

**IMPERIAL COUNTY
WORKFORCE AND ECONOMIC DEVELOPMENT
REQUEST FOR PROPOSALS**

**NEIGHBORHOOD STABILIZATION PROGRAM
PROGRAM MANAGEMENT ASSISTANCE**



**Funded by:
U.S. Department of Housing and Urban Development**

Issued Thursday, April 14, 2022

DUE DATE AND SUBMISSION REQUIREMENTS:

One (1) Original and Five (5) Copies of Proposals must be received by **5:00 P.M.** on **Thursday, May 05, 2022**

Point of Contact:

Jade Padilla
Program Manager
2799 S. 4th St
El Centro, CA 92243
(442) 265-1104
jadepadilla@co.imperial.ca.us

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Exhibit 1

COUNTY OF IMPERIAL **REQUEST FOR PROPOSALS FOR** **NEIGHBORHOOD STABILIZATION PROGRAM MANAGEMENT ASSISTANCE**

NOTICE IS HEREBY GIVEN that the County of Imperial, acting by and through its Board of Supervisors, hereinafter referred to as the "COUNTY", will receive up to, but no later than **5:00 p.m. on May 05, 2022**, sealed PROPOSALS for negotiation and award of a contract concerning **NEIGHBORHOOD STABILIZATION PROGRAM MANAGEMENT ASSISTANCE**, including program implementation services for Imperial County Workforce and Economic Development.

To be considered, **one original and five copies of PROPOSALS** must be received in the office of the **Imperial County Purchasing Department, 1125 Main Street, El Centro, California, 92243, ATTN: RFP Proposal re NSP Program Management Assistance** by the date and time specified above.

Proposals shall be evaluated by a selection committee. It is the County's intention to select the Consultant whose proposal is deemed most advantageous to the County in accordance with the evaluation criteria set forth in this Request for Proposals. A Selection Committee appointed by the Imperial County Workforce and Economic Development Director will review and score the proposals and recommend the most responsive and responsible firm to receive the contract award. The Selection Committee's recommendation will be forwarded to the Imperial County Board of Supervisors for final determination.

Each proposal must conform and be responsive to the Governing Agreement, a sample of which is attached as Exhibit 3. This Sample Governing Agreement may also be obtained at the office of Workforce and Economic Development located at 2799 S. 4th Street, El Centro, California, 92243.

The COUNTY reserves the right to reject any or all PROPOSALS, or to waive any irregularities or informalities in any proposals or in the proposal and selection process.

Disadvantaged Business Enterprises (DBE), Minority Business Enterprises (MBE), Women Business Enterprises (WBE), and Veteran Owned Businesses (VOB) are encouraged to participate.

Exhibit 2

INFORMATION FOR PROPOSERS

1.0 PURPOSE

The COUNTY, through the Imperial County Workforce & Economic Development (ICWED) Department, is soliciting proposals from qualified and experienced individuals or firms to provide Program Management Assistance and related services for the Neighborhood Stabilization Program (NSP-3) to service target areas within the Imperial County. Target areas include Brawley, Calexico, El Centro, Heber, Imperial, Seeley, and Salton City. The program is anticipated to involve the acquisition, rehabilitation, and resale of foreclosed and abandoned homes to low and moderate income households in the designated NSP-3 target areas.

Final selection of a Consultant will be contingent upon approval from the funding agency, which is the U.S. Department of Housing and Urban Development (HUD).

All communications relating to this RFP must be directed to the contact person named below and **only** through email or written correspondence. Any communications between a respondent and COUNTY staff concerning this RFP are prohibited. In no instance is a respondent to discuss cost information, quality of responses, names of additional respondents, or any other information requested by or contained in a proposal with the point of contact or any other staff prior to proposal evaluation. Failure to comply with this section may result in COUNTY's disqualification of the proposal. The respondent is responsible for ensuring the response is received before the deadline. Copies or faxed responses will **not** be accepted. COUNTY assumes no responsibility for lost or misrouted mail.

The term of the Agreement for services will be for a period of up to three years from the date of an executed agreement. If both parties agree, the County reserves the ability to initiate the option to amend this contract up to two times, each for a one (1) year extension.

2.0 PRE-PROPOSAL CONFERENCE

- 2.1** A pre-proposal conference will be held via Zoom on **April 21, 2022**, at **9:00 a.m.** at:

<https://us06web.zoom.us/j/85996991385?pwd=eWdYZjFWdk50NkZWQjU0bVZBMzdBUT09>
Meeting ID: 859 9699 1385
Passcode: 506777

Attendance at the pre-proposal conference **is not** a mandatory requirement for those interested in submitting a proposal.

3.0 CALENDAR OF EVENTS

3.1	RFP sent out to consultants	April 14, 2022
3.2	Pre-proposal conference	April 21, 2022 9:00 A.M.
3.3	Deadline for County to receive written questions	April 25, 2022

		5:00 P.M.
3.4	Written responses for questions received by April 25 2022 will be available by	April 28, 2022
3.5	Package, References, and other documentation must be <u>received</u> by County on or before	May 05, 2022 5:00 P.M.

4.0 SCOPE OF SERVICES

The County of Imperial is seeking to contract with an individual or firm to provide Program Management Assistance services to implement the NSP-3 Program. The individual or firm will perform the following services under the supervision and direction of the Director of Imperial County Workforce and Economic Development:

- 4.1** Consultant shall provide on an as-needed basis Program Management Assistance services for the NSP-3 Program to the County of Imperial for a period of three years. The County reserves the option to amend this agreement for up to two one (1) year extensions.
- 4.2** Consultant shall work closely with the County to manage and implement the NSP-3 Program. County staff will be available to assist with the program management and related tasks.
- 4.3** Consultant will provide technical assistance to the County in the application of the DRGR System and will assist in the completion of program reporting.
- 4.4** Consultant will assist the County in resolving any findings and concerns as a result of HUD program monitoring.

5.0 MANDATORY REQUIREMENTS FOR ALL PROPOSALS

- 5.1** All proposals must demonstrate that the service provider has a willingness and ability to comply with all documents, including but not limited to, the Sample Governing Agreement identified as Exhibit "3".
- 5.2** All proposals must be accompanied with the name(s), title(s) and resume(s) of the individual(s) who will be performing the services should the contract be awarded.
- 5.3** All parties submitting a proposal shall include with their proposals at least three (3) current references, including name, address, and telephone number.

6.0 CONTRACT TERMS AND CONDITIONS

Please refer to the attached Exhibit 3, Sample Governing Agreement. The attached Exhibit 3 is a sample of the agreement that the winning party will be expected to sign. It is not the final agreement and there may be additional or different terms included in the final agreement.

7.0 PREPARATION OF PROPOSAL

All proposals must include one original and five copies to be submitted in sealed envelopes

bearing on the outside the name of the consultant, address, and the title of the RFP for which the proposals are submitted. It is the sole responsibility of respondent to ensure that the proposals are received by the COUNTY in the proper time. Any proposals received after the scheduled closing time for receipt will be returned to the consultant unopened. Proposals may not be submitted by facsimile, telegraph, electronic mail or any other means other than by personal delivery, United States Mail or other delivery services such as Federal Express or United Parcel Service.

8.0 SIGNATURE

The statement of qualifications document, proposal, and any modification(s) must be signed in the name of the consultant and must bear the original signature of the person or persons authorized to sign the proposal.

9.0 MODIFICATIONS

Any modification of any proposals submitted must be in writing and received by the COUNTY prior to the closing time for proposals. Modifications may not be submitted by facsimile, telegraph, electronic mail or any other means other than by personal delivery, United States Mail or other delivery services such as Federal Express or United Parcel Service. Any proposals, qualifications, or modifications received after the scheduled closing time for receipt of proposals will be returned to the consultant unopened.

10.0 ERASURES

Proposals submitted must not contain any erasures, interlineations, or other corrections unless each such correction is suitably authenticated by putting in the margin immediately opposite the correction the surname or surnames of the person or persons signing the proposal.

11.0 WITHDRAWAL OF PROPOSALS

Respondents may withdraw their proposals either personally or by written request at any time prior to the scheduled closing time for receipt of proposals.

12.0 PROPOSAL ELEMENTS

Proposals must address each of the elements in this section.

12.1 Qualifications

- a. Relevant Experience: Applicant's demonstration of adequate, meaningful and relevant experience with projects of a similar/comparable type including experience in Escrow, Title and related services. Preference will be given to individuals/firms with State Housing and Community Development (HCD) experience. Include the names, addresses and phone numbers of contact persons for several contracts for which you have performed services as solicited in this RFP.

- b. Relevant Education: Applicant's demonstration of certification and training required to perform services, including licensing requirements (i.e. engineer, architect, or contractor).
- c. Responsiveness to Project Requirements: Applicant's demonstrated success in completing projects on time and responsiveness to meeting changing requirements. Attentiveness to and compliance with RFP instructions, interview requirements, and other aspects of the selection process will be considered as an indication of responsiveness.
- d. A brief statement of your policy regarding affirmative action.
- e. The Service Provider shall carry not less than the following insurance and shall provide verification to the County upon request:
 - 1. Professional Liability Insurance: Errors and Omissions Insurance in an amount of at least \$1,000,000 single limit coverage, covering all personnel employed by the Consultant in the capacity of acting as an Agent of the municipality.
 - 2. General Liability Insurance: General Liability Insurance in an amount of at least \$1,000,000, single limit coverage, covering all personnel employed by the Building Office in the capacity of acting as an Agent of the municipality.
 - 3. Worker's Compensation: Worker's Compensation Coverage in full compliance with California statutory requirements for all personnel employed by the Consultant in the capacity of acting as an Agent of the municipality.
 - 4. Automobile Liability Insurance: Automobile Liability Insurance in an amount of at least \$1,000,000 combined single limit coverage including owned, non-owned and hired vehicles.

12.2 Proposed Scope of Work

A prospective service provider should indicate an understanding of the requested services as described in Section 4, Scope of Services, and describe how it proposes to service the County in these aspects.

12.3 Project Personnel and Their Availability

Provide resume(s) of the key personnel who would be assigned to perform the services as described. Indicate status of each person's relationship to your firm, whether an employee, partner, subcontractor, or other contractual agreement. The statement should also identify for each member of the project team, their area of expertise, role in the project, and experience with similar or related projects.

Qualified personnel shall perform all services and shall maintain all necessary certificates and licenses required to perform such services.

Except when, and if, the workload demands otherwise, all services shall be conducted within the normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday.

12.4 Cost of Proposed Services

Describe your proposed basis for determining the cost of the requested consulting services, including fee schedules, for the term of the contract. Provide specific information on how the cost of a work program task would be determined and billed.

13.0 SELECTION PROCESS

The County of Imperial will review the qualifications based on the selection criteria and 100 point scale as follows:

1. General firm and individual experience:	15 points
2. Specific experience as it pertains to NSP-3, HUD, and other grant programs:	10 points
3. Specific experience as it pertains to the Scope of Work above mentioned in Item 4.0:	25 points
4. Capacity to perform the Scope of Work and ability to conclude the work in a timely manner:	15 points
5. Quality of staff and their availability:	15 points
6. Overall quality of qualifications, especially thoroughness:	5 points
7. Cost of Services	15 points
Total Value:	100 points

Additional questions may be asked of those submitting a proposal and formal interviews may be conducted as well. Respondents will be notified of any additional required information or interviews after written proposals have been evaluated.

The COUNTY reserves the right to reject any and all proposals submitted; to request clarification of services submitted; to request additional information; and to waive any irregularity in the proposal and review process, as long as COUNTY procedures remain consistent with HUD procurement requirements. The COUNTY may select one consulting firm or a combination of consulting firms to provide the range of services requested.

14.0 PROHIBITION AS SUBCONTRACTORS UNDER COMPETITIVE SEALED PROPOSALS

No party submitting a proposal who is permitted to withdraw a proposal shall, for compensation, perform any subcontract or other service for the person or firm to whom the contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn proposal was submitted.

15.0 FEDERAL REGULATIONS

15.1 Affirmative Action

The work to be performed under this contract is on a project assisted under a program providing direct federal financial assistance from the UNITED States Department of Housing and Urban Development (HUD) and subject to 24 CFR 85.36(e). County hereby notifies all bidders that it will affirmatively insure that in

any contract entered into pursuant to this advertisement, disadvantaged, minority and women's business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, religious creed, sex, or national origin in consideration for an award. Minority- and women-owned and operated businesses are encouraged to apply.

15.2 Section 3

The work to be performed under this contract in on a project assisted under a program providing direct federal financial assistance from the HUD, Community Development Block Grant Program, and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low and moderate income persons residing within the project area and that the contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in the area of the project. Regulations for implementing the Section 3 clause are contained in 24 CFR 135, as amended, and as specified in the project specifications.

15.3 Federal Terms and Conditions

During the performance of the contract, the Contractor must agree to comply with all applicable Federal laws and regulations including but not limited to each of the following:

A. Equal Opportunity

During the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will comply with Executive Order 11246 of September 24, 1965 entitled Equal Employment Opportunity as amended by Executive Order 11375 of October 1967 as supplemented in Department of Labor regulations (41 CFR Chapter 60).
2. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to insure that applicants are employed and that employees are treated equally during employment, without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment upgrading, demotion, transfer, recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the County setting forth the provision of the nondiscrimination clause.
3. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, sex, or national origin.
4. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers'

representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5. The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to this books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
6. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
7. The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order N. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States or enter into such litigation to protect the interests of the United States.
8. The contractor shall file, and shall cause each of his subcontractors to file, Compliance Reports with the contracting agency or the Secretary of Labor as may be directed. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Secretary of Labor may prescribe.
9. Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of the Order, or any preceding similar Executive order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance reports prior to or as an initial part of their bid or negotiation of a contract.
10. Whenever the Contractor or subcontractor has a collective bargaining agreement or other Contract or understanding with a labor union or an agency referring workers or providing or supervising apprenticeship or training for such workers, the compliance Report shall include such information as to such labor union's or agency's practices and policies affecting compliance as the Secretary of Labor may prescribe: Provided, that to the extent such information is within the exclusive possession of a labor union or an agency referring workers or providing or supervising

apprenticeship or training and such labor union or agency shall refuse to furnish such information to the Contractor, the Contractor shall so certify to the Secretary of Labor as part of its Compliance Report and shall set forth what efforts he/she has made to obtain such information.

11. The Secretary of Labor may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of behalf of any labor union or any agency referring workers or providing or supervising apprenticeship or other training, with which the bidder or prospective contractor deals, with supporting information, to the effect that the signer's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin, and that the signer either will affirmatively cooperate in the implementation of the policy and provision of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union, or the agency shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement and such additional factual material as the Secretary of Labor may require.
12. The Contractor will cause the forgoing provision to be inserted in all subcontracts for work covered by this Agreement so that such provisions will be binding upon each subcontractor, provided that the forgoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

B. Disadvantaged/Minority/Women Business Enterprise Federal Regulatory Requirements under 24 CFR 85.36(e)

1. The Contractor will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.
2. Affirmative steps shall include:
 - a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
 - d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
 - e. Using the Services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

C. Copeland "Anti-Kickback" Act (18 U.S.C. 874)

Contractor shall comply with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3).

D. Compliance with Labor Standard Provisions

Contractor shall comply with all provisions contained in the form HUD-4010, Federal Labor Standards Provisions.

E. Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330)

Contractor will comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). Requires the contracting officer to insert the clauses set forth in 29 CFR Part 5, construction contracts awarded by grantees and subgrantees in excess of \$2,000, and in excess of \$2,500 for other contracts which involve the employment of mechanics or laborers).

F. Requirements and Regulations pertaining to Data and Design

All data and design and engineering work created under this Agreement shall be owned by the County and shall not be subject to copyright protection. The rights to any invention which is developed in the course of this Agreement shall be the property of the County.

G. Requirements and Regulations pertaining to Reporting

The County, State CDBG, HUD and the Comptroller General of the United States of any of their duly authorized representatives shall be granted access to any books, documents, papers and recorders of Contractor which are directly pertinent the contract.

H. Compliance with Clean Air Act and Clean Water Act

1. Contractor shall comply with all applicable standards, orders and requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1857 (h)).
2. Contractor shall comply with all applicable standards, orders and requirements issued under Section 508 of the Clean Air Act (33 U.S.C. 1368).
3. Contractor shall comply with Executive Order 11738 and Environmental Protection Agency regulations (40 CFR Part 15).\

I. Compliance with Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871)

The Contractor shall comply with the mandatory standards and policies relating to energy efficiency with are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

D/MBE/WBE Implementation Guidelines

The following information, as applicable, shall be retained by Contractor and produced upon request by General Services if determined by General Services to be necessary to establish the bidder's "good faith efforts" to meet the Disadvantaged/Minority/Women Business Enterprise (D/M/WBE) requirements:

1. The names and dates of advertisement of each newspaper, trade paper, and minority-focus paper in which a request for D/M/WBE participation for this project was placed by the bidder.
2. The names and dates of notices of all certified D/M/WBEs solicited by direct mail for this project and the dates and methods used for following up initial solicitations to determine with certainty whether the D/M/WBEs were interested.
3. The items of work for which the bidder request subbids or materials to be supplied by D/M/WBEs, the information furnished interested D/M/WBEs in the way of plans, specifications and requirements for the work, and any breakdown of items of work into economically feasible units to facilitate D/M/WBE participation. Where there are D/M/WBEs available for doing portions of the work normally performed by the bidder with his own forces, the bidder will be expected to make portions of such work available for D/M/WBEs to bid on.
4. The names of D/M/WBEs who submitted bids for any of the work indicated in (3) above, which were not accepted, and summary of the bidder's discussions and/or negotiations with them, the name of the subcontractor or supplier that was selected for that portion of work, and the reasons for the bidder's choice. If the reason for rejecting the D/M/WBE bid was price, give the price bid by the rejected D/M/WBE and the price bid by the selected subcontractor or supplier.
5. Assistance that the bidder has extended to D/M/WBEs identified in (4) above to remedy the deficiency in their subbids.
6. To find a D/M/WBE certified firm, you may call (916) 455-3520, go online to: <http://www.dot.ca.gov/hq.bep>, or via email at: D/M/WBE Listing for County, CalTrans-Publications Distribution Unit, 1900 Royal Oaks, Sacramento, CA 95815-3800.

EXHIBIT 3
SAMPLE AGREEMENT

AGREEMENT FOR SERVICES

THIS AGREEMENT FOR SERVICES ("Agreement"), is made and entered into effective the _____ day of _____, 20__, by and between the COUNTY OF IMPERIAL, a political subdivision of the State of California, hereinafter referred to as "COUNTY/GRANTEE" by and through the IMPERIAL COUNTY COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT (ICCED) and [NAME OF CONSULTANT], [form of business entity] ("CONSULTANT") (individually, "Party;" collectively, "Parties").

W I T N E S S E T H

WHEREAS, ICCED is in need of _____ services for the _____ Projects (PROJECT); and

WHEREAS, COUNTY desires to engage CONSULTANT to provide services by reason of its qualifications and experience for performing such services, and CONSULTANT has offered to provide the required services for the PROJECT on the terms and in the manner set forth herein;

NOW, THEREFORE, in consideration of their mutual covenants, COUNTY and CONSULTANT have and hereby agree to the following:

1. TERM.

1.1. The term of this Agreement shall be from date first executed above for a period of _____ year(s).

1.2. COUNTY and CONSULTANT agree that time is of the essence as it relates to the terms and conditions of this AGREEMENT.

2. CONTRACT COORDINATION.

2.1. The IMPERIAL COUNTY WORKFORCE & ECONOMIC DEVELOPMENT DIRECTOR ("the DIRECTOR") shall be the representative of COUNTY for all purposes under this Agreement. The DIRECTOR or his/her designated representative, is hereby designated as the CONTRACT MANAGER for COUNTY. He/She shall supervise the progress and execution of this Agreement.

2.2. CONSULTANT shall assign a single PROJECT MANAGER to have overall responsibility for the progress and execution of this Agreement. _____, _____, is

hereby designated as the PROJECT MANAGER for CONSULTANT. Should circumstances or conditions subsequent to the execution of this Agreement require a substitute PROJECT MANAGER for any reason, the PROJECT MANAGER designee shall be subject to the prior written acceptance and approval of COUNTY's CONTRACT MANAGER.

3. DESCRIPTION OF WORK.

3.1. CONSULTANT shall provide all materials and labor to perform this Agreement as detailed in the [Name of Document] dated [date] ("PROPOSAL") attached as "**Exhibit A**". In the event of a conflict among this Agreement and the Request for _____ ("RF _____"), the Agreement shall take precedence. In the event of a conflict between any Task Order or the Agreement, the Agreement will take precedence.

3.2. The RF__ titled "[Name of Document] dated [date] [and includes Addendum NO (#)]" is attached as "**Exhibit B**".

4. WORK TO BE PERFORMED BY CONSULTANT.

4.1. CONSULTANT shall comply with all terms, conditions and requirements of the PROPOSAL and this Agreement.

4.2. CONSULTANT shall perform such other tasks as necessary and proper for the full performance of the obligations assumed by CONSULTANT hereunder.

CONSULTANT shall:

4.2.1. Procure all permits and licenses, pay all charges and fees, and give all notices that may be necessary and incidental to the due and lawful prosecution of the services to be performed by CONSULTANT under this agreement;

4.2.2. Make every reasonable effort to keep itself fully informed of all applicable Federal, State and local laws, ordinances, regulations, orders and decrees which may affect those engaged or employed under this Agreement, any materials used in CONSULTANT's performance under this Agreement or the conduct of the services under this Agreement;

1 4.2.3. At all times make every reasonable effort observe and comply with, and cause all of
2 its employees to observe and comply with all of said laws, ordinances, regulations,
3 orders and decrees mentioned above; and

4 4.2.4. Immediately report to COUNTY's CONTRACT MANAGER in writing any
5 discrepancy or inconsistency it discovers in said laws, ordinances, regulations,
6 orders and decrees mentioned above in relation to any plans, drawings,
7 specifications or provisions of this Agreement.

8 4.3. Any videotape, reports, information, data or other material given to, or prepared or
9 assembled by, CONSULTANT under this Agreement shall be the property of COUNTY
10 and shall not be made available to any individual or organization by CONSULTANT
11 without the prior written approval of COUNTY's CONTRACT MANAGER.

12 5. REPRESENTATIONS BY CONSULTANT.

13 5.1. CONSULTANT understands and agrees that COUNTY has limited knowledge in the
14 multiple areas specified in the PROPOSAL. CONSULTANT has represented itself to be
15 qualified in these fields and understands that COUNTY is relying upon such representation.

16 5.2. CONSULTANT represents that it is a lawful entity possessing all required licenses and
17 authorities to do business in the State of California and perform all aspects of this
18 Agreement.

19 5.3. CONSULTANT shall not commence any work under this Agreement or provide any other
20 services, or materials, in connection therewith until CONSULTANT has received written
21 authorization from COUNTY's CONTRACT MANAGER to do so.

22 5.4. CONSULTANT represents that the people executing this Agreement on behalf of
23 CONSULTANT have the authority of CONSULTANT to sign this Agreement and bind
24 CONSULTANT to the performance of all duties and obligations assumed by
25 CONSULTANT herein.

26 5.5. CONSULTANT represents that any employee, contractor and/or agent who will be
27 performing any of the duties and obligations of CONSULTANT herein possess all required
28 licenses and authorities, as well as the experience and training, to perform such tasks.

1 5.6. CONSULTANT represents that the allegations contained in the PROPOSAL are true and
2 correct.

3 5.7 CONSULTANT is familiar with the State and Federal requirements that may be applicable
4 to CONSULTANT pursuant to the [Funding Source] agreements between the COUNTY
5 through ICCED and the State of California that are incorporated into this Agreement
6 including but not limited to the Davis-Bacon Act (40 U.S.C 3141-3148; 24 CFR Part 85.36),
7 the Anti-Kickback Act of 1986 (41 U.S.C. 51-58), Contract Work Hours and Safety
8 Standards Act-CWHSSA (40 U.S.C. 3702.)

9 5.8. CONSULTANT understands that COUNTY considers the representations made herein to
10 be material and would not enter into this Agreement with CONSULTANT if such
11 representations were not made.

12 6. RETENTION AND ACCESS OF BOOKS AND RECORDS.

13 6.1 CONSULTANT represents that it shall maintain books, records, documents, reports and
14 other materials developed under this AGREEMENT as follows:

15 6.1.1. CONSULTANT shall maintain all ledgers, books of accounts, invoices, vouchers,
16 cancelled checks, and other records relating to CONSULTANT's charges for
17 services or expenditures and disbursements charged to COUNTY for a minimum
18 period of five (5) years, or for any longer period required by law, from the date of
19 final payment to CONSULTANT pursuant to this AGREEMENT.

20 6.1.2. CONSULTANT shall maintain all reports, documents and records which
21 demonstrate performance under this AGREEMENT for a minimum period of five
22 (5) years, or for any longer period required by law, from the date of termination or
23 completion of this AGREEMENT.

24 6.1.3. Any records or documents required to be maintained by CONSULTANT pursuant
25 to this AGREEMENT shall be made available to COUNTY for inspection or audit,
26 at any time during CONSULTANT's regular business hours provided COUNTY
27 provides CONSULTANT with seven (7) days advanced written or oral notice.
28 Copies of such documents shall at no cost to COUNTY, be provided to COUNTY

1 for inspection at CONSULTANT's address indicated for receipt of notice under this
2 AGREEMENT.

3 7. COMPENSATION.

4 The total compensation payable under this Agreement shall be at the hourly rates identified in
5 the Hourly Rate Schedule for identified employees as set forth as "Exhibit C", or as agreed upon
6 under any approved Task Order.

7 8. PAYMENT.

8 CONSULTANT will bill COUNTY on a time and material basis at the hourly rates identified in
9 the Hourly Rate Schedule for identified employees as set forth as "Exhibit C", or as agreed upon
10 under any approved Task Order. COUNTY shall pay CONSULTANT for completed and approved
11 services upon presentation of its itemized billing. COUNTY shall retain ten percent (10%) of the
12 total compensation until the Work to be Performed by Consultant has been completed in accordance
13 with this Agreement, as determined by COUNTY, and payment in full of all subcontractors of
14 CONTRACTOR has been certified.

15 9. METHOD OF PAYMENT.

16 CONSULTANT shall at any time prior to the fifteenth (15th) day of any month, submit to
17 the DIRECTOR a written claim for compensation for services performed the prior month under any
18 approved Task Order. The claim shall be in a format approved by COUNTY. No payment shall
19 be made by COUNTY prior to the claims being approved in writing by the DIRECTOR or
20 his/her designee. CONSULTANT may expect to receive payment within a reasonable time thereafter and
21 in any event in the normal course of business within thirty (30) days after the claim is submitted.

22 10. TIME FOR COMPLETION OF THE WORK.

23 Both Parties agree that time is of the essence in the performance of this
24 Agreement. CONSULTANT acknowledges that the services called for herein are on an "as
25 needed" basis. Time extensions under any approved Task Order may be allowed for delays
26 caused by COUNTY, other governmental agencies or factors not directly brought about by the
27 negligence or lack of due care on the part of CONSULTANT.

11. SUSPENSION OF AGREEMENT.

COUNTY's CONTRACT MANAGER shall have the authority to suspend this Agreement, wholly or in part, for such period as deemed necessary due to unfavorable conditions or to the failure on the part of CONSULTANT to perform any provision of this Agreement. CONSULTANT will be paid the compensation due and payable to the date of suspension.

12. TERMINATION.

12.1. COUNTY retains the right to terminate this Agreement for any reason by notifying CONSULTANT in writing seven (7) days prior to termination and by paying the compensation due and payable to the date of termination; provided, however, if this Agreement is terminated for fault of CONSULTANT, COUNTY shall be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which have been completed in accordance with this Agreement. Said compensation is to be arrived at by mutual agreement between COUNTY and CONSULTANT; should the Parties fail to agree on said compensation, an independent arbitrator shall be appointed and the decision of the arbitrator shall be binding upon the Parties.

