongly advised that the home buyer accompany the Home Inspector during the inspection. The Home Inspector will provide guidance on maintenance requirements, and will explain any items that need work.
- (c) Repair Requirements. HACR will review the Home Inspection Report and will prepare a list of required repairs. A copy of the Home Inspection Report and list of required repairs will be sent to the buyer. The buyer also needs to ensure that the home meets their requirements and that the repairs have been satisfactorily completed. HACR will only review the Inspection Report for safety and habitability concerns, not cosmetic items.
- (d) Lender Certification. The Lender is required to certify that any HACR required repairs have been completed pursuant to the Home Inspection Report prior to close of escrow. The Lender is also responsible for ensuring that the repairs have been completed to the buyer's satisfaction. Acceptable documentation that repairs are complete is a signed letter on letterhead from a licensed contractor or the original home inspector itemizing repairs that have been completed.

(2) *New Homes*

- (a) All newly constructed homes shall receive a Certificate of Occupancy. A Certificate of Occupancy must be submitted prior to the request for funding. In addition, the seller must agree to have all operating systems and fixtures (plumbing, electricity, etc.), as well as floor coverings and similar items, installed and fully operational prior to the close of escrow. Newly constructed homes shall be subject to an HACR inspection to confirm that they comply with building codes and standard building practices.
- v) The HACR may perform random inspections to verify that homes purchased through the Program meet HQS, are in standard condition and are suitable for occupancy.

- vi) **Occupancy Standard.** One of the purposes of the DPAP Program is to address persistent conditions of housing overcrowding in the County. Therefore, the HACR is requiring that all homes have a minimum of two bedrooms in order to be eligible for this Program. In addition, The Housing Quality under 982.401 (1) states that "The dwelling unit must have at least one bedroom or living / sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living / sleeping room."
- b) **Home Buyer Qualifications.** Below please find general home buyer qualifications. Please note this list is not exhaustive.
- i) **Income Limits.** In order to be eligible for this program, the purchasers' annual income shall not exceed one hundred twenty percent (120%) of the area median income, adjusted for family size as published by the California Department of Housing and Community Development (HCD). In addition, family assets, excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase, shall not exceed a 12 month reserve based on the maximum income for the family size. The income and assets of the applicant, applicant's spouse and all persons age 18 and older who will reside in the home must be included in the calculation to determine income eligibility. The current income limits are shown in Appendix A. See item c below for instructions on calculating annual income. Please note Income Limits change annually.
- ii) **Co-owners.** Co-owners are only permitted if they will occupy the home as their principal residence and qualify as first time buyers. The income of all co-owners will be included in determining if the household qualifies as moderate income, as noted above, as well as appendices A and C. Non-occupying co-signers are not permitted.
- iii) **Minimum Buyer Investment.** The buyer shall provide from their own funds a minimum investment of the amount required by the first mortgage. The buyers' contribution may be used toward the down payment or closing costs, at their discretion and in accordance with the requirements of the first mortgage.
- iv) **Prior Home Ownership Criteria.** In order to qualify as a first time home buyer, the purchaser and purchaser's spouse cannot have had ownership interest in improved-upon residential real property for the previous three years from the date of application to the DPAP Program. The purchaser and purchaser's spouse must sign a sworn application attesting that they have not had ownership interest in improved-upon residential real property in the most recent 3 years. The buyer's most recent three years tax returns will be reviewed for any mortgage or real estate related deductions. If there is evidence of mortgage or real estate related deductions, the buyer must provide acceptable documentation that the deductions are not related to improved-upon residential real property and must also provide acceptable documentation evidencing the value of the property. Asset "income" from the property must be imputed using the HUD passbook rate and added into buyer's total qualifying income. Also, the value of buyer's total assets (including property) must be equal to or less than the DPAP annual income limit amount based on household size for the current fiscal year. If the buyer's total assets exceed the program's annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2 year period are counted as if the household still owned the asset.
- v) For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e., a mobile home) shall not be included in the three year requirement.

- vi) All applicants must be either a US Citizen or a qualified alien as per Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). All applicants and household members must provide a valid social security number.

c) **Determination of Adjusted Gross Income**

- i) The DPAP Program is limited to buyers with an annual income that is one hundred twenty percent (120%) or less of the area median income, as determined by California Department of Housing and Community Development. Annual income is the gross amount of income anticipated to be received by all adults in a family during the twelve months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next twelve months. The annual income for purposes of qualifying for the DPAP Program includes all income and may be higher or lower than the income amount utilized by the lender to underwrite the first mortgage.
- ii) Annual income includes anticipated income from assets. Please see Appendix A for an explanation of how to determine income from assets.
- iii) For an illustration of how to calculate various types of income, please see Appendix C.

d) **Assets**

- i) In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size. See Appendix C for a detailed explanation of the items to be included and excluded from assets.

3) **GENERAL LOAN REQUIREMENTS**

The following minimum requirements shall apply to all purchases receiving assistance through the DPAP Program:

a) **First Loan Requirements**

- i) The purchaser shall apply for a first mortgage from a Participating Lender and provide a minimum investment in the amount required by the first mortgage. The first mortgage must be a fully amortized, fixed rate, thirty-year term mortgage. Acceptable loan types are FHA 203 (b), VA, USDA and conventional. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Lenders should provide buyers with the best possible interest rate available at the time their loan rate is locked. In general, the Participating Lender shall be responsible for determining the buyers' creditworthiness and qualifications for obtaining the first mortgage. However, the following minimum criteria must be satisfied:
  - (1) The buyer shall provide a minimum investment of the amount required by the first mortgage. This minimum investment may be applied to the down payment and/or closing costs, at the discretion of the buyer and in accordance with the requirements of the first mortgage.
  - (2) The first loan amount shall be the maximum amount for which the buyer can qualify, based on their income, debts, and current interest rates. The total monthly payment (PITI: principal, interest, taxes, insurance, MI, HOA dues and DPAP utility fee) shall not be less than twenty-five percent (25%) nor

more than thirty-five percent (35%) of the buyer's gross monthly income for a 30-year mortgage.

- ii) The Participating Lender may only assess those usual and customary fees and charges that would be assessed for a buyer with the same type of first mortgage who is not participating in the DPAP Program. No additional lender fees may be charged for processing of a loan in conjunction with the DPAP Program.

b) **Affordability Restriction**

- i) In exchange for receiving funds to assist in the purchase of a home, the purchaser must sign DPAP loan documents, including a HACR Note, Disclosure Notice, HACR Deed of Trust, and Covenant Agreement, which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within forty-five (45) years of purchase, the principal amount of the HACR Financial Participation then owed must be repaid to the HACR. The Affordability Covenant provides that if the property is re-sold within forty-five (45) years, it will be offered or otherwise be made available for purchase by qualified low or moderate income households.

c) **Home Buyer Education**

- i) In order to be eligible for participation in the DPAP Program, prospective purchasers must complete the minimum requirements of eight (8) hour, in-person education in a HUD approved Community Home Buyer's Seminar. Buyers should complete this requirement as soon as possible in the purchase process. Participating lenders may contact HACR for the names of agencies offering approved Community Home Buyer's Seminars.

d) **Types of Down Payment Assistance**

- i) The HACR assistance can be provided as down payment assistance for the home purchase. Closing cost assistance is not available at this time. In addition, the buyer needs to satisfy the requirements of the first mortgage, which may require the buyer to pay a minimum down payment and certain other costs. This program cannot be used in conjunction with any other Riverside County Economic Development Agency's down payment assistance programs but may be combined with the Mortgage Credit Certificate (MCC) program.

e) **Minimum and Maximum Assistance**

- i) The minimum amount of HACR Financial Participation that may be provided is One Thousand Five Hundred Dollars (\$1,500) per home purchase. The maximum amount of assistance is equal to the lesser of (i) twenty percent (20%) of the purchase price, and (ii) Seventy Five Thousand Dollars (\$75,000).

f) **Notifications**

- i) The following notifications are required for participation in this program:
  - (1) *Homeownership Notice to Sellers and Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (DPAP-3)*. This notice shall be provided to the sellers at the time a purchase offer is initiated or at the earliest possible date following acceptance of the purchase offer. The seller and buyer shall complete and sign this notice. Compliance with this requirement shall be

demonstrated by submission of a fully executed Form DPAP-3 at the time the Lender submits a request for reservation of funds. This Notice will be used to determine if the home is eligible for purchase under the DPAP Program. For properties constructed prior to 1978, this notice will also provide the seller's disclosure and buyer's acknowledgment of any possible Lead Based Paint Hazards.

(2) *Lead-Based Paint Hazard Notice.* The purchasers of all homes constructed prior to 1978 shall be provided with a Lead-Based Paint Hazard Notice and the publication "Protect Your Family from Lead in Your Home". The Notice shall be provided to the purchasers' prior to close of escrow and shall be signed by the purchasers. A copy of this signed notice shall be provided to HACR with the closing package.

