

# ~~AFFORDABLE~~ HOMEOWNER REHABILITATION LOANS AND GRANTS PROGRAM

## POLICIES AND PROCEDURES



The City of Huntington Beach

~~April 5, 2010~~ November 1, 2022

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## Definitions

The following defined terms apply throughout these loan programs guidelines unless otherwise specified herein:

1. "Approval and Revisions of Policies and Procedures" means a City Council action to amend the adopted rehabilitation loan and grant programs policies and procedures.
2. "CDBG" means federal Community Development Block Grant funds regulated by the United States Department of Housing and Urban Department.
3. "Certificate of Title" means a record of property ownership. The Certificate of Title will tell the prospective buyer the size and general shape of the section (property), who owns it and whether there are mortgages, leases, rights of way or other interests registered against the title. It will also tell you whether the land is freehold or leasehold.
4. "Eligible Contractor" means a building contractor who has a current and valid license issued by the California Contractors State License Board, City of Huntington Beach business license, and valid insurance.
5. "City" means the City of Huntington Beach, California.
6. "City Council" means the City Council of the City of Huntington Beach.
7. "County" means the County of Orange, California.
8. "Deeds of Trust" means when taking out a loan to buy a house, the borrower is required to sign a Promissory Note (or "note") that legally obligates the borrower to pay back the money. At the same time, the borrower gives the lender a mortgage, or a lien on the house that provides the lender with a security interest in the property. This means that the borrower puts the house up as collateral for repayment of the loan. If the borrower fails to pay the loan, the mortgage allows the lender to foreclose on the property. In some states, the security interest in the house is called a "Deed ~~Of~~ of Trust," which is essentially the same thing as a mortgage.
9. "Director of Community Development~~Economic Development~~" (or designee) means the City official that is authorized to make discretionary approvals; and reviews and rules on any appeal of a decision made by the Program Administrator. This City official also rules on any dispute pertaining to the administration of the program as provided in the guidelines for Homeowner Rehabilitation Loans and Grants Program.
10. "DPL" means Deferred Payment Loans for which payment of the principal and accrued interest is deferred until the property is sold, transferred, or refinanced.
11. "~~Economic-Community~~ Development Department" means the Economic-Community Development Department of the City of Huntington Beach, ~~which is also the Redevelopment Agency staff.~~

12. "Grant Agreement" means the agreement between the ~~Redevelopment Agency~~City of Huntington Beach and the Participant (either single-family or mobile\_home owner) describing the scope of work, disbursement of ~~Agency CDBG~~ Grant proceeds, use of the property to verify owner occupancy and income eligibility, and conditions of defaults, remedies and termination.
13. "HCD" means the California Department of Housing and Community Development.
14. "Homeowners" includes owners of single-family detached homes, townhomes, condominiums, duplexes, triplexes, fourplexes and mobile\_homes. Homeowners are required to reside ~~on~~at the property as their primary residence.
15. "Housing Manager" means the Housing ~~and Real Estate~~ Manager in the ~~Economic Community~~ Development Department of the City of Huntington Beach. The Housing Manager may approve an exception to the qualifying debt to income ratio for a loan applicant.
16. "HQS" means HUD designated Housing Quality Standards.
17. "HUD" means the United States Department of Housing and Urban Development.
18. "Lead Based Paint Standards" means the 1992 Housing and Community Development Act as amended in 1999, which includes regulations requiring that federally funded housing rehabilitation programs assess lead-based paint risks and abate hazards in specific circumstances. For more complete details regarding lead-based paint regulations and requirements, refer to Title X of the HCD Act (a copy of this regulation is maintained in the ~~Economic Community~~ Development Department).
19. "Loan Agreement" means that portion of the City of Huntington Beach Deferred Payment Loan Promissory Note that contains the terms of the loan agreement between a homeowner and the City.
20. "Loan Eligibility Requirements" means the requirements that must be met in order to qualify for a DPL.
21. "Low-~~Income~~ Households" refers to households whose incomes meet the standards defined by 24CFR570.3 for the use of CDBG funds. For the purposes of the ~~Affordable~~ Homeowner Rehabilitation Loans and Grants Program, the term low-income households means low- and moderate-income households that have an income less than the Section 8 low-income limit established by HUD. The qualified household income levels are published by HUD annually.
22. "Notice of Right to Rescind Transaction" means in the case of any consumer credit transaction in which a security interest, is or will be retained or acquired in any property ~~which~~that is used as the principal dwelling of the person to whom credit is extended, the obligor (borrower) shall have the right to rescind the transaction until midnight of the third business day following the consummation of the transaction or

the delivery of the information and rescission forms required under this section together with a statement containing the material disclosures required under this subchapter, whichever is later, by notifying the creditor.

23. "Program Administrator" is a staff member or firm contracted by the City to administer the Homeowner Rehabilitation Loans and Grants Program.
24. "Promissory Note" is one of the required loan documents that defines the essential terms of the loan and describes the repayment obligation of the borrower.
25. "Rehabilitation Loan Database" means the City's database of each loan including amount, borrower name, address, date and comments.
26. "Single-Family Home" means single-family homes, townhomes, condominiums, duplexes, triplexes and fourplexes.
27. "Truth in Lending Statements" (also referred to as Regulation Z) means Mortgage lenders are required to provide the borrower a truth in lending (TIL) statement containing information on the annual percentage rate, the finance charge, the amount financed, and the total payments required. Within three days of the time application for the mortgage, the lender is required to provide the borrower with a "good faith estimate of settlement costs," or TIL, based on his or her understanding of purchase contract. This estimate should provide the buyer a good idea of how much cash will be needed at closing to cover pro-rated taxes, first month's interest, and other settlement costs.

## CHAPTER 1 - INTRODUCTION

The City of Huntington Beach through its ~~Affordable~~ Homeowner Rehabilitation Loans and Grants Program (Program) provides deferred payment rehabilitation loans and grants to homeowners that are low-income households. Qualifying properties include single-family homes, townhomes, mobile homes, duplexes, triplexes, and fourplexes. The City uses Community Development Block Grant funds made available by the U.S. Department of Housing and Urban Development to provide these loans and grants. The City Council authorizes funding, and the ~~Economic-Community~~ Development Department either contracts with a consulting firm (Program Administrator) to administer the Program or administers the Program in-house. The primary objective of the Program is to provide financing to households who would otherwise have difficulty paying for the repairs necessary to bring their home to a decent, safe and sanitary quality level. Loans are underwritten and approved by the Program Administrator. The underwriting process is intended to give the City assurance that the borrower is creditworthy, has the ability to repay the debt, and has sufficient collateral to minimize the chance for loan default. Property owners may contact the ~~Economic-Community~~ Development Department to obtain the most current Program information.



## CHAPTER 2 - PROGRAM

### *General*

The ~~Affordable Homeowner Rehabilitation~~ Homeowner Rehabilitation Loans and Grants Program is authorized by the City Council and administered by the Program Administrator based upon the Processing Procedures for ~~Affordable Homeowner Rehabilitation~~ Homeowner Rehabilitation Loans and Grants Program (Processing Procedures) adopted by the City Council. ~~The Processing Procedures are authorized by the City Council.~~ City staff may make technical changes to the Processing Procedures or any form, application, agreement or other document used to implement the ~~Affordable~~ Homeowner Loans and Grants Program. Substantive additions or policy revisions outside of clarification or technical corrections require the approval of the City Council. This policy document, effective November 1, 2022 supersedes any existing housing rehabilitation loan and grant policies utilized by City staff and shall apply to all loans or grants approved or made by the City on or after November 1, 2022.

At the recommendation of the Program Administrator, and at the sole discretion of the Director of ~~Economic Community~~ Development, an applicant's written request for a waiver of certain Loan Eligibility Requirements may be considered. Waivers are rare, but may include such things as allowing an alternative type of documentation as proof of income or the use of other alternative means to accommodate special circumstances. All waiver requests shall include a detailed explanation of the circumstances surrounding the request, and why the request is reasonable and necessary for the safety or well-being of the borrower/grantee. The City will at no time consider or grant a waiver that is inconsistent with established HUD CDBG Guidelines.

### *Housing Rehabilitation Program*

The City offers both grants and loans for ownership housing rehabilitation. The ongoing funding is authorized by the City Council upon the recommendation of the Director of ~~Economic Community~~ Development. The loans are offered at below market interest rates to qualified homeowners that are low-income households. The grants provide money for smaller projects that can range from correcting deferred maintenance to correcting health and safety defects or for lead based paint abatement. Details for these programs are provided below.

### *Deferred Payment Loans (DPL)*

The rehabilitation loans are funded from HUD CDBG. The amount of available funding varies annually. Homeowners that are low-income households are eligible to apply for loans of up to \$75,000 under the DPL. Individual loans are evaluated, underwritten, and approved by the Program Administrator. The funding limit is set at \$75,000 for single-family homes, condominiums and multi-family residencies. Mobile homes will be capped at ~~\$15,000~~ \$25,000. Funding limits for individual loans may be increased by up to \$10,000 (\$5,000 for mobile homes) if deemed necessary to meet the HUD HQS requirements. Any increase above the

\$75,000 loan limit must be approved by the Director of Community Economic Development. Prior recommendation for approval by the Program Administrator will be required before a request to exceed the funding limits will be submitted to the Director of Economic Community Development for approval. The current household income limits are available in the Economic DevelopmentCommunity Development Department. The interest rate for these loans is 3% simple interest subject to change at the direction of the Director of Economic Community Development.

Payment of the principal and accrued interest is deferred until the property is sold, transferred, or refinanced. However, if the DPL is repaid within two years, a prepayment penalty will be applied. This requirement is imposed to ensure that the loan funds are not used on a speculative basis to enhance the home's value for resale purposes.

### ***Rehabilitation Grants***

The City offers a one-time grant not to exceed ~~\$10,000~~\$15,000 to homeowners that are low-income households for deferred maintenance and health and safety-related household repairs. Deferred maintenance can include paint, siding replacement, window and door replacement and roof repair or removal of any condition of blight. Household repairs may include restoration or replacement of inoperable or severely deteriorated plumbing, heating, and electrical systems, structural and appliance replacement. A homeowner is not eligible to receive a grant if a DPL has been funded within the past five years unless extreme emergency can be established. However, if additional funds are needed for emergency repairs the amount of the additional funds will be added to the loan balance. If an owner who receives a grant applies to and is approved for a DPL within five years of receipt of the grant funds, the grant amount will be added to and become a part of the loan.- All grants extended in addition to DPL loans must be approved by the Director of Economic Community Development prior to funding. A grant will not be extended if the estimated cost of repairs required to meet the health and safety code exceeds ~~\$10,000~~\$15,000. In this case, the borrower may apply for a DPL.

The Program Administrator must approve the proposed grant and scope of work. With this approval, the grant recipient may proceed with the authorized rehabilitation. After work is completed and inspected, the homeowner must submit to the City either an original receipt or invoice. A licensed contractor must perform all work.

### ***Mobile Home Housing Quality Standards Grants***

Homeowners that qualify to receive Mobile Home Tenant Based Rental Assistance (MHTBRA) to pay space rent for their mobile home must demonstrate that the mobile home meets HUD Housing Quality Standards (HQS). Homeowners found eligible to receive MHTBRA are also eligible to receive an HQS Grant of up to \$1,200 in CDBG funds to make corrections needed to meet HUD HQS requirements. Such items may include installation of smoke and carbon monoxide detectors, GFCI protectors, and water heater earthquake straps if needed.

HQS Grant candidates will be considered in conjunction with approval to receive MHTBRA. When homeowner eligibility is confirmed as eligible to receive MHTBRA, an HQS Inspection

of the mobile home shall be conducted. If corrections are determined as necessary to meet HUD HQS standards, the homeowner will be offered an HQS Grant up to \$1,200 to complete the necessary work. The Program Administrator or their authorized representative will develop a scope of work and assist the homeowner to select a licensed contractor, and confirm completed work. With prior approval from the Program Administrator, the homeowner, volunteer or family member is eligible to perform work if they have the proper license (if applicable) to perform said work. In this case, the grant will only pay for materials and permit fees (as needed), not labor.

If the estimated cost of repair exceeds \$1,200, the homeowner may apply for a Rehabilitation Grant up to \$15,000 or loan up to \$25,000 depending upon available funding.

A homeowner that has qualified to receive MHTBRA must make corrections to their mobile home in order to meet HQS standards, and will be provided 120 days to complete the necessary repairs through the HQS Grant or Emergency Grant Programs. MHTBRA funds to assist the eligible homeowner with space rent will be frozen during this 120-day period to achieve compliance. Any extension of time beyond 120 days will be considered on a case-by-case basis and must be approved by the Housing Manager.

## CHAPTER 3 - PROGRAM REQUIREMENTS

### ***General***

There are a number of regulatory requirements associated with federally funded municipal housing rehabilitation loan programs. The City has also elected to impose certain additional restrictions in order to assure that the ~~Affordable Homeowner Rehabilitation~~ Homeowner Rehabilitation Loans and Grants Program will be utilized in a manner that best serves the community. It is not intended for the City to make loans that are unreasonably risky thus jeopardizing its investment. The requirements discussed below are designed to address these matters. The loan requirements pertain to owners of single-family homes, townhomes, and mobile homes. Additional requirements for duplexes, triplexes, and fourplexes are provided in Appendix A.

### ***Eligibility***

The City will only consider loan and grant applications for homes that satisfy the following minimum requirements:

- The home must be located within the City of Huntington Beach.
- The home must be owner occupied.
- If the property is located within a flood zone, adequate flood insurance is required.
- The property must be zoned for appropriate residential use.
- The City's Municipal Code must allow the proposed improvements.
- The rehabilitation must bring the property (including all units within the property) into compliance with existing City building and zoning codes and HUD HQS.
- No property can have loans that cumulatively exceed 80% of the property's value – this includes the rehabilitation loan.
- The debt to income ratio cannot exceed 50% the homeowner's income.
- The homeowner must qualify as a low-income household.

## ***Application Consideration Factors***

Loan and grant applicants will be considered on a first-come-first-served basis and approved as funding permits. The following factors will be analyzed when approving projects:

- Availability of funds.
- Remaining economic life of the proposed improvements on the property.
- Location of the project – although the programs are offered citywide, preference will be granted to those homes located within the ~~Redevelopment Agency's Project Areas~~ ~~or~~ CDBG Enhancement Areas. Established CDBG Enhancement Areas shall have first priority in the case of limited funds.
- Extent of rehabilitation required to meet HUD HQS and to meet building requirements, such as architectural compatibility with the neighborhood.
- The degree of impact the rehabilitation of the home will have on the neighborhood.
- Equity position of the borrower.
- Credit worthiness of the borrower.
- For duplexes, triplexes, and fourplexes, the homeowner agrees to restrict at a minimum 51% of the rental units to low-income tenants at the defined affordable rental rates until the rehabilitation loan is repaid in full.

## ***Application Fee***

Borrowers must pay a loan-processing fee of \$500 for title search, title update, appraisal, credit report, and recording as needed. The fee may be paid from loan proceeds. The fee may be adjusted to reflect current market conditions at the discretion of the ~~Director of Community Development~~ Director of Community Development.

## ***Determining Interest Rates***

The DPL interest rate is 3% simple interest. The Director of ~~Economic Community~~ Development may determine that the interest rate no longer best reflects current market conditions, at his/her discretion, another interest rate may be adopted.

## ***Loan Payments***

The rehabilitation loans must be repaid under the following terms:

- Unless loan documents specifically allow an existing loan to be assumed by a new owner upon the sale or transfer of the property, the City will require that the loan be repaid by the borrower according to the terms of the Promissory Note and Loan Agreement when a property is sold or transferred, transferred to a trust or refinanced.
- Simple interest accrues on the principal balance until the loan is repaid. The accrued interest must be paid concurrently with the repayment of the principal balance.
- Immediate payment of the principal balance and accrued interest is triggered by the borrower's default of the loan agreement (see Chapter 6 – "Defaults").

Loans must follow the individual program guidelines as described below in this chapter.

### ***Prepayment Penalty***

If a rehabilitation loan is paid within two years of the date of the loan agreement, there will be a prepayment penalty equal to the maximum amount the law allows at the time of default. This penalty may be waived at the discretion of the Director of ~~Economic~~ Community Development. If a prepayment penalty is waived for cause, the circumstances and justification must be clearly documented in the loan file. A loan may be paid in full with no penalties assessed at any time after two years. *The purpose of this condition is to preclude borrowers from using these funds solely for the purpose of upgrading a home and then putting the home up for sale.* The program's basic purpose is to help people repair the home in which they intend to live.

### ***Make Payments on all Debts***

Borrowers must agree to remain current on their payments for all debts recorded against the property. Should a borrower default on any debt recorded against the property, thus triggering foreclosure proceedings, the City would be at risk of losing its investment. Failure to remain in good standing with all creditors who have a claim against the property is a cause of default and would make the rehabilitation loan immediately due and payable.

### ***Primary Residence***

Under the Homeowner Rehabilitation Loans and Grants Program, the borrower is required to own and reside in the property being financed, and have a likelihood of continuing to reside in the property for a minimum of two years. For duplexes, triplexes and fourplexes, the homeowner must reside in one of the units, and rent at least 51% of the other units to qualified low-income households. Any violation of these requirements represents an event of default.

### ***Property Maintenance***

The borrower is required to maintain the property in good condition during the term of the rehabilitation loan (15 years) and in compliance with applicable City and state laws and codes. The applicant must further agree to comply with HQS for the duration of the loan.

### ***Fire and Hazard Insurance***

The home taken as collateral for the rehabilitation loan must have adequate insurance coverage to protect the City from loss due to fire or other hazards. The property must be insured for an amount equal to the greater of: (1) the outstanding loans on the property, or (2) the replacement cost of the improvements. Borrowers are required to provide evidence of insurance during the term of the loan on an annual basis. The City must be designated on such insurance as an additional loss payee. Non-payment of insurance is an event of default and will make the loan due and payable.

The borrower must certify the details of the coverage before a loan is disbursed by providing the City with the original policy or binder. Policies must show an inception date prior to, or corresponding with, the date of rehabilitation loan funding.

### ***Flood Insurance***

During the credit evaluation process, the City will determine if the property is located in a special flood hazard area by reviewing flood maps located at the Building Department. If the property is found to be located within a designated special flood zone area, the borrower will be required to obtain flood insurance. Evidence of such insurance must be received prior to rehabilitation loan funding.