12.2. Upon such termination, CONSULTANT shall immediately turn over to COUNTY any and all copies of videotapes, studies, sketches, drawings, computations and other data, whether or not completed, prepared by CONSULTANT in connection with this Agreement. Such materials shall become the permanent property of COUNTY.

13. INSPECTION.

CONSULTANT shall furnish COUNTY with every reasonable opportunity for COUNTY to ascertain that the services of CONSULTANT are being performed in accordance with the requirements and intentions of this Agreement. All work done and materials furnished, if any, shall be subject to COUNTY's CONTRACT MANAGER's inspection and approval. The inspection of such work shall not relieve CONSULTANT of any of its obligations to fulfill its Agreement as prescribed. CONSULTANT shall also permit monitoring and auditing by the [Funding Source] and/or a similar agency, if applicable.

1 14. OWNERSHIP OF MATERIALS.

2 All original drawings, videotapes and other materials prepared by or in possession
3 of CONSULTANT pursuant to this Agreement shall become the permanent property of COUNTY and
4 shall be delivered to COUNTY upon demand. CONSULTANT shall not be held liable for any reuse
5 of such COUNTY-owned materials for purposes outside this Agreement.

6 15. INTEREST OF CONSULTANT.

7 15.1. CONSULTANT covenants that it presently has no interest, and shall not acquire any
8 interest, direct or indirect, financial or otherwise, which would conflict in any manner or
9 degree with the performance of the services hereunder.

10 15.2. CONSULTANT covenants that, in the performance of this Agreement, no subcontractor or
11 person having such an interest shall be employed.

12 15.3. CONSULTANT certifies that no one who has or will have any financial interest under this
13 Agreement is an officer or employee of COUNTY.

14 16. INDEMNIFICATION.

15 16.1. CONSULTANT agrees to the fullest extent permitted by law to indemnify, defend, protect
16 and hold COUNTY and its representatives, officers, managers, designees, employees,
17 agents, successors and assigns harmless from any and all claims, expenses, liabilities, causes
18 of action, demands, losses, penalties, attorneys fees and costs, in law or equity, of every kind
19 and nature whatsoever arising out of or in connection with CONSULTANT's negligent acts
20 and omissions or willful misconduct under this Agreement ("Claims"), whether or not
21 arising from the passive negligence of COUNTY, but does not include Claims that are
22 finally determined to be the result of the gross negligence or willful misconduct of
23 COUNTY.

24 16.2. CONSULTANT agrees to defend with counsel mutually acceptable, indemnify and hold
25 COUNTY harmless from all Claims, including but not limited to:

26 16.2.1. Personal injury, including but not limited to bodily injury, emotional injury,
27 sickness or disease or death to persons including but not limited to COUNTY's
28 representatives, officers, managers, designees, employees, agents, successors and

1 assigns, subcontractors and other third parties and/or damage to property of anyone
2 (including loss of use thereof) to the extent caused by CONSULTANT's negligent
3 performance, or willful misconduct under this Agreement, or anyone directly or
4 indirectly employed by CONSULTANT or anyone for whose acts CONSULTANT
5 may be liable;

6 16.2.2. Liability arising from injuries to CONSULTANT and/or any of CONSULTANT's
7 employees or agents to the extent caused by CONSULTANT's negligent
8 performance or willful misconduct under this Agreement, or anyone directly or
9 indirectly employed by CONSULTANT or anyone for whose acts CONSULTANT
10 may be liable;

11 16.2.3. Penalties imposed upon account of the violation of any law, order, citation, rule,
12 regulation, standard, ordinance or statute caused by the negligent action or inaction,
13 or willful misconduct of CONSULTANT or anyone directly or indirectly employed
14 by CONSULTANT or anyone for whose acts CONSULTANT may be liable;

15 16.2.4. Infringement of any patent rights which may be brought against COUNTY arising
16 out of CONSULTANT's work;

17 16.2.5. Any violation or infraction by CONSULTANT of any law, order, citation, rule,
18 regulation, standard, ordinance or statute in any way relating to the occupational
19 health or safety of employees; and

20 16.2.6. Any breach by CONSULTANT of the terms, requirements or covenants of this
21 Agreement.

22 16.3. The indemnification provisions of Paragraphs 16.2.1 through 16.2.6 above shall extend to
23 Claims occurring after this Agreement is terminated, as well as while it is in force.

24 //

25 //

17. INDEPENDENT CONTRACTOR.

In all situations and circumstances arising out of the terms and conditions of this Agreement, CONSULTANT is an independent contractor, and as an independent contractor, the following shall apply:

- 17.1. CONSULTANT is not an employee or agent of COUNTY and is only responsible for the requirements and results specified by this Agreement or any other Agreement.
- 17.2. CONSULTANT shall be responsible to COUNTY only for the requirements and results specified by this Agreement and except as specifically provided in this Agreement, shall not be subject to COUNTY's control with respect to the physical actions or activities of CONSULTANT in fulfillment of the requirements of this Agreement.
- 17.3. CONSULTANT is not, and shall not be, entitled to receive from, or through, COUNTY, and COUNTY shall not provide, or be obligated to provide, CONSULTANT with Worker's Compensation coverage or any other type of employment or worker insurance or benefit coverage required or provided by any Federal, State or local law or regulation for, or normally afforded to, an employee of COUNTY.
- 17.4. CONSULTANT shall not be entitled to have COUNTY withhold or pay, and COUNTY shall not withhold or pay, on behalf of CONSULTANT, any tax or money relating to the Social Security Old Age Pension Program, Social Security Disability Program, or any other type of pension, annuity, or disability program required or provided by any Federal, State or local law or regulation.
- 17.5. CONSULTANT shall not be entitled to participate in, or receive any benefit from, or make any claim against any COUNTY fringe program, including, but not limited to, COUNTY's pension plan, medical and health care plan, dental plan, life insurance plan, or any other type of benefit program, plan, or coverage designated for, provided to, or offered to COUNTY's employee.
- 17.6. COUNTY shall not withhold or pay, on behalf of CONSULTANT, any Federal, State, or local tax, including, but not limited to, any personal income tax, owed by CONSULTANT.

17.7. CONSULTANT is, and at all times during the term of this Agreement, shall represent and conduct itself as an independent contractor, not as an employee of COUNTY.

17.8. CONSULTANT shall not have the authority, express or implied, to act on behalf of, bind or obligate COUNTY in any way without the written consent of COUNTY.

17.9 Without receiving CONSULTANT's written permission, COUNTY agrees not to actively solicit the hiring, or contracting with any employee of CONSULTANT who performs services for COUNTY under this AGREEMENT for a period of one year from the date this AGREEMENT is terminated.

18. INSURANCE.

18.1. CONSULTANT hereby agrees at its own cost and expense to procure and maintain during the entire term of this Agreement, and any extended term thereof, commercial general liability insurance (bodily injury and property damage), employer's liability insurance, commercial automobile liability insurance (bodily injury and property damage) and professional liability insurance in a sum acceptable to COUNTY and adequate to cover potential liabilities arising in connection with the performance of this Agreement and in any event not less than the minimum limit set forth as follows:

<u>Insurance</u>	<u>Minimum Limit</u>
Errors & Omissions Coverage	[TBD by Scope of Work] [where applicable]
Worker's Compensation, Coverage A	Statutory
Employers Liability, Coverage B	[TBD by Scope of Work] [where applicable]
Commercial General Liability (Including Contractual Liability):	
Bodily Injury	[TBD by Scope of Work] per occurrence
	[TBD by Scope of Work] aggregate
Property Damage	[TBD by Scope of Work] per occurrence
	[TBD by Scope of Work] aggregate
Commercial Automobile Liability (owned, hired & non-owned vehicles)	

[TBD by Scope of Work] per occurrence

[TBD by Scope of Work] per occurrence

18.2. Special Insurance Requirements. All insurance required under paragraph 18 shall:

18.2.1. Be procured from an insurer authorized to do business in California.

18.2.2. Be primary coverage as respects COUNTY and any insurance or self-insurance maintained by COUNTY shall be in excess of CONSULTANT's insurance coverage and shall not contribute to it.

18.2.3. Name COUNTY as an additional insured on all policies, except Workers' Compensation, and Professional Liability and provide that COUNTY may recover for any loss suffered by COUNTY by reason of CONSULTANT's negligence.

18.2.4. State that it is primary insurance and regards COUNTY as an additional insured and contains a cross-liability or severability of interest clause.

18.2.5. Not be canceled, non-renewed or reduced in scope of coverage until after thirty (30) days written notice has been given to COUNTY. However, CONSULTANT may not terminate such coverage until it provides COUNTY with proof that equal or better insurance has been secured and is in place. Cancellation or change without the prior written consent of COUNTY shall, at the option of COUNTY, be grounds for termination of this Agreement.

18.3. Additional Insurance Requirements.

18.3.1. Complete copies of certificates of insurance for all required coverages including additional insured endorsements and 30-day notice of cancellation clause endorsements shall be attached hereto as **“Exhibit D”** and incorporated herein.

18.3.2. COUNTY is to be notified immediately of all insurance claims. COUNTY is also to be notified if any aggregate insurance limit is exceeded.

18.3.3. The comprehensive or commercial general liability shall contain a provision of endorsements stating that such insurance:

A. Includes contractual liability;

- 1 B. Does not contain any exclusions as to loss or damage to property caused
2 by explosion or resulting from collapse of buildings or structures or
3 damage to property underground, commonly referred to by insurers as the
4 “XCU Hazards;”
- 5 C. Does not contain a “pro rata” provision which looks to limit the insurer’s
6 liability to the total proportion that its policy limits bear to the total
7 coverage available to the insured; and
- 8 D. Does not contain an “excess only” clause which requires the exhaustion of
9 other insurance prior to providing coverage.

10 18.4. Deposit of Insurance Policy. Promptly on issuance, reissuance, or renewal of any
11 insurance policy required by this Agreement, CONSULTANT shall, if requested by
12 COUNTY, cause to be given to COUNTY satisfactory evidence that insurance policy
13 premiums have been paid together with a duplicate copy of the policy or a certificate
14 evidencing the policy and executed by the insurance company issuing the policy or its
15 authorized agent.

16 18.5 Additional Insurance. Nothing in this, or any other provision of this Agreement, shall be
17 construed to preclude CONSULTANT from obtaining and maintaining any additional
18 insurance policies in addition to those required pursuant to this Agreement.

19 19. WORKERS’ COMPENSATION CERTIFICATION.

20 19.1. CONSULTANT shall sign and file with COUNTY the following certification prior
21 to performing the Work: “I am aware of the provisions of California Labor Code
22 §§3700 *et seq.* which require every employer to be insured against liability for
23 Workers’ Compensation or to undertake self-insurance in accordance with the
24 provisions of that code, and I will comply with such provisions before commencing the
25 performance of the work of this contract.”

26 19.2. This certification is included in this Agreement and signature of the Agreement
27 shall constitute signing and filing of the certificate.
28

1 19.3. CONSULTANT understands and agrees that any and all employees, regardless of hire
2 date, shall be covered by Workers' Compensation according to the statutory requirements
3 prior to beginning work on the Project.

4 19.4. If CONTRACTOR has no employees, initial here: _____.

5 20. ASSIGNMENT.

6 Neither this Agreement nor any duties or obligations hereunder shall be assignable by
7 CONSULTANT without the prior written consent of COUNTY. CONSULTANT may employ other
8 specialists to perform services as required with prior approval by COUNTY.

9 21. NON-DISCRIMINATION.

10 21.1 During the performance of this Agreement, CONSULTANT and its subcontractors shall not
11 unlawfully discriminate, harass or allow harassment against any employee or applicant for
12 employment because of sex, race, color, ancestry, religious creed, national origin, physical
13 disability (including HIV and AIDS), mental disability, medical condition (cancer), age
14 (over forty (40)), marital status and denial of family care leave. CONSULTANT and its
15 subcontractors shall insure that the evaluation and treatment of their employees and
16 applicants for employment are free from such discrimination and harassment.
17 CONSULTANT and its subcontractors shall comply with the provisions of the Fair
18 Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable
19 regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285
20 et seq.). The applicable regulations of the Fair Employment and Housing Commission
21 implementing Government Code §12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2
22 of the California Code of Regulations, are incorporated into this Agreement by reference
23 and made a part hereof as if set forth in full. The applicable regulations of Section 504 of
24 the Rehabilitation Act of 1973 (29 U.S.C. §794 (a)) are incorporated into this Agreement by
25 reference and made a part hereof as if set forth in full. CONSULTANT and its
26 subcontractors shall give written notice of their obligations under this clause to labor
27 organizations with which they have a collective bargaining or other agreement.
28

CONSULTANT shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform Work under this Agreement.

The Civil Rights, HCD, and Age Discrimination Acts Assurances:

21.2 During the performance of this Agreement, the GRANTEE assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, or handicap, under any program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, and the Age Discrimination Act of 1975, and all implementing regulations.

21.3 The Training, Employment, and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance:

21.3.1. The work to be performed under this Agreement is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given lower income residents of the project area and contracts for Work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.

21.3.2. The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

21.3.3. The GRANTEE will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or

1 understanding, if any, a notice advertising the said labor organization or worker's
2 representative of his commitments under this Section 3 clause and shall post copies
3 of the notice in conspicuous places available to employees and applicants for
4 employment or training.

5 21.3.4. The GRANTEE will include these Section 3 clauses in every contract and
6 subcontract for Work in connection with the project and will, at the direction of the
7 State, take appropriate action pursuant to the contract upon a finding that the
8 CONSULTANT or any contractor or subcontractor is in violation of regulations
9 issued by the Secretary of Housing and Urban Development, 24 CFR Part 135 and,
10 will not let any contract unless the CONSULTANT or contractor or subcontractor
11 has first provided it with a preliminary statement of ability to comply with the
12 requirements of these regulations.

13 21.3.5. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR
14 Part 135, and all applicable rules and orders of the Department issued thereunder
15 prior to the execution of the Agreement shall be a condition of the Federal financial
16 assistance provided to the project, binding upon the CONSULTANT, its successors,
17 and assigns. Failure to fulfill these requirements shall subject the CONSULTANT,
18 its contractors and subcontractors, its successors, and assigns to those sanctions
19 specified by the grant or contract through which Federal assistance is provided, and
20 to such sanctions as are specified by 24 CFR Part 135.

21 21.4. State Nondiscrimination Clause:

22 21.4.1. During the performance of this Agreement, CONSULTANT and its subcontractors
23 shall not unlawfully discriminate, harass, or allow harassment against any employee
24 or applicant for employment because of sex, race, color, ancestry, religious creed,
25 national origin, physical disability (including HIV and AIDS), mental disability,
26 medical condition (cancer), age (over 40), marital status and denial of family care
27 leave. CONSULTANT and subcontractors shall ensure that the evaluation and
28 treatment of their employees and applicants for employment are free from such

discrimination and harassment. CONSULTANT and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7258.0 et seq.) The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. CONSULTANT and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

21.4.2. This CONSULTANT shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

“The CONSULTANT hereby agrees to abide by the requirement of executive order 11246 and all implement regulations of the Department of Labor.”

22. “SECTION 3” CLAUSE.

CONSULTANT will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at 24 CFR, Part 135.

23. NOTICES AND REPORTS.

23.1. Any notice to be given pursuant to this Agreement shall be in writing and personally delivered or sent by United States First Class Mail, postage prepaid, return receipt requested or by overnight carrier, priority overnight delivery, postage and delivery charges prepaid, addressed to each Party at the following address:

COUNTY

Priscilla A. Lopez,
Workforce & Economic Development Director
County of Imperial
2799 S. 4th Street
El Centro, CA 92243

CONSULTANT

[Business Name]
[Street Address or PO Box]
[City, State ZIP]

23.2. Notice shall be deemed to have been delivered only upon receipt by the Party, seventy-two (72) hours after deposit in the United States mail or twenty-four (24) hours after deposit with an overnight carrier.

23.3. The addressees and addresses for purposes of this paragraph 21 may be changed to any other addressee and address by giving written notice of such change in the manner provided in paragraph 21.1. Unless and until written notice of change of addressee and/or address is delivered in the manner provided in paragraph 21.1, the addressee and address set forth in this Agreement shall continue in effect for all purposes hereunder.

24. ENTIRE AGREEMENT.

This Agreement contains the entire Agreement between COUNTY and CONSULTANT relating to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, provisions, negotiations, representations, or statements, either written or oral.

25. MODIFICATION.

No modification, waiver, amendment, discharge, or change of this Agreement shall be valid unless the same is in writing and signed by the Party against whom the enforcement of such modification, waiver, amendment, discharge, or change is or may be sought.

26. CAPTIONS.

Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or any of the terms thereof.

27. PARTIAL INVALIDITY.

If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

28. GENDER AND INTERPRETATION OF TERMS AND PROVISIONS.

As used in this Agreement and whenever required by the context thereof, each number, both singular and plural, shall include all numbers, and each gender shall include a gender. CONSULTANT as used in this Agreement or in any other document referred to in or made a part of this Agreement shall likewise include both the singular and the plural, a corporation, a partnership, individual, firm or person

1 acting in any fiduciary capacity as executor, administrator, trustee or in any other representative capacity
2 or any other entity. All covenants herein contained on the part of CONSULTANT shall be joint and
3 several if more than one person, firm or entity executes this Agreement.

4 29. WAIVER.

5 No Waiver of any breach or of any of the covenants or conditions of this Agreement shall be
6 construed to be a waiver of any other breach or to be consent to any further or succeeding breach of the
7 same or any other covenant or condition.

8 30. DISPUTE RESOLUTION PROCESS.

9 The parties shall attempt to resolve any dispute arising out of or relating to this contract through
10 negotiations between the Contract Manager for COUNTY and the Project Manager for CONSULTANT,
11 who have authority to settle the same.

12 31. CHOICE OF LAW.

13 This Agreement shall be governed by the laws of the State of California. This Agreement is
14 made and entered into in Imperial County, California. Any action brought by either Party with respect
15 to this agreement shall be brought in a court of competent jurisdiction within said County.

16 32. ATTORNEY'S FEES.

17 If either Party herein brings an action to enforce the terms thereof or declare rights hereunder, the
18 prevailing Party in any such action, on trial or appeal, shall be entitled to its reasonable attorney's fees
19 and actual costs to be paid by the losing Party as fixed by the court.

20 33. AUTHORITY.

21 33.1. Each individual executing this Agreement on behalf of CONSULTANT represents that:

22 33.1.1. He/She is duly authorized to execute and deliver this Agreement on behalf of
23 CONSULTANT;

24 33.2.2. Such execution and delivery is in accordance with the terms of the Articles of
25 Incorporation or Partnership, any by-laws or Resolutions of CONSULTANT and;

26 33.2.3. This Agreement is binding upon CONSULTANT accordance with its terms.

27 33.2.4 CONSULTANT shall deliver to COUNTY evidence acceptable to COUNTY of
28 the foregoing within thirty (30) days of execution of this Agreement.

1 34. COUNTERPARTS.

2 This Agreement (as well as any amendments hereto) may be executed in any number of
3 counterparts, each of which when executed shall be an original, and all of which together shall constitute
4 one and the same Agreement. No counterparts shall be effective until all Parties have executed a
5 counterpart hereof.

6 35. REVIEW OF AGREEMENT TERMS.

7 35.1. Each Party has received independent legal advice from its attorneys with respect to the
8 advisability of making the representations, warranties, covenants and agreements
9 provided for herein, and with respect to the advisability of executing this Agreement.

10 35.2. Each Party represents and covenants with the other Party that:

11 35.2.1. This Agreement in its reduction to final written form is a result of extensive good
12 faith negotiations between the Parties and/or their respective legal counsel;

13 35.2.2. The Parties and their legal counsel have carefully reviewed and examined this
14 Agreement for execution by said Parties; and

15 35.2.3. Any statute or rule of construction that ambiguities are to be resolved against the
16 drafting party shall not be employed in the interpretation of this Agreement.

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36. NON-APPROPRIATION.

This Agreement is based upon the availability of public funding. In the event that public funds are unavailable and not appropriated for the performance of the services set forth in this Agreement, this Agreement shall be terminated without penalty after written notice to CONSULTANT of the unavailability and/or non-appropriation of funds.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

COUNTY OF IMPERIAL:

CONSULTANT:

By: _____
[Name], Chairman
Imperial County Board of Supervisors

By: _____
[Designee Name]
[Business, Title]

ATTEST:

[Name], Clerk of the Board,
County of Imperial, State of California

APPROVED AS TO FORM:

[NAME]
County Counsel

By: _____
[ATTORNEY NAME]
[Title]

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EXHIBIT E

ANTI-LOBBYING CERTIFICATION

The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

CONSULTANT:

By: _____

[Designee Name]

[Business, Title]

EXHIBIT 4



COUNTY OF IMPERIAL **NSP3 ACQUISITION, REHABILITATION & RESALE PROGRAM**

Program Policies and Procedures

May 2016

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A. GENERAL OVERVIEW

The purpose of this Policies and Procedures Manual is to govern two activities carried-out by Imperial County ("Grantee" and "County") under the Neighborhood Stabilization Program3 (NSP3) funded by the U. S. Department of Housing and Urban Development (HUD). The Manual includes policies and procedures to be implemented by the County and participating Development Partner(s) under the NSP3 Program.

This Manual is divided into the following Sections:

- A. General Overview
- B. Property Acquisition
- C. Property Rehabilitation
- D. Property Resale and Homebuyer Assistance
- E. Homebuyer Assistance Program (Direct Purchase)
- F. Other NSP Requirements

1. NSP PROGRAM OVERVIEW

The Neighborhood Stabilization Program (NSP) was established in 2008 for the purpose of stabilizing communities that have suffered from residential foreclosures and abandonment. NSP is a component of the Community Development Block Grant (CDBG) program. The CDBG regulatory structure is the platform used to implement NSP and the HOME program provides a safe harbor for NSP affordability requirements.

- NSP1, a term that references the NSP funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, provides grants to all states and selected local governments (CDBG entitlements) on a formula basis.
- NSP2, a term that references the NSP funds authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009, provides grants to states, local governments, nonprofits and a consortium of nonprofit entities on a competitive basis.
- NSP3, a term that references the NSP funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis.

A. ELIGIBLE USES

The following NSP Eligible Uses, described in HERA §2301(c)(3), may be carried out by the County:

- Financing Mechanisms (Eligible Use A)
- Acquisition / Rehabilitation (Eligible Use B)
- Land Bank (Eligible Use C)
- Demolition (Eligible Use D)

- Redevelopment (Eligible Use E)
- Administration

2. COUNTY PROGRAM

In order to receive NSP3 funds, non-entitlement jurisdictions, such as Imperial County, were required to submit an Abbreviated Plan describing their NSP3 program. The Abbreviated Plan was required to include: NSP3 Grantee Information, Areas of Greatest Need, Definitions and Descriptions, Low-Income Targeting, Acquisition and Relocation, Public Comment, NSP Information by Activity, and Certifications.

The County elected to carry out a Financial Mechanism Program and an Acquisition/Rehabilitation Program, as described in the County's Abbreviated Plan. The following is a summary of each of the eligible uses selected by the County for its use of NSP3 funds:

- **Eligible Use A: Financial Mechanisms:** HERA authorizes the County to establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low-, moderate- and median -income homebuyers.
- **Eligible Use B: Acquisition/Rehabilitation:** HERA authorizes the County to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

A. ACQUISITION AND REHABILITATION PROGRAM

The County's NSP3 Abbreviated Plan states that funds will be utilized for the rehabilitation of vacant and/or abandoned residential properties for the purpose of providing permanent affordable housing. The site must be vacant and have been foreclosed upon or abandoned pursuant to NSP guidelines. Eligible properties must be located within an eligible census tract in the County ("NSP3 Target Areas").

The County will solicit the services of one (1) or more affordable housing developer(s) ("Development Partner(s)") to provide support in the implementation of the NSP3 Program. The primary responsibility of the Development Partner will be to undertake the acquisition, redevelopment, resale and/or rental property management of the affordable housing units to income-eligible families with the oversight of the County.

In addition, the County requires that construction contractors and recipients of certain financial assistance, to the greatest extent possible, provide job training, employment and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

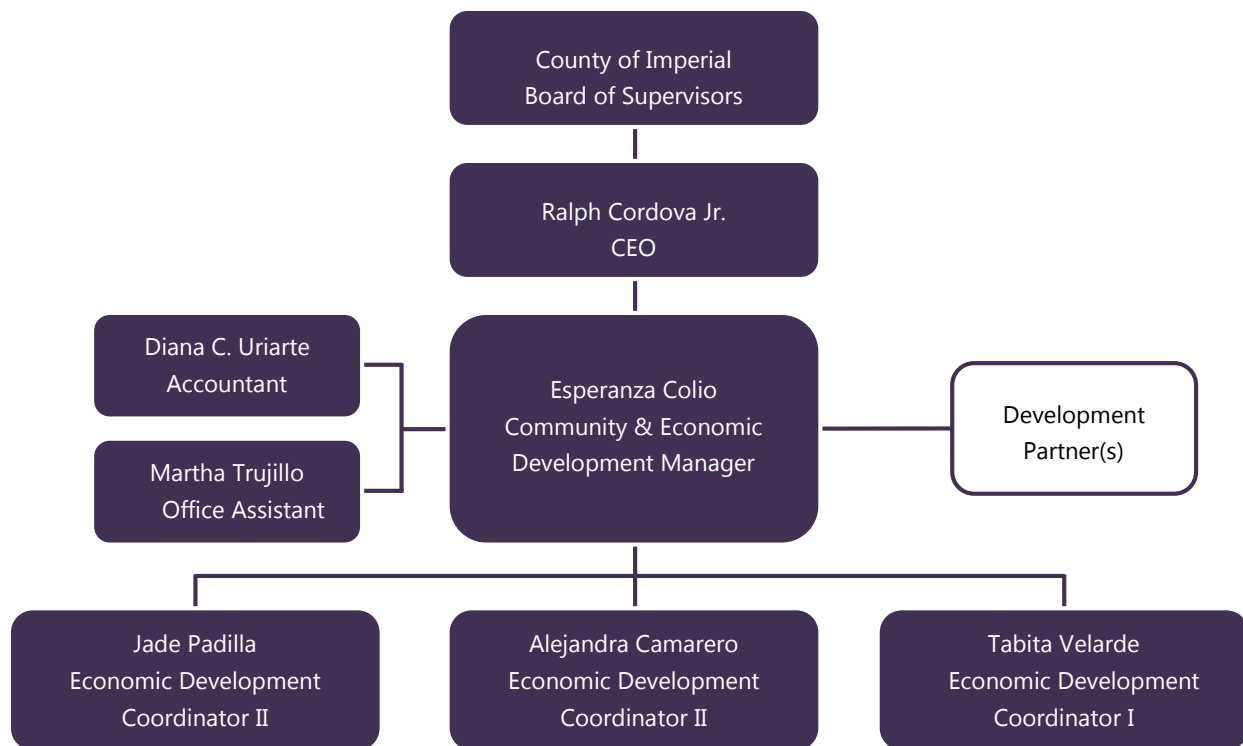
B. HOMEBUYER ASSISTANCE PROGRAM

The County's NSP3 Abbreviated Plan states the County's Homebuyer Assistance Program will be made available for foreclosed homes and residential properties that are located within the identified eligible Census Tracts to provide affordable ownership housing units to low-, moderate-, and median income households. The maximum assistance to each residential homeowner under this activity to NSP3 is \$60,000.

The County loans are a deferred loan for a minimum of 30 years to qualified buyers up to \$60,000 which shall be evidenced by a Promissory Note and secured by a recorded Second Deed of Trust. The interest rate will be five points below the first loan's interest rate, and no less than 1% and no more than 3%, and subject to early payment reductions of principal. The note will not require any payments and will be due in a maximum of 30 years (or upon sale, transfer or non-owner occupancy of the property).