(3) *Disclosure Statement.* This notice discloses to the purchasers the terms of the DPAP Assistance. This form is to be signed and notarized at the settlement appointment and submitted to HACR with the closing package.

g) **Confidentiality**

i) DPAP Applications are subject to confidentiality requirements and will only be discussed with representatives of the buyer including their lender, real estate agent, escrow agent, and home inspector. DPAP applications will not be discussed with seller representatives or other outside interests. Items containing confidential information (e.g., tax returns, pay stubs, employment verification) should not be faxed.

h) **Resales**

i) Sale, transfer and/or conveyance of the property during the Affordability Period shall trigger repayment of the DPAP Assistance, as detailed in the loan documents. The Affordability Covenant provides that if the property is re-sold within forty-five (45) years, it will be offered or otherwise be made available for purchase by qualified low or moderate income households.

i) **Subordination**

i) The HACR Deed of Trust shall be recorded junior to the deed of trust securing the first mortgage (which shall be recorded in first position) and the Covenant Agreement. HACR will not agree to subordinate the HACR Deed of Trust to any other indebtedness with the following exceptions: (1) the first mortgage obtained concurrently with the DPAP Assistance to purchase the home; and (2) limited refinancing as detailed in the following section.

j) **Refinancing**

i) Subordination for refinancing is only permitted with the prior authorization of the HACR and for purposes of reducing the carrying costs of the buyer. The HACR shall not authorize refinancing for any of the following purposes: (1) to remove equity from the property; (2) to consolidate debts; (3) to consolidate the first mortgage with any junior liens or obligations; and/or (4) to increase the principal indebtedness amount of the first mortgage (except for the amount of the reasonable and usual costs associated with the refinancing).

- k) **Title Insurance**
- i) The lender will order the title insurance for the property, listing the Housing Authority of the County of Riverside as an additional insured.
- l) **Property Maintenance Requirement**
- i) *Maintenance.* The buyer shall maintain the home in standard condition for the duration of the Affordability Period. To this end, the buyer shall be required to obtain a one-year home warranty as part of the home purchase. For newly constructed homes, the builder shall warranty the home for a minimum of one year from date of purchase. In the absence of a written warranty from the builder, the buyer shall obtain a one year home warranty from an independent company.
- ii) *Hazard Insurance.* The buyer shall obtain and maintain, for the duration of the Affordability Period, a hazard insurance policy for the property, listing the Housing Authority of the County of Riverside as an additional insured. The hazard insurance policy shall be of a sufficient amount to cover the HACR Financial Participation. Full insurance for the amount of all loans secured by the property, or a Guaranteed Replacement Cost policy, is acceptable.
- iii) *Flood Insurance.* Buyers of property located in a flood hazard zone shall obtain flood insurance listing the Housing Authority of the County of Riverside as an additional insured.
- m) **Loss Payee**
- i) The Housing Authority of the County of Riverside shall be listed on the hazard insurance, flood insurance, and title insurance as the loss payee in the following manner:
- Housing Authority of the County of Riverside, its successors and assignees  
3403 10<sup>th</sup> Street, Suite 500  
Riverside, CA 92501
- n) **Auditing/Monitoring**
- i) All Participating Lenders shall maintain complete files for each Program participant for at least seven (7) years. The HACR will maintain records for each Program participant for the duration of the Affordability Period, plus three (3) years.
- ii) The HACR may conduct random audits of lender files in order to verify compliance with the DPAP Program. This may include review of participant files, and review of lender information to document compliance with all lender requirements. In addition to participant files, Participating Lenders shall maintain records of affirmative marketing efforts, Community Reinvestment Act (CRA) compliance, bi-lingual (Spanish speaking) staffing, and efforts to provide assistance with minimal inconvenience to the buyer.
- iii) The HACR may also conduct surveys of program participants to obtain their input on the program, the processing of their application, and their level of satisfaction with the results. The results of any such surveys will be shared with the Participating Lenders. Complaints about particular individuals or lenders will be investigated and, if necessary, corrective action may be taken.



- iv) Participating Lenders shall obtain and maintain on file income verification from each buyer, dated immediately prior to the close of escrow.
- v) The HACR may rely on the information required by Section 3(n)(iv) to satisfy its own reporting requirements pursuant to Sections 33080 and 33080.1 of the CRL. In the event a Participating Lender fails to obtain and maintain the information required in Section 3(n)(iv), the Participating Lender shall be in noncompliance with the DPAP Program and shall be removed as provided in Section 4(d) of this Policies and Procedures. In the event the Participating Lender remains in noncompliance for thirty (30) days following receipt of written notice from the HACR of such noncompliance, then the Participating Lender shall, without further notice or opportunity to cure, pay to the HACR Two Hundred Fifty Dollars (\$250.00) for each buyer per year the Participating Lender fails to obtain and maintain the information required by Section 3(n)(iv).

o) **Conflict of Interest**

- i) HACR Financial Participation shall not be provided to any person or the immediate family of any person who is in a decision-making position relative to any aspect of the DPAP Program or the associated first mortgage. This includes, but is not limited to, employees and immediate family members of employees of the HACR and/or Participating Lenders.

4) **PARTICIPATING LENDERS**

a) **Requirement**

- i) The HACR will only accept DPAP Applications from approved Participating Lenders who have entered into a Lender Participation Agreement with the HACR for this Program. Individual loan officers must attend annual DPAP lender training in order to be included on the Participating Lender list and submit DPAP applications.

b) **Selection**

- i) The HACR shall establish minimum criteria for the selection of Participating Lenders for the DPAP Program. All selected lenders shall enter into a Lender Participation Agreement with the HACR and shall agree to comply with all policies and procedures applicable to the DPAP Program. The minimum lender criteria for the Down Payment Assistance Program are as follows:
  - (1) Participating Lenders must be direct lenders with the ability to originate and service loans. Loan brokers are not eligible to act as a Participating Lender.
  - (2) Participating Lenders are encouraged to provide staff personnel with the ability to communicate in Spanish.
  - (3) Participating Lenders shall provide application assistance with minimal inconvenience to the buyer. Application assistance shall be provided at a time and place convenient to the buyer. This may include evenings and weekends and travel throughout the County.
  - (4) Participating Lenders shall demonstrate a commitment to Community Reinvestment Act (CRA) and affirmative marketing requirements, and outreach to minority and low income communities. Participating Lenders shall agree to proactively market the Program to low income and minority people. All advertising to the general public shall be complimented with advertising

targeted to these groups, including, but not limited to, minority newspaper, television and radio advertisements. The HACR will monitor all marketing efforts and will require periodic updates on the marketing efforts of Participating Lenders.

- (5) Participating Lenders shall have demonstrable experience in administering a first time home buyer program.
- (6) The selection of Participating Lenders shall be at the sole discretion of the HACR. The HACR reserves the right to limit the number of approved Participating Lenders.

c) **Brokers**

- i) Mortgage Brokers are not eligible for act as a Participating Lender in the DPAP Program. Participating Lenders may enter into arrangements with brokers to process DPAP Applications. However, the Participating Lender shall remain responsible for all required submissions to the HACR and for verifying that all aspects of the purchase meet the DPAP Program requirements.

d) **Removal**

- i) The HACR may suspend or remove a Participating Lender from the Program in accordance with the terms of the Lender Participation Agreement. Participating Lenders may be suspended or removed from the Program based on, without limitation, the following violations:
  - (1) Failure to follow the DPAP Program Guidelines, as described in this Policies and Procedures and periodic Lender Bulletins.
  - (2) Failure to submit all outstanding documentation within fifteen (15) days of loan closing.
  - (3) Withholding information that would result in applicant or property disqualification from the Program.
  - (4) Negligent or fraudulent misstatements or actions in regard to the Program.
  - (5) Failure to conduct reasonable verification of applicant qualifications for the Program.
  - (6) Failure to maintain complete applicant records for minimum of (7) years after loan closing.

e) **Authorized Lender Staff**

- i) Staff members of Participating Lenders that have completed the annual DPAP Lender Training Session are authorized to sign all Program related forms and to make submissions to the Program and/or the HACR. .
- ii) Staff that have not completed the training may only participate in the Program under the supervision of a staff member who has completed the training. Staff that has not completed the training is not authorized to execute any Program related forms or to make submissions to the Program and/or the HACR.