### ***Property Taxes and Homeowner Association Dues***

Borrowers are required to pay all property taxes and Home Owner Association dues during the term of the loan. Non-payment is an event of default and will make the rehabilitation loan due and payable.

### ***Use of Funds***

Rehabilitation loan funds are for the sole purpose of financing construction or reimbursing construction expenditures as identified in the approved scope of work. In the event the City determines that a borrower misused loan funds, the loan will become immediately due and payable.

### ***Timing of Rehabilitation Projects***

After the loan has been approved and loan documents have been signed, the borrower will have 30 days to commence construction work. All work must be completed within a period not to exceed 180 days.

The Borrower (homeowner and/or homeowner's contractor) will diligently pursue the rehabilitation construction within the schedule identified above. -The Program Administrator may extend, in writing, the deadline for completing improvements for a period reasonably necessary to overcome a delay if the delay is due to a cause that is beyond the Borrower's reasonable control. A cause is beyond the Borrower's reasonable control if the Borrower with reasonable diligence, could not have foreseen and avoided the cause. Such causes include, but are not limited to, Acts of God; unusually severe weather or flood; concealed conditions; and unavoidable inability to secure materials, supplies tools or transportation.

### ***Non-discrimination***

Applicants will not be discriminated against on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability. In addition, applicants may not discriminate in the lease, rental, use, occupancy, and awarding of contracts with respect to the property to be rehabilitated with the assistance of a rehabilitation program loan or grant.

### ***Complaint Procedures***

Complaints concerning the ~~Affordable Homeowner Rehabilitation~~Homeowner Rehabilitation Loans and Grants Program must be submitted in writing to the Program Administrator. Complaints will be accepted only if they are in writing and are received within 30 days from the event giving rise to the complaint. The Program Administrator will contact the complainant and attempt to resolve the problem. A written response will be made to the complainant within 10 business days.

If a complainant is not satisfied with the written response, a request for an appeal may be filed with the Housing Manager. The written request must identify the reasons for the appeal and must be received by the Housing Manager within 15 days from the date of the Program Administrator's written response. In the event the request does not meet these requirements, the complainant will be notified that the appeal request is denied; otherwise, the complainant will be invited to meet with the Housing Manager and Program Administrator to express his/her complaint. The response of the Housing Manager will be made in writing within 10 business days. If the complainant is not satisfied with review and decision of the Housing Manager the complainant may appeal the decision to the Director of ~~Economic-Community~~Economic-Community Development. The Director will review the complaint and then make a final ruling on the issue. The decision of the Director of ~~Economic-Community~~Economic-Community Development will be final.



## CHAPTER 4 - PROCESSING

### *General*

The process of handling a loan from the acceptance of an application through funding is called loan processing. Upon approval of the loan the City and applicant will enter into a loan agreement followed by the funding of the loan. Included in Appendix B are sample Loan Agreements (Single-Family Deferred Loan, Single-Family Rehabilitation Grant, ~~and~~ Mobilehome Rehabilitation Grant, HQS Grant). The following is a step-by-step outline of the ~~loan~~-processing procedures for the rehabilitation loan and grant programs.

### *The Application*

Applicants for the City's ~~Affordable Homeowner Rehabilitation~~Homeowner Rehabilitation and Loans and Grants Program must provide the information identified on Rehabilitation Grant Application or HQS Grant Application (Appendix B) and the information on the Loan Application (Appendix C). The applications will be reviewed by the Program Administrator. A loan applicant's qualifying criteria will be summarized on the Rehabilitation Loan Qualifying Sheet (Appendix D). The information provided on these forms is summarized below:

- Property information and purpose of loan
- A description of the proposed repairs
- Applicant information and proof of residency
- Employment information
- Income and expense information
- Assets and liabilities information
- Declarations (credit history, citizenship, ethnicity)<sup>1</sup>
- Schedule of real estate owned (for owners of duplexes, triplexes and fourplexes)
- Schedule of rents for owners of duplexes, triplexes and fourplexes that are for additional loan requirements (for owners of duplexes, triplexes and fourplexes)

All applicants are required to sign an Authorization for Release of Information Form (Appendix E) that allows the release to the Agency of any materials, which are deemed necessary to complete and verify the application. All submitted applications are reviewed for completeness and program eligibility. When an applicant is determined to be eligible based

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<sup>1</sup> Information on citizenship and ethnicity is only included on the Loan Application.

on the information in the application, a preliminary property inspection, credit report, title, appraisal and lead-based paint inspection are ordered and scheduled, as needed.

### ***Application Log***

As the City receives each application, it is recorded in an application log. This procedure assists City staff in tracking individual applications, and allows for management oversight of the loan origination process.

### ***Qualifying Rehabilitation Loans***

Upon receipt of a completed application package, the Program Administrator will verify the applicant's eligibility. The applicant's financial information is reviewed for compliance with the rehabilitation loan and grant parameters. Issues such as debt to income ratio, loan-to-value ratio, and credit history are evaluated at that time. The Loan Approval Form is provided as Appendix F.

### ***Loan Underwriting/ Qualifying Form***

Upon receipt of completed application package, the Program Administrator will perform the underwriting using the Qualifying Sheet. This form is designed to guide the Program Administrator through the general approval criteria of the loan program.

### ***Low Income Household Qualification***

Classification within Low-Income category is based upon household size and the gross income of all adult individuals who reside within the household. HUD publishes updated income guidelines annually for Orange County. These guidelines are used to establish the maximum household income for each household size.

As part of the underwriting review, staff members will verify that the homeowner and tenants (if applicable) qualify as low-income households as defined by CDBG. The Program Administrator will also review the project scope of work at this point in the process.

### ***Income***

For the purposes of the rehabilitation loan and grant programs the Gross Income calculation is based on the California Code of Regulations Title 25 Section 6914 definition (Appendix G).

### ***Debt-to-Income Ratio***

The applicant's monthly expenses such as housing costs, auto loans, revolving charge accounts, alimony, and child support must be identified in the application. The applicant's debt-to-income ratio is then calculated by dividing the monthly expenses by the monthly gross income.

The debt-to-income ratio is one of the basic criteria used to determine if an applicant has the ability to repay a home mortgage. For the rehabilitation loan and grant programs the applicant total debt to income ratio may not be higher than 50%, unless the Program Administrator recommends an exception subject to approval by the Housing Manager.

### ***Loan-to-Value Ratio***

The total of all liens on the subject property, including the City loan, may not exceed 80% of the after-rehabilitation appraised value of the home. The Director of ~~Economic~~-Community Development may set lower loan-to-value limits, depending on current market conditions. All existing and proposed encumbrances on the property are determined, and a comparison of the encumbrances to the value of the property is made. The value of the property is then established. The loan-to-value ratio is calculated by dividing the encumbrances by the sum of the appraised value at the time the loan is qualified and the City's loan amount.

When there is more than one existing loan on a property, and the City will be required to accept a third position, the third position loans will receive more stringent review and risk analysis than those in a first or second position. The City will not accept any lien position lower than third.

### ***Income History***

To verify that the borrower has the ability to pay their existing monthly expenses, salaried applicants must provide written verification of two years income. Two years of records is required to verify a pattern of income. Only the most recent year is used for determining whether the household qualifies under the established income limitations. At the discretion of the Program Administrator the verification may be in the form of one or more of the following: completed and signed federal tax returns, W-2 forms, pay stubs, and/or direct employment verification forms; and bank statements in case of direct deposited funds, such as pensions or Social Security income. In the case of authorized waivers, as discussed in the "Approval and Revision of Policies and Procedures", the Director of ~~Economic~~-Community Development may require or accept an alternate form of income verification.

Self-employed applicants or those with sole-proprietor businesses must also provide a minimum of two years income history. Minimum acceptable verification must be in the form of completed and signed federal tax returns.

## ***Verifications***

All income and asset sources must be verified independently of the information provided on the borrower's application. It is the responsibility of the City to obtain and evaluate verifications for accuracy.

One method of evaluating accuracy of an applicant's financial information is to compare items listed on the credit report with the items listed on the application. The applicant must account for any item not listed in one place or the other.

Any derogatory credit information must be fully explained in writing by the borrower. Significant derogatory credit information may be reason for denial of the loan.

## ***Title Insurance***

The City's ability to lend money where real estate is being used as collateral is dependent in most cases upon the applicant having clear title to the property and being able to give the City a secured interest in the property. In order to assure that the borrower has accurately represented title to real estate, all such loans must be supported by a Preliminary Title Report obtained by the City.

A Title Officer prepares a title report after a search of public records, maps, and other relevant documents. This report ascertains title ownership and the existence of easements, restrictions, rights of way, conditions, encumbrances, or other matters affecting the title to, or use of, real property. A visual inspection of the property may also be made.

A Preliminary Title Report is a signed and dated formal report that sets out in detail the current conditions to a parcel of land. The following matters must be checked carefully when reviewing a title report:

- The estate or interest covered
- The recorded owner
- The parcel of land
- Exceptions, liens, and encumbrances
- Conveyances

## ***Preliminary Property Inspection***

The applicant shall agree that the City can require inspections of the property to be conducted at any time during the rehabilitation process to assure compliance with City and state Building Codes, HUD HQS and HUD Lead Based Paint Standards. The applicant must also permit all other inspections deemed necessary regarding the property such as the

rehabilitation work, materials, equipment, payrolls, and conditions of employment pertaining to the work.

After an applicant has been determined initially eligible for rehabilitation assistance, a preliminary property inspection will be scheduled. Prior to entry by City staff or authorized representative, the owner shall agree to the right of entry to inspect work on the property in consideration of eligibility for approval of a loan and approval of completed work by signing the Right of Entry Agreement between the City and the owner (Appendix H). This inspection will allow the Program Administrator to verify the extent of repairs needed to correct City code violations or to ascertain the existence of other property deficiencies. The Scope of Work Report will need to be approved by the Program Administrator at the time of loan approval. Only items identified in this scope of work may be funded by the City's loan, unless change orders are necessary to address unknown items.

### ***Loan Approval***

Upon the receipt and analysis of all required application information by the City, the Program Administrator will evaluate the application and other pertinent documentation. Based on this information, the Program Administrator will recommend approval or denial of the application. The Loan Approval Form is used to determine whether the applicant has sufficiently satisfied each approval criteria for a loan. The Program Administrator and the City will sign the Loan Approval Form to document approval of the loan.

### ***Selection of Contractors***

Contracting must be done on a competitive bid basis. Prior to loan approval, the Program Administrator will work with the property owner to prioritize the necessary scope of work, and the borrower will request bids from home improvement contractors. The homeowner must show due diligence or evidence of the solicitation of at least three bids, and the contract must be awarded to the lowest-cost, qualified bidder who meets the City's licensing and insurance requirements. The applicant may not award any contract for rehabilitation work to any contractor who, at the time of bid acceptance, does not have a current and valid State of California Contractor's License, City of Huntington Beach business license, and insurance. A contract may not be awarded to a contractor who has been disqualified by the City, HCD, or HUD. The City reserves the right to disqualify any contractor it deems unqualified to carry out the work to be performed. A homeowner is eligible to perform his/her work provided they have the proper license to perform said work. In this case, the loan or grant will only pay for materials (not labor).

When a contractor has been selected and loan approval has been obtained and lien or Deed of Trust has been secured against the owner's property, the Program Administrator will authorize work to begin. In the event a borrower begins construction work before Program Administrator approval is given, such work will not be an eligible activity under the rehabilitation loan or grant.

### ***Conflict of Interest***

No member of the governing body of the City or an employee who exercises any functions or responsibilities in the administration of this program can have any interest, direct or indirect, in the proceeds of the loan, grant or in any contract entered into by the applicant for the performance of work financed. No City employee can have any financial interest in any contract, subcontract, or agreement either for themselves or those with whom they have business or immediate family ties. City employees who qualify as low income households will be permitted to participate in the Homeowner Rehabilitation Loans and Grants Program. However, in no instance shall an employee of the ~~Economic Development~~Community Development Department be permitted to apply and participate in the programs. With the exception of a confirmed, dire emergency, all applications received from City employees are to be considered and processed in the same manner and order as all other applications, using the same established qualifying criteria as approved herein. At no time shall an application received from a City employee be given preferential treatment nor shall an employee applicant be offered preferential terms in connection with a loan or grant.

### ***Bonus, Commission or Fee***

The applicant may not pay a bonus, commission, or fee to any individual or business for the purpose of obtaining approval of the loan application or for any other approval to complete the rehabilitation work.

### ***Acceptable Contracts***

Three forms of contracting will be allowed under this program as follows:

- Contracts between the homeowner and a general contractor (a sample contract is provided in Appendix I);
- Contracts between the homeowner and a subcontractor; and
- Contracts between the homeowner (acting as a contractor) and vendors.

All general contractors, homeowners acting as contractors and subcontractors must be licensed and in good standing with the State of California and the City of Huntington Beach. Homeowners acting as their own contractor cannot be compensated for labor.

### ***Change Orders***

All change orders to the contract require the signature of both the contractor and the borrower. The Program Administrator must also approve change orders in order for them to be included in the rehabilitation loan.

### ***Construction Progress Inspections***

From time to time during construction, a contractor may request payment for work completed. Before payment will be approved, the Program Administrator will inspect the property to determine that the work has been completed or that an appropriate increment of

the work has been completed. A material and lien release must be supplied for the portion of the work completed in an amount equal to the payment being made.

### ***Funding the Loan***

Upon loan approval by the Program Administrator and selection of qualified contractors by the borrower, the Program Administrator will create material requisitions for each contractor (material requisitions are used to open purchase orders). If payments are made through the City, separate material requisitions are required for each individual contractor. Checks will be made payable to the contractor or to an escrow company in the amount of the funds to be disbursed per the loan agreement. All funding documents will be made part of the permanent file.

When a purchase order is opened, a copy must be placed in the file, and one copy must be given to the ~~Economic—Development~~Community Development Department's finance coordinator. A final copy must be filed in the Department's purchase order file system.

Before funding preparation is complete, the City's Rehabilitation Loan Database must be updated to include the new loan. The Program Administrator maintains this database ~~in~~  
~~Microsoft Access.~~

Prior to initiation of the work, the City may enter into an agreement with an escrow company into which the loan amount will be deposited. The standard Escrow Disbursement Agreement Form is provided in Appendix I. After each phase of work has been completed and inspected, an invoice must be submitted to the City for payment. It is submitted to Accounts Payable or to an escrow company contracted by the City to have a check printed and provided to the contractor. A copy will be maintained in the permanent file. If an escrow company disburses the funds, an Authorization of Loan Disbursement form, provided in Appendix J, is sent to the escrow agent authorizing payment to the contractor. The escrow agent will follow the "Control Instructions" (a sample is provided in Appendix K) to ensure all contingencies have been met prior to distribution of funds.

For loans existing prior to May 2007, a copy of the Promissory Note and the Loan Service Set-up Form was forwarded to the City's loan service company. Monthly accounting statements from the loan service company are reviewed and reconciled. The loan servicing company sends out late letters to delinquent borrowers. In addition, the City may contact delinquent borrowers and will document all conversations, correspondence, etc., in file.

### ***Contractor Lien Releases***

After a contractor completes the approved rehabilitation work, a request for final payment must be accompanied by a complete and signed lien release for all construction and material liens whether or not recorded against the subject property.

### ***Final Inspection***

After all rehabilitation work is finished, the property will be inspected by the homeowner and the City to verify that the approved scope of work has been completed. This inspection is required before the final loan disbursement will be approved.

### ***Acceptance of Work***

The City will not be a party to a construction contract. Through its rehabilitation loan and grant programs, the City provides funding to projects and assists with monitoring the project according to the approved scope of work. The City will not be a party to any claims or disputes between the owner and contractor.

In the event a dispute arises between the homeowner and the contractor concerning the contracted scope of work, the City will refer the homeowner and/or contractor to the State Board of Contractors. The contractor and owner agree to protect, defend and hold harmless the City for unpaid work, labor or materials with respect to the contractor's performance or for the contractor's failure to complete work or within the agreed-upon period.

### ***Post Funding Audit***

The Program Administrator is responsible for reviewing all application and loan documents for accuracy. Proper lien position, proper designation of Beneficiary/Trustor/Trustee, adherence to program guidelines, and any special issues will also be reviewed. A checklist will be provided and kept current with regard to City and CDBG required file documentation.



## CHAPTER 5 - DOCUMENTATION

### ***General***

Master loan documents for the DPL loan program are prepared by the City Attorney's Office. Subsequently, individual loan documents are prepared by Program Administrator in accordance with the City Attorney approved master documents.

### ***Documents Required***

The following loan documents are required for every DPL secured by real property:

- Promissory Note
- Deed of Trust
- Truth in Lending Statement
- Disclosures (e.g., Fair Lending, Lead-Based Paint)
- Notice of Opportunity to Rescind Transaction
- Minor Rehabilitation Environmental Review
- Notice to Contractor and Homeowner

### ***Promissory Note***

As security for the City's rehabilitation loans, the borrower is required to sign a Promissory Note Secured by a Deed Of Trust. The Deed Of Trust will be recorded with the Office of the Orange County Clerk-Recorder. This document protects the City's investment should the borrower attempt to sell the property or incur additional debt against the property before their loan with the City has been repaid.

For a loan on a mobile home, the borrower is required to allow placement of the City as the Legal Owner on the mobile home Certificate of Title (or as junior lien-holder if an existing loan is on the Certificate of Title). The City must remain on the Certificate of Title until the rehabilitation loan has been repaid in full.

The note defines the essential terms of the loan and describes the repayment obligation of the borrower. Basic components include principal amount, interest rate, payment terms and default provisions. Appendix L includes a Promissory Note for single-family homes and Appendix M includes a Promissory Note for mobile homes.

## ***Deed of Trust***

The Deed of Trust creates a lien on real property serving as collateral for a loan. This lien excludes personal property not affixed to the land, but includes personal property that is affixed to the land including mobile homes. There are three parties to a Deed Of Trust: (1) the Trustor (the borrower), (2) the trustee (for City loans, ~~the Redevelopment Agency~~ or a City appointed title company will act as trustee), and (3) beneficiary (the City as the lender). Basic terms of the Deed of Trust include:

- A description of the Promissory Note that the trust deed secures
- A definition of the obligations of the borrower that the trust deed covers
- A legal description of the real property that is subject to the trust deed
- Warranties and covenants
- Property insurance
- Events of default
- Remedies

The Deed of Trust requires the Trustor's signature to be acknowledged in front of a Notary Public, and must be recorded with the County Recorder. A Deed of Trust form is provided in Appendix N.