C. COUNTY ORGANIZATION CHART

The following Organization Chart shows the structure of the County and those responsible for carrying-out the NSP3 Program:



3. LH25 REQUIREMENT

The NSP program requires that the County spend at least 25% of its NSP award on developing homes and rental units that are reserved for households at or below 50% of Area Median Income (50% of AMI). The County, in turn, has given quotas for such units to some of its NSP Developers that may be smaller or larger than 25% of the funding allocation to the Developer. Developer's quota, if any, is stated in Developer's NSP Agreement. Because it is crucial that County meet the overall requirement, some or all NSP Developers must designate a sufficient number of properties being acquired as restricted to future occupancy by households

at or below 50% of AMI. Further, Developer must give priority to acquiring homes for households at or below 50% of AMI as stated in the NSP Agreement.

4. APPLICABLE REGULATIONS

The following regulations are applicable to the NSP Programs:

- Housing and Economic Recovery Act (HERA) of 2008
- American Recovery and Reinvestment Act (the Recovery Act) of 2009
- Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010
- Housing and Community Development Act of 1974
- NSP-1 Notice
- NSP-2 Notice
- NSP Bridge Notice
- NSP3 Notice
- Fair Housing and Equal Opportunity

5. DEFINITIONS

The following key definitions appear throughout this Manual:

Applicant: A person or persons who have applied to the County for purchase of an NSP-assisted housing unit.

Affordability Period: NSP requires long-term affordability of properties which receive NSP investment based on the amount of investment. The affordability period ranges from 5 – 15 years. Buyers who are approved for a Homebuyer Financial Assistance loan will have a 30-year loan repayment term.

Blighted Structure: HUD has defined a blighted structure as when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. In HUD's October 19, 2010 Notice, Counties must also define blighted structures in the context of state or local law. As such Section 33030 and 33031 of the Amended State of California Health and Safety Code (January 1, 2007) apply.

Developer or Development Partner: An NSP developer subject to an NSP Agreement with Imperial County and the presumed owner of the properties under development unless otherwise noted. The property may be transferred to another entity only with the advance written permission of the County, and if such a transfer occurs, the term "Developer" herein applies to any successor owner starting at the time date of the

transfer. However, the term Developer as used in this Manual applies only to an entity qualified to be a designated Developer under the NSP program, and not to an NSP co-County or sub-recipient.

Grantee: Imperial County, California.

Homebuyer: As defined in the County's current NSP3 Substantial Amendment and Program Guidelines, which may be limited to First Time Homebuyers.

Homebuyer Counseling: Homebuyer Counseling is defined as a minimum of eight (8) hours of homebuyer counseling from a County and HUD approved counseling agency.

Maximum Sales Price: In compliance with HERA §2301(d)(2), the maximum sales price of a unit utilizing NSP funds shall be the lesser of the cost to acquire and redevelop or rehabilitate the home or the after rehabbed appraised value.

NSP: The Department of Housing and Urban Development (HUD)'s Neighborhood Stabilization Program, established by the HERA. Additional funding for an "NSP2" program was authorized by ARRA. NSP3 was authorized under the Dodd-Frank Act For more information, see the NSP website: <http://hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/>.

NSP Agreement: An agreement entered into by County and Developer for the purpose of funding and carrying out NSP-eligible activities on one or more NSP-eligible properties.

NSP Property: A residential property that is rehabilitated, constructed, or reconstructed pursuant to Developer's agreement with County.

NSP Single-Family Unit: A dwelling unit in a one-to-four family unit property

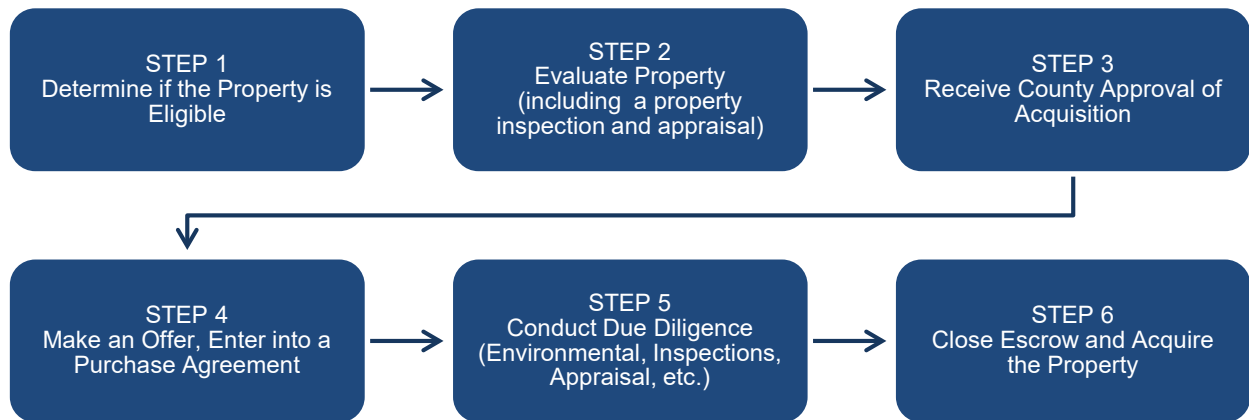
NSP Program Budget: The budget attached to an NSP Agreement showing projected development costs and funding for Developer's entire NSP program in the aggregate, including all properties identified at the time the Agreement is executed or pro forma properties to be identified at a later date.

NSP3 Target Area: Those areas of Brawley, Heber, Seeley and Salton City identified in the NSP3 Abbreviated Plan and Grant Agreement. Note that these areas may be amended by the County depending on the future availability of foreclosed and abandoned homes.

Project Funding: Any and all governmental and private funds, including Developer's cash, projected to be used to pay for the costs to carry out the redevelopment of a single NSP assisted property up to the point of the completion of construction and sale to NSP-eligible homebuyer.

B. PROPERTY ACQUISITION

Under Imperial County's NSP3 Acquisition and Rehabilitation Program, the selected Development Partner is responsible for identifying eligible properties for acquisition under the NSP3. Once the Development Partner identifies a potential property for acquisition, the following steps, in conjunction with the County, must be completed before the property can be acquired:



1. DETERMINE IF THE PROPERTY IS ELIGIBLE

Before a property can be acquired, the property must satisfy several conditions imposed by the NSP regulations and/or the County. It is crucial to pay close attention to NSP property eligibility criteria, as they are treated differently under the five eligible uses established in the NSP Notices of Funding Availability (NOFA). The table below describes what types of properties qualify for acquisition under each eligible use.

Eligible Use		Foreclosed Homes and Res. Prop.	Abandoned Homes and Res. Prop.	Blighted Structures	Demolished Properties	Other Vacant Properties
A	Financing Mechanisms	Yes	No	Only if Foreclosed	N/A	Only if Foreclosed
B	Purchase and Rehab	Yes	Yes	If Foreclosed or Abandoned	N/A	No
Comments				Locally defined. Not limited to res. structures.	Not limited to res. structures.	Land or structures. Not limited to res. prop.

Note: Refer to NSP Notice for Definition of abandoned and foreclosed at <https://www.onecpd.info/resource-library/>

To be eligible for acquisition, all properties must meet all of the following conditions:

- A. Must be located in an NSP3 Target Area;
- B. Must be acquired at a minimum one percent (1%) discount from the appraised value;
- C. Must have no substantial adverse environmental factors as determined by an environmental review;
- D. Must meet HUD’s definition of “Homes” and “Residential Property” and County’s definition of “Single-Family”;
- E. Must otherwise be suitable and livable locations for occupancy by NSP-qualified homebuyers;
- F. Must be priced so the final sales price after development does not exceed \$275,000 and no more than \$300,000 of NSP3 funds are invested per unit;
- G. Must be vacant and have no personal possessions on site, unless with County’s advance approval in writing (subject to relocation and tenant protection requirements);
- H. Must be foreclosed, abandoned, vacant, or blighted (subject to Development Partner Agreement with County); and
- I. Must be acquired with a valid deed, free and clear of all encumbrances.

In NSP3 Target Area?

Acquirable at a 1% Discount?

Clear Environmental?

Single Family Home (Residential)?

Suitable for Living?

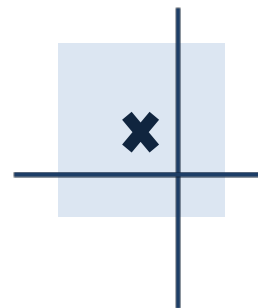
Caps on NSP3 Investment and Sales Price?

Vacant, Foreclosed, Abandoned, or Blighted?

Free and Clear Title?

A. NSP3 TARGET AREAS

To receive NSP3 funding, the County was required to submit an abbreviated plan to HUD in accordance with the NSP3 Notice. As part of preparing the Abbreviated Plan, each County was required to use the HUD Foreclosure Need website, found at <http://www.huduser.org/NSP/NSP3.html>, to determine its NSP3 areas of greatest need and include the results in the Abbreviated Plan. All properties acquired with NSP3 funds must be located within one of the NSP3 Target Areas. A map of the current NSP3 Target Areas is included as **Exhibit A**. Note that the County may adjust their target areas from time to time via HUD-approved amendment to the Abbreviated Plan if it is found that adding an eligible census tract proves to have strategic properties in them.



The Development Partner is responsible for determining whether or not the property is located in an NSP3 Target Area prior to presenting an eligible property to the County for acquisition. The County must verify the property is located in a NSP3 Target Area prior to approving the property for acquisition.

✓ **TASK:** To determine if a property is in an NSP3 Target Area, complete the following:

1. Obtain the property's address and Assessor's Parcel Number (APN) from the Development Partner.
2. Check the NSP3 Target Area Map to determine if the property is located in the NSP3 Target Area.
3. If the property is in the NSP3 Target Area, map the location and retain a record the project file.
4. If the property is not in the NSP3 Target Area, the property is not eligible for funding.

Responsible Person(s): County – Economic Coordinator II

B. ACQUIRABLE AT A ONE PERCENT DISCOUNT

NSP requires that properties acquired using program funding be purchased at a discount of at least one percent (1%) from the current market appraised value of the home or property. The NSP Bridge Notice defines the "current market appraised value" as the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by the County or Development Partner.

To determine the market value of the property, the Development Partner may obtain an independent appraisal or Broker's Professional opinion (BPO) indicating the as-is market value of the property to determine the cost reasonableness of the asking price or proposed offer price. A Broker opinion and electronic appraisals are acceptable for the purpose of making offers. However, a full Uniform Relocation Act (URA)-compliant appraisal must be obtained prior to acquisition of the property.

Additional information on the requirement for the URA-Compliant appraisal is provided in Section B.2.D – Uniform Relocation Act (URA) Appraisals and Broker's Professional Opinion (BPO).

✓ **TASK:** Prior to making an offer, the Development Partner must complete the following tasks:

1. Obtain a BPO to determine the estimated value of the home (note that a full URA-Appraisal will be required prior to the acquisition of the property)
2. Submit copies of the BPO to the County for Review and Consideration

Responsible Person(s): Preparation of BPO: Development Partner

Review of BPO: Economic Development Coordinator II

C. ENVIRONMENTAL REVIEW

The acquisition and rehabilitation of properties purchased with NSP3 funds are subject to the environmental review requirements found at 24 CFR Part 58. Under the County's NSP3 Acquisition & Rehabilitation

Program, the County is responsible for preparing a Tier 1 Environmental Review of the NSP3 Target Areas. The Development Partner shall be responsible for preparing a Tier 2 Site-Specific Environmental Review and submitting the documentation to the County for review, approval and execution by the County's Certifying Official. This shall be completed prior to the acquisition of any property. The County is responsible for reviewing and certifying all environmental review documents, notices, and transmittals to HUD. Additional information regarding Tiered Environmental Review is found at 24 CFR 58.15.



I. Tier I: Broad Review

This first level of environmental review addresses all the applicable laws and authorities for the NSP3 Target Areas and activities to be undertaken (acquisition, rehabilitation, homebuyer assistance, and resale) via the *Environmental Review Record process* based on the applicable level of review required. In addition, it establishes a plan (narrative) for the site specific or subsequent Tier II reviews for the properties to be acquired.

✓ **TASK:** To prepare a Tier I Environmental Review, complete the following:

1. Complete an Environmental Review to determine if a Categorical Exclusion subject to 58.5, (inclusive of Level of Review and Statutory Worksheet) or Environmental Assessment (inclusive of Level of Review and Statutory Checklist).
2. Establish the framework or plan for the Tier II environmental reviews.
3. Publish the applicable public notice(s) (NOI-RROF).
4. Submit the *Request for Release of Funds and Certification (RROF/C)* to HUD.
5. Receive HUD environmental approval **conditional** upon completion of the Tier II Reviews for the properties to be acquired under the NSP3 Program.
6. Maintain all records in the project file.

Responsible Person(s):	Preparation of documents:	Development Partner
	Review of Documents:	County Comm. & Econ. Dev. Manager
	Certifications:	County C.E.O or Approved Designee

II. Tier II: Site-Specific Review

The second level of environmental review is specific to each property that is proposed to be acquired under the NSP3 Program. A Tier II Environmental Review must be completed as soon as a property is identified by the Development Partner and prior to or upon the offer being made by the Development Partner. This is necessary in order to complete the environmental review process prior to the closing of escrow on the property. Delays in the environmental review process may be experienced as a result of site specific issues including but not limited to historic preservation reviews by the State Historic Preservation Officer (SHPO), floodplain clearance, and in some cases coastal zone management (although not expected in Imperial County due to the distance to the coast).

✓ **TASK:** To prepare a Tier II Environmental Review, complete the following:

1. Prepare a Level of Environmental Review (LER) and an Appendix A for each individual property.
2. If no adverse effects are found, the draft environmental review is completed and the Development Partner shall submit it to the County for review and approval.
3. County reviews Tier II environmental review documents submitted by Development Partner. If County concurs with review, the documents shall be certified by the County's Certifying Official.
4. If adverse effects are found, follow the prescribed actions in Appendix A.
5. Maintain all records in the project file.

Responsible Person(s):	Preparation of documents:	Development Partner
	Review of Documents:	County Comm. & Econ. Dev. Manager
	Certifications:	County C.E.O or Approved Designee

D. LIMIT ON NUMBER OF UNITS

The County's NSP3 Abbreviated Plan limits the Acquisition, Rehabilitation, and Resale Activity to Single-Family Units. HUD defines a single-family housing unit as "a residence consisting of one to four dwelling units". Most of the properties acquired under the NSP3 Program will consist of one dwelling unit. The Development Partner must ensure each property contains four or less dwelling units prior to presenting an eligible property to the County for acquisition. The County must verify the property meets the definition of "Single-Family" prior to approving the property for acquisition. If the Development Partner identifies a property that exceeds two to four dwellings units, the Development Partner must obtain the County's advance written approval.

✓ **TASK:** To determine if a property meets the definition of "Single Family", complete the following:

1. Obtain a detailed property report.
2. Determine the number of dwelling units on the property.
3. If the property contains less four or less dwelling units, the property is eligible.
4. If the property contains more than four dwelling units, determine if the property should be acquired (subject to Substantial Amendment to include multi-family properties).

5. Maintain all records in the project file.

Responsible Person(s): Economic Development Coordinator II

E. MUST BE SUITABLE FOR OCCUPANCY

The NSP Notices require that NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The County is required to describe or reference what rehabilitation standards it will apply for NSP-assisted rehabilitation in the Abbreviated Plan. HUD will monitor to ensure the standards are implemented.

The County has adopted State and Local Housing Rehabilitation Standards that must be adhered to in order to ensure that a property can be rehabilitated into a habitable living environment. Before a property is acquired, the Development Partner must perform a property inspection to determine if any existing site conditions may prohibit the property from being feasibly rehabilitated to meet the required specifications. The environmental review process may also reveal certain site conditions that would be too cost prohibitive to remedy.

✓ **TASK:** To determine if a property will be suitable for occupancy, complete the following:

1. Obtain and review a detailed property report.
2. Development Partner shall conduct a thorough property inspection and prepares a written scope of work for review and approval by the County.
3. Complete the Tier II environmental review (See Section B.1.C – Environmental Review).
4. If it appears all code violations and environmental factors can be feasibly remedied, and the property can be rehabilitated into a home suitable for occupancy, then the property is eligible.
5. If any of the above investigations reveal the property cannot be feasibly rehabilitated into a suitable living environment, then the property would not be considered eligible under the program.
6. A final site inspection must be conducted to determine the property is suitable for occupancy using the Rehabilitation Checklist (**Exhibit B**) and subject to the issuance of a Certificate of Occupancy by the County Building Department.
7. Maintain all records, including the environmental review records, costs estimates and specifications, rehabilitation work to be performed, inspection reports, etc.

Responsible Person(s):	Prepare Rehab. Scope of Work:	Development Partner
	Review Scope and Suitability:	Construction Manger (Consultant) under the direction of County Comm. & Econ. Dev. Manager

F. CAP ON MAXIMUM SALES PRICE AND NSP3 INVESTMENT

In an effort to maximize the number of affordable units generated under the NSP3 Program, the County has placed a cap on the After-Rehabilitation Sales Price and NSP3 Investment for each property acquired, rehabilitated, and resold:

- The Maximum Sales Price to an Eligible Homebuyer is \$275,000*.
- The Maximum NSP3 Investment per unit is \$300,000*.

* These County-imposed caps are subject to change as they are not NSP3 Program requirements.

The NSP3 requirements do not permit the sale of the property to exceed the total development costs for the property; therefore the maximum investment can only exceed \$300,000 if there are additional non-NSP3 funds in the project.

I. Cap on NSP3 Investment

Before a property is acquired, the Development Partner must prepare a cost estimate to show that these caps will not be breached. Development Partner must receive written approval of a property-specific Project Budget prior to any expenditure. Development Partner investment may be no more than \$300,000 of NSP funds on any single dwelling unit, unless County gives written approval to an additional amount due to the strategic value of a property for the NSP program or unforeseen costs that were beyond the control of Development Partner.

✓ **TASK:** To determine the NSP3 Investment, complete the following:

1. Development Partner to prepare a Cost Estimate with all project costs and submit to the County for review and approval.
2. County Community and Economic Development Manager reviews the Development Partner Cost Estimate prior to property acquisition.
3. If it appears the project costs will not exceed \$300,000, then the Cost Estimate can be approved.
4. If it appears the project costs will exceed \$300,000, then determine if the County will grant an exception, or if the Development Partner will cover the additional costs with other funds.
5. Actual costs will need to be revaluated after a contractor is selected to perform the rehabilitation work, after the work has been completed, and after the total development costs are calculated. The County will again need to determine if the County or the Development Partner will cover any cost overruns, if applicable.
6. Maintain all records in the project file.

Responsible Person(s):	Preparation of Cost Estimate:	Development Partner
	Review of Cost Estimate:	County Comm. & Econ. Dev. Manager

II. Cap on Maximum Sales Price

The maximum sales price is calculated after the Total Development Costs are determined, and after an After Rehabilitation Appraisal is performed. The maximum sales price will be the lower of the Total Development Costs and Market Value, or \$275,000.

✓ **TASK:** To determine the maximum sales price, complete the following:

1. Determine the Total Development Costs.
2. Determine the After Rehabilitation Appraised Value ("Market Value"). The first mortgage lender may value the property at less than the County's appraised value.
3. The maximum sales price will be the lower of the two, or \$275,000, if the Total Development Costs and After Rehabilitation Appraised Value exceed \$275,000.
4. Maintain the calculation of the Total Development Costs, sales price and the appraisal in the project file.

Responsible Person(s): Economic Development Coordinator

G. MUST BE VACANT

The County requires that properties acquired under the NSP3 Program be vacant and have no personal possessions on site. As part of the acquisition process, the Development Partner must document that the property is currently vacant and obtain information as to the approximate last date of occupancy. The Development Partner shall submit a declaration providing this information to the County.

If, before acquisition, Development Partner discovers that a property is occupied or has personal possessions on site, the Development Partner must immediately abandon the investigation and inform the seller that the property will not be considered for purchase. On an exception basis and only with advance written permission from County, the Development Partner may investigate an occupied property for possible purchase. If the property is acquired, the Development Partner will be obligated to follow all relocation requirements described in Section B.2.F.

Additional information and requirements regarding the voluntary acquisition of foreclosed properties is provided in the Uniform Relocation Act and Tenant Protection (Section B.2.F) of this document.

✓ **TASK:** To determine if a property is considered vacant, complete the following:

1. Obtain a signed and dated inspection report, photos, and notes from interviews with neighbors (if available) indicating the approximate last date of occupancy; and/or
2. Obtain data from a utility company or the Post Office indicating the date of terminating service.
3. Obtain from the seller a form stating that the property meets all requirements of the URA.
4. If the property is determined to be vacant, the property is eligible. The Development Partner must provide the County with a written statement that the vacant, along with supporting documentation.

5. If the property is determined to be occupied, the County must consider and approve in writing that the property may be acquired. Further, the Development Partner will be obligated to follow all relocation requirements described in Section B.2.F.
6. Maintain all records described above to certify the unit is vacant. If occupied, maintain additional records described in Section B.2.F.

Responsible Person(s): Economic Development Coordinator II

H. MUST BE FORECLOSED, ABANDONED, VACANT, OR BLIGHTED

The NSP Program was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The NSP3 Notice, and preceding NSP Notices, describes the types of properties that are eligible under the NSP Program. All properties acquired under the NSP3 Program must meet one of the following definitions. The County may place further restrictions on the types of properties that may be acquired, as described in the Development Partner Agreement.

It is crucial to pay close attention to NSP property eligibility criteria, as they are treated differently under the five eligible uses established in the NSP Notices of Funding Availability (NOFA).

Foreclosed: The property is at least 60 days delinquent on its mortgage and the owner has been notified; or the property owner is 90 days or more delinquent on tax payments; or under state or local law, foreclosure proceedings have been initiated or completed; or foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP County, subrecipient, Development Partner, or end user.

Abandoned: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, or a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies.

Vacant: The NSP program does not define the term vacant, but this manual defines a vacant property as one that has been unoccupied for at least 90 days and has no bona fide tenant with rights of occupancy.

Blighted: A structure is blighted and qualified for demolition with NSP funds when it exhibits objectively determinable interior and/or exterior signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. To be considered blighted under the terms of any NSP Agreement, the County must declare the structure blighted according to the definition of blighted structure under the Amended State of California Health and Safety Code Section 33030-33031.

✓ **TASK:** To determine if a property meets one of the above definitions, complete the following:

1. Determine if the property meets the definition of foreclosed, abandoned, vacant, or blighted in accordance with the eligible use.

2. Maintain appropriate records.

Responsible Person(s): Economic Development Coordinator II

I. FREE AND CLEAR TITLE

In an effort to avoid additional unnecessary costs, the County has required that properties must be acquired with a valid deed, free and clear of all encumbrances. Purchases with any other form of deed or with any lien, deed restriction, land lease or other encumbrance must be approved in writing by the County prior to Development Partner making an offer. If the County has agreed in advance to a purchase, subject to Development Partner's payment for liens or other encumbrances, copies of all documents justifying those payments must be transmitted to the County during the closing process.

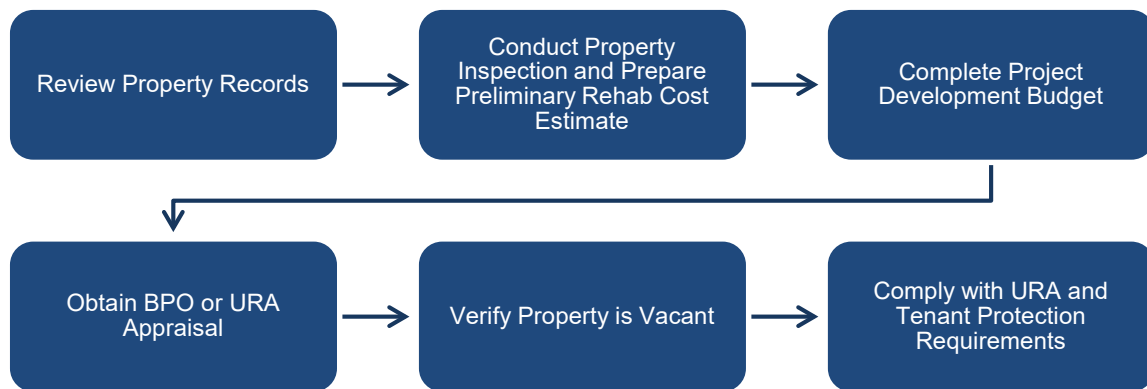
✓ **TASK:** To determine if a property has a free and clear title, complete the following:

1. Obtain a Preliminary Title Report from the Title Company.
2. Review the Preliminary Title Report to ensure that no existing taxes, liens, title clouds, or other encumbrances exist.
3. If the title is free and clear, the property is eligible.
4. If the title does contain existing taxes, liens, or other encumbrances, the County must provide the Development Partner with written approval to assume the encumbrances.
5. Maintain all records, including the Preliminary Title Report and documentation of encumbrances and payments made to clear the title.

Responsible Person(s): Economic Development Coordinator II

2. EVALUATE PROPERTY

The Development Partner is responsible for property investigations and will recoup the costs of investigations through a Development Partner fee, if such fee is indicated in the NSP Agreement. The Development Partner will identify potential properties for acquisition by researching public records, obtaining proprietary data about recent and pending foreclosures, contracting with real estate brokers and/or other effective methods.



A. REVIEW PROPERTY RECORDS

The first step in investigating whether or not a property will be suitable for rehabilitation and resale under the NSP3 Program is to review the existing property records, title, deed, etc. to discover:

- If the property has a free and clear title (see Section B.1.I – Free and Clear Title);
- Is owned by a bank or an individual (see Section B.1.H – Must be Foreclosed, Abandoned, Vacant, or Blighted); and
- Has any pre-existing site conditions that may hinder environmental review clearance (see Section B.1.C – Environmental Review)

✓ **TASK:** Prior to making an offer, Development Partner must complete the following tasks:

1. Review property records;
2. Determine if property records disclose conditions which may prohibit the property from being acquired under the program; and
3. Document findings and retain all records.
4. Submit Copies of Documents to County for Review and Consideration.

Responsible Person(s):

Compile Documents: Development Partner

Review Documents: Economic Development Coordinator II

B. PROPERTY INSPECTION AND PRELIMINARY REHAB COST ESTIMATE

The next step is to perform a property inspection and prepare a scope of work and cost estimate detailing the rehabilitation work necessary to bring the property into compliance and make the home habitable. This

step will help the Development Partner and the County determine if the following conditions can be satisfied:

- If the property can be rehabilitated into a suitable living environment (see Section B.1.E – Must be Suitable for Occupancy);
- If the rehabilitation costs, in combination with the acquisition costs, will exceed the maximum NSP3 investment (see Section B.1.F – Cap on Maximum Sales Price and NSP3 Investment); and
- If the property is vacant or contains any personal possessions (see Section B.1.G – Must be Vacant)

✓ **TASK:** Prior to making an offer, Development Partner will complete the following tasks:

1. Conduct Property Inspection;
2. Prepare a scope of work and cost estimate; and
3. Determine if the property can be rehabilitated, subject to the NSP3 investment cap.

Responsible Person(s):	Conduct Inspection:	Development Partner
	Prepare Cost Est.:	Development Partner
	Review Documents:	County Comm. & Econ. Dev. Manager

C. PROJECT DEVELOPMENT BUDGET

Next, the Development Partner must complete a Project Development Budget that includes all proposed NSP-funded expenses for acquisition, site work, rehab/construction, holding costs, marketing costs, Development Partner fee, relocation if applicable and other soft costs. This process will help the Development Partner and the County determine if the total development costs will exceed the maximum NSP3 investment (see Section B.1.F – Cap on Maximum Sales Price and NSP3 Investment).