5) **PROCESSING PROCEDURES**

Complete DPAP Applications will be processed by the HACR on a first-come, first-served basis, in chronological order as received from Participating Lenders. The HACR will maintain a running balance of funds available, and once funds are exhausted, the HACR will stop accepting applications and notify the Participating Lenders that the Program is out of funds. It is the Participating Lender's responsibility to verify the availability of funds prior to submitting a loan application. The following procedures are to be followed for DPAP applications.

a) **Pre-Qualification Phase**

- i) Potential buyer contacts Participating Lender.
- ii) Participating Lender screens the buyer for program eligibility (income & first-time buyer status).
- iii) Participating Lender takes a loan application and pre-qualifies buyer for the maximum first loan that they can afford given their income, debts and prevailing interest rates. First loan must be a thirty-year, fully amortized, fixed rate loan.
- iv) Participating Lender provides buyer with a pre-qualification letter that states:
  - (1) the maximum home price that the buyer can afford, based on the maximum first loan amount plus the maximum DPAP Program assistance (the lesser of (i) twenty percent (20%) of the purchase price, and (ii) Seventy Five Thousand Dollars (\$75,000));
  - (2) DPAP eligible location criteria;
  - (3) that the buyer shall provide a Homeownership Notice to the Sellers (Form DPAP-3) by attaching this form to the Purchase Offer as an Addendum and request that the seller(s) sign this form when they accept the purchase offer or at the earliest possible date following acceptance of the purchase offer; and
  - (4) Any additional conditions imposed by the lender.
- v) Buyer attends an in-person HUD-approved eight (8) hour Home Buyer Education seminar and receives a Certificate of Completion. The buyer is encouraged to complete this requirement as soon as possible in the home purchase process. A copy of the Certificate of Completion certifying that the buyer has completed this requirement is needed prior to commencing the Request for Funding Phase and certificates expire after one year.
- vi) Buyer locates a home and enters into a purchase agreement. Buyer provides Homeownership Notice to Sellers (DPAP-3) as an addendum to the purchase contract for the seller to sign at acceptance of purchase offer.

b) **Reservation Phase**

- i) Participating Lender submits a request for reservation of funds to the HACR- for a complete list of submission documents please see the reservation phase checklist found at [www.rchomelink.com](http://www.rchomelink.com). Incomplete applications **will not be accepted**. All items must be included in initial submittal - faxes will not be accepted for the Reservation Phase. Reservations that are missing any required items will not be processed and will be returned to the Participating Lender. **Please see the "Forms" section of the DPAP website for a complete and up to date application checklist.**

- ii) Agency will review the reservation and within **ten (10) County working days** will issue or reject the reservation. Reservation requests will be processed on a first come, first served basis. The reservation may be rejected for any of the following reasons:
  - (1) Buyer or home does not meet the Program Requirements.
  - (2) Reservation package is incomplete; or
  - (3) The Agency does not have sufficient funds to provide the requested amount of assistance.
- iii) A written funding reservation will be issued within **ten (10) HACR working days** of receipt of the reservation request. The funding reservation will be conditioned upon certain items, as follows:
  - (1) Transaction must be completed within sixty (60) days of the funding reservation. Requests for extensions of time shall be submitted in writing at least ten (10) working days prior to expiration of the funding reservation and shall include the reason for the extension. The Agency will evaluate the request for reasonableness and will approve or deny the extension in writing.
  - (2) For existing homes, a copy of the home inspection shall be submitted as soon as it is available, and shall demonstrate that the home will be ready for occupancy upon closing.
  - (3) Written proof that any items listed in the Home Inspection or purchase agreement that were to be completed prior to occupancy has been completed.
  - (4) Appraisal establishing property value (not purchase price). Property value shall be at least the purchase price and no more than the program limit.
  - (5) Any other items needed to verify applicant or property eligibility for the Program. A complete list of funding conditions may be found under the "Forms" section of the DPAP website
- iv) Lender processes first loan and establishes a closing date.
- v) NOTE: The Home Inspection Report should be submitted to HACR as soon as it is available. Based on an evaluation of the Home Inspection Report, HACR may require repairs to be completed prior to close of escrow.

c) **Request for Funding Phase**

- i) Unless specifically requested by HACR, faxes will not be accepted for the request for funding phase documents. Upon final loan approval, **at least fifteen (15) working days prior to scheduled funding**, Lender submits all funding phase items as noted on the DPAP request for funding phase checklist found under the "forms" section of the DPAP website.
- ii) The HACR reviews these items within **five (5) HACR working days**. If all items have been satisfied, the Agency will issue a confirmation letter to the Participating Lender and Escrow Company approving the HACR Financial Participation and designating the date that funds will be deposited into escrow. The HACR will also prepare the loan documents and forward them to escrow to be signed by the buyer(s). The DPAP wire is

ordered simultaneous to drawing of DPAP loan documents. The DPAP wire arrives in escrow within 10 HACR working days of ordering.

d) **Closing Phase**

- i) Buyer(s) attend settlement appointment and sign all loan closing documents including all legal documents prepared by HACR. HACR documents to be signed at closing include, but are not necessarily limited to, the following:
  - (1) Loan Agreement;
  - (2) Down Payment Assistance Program Disclosure Statement;
  - (3) HACR Note;
  - (4) Affordability Covenant;
  - (5) HACR Deed of Trust;
  - (6) Affordability Notice;
  - (7) Itemization of Amount Financed and applicable disclosures;
  - (8) Lead-Based Paint Notice for homes constructed before 1978; and
  - (9) Escrow Officer Checklist (to be initialed and signed by the Escrow Officer).
- ii) Escrow submits the signed Down Payment Assistance Program Disclosure Statement (Form DPAP-7), HACR Note, Lead-Based Paint Notice (if required), and Escrow Officer Checklist and proof of property insurance to HACR as soon as they are executed.
- iii) Escrow submits a copy of the Estimated HUD-1 Statement with signed loan documents.
- iv) HACR reviews Estimated HUD-1 Statement and executed loan documents and issues closing approval to Escrow.
- v) Loans are funded and home purchase closes.
- vi) Escrow submits a copy of the Final HUD-1 Statement within ten (10) working days after closing.
- vii) Title Company provides HACR with a copy of the Title Insurance Policy insuring the HACR's interest in the property.
- viii) FAILURE TO SUBMIT CLOSING DOCUMENTS WITHIN FIFTEEN (15) DAYS OF CLOSING WILL RESULT IN SUSPENSION OF THE PARTICIPATING LENDER, INCLUDING ALL BRANCHES, FROM THE DPAP PROGRAM. THE HACR WILL NOT ACCEPT FUNDING RESERVATION REQUESTS FROM A SUSPENDED PARTICIPATING LENDER.
- ix) Escrow/Title Company closes out the DPAP File and records the HACR's Request for Copy of Notice of Default pursuant to Section 2924B of the California Civil Code.

e) **Resubmission of Denied Applications.**

- i) The HACR will only process resubmissions of denied applications if it can be demonstrated that the reasons for denial were based on inaccurate or missing information, as determined by HACR in its sole discretion. Back-up documentation to support all such resubmissions shall be submitted, and the application will be processed as indicated above. For example, if an application was denied for not being a first-time home buyer, the resubmission shall include evidence that the buyer did not have any ownership interest in improved upon residential real property. Examples of such evidence may include, but are not limited to, a chain of title, copies of deeds or other legal documents showing ownership of property.

f) **Changes in Information.**

- i) In some cases there may be changes in information between the date the reservation request is submitted and the date of the closing. All such changes shall be handled in the following manner:

- (1) Change in Home Being Purchased. In order to change the home being purchased, the following shall be completed (listing the new address) and re-submitted to the HACR:

(a) Change After Reservation and Before Request for Funding

- (1) Cover letter from Participating Lender describing change and why it occurred;
- (2) New Reservation (Form DPAP-1), completed in full and listing new address and relevant information;
- (3) New Homeownership Notice to Sellers (Form DPAP-3) completed and fully signed;
- (4) Copy of new Home Inspection Report;
- (5) Copy of New Signed Sales Agreement or equivalent; and
- (6) Copy of New Escrow Instructions.

(b) Change After Request for Funding

- (1) All items listed above;
- (2) New Financing Worksheet (Form DPAP-4), fully completed and signed;
- (3) Copy of Certificate of Occupancy for new properties;
- (4) Written proof that items listed in the Home Inspection that affect habitability of the unit have been corrected; and
- (5) Copy of new appraisal.

- (c) The HACR will evaluate these materials and determine if the property and buyer meet all of the Program requirements. This determination of

approval or denial of the change will be provided to the Participating Lender in writing. Denial may occur if the home is not located in a participating location, if the home value exceeds the program limit, if the home is determined to not be in standard condition, if the home is occupied by a tenant or does not otherwise meet tenant displacement requirements, if there is an increase in the amount of assistance required and this amount exceeds the program limits or if the HACR has insufficient funds to increase the amount of assistance, or if there are any other changes which affect eligibility of the buyer or property.

- (2) Changes in Income. The initial income determination is valid for six months. A re-verification of income will be required if more than six months elapse from date of income determination. Any changes in income that increase the household income must be re-submitted for an eligibility determination. This includes the addition of additional household members age eighteen (18) and older, or increases in the income of any household member. Changes in income shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form DPAP-2).
- (3) Marriage and/or the Addition of New Adult Household Members. The addition of any new adults to the household shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form DPAP-2), as well as the last three years tax returns for the new family members. The income of all adult household members shall be included in determining income eligibility.

No Discrimination. The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

- (4) Homeownership Interest. If the applicant or applicant's spouse acquires an ownership interest in improved-upon residential real property at any time prior to closing, the household no longer meets the first time buyer requirement and is ineligible for the Program. The Application and Reservation are automatically denied if this should occur.
- (5) Increase in Price. If the price of the home increases, or the amount of assistance needed changes, the HACR must be notified immediately. Revised forms noting the changes shall be submitted as soon as possible. The home may become ineligible if the home value as established by the appraisal exceeds the maximum value limitation. In addition, any increase in the amount of assistance needed must comply with the maximum assistance amounts and is dependent upon availability of sufficient Program funds.