## ***Lien Against Mobile Home Title***

Liens created against mobile homes on rented spaces (mobilehome parks) are processed by HCD. The form used is entitled "Statement to Encumber" (Appendix O) or in the case of a loan in second position or junior lienholder, the form used is entitled "Statement of Lien" (Appendix P).

## ***Disclosures and Notices***

Several different laws govern financial privacy rights. These include the California Right to Financial Privacy Act and the Federal Right to Financial Privacy Act, both of which govern the process of releasing a borrower's financial information. Essentially, these regulations allow a lender to disclose a borrower's financial records only upon the receipt of legal process or with the borrower's written authorization. The lender is then required to notify the borrower of the receipt of legal process, unless ordered by the court not to do so.

Because credit and application information is not subject to public disclosure to anyone other than the borrower, any request for such information by legal process or by anyone other than the signer of the Promissory Note will be referred to the Office of the City Attorney for disposition. Written requests by the borrower for copies of financial information may be handled directly by the Program Administrator. A copy of the written request will be maintained in the loan file. Authorization to access of private information and privacy disclosure notice is provided as Appendix Q.

Various laws and regulations govern real estate-secured loans and require that lenders provide applicants with certain information. These requirements are as follows:

- Truth in Lending – Regulation Z

Regulation Z is a consumer protection regulation that requires a lender to provide clear and understandable credit terms to consumers granted credit under specific situations. Regulation Z covers credit secured by any real property for any amount when granted to consumers for personal and household purposes. A Truth in Lending document is provided to the borrower disclosing the credit terms required by Regulation Z.

- Lead-Based Paint Hazard Warning

Applicants for rehabilitation assistance (and tenants in a property being rehabilitated) must be provided with information regarding lead-based paint. Evidence of the receipt of this information must be clearly documented in the loan file

The lead-based paint abatement requirements are determined by the amount of funding the City provides, as described in the following chart:

### Required Activities to Address Lead-Based Paint

	<b>&lt;\$5,000</b>	<b>\$5,000 - \$25,000</b>	<b>&gt;\$25,000</b>
<b><i>Approach to Lead Hazard Evaluation and Reduction</i></b>	<b><i>Do no harm</i></b>	<b><i>Identify and control lead hazards</i></b>	<b><i>Identify and abate lead hazards</i></b>
<b><i>Notification</i></b>	<b><i>Yes</i></b>	<b><i>Yes</i></b>	<b><i>Yes</i></b>
<b><i>Lead Hazard Evaluation</i></b>	<b><i>1. Paint Testing of surfaces to be disturbed by rehabilitation</i></b>	<b><i>1. Paint Testing of surfaces to be disturbed by rehabilitation 2. Risk assessment</i></b>	<b><i>1. Paint Testing of surfaces to be disturbed by rehabilitation 2. Risk assessment</i></b>
<b><i>Lead Hazard Reduction</i></b>	<b><i>1. Repair surfaces disturbed during rehabilitation 2. Lead safe work practices 3. Clearance of work site</i></b>	<b><i>1. Interim controls 2. Lead safe work practices 3. Clearance of unit</i></b>	<b><i>1. Abatement 2. Lead safe work practices 3. Clearance of unit</i></b>

Any required lead-based paint inspections will be performed and paid for by the City in compliance with state and federal lead-based paint regulations. The City will assist the homeowner in acquiring grants to pay for the treatment or abatement of all lead-based paint found, if grant funds are available. Lead-based paint reports will be provided to the homeowner and made available to the contractors working on the property. Only a certified contractor can remove the lead-based paint. The contractor engaged to remove the lead-based paint will not be paid until evidence of a lead-based paint clearance is presented to the City. Any costs associated with the removal or clearance of lead-based paint will be added to the rehabilitation loan or grant. When these costs exceed the maximum loan or grant, the Director of Economic-Community Development can authorize increasing the loan or grant to pay for these federally mandated procedures up to a maximum loan amount of \$60,000 including the cost of building rehabilitation.

- Fair Lending and Disclosure Statement

Applicants for rehabilitation assistance must be provided with information on discrimination in the provision of or in the availability of financial assistance. Evidence of the receipt of the Fair Lending Notice must be included in the loan file. A copy of the Fair lending Notice is included in Appendix R and Regulation Z is included in Appendix S.

## ***Historic Preservation Compliance***

Any property listed on the City, County, or State Historic Survey must obtain approval from the ~~City's Planning Department~~State of California Department of Parks and Recreation Office of Historic Preservation for any proposed exterior improvements. The requirement is imposed to assure that the improvements are compatible with the style and architecture of the building, and that they maintain or enhance the character of the property.

## ***Notice of Opportunity to Rescind Transaction***

Regulation Z allows consumers the right to cancel a loan transaction when a security interest is taken in their personal residence. According to the regulation, the rescission period is three business days. No funds may be disbursed, no service may be performed, and no materials may be delivered in connection with the transaction until this ~~time~~ period has expired. The City may, however, perfect its security interest and record the ~~D~~eed of ~~trust~~Trust prior to the expiration of this ~~time~~ period.

## ***Notice to Contractor and Homeowner of Contractor Provisions***

The Homeowner/Contractor Agreement helps establish the responsibilities of the homeowner and contractor as they relate to the construction contract, program guidelines and procedures, requirements of the lender (City), state and federal government, and the project in general. The homeowner and contractor must both abide by the provisions contained within the Agreement, as evidenced by their signatures, or the loan will not be funded. A sample Homeowner/Contractor Agreement is provided in Appendix T.

## ***Safeguarding Documents***

Original loan documents (e.g., Promissory Note, Deed of Trust, mobilehome Certificate of Title) are to be maintained in a secure and fire resistant location if possible in the ~~Economic Development~~Community Development Department or another location selected by the ~~Economic Development~~Community Development Department. A borrowers' private information will be protected by the City to the maximum extent permitted by law. The City maintains and grants access to ~~its~~ borrowers' information only in accordance with its internal security standards, which restricts access to non-public personnel, or in response to a required random audit of City Housing Loan Program files. When a loan is paid in full or about to be paid in full, these documents will be released to a licensed escrow company, or in certain circumstances, they will be reconveyed directly to the borrower by the City.

## CHAPTER 6 - LOAN MAINTENANCE AND ACCOUNTING

### ***General***

During the life of a loan several issues can arise which cause the City to revisit the loan file. Some of those issues may involve defaults, partial payments, full repayment, or property insurance cancellation. This chapter addresses those situations that may occur between the time the loan has been funded and the point of full repayment of the loan.

### ***File Organization***

Loan file organization is an important aspect of loan portfolio management. Rehabilitation Loan files will be organized according to a basic credit file format. The objectives of this procedure are:

- To ensure that all files contain the documentation necessary to support sound credit decisions.
- To ensure that files are organized in a way that is efficient and clearly understood by individuals requiring access to the files.

There are six sections to the loan file and they are as follows:

1. Correspondence (letters, documentation and/or an accounting of events.).
2. Application: signed Loan Approval Form; completed Qualifying Sheet; original loan application; required signed disclosures; income and asset information and verification; mortgage and rent documentation; insurance documentation; and federal tax forms.
3. Title Information/Appraisal: property profiles; appraisals; property comparable information; preliminary title reports and information; preliminary mobile home certificate of title and registration documents and information; completed environmental review and pictures (photographs); lead-based paint inspection report and lead-based paint clearance (if applicable); and credit report.
4. Fund Disbursement: record of all loan funding and disbursements, copies of all construction invoices, lien releases, disbursement authorizations, checks issued, escrow disbursement agreement, copy of funding check from City and associated back up documentation.
5. Loan Documents: The original Promissory Note, Deed of Trust and/or Certificate of Title are to be stored in a safe and secure location. Additional documents to be retained on file include Regulation Z (or Truth in Lending Statement; Statement of Lien forms; Power of Attorney forms; Right of Rescission; final title policy; Lead-Based-Paint

Clearance if needed; Declaration of CC&R's if applicable; insurance declarations with the City as loss payee; loan agreements.

6. Construction Contract/Bids/Work Write-Up: signed accepted work write-up with insurance and license information for each accepted contractor, copy of original, unexecuted work write-up/inspection report. A sample copy of a Notice to Proceed is provided as Appendix U.

### ***Accounting for Deferred Repayment Loans***

DPL obligations do not require principal or interest payments to be made during the term of the loan. For that reason, the loan accounting system employed by the City uses a personal computer based database program. The database keeps track of each loan by amount, borrower name, address, and date.

### ***Charge-Offs***

A loan is considered a charge-off if it has been deemed uncollectible. These may be loans that have been approved for partial repayment or no repayment according to this Chapter, or they may be loans deemed uncollectible because of the borrower's bankruptcy or death. In any event, the loan must be indicated as such in the database monitoring system and removed from the outstanding loan balance figures. Notice of a loan charge-off must be given to the City Treasury Department and to the City Accounting Department, with a copy to the City Attorney's Office.

### ***Partial Repayment Upon Sale or Refinance***

If a sale or refinance of a home generates insufficient funds to fully repay the rehabilitation plus accrued interest, the Director of ~~Economic Community~~ Development may approve a partial payment as payment in full. Notice of a partial repayment must be given to the City's Treasury Department and Accounting Department with a copy to the City Attorney's Office. The rehabilitation loan program does not allow refinancing with cash out.

### ***Loan Payoffs***

The City will generally receive a request for a payoff amount when repayment occurs as part of a property sale or mortgage refinance. The request will usually come in the form of a Request for Beneficiary's Demand from an escrow company, title insurance company, or financial institution.

Due to potential errors and misunderstandings when discussing payoffs verbally, the City will provide a Payoff Demand only upon receipt of a written request. The City will communicate a Payoff Demand to the requester only in writing. A fee will be charged for any requested Payoff Demand. The fee is established by City ordinance. A "Payoffs in Progress" file will be maintained with all loan payoff correspondence and copies of loan payoff demands with regard to loans that are in the middle of the payoff process or a detailed list of loans in the payoff process indicating the current status of the loan with regard to payoff.

## ***Responding to a Request for Beneficiary's Demand***

The following steps will be taken when the City has received a written request for a loan payoff demand:

- Upon receipt of the payoff demand and the fee, retrieve the loan file and review the loan agreement for repayment requirements. Check the comment section of the database for extenuating or unique circumstances that may have been documented.
- Prepare a demand letter describing the principal balance, interest rate, date of loan, current date, calculation of interest to the current date, a per day interest amount for the estimated payoff date and City demand fee and reconveyances/lien removal fee.
- Attach a copy of the request for beneficiary's demand to the demand letter and send to the requesting party.
- Place a copy of the demand letter and the original request for beneficiary's demand in the loan file. ~~at the top of the right side.~~
- If the request for a demand is from a licensed escrow and/or title company, City staff will respond by processing a Deed of Reconveyance within 10 days after receiving full payoff of a loan. If the request is from any other representative of the borrower, the City will hold the reconveyance until payment is received in full and the payment check has been cleared through the bank.

The original title and registration for a mobile home and a signed Conditional Lien Release form will be sent to a licensed escrow company or title company, together with a payoff demand, provided that these documents were requested and are necessary to complete a pending sale transaction.

## ***Reconveying the Trust Deed***

After the City has received payment in full of "good" funds, the Deed Of Trust will be released as a lien against the property. ("Good" means funds that are drawn on a title company, escrow company, or financial institution. Funds drawn on a personal account must be cleared through the bank before reconveying the Deed Of Trust.) A Reconveyance of a trust deed will be prepared by City staff to be recorded (the document will note the borrower's name and current address). The document will be sent directly to the Office of the Orange County Clerk-Recorder or to the entity that provided the payoff funds; such as the title or escrow company for recordation. Upon receipt of the recorded Reconveyance document a copy of the recorded Reconveyance will be maintained in the closed loan file and the original Reconveyance will be sent to the borrower

## ***Defaults***



A borrower will be in default on the terms of the loan if he/she violates conditions of the loan agreement. These default issues can include the following:

- Failure to occupy the home as the borrower's primary residence.
- Selling or transferring the property by any means without prior approval of the City.
- Allowing the rehabilitated building (interior and/or exterior) to fall into disrepair or be kept unclean, unsafe, or out of compliance with current City building codes.
- Non-payment of other mortgages, taxes, insurance, or Home ~~owner~~ Owner association Association dues.
- Allowing the rents or incomes of the tenants in duplexes, triplexes or fourplexes to exceed the affordability requirements established by this program.
- Allowing the number of persons occupying a unit to exceed the standard limits established by HUD or any other terms in the Agreement, Promissory Note or Deed of Trust.
- Any further encumbrance of the property without express written authorization by the Director of ~~Economic~~ Community Development.
- Obtain a reverse mortgage agreement.
- Violation of the terms of the Regulatory Agreement as applicable.

Because of the time required to monitor these issues, the City will generally enforce only those defaults that come to the attention of staff through the on going management of the loan portfolio. For example, if the City becomes aware of a sale transaction because a new property insurance policy has been received indicating a new owner, the City would pursue and expect payment in full from the original borrower. To accomplish this, a demand letter would be sent to both the new owner and original borrower citing the sale of the property as an event of default. In such situations, at the discretion of the Director of ~~Economic~~ Community Development, the property owner will be given 30 days to remedy a default before filing a notice of default and proceeding with foreclosure. If the event of a default the City may change a prepayment penalty up the maximum amount permitted by law at the discretion of the Director of ~~Economic~~ Community Development.

### ***Subordination***

Subordinations to new first trust deed loans are not generally permitted. In the event a borrower determines that it would be in their best interest to refinance their existing first trust deed loan to lower the monthly payments, the City may consider subordination. However, the City has the right to decline a request to subordinate at its sole discretion.

The City will consider subordination of DPL's under the following circumstances:

1. Borrower will be refinancing their first mortgage at a reduced interest rate that results in a lower monthly mortgage payment.
2. Borrower will not be withdrawing or using any equity ("pulling out cash") for any reason. However, any fees associated with the refinance may be included in the new first mortgage.

The City may not approve a subordination that involves the following:

- Withdrawal of equity for any reason.
- Subordination to a loan involving negative amortization.
- Subordination to a variable rate mortgage loan or reverse mortgage loan.
- Change of ownership, including adding new owners or co-signer(s) onto the loan or title.
- The combined total of the new first mortgage loan and City's existing second mortgage loan exceeds 80% of the appraised value of the borrower's property.

The City's loan will become immediately due and payable if the borrower at any time: (1) takes out any other loan against the property in lieu of subordinating the City's loan, OR (2) uses refinance proceeds to repay revolving or other debt. The City of Huntington Beach will consider subordination of rehabilitation loans if the Borrower will be refinancing their first mortgage at a reduced rate that results in a lower monthly mortgage payment. Fees associated with the refinance may be included in the new first mortgage. A service charge will be due to the City for processing the request. The City will not approve a subordination that involves the following:

- Withdraw of equity for any reason.
- Subordination to a loan involving negative amortization.
- Subordination to a variable rate mortgage loan or reverse mortgage loan.
- Change of ownership, including adding new owners or co-signer(s) on the loan or title.
- The combined total of the new first mortgage loan and City's existing second mortgage loan exceeds 80% of the appraised value of the subject borrower's property.

If the borrower takes out another loan again the property in lieu of subordinating the City's loan or uses refinance proceeds to repay revolving or other debt the loan will become immediately due and payable to the City. A Loan Subordination Policy and Application form is provided in Appendix V and a Loan Subordination Request form is provided in Appendix W.

## ***Closing the Loan File***

After a loan has been paid in full and the corresponding Deed of Trust or mobilehome title has been reconveyed, the loan file will be closed. The ~~Economic Development~~Community Development Department will indicate, "Paid in Full" (or another notation if appropriate) on the exterior of the file folder, and the file will be stored in a separate area. The loan database will be updated as well as any file required for City year-end accounting and reconciliation. Closed files should be maintained for a period not less than five years after which the file can be destroyed but only according to the City's file destruction process.

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**APPENDICIES**  
**(PROVIDED AS EXAMPLES ONLY)**

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## **APPENDIX A**

### **Additional Loan Requirements for Duplexes, Triplexes and Fourplexes Multifamily Rehabilitation Loan Application**

## **Additional Loan Requirements for Duplexes, Triplexes, and Multi-Family Apartments**

Covenants, Conditions, and Restrictions (CC&Rs) will be recorded against duplexes, triplexes, and fourplex apartments that receive rehabilitation loans or grants. The CC&Rs will reiterate the requirements of the Promissory Note and the following elements:

Eligible Income Limits:

- 1) Rental property owners earning less than 80% of Area Median Income; or
- 2) Rental property owners with renter households earning less than 80% of Area Medium Income and owner agrees to restrict rents to 30% of income based on HUD guidelines, for 51% of the units.

### **Rental Rehabilitation - Owner does not reside onsite:**

Income verification is required for Deferred Payment Loans. The property owner must verify that 51% of the rental units are occupied by tenant earning below 80% of Area Median Income. The property owner must show proof of ownership: Grant Deed, current Property Tax Bill and mortgage statement.

Rental requirements: Owner must agree not to convert the rehabed units to condominiums over the re-payment period. In addition, rents in at least 51% of the units in each building must remain at affordable levels for the period of the loan. HUD guidelines require that rent may not be greater than 30% of gross income for households earning less than or equal to 80% of median income. The owner is required to submit annual certification of rental rates and tenant income to the Office of Business Development.

### ***Income Restricted (Affordable) Rental Units***

The property owner must restrict residency in the rental units to low-income households for the term of the City loan. The owner shall maintain records of income verification for all tenants. For the purposes of determining household income, all adult household members must be considered. Income must be verified at least annually by the owner.

The tenant leases must specify that if a tenant's household gross income increases above the low income standard, that tenant must vacate the unit within 90 days. Should a tenant face extraordinary hardship satisfying this requirement, a written appeal may be submitted to the City. Upon receipt of a written appeal, and at the sole discretion of the ~~Director of Economic Development~~Director of Community Development, this period may be extended for a period not to exceed 90 additional days.