✓ **TASK:** Prior to making an offer, Development Partner will complete the following tasks:

1. Estimate all costs necessary to acquire, rehabilitate, and resell the home; and
2. Prepare a Project Development Budget.
3. Submit Project Development Budget to County for Review and Consideration

Responsible Person(s):	Prepare Budget:	Development Partner
	Review Documents:	County Comm. & Econ. Dev. Manager

D. UNIFORM RELOCATION ACT (URA) APPRAISALS AND BROKER'S PROFESSIONAL OPINION (BPO)

The value of a property must be determined before the property can be acquired. Section 2301(d)(1) of HERA limits the purchase price of a foreclosed upon home or residential property by requiring the property to be purchased at a one percent (1%) discount from the current market appraised value. The NSP Bridge

Notice defines the “current market appraised value” as the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by the County or Development Partner.

To determine the market value of the property, the Development Partner may obtain an independent appraisal or Broker’s Professional opinion (BPO) indicating the as-is market value of the property to determine the cost reasonableness of the asking price or proposed offer price. A Broker opinion and electronic appraisals are acceptable for the purpose of making offers. The Appraiser must be pre-selected from the County’s approved list of preselected appraisers.

However, a full Uniform Relocation Act (URA)-compliant appraisal must be obtained prior to acquisition of the property. The Development Partner can obtain a full Uniform Relocation Act (URA)-compliant appraisal if the property is foreclosed upon and the Development Partner plans to execute a purchase agreement on the property within 60 days. However if the purchase is not completed, the Development Partner may not be reimbursed for the cost of the appraisal with NSP funds. The Development Partner is encouraged to avoid the expense of multiple full appraisals by requesting a preliminary appraisal by a County-approved appraiser until the County provides written approval to proceed with the acquisition.

✓ **TASK:** Prior to making an offer, the Development Partner must complete the following tasks:

1. Obtain a BPO to determine the estimated value of the home (optional); and/or
2. Obtain a full URA-Appraisal within 60 days of entering into a purchase agreement.
3. Submit copies of the BPO or URA-Appraisal to the County for Review and Consideration

Responsible Person(s):	Obtain Appraisal:	Development Partner
	Review Appraisal:	Economic Development Coordinator II

E. VERIFY PROPERTY IS VACANT

The process for verifying if a property is vacant is described in Section B.1.G - Must be Vacant.

✓ **TASK:** Prior to making an offer, Development Partner will complete the following tasks:

1. Confirm the property is vacant by following the steps outlined in Section B.1.G – Must be Vacant.
2. If the property is not vacant, either:
 - a. Do not pursue acquisition of the property; or
 - b. Request and receive written approval from the County and complete the steps outlined in Section B.2.F below.

Responsible Person(s):	Development Partner
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F. URA AND TENANT PROTECTIONS

HUD-assisted programs and projects are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. 4601 (URA) (42 U.S.C. 4601), and implementing regulations issued by the Department of Transportation at 49 CFR part 24. (b) Section 104(d). In addition to the URA, the Community Development Block Grant (CDBG), Urban Development Action Grant (UDAG), and HOME Programs are also subject to Section 104(d) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(d)). As such, all acquisitions that are conducted must be completed in accordance with these requirements. Additional information regarding the URA and Section 104(d) of the Housing and Community Development Act of 1974 can be found at:

<http://www.hud.gov/offices/cpd/library/relocation/nsp/index.cfm>

The Recovery Act included several provisions concerning tenants' rights that are applicable to acquisitions under the NSP Program. A County must document its efforts to ensure that the initial successor in interest in a foreclosed upon dwelling or residential real property (typically, the initial successor in interest in property acquired through foreclosure is the lender or trustee for holders of obligations secured by mortgage liens) has provided bona fide tenants with the notice and other protections outlined in the Recovery Act.

Regardless of whether the property is occupied or not, the Development Partner must document its efforts to ensure that the initial successor in interest (ISII) in a foreclosed upon dwelling or residential real property (typically, the ISII in property acquired through foreclosure is the lender or trustee for holders of obligations secured by mortgage liens) has provided bona fide tenants with the notice and other protections outlined in the Recovery Act. The Development Partner may not use NSP funds to finance the acquisition of a property from any ISII that failed to comply with applicable requirements unless the Development Partner assumes the obligations of such ISII with respect to bona fide tenants. If the Development Partner elects to assume such obligations, it may only do so if the tenant is still occupying the property and will provide any tenant displaced as a result of the NSP funded acquisition with the assistance outlined in 24 CFR 570.606. If the Development Partner knows that the ISII did not comply with the NSP tenant protection requirements and vacated the property contrary to the NSP requirements, NSP funds cannot be used to acquire such properties.

I. Occupied Properties

In the unlikely event that an occupied property is pursued with County's written approval, the Development Partner must send occupants who may be displaced a "General Informational Notice" (GIN) as required by URA. A GIN informs such persons that in the event they are displaced by this project that they may be eligible for relocation assistance and payments under the URA (and/or in some cases section 104(d) relocation assistance). GINs should be provided to property occupants early in the property acquisition process and prior to making an offer. In addition, a relocation plan must be completed prior to making an offer.

The County has a residential anti-displacement and relocation assistance plan. URA requirements must be followed in the event that Development Partner acquires an occupied property—either inadvertently or with the advance permission of County. In such events, Development Partner will be required to conduct a survey of occupant(s), create a relocation plan, provide a relocation notice and—if the occupant is qualified—give financial assistance in accordance with URA and HUD rules. In addition, Development Partner must observe all requirements of federal laws protecting tenants who reside in properties foreclosed on or after Feb. 17, 2009, including without exception allowing a bona fide tenant to remain in residence for the term of the lease or 90 days, whichever is longer.

✓ **TASK:** Prior to making an offer, the Development Partner must complete the following tasks:

1. Ensure the ISII in a foreclosed upon dwelling or residential real property has provided bona fide tenants with the notice and other protections outlined in the Recovery Act.
2. If the ISII failed to comply with applicable requirements, cease property acquisition, or
 - a. Assume the obligations of such ISII with respect to bona fide tenants only if the tenant is still occupying the property; and follow the steps outlined below.
3. If the property is occupied:
 - a. Receive written approval from the County to proceed with the acquisition;
 - b. Send occupants who may be displaced a “General Informational Notice” (GIN) (**Exhibit C**)
 - c. Prepare and receive written approval of a Relocation Plan.
 - d. Execute the Relocation Plan
 - e. Development Partner shall submit documentation to the County for review.

Responsible Person(s): Development Partner

3. RECEIVE COUNTY APPROVAL FOR ACQUISITION

Once the Development Partner determines that a property satisfies all the conditions for acquisition under the NSP3 Program, the following tasks must be completed:

- A. The Development Partner must electronically transmit a request for County approval of the acquisition;
- B. The County must underwrite the project; and
- C. The County Community and Economic Dev. Manager must review and approve or deny the acquisition.

A. TRANSMIT PROPERTY INFORMATION PACKAGE

Once the Development Partner has completed the tasks outlined in Section B.1 and B.2, the Development Partner must transmit electronically a Property Information Package to the County.

✓ **TASK:** The Development Partner must electronically transmit a Property Information Package, inclusive of:

1. A detailed rehab work write-up and cost estimate, including a 10% contingency line item;
2. A development description and Project Development Budget;
3. A preliminary (BPO) or URA-Appraisal indicating the as-is property value;
4. A complete copy of the draft Purchase Agreement with the NSP-required conditional purchase agreement addendum with the NSP approved language which makes the offer conditional upon an approved environmental review and the contract price being at least 1% less than market value as indicated by an appraisal to be obtained by Development Partner. If the agreement calls for Development Partner to pay for taxes or other liens or assessments in arrears, those amounts must be added to the contract price for purposes of calculating the discount from market value though unpaid taxes are not an eligible expense under NSP guidelines;
5. A copy of the Notice of Voluntary Acquisition that will be transmitted to the seller (**Exhibit D**); and
6. Evidence that the property is foreclosed, abandoned or vacant.
7. The County Community and Economic Development Manager will review the documents.

Responsible Person(s):

Tasks 1-6: Development Partner

Task 7: County Comm. & Econ. Dev. Manager

B. PROJECT UNDERWRITING BY COUNTY

Upon receipt of a Property Information Package, the County must review all of the information and issue a written approval or denial of the property acquisition.

✓ **TASK:** In order to approve or deny a property acquisition, the County must complete the following:

1. Verify the property is eligible for use of NSP3 funds (Section B.1);
2. Verify compliance with all terms of the Development Partner Agreement and the Program Guidelines, which include, but are not limited to, compliance with all applicable NSP3 regulations;
3. Determine the project is feasible in relationship to the following factors:
 - a. The construction/rehab plans and specifications meet program requirements and will result in a homeownership unit; and
 - b. The sources of NSP and other acquisition/construction and permanent financing (if required) are firmly committed and adequate to fund all costs of the project.

4. Check any special conditions granted, such as those related to occupied properties, encumbered titles, or acquisitions of properties containing more than four-unit properties.
5. If all the requirements are met, issue a written approval to the Development Partner to proceed with the acquisition of the property, subject to compliance with NSP requirements, such as environmental review clearance and the one percent (1%) discount requirement (discussed below).

Responsible Person(s):	Tasks 1-4:	County Economic Development Coordinator II
	Task 5:	County Comm. & Econ. Dev. Manager

4. MAKE AN OFFER, ENTER INTO A PURCHASE AGREEMENT

Once the Development Partner receives written approval to pursue the acquisition of a property, the Development Partner may make an offer by transmitting the signed Notice of Voluntary Acquisition to the seller and entering into a purchase agreement. The Development Partner should ensure the conditional purchase option/agreement allows for escrow to remain open long enough to receive all necessary documents, conduct the necessary due diligence, and obtain required approvals as described in Section B.3.

A. PURCHASE AGREEMENT

As discussed previously, units acquired under the NSP3 Program are subject to the one percent (1%) discount requirement (see Section B.2.B) and clearance of environmental review (B.1.c). Therefore, the purchase agreement must include an amendment prepared by the County, included as **Exhibit E**, to ensure the purchase is contingent on these two conditions being satisfied.

✓ **TASK:** To enter into an agreement, complete the following:

1. Transmit signed Notice of Voluntary Acquisition to seller;
2. Execute and transmit purchase agreement to seller with the required addendum;
3. Development Partner prepares escrow instructions;
4. Development Partner enters into escrow; and
5. Submit Copies of the documents to the County for their files.

Responsible Person(s):	Development Partner
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5. CONDUCT DUE DILIGENCE

Once the offer is accepted and the purchase agreement is executed, the Development Partner has until the close of escrow to satisfy any outstanding requirements.

✓ **TASK:** Before the close of escrow, the Development Partner must complete the following:

1. Complete the Environmental Review Process (Section B.1.C);

2. Obtain a URA Appraisal (Section B.2.D);
3. Obtain a title policy binder for the property;
4. Complete legal review and approval of the closing documents;
5. Conduct any final inspections and investigations before the property is acquired;
6. Complete items described in B.4.A above; and
7. Complete any other necessary steps to ensure compliance with NSP requirements.

Responsible Person(s): Development Partner

6. CLOSE ESCROW AND ACQUIRE THE PROPERTY

Once all necessary conditions have been satisfied, funds must be wire-transferred to Escrow and the property can be acquired. The Draw Request to wire-transfer funds to escrow must be submitted at least 10 calendar days prior to the scheduled closing date. Draw requests must be processed by County internally, and then require three to four days to process with HUD. The County and Development Partner will make best efforts to expend the NSP funds within three days of receipt but in no case more than 10 days. Therefore, the number of days in advance of closing is based on County's internal processing time, plus an estimated four days to process and receive the NSP funds, then spending the funds at the closing within three additional days.

If the County has agreed in advance to a purchase, subject to Development Partner's payment for liens or other encumbrances, copies of all documents justifying those payments must be transmitted after the close of escrow. The Development Partner may also choose to purchase approved properties with funds in its control and then submit an acquisition draw request to the County for reimbursement.

✓ **TASK:** To acquire the property, the following must be completed by the Development Partner:

1. Prepare an Acquisition Draw Request and transmit to County along with an electronic copy of the property appraisal;
2. Confirm that County has wired or otherwise paid the required funds into an escrow account for the closing; and
3. Assure that County receives copies of the title policy binder, grant deed and settlement statement.

Responsible Person(s): Development Partner

✓ **TASK:** To acquire the property, the following must be completed by the County:

1. Review Acquisition Draw Request and submit to the Finance Department to prepare the wire transfer;
2. Wire transfer funds to Escrow;

3. Review copies of the grant deed and settlement statement:
4. Review title policy binder to ensure transfer of property; and
5. Request advance draw of NSP funds through DRGR when the County and Development Partner are certain of the final purchase price and any associated closing costs.
6. Issue 1/3 Development Partner Fee to Development Partner.

Responsible Person(s): Economic and Community Development Manager

C. PROPERTY REHABILITATION

NSP funds used for rehabilitation must comply with all applicable law, codes, and other health and safety requirements. All construction and rehabilitation undertaken by Development Partner must follow the County's Rehabilitation Standards, Specifications and Checklists noted in **Exhibit F**.

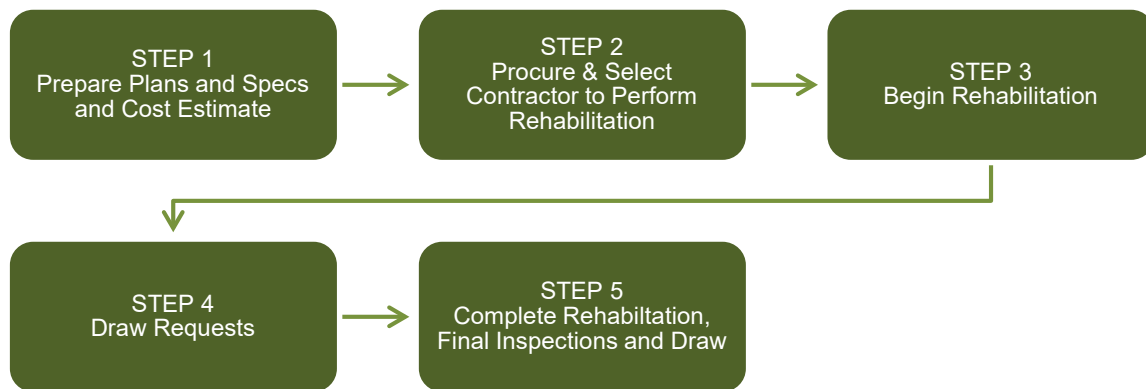
A. GENERAL RESPONSIBILITIES

Respective responsibilities of Development Partner and County are as follows:

- **Development Partner** shall be responsible for preparing plans and specifications (or work write-ups) that conform to program rehab/construction standards, estimating rehab/construction costs, managing contract awards, and managing the construction process. The Development Partner assumes all risks of cost overruns in excess of the construction and contingency budget line item in the previously approved Project Budget, unless County approves a revised Project Budget.
- **County** is responsible for approval of the project; providing and interpreting Rehab/Construction Standards; approving plans, specifications and estimates for projects; monitoring the work; and approving draw requests.

B. REHABILITATION PROCESS

Once the Development Partner has acquired a property for rehabilitation, the following steps, in conjunction with the County, must be completed before the property can be sold to an eligible homebuyer:



1. PLANS, SPECS, AND COST ESTIMATE

Before a contractor can be selected to perform the rehabilitation work, the Development Partner must complete final plans, specifications, and a line-item cost estimate necessary to bid the project.

A. PLANS AND SPECIFICATIONS

The Development Partner is responsible for completing plans and specifications (or work write-ups) which conform to County's Rehab/Construction Standards (**Exhibit F**) and Green Standards and which are in a form approved by County.

✓ **TASK:** Plans/specifications and work write-ups must include the following:

1. General requirements for which the builder is responsible (permits, fees, mobilization, site utilities, site security, builder's risk insurance, etc.);
2. Site plans, if new structures, fencing, landscaping or other site improvements are being provided;
3. Working drawings and materials specifications, for any new construction or substantial rehabilitation in accordance with the County's adopted Rehab Standards and Green Standards for construction;
4. Rehab work write-ups that show quantity, size, and materials specification for each work write-up item to enable Development Partner to create accurate cost estimates;
5. For structures built before 1978, the plans and specifications must address remediation of any lead paint or other environmental hazards (see Section C.1.B).
6. Submit to County for approval along with the cost estimate (see Section C.1.E).

Responsible Person(s): Development Partner

B. LEAD BASED PAINT

All homes built prior to 1978 must be inspected by a State Licensed Lead-Based Paint Inspector/Assessor in accordance with the EPA work standards at 40 CFR 745.227. All defective paint must be abated prior to occupancy by an eligible homebuyer. See the County's Rehab/Construction Standards (**Exhibit F**) for required methods of inspection, testing and abatement.

Inspections

The Development Partner's inspector shall conduct a "Visual Assessment" of all painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340. This assessment shall include all outbuildings and structures on the property.

Abatement

If Abatement is required, the contractor performing the abatement shall be given a copy of the Abatement Guidelines (24 CFR 35.1325 et seq.), a copy of the HUD publication "LEAD PAINT SAFETY, a field guide for painting, home maintenance, and renovation work" and a list of the "Prohibited Methods of Paint Removal" (24 CFR 35.140) (See **Exhibit G** for sample documents).

Notification

Prior to selling a rehabilitated pre-1978 home, the Buyer must be given a copy of and asked to read the EPA pamphlet "Protect Your Family From Lead in Your Home". (EPA 747-K-12-001, December 2012), see **Exhibit H**. Evidence that the pamphlet was given to the Buyer must be included in the purchaser's file.

✓ **TASK:** For all post-1978 homes, the Development Partner must complete the following:

1. Review property records and determine the property was constructed after 1978; and
2. Provide the County with a written certification the property was built after 1978.

Responsible Person(s): Development Partner

✓ **TASK:** For all pre-1978 homes, the Development Partner must complete the following:

1. Perform an inspection by a State Licensed Lead-Based Paint Inspector/Assessor in accordance with the EPA work standards at 40 CFR 745.227;
2. Comply with EPA 2008 Lead Based Paint Renovation, Repair, and Painting Program Rule;
3. Conduct a "Visual Assessment" of all painted surfaces in order to identify deteriorated paint.
4. Stabilize all deteriorated paint in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340;
5. If Abatement is required, provide the contractor performing the abatement with a copy of the Abatement Guidelines (24 CFR 35.1325 et seq.), a copy of the HUD publication "LEAD PAINT SAFETY, a field guide for painting, home maintenance, and renovation work" and a list of the "Prohibited Methods of Paint Removal" (24 CFR 35.140);
6. Perform all necessary abatement and obtain a Clearance Report and Clearance Review Worksheet to document that unit passed clearance.
7. Upon sale to an eligible homebuyer, provide the Lead Based Paint Disclosure Form to the buyer (to document the buyer received the disclosure and pamphlet), and the Lead Hazard Reduction Notice (to document that buyer received required lead hazard reduction notification).

Responsible Person(s): Development Partner

C. REHABILITATION STANDARDS

NSP funds used for rehabilitation must comply with all applicable law, codes, and other health and safety requirements. At a minimum the following will govern rehabilitation on an NSP unit:

- All applicable state and local codes; and
- Rehabilitation activities will include improvements to increase the energy efficiency and conservation of the unit(s).

All construction and rehabilitation undertaken by Development Partner will follow County's Rehabilitation Standards, Specifications and Checklists noted in **Exhibit F**.

D. ENERGY EFFICIENCY/CONSERVATION MEASURES

HUD strongly encourages grantees to use NSP funds not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. For NSP3, HUD requires that all gut rehabilitation (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) must be designed to meet the standard for Energy Star Qualified New Homes.

In addition, all gut rehabilitation must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1–2004, Appendix G plus 20 percent. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-labeled products. Water efficient toilets, showers, and faucets, such as those with the Water Sense label, must be installed. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, and fires). The County Rehabilitation Standards incorporate these requirements.

The Development Partner, when preparing the plans and specifications, is required to complete the following table indicating the proposed number of energy efficiency accomplishments for each property. Once the property is completed, the Development Partner is required to report on the actual number of accomplishments per unit.

Energy Eff. Accomplishments	Proposed	Actual
Sites Re-Used		
Efficient AC Added/Replaced		
High Efficiency Heating Plants		
Units with Solar Panels		
Dishwashers Replaced		
Low Flow Showerheads		
Additional Attic/Roof Insulation		
Units Deconstructed		
Units with Bus/Rail Access		
Units Exceeding Energy Star		
Replaced Hot Water Heaters		
Clothes Washers Replaced		
Light Fixtures (outdoors) Replaced		
Low Flow Toilets		

Refrigerators Replaced		
Energy Star Replacement Windows		
Units, Other Green		
Light Fixtures (indoors) Replaced		
Replaced Thermostats		

✓ **TASK:** Incorporate Energy Efficient measures in the rehabilitation of all homes to include Energy Star labeled products:

1. Incorporate Energy Efficient equipment in the rehabilitation specifications and work write ups; and
2. Upon completion of the rehabilitation, provide the County a report on the actual energy efficient improvements and Energy Star appliances installed for reporting to HUD through the DRGR System.

Responsible Person(s): Development Partner

E. COST ESTIMATE

The Development Partner is responsible for producing cost estimates including overhead and profit in a form approved by County. The cost estimate will be used to determine the cost reasonableness of bids. When approved by the County, the cost estimate becomes a schedule of values which is used by County's construction inspector to determine the value of work completed for the purpose of approving draw requests.

This process may have been completed during the acquisition phase. If no changes to the cost estimate are necessary, the Development Partner may use this existing Cost Estimate already approved by the County.

✓ **TASK:** The Development Partner must submit a cost estimate which includes the following:

1. A line-item, work write-up format with one work item per line unless an alternative form of estimate is approved in writing by County;
2. Rehabilitation costs based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently-built or renovated structures; and
3. Site improvement costs for each improvement and based on take-offs of quantities of materials and labor required.
4. Submit to County for approval along with the Plans/specifications and work write-up.

Responsible Person(s): Development Partner

F. COUNTY REVIEW AND APPROVAL

The County is responsible for reviewing and approving the plans/specifications, work write-up and cost estimate in accordance with the rehabilitation standards and to determine cost reasonableness.

✓ **TASK:** The County must complete the following:

1. Review the plans/specification and work write-up to ensure the proposed scope of work is consistent with that previously approved during the acquisition phase and is consistent with the established rehabilitation standards;
2. Review the cost estimate for completeness and cost reasonableness; and
3. Require revisions, as necessary and provide the Development Partner with written approval or denial of the plans/specifications and cost estimate.

Responsible Person(s): County – Econ. Development Coordinator II and Building Inspector

G. NSP3 VICINITY HIRING POLICY

The NSP3 Notice requires that grantees shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity of projects funded under this section or contract with small businesses that are owned and operated by persons residing in the vicinity of such projects.

All Imperial County NSP3 subrecipients, contractors and subcontractors will be required to demonstrate efforts to achieve Vicinity Hiring during the contracting, rehabilitation, sale and rental property management process. These efforts are to provide for the hiring of qualified employees who reside in the vicinity of NSP3 projects and extends hiring preference to Imperial County residents if project area residents do not apply or are not hired. Contracts issued by subrecipients, contractors and subcontractors are also required to demonstrate vicinity preferences with qualified small businesses that are owned and operated by persons residing within the target area vicinity and then to small businesses owned and operated by County residents.

Documentation of this requirement will be an element of all NSP contracts awarded and include but not be limited to:

- Points in the scoring matrix for rating responses to Requests For Qualifications and Requests For Proposals issued by the County for demonstrated vicinity hiring practices and policies of companies that submit responses.
- Requirements for marketing employment opportunities, receiving applications and partnerships for job training.
- Reporting schedules and forms required of all approved subrecipients, contractors and subcontractors for NSP contracts.
- Language in policy and procedure manuals for NSP stating all preferences and requirements for vicinity hiring.

2. PROCURE AND SELECT A CONTRACTOR TO PERFORM REHABILITATION

The selection of contractors to perform the rehabilitation work is subject to federal procurement policies found at 24 CFR 92.356, 24 CFR Part 84.40 through 84.48, and 24 CFR Part 85.36, as applicable. After the County has approved the plans/specifications and cost estimate, the Development Partner may then proceed with the procurement of a contractor to perform the rehabilitation work. The rehabilitation work must be competitively bid, and completed by the contractor with the oversight of the Development Partner.

✓ **TASK:** The selection of the contractor requires the Development Partner to complete the following:

1. Prepare a bid package in accordance with the approved plans/specifications and cost estimate;
2. Solicit or distribute the bid package to all eligible and participating contractors;
3. Receive at least three (3) reasonable bids, and select the lowest, most responsive contractor;
4. Check the license, insurance and debarment status of the contractor and any proposed subcontractors;
5. Execute a contract with the selected contractor compliant with all federal, state and local laws. Note that agreement should contain applicable language associated with the funding source, which in this case is NSP3 funds;
6. Provide the County with copies of all proposals received and the executed contract electronically in order to obtain the Notice to Proceed from the County; and
7. Obtain written approval via a Notice to Proceed for the rehabilitation phase of the project.

Responsible Person(s): Development Partner and Contractor

✓ **TASK:** Before issuing a Notice to Proceed, the County must complete the following:

1. Review all procurement documents to ensure proper procurement procedures were followed;
2. Check the license and debarment status of the contractor and any proposed subcontractors;
3. Ensure the Development Partner has adequate insurance, and that the County is added as an additional insured;
4. Review the contractor agreement to ensure the scope of work is complete and accurate, costs are reasonable, and for compliance with all federal, state and local laws;
5. If all documents are found to be complete and compliant, issue a Notice to Proceed to the Development Partner.

Responsible Person(s): County Economic Development Coordinator II

3. REHABILITATION PHASE

The NSP Notices require that NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The County is required to describe or reference what rehabilitation standards it will apply for NSP-assisted rehabilitation in the Abbreviated Plan. HUD will monitor to ensure the standards are implemented.

NSP3 funds must be used for preservation, improving energy efficiency or conservation, or providing renewable energy source(s). Rehabilitation designs to strategically incorporate modern green building and energy efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods are to be incorporated when feasible.

NSP3 funds used for rehabilitation must comply with all applicable law, codes, and other health and safety requirements. All construction and rehabilitation undertaken by Development Partner will follow County's Rehabilitation Standards, Specifications and Checklists noted in **Exhibit F**.

A. INSPECTIONS AND MONITORING

Throughout the rehabilitation process, the Development Partner must work closely with the County to monitor and inspect the progress and quality of the rehabilitation work in accordance with the plans/specifications, rehabilitation standards, and NSP requirements. The County's and Development Partner's roles and responsibilities are as follows:

- **Development Partner** is responsible for monitoring the quality, completeness, and conformity to specifications of all work performed by third party contractors.
- **County** must assign a representative or representatives to accompany Development Partner's representative in all construction meetings, construction draw inspections, and the punch list inspection. County may approve draw requests or deny all or a portion of a draw request for cause. County building inspections must also be current before draws or approvals will be granted.

✓ **TASK:** Throughout the Rehabilitation Phase, the Development Partner must:

1. Monitor the quality, completeness, and conformity to specifications of all work performed by contractors and subcontractors; and
2. Coordinate with Development Partner/County Inspectors on period inspections.

Responsible Person(s): Development Partner and County Inspectors

B. CHANGE ORDERS

The Development Partner may approve change orders up to a combined amount equal to the rehab/construction contingency budget line item (10%). The Development Partner is responsible for all construction costs exceeding the contingency budget amount, unless the County at its sole discretion

approves a revised construction budget and Project Budget and reviews and approves a change order for additional scope of work and costs in excess of the total construction budget.