- (6) Decrease in Price. If the price of the home decreases, the amount of HACR Financial Participation will decrease. The HACR shall be notified no later than the Request for Funding. The Lender shall note the decrease on the Request for Funding Cover Sheet and shall include the new price in the Lender's Certification.

6) **APPROVAL OF APPLICATIONS**

All applications for DPAP Program funding shall be subject to the satisfaction of the conditions set forth in these Policies and Procedures and the approval of HACR, in its sole and absolute discretion, subject to the availability of funding.



## APPENDICES

- A. INCOME AND PROPERTY VALUE LIMITS
- B. PARTICIPATING JURISDICTIONS
- C. CALCULATING ANNUAL INCOME
- D. DEFINITIONS
- E. HOUSING QUALITY STANDARD CHECKLIST

APPENDIX A  
INCOME AND PROPERTY VALUE LIMITS; DETERMINATION OF AFFORDABLE HOUSING COST

## 2016 San Bernardino-Riverside County Affordable Housing Worksheet

### 1. Income Eligibility<sup>1</sup>

The first step in determining eligibility for an affordable housing program is determining whether the family which will be purchasing or renting the housing unit meets the following income standards applicable to San Bernardino-Riverside County, based upon the size of the family:

<i>Income Level</i>	<i>1 person household</i>	<i>2 person household</i>	<i>3 person household</i>	<i>4 person household</i>	<i>5 person household</i>	<i>6 person household</i>	<i>7 person household</i>	<i>8 person household</i>
<i>Extremely Low</i>	\$14,100	\$16,100	\$20,160	\$24,300	\$28,440	\$32,580	\$36,730	\$40,890
<i>Very Low</i>	\$23,450	\$26,800	\$30,150	\$33,500	\$36,200	\$38,900	\$41,550	\$44,250
<i>Lower</i>	\$37,550	\$42,900	\$48,250	\$53,600	\$57,900	\$62,200	\$66,500	\$70,800
<i>Median</i>	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
<i>Moderate</i>	\$54,600	\$62,400	\$70,200	\$78,000	\$84,250	\$90,500	\$96,700	\$102,950

<sup>1</sup> Based on currently effective median income of San Bernardino-Riverside County, as released by the Department of Housing and Community Development ("HCD") by memorandum dated as of May 24, 2016 as posted to the HCD website. These median income numbers are revised annually.

## 2. Determining Affordable Housing Cost

For **ownership housing**, the second step in determining compliance with affordable housing requirements is determining whether the total housing costs payable by the buyer are within allowable amounts.

For **Extremely Low Income Buyers**:<sup>2</sup>

- purchasing a **0 bedroom** house, monthly housing payments may not exceed **\$341.25**
- purchasing a **1 bedroom** house, monthly housing payments may not exceed **\$390.00**
- purchasing a **2 bedroom** house, monthly housing payments may not exceed **\$438.75**
- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$487.50**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$526.50**
- purchasing a **5 bedroom** house, monthly housing payments may not exceed **\$565.50**

For **Very Low Income Buyers**:<sup>3</sup>

- purchasing a **0 bedroom** house, monthly housing payments may not exceed **\$568.75**
- purchasing a **1 bedroom** house, monthly housing payments may not exceed **\$650.00**
- purchasing a **2 bedroom** house, monthly housing payments may not exceed **\$731.25**
- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$812.50**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$877.50**
- purchasing a **5 bedroom** house, monthly housing payments may not exceed **\$942.50**

---

<sup>2</sup> Affordable Housing Cost for Extremely Low Income Households is the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50052.5 (b)(1).

<sup>3</sup> Affordable Housing Cost for Very Low Income Households is the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50052.5 (b)(2).

For **Lower Income Buyers**:<sup>4</sup>

- purchasing a **0 bedroom** house, monthly housing payments may not exceed **\$796.25**
- purchasing a **1 bedroom** house, monthly housing payments may not exceed **\$910.00**
- purchasing a **2 bedroom** house, monthly housing payments may not exceed **\$1,023.75**
- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$1,137.50**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$1,228.50**
- purchasing a **5 bedroom** house, monthly housing payments may not exceed **\$1,319.50**

In addition, for any Lower Income Household whose income falls within the following guidelines, it is **optional** for the HACR to require that **affordable housing cost not exceed 30 percent of the gross income of the household**:<sup>5</sup>

- **1 person households** whose income is between **\$31,850 and \$37,550**
- **2 person households** whose income is between **\$36,400 and \$42,900**
- **3 person households** whose income is between **\$40,950 and \$48,250**
- **4 person households** whose income is between **\$45,500 and \$53,600**
- **5 person households** whose income is between **\$49,140 and \$57,900**
- **6 person households** whose income is between **\$52,780 and \$62,200**
- **7 person households** whose income is between **\$56,420 and \$66,500**
- **8 person households** whose income is between **\$60,060 and \$70,800**

---

<sup>4</sup> Affordable Housing Cost for Lower Income Households is the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. Health and Safety Code Section 50052.5(b)(3).

<sup>5</sup> Health and Safety Code Section 50052.5(b)(3)

For **Moderate Income** Buyers:<sup>6</sup>

- purchasing a **0 bedroom** house, monthly housing payments may not exceed **\$1,459.79**
- purchasing a **1 bedroom** house, monthly housing payments may not exceed **\$1,668.33**
- purchasing a **2 bedroom** house, monthly housing payments may not exceed **\$1,876.87**
- purchasing a **3 bedroom** house, monthly housing payments may not exceed **\$2,085.42**
- purchasing a **4 bedroom** house, monthly housing payments may not exceed **\$2,252.25**
- purchasing a **5 bedroom** house, monthly housing payments may not exceed **\$2,419.08**

In addition, for any Moderate Income Household whose income falls within the following guidelines, it is **optional** for the HACR to require that **affordable housing cost not exceed 35 percent of the gross income of the household**.<sup>7</sup>

- **1 person households** whose income is between **\$50,050 and \$54,600**
- **2 person households** whose income is between **\$57,200 and \$62,400**
- **3 person households** whose income is between **\$64,350 and \$70,200**
- **4 person households** whose income is between **\$71,500 and \$78,000**
- **5 person households** whose income is between **\$77,220 and \$84,250**
- **6 person households** whose income is between **\$82,940 and \$90,500**
- **7 person households** whose income is between **\$88,660 and \$96,700**
- **8 person households** whose income is between **\$94,380 and \$102,950**

---

<sup>6</sup> Affordable Housing Cost for Moderate Income Households is not less than 28 percent of the gross income of the household, and not more than the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. Health and Safety Code Section 50052.5(b)(4).

<sup>7</sup> Health and Safety Code Section 50052.5 (b)(4).

**For purposes of determining Affordable Housing Cost, “Monthly Housing Payments”** include an estimate of the following costs for the upcoming twelve months:<sup>8</sup>

- principal and interest payments on the mortgage loan, including rehabilitation loans
- mortgage loan insurance fees
- property taxes and assessments
- fire and casualty insurance
- property maintenance and repairs
- a reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas and other fuels, but not telephone service). Such an allowance shall take into consideration the cost of an adequate level of service.
- homeowner association fees
- space rent, if the housing unit is on rented land

---

<sup>8</sup> 25 California Code of Regulations Section 6920.

### 3. Determining Affordable Rent

For **rental housing**, the second step in determining compliance with affordable housing requirements is determining whether the total rent costs payable by the tenant are within allowable amounts.

For **Extremely Low Income** Households:<sup>9</sup>

- renting a **0 bedroom** unit, monthly rent may not exceed **\$341.25**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$390.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$438.75**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$487.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$526.50**
- renting a **5 bedroom** unit, monthly rent may not exceed **\$565.50**

For **Very Low Income** Households:<sup>10</sup>

- renting a **0 bedroom** unit, monthly rent may not exceed **\$568.75**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$650.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$731.25**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$812.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$877.50**
- renting a **5 bedroom** unit, monthly rent may not exceed **\$942.50**

---

<sup>9</sup> Affordable Rent for Extremely Low Income Households is the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(1).

<sup>10</sup> Affordable Rent for Very Low Income Households is the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(2).

For **Lower Income** Households:<sup>11</sup>

- renting a **0 bedroom** unit, monthly rent may not exceed **\$682.50**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$780.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$877.50**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$975.00**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$1,053.00**
- renting a **5 bedroom** unit, monthly rent may not exceed **\$1,131.00**

In addition, for any Lower Income Household whose income falls within the following guidelines, it is **optional** for the HACR to require that **affordable rent not exceed 30 percent of the gross income of the household**:<sup>12</sup>

- **1 person households** whose income is between **\$27,300 and \$37,550**
- **2 person households** whose income is between **\$31,200 and \$42,900**
- **3 person households** whose income is between **\$35,100 and \$48,250**
- **4 person households** whose income is between **\$39,000 and \$53,600**
- **5 person households** whose income is between **\$42,120 and \$57,900**
- **6 person households** whose income is between **\$45,240 and \$62,200**
- **7 person households** whose income is between **\$48,360 and \$66,500**
- **8 person households** whose income is between **\$51,480 and \$70,800**

---

<sup>11</sup> Affordable Rent for Lower Income Households is the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(3).