### ***Maximum Rents***

The maximum allowable rents will be determined by applying the most restrictive rent limits established on an annual basis by: 1) California Health and Safety Code Section 50053, or 2) the HUD ~~HOME CDBG~~ Program Guidelines. If the tenant is required to pay for utilities, excluding telephone, the utilities cost must be deducted from the defined affordable housing cost. The currently applicable affordable housing costs and utilities allowances are available in the ~~Economic Community~~ Development Department office in City Hall.

### ***Maximum Occupancy***

The maximum number of persons in a household that may occupy the units will be based on the Section 8 limits established by the Orange County Housing Authority. The allowable number is determined, in part, by the sex, age, and relationship of the tenants and the total amount of living space. The generally accepted standards are as follows:

#### **Occupancy Standards**

Unit Size	Maximum Occupancy
Studio	2 Persons
1 Bedroom	3 Persons
2 Bedrooms	5 Persons
3 Bedrooms	7 Persons
4 Bedrooms	9 Persons

### ***Temporary Relocation Assistance***

#### **A. General**

This section sets forth a description of temporary relocation benefits to be made available to persons and families who are displaced from their homes as a result of the City's ~~Home Improvement Program~~ Rehabilitation Loans and Grants Program. Cost may be shared by the City and the displaced person(s), or landlords in the case of rental rehabilitation.

## B. Conditions Requiring Temporary Relocation

If any of the following causes or conditions occur as a result of the Home Improvement Program, it may be necessary for the persons or families to relocate to another dwelling on a temporary basis:

1. Water system is shut off for any extended period of days for plumbing repairs.
2. Electrical service becomes non-operable while making repairs to wiring.
3. Repairs which create dust and other conditions which would aggravate allergic condition of occupant(s).
4. Structure is to be fumigated for termite control and infestation.
5. Hazardous living conditions which result from structural changes during construction.
6. Sanitation facilities; e.g., tub, wash basin, toilet become non-operable.
7. Contractor requires relocation of occupants to perform repairs and such requirement has the concurrence of the OCHA Housing Program Section Chief and the occupant

## C. Eligibility Requirements

Applicants approved for a loan or a grant who must find temporary accommodations as per Section B above may be eligible for relocation benefits. Clients must actually secure and occupy an alternative dwelling unit in order to receive payment.

## D. Amount of Assistance

Benefits may be made available for a period determined by the Program Administrator, but not to exceed the term of the rehabilitation contract. The City may pay the cost of the temporary accommodations up to a daily maximum equal to the Orange County Housing Authority rent limitation prorated on a daily basis.

## E. Procedure for Securing Temporary Relocation Assistance

1. Contractor or Program Administrator must submit letter to the OBD-Director of Community Development requesting vacating of unit and specifying amount of time unit must remain vacant. Request for vacating of premises must be approved, in writing, ~~by rehabilitation staff and authorized by Assistant City Manager~~



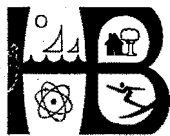
2. Person displaced presents written quote from accommodation to ~~rehabilitation staff~~the Program Administrator, who will then verify that displaced persons occupied the unit and verify amount quoted.
3. Program Administrator will present claim form to escrow with a request for payment. Payment will be made payable, jointly, to persons displaced and persons who provided accommodation.

### ***Subordination to City CC&Rs***

The City will subordinate the rehabilitation loan to existing liens that meet the loan-to-value ratio requirements defined in this Program. The City may consider subordination of rehabilitation loans to future refinancing if the borrower will be refinancing their first mortgage at a reduced rate that results in a lower monthly mortgage payment. Fees associated with the refinance may be included in the new first mortgage. A ~~\$250~~ service charge will be due to the City for processing the request. The City will not approve a subordination that involves the following:

- Withdraw of equity for any reason.
- Subordination to a loan involving negative amortization.
- Subordination to a variable rate mortgage loan.
- Change of ownership, including adding new owners or co-signer(s) on the loan or title.
- The combined total of the new first mortgage loan and City's existing second mortgage loan exceeds 80% of the appraised value of the subject borrower's property.

If the borrower takes out another loan against the property in lieu of subordinating the City's loan or uses refinance proceeds to repay revolving or other debt the loan will become immediately due and payable to the City.



# CITY OF HUNTINGTON BEACH

## REHABILITATION LOAN PROGRAM MULTIFAMILY

### RENTAL PROPERTY LOAN APPLICATION

This application is designed to be completed by the applicant(s). Assistance is available upon request. Applicants should complete this form as "Borrower" or "Co-Borrower" as applicable. Co-Borrower information must be provided for all individuals designated on the property title.

#### 1. PROPERTY INFORMATION

Subject Property Address		No. of Buildings	No. of Units	Year Built
Name(s) on Title	Type of Structure	No. of Parking Spaces	Site/Lot Size	Year Acquired
	List Utilities Included in Rent	No. of Vacant Units	Purchase Price	Current Value
First Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	
Second Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	

#### 2. APPLICANT INFORMATION

Borrower(s) will be: <input type="checkbox"/> Individual(s) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____					
Partnership Type: <input type="checkbox"/> General <input type="checkbox"/> Limited <input type="checkbox"/> Joint Venture (Attach partnership agreement)					
Principal Business of Partnership/Corporation			Date of Incorporation		State of Incorporation
Partnership/Corporation Address			Years at this Location		Phone
Borrower's Name			Co-Borrower's Name		
Home Address _____ Own _____ Rent		No. of Years at Current Address	Home Address _____ Own _____ Rent		No. of Years at Current Address
		% Ownership of Subject Property			% Ownership of Subject Property
Social Security Number	Marital Status	Birth Date	Social Security Number	Marital Status	Birth Date
Dr. License No.	No. of Dependents (include ages)		Dr. License No.	No. of Dependents (include ages)	
Name & Address of Borrower's Employer		Home Phone	Name & Address of Borrower's Employer		Home Phone
		Business Phone			Business Phone
Type of Business	Yrs. Employed in this line of work/profession		Type of Business	Yrs. Employed in this line of work/profession	
Position/Title	Yrs. on this Job		Position/Title	Yrs. on this Job	

**3. SCHEDULE OF REAL ESTATE OWNED**

Please list other properties owned within the last two years by any of the above borrowers. If your percentage of ownership is less than 100%, indicate your percentage of ownership. Attach additional sheets if necessary.

	1.	2.	3.	4.
Owner Name(s)				
Address of Property				
Ownership Status				
Property Description				
Year Acquired				
No. of Units				
Current Value				
Amount of Mortgages & Liens				
Lienholder(s) Name/Address				
Gross Monthly Rental Income				
Monthly Mortgage Payment				
Other Monthly Expenses				

Co-Borrower's Name			Co-Borrower's Name		
Home Address _____ Own _____ Rent		No. of Years at Current Address	Home Address _____ Own _____ Rent		No. of Years at Current Address
		% Ownership of Subject Property			% Ownership of Subject Property
Social Security Number	Marital Status	Birth Date	Social Security Number	Marital Status	Birth Date
Dr. License No.	No. of Dependents (include ages)		Dr. License No.	No. of Dependents (include ages)	
Name & Address of Borrower's Employer		Home Phone	Name & Address of Borrower's Employer		Home Phone
		Business Phone			Business Phone
Type of Business	Yrs. Employed in this line of work/profession		Type of Business	Yrs. Employed in this line of work/profession	
Position/Title	Yrs. on this Job		Position/Title	Yrs. on this Job	

#### 4. SCHEDULE OF RENTS

Please provide the following unit/tenant information for the subject property. Attach additional sheets if necessary.

	Unit No.	Unit No.	Unit No.	Unit No.	Unit No.	Unit No.	Unit No.
No. of Bedrooms							
Household Head Name							
Names of all Household Members							
Gross Household Income							
Monthly Rent							
Housing Authority Tenant?							
Briefly describe proposed repairs to this unit							

## 5. DECLARATIONS

If you answer "yes" to any questions below, please explain on a separate sheet.

	Borrower		Co-Borrower		Co-Borrower		Co-Borrower	
	Yes	No	Yes	No	Yes	No	Yes	No
a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Have you had property foreclosed upon in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Are you currently a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Are you presently delinquent or in default on any debt?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Are you a foreign resident of the US?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 6. ATTACHMENTS

Please attach the following to this application:

- |  |   |
|--|---|
| <input type="checkbox"/> Property sales agreement (if purchased) | <input type="checkbox"/> Breakdown & description of construction plans, specs, & costs  |
| <input type="checkbox"/> Ground lease (if leased)                | <input type="checkbox"/> Property income & expense statements for previous 2 years (pro-formas may be submitted if newly owned)                             |
| <input type="checkbox"/> Partnership Agreement (if partnership)  | <input type="checkbox"/> Year to date income & expense statement for subject property   |
| <input type="checkbox"/> Recorded plat or survey                 | <input type="checkbox"/> Current balance sheet for subject property   |
| <input type="checkbox"/> Area map with arrow to site             | <input type="checkbox"/> Statement of borrower's experience in owning, managing, or building multifamily buildings  |
| <input type="checkbox"/> Statement of management plan            | <input type="checkbox"/> Prior 2 years <u>complete</u> and <u>signed</u> federal tax returns for each applicant (or partnership/corporation, if applicable) |

## 7. ACKNOWLEDGEMENT AND AGREEMENT

The undersigned specifically acknowledge(s) and agree(s) that: (1) the loan requested by this application will be secured by a deed of trust on the property or title to the property described herein; (2) the property will not be used for any illegal or prohibited purpose or use; (3) all statements made in this application are made for the purpose of obtaining the loan indicated herein; (4) occupation of the property will be as indicated above; (5) verification or reverification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the loan is not approved; (6) the Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to closing; (7) in the event my/our payments on the loan indicated in this application become delinquent, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency; (8) ownership of the loan may be transferred to a successor or assign of the Lender without notice to me and/or the administration of the loan account may be transferred to an agent, successor or assign of the Lender with prior notice to me; (9) the Lender, its agents, successors and assigns make no warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

**Certification:** I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

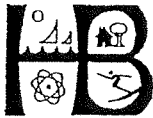
Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	
Co-Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	

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## **APPENDIX B**

### **EMERGENCY REHABILITATION GRANT APPLICATION**

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# CITY OF HUNTINGTON BEACH HOUSING REHABILITATION PROGRAM GRANT APPLICATION

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower" as applicable. Co-Borrower information must be provided for all adult household members and/or individuals designated on the property title. In such cases, Co-Borrower's income and credit history may be used as a basis for loan qualification.

## 1. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address		No. of Persons Living in Household	No. of Bedrooms	Year Built
Name(s) on Title	Type of Structure	Year Acquired	Current Value	
First Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	
Second Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	
Describe Improvements Planned				

## 2. APPLICANT INFORMATION

Borrower's Name			Co-Borrower's Name		
Social Security Number	Marital Status	Birth Date	Social Security Number	Marital Status	Birth Date
Dr. License No.	No. of Dependents (include ages)		Dr. License No.	No. of Dependents (include ages)	
Current Address		____ Own ____ Rent	Current Address		____ Own ____ Rent
No. of Years at Current Address	Daytime Phone		No. of Years at Current Address	Daytime Phone	

If residing at current address for less than two years, complete the following:

Prior Address		____ Own ____ Rent	Prior Address		____ Own ____ Rent
Name of Relative not Living with You	Relationship	Address of Relative	Phone of Relative		

## 3. EMPLOYMENT INFORMATION

Name & Address of Borrower's Employer	Yrs. on this Job	Name & Address of Co-Borrower's Employer	Yrs. on this Job
	Yrs. Employed in this line of work/profession		Yrs. Employed in this line of work/profession
Position/Title/Type of Business	Business Phone	Position/Title/Type of Business	Business Phone

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name & Address of Employer	Yrs. on this Job	Name & Address of Employer	Yrs. on this Job
	Reason for Leaving		Reason for Leaving
Position/Title/Type of Business	Business Phone	Position/Title/Type of Business	Business Phone

## 4. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income:	Borrower	Co-Borrower	Total	Total Monthly Housing Expense:	Total
Base Employment Income				Mortgage(s)	
Overtime				Mobile Home Space Rent	
Bonuses				Hazard Insurance	
Commissions				Real Estate Taxes	
Dividends/Interest				Mortgage Insurance	
Net Rental Income				Homeowner Assn. Dues	
Other				Other	
Total	\$	\$	\$	Total	\$

**5. ASSETS AND LIABILITIES**

List checking and savings accounts below. This schedule may be completed jointly or separately by Co-Borrowers. If the Co-Borrower section of this application was completed, this schedule must be completed for both borrowers.

Name and address of Bank, S&L, or Credit Union

List liabilities below for all Borrowers. Include creditor's name, address, and account number for all outstanding debts, including auto loans, revolving charge accounts, real estate loans, alimony, child support, etc. Use additional sheets if necessary.

Name and address of Company

Acct. No.

Acct. Type

Acct. No.

Monthly Payment

Name on Acct.

Balance

Name on Acct.

Unpaid Balance

Name and address of Bank, S&L, or Credit Union

Name and address of Company

Acct. No.

Acct. Type

Acct. No.

Monthly Payment

Name on Acct.

Balance

Name on Acct.

Unpaid Balance

Name and address of Bank, S&L, or Credit Union

Name and address of Company

Acct. No.

Acct. Type

Acct. No.

Monthly Payment

Name on Acct.

Balance

Name on Acct.

Unpaid Balance

Name and address of Bank, S&L, or Credit Union

Name and address of Company

Acct. No.

Acct. Type

Acct. No.

Monthly Payment

Name on Acct.

Balance

Name on Acct.

Unpaid Balance

Other Assets:

Value of real estate owned

\$

Automobiles owned (make & year)

\$

Other Assets

\$

Name and address of Company

Acct. No.

Monthly Payment

Name on Acct.

Unpaid Balance

Total Value of Assets

\$

Total Balance of Liabilities

\$

**6. DECLARATIONS**

If you answer "yes" to any question below, please explain on a separate sheet.

Borrower

Co-Borrower

Yes No Yes No

a. Are there any outstanding judgments against you?

☐ ☐ ☐ ☐

b. Have you been declared bankrupt within the past 7 years?

☐ ☐ ☐ ☐

c. Have you had property foreclosed upon in the last 7 years?

☐ ☐ ☐ ☐

d. Are you currently a party to a lawsuit?

☐ ☐ ☐ ☐

e. Are you presently delinquent or in default on any debt?

☐ ☐ ☐ ☐

f. Will the subject property be your primary residence for the next 12 months?

☐ ☐ ☐ ☐

g. Are you a US Citizen?

☐ ☐ ☐ ☐

Please select the appropriate Race classification below.

Borrower

Co-Borrower

White

☐

☐

Hispanic

☐

☐

Black

☐

☐

American Indian

☐

☐

Asian

☐

☐

South Pacific Islander

☐

☐

Other Race

☐

☐

**7. ACKNOWLEDGEMENT AND AGREEMENT**

The undersigned specifically acknowledge(s) and agree(s) that: (1) the loan requested by this application will be secured by a deed of trust on the property or title to the property described herein; (2) the property will not be used for any illegal or prohibited purpose or use; (3) all statements made in this application are made for the purpose of obtaining the loan indicated herein; (4) occupation of the property will be as indicated above; (5) verification or reverification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the loan is not approved; (6) the Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to closing; (7) in the event my/our payments on the loan indicated in this application become delinquent, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency; (8) ownership of the loan may be transferred to a successor or assign of the Lender without notice to me and/or the administration of the loan account may be transferred to an agent, successor or assign of the Lender with prior notice to me; (9) the Lender, its agents, successors and assigns make no warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

**Certification:** I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Borrower's Signature

Date

Co-Borrower's Signature

Date

X

X





**CDBG Income Self-Certification Form**  
(Confidential)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Gross Household Income per year: \$ \_\_\_\_\_

Please circle household size and appropriate income category shown below.

HUD Income Limits (Effective xxxxxxxx)				
Number of Persons Household/Family	30% of Median	50% of Median	51% to 80% of Median	>81% of Median
1	\$0 - \$28,500	\$28,501 - \$47,450	\$47,451 - \$75,900	>\$75,901
2	\$0 - \$32,550	\$32,551 - \$54,200	\$54,201 - \$86,750	>\$86,751
3	\$0 - \$36,600	\$36,601 - \$61,000	\$61,001 - \$97,600	>\$97,601
4	\$0 - \$40,650	\$40,651 - \$67,750	\$67,751 - \$108,400	>\$108,401
5	\$0 - \$43,950	\$43,951 - \$73,200	\$73,201 - \$117,100	>\$117,101
6	\$0 - \$47,200	\$47,201 - \$78,600	\$78,601 - \$125,750	>\$125,751

Number of Persons in this Household: \_\_\_\_\_ No. of Adults: \_\_\_\_\_ No. Of Children under 18: \_\_\_\_\_

Household self-identified as:

**Single Race Category**

- ☐ White  
☐ Black/African American  
☐ Asian  
☐ American Indian or Alaska Native  
☐ Native Hawaiian or other Pacific Islander

**Multiple Race Category**

- ☐ American Indian or Alaska Native and White  
☐ Asian and White  
☐ Black/African American and White  
☐ American Indian/Alaska Native & Black/African American  
☐ Other \_\_\_\_\_

Are you of Hispanic/Latino Ethnicity? ☐ Yes ☐ No

Are you a female head of household? ☐ Yes ☐ No

**I have disclosed all household income information and certify that the above household information is correct.**

Print Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_ Birthdate \_\_\_\_\_

Print Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_ Birthdate \_\_\_\_\_

**WHAT TO EXPECT AND WHAT NOT TO EXPECT  
FROM THE HOUSING REHABILITATION LOAN/GRANT PROGRAM  
OF HUNTINGTON BEACH**

**Things that Homeowners Do in the Housing Rehabilitation Program:**

The program will help homeowners during the home rehabilitation process, but the homeowners are responsible for making the choice and doing the work listed below.

1. Homeowners help inspect their home and point out problems.
2. Homeowners, *not* the City, choose the contractors to bid on the proposed work.
3. Homeowners, *not* the City, hand out the work write-up list to contractors.
4. Homeowners, *not* the City, open & review bid proposals turned in by the contractors.
5. Homeowners, *not* the City, choose a contractor to perform work on their home.
6. Homeowners, *not* the City, sign home improvement contracts with vendors.
7. Homeowners request and approve payments made to their contractors.
8. Homeowners inspect and approve work performed by their contractors.
9. Homeowners work with contractor to settle disagreements during the job.
10. Homeowners call/write their contractors to ask them to correct problems covered by warranties during the first year after the job has been completed.