4. DRAW REQUESTS

Throughout the duration of the rehabilitation work, the Development Partner may submit periodic draw requests for the work performed to-date. Draw requests must be submitted on the approved-form (**Exhibit I**) along with lien waivers and any other required attachments described on the form. Draw requests may include requests for reimbursement of soft costs in the approved Project Budget, up to the aggregate total amount of the line item budget amounts for construction and soft costs.

The Development Partner, acting as the general contractor, must follow any special requirements in the NSP Agreement for charging general contractor fees and non-subcontracted construction costs, as well as processing draws. In addition, there will be a 10% retainage for all general contractor and subcontractor costs for each draw, including a retainage on any general contractor fee. The aggregate retainage amount for the general contractor and subcontractors will be included in contractor's final draw request or invoice, which must be presented to the County once the punch-list items have been completed. Requests for NSP funding of soft costs must be accompanied by invoices or other documents from subcontractors or other third parties indicating payment of eligible rehab/construction and soft costs as indicated by the line items in the Project Budget.

The County is responsible for reviewing, approving and processing draw requests in a timely manner. The County may approve draw requests or deny all or a portion of a draw request where County Inspectors determine the work described in the draw request has not been completed satisfactorily. County building inspections must also be current before draws or approvals will be granted.

✓ **TASK:** To receive reimbursement, the Development Partner must submit a draw request:

1. On the form provided and signed by the Development Partner; and
2. Along with lien waivers and any other required attachments described on the form.

Responsible Person(s): Development Partner

✓ **TASK:** To approve the draw request, the County must complete the following:

1. Review the draw request and accompanying documentation for accuracy and completeness; and
2. Verify County Inspections are up to date and are consistent with the draw request.
3. Upon approval, submit to the Finance Department for Payment.

Responsible Person(s): County Economic Development Coordinator II and Economic Development Accountant

5. FINAL INSPECTION AND DRAW

Once the Development Partner determines that the rehabilitation is substantially complete, the Development Partner's and County's representatives must conduct a punch list inspection. All punch list items reasonably required by County must be included. The punch list must be jointly approved during or immediately after the punch list inspection. The punch list items must be cleared by the County Inspector after subsequent inspection(s). Upon satisfactory completion of the punch list items, and all applicable paperwork, County will issue a notice of final completion to Development Partner. The County Building Inspector must also complete a final inspection and issue a Certificate of Occupancy.

Thereafter, the Development Partner must submit the final draw which must include a request for the payment of any remaining eligible construction costs, construction retainage, applicable soft costs and the portion of the Development Partner fee payable upon completion of construction.

✓ **TASK:** To receive Final Payment, the Development Partner must:

1. Work with the County Inspector to conduct a punch list inspection, develop and jointly approve a punch list, and clear all punch list items;
2. Submit a Final Draw Request.

Responsible Person(s): Development Partner

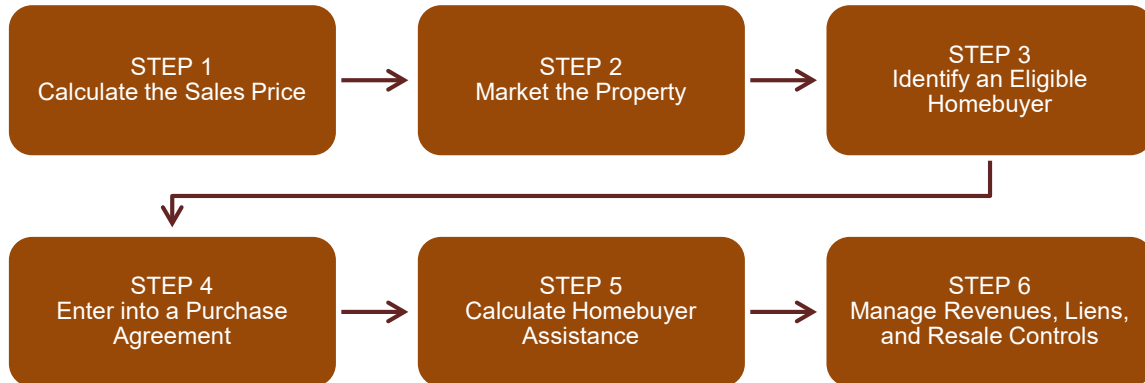
✓ **TASK:** To process Final Payment, the County must:

1. Clear all punch list items; and
2. Complete all necessary inspections;
3. Review the final draw request and accompanying documentation for accuracy and completeness;
4. Submit to the final draw request to the Finance Department for Payment (including 1/3 Development Partner Fee) along with the documents noted in item 5 below; and
5. Issue a Notice of Completion (showing submittal to the County Registrars Office) and obtain a Certificate of Occupancy from the County Building Department.

Responsible Person(s): Development Partner and County Economic Development Coordinator II

D. PROPERTY RESALE AND HOMEBUYER ASSISTANCE

Once the rehabilitation of a property is complete, the following steps, in conjunction with the County, must be completed to sell the property to an eligible homebuyer.



1. CALCULATE THE SALES PRICE

Section 2301(d)(3) of HERA directs that, if an abandoned or foreclosed-upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. This is referred to as “Total Development Costs”, and includes all eligible acquisition, rehabilitation/construction and soft costs including the Development Partner fee. Total Development Costs may not include property maintenance costs (pre- or post-development period), such as boarding or lawn mowing of a constructed home (see **Exhibit J** County Project Development Cost Spreadsheet).

However, the Development Partner must obtain an after-construction/rehab URA-Appraisal to determine the current market value of the home. The appraisal may value the home at lower than the Total Development Costs, in which case, the market value (appraised value) of the home would be the Sales Price.

Additionally, in no event shall the total NSP funds provided to a property, inclusive of any homebuyer assistance provided, exceed 100% of the Total Development Cost. Finally, the County has set a cap on the after-rehab sales price at \$275,000* (subject to change). Therefore, when determining the maximum sales price, the Development Partner must price the home at the lesser of the following:

- The Total Development Cost;
- The Appraised Value (“Market Value”); or
- \$275,000* (subject to change).

✓ **TASK:** To determine the maximum sales price, the Development Partner must complete the following:

1. Determine the total development cost;

2. Obtain an After-Rehab Appraisal; and
3. Determine the lesser of the total development costs, market value, or \$275,000* (subject to change).
4. The lowest of the three will be the maximum sales price.
5. Maintain records of the total development costs and the appraisal to justify the maximum sales price.
6. Submit to County for review and approval.

Responsible Person(s): Tasks 1-5: Development Partner
 Task 6: County Comm. & Econ. Dev. Manager

A. ADJUSTMENTS IN ASKING PRICE

If no qualified offer is received within 60 days of first marketing a home, the Development Partner may reduce the asking price by 5%. If no qualified offer is received after final completion followed by 60 days of best efforts in marketing a home, Development Partner may reduce the original asking price by up to 10%, including previous adjustments, if any. Development Partner may make additional price reductions only with the written approval of County. In any case, the Development Partner may reduce asking prices only after making diligent and continuous efforts to market and sell a home.

B. SETTING AND ADJUSTING THE CONTRACT PRICE

In executing a home sales agreement, Development Partner may not agree to a contract price that is less than the amounts described above without the written approval of County, except that the Development Partner may amend the contract price in a home sales agreement to be equal to the market value of the home as determined by a first mortgage lender's appraisal. The final sales price may also have to take Homebuyer Financial Assistance into account to keep the Combined Loan to Value at or below 100%.

I. Adjustment in Contract Price

For purposes of NSP compliance, any such reduced prices shall be considered to be the current market value of the home, regardless of the value determined by any prior appraisal. Note that no NSP Home can be sold for more than the total development cost, per NSP rules.

II. NSP Development Subsidy When Investment Exceeds Market Value

When development costs exceed market value, the portion of NSP funds advanced to the project that are above the market value become a development subsidy to the project. Neither the Development Partner nor the homebuyer is required to repay NSP funds used for an approved development subsidy. However, the homebuyer will be subject to recapture provisions for the amount of any Homeowner Financial Assistance, which subsidizes the contract price of the home and possibly down payment and closing costs.

C. DETERMINING MARKET VALUE, TO ESTABLISH THE DEVELOPMENT SUBSIDY

The development subsidy is calculated with the following formula, according to the HOME program rules that are referenced as a “safe harbor” for the NSP program.

$$\text{Total Development Cost} - \text{Current Market Value} = \text{the Development Subsidy}$$

If an NSP home is sold for a price equal to the after-construction/rehab appraised value, then the appraised value is deemed to be market value. Moreover, if the price of a home has been reduced due to a lack of qualified offers after adequate marketing and sales efforts over a reasonable period of time (as described above), the reduced selling price will be considered market value for purposes of calculating the development subsidy.

D. ACCOUNTING FOR EXPENDITURES

The Development Partner must account for total NSP expenditures per home by means of assigning an accounting code for NSP-funded or reimbursed expenses for each property and another accounting code, if applicable, for non-NSP funded expenditures (if any). The separate accounting of NSP and other funds will provide necessary financial data on NSP-funded expenditures in the event of any audits of program activities.

E. POSSIBLE ADJUSTMENTS IN PRICE AT TIME OF SALE

Prior to closing any sale of a property, after actual total development cost is calculated as described above, and the first mortgage lender’s appraisal has been received by Development Partner, the sale price must be reduced to the lesser of the following two amounts if less than the contract price: 1) the actual development costs, or 2) the amount of the first mortgage lender’s appraisal.

2. MARKET THE PROPERTY

The Development Partner is fully responsible for marketing NSP homes and selling them to qualified buyers. If an NSP home does not sell in a timely manner and results in cost overruns that cannot be paid out of contingency funds, Development Partner will be responsible for paying the additional costs unless, at the sole discretion of County, the Project Budget is revised to provide additional NSP funding.

A. FAIR HOUSING AND EQUAL OPPORTUNITY

The NSP3 Notice required NSP3 Grantees to affirmatively market NSP3 assisted units and carry out NSP3 activities that further fair housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

Fair Housing and Equal Opportunity (FHEO) regulations and requirements are designed to prevent discrimination in the delivery of benefits and services because of race, color, religion (creed), sex, national origin, age, familial status or disability, and include:

- Title VI of the Civil Rights Act of 1964;
- Section 109 of Title I of the Housing and Community Development Act of 1974;
- Section 504 of the Rehabilitation Act of 1973; the
- Age Discrimination Act of 1975; and
- Fair Housing Act and Executive Order 11063 which covers nondiscrimination in the sale, rental or financing of housing

The County has adopted policies and procedures regarding Fair Housing, Equal Opportunity, and Affirmatively Furthering Fair Housing, as described in the Analysis of Impediments to Fair Housing Choice. The Development Partner's Marketing Plan must be in accordance with these established policies.

B. MARKETING PLAN AND BUDGET

Prior to marketing the first completed home, the Development Partner must obtain written approval from County for a program marketing plan and budget.

✓ **TASK:** The Development Partner must complete and submit a Marketing Plan inclusive of the following:

1. Methods of affirmative outreach to residents of target areas;
2. Other means of advertising homes for sale, including such means as Multiple Listing Service, advertising, flyers (in English and Spanish), etc.; printed materials and advertisements must include equal opportunity language and equal housing opportunity logo;
3. Approved language for use in flyers, advertising and listings regarding income qualifications of buyers and NSP financing being offered to buyers;
4. Method and timing of prequalifying prospective buyers, in terms of NSP income eligibility and eligibility for mortgage financing;
5. Policy for managing a waiting list of potential buyers;
6. Sample disclosure statements to be given and explained to buyers prior to signing purchase agreements and at closing;
7. Sample form of purchase contract; and
8. Provisions for establishing and adjusting sale prices.

Responsible Person(s): Development Partner

3. IDENTIFYING AN ELIGIBLE HOMEBUYER

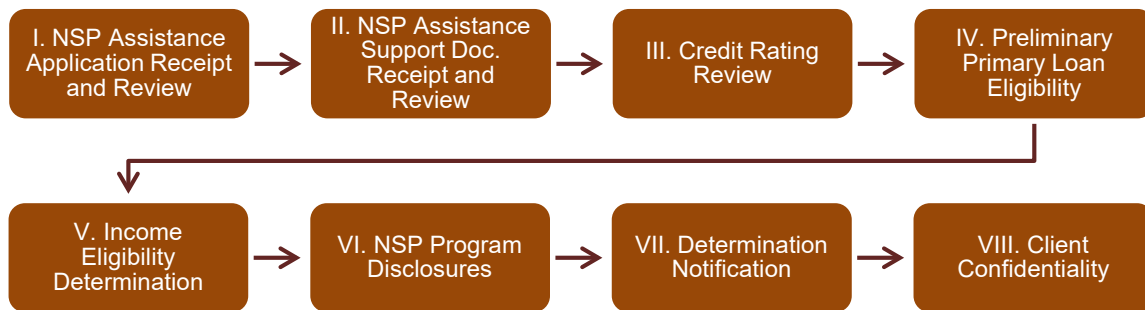
The next step is to identify an eligible homebuyer to purchase the property.

A. HOMEBUYER APPLICATION AND PREQUALIFICATION

The Development Partner is responsible for ensuring that the homebuyer eligibility and pre-qualification tasks “I” through “VIII” below are completed. In addition to the Development Partner’s performance of these requirements, they may also be completed for some or all clients by a pre-purchase counseling agency under contract to County to assist prospective NSP homebuyers, or performed directly by the County (collectively referred to as the “Eligibility Review Team”).

Regardless of the entity performing the homebuyer eligibility and pre-qualification review, the Development Partner shall receive, review, and maintain documentation in their files that supports the successful performance of the review. Development Partner is required to transmit copies of all eligibility and pre-qualification review documentation to County, and for receiving County approval prior to entering into a home sales contract with a Buyer.

Homebuyer eligibility and pre-qualification tasks include:



I. Application for NSP Assistance

Before a prospective buyer(s) (the “Applicant”) is referred to pre-purchase counseling or to execute a sales agreement for an NSP-assisted property, a preliminary determination regarding Applicant eligibility must be made by the designated Eligibility Review Team member. To complete this preliminary review function, the buyer must complete the Application for NSP Assistance (referred to as “Application”) (refer to **Exhibit K**). The information obtained in the Application, in conjunction with supporting documentation and 3rd party verifications, will be used to determine a buyer’s eligibility to purchase an NSP home and to receive NSP Homeowner Financial Assistance (“HFA”). Applicants may complete online and paper forms in advance, however the application shall only be accepted during a face-to-face meeting with a qualified representative of the County.

✓ **TASK:** To ensure that a complying NSP Application is received from all potential applicants for the purpose of determining program participation eligibility.

1. Accept the completed NSP Application during a face-to-face meeting with the Applicant
2. Review the Application submission to ensure completeness
3. Ensure that required supporting documentation is received with the Application

4. Retain all submitted documentation in project file.

Responsible Person: Development Partner

II. Supporting Documentation Review

Applicants are required to provide supporting documentation which verifies: their employment, all sources of income, all assets, all liabilities, and place of current residence. Supporting documentation requirements are detailed within the Application, and are to be provided by the Applicant at the time of Application submission, and as subsequently requested. At a minimum, the following documentation must be initially provided for all household members over the age of 18:

1. The last three (3) years of complete signed federal income tax returns, inclusive of W-2s and all schedules and attachments.
2. Copies of driver's licenses for all adult Applicants.
3. Complete payroll stubs for the last three (3) consecutive months.
4. If retired, current award documentation which reflects the amount(s) currently being received (Social security award letters, pension award correspondence, insurance payment documentation, permanent disability documentation, or other retirement related documentation)
5. If receiving public benefits, temporary disability award letters, public benefits award letters, welfare assistance documentation, unemployment benefits award letters, etc.
6. If receiving alimony or child support, the recorded court award documentation.
7. Saving account statements for the last six (6) consecutive months.
8. Checking account statements for the last six (6) consecutive months.
9. Asset account statements for the last six (6) consecutive months.
10. Applicant signed Written Request for Release of Information form (for obtaining 3rd party verifications)

The acquisition of a residence with NSP funds may require that the Applicant qualify as a First Time Homebuyer (see County's current NSP3 Substantial Amendment and Program Guidelines). "First-time Homebuyer" means an individual or individuals, or an individual and his or her spouse, who have not owned a home during the three-year period before the purchase of a home that will be assisted by NSP3. First-time Homebuyer status may also be conferred to an individual or individuals if the following conditions hold true:

1. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;

2. A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and
3. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with NSP3 assistance, a dwelling unit whose structure is:
 - a. Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

While any designated member of the Eligibility Review Team can perform the Application intake and supporting documentation review, the authority for final approval of all applications for NSP assistance and home purchase is reserved by the County.

✓ **TASK:** To ensure that sufficient supporting documentation is received in conjunction with the receipt of an NSP Application, so that a preliminary eligibility review can be conducted. Where additional information is required, initiate the process for obtaining supplementary Applicant submittals.

1. Accept supporting documentation during a face-to-face meeting with the Applicant.
2. Review supporting income documentation to ensure consistency with the income amounts and sources reported in the Application.
3. Review tax returns to ensure that no tax deductions were taken for a personal residence during the preceding three (3) years (verification of first time homebuyer status, if applicable). Utilize tax returns as a supplementary check of income (where income has remained regular and consistent) (remember that income is always a projection of gross income over the upcoming twelve [12] month period, and must utilize data from within the last six [6] months for its calculation).
4. If the Program is not limited to First Time Homebuyers, ensure the applicant meets the definition of a homebuyer per the County's current NSP3 Substantial Amendment and program guidelines.
5. Review tax returns to ensure that exemptions are consistent with the household size declared on the Application.
6. Review temporary or limited time award documentation so that the future income stream over the next twelve months is appropriately addressed.
7. Review saving and checking account statements to assess for irregular activity that is inconsistent with the income indicated in the Application.
8. Review asset account statements to determine the current value of assets, and determine their income production potential over the next twelve month period.

9. Review supporting documentation to determine the need for additional supporting documentation submissions and request as necessary, including, but not limited to:
 - a. Full time students over the age of 18 – documentation of full-time student status.
 - b. Self-employment – projected income statement for the next twelve (12) month period, with adjustments for non-allowable depreciation deductions.
 - c. Non-recurring gifts disclosed during the review of bank statements – documentation supporting the provision or transmittal of funds.
 - d. Other situations detailed with the Part 5 method of income determination which require additional supporting documentation.
10. Transmit requests for 3rd party verifications of income.
11. Review assets statements to ensure that adequate seasoned funds are available to meet the Program's 2% down-payment requirement.
12. Retain all documentation in project file.

Responsible Person: Development Partner

III. Credit Rating Review

During the intake interview, the Eligibility Review Team member will obtain, with the Applicant's written permission, a credit report(s) and credit score(s) for all persons to be listed on title and the loan. The Eligibility Review Team member will review the report(s) with Applicant(s) and explain any positive or negative data with regard to qualifying for purchase of an NSP Home. The County requires a minimum credit score of 580 out of 850 for all prospective eligible buyers.

✓ **TASK:** To determine if an NSP Applicant meets the basic credit score threshold required under the Program, and provide a preliminary assessment of the credit worthiness of the Applicant, inclusive of a debt load review.

1. Obtain a written authorization from the Applicant to obtain a credit report.
2. Obtain the credit report
3. Review the credit report to determine the Applicant's credit score
4. Review the credit report and compare with the Application to determine that reported debts are consistent with the credit report's listed number of creditors and respective outstanding debt amounts.
5. Review the credit report to ensure that mortgage payments were not made within the last three (3) years.
6. Review credit report and confer with Applicant to obtain clarifications regarding any negative information contained therein, such as bankruptcies, judgments, liens, multiple addresses, or aliases.

7. Discuss positive and negative aspects of the credit report with the Applicant, and provide an assessment of the creditworthiness of the Applicant based on the credit report contents.
8. An Applicant with a FICO score of 580 or less will be rejected unless County believes that the Applicant can elevate their credit score in time to qualify for a primary loan to purchase an NSP Home.
9. Retain all documentation in project file.

Responsible Person: Development Partner

IV. Preliminary Primary Loan Eligibility

The designated Eligibility Review Team member will perform a preliminary assessment of the Applicant's ability to obtain sufficient primary financing for the acquisition of an NSP Home. This assessment will be based on a review of:

1. Applicant income(s)
2. Employment history(ies)
3. Credit score(s)
4. Debt obligations
5. Available Applicant down payment amount
6. Anticipated sales price of the NSP Home
7. Other income or debt related factors
8. Available County assistance

As a reminder, the Applicant is obligated to accept the maximum loan amount for which they are qualified and that is made available by the primary lender. Primary financing must be fully amortized 30-year fixed rate loans.

When performing this preliminary assessment, consideration of available County Homebuyer Financial Assistance (HFA) shall only be based on the "gap" assistance necessary to complete the financing of the Applicant's NSP Home acquisition, subject to the maximum program assistance level of \$60,000, to cover additional down payment and closing cost requirements not addressed by the minimum 2% required buyer funds. The actual amount of HFA requires the written approval of the County, and is subject to Applicant acceptance and conformance with Program requirements and conditions.

Special considerations if FHA financing is being used by a buyer: If the buyer is using FHA financing, the Development Partner is not allowed to provide any amount of down payment assistance, even though the Development Partner can finance closing costs if they do not exceed 6% of the sales price. Closing costs include reasonable fees allowed by the FHA lender, prepaid taxes and insurance, recording fees and the up-front mortgage insurance premium. Non-FHA lenders may have fewer restrictions or additional restrictions

that the Development Partner will have to comply with when providing down payment and closing cost assistance.

Non-profit Development Partners working in the NSP program are required to register and be approved to make second mortgages, pay closing costs, or other forms of NSP Homeownership Assistance in conjunction with FHA insurance. For-profit Development Partners may not offer financial assistance under FHA. FHA is working on ways to streamline the process. Non-profit lenders should initiate the steps for approval as soon as possible.

Follow this link for instructions:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/np/np_prog

An Applicant whose application fails to meet these pre-qualification standards will be given a written notice of denial as described below.

✓ **TASK:** To determine if an NSP Applicant meets the typical underwriting criteria for obtaining a primary loan to acquire an NSP Home.

1. Review the Applicant's employment history to determine stability of employment (length of employment), and stability of employment income (regularity of income over time).
2. Review credit score(s) to determine compliance with minimum standards in effect by lenders at the time of application. As an example, while the Program provides for a minimum credit score of 580, lenders may require a higher score of 620 to qualify for an FHA loan. Always use the current standards when evaluating the feasibility of obtaining a primary loan.
3. Review debt obligations to ensure that the Applicant(s) do not have excessive monthly debt obligations. Measure the impacts of the Applicant's existing debt on their anticipated back end ratio (considering an acquisition primary loan). Where monthly debt is about to be repaid (within 90 days of final payment), consider this reduction in the analysis and annotate the record accordingly.
4. Factor in the Applicant's proposed down-payment amount when determining the primary loan necessary.
5. Consider other relevant income and debt factors when developing a determination (documented scheduled increase in salary, debt reduction due to impending repayment, etc.)
6. Project the estimated amount of the HFA to determine if the transaction will comply with Program requirements.
7. Provide a preliminary determination of the Applicant's ability to obtain primary lender financing based on all known parameters.
8. Retain all documentation in project file.

Responsible Person: Development Partner

V. Income Eligibility Determination

To be eligible for Program participation, the Applicant household income must be at or below 120% of area median income (see Income Limit Table – **Exhibit L**) as adjusted annually. The County utilizes the definition of annual income as provided in 24 CFR 5.609, and referred to as "Part 5 annual income." The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. This definition sounds straightforward, but there are several specific issues related to the calculation of Part 5 annual income which may be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/raining/web/calculator/definitions/part5

Any Eligibility Review Team member who performs Applicant intake and review shall be responsible for knowing the requirements for calculating Part 5 annual income, including but not limited to: determination of whose income to count, income inclusions and exclusions under the Part 5 annual income determination method, addressing asset valuations and calculation of income from assets, as well as the documentation and 3rd party verification requirements of Part 5 annual income. Where income determinations are performed by third parties, a review shall be conducted to validate that the income eligibility was correctly performed and that sufficient supporting documentation has been received.

The income eligibility determination shall be performed on the Income Certification Form (see **Exhibit M**) and signed and dated by the certifying party. The income certification may be no more than six (6) months old at the time that the buyer and Development Partner close escrow. If it is anticipated that the documentation will be older than six (6) months at the projected close of escrow, the buyer must be recertified.

✓ **TASK:** To determine if an NSP Applicant meets income eligibility requirements of the Program.

1. Review the Application, determine if the household size is supported by the provided documentation.
2. Perform adjustments to household size as necessary (e.g., Foster children, shared-custody children, non-related renters, students away at school, etc.).
3. Review the Applicant's Application to determine the income amount that was declared.
4. Obtain a copy of the Applicant's tax return(s) Form 4506-T at <http://www.irs.gov/uac/Form-4506,-Request-for-Copy-of-Tax-Return>.
5. Review 3rd party verifications for consistency with Application entries.
6. Review the Applicant's supporting documentation to determine if the income declared is consistent with the source documentation (payroll stubs, award letters, benefits statements, asset account statements, etc.)
7. Review potential income inclusions and exclusions based on Applicant supplied information.
8. Calculate income amount to be derived from assets.

9. Calculate a projection of Part 5 annual income, over the next 12 months on the Income Certification Form, and date and sign.
10. Provide an income eligibility determination for the Applicant.
11. Retain all income eligibility documentation in project file.

Responsible Person: Development Partner

VI. Disclosures at Time of Application

Unless an Applicant is disqualified during the intake interview, he or she will be given hard copies of preliminary disclosure documents that provide the following:

1. An explanation of the NSP program in general terms and its benefits to buyers and the community;
2. A description of the general locations and price ranges of NSP Homes that may be available for Buyers to purchase and a good faith estimate of typical buyer-paid closing costs;
3. The NSP application approval criteria;
4. Waiting list policies;
5. The requirement for attending pre-purchase counseling (if approved);
6. Applicant's household size and estimate of monthly income, with a statement that the income amount must be verified prior to the Applicant being approved for NSP assistance;
7. A good faith estimate of the amount (or range of amounts) and terms of Homeowner Financial Assistance that Applicant may qualify for, based on an analysis of Applicant's financial and other data provided;
8. A general description of an NSP buyer's obligations for repayment of subsidies.

During the intake interview or subsequent face-to-face meeting, the designated Eligibility Review Team member will review these disclosures with the Applicant and be available to answer questions about them. No application can be approved unless the above disclosures have been made.

✓ **TASK:** To provide an NSP Applicant with information and documentation which advises them of the Program's general policies and procedures, provide preliminary determinations relative to their NSP Application, convey the general terms and costs of acquisition of NSP Homes, provide the estimated loan capacity of the Applicant and loan obligations under the Program, and to advise the Applicant of the additional steps required to secure County approval.

1. Discuss the NSP program as it relates to the Applicant.
2. Provide a description of the general locations and price ranges of NSP Homes that may be available for Buyers to purchase, and a summary good faith estimate of typical buyer-paid closing costs.
3. Describe the NSP application approval criteria, inclusive of income eligibility, credit worthiness, NSP Home acquisition parameters, lending process, pre-purchase counseling requirement, potential

HFA assistance available based on the Application review, and the terms of the FHA assistance inclusive of repayment obligations and interest rates.

4. Discuss NSP waiting list policies
5. Discuss the result of the Application review, inclusive of Applicant's household size and estimate of monthly income. Indicate that all determinations resulting from the Application review are subject to verification and that final authority for NSP participation approval rests with the County.
6. Retain all documentation in project file

Responsible Person: Development Partner

VII. Notification of Approval or Denial

Upon completion of the tasks described above, County will inform approved buyers in writing of their eligibility for NSP assistance, conditioned upon completion of homebuyer education and training, signing a purchase agreement for an NSP home, obtaining primary loan financing, and providing the required minimum down payment amount. The written notification will include the amount, or range of amounts of NSP financial assistance that buyers qualify for and preliminary disclosures of the terms of that financial assistance.