<sup>12</sup> Health and Safety Code Section 50053 (b)(3).



For **Moderate Income** Households:<sup>13</sup>

- renting a **0 bedroom** unit, monthly rent may not exceed **\$1,251.25**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$1,430.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$1,608.75**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$1,787.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$1,930.50**
- renting a **5 bedroom** unit, monthly rent may not exceed **\$2,073.50**

In addition, for any Moderate Income Household whose income falls within the following guidelines, it is **optional** for the HACR to require that **affordable rent not exceed 30 percent of the gross income of the household:**<sup>14</sup>

- **1 person households** whose income is between **\$50,050 and \$54,600**
- **2 person households** whose income is between **\$57,200 and \$62,400**
- **3 person households** whose income is between **\$64,350 and \$70,200**
- **4 person households** whose income is between **\$71,500 and \$78,000**
- **5 person households** whose income is between **\$77,220 and \$84,250**
- **6 person households** whose income is between **\$82,940 and \$90,500**
- **7 person households** whose income is between **\$88,660 and \$96,700**
- **8 person households** whose income is between **\$94,380 and \$102,950**

---

<sup>13</sup> Affordable Rent for Moderate Income Households is the product of 30 percent times 110 percent of area median income adjusted for family size appropriate to the unit. Health and Safety Code Section 50053 (b)(4).

<sup>14</sup> Health and Safety Code Section 50053 (b) (4).

**For purposes of determining Affordable Rent, "Rent" is an average of estimated housing costs for the next twelve months. "Rent" includes the total of monthly payments for all of the following:**<sup>15</sup>

- Use and occupancy of a housing unit and land and facilities associated therewith.
- Any separately charged fees or service charges assessed by the lessor which are required of all tenants, other than security deposits.
- A reasonable allowance for utilities not included in the above costs, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities does not include telephone service. Such an allowance shall take into consideration the cost of an adequate level of service.
- Possessory interest taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the lessor.

#### **MAXIMUM PROPERTY VALUE**

The property value shall be established by an appraisal prepared according to industry standards for appraisals. This value shall be the after-rehabilitation value, if any improvements are included in the purchase transaction. Neither the property value, as established by the appraisal, nor the purchase price shall exceed \$292,686.

#### **ASSETS**

In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size.

---

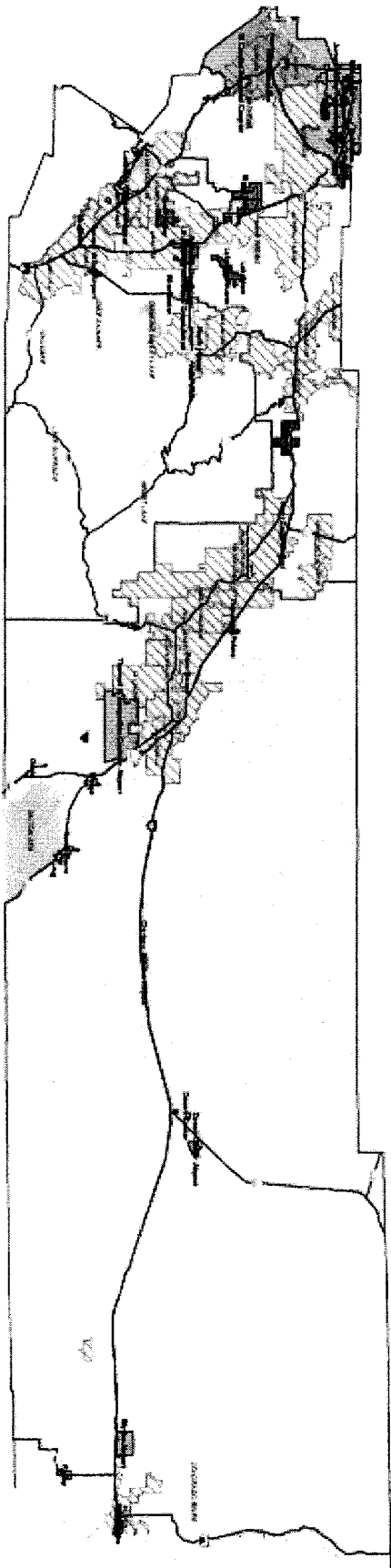
<sup>15</sup> 25 California Code of Regulations Section 6918.

**APPENDIX B  
PARTICIPATING JURISDICTIONS**

The Down Payment Assistance Program may only be utilized to purchase a home in the unincorporated areas of the County and areas within Redevelopment Project Areas of the former Redevelopment Agency for the County of Riverside. Project Area 1-1986 is located in the southwestern region of the County and consists of four sub-areas totaling approximately 4,651 acres. The Jurupa Valley Project Area is a single contiguous project area located in the northwest region of the County with a total of approximately 16,600 acres. Mid-County Project Area is composed of approximately 9,740 acres. The Desert Communities Project Area consists of nine sub-areas, encompassing approximately 27,590 acres. Interstate 215 Corridor Project Area has a total of 15,830 acres. All Redevelopment Project Areas are shown in the attached map. Unincorporated areas are areas that are outside the territorial limits of an incorporated city. Unincorporated areas are under the territorial jurisdiction of the County. Unincorporated areas frequently have mailing addresses of the nearest city; however, this does not indicate that they are within the boundaries of that city. In general, the HACR will rely on the TLMA (Transportation and Land Management Agency) land information system in determining if a property is within the boundaries of a city. If there is a dispute concerning a specific property, the HACR will contact the nearest city for the precise city boundaries. All unincorporated areas are eligible locations for the DPAP Program.

Please note that unincorporated communities frequently have community names. Occasionally, a city will annex part of an unincorporated community and the community will continue to use its common name.

# County of Riverside Redevelopment Project Areas



The map was made by the Riverside County Economic Development Agency using Geographic Information System (GIS) technology. The map features were produced by the County and the Department of Land Management Services, the County of Riverside Economic Development Agency. The information represented on this map, based on data provided by the County of Riverside, is not intended to be used for any other purpose, and modification, TPA, and other services should be obtained for the most current information.

Legend	
	Redevelopment Project Area
	City
	Water Body
	Freeway/Highway
	Supervisors District 1
	Supervisors District 2
	Supervisors District 3
	Supervisors District 4
	Supervisors District 5
	1-1986
	DCPA
	I-215 Corridor
	JVPA
	MCPA



November 15,

## APPENDIX C CALCULATING GROSS INCOME

As used in this Policies and Procedures, the term "gross income" as determined by the Housing Authority pursuant to the CRL, which provides as follows:

"Gross income" shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a redetermination at the end of such a period. "Income" shall consist of the following:

(a) Except as provided in subdivision (b), all payments from all sources received by household members 18 and older (even if temporarily absent) shall be included in the annual income of a family. Income shall include, 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 (but see subdivision (b)(3)).

(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;

(8) 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 (but see subdivision (b)(5)).

Where a family has net family assets in excess of \$5,000, income shall include the greater of the actual amount of income derived from all of the net family assets or the value of the asset times the HUD passbook rate. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

(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).

**APPENDIX D  
DOWN PAYMENT ASSISTANCE PROGRAM  
DEFINITIONS**

**Abstract or Title Search, Title Examination, Title Insurance Binder.** These charges cover the costs of the search and examination of records of previous ownership, transfers, etc., to determine whether the seller can convey clear title to the property, and to disclose any matters on record that could adversely affect the buyer or the lender. Examples of title problems are unpaid mortgages, judgment or tax liens, conveyances of mineral rights, leases, and power line easements or road right-of-ways that could limit use and enjoyment of the real estate. In some areas, a title insurance binder is called a commitment to insure.

**Additional Settlement Charges.** The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

**Affordability Covenants.** Covenants restricting the use and occupancy of the single family home for a period of 45 years. Each qualified purchaser shall be required to execute Affordability Covenants for the benefit of HACR as a condition to receiving the DPAP program loan.

**Amortization.** The gradual repayment of a mortgage with equal monthly payments over the life of the loan.

**Annual Assessments - Recurring.** This reserve item covers assessments that may be imposed by subdivisions or municipalities for special improvements (such as sidewalks, sewers or paving) or fees (such as homeowners' association fees).

**Annual Income.** Means gross income as more specifically defined in Appendix A.

**Appraisal Fee.** The fee charged for the preparation of an appraisal of property value.

**Appraisal.** An estimate of property value prepared in accordance with accepted practices and standards by an independent appraiser who is licensed by the State of California. The appraiser inspects the house and the neighborhood, and considers sales prices of comparable houses and other factors in determining the value. The appraisal report may contain photos and other information of value to you. It will provide the factual data upon which the appraiser based the appraised value.