**Things Homeowners Should Think About Before Taking Out a  
Housing Rehabilitation Loan/Grant:**

1. Not all the work that homeowners want done can always be done.
2. Repairs will correct one or two problems, but will probably not solve all problems.
3. Don't expect your house to be completely new when work is complete.
4. Don't expect all floors, wall, ceilings, doors, windows, and so on, in older houses to be completely plumb, level and square when work is complete.
5. A lot of times, homeowners will hire small construction companies because they are able to do more work for the money than larger, more expensive, construction firms.
6. Sometimes it can be stressful living in a house while a contractor is performing work.
7. Very few times in life is anyone completely satisfied with things they buy or have repaired. Buying a house or having a house repaired is no different.
8. Houses always need improvements. It would be a good idea for owners to save at least \$25 a month to help cover the cost of future repairs and maintenance.
9. Finally, the City is *not* a contractor, does *not* recommend contractors, and *cannot* guarantee that homeowners will be satisfied with work done by their contractors.

\_\_\_\_\_  
Homeowner Signature      Date: \_\_\_\_\_

\_\_\_\_\_  
Co-Homeowner Signature      Date: \_\_\_\_\_

# **NOTIFICATION**

## **Watch Out For Lead-Based Paint Poisoning**

**If this property was constructed before 1978, there is a possibility it contains lead-based paint. Please read the following information concerning lead-based paint poisoning.**

### **Sources of Lead Based Paint**

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

### **Hazards of Lead-Based Paint**

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

### **Symptoms of Lead-Based Paint Poisoning**

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

### **Advisability & Availability of Blood Lead Level Screening**

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

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

### **Precautions to Take to Prevent Lead-Based Paint Poisoning**

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

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

### **Homeowner Maintenance & Treatment of Lead-Based Paint Hazards**

As a homeowner, you should take the necessary steps to keep your home in good shape. Water leaks from faulty plumbing, defective roofs and exterior holes or breaks may admit rain and

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

### **Tenant and Homebuyer Responsibilities**

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Signature

---

**APPENDIX C**

**SINGLE-FAMILY REHABILITATION LOAN APPLICATION**

---



# CITY OF HUNTINGTON BEACH

## HOUSING REHABILITATION LOAN PROGRAM

### SINGLE FAMILY LOAN APPLICATION

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower" as applicable. Co-Borrower information must be provided for all adult household members and/or individuals designated on the property title. In such cases, Co-Borrower's income and credit history may be used as a basis for loan qualification.

#### 1. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address		No. of Persons Living in Household	No. of Bedrooms	Year Built
Name(s) on Title	Type of Structure	Year Acquired	Current Value	
First Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	
Second Mortgage Holder	Mortgage No.	Current Balance	Monthly Payment	
Describe Improvements Planned				

#### 2. APPLICANT INFORMATION

Borrower's Name			Co-Borrower's Name		
Social Security Number	Marital Status	Birth Date	Social Security Number	Marital Status	Birth Date
Dr. License No.	No. of Dependents (include ages)		Dr. License No.	No. of Dependents (include ages)	
Current Address _____ Own _____ Rent			Current Address _____ Own _____ Rent		
No. of Years at Current Address		Daytime Phone	No. of Years at Current Address		Daytime Phone

If residing at current address for less than two years, complete the following:

Prior Address _____ Own _____ Rent		Prior Address _____ Own _____ Rent	
Name of Relative not Living with You	Relationship	Address of Relative	Phone of Relative

#### 3. EMPLOYMENT INFORMATION

Name & Address of Borrower's Employer	Yrs. on this Job	Name & Address of Co-Borrower's Employer	Yrs. on this Job
	Yrs. Employed in this line of work/profession		Yrs. Employed in this line of work/profession
Position/Title/Type of Business	Business Phone	Position/Title/Type of Business	Business Phone

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Name & Address of Employer	Yrs. on this Job	Name & Address of Employer	Yrs. on this Job
	Reason for Leaving		Reason for Leaving
Position/Title/Type of Business	Business Phone	Position/Title/Type of Business	Business Phone

#### 4. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income:	Borrower	Co-Borrower	Total	Total Monthly Housing Expense:	Total
Base Employment Income				Mortgage(s)	
Overtime				Mobile Home Space Rent	
Bonuses				Hazard Insurance	
Commissions				Real Estate Taxes	
Dividends/Interest				Mortgage Insurance	
Net Rental Income				Homeowner Assn. Dues	
Other				Other	
Total	\$	\$	\$	Total	\$

**5. ASSETS AND LIABILITIES**

List checking and savings accounts below. This schedule may be completed jointly or separately by Co-Borrowers. If the Co-Borrower section of this application was completed, this schedule must be completed for both borrowers.

List liabilities below for all Borrowers. Include creditor's name, address, and account number for all outstanding debts, including auto loans, revolving charge accounts, real estate loans, alimony, child support, etc. Use additional sheets if necessary.

Name and address of Bank, S&L, or Credit Union		Name and address of Company	
Acct. No.	Acct. Type	Acct. No.	Monthly Payment
Name on Acct.	Balance	Name on Acct.	Unpaid Balance
Name and address of Bank, S&L, or Credit Union		Name and address of Company	
Acct. No.	Acct. Type	Acct. No.	Monthly Payment
Name on Acct.	Balance	Name on Acct.	Unpaid Balance
Name and address of Bank, S&L, or Credit Union		Name and address of Company	
Acct. No.	Acct. Type	Acct. No.	Monthly Payment
Name on Acct.	Balance	Name on Acct.	Unpaid Balance
Name and address of Bank, S&L, or Credit Union		Name and address of Company	
Acct. No.	Acct. Type	Acct. No.	Monthly Payment
Name on Acct.	Balance	Name on Acct.	Unpaid Balance
Other Assets:		Name and address of Company	
Value of real estate owned	\$	Acct. No.	Monthly Payment
Automobiles owned (make & year)	\$	Name on Acct.	Unpaid Balance
Other Assets	\$		
<b>Total Value of Assets</b> \$		<b>Total Balance of Liabilities</b> \$	

**6. DECLARATIONS**

If you answer "yes" to any question below, please explain on a separate sheet.

	Borrower		Co-Borrower		Please select the appropriate Race classification below:		
	Yes	No	Yes	No		Borrower	Co-Borrower
a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>
b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Hispanic	<input type="checkbox"/>	<input type="checkbox"/>
c. Have you had property foreclosed upon in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Black	<input type="checkbox"/>	<input type="checkbox"/>
d. Are you currently a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	American Indian	<input type="checkbox"/>	<input type="checkbox"/>
e. Are you presently delinquent or in default on any debt?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Asian	<input type="checkbox"/>	<input type="checkbox"/>
f. Will the subject property be your primary residence for the next 12 months?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	South Pacific Islander	<input type="checkbox"/>	<input type="checkbox"/>
g. Are you a US Citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other Race _____	<input type="checkbox"/>	<input type="checkbox"/>

**7. ACKNOWLEDGEMENT AND AGREEMENT**

The undersigned specifically acknowledge(s) and agree(s) that: (1) the loan requested by this application will be secured by a deed of trust on the property or title to the property described herein; (2) the property will not be used for any illegal or prohibited purpose or use; (3) all statements made in this application are made for the purpose of obtaining the loan indicated herein; (4) occupation of the property will be as indicated above; (5) verification or reverification of any information contained in the application may be made at any time by the Lender, its agents, successors and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Lender, even if the loan is not approved; (6) the Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to closing; (7) in the event my/our payments on the loan indicated in this application become delinquent, the Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency; (8) ownership of the loan may be transferred to a successor or assign of the Lender without notice to me and/or the administration of the loan account may be transferred to an agent, successor or assign of the Lender with prior notice to me; (9) the Lender, its agents, successors and assigns make no warranties, express or implied, to the Borrower(s) regarding the property, the condition of the property, or the value of the property.

**Certification:** I/We certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq. and liability for monetary damages to the Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	



**CDBG Income Self-Certification Form**  
(Confidential)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Gross Household Income per year: \$ \_\_\_\_\_

Please circle household size and appropriate income category shown below.

HUD Income Limits (Effective xxxxxxxx)				
Number of Persons Household/Family	30% of Median	50% of Median	51% to 80% of Median	>81% of Median
1	\$0 - \$28,500	\$28,501 - \$47,450	\$47,451 - \$75,900	>\$75,901
2	\$0 - \$32,550	\$32,551 - \$54,200	\$54,201 - \$86,750	>\$86,751
3	\$0 - \$36,600	\$36,601 - \$61,000	\$61,001 - \$97,600	>\$97,601
4	\$0 - \$40,650	\$40,651 - \$67,750	\$67,751 - \$108,400	>\$108,401
5	\$0 - \$43,950	\$43,951 - \$73,200	\$73,201 - \$117,100	>\$117,101
6	\$0 - \$47,200	\$47,201 - \$78,600	\$78,601 - \$125,750	>\$125,751

Number of Persons in this Household: \_\_\_\_\_ No. of Adults: \_\_\_\_\_ No. Of Children under 18: \_\_\_\_\_

Household self-identified as:

**Single Race Category**

- ☐ White  
☐ Black/African American  
☐ Asian  
☐ American Indian or Alaska Native  
☐ Native Hawaiian or other Pacific Islander

**Multiple Race Category**

- ☐ American Indian or Alaska Native and White  
☐ Asian and White  
☐ Black/African American and White  
☐ American Indian/Alaska Native & Black/African American  
☐ Other \_\_\_\_\_

Are you of Hispanic/Latino Ethnicity? ☐ Yes ☐ No

Are you a female head of household? ☐ Yes ☐ No

**I have disclosed all household income information and certify that the above household information is correct.**

Print Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_ Birthdate \_\_\_\_\_

Print Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_ Birthdate \_\_\_\_\_

**WHAT TO EXPECT AND WHAT NOT TO EXPECT  
FROM THE HOUSING REHABILITATION LOAN/GRANT PROGRAM  
OF HUNTINGTON BEACH**

**Things that Homeowners Do in the Housing Rehabilitation Program:**

The program will help homeowners during the home rehabilitation process, but the homeowners are responsible for making the choice and doing the work listed below.

1. Homeowners help inspect their home and point out problems.
2. Homeowners, *not* the City, choose the contractors to bid on the proposed work.
3. Homeowners, *not* the City, hand out the work write-up list to contractors.
4. Homeowners, *not* the City, open & review bid proposals turned in by the contractors.
5. Homeowners, *not* the City, choose a contractor to perform work on their home.
6. Homeowners, *not* the City, sign home improvement contracts with vendors.
7. Homeowners request and approve payments made to their contractors.
8. Homeowners inspect and approve work performed by their contractors.
9. Homeowners work with contractor to settle disagreements during the job.
10. Homeowners call/write their contractors to ask them to correct problems covered by warranties during the first year after the job has been completed.

**Things Homeowners Should Think About Before Taking Out a  
Housing Rehabilitation Loan/Grant:**

1. Not all the work that homeowners want done can always be done.
2. Repairs will correct one or two problems, but will probably not solve all problems.
3. Don't expect your house to be completely new when work is complete.
4. Don't expect all floors, wall, ceilings, doors, windows, and so on, in older houses to be completely plumb, level and square when work is complete.
5. A lot of times, homeowners will hire small construction companies because they are able to do more work for the money than larger, more expensive, construction firms.
6. Sometimes it can be stressful living in a house while a contractor is performing work.
7. Very few times in life is anyone completely satisfied with things they buy or have repaired. Buying a house or having a house repaired is no different.
8. Houses always need improvements. It would be a good idea for owners to save at least \$25 a month to help cover the cost of future repairs and maintenance.
9. Finally, the City is *not* a contractor, does *not* recommend contractors, and *cannot* guarantee that homeowners will be satisfied with work done by their contractors.

\_\_\_\_\_  
Homeowner Signature      Date: \_\_\_\_\_

\_\_\_\_\_  
Co-Homeowner Signature      Date: \_\_\_\_\_



# **NOTIFICATION**

## **Watch Out For Lead-Based Paint Poisoning**

**If this property was constructed before 1978, there is a possibility it contains lead-based paint. Please read the following information concerning lead-based paint poisoning.**

### **Sources of Lead Based Paint**

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

### **Hazards of Lead-Based Paint**

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

### **Symptoms of Lead-Based Paint Poisoning**

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

### **Advisability & Availability of Blood Lead Level Screening**

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

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

### **Precautions to Take to Prevent Lead-Based Paint Poisoning**

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

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

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As a homeowner, you should take the necessary steps to keep your home in good shape. Water leaks from faulty plumbing, defective roofs and exterior holes or breaks may admit rain and

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

### **Tenant and Homebuyer Responsibilities**

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Signature

---

**APPENDIX D**

**REHABILITATION LOAN QUALIFYING SHEET**

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CITY OF HUNTINGTON BEACH  
HOMEOWNER REHABILITATION LOAN PROGRAM -  
QUALIFYING SHEET

**1. Applicant and Loan Information**

Name	_____	Telephone	_____
Address	_____	Loan Type	_____
Amount	_____	Current Interest Rate	_____

2. Monthly Income	Borrower	Co-Borrower	Total
Gross Mo. Income	\$ -	\$ -	\$ -
Base Employment Income	\$ -	\$ -	\$ -
Overtime	\$ -	\$ -	\$ -
Bonuses	\$ -	\$ -	\$ -
Commission	\$ -	\$ -	\$ -
Dividends/Interest	\$ -	\$ -	\$ -
Net Rental Income	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

3. Monthly Housing Expenses	Borrower	Co-Borrower	Total
Total Monthly Housing Expense	\$ -	\$ -	\$ -
Mortgage(s)	\$ -	\$ -	\$ -
Mobile Home Space Rent	\$ -	\$ -	\$ -
Hazard Insurance	\$ -	\$ -	\$ -
Real Estate Taxes	\$ -	\$ -	\$ -
Mortgage Insurance	\$ -	\$ -	\$ -
Homeowner Assn. Dues	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

4. Monthly Liabilities	Borrower	Co-Borrower	Total
_____	\$ -	\$ -	\$ -
_____	\$ -	\$ -	\$ -
_____	\$ -	\$ -	\$ -
_____	\$ -	\$ -	\$ -
_____	\$ -	\$ -	\$ -
_____	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

5. Debt to Income Ratio	\$ -	\$ -	\$ -	#DIV/0!
	Total Hsg Exp (3) +	Total Liabilities (4) /	Gross Income (2) =	Debt to Income Ratio

6. Loan to Value Ratio	Amount	Holder
First Trust Deed	\$ -	
Second Trust Deed	\$ -	
Third Trust Deed	\$ -	
Total Encumbrances	\$ -	
Current Value	\$ -	Estimated Future Value \$ -
Loan to Value Ratio (As-Is)	0%	Loan to Value Ratio (After Rehab) 0%

**7. Credit History**

Good ☐ Comments: \_\_\_\_\_

Fair ☐

Poor ☐

None ☐

**8. Notes**

Preliminary analysis and approval:  
% over 50% debt to inc ratio: #DIV/0!

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**APPENDIX E**

**AUTHORIZATION FOR RELEASE OF INFORMATION FORM**

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## City of Huntington Beach Housing Rehabilitation Loan Program

### **AUTHORIZATION** ***For Release of Information***

I/We, \_\_\_\_\_ and \_\_\_\_\_ (legal name(s)), do hereby authorize any agencies, offices, groups, organizations or business firms to release to the **CITY OF HUNTINGTON BEACH** (the "City") any information or materials which are deemed necessary to complete and verify my application for participation in the City's Single Family Rehabilitation Loan Program (the "Program"). The information needed may include verification or inquiries regarding my identity, household members, employment and income, assets, allowances or preferences I have claimed. These organizations are to include, but are not limited to: financial institutions; Employment Security Commission; educational institutions; past or present employers; Social Security Administration; welfare and food stamps agencies; Veteran's Administration; court clerks; utility companies; Workmen's Compensation Payers; public and private retirement systems; law enforcement agencies; credit providers; and credit reporting agencies.

I understand that the City may conduct computer matching programs in order to verify the information supplied on my application for Program assistance. It is understood and agreed that this authorization, or the information obtained with its use, may be given to and used by the City in the administration and enforcement of the Program Policies and Procedures and that the City may, in the course of its duties, obtain such information from other Federal, State, or local agencies, including State Employment Security Agencies; Department of Defense; Office of Personnel Management, the Social Security Administration, and State welfare and food stamp agencies.

It is with my understanding and consent that a photocopy of this authorization may be used for the purposes stated above.

**1. Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

(Print Name): \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_

**Social Security Number:** \_\_\_\_\_ **Driver's License/ID#** \_\_\_\_\_

**Address:** \_\_\_\_\_  
Number Street Name Apt./Unit #

\_\_\_\_\_ City State Zip Code

**Home Telephone:** ( ) \_\_\_\_\_ **Work Telephone No.:** ( ) \_\_\_\_\_

**2. Signed:** \_\_\_\_\_ **Date:** \_\_\_\_\_

(Print Name): \_\_\_\_\_ **Date of Birth:** \_\_\_\_\_

**Social Security Number:** \_\_\_\_\_ **Driver's License/ID#** \_\_\_\_\_

**Address:** \_\_\_\_\_  
Number Street Name Apt./Unit #

\_\_\_\_\_ City State Zip Code

**Home Telephone:** ( ) \_\_\_\_\_ **Work Telephone No.:** ( ) \_\_\_\_\_

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**APPENDIX F**

**LOAN APPROVAL FORM**

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# CITY OF HUNTINGTON BEACH REHABILITATION LOAN PROGRAM

## LOAN APPROVAL

### APPLICANT AND LOAN INFORMATION

Applicant Name	Address	Telephone
Loan Type	Amount	Interest Rate

### LOAN APPROVAL CRITERIA

Homeowner Equity	Annual Household Income
Debt to Income Ratio	Household Size
Credit History	Income Level <input type="checkbox"/> Low or Moderate <input type="checkbox"/> Very Low
Property Ownership Verification	Female Head of Household <input type="checkbox"/> No <input type="checkbox"/> Yes
Enhancement Area <input type="checkbox"/> No <input type="checkbox"/> Yes _____	Type of Dwelling <input type="checkbox"/> Single <input type="checkbox"/> Condo/Townhouse <input type="checkbox"/> Mobile Home
Redevelopment Project Area	Previous City Rehabilitation Loan or Grant (if yes, provide details)

### RECOMMENDATION FOR APPROVAL

By signing below, I certify that the information contained in this Loan Approval form has been compiled and verified by the City of Huntington Beach

\_\_\_\_\_  
Submitted By

\_\_\_\_\_  
Date

### LOAN REVIEW COMMITTEE APPROVAL

First Approval:

☐ Approved    ☐ Denied

\_\_\_\_\_  
Program Administrator

\_\_\_\_\_  
Date

Second Approval:

☐ Approved    ☐ Denied

\_\_\_\_\_  
Director of Community Development Designee

\_\_\_\_\_  
Date

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## **APPENDIX G**

### **CALIFORNIA CODE OF REGULATION TITLE 25 HOUSING AND COMMUNITY DEVELOPMENT, SECTION 6914 – GROSS INCOME DEFINED**

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BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS  
TITLE 25. HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION 1. HOUSING AND COMMUNITY DEVELOPMENT  
CHAPTER 6.5. PROGRAM OPERATIONS  
SUBCHAPTER 2. PROGRAM ELIGIBILITY AND AFFORDABILITY FOR LOWER  
INCOME  
HOUSEHOLDS

This database is current through 08/18/06, Register 2006, No. 33.

s 6914. Gross Income.