Applicants deemed ineligible will be notified in writing, including the basis for their ineligibility.

✓ **TASK:** To provide an NSP Applicant with a written determination regarding their NSP Application review.

1. Submit Homebuyer information to County for review and approval or denial.
2. For approved Applicants, prepare and transmit a written notification of Applicant approval, and description of the next steps in the acquisition process.
3. For ineligible Applicants, prepare and transmit a written notification of ineligibility which includes the reasons for ineligibility.
4. Retain all documentation in project file.

Responsible Person:

Task 1:	Development Partner
Tasks 2-4	County Comm. & Econ. Dev. Manager

VIII. Confidentiality of Client Data

Development Partner, 3rd party contractors, and County will observe all Privacy Act requirements and keep client data secured in locked file cabinets or password-protected electronic files.

✓ **TASK:** To ensure that confidential information provided by Applicants is maintained in a secure manner.

1. Ensure that security protocols are observed by all parties receiving client data.

Responsible Person: Development Partner and County

B. HOMEBUYER COUNSELING AND EDUCATION

The NSP Notice states the County must require each NSP-assisted homebuyer to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

I. Referral to Counseling and Education Program

Upon notification of approval of an Application for assistance, buyers will be referred to the County-approved and HUD-approved program (Inland Fair Housing and Mediation Board) that offers at least eight (8) hours of pre-purchase counseling and education in a classroom environment. If buyers have already completed such a program, Development Partner must determine if the program meets the County and NSP requirements and must verify completion by obtaining and filing a certificate of completion. If the pre-purchase counseling and education does not meet requirements, buyers will have to complete training delivered by a HUD-approved counselor.

✓ **TASK:** Ensure that the eight (8) hour homebuyer education requirement is met by all NSP Homebuyers.

1. Determine if Applicant has previously attended homebuyer education training.
2. If yes, then obtain a copy of the completion certificate and determine if the previous training complies with the NSP homebuyer education requirements.
3. If training complies, transmit documentation to County for review. If training does not comply, provide a referral for completion of complying training.
4. Retain all documentation in project file.

Responsible Person: Development Partner

II. Certificate of Completion

Upon successful completion of a counseling and education program, Buyers will receive a certificate of completion. No buyers will be allowed to sign a sale agreement for an NSP Home unless the completion of counseling and education has been verified by Development Partner and a copy filed with the County.

✓ **TASK:** To ensure that the homebuyer education certificate of completion is received and a copy transmitted to the County.

1. Upon successful Applicant completion of the NSP homebuyer education requirement, obtain a copy of the completion certificate and transmit a copy to the County.
2. Direct Applicants to contact one of the lenders listed on the County's approved participating lender list to initiate the primary loan qualifying process.

Responsible Person: Development Partner

C. WAITING LIST

The Development Partner must establish and maintain a waiting list of all prospective homebuyers who are approved for assistance. County may waive this requirement at its sole discretion if Development Partner demonstrates conclusively that a waiting list serves no purpose, because the number of homes available for sale exceeds the number of qualified buyers.

✓ **TASK:** Maintain a waiting list of eligible, approved NSP Applicants:

1. Create and maintain a spreadsheet indicating eligible NSP Applicants who have been approved for program participation, and reflecting their dates of approval, and loan funding parameters.
2. Transmit a copy of the waiting list to the County on a regular basis.
3. Retain all documentation in project file.

Responsible Person: Development Partner

I. Waiting List Procedures

In releasing approved Applicants from the waiting list, Development Partner will follow the following procedures:

1. Priority for selecting a completed home will be determined by the date that a client's application for assistance was approved by the County (that is, the client with the earlier date of approval shall have priority for selection);
2. As a home or group of homes becomes available for sale, the home(s) will be offered first to the client with the highest priority, and if not selected, then to the client with the second highest priority, etc.;
3. Homes will only be offered to a client only if the prices are affordable to the client as determined by the program underwriting analysis embedded in the application for assistance;
4. Each client will have three opportunities to reject a home or groups of homes offered and maintain his or her priority. After a third rejection, a client's priority will fall to the bottom of the waiting list.

✓ **TASK:** Release eligible NSP Applicants from the waiting list in accordance with the waiting list procedures.

1. Upon completion of a home, contact approved applicants in accordance with the waiting list procedures.

Responsible Person: Development Partner

4. EXECUTING SALE AGREEMENTS WITH BUYERS

County has developed a purchase agreement which complies with the provisions of these procedures and the NSP program. The agreement conditions the sale of the NSP Home on the Buyer obtaining sufficient financing, which when combined with any NSP HFA loan that is made available, to close escrow.

A. REQUIREMENT FOR USING APPROVED SALES AGREEMENT

Development Partner will use only a form of sales agreement approved by County. The sale of the NSP Home will be conditioned upon the Buyer obtaining a conventional or government insured fully amortized fixed-rate 30-year home purchase loan from a third party lender for the primary loan, at the effective market rate for comparable borrowers.

✓ **TASK:** Upon receipt of County approval of the Applicant, Development Partner shall prepare and cause to be executed an NSP approved sales agreement.

1. Prepare and have executed the NSP sales agreement.

Responsible Person(s): Development Partner

B. COMMITMENT LETTER FOR NSP FINANCING

Concurrent with executing a purchase agreement, County will issue a commitment letter for the exact amounts, or maximum amounts, of NSP Homeowner Financial Assistance that Buyer will be provided if the sale is completed. The commitment letter is intended, in part, to aid Buyer in obtaining a first mortgage loan. If an Applicant has not met all of the requirements for purchase, the commitment letter should be conditional upon meeting such requirements. The commitment letter will also be conditional upon no substantial changes occurring in the NSP Buyer's employment or financial status at the time of closing.

✓ **TASK:** Provide an NSP commitment letter to the Buyer for use in securing primary lender financing.

1. Prepare and transmit to the Applicant correspondence which details the terms of the NSP transaction and NSP assistance.

Responsible Person(s): Development Partner

C. DISCLOSURE STATEMENT

Prior to executing a sales agreement, Development Partner will provide the NSP Buyer with a second disclosure statement. (See Section D.3.A.IV regarding the first disclosure statements provided by the County.) The second disclosure statement will reiterate the requirement for Buyer to attend pre-purchase counseling, with a check-off indicating whether Development Partner has a certificate of completion on file. The statement will also describe the availability and terms of Homeowner Financial Assistance, and obligations for repayment of HFA assistance plus interest. During the intake interview or subsequent face-to-face meeting, a representative of Development Partner will review these disclosures with the Applicant and be available to answer questions about them. No application can be approved unless disclosures are made as required. Though disclosures may have been provided by the County, Development Partner is required to confirm all disclosures have been made prior to closing.

✓ **TASK:** Provide disclosure statement to the Buyer regarding conditions of sale, financial assistance, buyer eligibility, and transaction approvals.

1. Prepare and meet with the Applicant to transmit and discuss the disclosure correspondence, detailing the terms of the NSP transaction and NSP assistance, as well as Buyer requirements.

Responsible Person(s): Development Partner

5. HOMEBUYER FINANCIAL ASSISTANCE PROGRAM

County Homebuyer Financial Assistance (HFA) is available to eligible Applicants based on the “gap” assistance necessary to complete the financing of the Applicant’s NSP Home acquisition, subject to the maximum program assistance level of \$60,000, and the availability of funds. However, in cases of extreme circumstances, the County of Imperial reserves the right to offer additional financial assistance to buyers. This additional financial assistance will be provided as a supplementary silent loan. HFA funds may be used to cover down payment and closing cost requirements not addressed by the minimum 2% required buyer funds. The actual amount of HFA requires the written approval of the County, and is subject to Applicant acceptance and conformance with Program requirements and conditions. As previously indicated, in no event shall the total NSP funds provided to a property, inclusive of any homebuyer assistance provided, exceed 100% of the Total Development Cost.

County NSP Homebuyer Financial Assistance (HFA) is provided in the form of a 30-year deferred payment loan, and is secured by a deed of trust which will be subordinate to the primary lender’s loan.

General loan conditions for the HFA loan include the following:

1. **Loan Type:** The loan will be a five-year deferred (silent second) loan up to a maximum of \$60,000;
2. **Interest Rate:** The interest rate will be five points below the primary loan's interest rate, but no less than 1% and no more than 3%. No interest will be due during the first 5 years of the loan. After the 5 year interest deferral period, interest shall be calculated as simple interest upon the unpaid principal balance only on a quarterly basis;
3. **Term:** The loan shall have a 30 year term. No penalties exist for early payment and no payments are required on the loan throughout the term. The loan is due in full, with all accumulated interest at the end of the 30 year term, upon sale or transfer, if the house is no longer the principal residence of the buyer(s), or if the house is used as a rental unit. Borrowers are encouraged, but not required, to begin making payments on the loan after the 5 year interest deferral period has expired. Payments will be received by the Imperial County Community and Economic Development Department or its designee (servicer) in any amount and at any interval chosen by the borrower. At the time payments are received, servicer will post principal and interest received from the borrower and will match all repayments of principal with an equal amount of loan forgiveness. Therefore, all principal payments will in effect be for double the amount of the principal payment only. Payments

made during the deferred period will also be matched on a 1:1 basis, will not incur penalties and will not cause interest to be calculated;

4. **Maximum Purchase Price:** Imperial County has set a maximum purchase price of \$275,000;
5. **Buyer Contribution:** The buyer will be required to contribute two percent (2%) of the purchase price into the escrow account as their portion of the down payment and closing costs;
6. **Program Term:** Subject to funding availability, USDA, FHA or Conventional loans will be used to finance the primary loan at a fixed rate fully amortized for a period of 30 years;
7. **Loan Assumption:** The HFA note may be assumed if (i) subsequent buyers qualify as low or very-low income as defined in Section 92.254 of 24 CFR, Part 92; (ii) the sales price is not more than 95% of the median price of a single family home in the region established by State publications; and (iii) the property meets housing quality standards of Section 92.251 of 24 CFR, Part 92.
8. **Maximum First Mortgage Required:** The County requires that buyers obtain the maximum available loan for which they are qualified. The lower interest rate offered by Conventional loans increases the amount of the Conventional loan and thereby decreases the amount of NSP3 funds required to close escrow. The County of Imperial intends to assist as many families as possible and therefore will provide the minimum assistance required to each qualified family;
9. **Minimum Debt Ratio:** The County has established a minimum debt ratio. To ensure that the County is not unduly subsidizing debt, debt ratios have been established that allow a buyer to use from 10 to 12 percent of their monthly gross income to make payments on revolving debt and loans (automobile loans, credit cards, etc.). This amount of debt is considered normal. Therefore, the maximum amount of the downpayment assistance contributed by the County shall be determined by requiring a minimum 'Front End Debt Ratio' of 25% to 30%. This may cause some applicants to have a 'Back Ratio' that is too high and they will not be able to qualify for a loan. In these cases the applicant will have to reduce their other debt in order to qualify for the program. An acceptable 'Back End Ratio' under the Program will not exceed 41%.
10. **Hazard Insurance:** All HFA loan recipients must provide proof of adequate hazard insurance coverage to the County for the duration of the loan.
11. **Flood Zone:** No portion of the NSP3 Target Areas is within a 100 year flood zone.
12. **Affordability Covenant:** All HFA loan recipients are required to execute a recordable affordability covenant. The covenant provides for a required period of affordability based on the amount of the HFA loan funds received by the Applicant. For loans up to \$15,000, the period of affordability is five (5) years. For loan amounts between \$15,000 and \$40,000, the period of affordability is for the first ten (10) years of the loan. For loans above \$40,000 the period of affordability is for the first fifteen (15) years of the loan. All loans will be monitored annually for each year of their respective affordability periods.
13. **Statements:** The servicer will send annual statements during the deferred period of the loan which will reflect any activity on the loan and will remind the borrower of the deferment and the future opportunity to make payments.

The HFA loan determination and issuance process entails accomplishment of the following:

1. Perform underwriting for the HFA loan to determine the amount required to complete the NSP Home acquisition.
2. Generate loan documentation to evidence and secure the loan.
3. Transmit loan documentation to escrow with appropriate escrow instructions.
4. Fund the purchase escrow account with loan proceeds.
5. Enter the HFA loan into the NSP Master Loan Log and advise the finance department of the loan receivable details.

A. UNDERWRITING THE HFA LOAN

First, the County must evaluate the NSP Home purchase transaction to determine the amount of HFA assistance that will be provided.

✓ **TASK:** Determine the amount of HFA assistance that will be provided (including development subsidy where applicable):

1. Determine the purchase price and estimated closing costs for the transaction (Total Acquisition Cost).
2. Review the Applicant's primary lender commitment to ensure that it meets all program requirements, and deduct the sum of the primary loan amount and the buyer down-payment from the Total Acquisition Cost. The resultant balance from this computation represents the funding required to complete the NSP Home purchase transaction (the "Gap").
3. Determine the sum of: the monthly payment (fully amortized) on the primary loan, the projected monthly taxes, and the projected monthly insurance costs (PITI). Calculate the front end ratio for the borrower (PITI as a percentage of monthly gross income), and ensure that it complies with program requirements.
4. Determine the sum of: PITI and all other outstanding monthly debt payments (Total Monthly Debt). Calculate the back end ratio for the borrower (Total Monthly Debt as a percentage of monthly gross income), and ensure that it complies with program requirements.
5. If program requirements are met for: the purchase transaction (sales price, location, etc.), the proposed primary loan, the front and back end ratio requirements, the maximum HFA assistance limit, then the transaction may be approved.
6. Transmit approval correspondence to Applicant which provides the HFA funding amount, and general terms and conditions of loan funding. Copy the Development Partner.
7. Maintain determination documentation and correspondence in project file.

Responsible Person: Economic Development Coordinator II

B. PREPARE LOAN DOCUMENTATION

Next, the County must prepare the loan documentation which evidences and secures the HFA loan.

✓ **TASK:** Prepare HFA loan documentation:

1. Upon HFA approval determination, review the preliminary title report to ensure that no exceptions remain unresolved, and determine the estimated closure date of escrow.
2. Prepare the promissory note, deed of trust, affordability covenant, California Fair Lending Notice, federal Equal Credit Opportunity Act (ECOA) Notice, Truth-In-Lending Disclosure Statement, and Supplementary Escrow instructions which will address any HFA amounts to be funded out of escrow sales proceeds (in instances where an HFA loan is not provided, the affordability covenant shall be prepared and transmitted to escrow for execution and recordation).
3. Obtain any required County signatures on the documentation, with notarization, as required.
4. Maintain copies of documentation in project file.

Responsible Person: Economic Development Coordinator II

C. TRANSMIT LOAN DOCUMENTATION TO ESCROW

Next, the County must transmit the loan documentation to escrow with appropriate escrow instructions.

✓ **TASK:** Transmit loan documentation to escrow:

1. Seven (7) days prior to the estimated close of escrow, transmit all loan documentation to escrow.
2. Maintain copies of transmittal cover documentation in project file.

Responsible Person: Economic Development Coordinator II

D. ENTER THE HFA LOAN INTO THE NSP MASTER LOAN LOG

Finally, the County must enter the HFA loan into the NSP Master Loan Log and advise the finance department of the loan receivable details.

✓ **TASK:** Complete entries into the County's financial system for loan monitoring:

1. Upon loan closure, prepare a final reconciliation detail of NSP project expenditures related to the transaction, enter loan details into the NSP Master Loan Log and transmit copies of loan documentation to the finance department for entry into the County's loan receivable ledger.
2. Maintain the original loan documentation (promissory note, and deed of trust) in the designated depository for loan documents, and copies in the project file/

Responsible Person: Economic Development Coordinator II

6. MANAGEMENT OF REVENUES, LIENS AND RESALE CONTROLS

During the course of activities performed under the NSP program, revenues will be generated that were the result of the expenditure of NSP funds. Anticipated revenue sources include funds received at the time of resale of a Development Partner rehabilitated property, and the repayment of HFA loans.

All liens generated from the use of NSP funds will be in the name of County. County will be solely responsible for managing liens and revenues resulting from sales of NSP Homes by Development Partner, including but not limited to managing receivables, accounting for payments, responding to and approving subordination requests (if allowed), responding to demand requests, and providing reconveyance documentation and issuing lien releases, where applicable. Program income will be recognized and accounted for in accordance with NSP regulatory requirements.

A. NET PROCEEDS OF SALE

The requirements for disposition of net proceeds resulting from Development Partner sales are described in Section D.6.A.

B. REPAYMENTS OF HOMEOWNER FINANCIAL ASSISTANCE

When HFA loan payments are received by the Imperial County Community and Economic Development Department, or its designee (servicer), appropriate entries shall be made into the master loans receivable listing and the program income accurately reflected in the Disaster Recovery Grant Reporting (DRGR) system.

✓ **TASK:** Maintain an accurate accounting of loans outstanding, payments received, and NSP program income documentation.

1. Upon receipt of any HFA loan payment, an entry shall be made into the NSP Master Loan Log, reflecting the date and the amount of the payment.
2. All loan payments shall be forwarded to the County's treasurer for appropriate deposit, with a copy of the payment documentation forwarded to the finance department for entry into the loans receivable ledger.
3. An entry reflecting the repayment shall be made into the DRGR system for future reprogramming, and in accordance with the NSP Notice, 10% of program income funds can be set-aside for eligible administrative charges.
4. Maintain copies of payment, payment transmittal, and DRGR entry documentation in the program file.

Responsible Person: Economic Development Accountant

C. MASTER LOAN LOG QUARTERLY UPDATES

The County, or its loan servicer, sends annual statements during the term of the HFA loan. The statements reflect annual loan account activity, inclusive of revised accumulated interest and loan payment activity. In

addition, the loan statement includes reminders regarding payment options and the benefits of early loan payment. Interest is calculated on a quarterly basis for all HFA loans. Annual statement information is derived from the Master Loan Log, which documents the quarterly calculation of interest.

✓ **TASK:** Maintain an accurate accounting of loan amounts receivable.

1. On a quarterly basis, review and update the NSP Master Loan Log.
2. Transmit a copy of the NSP Master Loan Log to the finance department for reconciliation with the NSP loans receivable ledger.

Responsible Person: Economic Development Accountant

The County NSP3 Program staff received training on administering single family homeownership programs. The presentation is included as **Exhibit Q**.

E. NSP Homebuyer Direct Purchase

In addition to providing assistance to Applicants acquiring NSP Homes that have been acquired and rehabilitated by a Development Partner, the County also conducts an activity which provides for the acquisition of eligible properties by eligible Applicants using NSP funds.

Applicant processing, eligibility, and financial assistance requirements for a NSP Homebuyer Direct Purchase are consistent with the requirements enumerated herein at:

- Section D.3.A – Homebuyer Application and Prequalification; and
- Section D.3.B – Homebuyer Counseling and Education; and
- Section D.5 – Homebuyer Financial Assistance Program; and
- Section D.6 – Management of Revenues, Liens and Resale Controls.

* Under Section D.6 - Homebuyer Financial Assistance Program, where NSP Homebuyer Direct Purchase assistance is provided, the following supplementary Section is added to the loan process:

A. REQUEST HFA LOAN AMOUNT THROUGH THE DRGR SYSTEM

In order to fund the loan, the County must request advance payment through the DRGR system.

✓ **TASK:** Request advance payment through the DRGR system.

1. Upon determination of the final amount required for the HFA loan assistance, submit a request to the DRGR system for an advance of NSP funds.
2. Maintain copies of the request documentation in project file.

Responsible Person: Economic Development Accountant

B. TRANSMIT FUNDS TO THE PURCHASE ESCROW ACCOUNT

Next, the County must fund the purchase escrow account with loan proceeds.

✓ **TASK:** Transmit loan funds to escrow:

1. Schedule a wire transfer with the County's finance department to provide HFA loan funds to escrow for purchase closure.
2. Ensure that funds are transmitted in a timely manner.
3. Maintain copies of documentation in project file.

Responsible Person: Economic Development Coordinator II

1. ELIGIBLE PROPERTY

Eligible properties will be any home, not to exceed the County established maximum sales price, in the NSP3 target areas of Imperial County that meet the definition of foreclosed, and that meets or exceeds local codes as required by HUD, NSP3, and Health & Safety standards.

The Applicants may choose a real estate agent to help them select a home and enter into a sales agreement or may work with the Development Partner or the Development Partner's designee to assist in locating a property. The Development Partner may have identified houses which meet NSP3 quality standards without rehab and may help the buyer to purchase such house with assistance from the County. In this case the Development Partner's fee attached to the transaction will not exceed 3% of sales price of the home the buyer chooses.

✓ **TASK:** Locate an NSP eligible property:

1. Contact a real estate agency or the Development Partner to locate an eligible property.
2. Obtain verifications of property eligibility and submit to the County
3. Confer with the County to determine the eligibility of the property.

Responsible Person:	Locating an Eligible Property:	Applicant, Agent or Development Partner
	Verify Property Eligibility:	Applicant, Agent or Development Partner
	Provide Determination of Eligibility:	Economic Development Coordinator II

2. INSPECTION PROCEDURES

Homes in pre-determined target areas that meet the definition of foreclosed are the only properties eligible for this program (see **Exhibit A**). Therefore, each property must receive approval by NSP3 County staff or their designee (the Development Partner) before buyers initiate the process of entering into contracts or ordering inspections.

To determine compliance with local codes (or Housing Quality Standards if there are no codes), existing homes will be inspected by either (1) a County Building Inspector, and/or (2) a designated inspector contracted with the County. The house shall meet, as a minimum standard requirement, all applicable local codes and health and safety standards. In addition, a pest inspection of the property shall be made by a licensed inspector. Any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the Seller and shall meet housing rehabilitation standards adopted for this program.

Other inspections and repairs may be required by the Lender before they will make a loan on the property. Items such as the condition of the foundation, roof, doors, windows and plumbing will all be of concern to the Lender. These inspections will ensure that a homebuyer will not purchase a substandard home or a home needing major repairs.

✓ **TASK:** Determine compliance of the selected property with adopted housing quality standards

1. Contact the County to schedule a physical inspection
2. Perform an in-house permit review, and an on-site inspection for compliance with applicable codes, and noting any required repairs.
3. Obtain the services of a pest control inspector to complete a pest inspection report (termite)
4. Summarize inspection findings and prepare inspection report.
5. Transmit report to seller, as necessary.
6. Re-inspect property to ensure that required repairs are performed (as necessary)

Responsible Person:	Pest inspection report:	Applicant, Agent or Development Partner
	Permit Review/Prop. Inspection:	County Building Inspector
	Prepare Inspection Report:	County Building Inspector;
	Transmit Insp. Report to Seller:	Applicant, Agent or Development Partner
	Re-inspect property as necessary:	County Building Inspector

A. LEAD BASED PAINT HAZARDS

All homes built prior to 1978 must be inspected by a State Licensed Lead-Based Paint Inspector/Assessor in accordance with the EPA work standards at 40 CFR 745.227. The Seller of the home must agree in writing that all defective paint will be abated prior to the close of escrow and that the cost of the abatement shall be paid by the Seller.

Notification

Prior to making an offer to purchase a pre-1978 home, the Buyer will be given a copy of and asked to read the EPA pamphlet *"Protect Your Family from Lead in Your Home"*. (EPA 747-K-12-001, December 2012) (**Exhibit H**). Documentation verifying that the pamphlet was given to the Buyer will be included in the purchaser's file.

Inspections

The Inspector shall conduct a "Visual Assessment" of all painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be

made in accordance with CFR 35.1340. This assessment shall include all outbuildings and structures on the property.

Abatement

If Abatement is required, the contractor performing the abatement shall be given a copy of the Abatement Guidelines (24 CFR 35.1325 et seq.), a copy of the HUD publication "LEAD PAINT SAFETY, a field guide for painting, home maintenance, and renovation work" and a list of the "Prohibited Methods of Paint Removal" (24 CFR 35.140) (See **Exhibit G** for sample documents).

Homebuyer Program Lead Compliance Document Checklist

The following documents shall be in each Homebuyer unit file for a pre-1978 property, to document compliance with the lead requirements:

Document Name	Purpose
Lead Safe Housing Rule Screening Sheet	Documents exemptions.
Physical inspection form (HQS or equivalent)	Documents visual assessment results.
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization.
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance.
Disclosure Form	Documents that buyer received disclosure and pamphlet.
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.

✓ **TASK:** For all post-1978 homes, the Development Partner must complete the following:

1. Review property records and determine the property was constructed after 1978; and
2. Provide the County with a written certification the property was built after 1978.

Responsible Person(s):

Development Partner

✓ **TASK:** For all pre-1978 homes, the following must be completed:

1. Perform an inspection by a State Licensed Lead-Based Paint Inspector/Assessor in accordance with the EPA work standards at 40 CFR 745.227;
2. Conduct a "Visual Assessment" of all painted surfaces in order to identify deteriorated paint.

3. Stabilize all deteriorated paint in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340;
4. If Abatement is required, provide the contractor performing the abatement with a copy of the Abatement Guidelines (24 CFR 35.1325 et seq.), a copy of the HUD publication "LEAD PAINT SAFETY, a field guide for painting, home maintenance, and renovation work" and a list of the "Prohibited Methods of Paint Removal" (24 CFR 35.140);
5. Perform all necessary abatement and obtain a Clearance Report and Clearance Review Worksheet to document that unit passed clearance.
6. Upon sale to an eligible homebuyer, provide the Lead Based Paint Disclosure Form to the buyer (to document the buyer received the disclosure and pamphlet), and the Lead Hazard Reduction Notice (to document that buyer received required lead hazard reduction notification).

Responsible Person(s): Tasks 1-5: Applicant, Agent, or Development Partner responsible for obtaining the required professional services

 Task 6: Economic Development Coordinator II

3. RELOCATION

Currently occupied homes are not eligible for NSP3 funding under the County of Imperial Homebuyer Assistance Program. All homes purchased in this program must meet the NSP3 definition of vacant. It is not anticipated that the implementation of the NSP3 Program will result in the displacement of any persons, households, or families. However, in the event relocation is necessary, activities will be carried out in compliance with federal relocation law, Section 104(d) of the Housing and Community Development Act of 1974, as amended (42 USC Section 5301 et seq.) and with 24 CFR Part 42, Section 305 et seq.

✓ **TASK:** To ensure that homes acquired with NSP funds meet the NSP definition of vacant.

1. Obtain documentation that verifies the occupancy status of the property prior to entering into a purchase commitment;
2. Review the provided documentation and render an opinion regarding the complying/non-complying occupancy status.

Responsible Person(s): Task 1: Applicant, Agent, or Development Partner

 Task 2: Economic Development Coordinator II

✓ **TASK:** Where relocation is required, to ensure that full compliance with Section 104(d) of the Housing and Community Development Act of 1974, as amended (42 USC Section 5301 et seq.) and with 24 CFR Part 42, Section 305 et seq. is secured.

1. Obtain documentation and perform functions that ensure compliance with all applicable federal relocation laws.

Responsible Person(s): Economic Development Coordinator II

4. ACQUISITION NOTICE

Prior to presenting an offer to purchase an existing home, the Buyer and/or the Buyer's agent shall require the Seller to sign two forms:

1. An "Acquisition Notice to Seller" (**Exhibit N**): This form includes: (a) certification that the purchaser has no power of eminent domain, (b) an estimate of the fair market value of the property and, (c) a statement that if an Acquisition Notice is not given prior to the acceptance of the purchase offer, the Seller may withdraw from the agreement after this information is provided.
2. "Notice to Sellers of Existing Homes" (**Exhibit O**): This form requires that the Seller make all necessary repairs to the property prior to the close of escrow at the Seller's expense.

Whether the existing home needs repairs or not, the County recommends that the Buyer purchase a Home Protection Plan, which insures all interior electrical, plumbing and appliances for the first twelve months. The cost of these protection plans may be paid through escrow as a part of the closing costs.

✓ **TASK:** Transmit "Acquisition Notice to Seller" and "Notice to Sellers of Existing Homes" and obtain signatures from seller of the property.