**Assumption Fee.** This fee is charged for processing papers for cases in which the buyer takes over the payments on the prior loan of the seller.

**Attorney's Fees.** You may be required to pay for legal services provided to the lender in connection with the settlement, such as examination of the title binder or sales contract. Occasionally this fee can be shared with the seller, if so stipulated in the sales contract. If a lawyer's involvement is required by the lender, the fee will appear on this part of the form. The buyer and seller may each retain an attorney to check the various documents and to represent them at all stages of the transaction, including settlement. Where this service is not required and is paid for outside of closing, the person conducting settlement is not obligated to record the fee on the settlement form.

**City/County Property Taxes - Recurring.** The lender may require a regular monthly payment to the reserve account for property taxes.

**Closing Costs.** Fees and expenses, in addition to the down payment, that are required to complete a real estate transaction. Closing costs may be non-recurring or recurring. Non-recurring costs are only paid once and include, but are not limited to items such as loan origination fees, points, title fees, recording fees, transfer taxes.

**Closing.** The final step in transferring ownership of a property from seller to buyer evidenced by a recording of the Grant Deed.

**Credit Report Fee.** This fee covers the cost of the credit report, which shows how you have handled other credit transactions. The lender uses this report in conjunction with information you submitted with the application regarding your income, outstanding bills, and employment, to determine whether you are an acceptable credit risk and to help determine how much money to lend you. When credit reporting problems are encountered, you have protection under the Fair Credit Laws.

**CRL.** The California Community Redevelopment Law (Cal. Health & Safety Code § 33000, *et seq.*).

**Document Preparation.** There may be a separate document fee that covers preparation of final legal papers, such as a mortgage, deed of trust, note, or deed. You should check with the settlement agent to see that these services, if charged for, are not also covered under some other service fees.

**Eligible Property.** A property to be used as the buyers' principal residence which is located in an authorized location and has an appraised property value that does not exceed the property value limit established by the DPAP Program.

**Equity.** The owner's value or interest in a property. Equity is computed as the difference between the market value of a property and the total amount of indebtedness secured by the property.

**Escrow.** The placement of money or documents with a third party for safekeeping pending the fulfillment or performance of a specific act or condition.

**Existing Home.** Any residence that has been previously occupied for residential purposes.

**FHA Mortgage.** A mortgage loan insured by the Federal Housing Administration.

**Fannie Mae.** A nickname for the Federal National Mortgage Association (FNMA), a tax paying corporation created by Congress to support the secondary mortgage insured by FHA or guaranteed by VA, as well as conventional home mortgages.

**First Mortgage or Senior Purchase Money Loan.** A mortgage, the proceeds of which are used to purchase the property, issued by a Participating Lender and recorded in first position on the deed.

**First-Time Home Buyer.** An individual or an individual and his or her spouse who have not had ownership interest in improved-upon residential real property nor claimed any mortgage or real estate related property tax deductions during the three-year period before the purchase of a home with HACR Financial Participation, except that the following persons shall not be excluded from consideration as a First-Time Home Buyer:

A person who owns or owned a mobile home during the most recent three year period which is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

**Freddie Mac.** A nickname for the Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. Freddie Mac purchases and sells conventional home mortgages.

**Government Recording and Transfer Charges.** These fees may be paid either by buyer or seller, depending upon your contract when you buy the home or accept the loan commitment. The buyer usually pays the fees for legally recording the new deed and mortgage. These fees collected when property changes hands or when a mortgage loan is made, may be quite large and are set by State and/or local governments. City, county and/or State tax stamps may have to be purchased as well.

**Grant Deed or Deed.** A legal document conveying title to property.



**HACR.** The Housing Authority of the County of Riverside. The HACR may sometimes be referred to as the "Agency."

**HACR Deed of Trust.** The deed of trust, which is junior to the first deed of trust or senior purchase money loan recorded by a buyer's primary lender and also junior to the Covenant Agreement, that secures the HACR Note and the Covenant Agreement.

**HACR Financial Participation.** The financial assistance provided to buyers pursuant to this Down Payment Assistance Program.

**HACR Note.** The promissory note that evidences the buyer's obligation to repay the HACR Financial Participation; provided, however, that the buyer will receive credit for each of the forty-five (45) annual payments due under the HACR Note, as such payments become due, as long as the buyer is not in breach of the HACR Note, HACR Deed of Trust or the Covenant Agreement.

**Hazard Insurance Premium - Recurring.** This premium prepayment is for insurance protection for you and the lender against loss due to fire, windstorm, and natural hazards. This coverage may be included in a homeowner's policy which insures against additional risks which may include personal liability and theft. Lenders often require payment of the first year's premium at settlement. Hazard insurance or homeowner's policy may not protect you against loss caused by flooding. If your mortgage is federally insured and your property is within a special flood hazard area identified by FEMA, you may be required by Federal law to carry flood insurance on your home. Such insurance may be purchased in participating communities under the National Flood Insurance Act.

**Hazard Insurance - Recurring.** The lender determines the amount of money that must be placed in the reserve in order to pay the next insurance premium when due.

**Home.** A one-unit dwelling, including a single family home, condominium or manufactured home on a permanent foundation.

**Home Buyer Education.** A course or class designed to prepare persons for homeownership. Topic covered include the home buying process, obtaining a loan, and responsibilities associated with homeownership, including, but not limited to, maintenance and payment obligations.

**Home Inspection Report.** A pre-purchase inspection prepared by a qualified home inspector which documents the condition and working order of the home and all fixtures included in the home purchase agreement. The inspection and report shall be prepared in accordance with industry standards. The report shall list any and all conditions which impair the habitability of the unit. The Home Inspection Report is used to determine that the home is in standard condition and will comply with Housing Quality Standards upon occupancy.

**Home Warranty.** A warranty provided by an independent company that provides for the repair of specified items in a home during the warranty period, usually for a small deductible.

**Homeownership.** Ownership in fee simple or a 99 year leasehold interest in a one- to four-unit dwelling or in a condominium unit, or ownership or membership in a cooperative. The ownership interest may be subject only to mortgages, deeds of trust, or other liens or instruments securing debt on the property; resale restrictions imposed through this Program; or any other restrictions or encumbrances that so not impair the good and marketable nature of title to the ownership interest.

**Household.** One or more persons occupying a housing unit.

**Housing Quality Standard.** A minimum standard of habitability established by the Public Housing Authority.

**Housing Fund.** The tax allocation bonds, which is the primary funding source for the DPAP Program.

**HCD.** The California State Department of Housing and Community Development.

**Impound Account.** That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other recurring items, as they become due. Also referred to as an escrow payment.

**Interest - Recurring.** Lenders usually require that buyers pay at settlement the interest that accrues on the mortgage from the date of settlement to the beginning of the period covered by the first monthly payment. For example, suppose your settlement takes place on April 16 and your first regular monthly payment will be due June 1 to cover interest charges for the month of May. On the settlement date, the lender will collect interest for the period from April 16 to May 1. If you borrowed \$60,000 at 12 percent interest, the interest item would be \$303.30.

**Items Required by Lender To Be Paid In Advance.** You may be required to prepay certain items, such as interest, mortgage insurance premium and hazard insurance premium, at the time of settlement.

**Lender or Senior Lender.** Owner or holder of a mortgage.

**Lender's Inspection Fee.** This charge covers inspections, often of newly-constructed housing made by personnel of the lending institution or an outside inspector.

**Lender's Title Insurance.** A one-time premium may be charged at settlement for a lender's title policy which protects the lender against loss due to problems or defects in connection with the title. The insurance is usually written for the amount of the mortgage loan and covers losses due to defects or problems not identified by title search and examination. The buyer may pay all, a part of, or none of this cost depending on the terms of the sales contract or local custom.

**Lien.** A legal claim against a property that must be paid when property is sold.

**Loan Origination Fee.** The charge assessed by a lender for processing a mortgage.

**Loan-to-Value Ratio.** The ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price).

**Mortgage.** A lien on real estate given by the buyer as security for money borrowed from a lender.

**Mortgagee.** The lender of money or the receiver of the mortgage document.

**Mortgagor.** The borrower of money of the giver of a mortgage document.

**Mortgage Insurance Premium - Recurring.** Mortgage insurance protects the lender from loss due to payment default by the borrower. The lender may require you to pay your first premium or a lump sum premium covering the life of the loan in advance, on the day of settlement. The premium may cover a specific number of months, a year in advance or the total amount. With this insurance protection, the lender is willing to make a larger loan, thus reducing your down payment requirements. This type of insurance should not be confused with mortgage life, credit life, or disability insurance designed to pay off a mortgage in the event of physical disability or death of the buyer.

**Mortgage Insurance - Recurring.** The lender may require that part of the total annual premium be placed in the reserve account at settlement. The portion to be placed in reserve may be negotiable.

**Mortgage Insurer Application Fee.** This fee covers processing the application for private mortgage insurance which may be required on certain loans. It may cover both the appraisal and application fee.