"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 the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall 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 actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. 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.

*Assets*

(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).

<http://weblinks.westlaw.com/Search/default.wl?RP=%2FWelcome%2FFrameless%2FSearch%2Ewl&n=1&action=Search&bhcp=1&CFID=0&db=ca%2Dadc&method=TNC&query=ci%28%2225+CA+ADC+s+6914%22%29&recreatepath=%2Fsearch%2Fdefault%2Ewl&RLT=CLID%5FQRYRLT141816308&RLTDB=CLID%5FDB121816308&search=Search&section=6914&sp=CCR%2D1000&spolt=Return+to+the+California+Code+of+Regulations+Service&sposu=http%3A%2F%2Fgovernment%2Ewestlaw%2Ecom%2Flinkedslice%2Fdefault%2Easp%3FSP%3DCCR%2D1000&spou=http%3A%2F%2Fgovernment%2Ewestlaw%2Ecom%2Flinkedslice%2Fdefault%2Easp%3FSP%3DCCR%2D1000&ssl=n&strRecreate=no&sv=Split&tempinfo=FIND&title=25&RS=WEBL6.08&VR=2.0&SPa=CCR-1000>

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**APPENDIX H**

**RIGHT OF ENTRY AGREEMENT**

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## RIGHT OF ENTRY AGREEMENT

### Assessment for Participants in City of Huntington Beach Housing Homeowner Rehabilitation Loans and Grants Program

This **RIGHT OF ENTRY AGREEMENT** ("Right of Entry Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_\_ by and between the **CITY OF HUNTINGTON BEACH**, a public body, corporate and politic ("City"), and \_\_\_\_\_, ("Owner/s") with respect to the following:

#### RECITALS

- A. The City has established the Homeowner Rehabilitation Loans and Grants Program ~~Housing Rehabilitation Loan Programs~~ ("~~Housing~~-Program") for the purpose of providing loans to low- and- moderate-income Huntington Beach homeowners and owner of rental property where low-income families live. -The ~~Housing~~-Program objective is to provide low-cost financing to households for necessary health and safety-related housing repairs.
- B. Housing Program funds will include Community Development Block Grant monies (CDBG). The Policies and Procedures for the ~~Housing~~-Program establish the criteria and requirements for application, eligibility and selection for a loans and grants, including the discretion of City to deny participation for a loan or grant under the ~~Housing~~-Program.
- C. The Owner has applied to participate in the ~~Housing~~-Program seeking a loan/grant to rehabilitate their home located at \_\_\_\_\_, Huntington Beach, California ("Property"). As a part of the evaluation of the Owner's application, evaluation of the financial feasibility of Owner's eligibility to receive a loan/grant of ~~Housing~~-Program funds and to participate in the ~~Housing~~-Program, it is necessary for City and their designated agents/contractors to obtain the Owner's consent to enter upon the Property to inspect the Property.
- D. The purpose of this Right of Entry Agreement is for the Owner to permit the City and their authorized representatives to enter the Property and conduct any inspection or construction work in connection with the rehabilitation of the Property. This includes the work in compliance with Title X of the 1992 Housing and Community Development Act (Title X), which established requirements relating to lead-based paint (LBP) in housing receiving federal assistance.

**NOW, THEREFORE**, based on the foregoing Recitals, which are a substantive part of this Right of Entry Agreement and for good and valuable consideration, City and Owner hereby agree as follows:

1. **Right of Entry.** Provided that all of the terms and conditions of this Right of Entry Agreement are fully satisfied, Owner hereby grants to City and their authorized representatives the non-exclusive right to enter upon the Property to perform the inspect work on the property in consideration of eligibility for approval of a loan under the Housing Program. If Owner is selected to receive a loan/grant under the ~~Housing~~-Program (as determined in the sole discretion of City,) then Owner also grants to City the non-exclusive right to enter upon the Property to complete the Reduction Work, if any. All use of and entry upon the Property shall be at the sole expense of the City.

- a. **Term of Right of Entry.** This Right of Entry Agreement shall commence on the date this Right of Entry Agreement is executed by the parties and shall automatically terminate and expire upon the completion of the inspection and construction work.
  - b. **No Property Rights Granted.** It is expressly understood this Right of Entry Agreement does not in any way whatsoever grant or convey any rights of possession, easement or other interest in the Property to the City.
2. **Additional Conditions and Representations.** By execution of this Right of Entry Agreement City agree as follows:
  - a. **Compliance with Lead-Based Paint Regulations and All Applicable Governmental Requirements.** -All acts and work done by City at the Property will be done in a careful and reasonable manner, in accordance with the Lead-Based Paint Regulations and all applicable federal, state and local laws.
  - b. **No Mechanics Liens.** City shall not permit or suffer any mechanics', materialmen's or other liens of any kind or nature to be filed or enforced against the Property.
3. **Indemnity.** Except as to the negligence and/or intentional acts of the Owner and City hereby agree to indemnify and hold harmless Owner from and against any and all damage to property or persons (but not consequential damages) arising from or attributable to conducting the inspection and construction work at the Property pursuant to this Right of Entry Agreement and to pay for or repair such damage.
4. **Miscellaneous.**
  - a. **Attorneys' Fees.** In the event either party hereto brings an action or proceeding under this Right of Entry Agreement for an alleged breach or default hereof or the work contemplated hereby ("action"), the prevailing party in any such action shall be entitled to an award of reasonable attorneys' fees and costs and expert witness fees, if any, incurred in such action or proceeding, in addition to any other damages or relief awarded.
  - b. **Choice of Law Forum.** This Right of Entry Agreement is to be governed by, and construed in accordance with, the laws of the State of California. The Municipal and Superior Courts of the State of California in the County of Orange shall have jurisdiction of any litigation between the parties arising out of or related to this Right of Entry Agreement.
  - c. **Non-Liability of Public Officials.** No officer, employee, member, agent or representative of the City shall be personally liable to Owner or any successor in interest, in the event of any default or breach by the City, or for any amount which may become due to Owner or its successor, or for any breach of any obligation of the terms of this Right of Entry Agreement.

**IN WITNESS WHEREOF**, the parties hereto have entered into this Right of Entry Agreement as of the date and year first set forth above.

**OWNER**

By: \_\_\_\_\_

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

**CITY OF HUNTINGTON BEACH,**  
a public body, corporate and politic

By: \_\_\_\_\_

Its: \_\_\_\_\_

---

**APPENDIX I**

**SAMPLE ESCROW DISBURSEMENT AGREEMENT**

---





SAMPLE

# CITY OF HUNTINGTON BEACH

## DEPARTMENT OF COMMUNITY DEVELOPMENT

PLANNING ♦ BUILDING ♦ PERMIT CENTER ♦ ECONOMIC DEVELOPMENT ♦ HOUSING ♦ CODE ENFORCEMENT

### ESCROW DISBURSEMENT AGREEMENT

**PARTICIPANT:**

Name and Address

**CONTRACTOR:**

Name and Address

**ESCROW HOLDER/AGENT:**

Name and Address

**CITY OF HUNTINGTON BEACH REPRESENTATIVE:**

Representative Name and Contact  
Information

**AMOUNT DEPOSITED:**

\$15,000.00

**ESCROW INSTRUCTIONS:**

1. The City of Huntington Beach, Office of Business Development, hands you herewith the sum of \$15,000 **comprised of City grant funds**, to be deposited into escrow trust account. The parties to this escrow shall be the City of Huntington Beach and the person(s) or entity (ies) identified as the Participant. The person or entity identified as the Contractor shall not be a party to this escrow.

Should this escrow cancel, for any reason, prior to the total disbursement of the grant funds, you will be handed written instructions from ONLY the City of Huntington Beach Representative as to the disposition of the remainder of said grant funds.

All disbursement(s) will be subject to written authorization from the City of Huntington Beach by its Representative, as provided in "Grant Disbursement Authorization" form received via facsimile, mail or hand delivery (see Exhibit "A").

2. Upon receipt of authorization from the City of Huntington Beach Representative, Escrow Agent will disburse payment to Contractor (or to Participant, ONLY if designated on the subject authorized "Grant Disbursement Authorization" form) within three (3) business days. All disbursement checks and subsequent

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**APPENDIX J**

**AUTHORIZATION OF LOAN DISBURSEMENT FORM**

---

SAMPLE

**CITY OF HUNTINGTON BEACH  
HOMEOWNER REHABILITATION LOAN PROGRAM  
AUTHORIZATION OF LOAN DISBURSEMENT**

Escrow# \_\_\_\_\_

Payment Disbursement # on this Loan: \_\_\_\_\_

City Loan #: \_\_\_\_\_

Participant/Borrower(s): \_\_\_\_\_

Contractor/Payee: \_\_\_\_\_

Contractor Tax ID: \_\_\_\_\_

Invoices #: \_\_\_\_\_

Huntington Beach Representative: \_\_\_\_\_

The City of Huntington Beach hereby authorizes Escrow Agent, Tiempo Escrow, to disburse \$\_\_\_\_\_ of the loan funds now deposited in trust with Escrow Agent under the above referenced Escrow # to the above referenced Payee.

It is understood that Escrow Agent will forward a copy of each disbursement check and receipt signed by Payee to Huntington Beach Representative within three business days following each loan fund disbursement.

\_\_\_\_\_  
Signature of Authorization, City of Huntington Beach Representative

\_\_\_\_\_  
Date

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**APPENDIX K**

**SAMPLE ESCROW CONTROL INSTRUCTIONS**

---

Sample

## CONTROL INSTRUCTIONS

**Tiempo Escrow** is hereby appointed by the undersigned as fund control holder for the sum of \$\_\_\_\_\_ in connection with a construction contract dated \_\_\_\_\_, between \_\_\_\_\_(hereafter referred to as \_\_\_\_\_(hereafter referred to as CONTRACTOR) for construction of improvements on property located at \_\_\_\_\_, Huntington Beach CA 92648.

Tiempo Escrow is hereby instructed to hold the aforesaid sum and to disburse said sum in the following manner:

### PAYMENT BREAKDOWN OF NON-CONSTRUCTION COSTS

Payment of Non-Construction Costs will be disbursed at opening of this account unless "HOLD" box is checked or otherwise noted in additional instructions below. Payments marked "HOLD" will require an Authorization for Payment.

Amount	Description	Payee Name (include address if to be mailed)	Hold Disburse
\$ <b>300.00</b>	Fund control, processing, & title	<b>City of Huntington Beach</b>	<input type="checkbox"/>
\$ <b>X</b>	Title Policy		<input type="checkbox"/>
\$ <b>0</b>	Appraisal		<input type="checkbox"/>
\$ <b>0</b>	Origination .		<input type="checkbox"/>
\$ <b>0</b>	Recording of N.O.C.	Orange County Recorder	<input type="checkbox"/>
\$ <b>0</b>	Termite		<input type="checkbox"/>
\$ <b>0</b>	Document Prep.		<input type="checkbox"/>
\$ <b>0</b>	Warehousing		<input type="checkbox"/>
\$ <b>0</b>	Tax Service		<input type="checkbox"/>
\$			<input type="checkbox"/>
\$			<input type="checkbox"/>
\$			<input type="checkbox"/>
\$			<input type="checkbox"/>
\$ <b>300.00</b>	<b>TOTAL PAYMENT OF NON-CONSTRUCTION ITEMS</b>		

\$ <b>370.00</b>	Contingency Amount for Construction / Rehabilitation
\$ <b>11,230.00</b>	Construction Amount to be paid to Owner / Contractor in progress payments approved by an authorized representative of: <u>City of Huntington Beach</u> <small>Name of Agency</small>

\$ **12,000.00** **TOTAL AMOUNT OF FUND TO BE DISBURSED**

### PROGRESS PAYMENT SCHEDULE

PROGRESS PAYMENTS TO BE REQUESTED AS NEEDED BY AGENCY OR PER ADDITIONAL INSTRUCTIONS  
The liabilities of the fund control holder shall be confined to things specifically provided for in the Escrow Instructions.

Dated: \_\_\_\_\_

Control Number: \_\_\_\_\_

By \_\_\_\_\_  
CITY OF Huntington Beach

\_\_\_\_\_  
\_\_\_\_\_

# **ADDENDUM TO AMERINATIONAL CONTROL INSTRUCTIONS**

## **GENERAL PROVISIONS**

**Fees paid to the fund control holder shall be those heretofore specified but if fund control holder renders additional or extraordinary services or takes over all or completes the improvements it shall be paid in addition to the specified fee a sum equal to the reasonable value of any and all additional services rendered and money expenses and indebtedness incurred. When the fund control holder has disbursed the funds turned over to it in accordance with this agreement its obligations hereunder cease.**

**Fund control holder does not assume the duties of contractor or architect or guarantee the obligations of the same and is not required to make inspections of the improvements in progress or completed and does not represent that the amount of funds deposited is sufficient to complete the improvements. However, fund control holder shall have access to property where improvements are located for purposes of inspection at all reasonable times. If funds deposited are insufficient to complete the improvements, fund control holder is not obligated to complete the improvements with its own or other funds.**

**In the event fund control holder becomes involved in litigation arising out of these instructions, including any suit brought by fund control holder in interpleader or to enforce the terms of these instructions, the parties hereto assign to fund control holder funds in its possession and fund control holder may apply said funds in payments of items of expenses of litigation and reasonable attorney's fees.**

**Fund control holder shall not have liability for:**

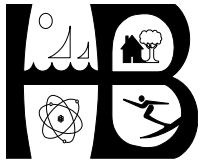
- (a) The sufficiency or correctness of form, content, execution or validity of any instrument deposited pursuant to these instructions or as to the identity, authority or rights of any person executing the same.**
- (b) Failure of the parties to comply with these instructions or any agreement or document filed or referred to herein.**
- (c) Exercise of discretion provided such exercise is authorized by or implied in these instructions.**
- (d) Fraud perpetrated by any person or forgeries or false impersonations occurring in connection with this fund control.**
- (e) Inadvertent failure to comply with these instructions.**
- (f) For any act, duty, requirement or obligation not expressly required herein or specifically stated herein.**
- (g) For amendments, supplements, notations, omissions or eliminations hereof or hereto not in writing signed by all parties hereto and possession hereof not actually delivered to fund control holder.**

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**APPENDIX L**

**SINGLE-FAMILY HOME  
PROMISSORY NOTE**

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**CITY OF HUNTINGTON BEACH**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT**  
**HOUSING-HOMEOWNER REHABILITATION LOAN**  
**PROGRAM**

Reference APN No: \_\_\_\_-\_\_\_\_-\_\_\_\_

PROMISSORY NOTE SECURED BY DEED OF TRUST  
DEFERRED REPAYMENT HOUSING-HOMEOWNER REHABILITATION LOAN  
LOAN NUMBER DPL \_\_\_\_ - \_\_\_\_

The undersigned hereby promise(s) to pay the City of Huntington Beach, California the principal sum of \_\_\_\_\_ dollars with interest from \_\_\_\_\_ until paid. The interest rate for this loan will be three percent per year simple interest. If this debt is repaid in full for any reason within two years from the date of this note, the holder of this note may, at its option, assess a prepayment penalty of 25% of the original principal amount. The unpaid principal balance and accrued interest of this debt will become immediately due at the time the property or any part of the property described in the Deed of Trust is sold, conveyed, transferred, or assigned to anyone other than the present recorded owner(s), upon further encumbrance of the property, or in the event the undersigned cause(s) default on any of the following loan terms: (1) the undersigned agrees to make payments when due for all debts recorded against the property; (2) the undersigned agrees to live in the property as their primary residence; (3) the undersigned agrees to maintain the property in good condition internally and externally and in compliance with applicable housing standards, laws, codes, and regulations; (4) the undersigned agrees to provide evidence of fire and hazard insurance in an amount sufficient to cover the City's security in the property during the term of the note and to designate the City on such insurance as an additional loss payee; (5) if the property is located in a designated flood zone, the undersigned agrees to provide evidence of flood insurance; (6) the undersigned agrees to pay all property taxes and homeowner association dues during the term of the loan; (7) the undersigned agrees that loan funds are for the sole purpose of paying for housing rehabilitation activities as identified in the approved scope of work; (8) the undersigned agrees that specified improvements shall commence within 30 days of loan signing and all work must be completed within a period not to exceed 180 days; and (9) the undersigned agrees to hold the City harmless from and indemnify the City for and against any and all claims which may be brought or raised against the City, its officers, representatives, agents, or agencies by any party pursuant to or in any way associated with or alleged to be associated with the loan or the administration of the proceeds there from or the activities conducted pursuant thereto. Payment shall be made in lawful money of the United States. Should default be made in payment when due and action is instituted on this note, the undersigned agrees to pay all costs of collection, including reasonable attorney's fees.

The undersigned understand(s) that this promissory note and the accompanying deed of trust comprise the agreement for a housing rehabilitation loan to be secured by real property. By signing below, the undersigned acknowledge(s) having read and received a completed copy of the agreement and agreeing to all the terms and conditions contained therein.