1. Transmit and obtain executed "Acquisition Notice to Seller" and "Notice to Sellers of Existing Homes" Obtain forms from the seller.

Responsible Person(s): Applicant, Agent, or Development Partner

5. PRIMARY LOAN

Applicants shall be responsible for contacting a participating lender to initiate the primary loan qualification process.

✓ **TASK:** Apply for a primary financing loan.

1. Complete and submit loan application and documentation to a participating lender.

Responsible Person(s): Applicant, Agent, or Development Partner

F. Other NSP Requirements

1. FAIR HOUSING AND EQUAL OPPORTUNITY

By resolution, the County of Imperial is committed to providing equal access to NSP3 funds by all eligible households in the County without consideration for race, creed, color, national origin, sex, disability, or other classification.

During the operation of the NSP3 Program, the County will supervise the review of the loan applications and screening of applicants to ensure that all Fair Housing Laws are upheld. The County will prepare and implement a Voluntary Affirmative Marketing Plan and use the Equal Housing Opportunity logo in all advertising. Copies of the Federal and State Fair Housing Laws will be made available to all interested parties. A copy of all advertising and marketing materials will be retained by the County.

A. PROGRAM OUTREACH AND MARKETING

The County has provided down payment assistance with CDBG funds, HOME funds and CalHome funds to its ongoing Homebuyer Assistance Program from 1998 to the present. Imperial County has closed over 200 FTHB loans with these programs. Marketing for the FTHB program has been ongoing since 2000. Several community meetings have been held for low-income families at which consultants have described the program, handed out guidelines, and answered questions. Our Consultants maintain a website that has downloadable intake forms and guidelines for Buyers, Lenders, and Realtors. In addition, the County's offices have intake forms available in English and Spanish and bilingual staff available to answer questions.

However, outreach and affirmative marketing of this NSP3 FTHB Program will be extended to emphasize the opportunities in NSP3 target areas for eligible properties. All outreach efforts will be done in accordance with state and federal fair lending regulations to assure non-discriminatory treatment and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The County will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, such as Spanish, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program will sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

The County will work closely with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.

B. SECTION 504 OF THE REHABILITATION ACT OF 1973

Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The County will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

2. CONFLICT OF INTEREST

No persons having any decision-making powers over the NSP3 Program shall be allowed to participate in the County's NSP3 program. This restriction includes all permanent staff, contractors, and temporary staff who work, in any capacity, with the County's NSP3 program. When the Sponsor's program contains Federal funds, the following shall be addressed: in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the County.

✓ **TASK:** Prepare and implement a Voluntary Affirmative Marketing Plan.

1. Prepare and implement an Affirmative Marketing Plan that provides outreach and access to all.

Responsible Person(s): Economic Development Coordinator II

✓ **TASK:** Ensure that the Equal Housing Opportunity logo is displayed on all advertising and outreach materials.

1. Insert Equal Housing Opportunity logo on all outreach materials.

Responsible Person(s): Economic Development Coordinator II

✓ **TASK:** Conduct all outreach efforts in accordance with state and federal fair lending regulations to assure non-discriminatory treatment and access to the Program.

1. Provide marketing materials in additional languages as specified within the County's Limited English Proficiency Plan. Target marketing toward under-served segments of the population.

Responsible Person(s): Economic Development Coordinator II

- ✓ **TASK:** Ensure that the requirements of Section 504 of the Rehabilitation Act of 1973 are implemented as required.

1. Take actions, as necessary to provide equal access and communications for persons with disabilities.

Responsible Person(s): Economic Development Coordinator II

- ✓ **TASK:** Ensure that there are no violations of Conflict of Interest requirements in the operation of the NSP program

1. Transmit and obtain executed "Acquisition Notice to Seller" and "Notice to Sellers of Existing Homes" Obtain forms from the seller.

Responsible Person(s): Economic Development Coordinator II

3. POST LOAN CLOSURE AND MONITORING REQUIREMENTS

A. MONITORING/ PERIOD OF AFFORDABILITY

The County will establish a monitoring procedure for annual review of grant recipient conformance with terms of the loan. For the duration of the affordability period, an annual verification of residency will be performed for all outstanding NSP HFA loans. The County will require a signed annual certification of residency, as well as acceptable supporting documentation which verifies residency by the borrower.

B. ANNUAL LOAN STATEMENT

The County or its loan servicing provider will on an annual basis transmit loan statements to all borrowers.

C. TAX REPORTING

The County's Finance Department reports loans on an annual basis to the IRS, as necessary.

- ✓ **TASK:** Provide an annual loan statement to all NSP borrowers.

1. Prepare and transmit annual loan statements to all outstanding NSP borrowers.

Responsible Person(s): Economic Development Coordinator II

- ✓ **TASK:** Prepare and transmit tax reporting documentation to the IRS

1. As necessary, prepare and provide interest statements to the IRS for all outstanding NSP borrowers who provided interest payments.

Responsible Person(s): Economic Development Coordinator II

4. VICINITY HIRE REQUIREMENTS

The County requires that construction contractors and recipients of certain financial assistance, to the greatest extent possible, provide job training, employment and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods. Signage placed at project sites offering employment opportunities and giving preference to local low income families, local newspaper advertisements and direct recruiting through the Employment Development Department in the project area comprise the recruiting activities. These requirements comply with both Section 3 and the NSP3 vicinity hiring requirements.

5. AFFIRMATIVE MARKETING

As an applicant receiving NSP funds, the County must adopt affirmative marketing procedures and requirements for all NSP-assisted housing. The affirmative marketing plan and requirements for NSP-assisted housing must be approved by the County prior to any NSP funds being committed to a development. Affirmative marketing requirements and procedures must include ALL of the following:

- Methods for informing the public, owners, and potential tenants about fair housing laws and the policies of the local program
- A description of what owners and/or the program administrator will do to affirmatively market housing assisted with NSP funds
- A description of what owners and/or the County will do to inform persons not likely to apply for housing without special outreach
- Maintenance of records to document actions taken to affirmatively market NSP-assisted units and to assess marketing effectiveness
- A description of how efforts will be assessed and what corrective actions will be taken when requirements are not met.

6. LABOR STANDARDS

Davis-Bacon wage compliance and other federal laws and regulations pertaining to labor standards apply to all construction and rehabilitation contracts that are financed in whole or in part with NSP funds for residential property consisting of eight (8) or more NSP-assisted units.

Davis-Bacon and related laws include the following:

- Davis-Bacon and Related Acts (40 USC 276a-276a-7)
- Contract Work Hours and Safety Standards Act (40 USC 327-333)
- Copeland (Anti-Kickback) Act (18 USC 874; 40 USC 276c)
- Fair Labor Standards Act of 1938, as amended (29 USC 201, et seq.)

The construction bids and contract for any NSP-assisted activity must contain the applicable wage provisions and labor standards. Davis-Bacon does not apply to projects using solely volunteer labor or to sweat equity projects. The County will monitor all developments subject to Davis-Bacon requirements to ensure compliance with all applicable regulations. Based on the types of activities that are being implemented by the County under the NSP3, Davis-Bacon is not applicable.

7. DEBARMENT AND SUSPENSION

The County will require participants (contractors, subcontractors, professional service providers, etc.) in lower-tier transactions covered by 24 CFR 24 to certify that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any entity from a federally funded transaction. Any participant that remains on a debarred or suspended condition shall be prohibited from participation in the County's NSP3 as long as they are classified in this manner.

8. REPORTING REQUIREMENTS

Imperial County is required to submit quarterly performance reports to HUD no later than thirty (30) days following the end of each quarter, beginning 30 days after the completion of the first full calendar quarter after grant award (i.e., March 18, 2011) and continuing until all funds are expended and the program is closed out. Accordingly, all NSP Development Partners will be required to submit performance information to the County by established deadlines conducive for the County to meet its reporting requirements.

Performance information will include, but not be limited to, the following:

- Project name
- Project activity
- Project location
- NSP Eligible use
- CDBG national objective
- Budgeted funds
- Expended funds
- Funding source
- Total amount of any non-NSP funds
- Numbers of properties and housing units assisted
- Beginning and ending dates of activities
- Numbers of low, moderate, and middle-income persons or households benefiting
- Demographic data for households benefiting

To collect these data elements and to meet its reporting requirements, the County will use HUD's online DRGR system to report on its NSP funds to HUD. When it submits the report to HUD, the County will post a copy of the NSP3 DRGR report on a website for the public to review.

<http://www.co.imperial.ca.us/Default.htm>

9. PROGRAM INCOME

All entities, government or private (as defined at 24 CFR 570.500(c)), that receive program income (as defined at 24 CFR 570.500(a)) directly generated by activities carried out with NSP funds must immediately remit any and all program income from NSP-assisted activities directly to the County. The County will disburse and use program income prior to requesting additional cash withdrawals from the U.S. Treasury.

10. MEETING THE LMMI AND LH25 NATIONAL OBJECTIVE

All NSP-funded activities must meet HERA's Low-Moderate-Middle Income (LMMI) National Objective, which means to primarily benefit LMMI households. LMMI households are defined as households whose incomes do not exceed 120% of area median income, adjusted for family size (measured as 2.4 times the current Section 8 income limit for households below 50% of area median income, adjusted for family size). All households assisted using NSP funds shall have incomes which do not exceed 120% of area median income, adjusted for family size.

Documentation that the national objective has been met must be completed when the project is funded. The income of each household will be determined and documented using the Part 5 definition of income identified in HUD's "Technical Guide for Determining Income and Allowances for the HOME Program" published in January 2005.

NSP further requires that not less than twenty-five percent (25%) of the total NSP funds allocated to the State shall be utilized to provide permanent housing for households with incomes at or below fifty percent (50%) of the AMI.

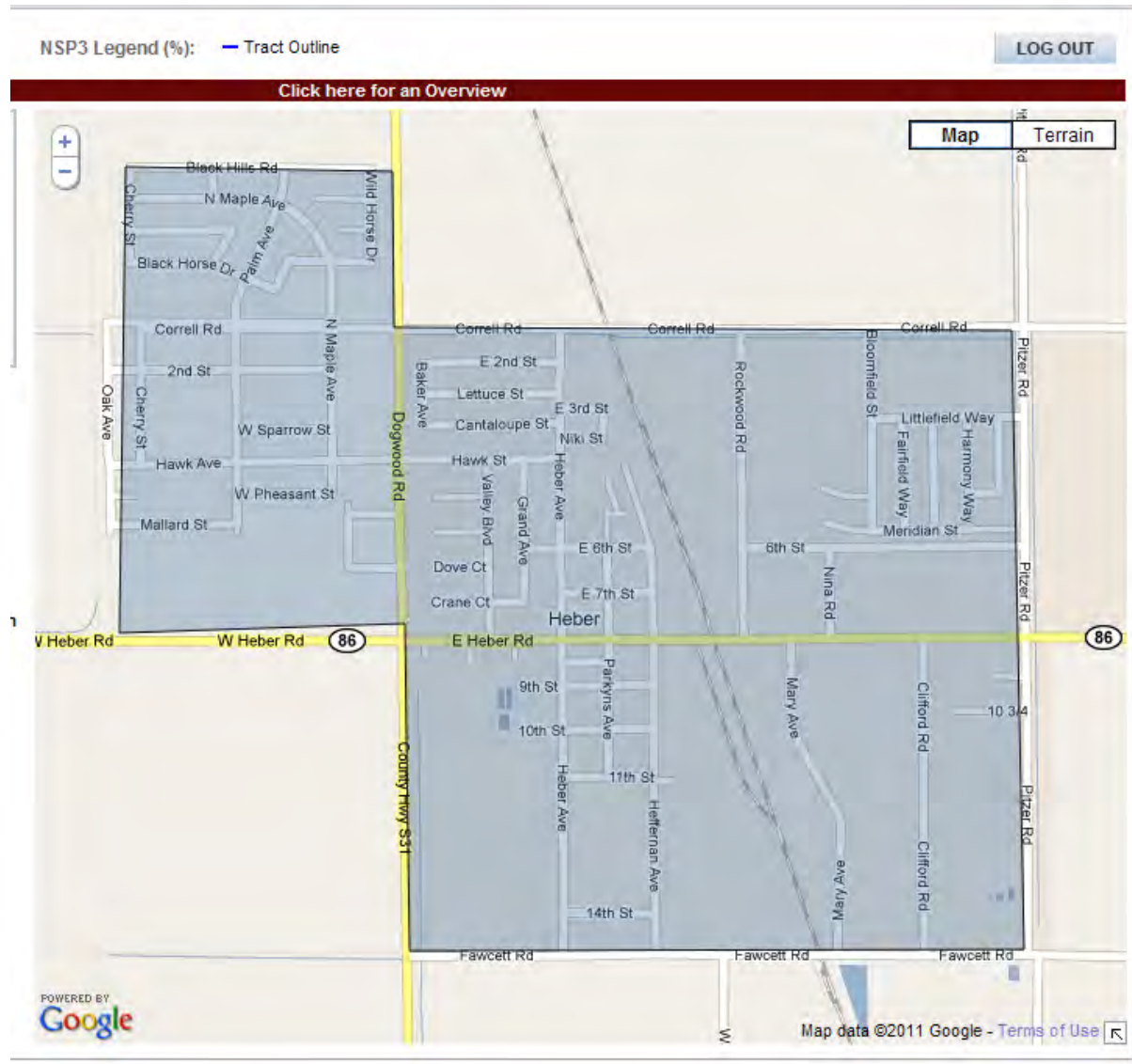
11. RECAPTURE/RESALE PROVISIONS

In cases where an NSP property is sold for market value (or total cost, whichever is less) and the NSP funds provided a direct subsidy through a soft second or other form of homeownership assistance (below market value), the resale or recapture approach can be used. In cases where there is a development subsidy (above market value) or where there is no direct subsidy (sold for cost), then Grantees are required to use the resale approach. If this proves difficult, it is permissible to make a smaller direct subsidy to qualify the home for the recapture approach.



Exhibit A

HEBER



SEELEY

NSP3 Legend (%): — Tract Outline

LOG OUT

[Click here for an Overview](#)

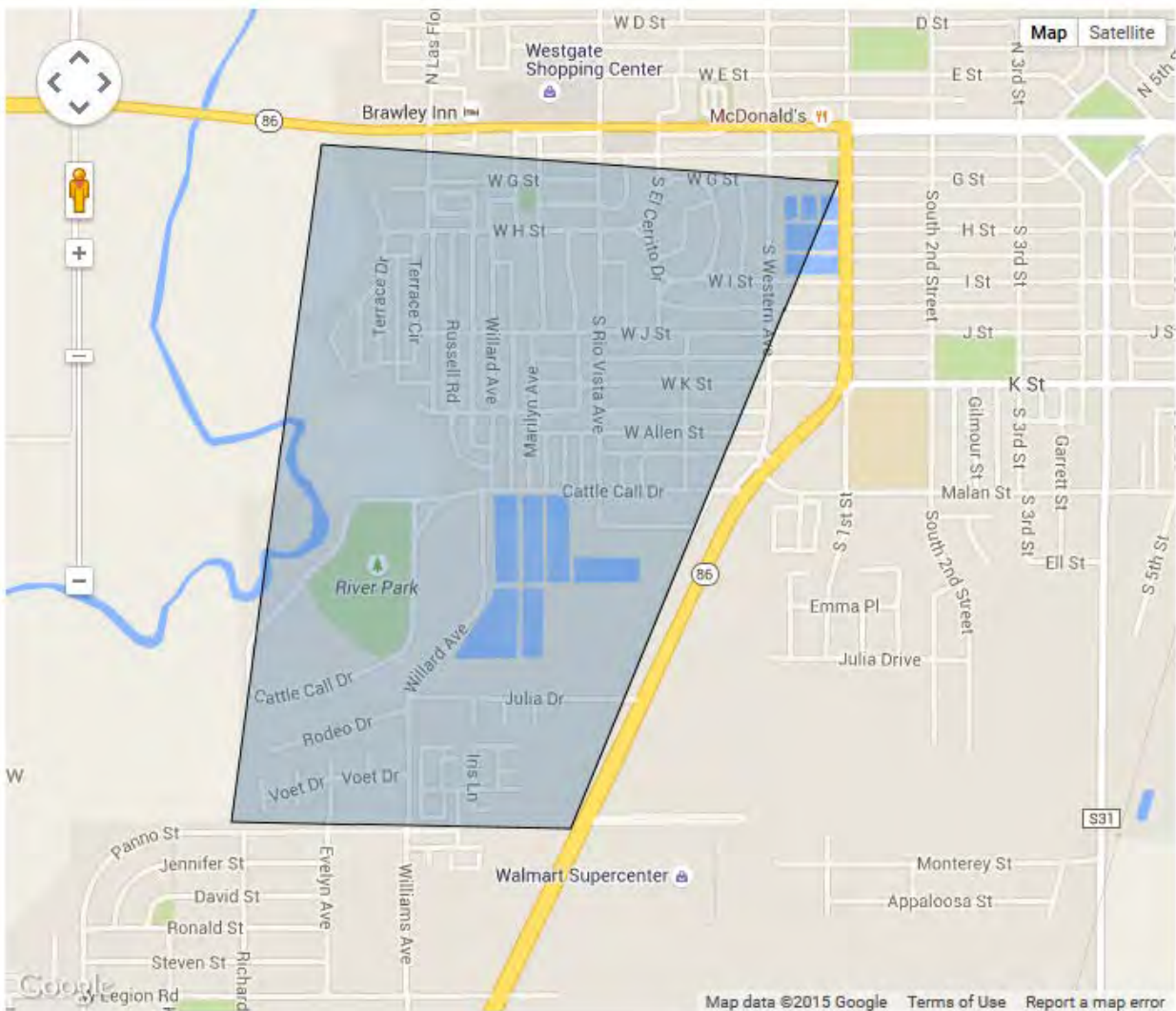


BRAWLEY



City of Brawley

(southwest corner)

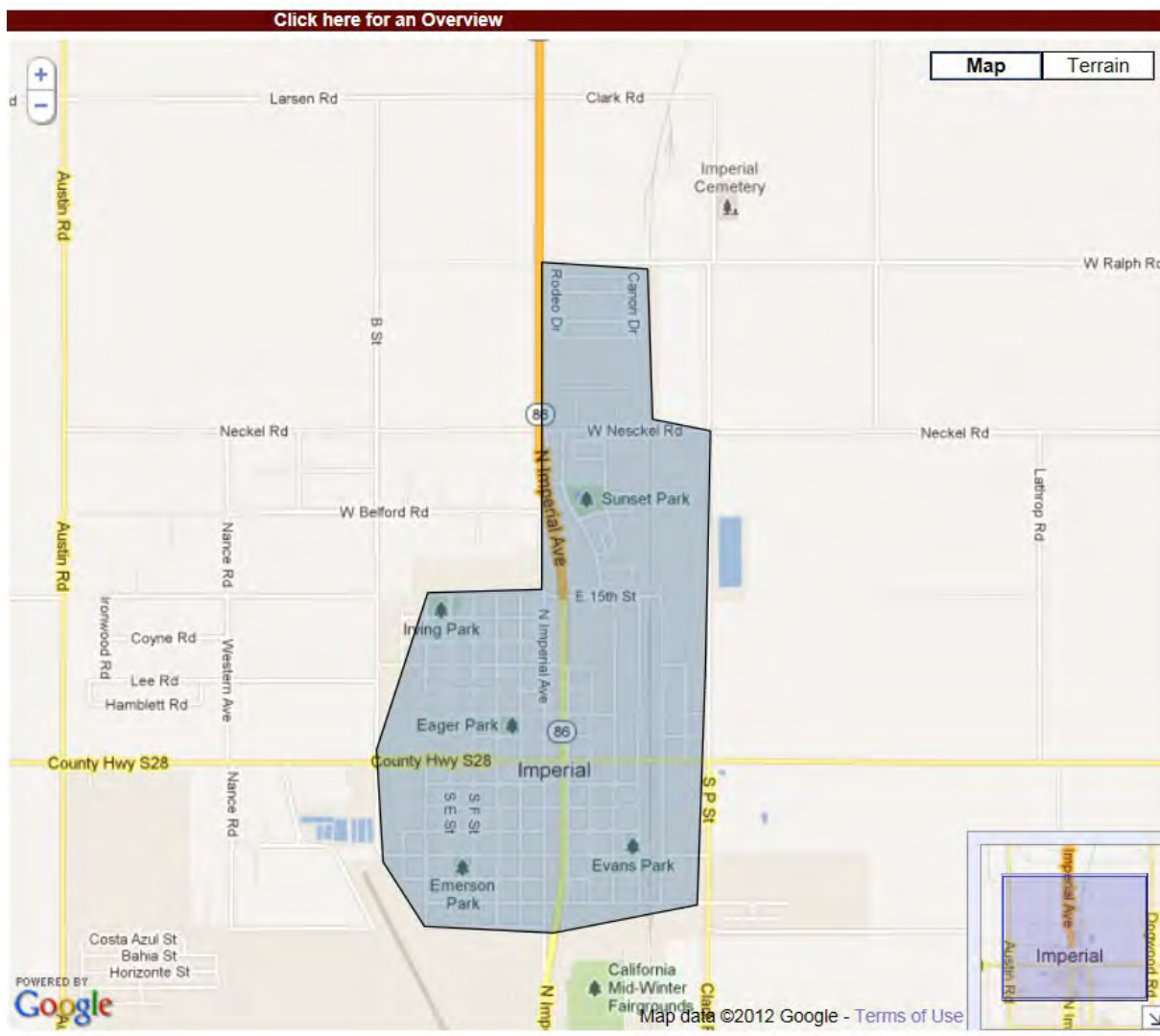


SALTON SEA



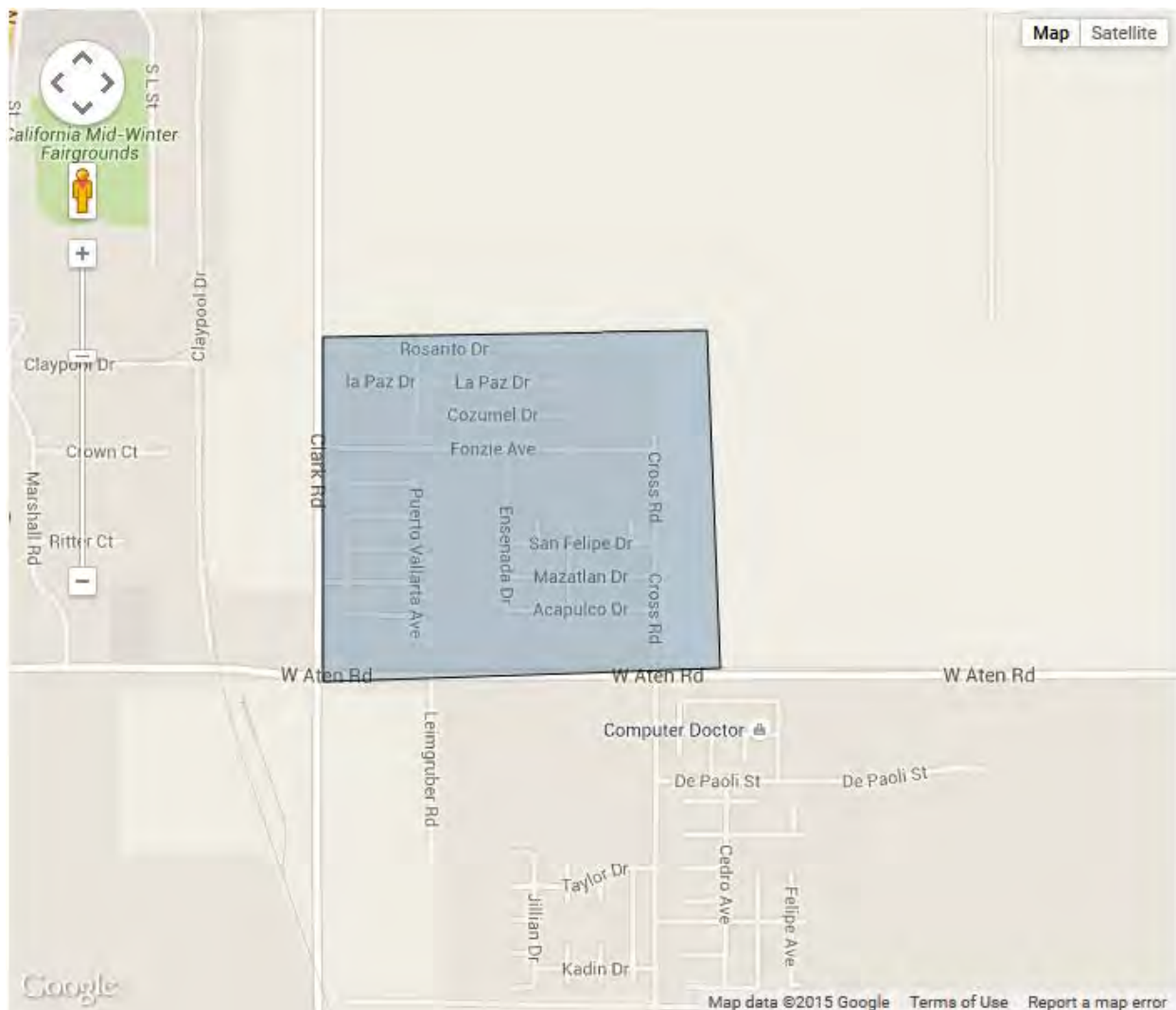
IMPERIAL

NSP3							
Project Name : 04-09-12 Imperial							
Block Group	Neighborhood Housing Units	Block Group Housing Units	Block Group Score	State Min	USPS HMDA		
060259138036280011000R6	0	8	20	17	15	8	
060259138036280011000U1	229	273	20	17	504	278	
060259138036280011000U2	284	284	20	17	524	289	
060259138036280011000U3	328	335	20	17	618	341	
060259138036280011000U4	273	303	20	17	559	308	
060259138036280011000U5	13	15	20	17	28	15	
060259138036280011000U6	622	622	20	17	1148	633	
06025913809999011000R6	0	79	20	17	146	80	
06025913809999011000U5	0	462	20	17	853	470	
Total Neighborhood Housing Units: 1749							
Neighborhood NSP3 Score: 20.00							
State Minimum Threshold NSP3 Score: 17							