**New Home.** A residence that has received a certificate of occupancy but has never been previously occupied for residential purposes by any person. Also referred to as newly constructed.

**Non-recurring Closing Costs.** One-time fees and expenses paid at the time of closing. Non-recurring costs are paid in full at the time of closing.

**Notary Fee.** This fee is charged for the cost of having a licensed person affix his or her name and seal to various documents authenticating the execution of these documents by the parties.

**Note or Promissory Note.** A written promise to pay a certain amount of money. Instrument evidencing a loan.

**Owner's Title Insurance.** This charge is for owner's title insurance protection and protects you against losses due to title defects. In some areas it is customary for the seller to provide the buyer with an owner's policy and for the seller to pay for this policy. In other areas, if the buyer desires an owner's policy he or she must pay for it.

**Pest and Other Inspections.** This fee is to cover inspections for termite or other pest infestation of the home. This may be important if the sales contract included a promise by the seller to transfer the property free from pests or pest-caused damage. Be sure that the inspection shows that the property complies with the sales contract before you complete the settlement. If it does not, you may wish to require a bond or other financial assurance that the work will be completed. This fee can be paid either by the buyer or seller depending upon the terms of the sales contract. Lenders vary in their requirements as to such an inspection.

**Point.** One percent of the loan amount.

**Principal and Interest Payment (P&I).** A periodic (usually monthly) payment that includes the interest charges for the period plus an amount applied to amortization of principal balance.

**Principal, Interest, Taxes, and Insurance Payment (PITI).** The periodic payment that includes a principal and interest payment plus a contribution to the escrow account set up by the lender to pay insurance premiums and property taxes on the mortgage property.

**Principal Residence.** The primary dwelling unit in which a family resides. The residence can be a single family property, a condominium unit, a manufactured home on a permanent foundation or a cooperative unit.

**Professional Property Inspection.** A pre-purchase inspection that is conducted to determine the condition of a property prior to purchase. See also Home Inspection Report.

**Property Value.** The total value of a property as established in an appraisal by a qualified appraiser. The property value and the purchase price shall not the program's maximum sales price limit for the current fiscal year.

**Reserves Deposited With Lenders.** Reserves (sometimes called "escrow" or "impound" accounts) are funds held in an account by the lender to assure future payment for such recurring items as real estate taxes and hazard insurance.

**Settlement or Closing Fee.** This fee is paid to the settlement agent. Responsibility for payment of this fee should be negotiated between the seller and buyer at the time the sales contract is signed.

**Survey.** The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

**Title.** The accumulation of all rights in a property, often used interchangeably with the word ownership. Also refers to the document that is evidence of ownership.

**Title Charges.** Title charges may cover a variety of services performed by title companies and others and include fees directly related to the transfer of title (title examination, title search, document preparation) and fees for title insurance, legal charges, which include fees for lenders, seller's or buyer's attorney or the attorney preparing title work and fees for settlement agents and notaries. Due to the great diversity in practice from area to area, your particular settlement may not include all of these items or may include others not listed. Ask your settlement agent to explain how these fees relate to services performed on your behalf.

**Title Insurance.** The total cost of owner's and lender's title insurance is shown here. The buyer may pay all, a part or none of this cost depending on the terms of the sales contract or local custom.

**Title Search.** A check of title records to identify liens, encumbrances and ownership rights to the property.

**VA Mortgage.** A mortgage loan guaranteed by the Veterans Administration, an agency of the federal government that provides services for eligible veterans.

## APPENDIX E

### HOUSING QUALITY STANDARD CHECKLIST

The following checklist will be utilized by the HACR as guidance in determining a minimum level of habitability for all homes purchased through the DPAP Program.

Home inspectors should not use this form - it is provided here for informational purposes only. Home inspectors should prepare their reports in accordance with industry standards for that profession, and should use forms and methods in accordance with those standards.

**HOUSING QUALITY STANDARD CHECKLIST**

The following checklist will be utilized by the HACR to determine a minimum level of habitability for all homes purchased through the DPAP Program.

Home inspectors should not use this form - it is provided here for informational purposes only. Home inspectors should prepare their reports in accordance with industry standards for that profession, and should use forms and methods in accordance with those standards.

Client # \_\_\_\_\_

**Housing Quality Standards (HQS) Inspection Form**

**A. General Information**

Date of Inspection:

Address of Inspected Unit

---

---

---

---

---

Name of Family

Current Address of Family

---

---

---

---

---

Current Telephone of Family

---

---

B. How to Fill Out This Checklist

Proceed through the inspection as follows:

<b>Area</b>	<b>Checklist Category</b>
Room by Room	1. Living Room
	2. Kitchen
	3. Bathroom
	4. All Other Rooms Used for Living
	5. All Secondary Rooms Not Used for Living
Outside	6. Building Exterior
Basement or Utility Room	7. Heating and Plumbing
Overall	8. General Health and Safety

Each part of the checklist will be accompanied by an explanation of the item to be inspected.

Important: For each item numbered on the checklist, check one box only (e.g., check one box only for item 1.4 "Security," in the Living Room).

In the space to the right of the description of the item, if the decision on the item is "Fail," write what repairs are necessary.

Also, if "Pass" but there are additional code items or items not consistent with rehab standards or area codes, write these in the space to the right.

**1. LIVING ROOM**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
1.1	<b>LIVING ROOM PRESENT</b> Is there a living room?			
1.2	<b>ELECTRICITY</b> Are there at least two working outlets or one working outlet and one working light fixture?			
1.3	<b>ELECTRICAL HAZARDS</b> Is the room free from electrical hazards?			
1.4	<b>SECURITY</b> Are all windows and doors that are accessible from the outside lockable?			
1.5	<b>WINDOW CONDITION</b> Is there at least one window, and are all windows free of signs of severe deterioration or missing or broken out panes?			
1.6	<b>CEILING CONDITION</b> Is the ceiling sound and free from hazardous defects?			
1.7	<b>WALL CONDITION</b> Are the walls sound and free from hazardous defects?			
1.8	<b>FLOOR CONDITION</b> Is the floor sound and free from hazardous defects?			
1.9	<b>LEAD PAINT</b> Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated</i> and <i>covered</i> to prevent exposure of the occupants to lead based paint hazards?			
1.10	<b>WEATHER STRIPPING</b> Is weather stripping present and in good condition on all windows and exterior doors?			
1.11	<b>OTHER</b>			
1.12	<b>OTHER</b>			

Notes: (Give Item #)



**2. KITCHEN**

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
2.1	<b>KITCHEN AREA PRESENT</b> Is there a kitchen?			
2.2	<b>ELECTRICITY</b> Is there at least <i>one</i> working electric outlet and <i>one</i> working, permanently installed light fixture?			
2.3	<b>ELECTRICAL HAZARDS</b> Is the kitchen free from electrical hazards?			
2.4	<b>SECURITY</b> Are <i>all</i> windows and doors that are accessible from the outside lockable?			
2.5	<b>WINDOW CONDITION</b> Are all windows free of signs of deterioration or missing or broken out panes?			
2.6	<b>CEILING CONDITION</b> Is the ceiling sound and free from hazardous defects?			
2.7	<b>WALL CONDITION</b> Are the walls sound and free from hazardous defects?			
2.8	<b>FLOOR CONDITION</b> Is the floor sound and free from hazardous defects?			
2.9	<b>LEAD PAINT</b> Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint or <i>adequately treated</i> and <i>covered</i> to prevent exposure of the occupants to lead based paint hazards?			
2.10	<b>STOVE OR RANGE WITH OVEN</b> Is there a working oven and a stove (or range) with top burners that work?			
2.11	<b>REFRIGERATOR</b> Is there a refrigerator that works and maintains a temperature low enough so that food does not spoil over a reasonable period of time?			
2.12	<b>SINK</b> Is there a kitchen sink that works with hot and cold running water?			
2.13	<b>SPACE FOR STORAGE AND</b>			

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
	<b>PREPARATION OF FOOD</b> Is there space to store and prepare food?			
<b>2.14</b>	<b>WEATHER STRIPPING</b> Is weather stripping present and in good condition on all windows and exterior doors?			
<b>2.15</b>	<b>OTHER</b>			
<b>2.16</b>	<b>OTHER</b>			

Notes: (Give Item #)

**3. BATHROOM**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
3.1	<b>BATHROOM (see description)</b> Is there a bathroom?			
3.2	<b>ELECTRICITY</b> Is there at least <i>one</i> permanently installed light fixture?			
3.3	<b>ELECTRICAL HAZARDS</b> Is the bathroom free from electrical hazards?			
3.4	<b>SECURITY</b> Are <i>all</i> windows and doors that are accessible from the outside lockable?			
3.5	<b>WINDOW CONDITION</b> Are all windows free of signs of deterioration or missing or broken out panes?			
3.6	<b>CEILING CONDITION</b> Is the ceiling sound and free from hazardous defects?			
3.7	<b>WALL CONDITION</b> Are the walls sound and free from hazardous defects?			
3.8	<b>FLOOR CONDITION</b> Is the floor sound and free from hazardous defects?			
3.9	<b>LEAD PAINT</b> Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated</i> and <i>covered</i> to prevent exposure of the occupants to lead based paint hazards?			
3.10	<b>FLUSH TOILET IN ENCLOSED ROOM IN UNIT</b> Is there a working toilet in the unit for exclusive private use of the tenant?			
3.11	<b>FIXED WASH BASIN OR LAVATORY IN UNIT</b> Is there a working, permanently installed wash basin with hot and cold running water in the unit?			
3.12	<b>TUB OR SHOWER IN UNIT</b> Is there a working tub or shower with hot and cold running water in the			