\_\_\_\_\_  
Borrower's Signature

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

\_\_\_\_\_  
Date

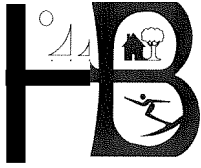


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**APPENDIX M**

**MOBILEHOMES  
PROMISSORY NOTE**

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# CITY OF HUNTINGTON BEACH HOMEOWNER REHABILITATION LOAN PROGRAM

**SAMPLE**

PROMISSORY NOTE SECURED BY MOBILE HOME TITLE  
DEFERRED REPAYMENT HOMEOWNER REHABILITATION  
LOAN NUMBER DPL \_\_\_\_\_

The undersigned hereby promise(s) to pay the City of Huntington Beach, California the principal sum of **Sixteen Thousand Five Hundred Dollars (\$16,500)** with interest from \_\_\_\_\_ until paid. The interest rate for this loan will be **3%** percent per year simple interest. If this debt is repaid in full for any reason within two years from the date of this note, the holder of this note may, at its option, assess a prepayment penalty of 25% of the original principal amount. The unpaid principal balance and accrued interest of this debt will become immediately due at the time the mobile home is sold, conveyed, transferred, or assigned to anyone other than the present owner(s) on title, upon further encumbrance of the property described in the title of the mobile home, or in the event the undersigned cause(s) default on any of the following loan terms: (1) the undersigned agrees to make installment payments when due for all debts owed on the property; (2) the undersigned agrees to live in the mobile home as their primary residence; (3) the undersigned agrees to maintain the mobile home in good condition internally and externally and in compliance with applicable housing standards, laws, codes, and regulations; (4) the undersigned agrees to provide evidence of fire and hazard insurance in an amount sufficient to cover the City's security in the property during the term of the note and to designate the City on such insurance as an additional loss payee; (5) if the property is located in a designated flood zone, the undersigned agrees to provide evidence of flood insurance; (6) the undersigned agrees to pay space rent and utility assessments when due during the term of the loan; (7) the undersigned agrees that loan funds are for the sole purpose of paying for housing rehabilitation activities as identified in the approved scope of work; (8) the undersigned agrees that specified improvements shall commence within 30 days of loan signing and all work must be completed within a period not to exceed 180 days; and (9) the undersigned agrees to hold the City harmless from and indemnify the City for and against any and all claims which may be brought or raised against the City, its officers, representatives, agents, or agencies by any party pursuant to or in any way associated with or alleged to be associated with the loan or the administration of the proceeds there from or the activities conducted pursuant thereto. Payment shall be made in lawful money of the United States. Should default be made in payment when due and action is instituted on this note, the undersigned agrees to pay all costs of collection, including reasonable attorney's fees.

The undersigned understand(s) that a certificate of title to their mobile home secures this promissory note. By signing below, the undersigned acknowledge(s) having read and received a completed copy of the agreement and agreeing too all the terms and conditions contained therein.

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Date

---

**APPENDIX N**

**DEED OF TRUST DEED FORM AND PROVISIONS**

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RECORDING REQUESTED BY  
**EXEMPT PER GOVERNMENT CODE 6103**  
AND WHEN RECORDED, MAIL TO:

Name CITY OF HUNTINGTON BEACH  
Address 2000 Main Street, 5<sup>th</sup> Floor  
Huntington Beach, CA 92648  
Attn: Community Enhancement  
Order # \_\_\_\_\_

Space above this line for recorders

**DEED OF TRUST**

**Trustee**

**BY THE DEED OF TRUST**, made this \_\_\_\_\_ day of \_\_\_\_\_, between \_\_\_\_\_, Trustor, whose address is:

\_\_\_\_\_, Huntington Beach, CA, \_\_\_\_\_, and ~~Redevelopment Agency for the City of Huntington Beach,~~ **HOUSING AUTHORITY OF THE CITY OF HUNTINGTON BEACH**, herein called **Trustee**, and the **CITY OF HUNTINGTON BEACH** herein called **Beneficiary**, Trustor grants, transfers, and assigns to Trustee, in trust, with power of sale, that property in Orange County, California, described as:

**See Attached Exhibit "A"**  
**Legal Real Property Description**

**APN NO.:** \_\_\_\_\_

**Trustor also assigns** to Beneficiary all rents, issues and profit of said realty reserving the right to collect and use the same except during continuance of default hereunder and during continuance of such default authorizing Beneficiary to collect and enforce the same by any lawful means in the name of any party hereto.

**For purpose of securing:**

- (1) Payment of the indebtedness evidenced by one promissory note in the principal sum of \$ \_\_\_\_\_ of even date herewith, payable to beneficiary, and any extensions or renewals thereof; (2) the payment of any money that may be advanced by the Beneficiary to Trustor, or his successors, with interest thereon, evidenced by additional notes (indicating they are so secured) or by endorsement on the original note, executed by Trustor or his successor; (3) performance of each agreement of Trustor incorporated by reference or contained herein.

On October 25, 1973, identical fictitious Deeds of Trust were recorded in the offices of the County Recorders of the State of California, the first page thereof appearing in the book and at the page of the records of the respective County Recorder as follows:

County	Book	Page	County	Book	Page	County	Book	Page	County	Book	Page
Alameda	3540	89	Kings	1018	394	Placer	1528	440	Siskiyou	97	407
Alpine	18	753	Lake	743	552	Plumas	227	443	Solano	1860	581
Amador	250	243	Lassen	271	367	Riverside	1973	139405	Sonoma	2810	975
Butte	1870	678	Los Angeles	T8512	751	Sacramento	731025	59	Stanislaus	2687	332
Cakaveras	368	92	Madera	1176	234	San Benito	386	94	Sutter	817	182
Colusa	409	347	Marin	2736	463	San Bernardino	8294	877	Tehama	630	522
Contra Costa	7077	178	Mariposa	143	717	San Francisco	B820	585	Trinity	161	393
Del Norte	174	526	Mendocino	942	242	San Joaquin	3813	6	Tulare	3137	567
El Dorado	1229	594	Merced	1940	361	San Luis Obispo	1750	491	Tuolumne	396	309
Fresno	6227	411	Modoc	225	668	San Mateo	6491	600	Ventura	4182	662
Glenn	565	290	Mono	160	215	Santa Barbara	2486	1244	Yolo	1081	335
Humboldt	1213	31	Monterey	877	243	Santa Clara	0623	713	Yuba	564	163
Imperial	1355	801	Napa	922	96	Santa Cruz	2358	744			
Inyo	205	660	Nevada	665	303	Shasta	1195	293		File No.	
Kern	4809	2351	Orange	10961	398	Sierra	59	439	San Diego	73-299568	

The provisions contained in Section A, including paragraph 1 through 5, and the provisions contained in Section B, including paragraphs 1 through 9 of said fictitious Deeds of Trust are incorporated herein as fully as though set forth at length and in full herein. The undersigned Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to Trustor at the address here in above set forth, being the address designated for the purpose of receiving such notice.

Signature \_\_\_\_\_

Signature: \_\_\_\_\_

(see attached Notary Acknowledgment)

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**APPENDIX O**

**MOBILEHOME-STATEMENT TO ENCUMBER**

---

STATE OF CALIFORNIA  
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF CODES AND STANDARDS  
REGISTRATION AND TITLING PROGRAM



**STATEMENT TO ENCUMBER**

**SECTION I. DESCRIPTION OF UNIT**

This unit is a (check one):

☐ Manufactured Home, Mobilehome, Multifamily Manufactured Home ☐ Commercial Modular ☐ Truck Camper ☐ Floating Home

The Decal (License) Number(s) is: \_\_\_\_\_

The Trade Name is: \_\_\_\_\_

The Serial Number(s) is: \_\_\_\_\_

**SECTION II. LEGAL OWNER INFORMATION**

I/We are releasing legal owner interest in the above-described unit to encumber the title (record a lien) in favor of:

\_\_\_\_\_  
(Name of New Legal Owner)

Address: \_\_\_\_\_  
Street Address or P.O. Box City State Zip

**SECTION III. CERTIFICATION**

I/We certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on \_\_\_\_\_ at \_\_\_\_\_  
Date City State

Signature of each registered owner:

Printed name of each registered owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Address: \_\_\_\_\_  
Street Address or P. O. Box City State Zip

---

**APPENDIX P**

**MOBILEHOME-STATEMENT OF LIEN**

---

STATE OF CALIFORNIA  
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF CODES AND STANDARDS  
REGISTRATION AND TITLING PROGRAM



**STATEMENT OF LIEN**  
**[For Junior Lienholder(s)]**

HCD RT 480.7 (Rev. 05/20)

**SECTION I. INSTRUCTIONS**

THE CALIFORNIA HEALTH AND SAFETY CODE PROHIBITS PERFECTION OF A SECURITY LIEN BY THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNTIL THE SIGNED STATEMENT OF LIEN FORM, LAST-ISSUED REGISTERED OWNER'S REGISTRATION CARD, AND REQUIRED FEE ARE DULY FILED WITH THE DEPARTMENT.

**For direct application:** Forward the completed form, last-issued Registered Owner's Registration Card, and required fee to:  
Department of Housing and Community Development, Registration and Titling, P.O. Box 277820, Sacramento, CA 95827-7820.

**For facsimile application:** Fax the application to (916) 854-2564 and within 10 days, forward the original completed form, last-issued Registered Owner's Registration Card, and \$25.00 fee to the above address.

**SECTION II. DESCRIPTION OF UNIT**

Manufacturer Name:		Manufacturer Trade Name:
Decal (License) Number(s)	Serial Number(s)	HUD Label/HCD Insignia Number(s)

NOTE: If a multiple unit mobilehome is currently registered under multiple decals (or license plates), show the number for each and the corresponding serial numbers. If registered under one decal, show the decal number once, followed by a vertical line in the decal column to correspond with the serial numbers.

**SECTION III. JUNIOR LIENHOLDER NAME(S) AND ADDRESS**

Name(s):	<i>Last</i>	<i>First</i>	<i>Middle</i>
	1. _____		
	2. _____		

If applicable, check one of the following: ☐ JTRS ☐ TENCOM OR ☐ TENCOM AND ☐ COMPRO ☐ COMPRORS

Address:	Street or P.O. Box
----------	--------------------

**SECTION IV. REGISTERED OWNER NAME(S) AND ADDRESS**

Name(s): \_\_\_\_\_

Address: \_\_\_\_\_  
*Street or P. O. Box* *City* *State* *Zip*

**SECTION V. CERTIFICATION**

A loan of money on the security of the described unit has been agreed upon by the parties shown below, and such parties do hereby agree and request that, under Health and Safety Code section 18080.7, the Department of Housing and Community Development record and rank, in priority of receipt, the aforementioned lien as a security interest following the Legal Owner of record.

Registered Owner(s) Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

Junior Lienholder(s) Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_



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**APPENDIX Q**

**CREDIT REPORT AUTHORIZATION FORM**

---

# CREDIT REPORT AUTHORIZATION FORM

By my signature below I, \_\_\_\_\_, authorize

\_\_\_\_\_ to obtain a Background Check and / or Consumer Credit Report on me.

This authorization is valid for purposes of verifying information given pursuant to employment, leasing, rental, business negotiations, or any other lawful purpose covered under the Fair Credit Reporting Act (FCRA).

The Background Check may contain information available in the Public Domain but may not include interviews with persons other than previous employers or their agents.

By my signature below, I hereby authorize all corporations, former employers, credit agencies, educational institutions, law enforcement agencies, city, state, county and federal courts and agencies, military services and persons to release all information they may have about me including criminal and driving history. This authorization shall be valid in original or copy form.

Applicant's Name: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Date of Birth: \_\_\_\_\_

## Provide Addresses for the Last 7 Years

Current Street Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ Start Date: \_\_\_\_\_

Prior Street Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

Prior Street Address: \_\_\_\_\_ City: \_\_\_\_\_

State: \_\_\_\_\_ Start Date: \_\_\_\_\_ End Date: \_\_\_\_\_

Driver's License #: \_\_\_\_\_ State: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**\*\*NOTE: PLEASE INCLUDE A COPY OF A VALID DRIVERS LICENSE\*\***



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**APPENDIX R**  
**FAIR LENDING NOTICE**

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## FAIR LENDING NOTICE

To: All applicants for a real property secured loan to purchase, construct, rehabilitate, improve or refinance an owner-occupied one-to-four family residence; and all owner-applicants for a real property secured home improvement loan to improve a one-to-four family residence (whether or not owner occupied):

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

The California Housing Financial Discrimination Act of 1977 provides in part as follows:

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

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

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

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

Controller of the Currency  
Administrator of National Banks  
Western District  
Consumer Complaint Department  
50 Fremont Street  
Suite 3900  
San Francisco, California 94105

I (We) received a copy of this notice.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

---

**APPENDIX S**  
**TRUTH IN LENDING**  
**REGULATION Z**

---

**TRUTH IN LENDING BUYER DISCLOSURE STATEMENT**

**Regulation Z  
Deferred Payment Loan (DPL)**

**Creditor:** CITY OF HUNTINGTON BEACH

**Borrower:**

**Itemization of Amount Financed:** You have the right to receive at this time an itemization of the Amount Financed.

[ ☐ ] I want an itemization.

[ ☐ ] I do not want an itemization.

**CREDITOR'S TRUTH-IN-LENDING TO CONSUMERS  
(FEDERAL DISCLOSURE BOX)**

<b>ANNUAL PERCENTAGE RATE*</b>	<b>FINANCE CHARGE</b>	<b>AMOUNT FINANCED</b>	<b>TOTAL OF PAYMENTS</b>
The cost of my credit as a yearly rate: <b>3.0%</b>	The dollar amount my credit will cost me.	The amount of credit provided to me or on my behalf.	The amount I will have paid after I have made all payments as scheduled based upon an average of 15 years since the exact date of payoff is not known.
<b>Simple Interest Deferred</b> (if no default)	<b>\$ /year</b>	<b>\$</b>	<b>\$</b>

\* **THE ANNUAL PERCENTAGE RATE** disclosed above is a fixed rate for the life of my loan that applies if I am not in default of the terms of the Loan. In the event that I am in default of the terms of the Loan Agreement, the annual interest will be increased from 3.0% to 10.0% or the maximum amount permitted by law at the time of default, and the loan balance plus accrued interest plus penalty if any will become immediately due and payable.

**Your Payment Schedule Will Be:**

<b>NUMBER OF PAYMENTS</b>	<b>AMOUNT OF PAYMENTS</b>	<b>WHEN PAYMENTS ARE DUE</b>
<b>One (1)</b>	<b>\$</b> (Loan Amount plus accrued interest, if any)	Due on sale, refinance, transfer, lease, non-owner occupancy, or default

**Property Insurance:** You must obtain property insurance in an amount equal to the full replacement value of the structures on the Property and name the City of Huntington Beach as loss payees.

**Security:** You are giving a security interest in the real property you own which is located at \_\_\_\_\_, Huntington Beach, California 9264\_\_.

**Amount of Loan:** \$

**Term of Loan:** Due on sale, transfer, lease, refinance, non-owner occupancy, or other default.

**Negative Amortization:** If any of your payments is not sufficient to cover the interest due, the difference will be added to your loan amount.

**Recording at County:** \$ 0.00      **Filing Fees:** \$ 0.00

**Prepayment:** If you pay off early within 24 months, you

☒ may      ☐ may not      have to pay principal and accrued simple interest.

☒ may      ☐ may not      have to pay a penalty of up to \$3,000 or the maximum amount allowed by law at the time of default. *(The purpose of this penalty is to discourage my use of this program should I desire to sell the property and profit as an investor through this use of public funds.)*

**Interest Rate:** The Loan has a base interest rate that is

☒ fixed at two and one half percent (3. %) per year, unless default.

☐ variable. Disclosures about the variable-rate feature have been provided to you earlier.

**Assumption:** Someone buying your house

☐ may, subject to conditions, be allowed to assume the remainder of the mortgage on the original terms.

☒ cannot assume the remainder of the mortgage on the original terms.

**Demand Feature:** This obligation

☐ has a demand feature

☐ has no demand feature

☒ requires repayment in full plus applicable interest and penalty upon default, sale or transfer, lease, exchange or other disposition of any interest therein, failure to occupy or default any obligation of the loan as disclosed in the Deed of Trust and the Promissory Note.

See your loan documents for any additional information about the terms for the provisions of the City Loan, default requirements, and any required repayment in full before the scheduled date.

#### ITEMIZATION OF THE AMOUNT FINANCED

\$ Amount financed and credited to escrow

\$ **0.00** Amount given to you directly

Amount to be paid to others on your behalf:

\$ to loan processing, title, and escrow services

\$ to contractor(s) for the work.

\$ **0.00** for lead testing

\$ **0.00** prepaid finance charge

I have carefully reviewed the Loan Disclosure, consisting of \_\_\_\_\_ pages.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Property Owner

Dated: \_\_\_\_\_

\_\_\_\_\_  
Property Owner



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**APPENDIX T**

**SAMPLE CONTRACT BETWEEN HOMEOWNER  
AND GENERAL CONTRACTOR**

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# SAMPLE

## DEFERRED PAYMENT LOAN CITY OF HUNTINGTON BEACH

### CONTRACT for CONSTRUCTION between OWNERS and CONTRACTOR

**THIS AGREEMENT** ("Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, by and between **Name** hereinafter referred to as the "OWNER" and **Contractor Name**, hereinafter referred to as the "CONTRACTOR". This instrument constitutes the sole and only agreement of the parties hereto relating to said project and correctly sets forth the rights, duties, and obligations of each to the other as of its date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this contract individually and or collectively are of no force and or effect. This agreement may be amended only by a written addendum signed by both parties.