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
	unit?			
<b>3.13</b>	<b>VENTILATION</b> Are there operable windows or a working vent system?			
<b>3.14</b>	<b>WEATHER STRIPPING</b> Is weather stripping present and in good condition on all windows and exterior doors?			
<b>3.15</b>	<b>OTHER</b>			
<b>3.16</b>	<b>OTHER</b>			

Notes: (Give Item #)

**4. OTHER ROOMS USED FOR LIVING AND HALLS**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
4.1	<p><b>ROOM CODE and ROOM LOCATION:</b></p> <p>right/left _____</p> <p>front/rear _____</p> <p>floor level _____</p>	<p><b>ROOM CODES</b></p> <p>1 = Bedrooms or any other room used for sleeping (regardless of type of room)</p> <p>2 = Dining Room, or Dining Area</p> <p>3 = Second Living Room, Family Room, Den, Playroom, TV Room</p> <p>4 = Entrance Halls, Corridors, Halls, Staircases</p> <p>5 = Additional Bathroom</p> <p>6 = Other</p>		
4.2	<p><b>ELECTRICITY</b></p> <p>If Room Code = 1, are there at least two working outlets or one working outlet and one working, permanently installed light fixture? If Room Code does not = 1, is there a means of illumination?</p>			
4.3	<p><b>ELECTRICAL HAZARDS</b></p> <p>Is the room free from electrical hazards?</p>			
4.4	<p><b>SECURITY</b></p> <p>Are <i>all</i> windows and doors that are accessible from the outside lockable?</p>			
4.5	<p><b>WINDOW CONDITION</b></p> <p>If Room Code = 1, is there at least one window? And, regardless of Room Code, are all windows free of signs of severe deterioration or missing or broken out panes?</p>			
4.6	<p><b>CEILING CONDITION</b></p> <p>Is the ceiling sound and free from hazardous defects?</p>			
4.7	<p><b>WALL CONDITION</b></p> <p>Are the walls sound and free from hazardous defects?</p>			
4.8	<p><b>FLOOR CONDITION</b></p> <p>Is the floor sound and free from hazardous defects?</p>			
4.9	<p><b>LEAD PAINT</b></p> <p>Are all interior surfaces either <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated</i> and <i>covered</i> to prevent exposure of the occupants to lead based paint</p>			

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
	hazards?			
<b>4.10</b>	<b>WEATHERSTRIPPING</b> Is weather stripping present and in good condition on all windows and exterior doors?			
<b>4.11</b>	<b>OTHER</b>			
<b>4.12</b>	<b>OTHER</b>			

Notes: (Give Item #)

**5. ALL SECONDARY ROOMS NOT USED FOR LIVING**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
5.1	<b>NONE. GO TO PART 6</b>			
5.2	<b>SECURITY</b> Are <i>all</i> windows and doors that are accessible from the outside lockable in each room?			
5.3	<b>ELECTRICAL HAZARDS</b> Are all these rooms free from electrical hazards?			
5.4	<b>OTHER POTENTIALLY HAZARDOUS FEATURES IN ANY OF THESE ROOMS</b> Are all of these rooms free of any other potentially hazardous features? For each room with an "other potentially hazardous feature" explain hazard and means of control of interior access to room.			
5.5	<b>OTHER</b>			
5.6	<b>OTHER</b>			

Notes: (Give Item #)

**6. BUILDING EXTERIOR**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
6.1	<b>CONDITION OF FOUNDATION</b> Is the foundation sound and free from hazards?			
6.2	<b>CONDITION OF STAIRS, RAILS, AND PORCHES</b> Are all the exterior stairs, rails and porches sound and free from hazards?			
6.3	<b>CONDITION OF ROOF AND GUTTERS</b> Are the roof, gutters and downspouts sound and free from hazards?			
6.4	<b>CONDITION OF EXTERIOR SURFACES</b> Are exterior surfaces sound and free from hazards?			
6.5	<b>CONDITION OF CHIMNEY</b> Is the chimney sound and free from hazards?			
6.6	<b>LEAD PAINT: EXTERIOR SURFACES</b> Are all exterior surfaces which are accessible to children under seven years of age <i>free</i> of cracking, scaling, peeling, chipping, and loose paint, or <i>adequately treated</i> or <i>covered</i> to prevent exposure of such children to lead based paint hazards?			
6.7	<b>MOBILE HOMES: TIE DOWNS</b> If the unit is a mobile home, it is properly placed and tied down? If not a mobile home, check "Not Applicable."			
6.8	<b>MOBILE HOMES: SMOKE DETECTORS</b> If unit is a mobile home, does it have at least one smoke detector in working condition? If not a mobile home, check "Not Applicable."			
6.9	<b>CAULKING</b> Are all fixed joints including frames around doors and windows, areas around all holes for pipes, ducts, water faucets or electric conduits, and other areas,			



	which may allow unwanted air flow appropriately caulked.			
<b>6.10</b>	<b>OTHER</b>			
<b>6.11</b>	<b>OTHER</b>			

Notes: (Give Item #)

**7. HEATING, PLUMBING AND INSULATION**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
7.1	<p><b>ADEQUACY OF HEATING EQUIPMENT</b></p> <p>a. Is the heating equipment capable of providing adequate heat (either directly or indirectly) to all rooms used for living?</p> <p>b. Is the heating equipment oversized by more than 15%?</p> <p>c. Are pipes and ducts located in unconditioned space insulated?</p>			
7.2	<p><b>SAFETY OF HEATING EQUIPMENT</b></p> <p>Is the unit free from unvented fuel burning space heaters, or any other types of unsafe heating conditions?</p>			
7.3	<p><b>VENTILATION AND ADEQUACY OF COOLING</b></p> <p>Does this unit have adequate ventilation and cooling by means of operable windows or a working cooling system?</p>			
7.4	<p><b>HOT WATER HEATER</b></p> <p>Is hot water heater located, equipped, and installed in a safe manner?</p>			
7.5	<p><b>WATER SUPPLY</b></p> <p>Is the unit served by an approvable public or private sanitary water supply?</p>			
7.6	<p><b>PLUMBING</b></p> <p>Is plumbing free from major leaks or corrosion that causes serious and persistent levels of rust or contamination of the drinking water?</p>			
7.7	<p><b>SEWER CONNECTION</b></p> <p>Is plumbing connected to an approvable public or private disposal system, and is it free from sewer back up?</p>			
7.8	<p><b>INSULATION</b></p> <p>Are the attic and walls appropriately insulated for regional conditions?</p>			

**8. GENERAL HEALTH AND SAFETY**

**For each item numbered, check one box only.**

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
8.1	<b>ACCESS TO UNIT</b> Can the unit be entered without having to go through another unit?			
8.2	<b>EXITS</b> Is there an acceptable fire exit from this building that is not blocked?			
8.3	<b>EVIDENCE OF INFESTATION</b> Is the unit free from rats or severe infestation by mice or vermin?			
8.4	<b>GARBAGE AND DEBRIS</b> Is the unit free from heavy accumulation of garbage or debris inside and outside?			
8.5	<b>REFUSE DISPOSAL</b> Are there adequate covered facilities for temporary storage and disposal of food wastes, and are they approved by a local agency?			
8.6	<b>INTERIOR STAIRS AND COMMON HALLS</b> Are interior stairs and common halls free from hazards to the occupant because of loose, broken or missing steps on stairways, absent or insecure railings; inadequate lighting, or other hazards?			
8.7	<b>OTHER INTERIOR HAZARDS</b> Is the interior of the unit free from any other hazards not specifically identified previously?			
8.8	<b>ELEVATORS</b> Where local practice requires, do all elevators have a current inspection certificate? If local practice does not require this, are they working and safe?			
8.9	<b>INTERIOR AIR QUALITY</b> Is the unit free from abnormally high levels of air pollution from vehicular exhaust, sewer gas, fuel gas, dust, or other pollutants?			

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
<b>8.10</b>	<b>SITE AND NEIGHBORHOOD CONDITIONS</b> Are the site and immediate neighborhood free from conditions, which would seriously and continuously endanger the health or safety of the residents?			
<b>8.11</b>	<b>LEAD PAINT: OWNER CERTIFICATION</b> If the owner of the unit is required to treat or cover any interior or exterior surfaces, has the certification of compliance been obtained? If the owner was not required to treat surfaces, check "Not Applicable."			
<b>8.12</b>	<b>OTHER</b>			
<b>8.13</b>	<b>OTHER</b>			

Notes: (Give Item #)