**WITNESSETH**, that OWNERS and CONTRACTOR for the consideration stated herein mutually agree as follows:

1. The CONTRACTOR agrees to make repairs/improvements as stated on the approved Work Write-Up (Exhibit A) on property located at **site address, HUNTINGTON BEACH, CA 92648**, hereinafter referred to as "PROPERTY", all in strict accordance with documents for the Rehabilitation Loan Program administered by the City of Huntington Beach (herein after the "City").
2. Subject to the approval of OWNERS, CONTRACTOR shall furnish all supervision, labor, materials, machinery, tools, equipment, fixtures and services including transportation services and perform and complete all work described in the Scope of Work (hereinafter "Work"), Exhibit "A" to this Agreement.
3. OWNERS shall pay CONTRACTOR for performance of this contract an amount not to exceed **Twenty four thousand five hundred dollars (\$24,500.00)**, not including any additional payments for change orders pursuant to paragraph 12 below.
4. Funds shall be disbursed to CONTRACTOR for the substantial completion of Work provided that CONTRACTOR complies with the following provisions. Loan proceeds are to be disbursed to the CONTRACTOR the OWNERS or by Joint check to the Owners and Contractor for the benefit of the Owners.
  - a. INVOICES AND CHANGE ORDERS TO BE SUBMITTED. CONTRACTOR must furnish OWNERS with printed invoice and itemized bill describing each work item as per Exhibit A and any approved change order(s). Change orders shall be submitted in writing and at minimum have all the information required under the CONTRACTORS' State Law, Business and Professions Code, Section 7159.
  - b. RELEASE OF LIEN. CONTRACTOR must furnish OWNERS with Labor and Lien Releases covering all materials and labor pertaining to each invoice. Upon satisfactory payment being made for a portion of the work being performed, the CONTRACTOR shall, prior to any further payment being made, furnish to the OWNERS for the home improvement work, a full and unconditional release from any claim or mechanics lien for that portion of the work for which payment has been made. This requires not only the CONTRACTOR'S full and unconditional release but also full and unconditional releases from all subcontractors and material suppliers.
  - c. INSURANCE, LICENSE, PERMITS. CONTRACTOR shall procure and pay for all insurance, all permits, and all licenses and give all notices necessary and incident to the due and lawful prosecution of the work. CONTRACTOR must furnish OWNERS with copies of all permits prior to any payments.
  - d. INSPECTION. CONTRACTOR and or OWNERS shall have arranged for all required building department and housing department inspections as well as any other authorities having jurisdiction over the work.
  - e. PAYMENT REQUESTS NOT TO EXCEED. CONTRACTOR payment requests shall not be in excess of the value of work completed at any given time.

- f. DOWNPAYMENT AND PAYMENT SCHEDULE. **Contracts for home improvement under this program will not include a down payment.** The following payment schedule shall be used for the work:

Progress Payment(s): 90% and Final Payment: 10%

5. CONTRACTOR agrees to the following schedule for the Work:

- a. COMMENCEMENT. CONTRACTOR shall commence work within 20 days of the execution of this Agreement provide that OWNERS has prepared the job site in accordance with Exhibits A and B. Failure by the CONTRACTOR, without lawful excuse, to substantially commence work within **20 days** from the approximate date specified in the contract and or notice to proceed, is a violation of the CONTRACTORS License Law. If CONTRACTOR fails to commence work within (30) days of the date of the Owners' notification to proceed, OWNERS shall have the right to terminate this agreement.
- b. COMMENCEMENT AND COMPLETION. CONTRACTOR shall complete all Work within **90 days** from execution of this Contract and or notice to proceed.
- c. OWNERS may grant CONTRACTOR an extension of time in writing for unforeseeable delays beyond the control of and without fault or negligence of CONTRACTOR, including delays caused by the OWNERS.

In the event that the CONTRACTOR fails to comply with the foregoing schedule in items a or b. above, OWNERS shall have the right to terminate this Agreement upon written notice in accordance with Paragraph 16 and or Paragraph 17.

6. Prior to the execution of this Contract, the CONTRACTOR shall submit in writing for OWNERS approval, a list of subcontractors who will be used to perform work under this contract. Requests for substitutions shall be submitted, in advance of procurement and in writing, to OWNERS and will be subject to approval of the OWNERS and the City of Huntington Beach.
7. CONTRACTOR shall perform all work in accordance with local codes and requirements, and manufacturer's recommendations whether or not covered by specifications and drawings for the work.
8. CONTRACTOR shall not assign the contract without prior written consent of OWNERS.
9. The Attached Exhibit "B" ADDITIONAL PROVISIONS shall be incorporated into and become part of this Contract.
10. CONTRACTOR shall guarantee all work, labor, and materials for a period of at least one (1) year from the date of the final inspection of all work required by the contract. CONTRACTOR shall furnish OWNERS with all manufacturers' and suppliers' written guarantees, warranties and operating instructions covering materials, appliances, and fixtures supplied or installed under this contract.
11. INSURANCE. CONTRACTOR shall at its expense, procure and maintain insurance on all of its operations, with insurance carriers, and in amounts acceptable to OWNERS as required by the contract and, including the following overages:
- a. Worker's Compensation Insurance, providing coverage as required by the California State Worker's Compensation Law.
- b. Comprehensive General Liability in the minimum amounts stated below.
- c. Automobile Liability Insurance for owned and non-owned automobiles.
- d. The following contractors are excluded from the liability insurance coverage requirement:

N/A

Prior to the commencement of any construction on the Project, the CONTRACTOR shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to the City and the OWNERS, during the entire term of construction, a policy of comprehensive general liability insurance. CONTRACTOR shall endorse the third party general liability coverage required herein to include as additional insured City, its officials, employees and agents. The OWNERS agrees that the provisions of this Paragraph shall not be construed as limiting in any way the extent to which the CONTRACTOR may be held responsible for the payment of damages to any persons or Site resulting from the CONTRACTOR'S activities, or actions or inactions of any person or persons for which the CONTRACTOR is otherwise responsible.

Any conditions or exclusions that limit or reduce the coverage(s) must be disclosed before starting work at the jobsite. The failure of the OWNERS to enforce in a timely manner any of the provisions of this agreement shall not act as a waiver to enforcement of any of these provisions at a later date in the performance of this agreement.

12. All CONTRACTOR and OWNERS change orders will be in writing and have approval of OWNERS and CONTRACTOR before the installation of the work. All change orders not authorized by OWNERS in writing shall not be paid. All change orders will specify exact items, sums, changes in Exhibit "A", and changes in the completion dates.
13. If CONTRACTOR is absent from PROPERTY thirty (30) consecutive calendar days without written approval from OWNERS, this contract may be unilaterally terminated by OWNERS.
14. The CONTRACTOR shall employ or cause to be employed Lead Safe Work Practices to minimize lead contaminates in the jobsite environment which may be disturbed in the performance of the work.
15. RESOLUTION OF DISPUTES. Disputes arising between OWNERS and CONTRACTOR shall be resolved as follows:

All claims and disputes relating to this contract shall be decided by arbitration in accordance with the rules of the American Arbitration Association for the construction industry. Notice of the demand for arbitration shall be filed in writing with the other party to this agreement, and shall be made within a reasonable time after the dispute has arisen. Should either party bring suit in court to enforce the terms hereof, any judgment awarded shall include court costs and reasonable attorney's fees to the prevailing party.

16. TERMINATION. In the event the CONTRACTOR fails to perform or refuses to complete the work as set forth in the schedule herein, or fails or refuses to use due diligence in performing the required alterations and improvements, and in further event that such failure, refusal or default continues for 72 hours after delivery to CONTRACTOR of a written notice to cure such default, then the OWNERS may terminate this contract by written notice to CONTRACTOR, and upon delivery of such notice, CONTRACTOR shall immediately surrender possession of the premises and remove all equipment and uninstalled materials there from.
17. TERMINATION AT WILL. The OWNERS at its sole option may terminate this agreement with 72 Hours written notice. Should a termination be made other than for CONTRACTOR'S failure to perform or the CONTRACTOR'S breach of this agreement, OWNERS shall pay CONTRACTOR the cost of the work actually completed by the CONTRACTOR in its performance of the agreement, plus 10% of such amount as and for CONTRACTOR'S overhead and profit, less, however, all sums paid CONTRACTOR prior thereto pursuant to this Agreement, and any deductions from the contract price made by the OWNERS in accordance herewith, provided, however, the total amount to be received by the CONTRACTOR pursuant to this agreement shall not in aggregate exceed the contract price. As a condition precedent to CONTRACTOR'S right to receive payment pursuant to this Paragraph, CONTRACTOR shall, upon request by OWNERS, provide written evidence satisfactory to OWNERS, including but not limited to cancelled checks, paid invoices, releases, and such other documentation as OWNERS may require, substantiating CONTRACTOR'S claims of CONTRACTOR against OWNERS. Payment pursuant to this Paragraph shall be subject to all the terms and conditions of, and procedures for, payment set forth in this Agreement.

18. INTEREST OF MEMEBERS, OFFICERS, EMPLOYEES OF A PUBLIC BODY, MEMEBERS OF LOCAL GOVERNING BODY, OR OTHER PUBLIC OFFICIALS. No member, officer, or employee of the City of Huntington Beach, or its designees or agents, no member of the governing body of the localities who exercises any functions or responsibilities with respect to the program during his tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement.
19. PROHIBITION OF KICKBACKS. The CONTRACTOR hereby attests that it nor any of its officers, partners, owners, agents, representatives, employees, or parties in interest has not in any way colluded, conspired, connived or agreed, directly or indirectly with any other bidder, firm, or person to submit a collusive or a sham bid or to fix any overhead or profit or cost element of the bid price or prices in connection with this CONTRACT agreement. Furthermore, both the OWNERS and the CONTRACTOR agree that no part of the funds provided under this agreement shall be used in payment of any bonus or commission for the purpose obtaining any other benefit to the OWNERS or CONTRACTOR or its officers, partners, owners, agents, representatives, employees, or parties in interest.
20. INDEMNIFICATION. To the fullest extent permitted by law, CONTRACTOR shall forever indemnify and hold harmless the City of Huntington Beach, its officers, employees, respective heirs, consultants, and agents from and against any claims, demands, causes of actions and liability of every kind and nature whatsoever arising out of or in connection to the subject matter of this Agreement including without limitation any damages to property or injuries to persons which may be caused by any negligent act or omissions of the OWNERS and or CONTRACTOR under this Agreement. The indemnity set forth in this Paragraph shall not be limited by insurance requirements or by any other provision of this agreement.
21. Nothing in this Contract shall be construed as forming a contractual or any financial relationship of any kind between the CONTRACTOR and the City of Huntington Beach, its officers, employees, agents, consultants, and respective heirs.

**OWNERS AND CONTRACTOR HAVE READ THE FOREGOING, AND UNDERSTAND AND AGREE TO EACH AND EVERY PROVISION.**

\_\_\_\_\_  
Owner's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contractor's Signature

\_\_\_\_\_  
Date

**NOTICE TO CONTRACTOR AND HOME OWNER**  
**PLEASE READ AND SIGN AFTER CONTRACTOR SELECTION HAS BEEN MADE**

Construction funds for this project are funded exclusively by the City of Huntington Beach in conjunction with the City of Huntington Beach's Low Interest Housing Rehabilitation Program.

All funds have been deposited into an account with Tiempo Escrow Company who has been given the authorization to disburse such loan funds on behalf of the City. Payments, or draws, will be made only after an inspection performed by a City-hired, rehabilitation specialist. Under no circumstances may these payments exceed 100% of the value of the work performed at that time. Make your draws coincide with completed work. The City's authorized rehabilitation specialist will inspect the completed work within 72 hours after a request for inspection is received from either the contractor or homeowner.

If your bid is accepted by the owner, and you wish to do the work you will be required to provide an itemized cost breakdown for the job as well as a list of subcontractors who will work on the job and their phone numbers. The City and its authorized rehabilitation specialist must approve cost breakdowns. No contract will be accepted without these items. Your preliminary bid needs to include the cost breakdown or list of subcontractors.

Contractors must be aware that mechanics' lien releases must be supplied to Tiempo Escrow before they can release a payment.

No down payment of advance money will be allowed.

All contracts must comply with California State Contractor License Law, each contract must have your California license number, beginning and completion dates, payment schedule, description of what constitutes substantial commencement of work, notices regarding Mechanic's Liens, a right of rescission provision, the address of contractor state license board, and all other notices required under Section 7018.5 of the contractor's license law.

Contractors are responsible for obtaining all required plans, permits and inspections. No payments will be made where those requirements are not met.

New medium grade materials must be used on all projects unless specifically agreed to in writing by the City and owner.

If you are doing any painting on the job, no lead based paint may be used.

Absolutely no changes will be allowed to the contract without prior written approval from the City and the owner.

All work must be performed to code and workmanship must meet acceptable standards of the industry.

**CONTRACTOR:** Indicate by completing the following statement that this form will become the last page of your contract.

This is page # 5 of my Contract # 1 dated \_\_\_\_\_. My initials: \_\_\_\_\_

This contract is contingent upon the City's approval of the Rehabilitation Loan funds.

I have read and received a copy of this form. I agree to abide by all the above rules.

\_\_\_\_\_  
**Contractor's Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Homeowner's Signature**

**Date**

\_\_\_\_\_  
**Homeowner's Signature**

**Date**

---

**APPENDIX U**

**NOTICE TO PROCEED**

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# CITY OF HUNTINGTON BEACH

## DEPARTMENT OF COMMUNITY DEVELOPMENT

PLANNING ♦ BUILDING ♦ PERMIT CENTER ♦ ECONOMIC DEVELOPMENT ♦ HOUSING ♦ CODE ENFORCEMENT

\_\_\_\_, 2022

Contractor Name and Address

### NOTICE TO PROCEED

**Rehabilitation Project:** \_\_\_\_\_ (address)  
Huntington Beach, CA 9264\_  
Mr. and/or Ms. \_\_\_\_ (Property Owner)

Dear (contractor):

You are hereby notified to commence and proceed with the above referenced rehabilitation project as per the executed Owner/Contractor Agreement, according to the schedule agreed upon by you and the above referenced homeowner.

If possible, work shall begin within (30) calendar days after receipt of this Notice.

Contractor's failure to commence work, without lawful excuse, within 30 days from the date specified above may cause the cancellation of the contract by the property owner as failure to perform. **The work shall be completed by \_\_\_\_ \_\_\_\_, 202\_ (90 days from above date).**

Sincerely,

Robert G. Vasquez  
Housing Consultant

cc: Owner, as referenced above.

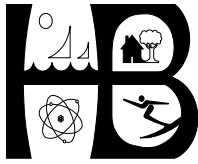


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**APPENDIX V**

**LOAN SUBORDINATION POLICY AND  
APPLICATION FORM**

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# CITY OF HUNTINGTON BEACH HOMEOWNER REHABILITATION LOAN PROGRAM

## LOAN SUBORDINATION POLICY

**DATE:** \_\_\_\_\_

**TO: Borrowers and Lenders**

The City of Huntington Beach will consider subordination of City of Huntington Beach Homeowner Rehabilitation Loan Program loans under the following circumstances:

1. Borrower will be refinancing their first mortgage at a reduced interest rate that results in a lower monthly mortgage payment.
2. Borrower will not be withdrawing or using any equity ("pulling out cash") for any reason. However, any fees associated with the refinance may be included in the new first mortgage.

**The City will not approve a subordination that involves the following:**

- Withdrawal of equity for any reason
- Subordination to a loan involving negative amortization
- Subordination to a variable rate mortgage loan
- Change of ownership, including adding new owners or co-signer(s) onto the loan or title.
- The combined total of the new first mortgage loan and City's existing second mortgage loan exceeds the appraised value of the subject borrower's property.

**PLEASE NOTE:** The City's loan will become immediately due and payable if the borrower at any time: (1) takes out any other loan against the property in lieu of subordinating the City's loan, OR (2) uses refinance proceeds to repay revolving or other debt.

**The following items are required by the City of Huntington Beach at the time that a subordination request submitted:**

1. Fee: A service charge for processing of the request. Payment should be made to the City of Huntington Beach. Payment of this fee may be made through escrow.
2. Required Documentation (copies are acceptable):
  - Borrower's loan application for the new first mortgage loan
  - Credit Report
  - Estimated Closing Statement
  - Preliminary Title Report
  - Escrow Instructions
  - Truth in Lending Statement (Regulation Z)
  - Appraisal

**The following items will be required at the close of escrow:**

1. Copy of HUD I Settlement Statement.
2. Lender's policy of title insurance naming either: (1) the Housing Authority of the City of Huntington Beach OR (2) the City of Huntington Beach, a municipal corporation, as additional

insured as shown on the title report, depending upon the vesting of the City's existing deed of trust.

3. Proof of hazard insurance naming either: (1) the Housing Authority of the City of Huntington Beach OR (2) the City of Huntington Beach, a municipal corporation, as additional insured as shown on the title report, depending upon the vesting of the City's existing deed of trust.

**Please forward the required items to the following:**

**City of Huntington Beach  
Community Enhancement  
2000 Main Street, 5<sup>th</sup> Floor  
Huntington Beach, CA 92648**

**Processing Time:** *(Please allow sufficient time for loan closing to accommodate this process)*

- Subordination requests will be responded to within 10 days after they are received by the Economic Development Department.
- A Subordination Agreement will be available within 30 days following the receipt of the subordination request provided all City requirements have been satisfied.
- A subordination request that does not meet the City's requirements will be denied.

**DUE TO VOLUME, THE ABOVE INFORMATION CANNOT BE ACCEPTED BY FAX. If you have any questions, please call (714) 536-5470.**

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**APPENDIX W**

**LOAN SUBORDINATION REQUEST FORM**

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**HUNTINGTON BEACH HOMEOWNER REHABILITATION LOAN PROGRAM**  
**LOAN SUBORDINATION REQUEST**

(Please submit with additional information outlined in Loan Subordination Policy letter)

LENDER: \_\_\_\_\_  
LENDER TELEPHONE: \_\_\_\_\_  
LENDER ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ESCROW COMPANY: \_\_\_\_\_  
ESCROW ADDRESS: \_\_\_\_\_  
CONTACT PERSON: \_\_\_\_\_  
ESCROW NO.: \_\_\_\_\_  
ESCROW PHONE #: \_\_\_\_\_

NAME OF BORROWER(S): \_\_\_\_\_  
PROPERTY ADDRESS: \_\_\_\_\_  
ASSESSOR PARCEL NO.: \_\_\_\_\_

**ORIGINAL First Mortgage Loan**  
AMOUNT OF NOTE: \$ \_\_\_\_\_  
DATE OF NOTE: \_\_\_\_\_  
INTEREST RATE: \_\_\_\_\_ ☐ Fixed ☐ ARM

**NEW First Mortgage Loan**  
NAME OF MORTGAGE HOLDER: \_\_\_\_\_  
LOAN AMOUNT: \$ \_\_\_\_\_  
COSTS TO BE ROLLED INTO THE NEW LOAN: \$ \_\_\_\_\_  
INTEREST RATE: \_\_\_\_\_ % ☐ Fixed ☐ ARM

\_\_\_\_\_  
Name Printed/Signature of Lender/Broker Date

**OFFICE USE**  
Date Received: \_\_\_\_\_ ☐ Approved ☐ Denied Date: \_\_\_\_\_  
BY: \_\_\_\_\_ BY: \_\_\_\_\_