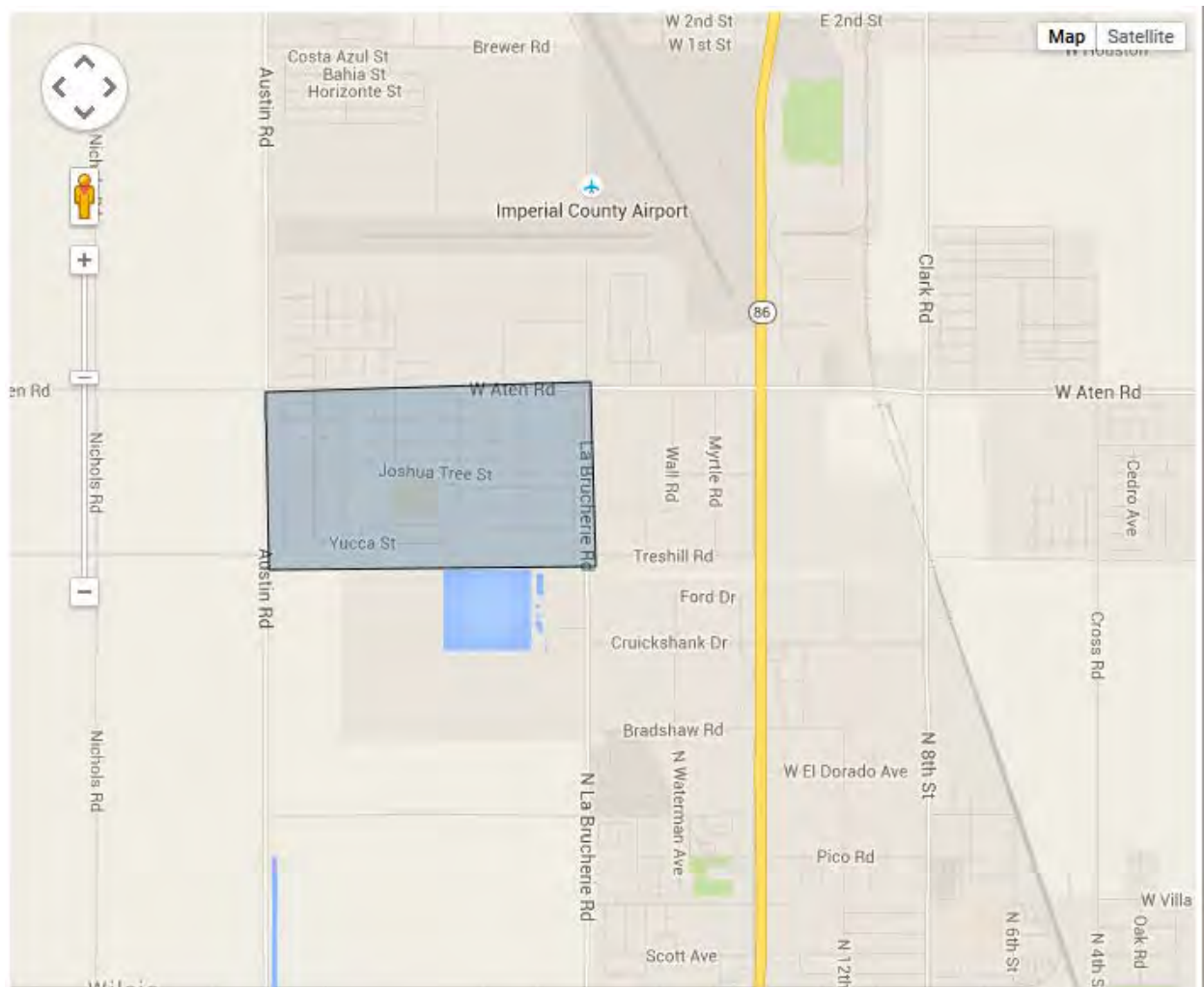
Imperial

(North of Aten Road and East of Clark Road)



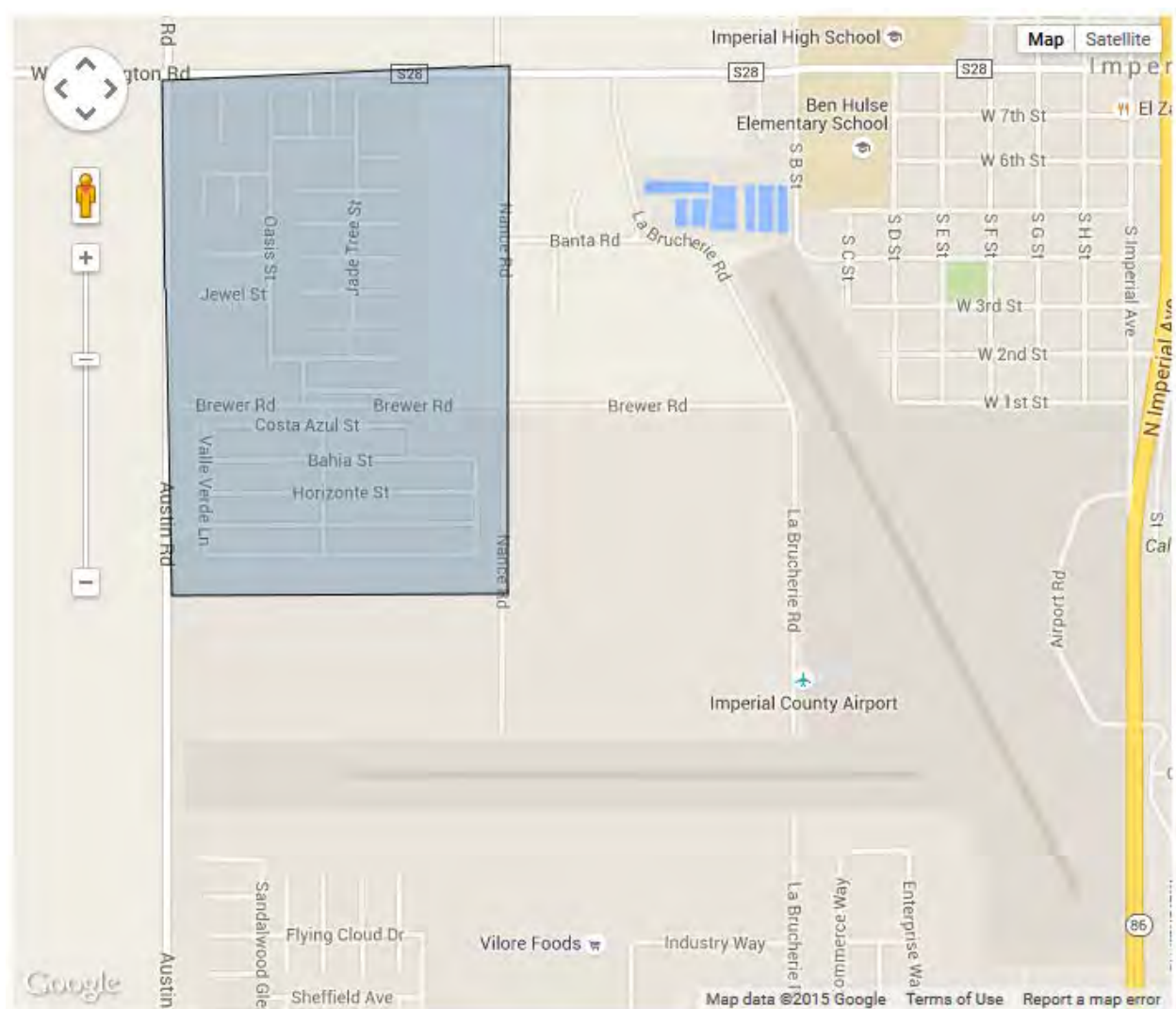
Imperial

(South of Aten Rd, West of LaBrucherie Rd.)

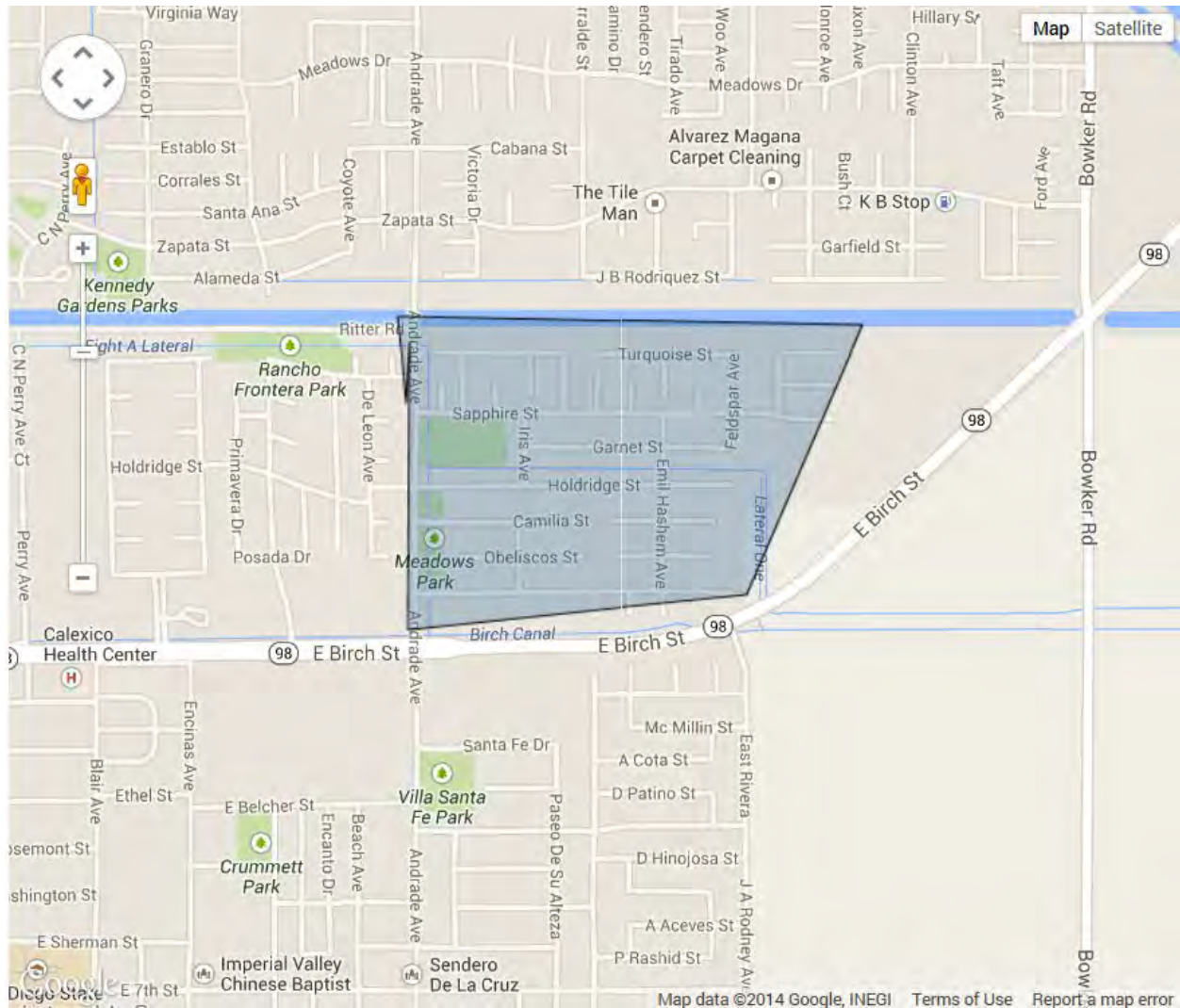


Imperial

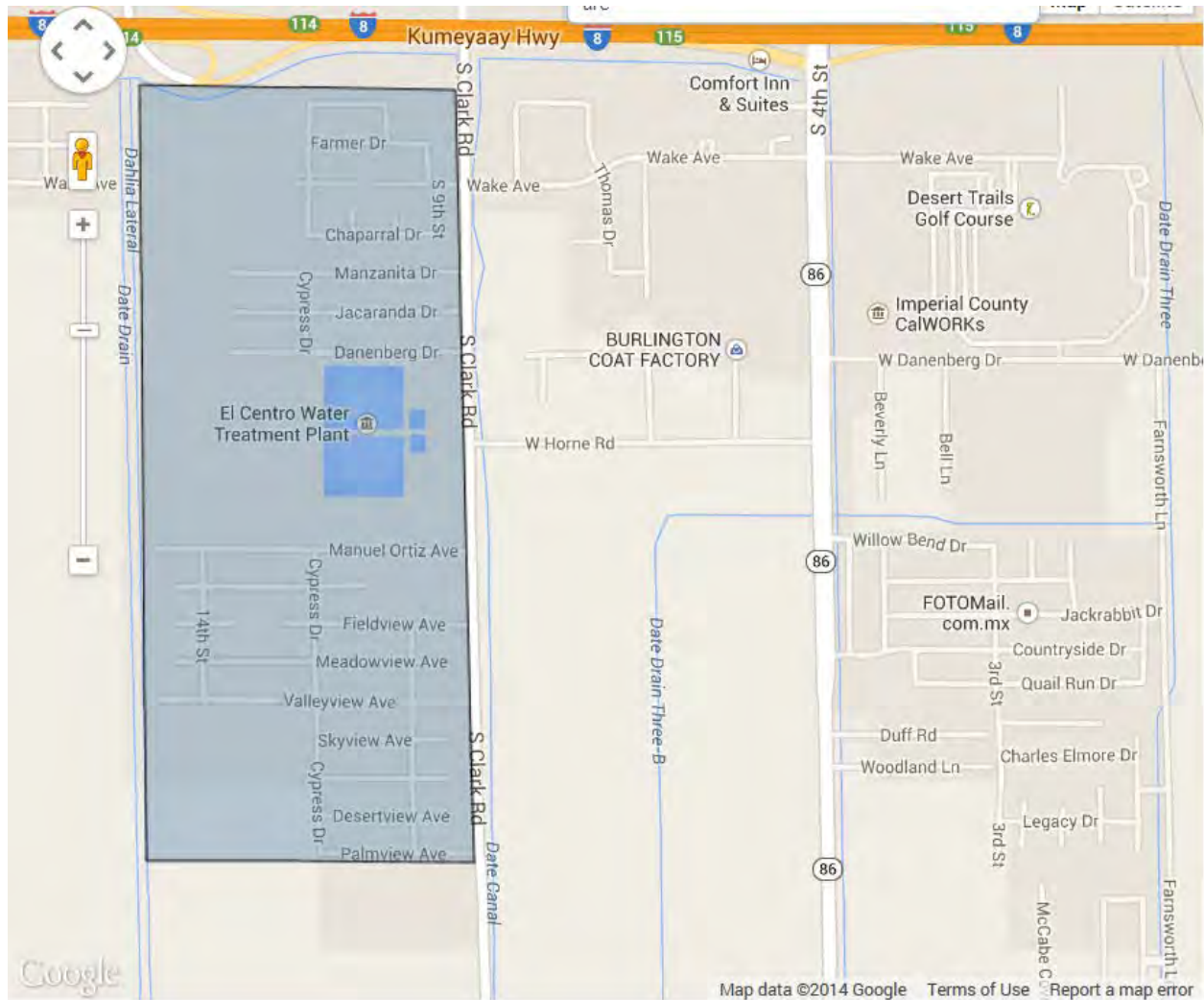
(South of Worthington Rd. & East of Austin Rd.)



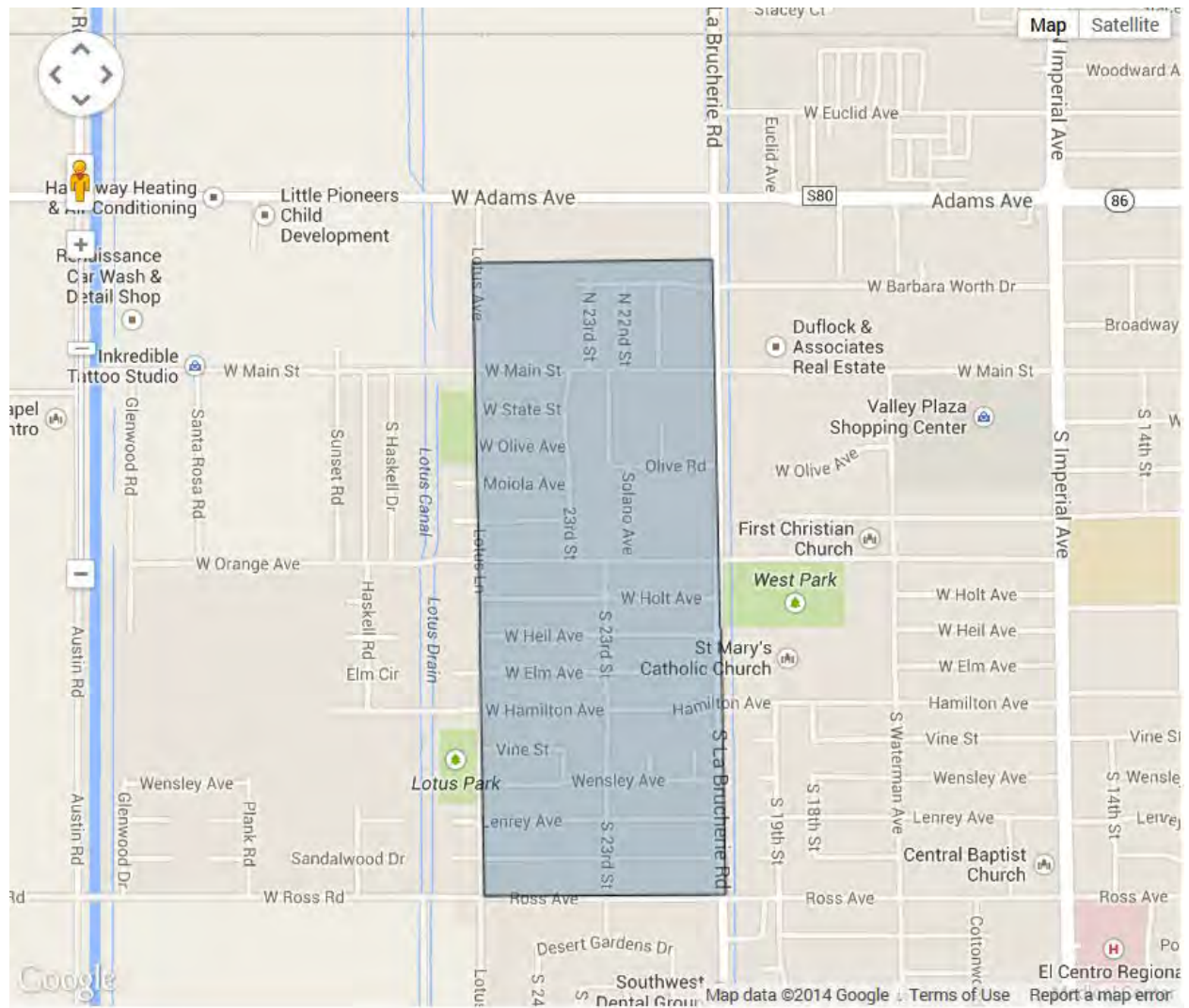
Calexico



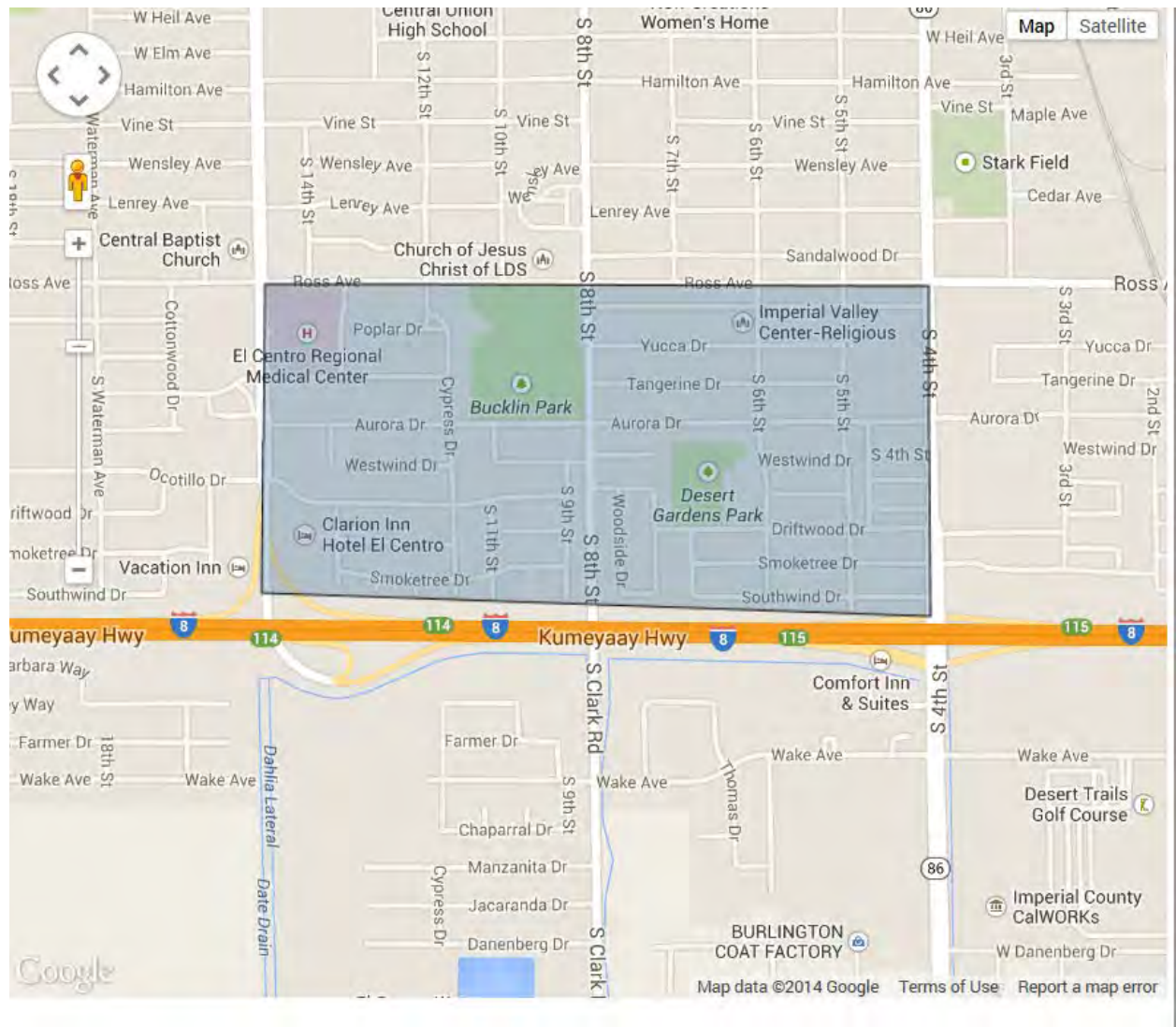
El Centro- South



El Centro- West

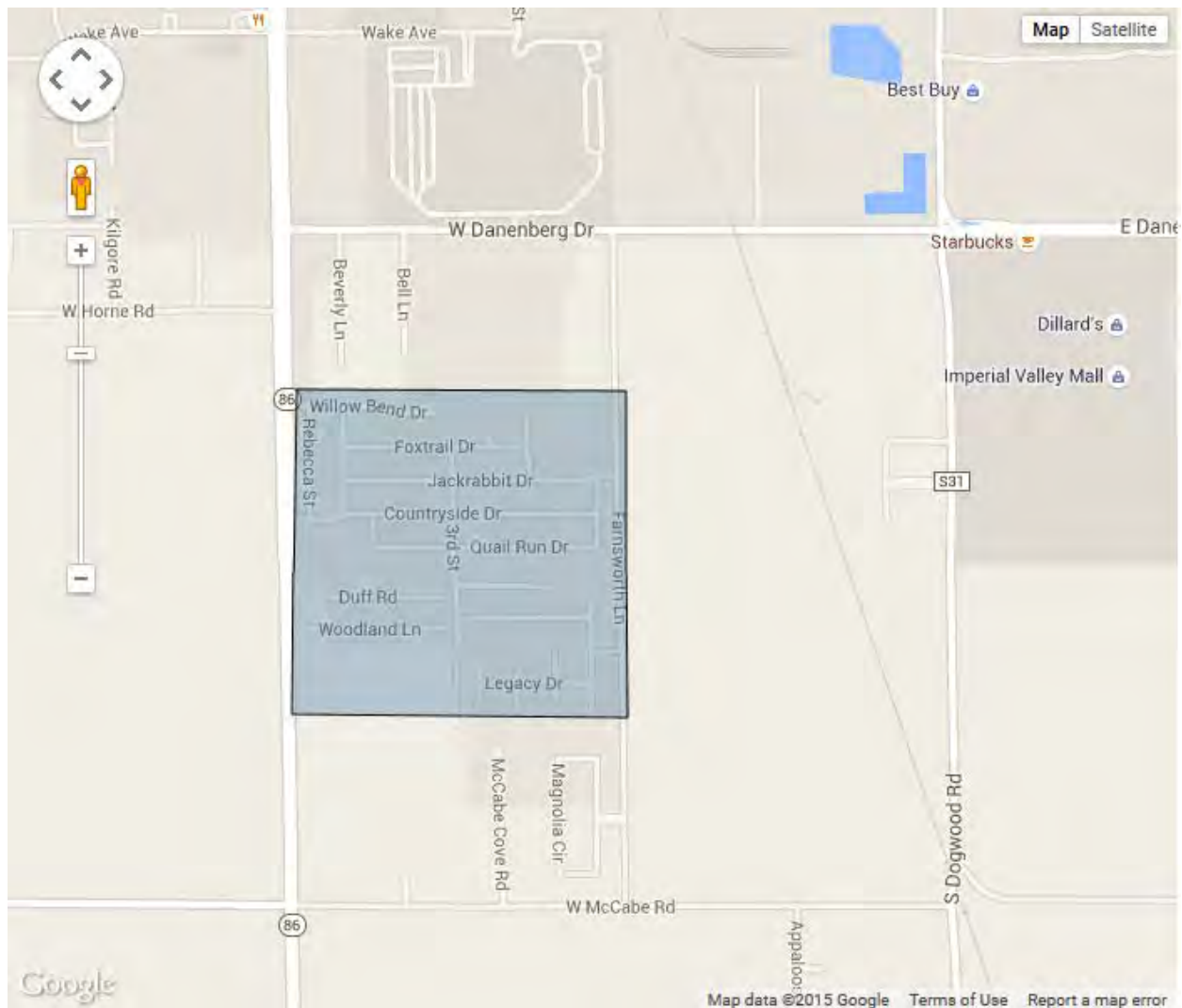


El Centro-Desert Gardens

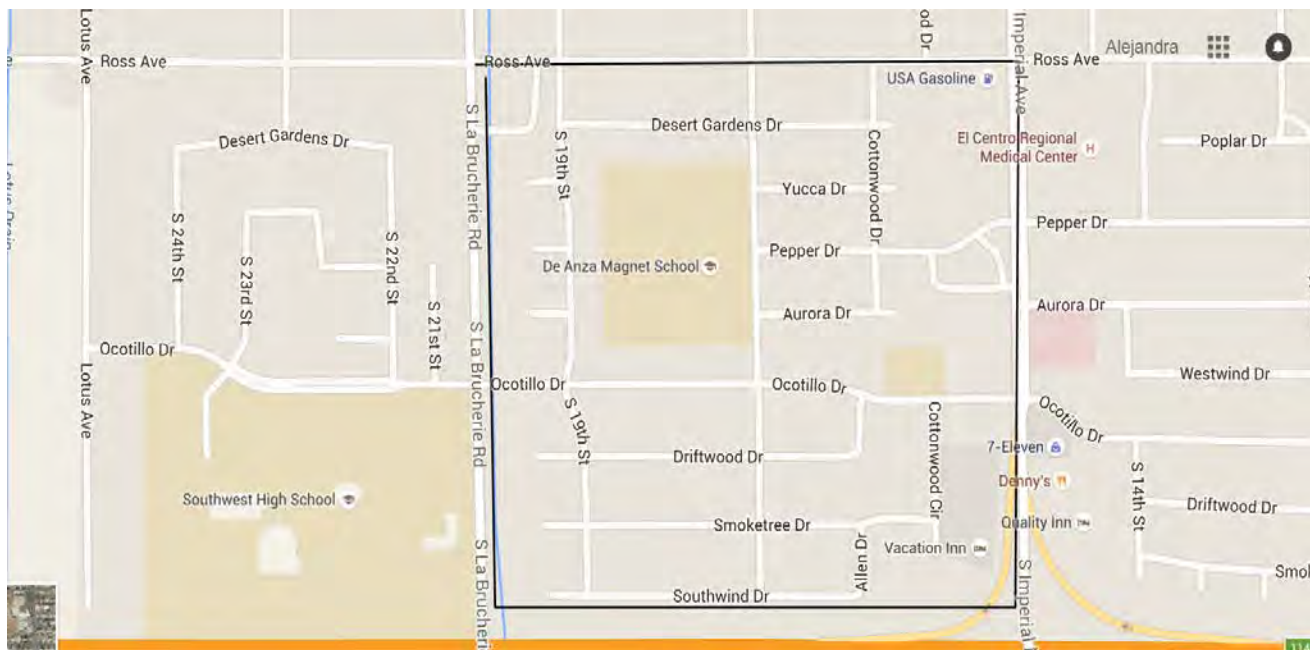


El Centro

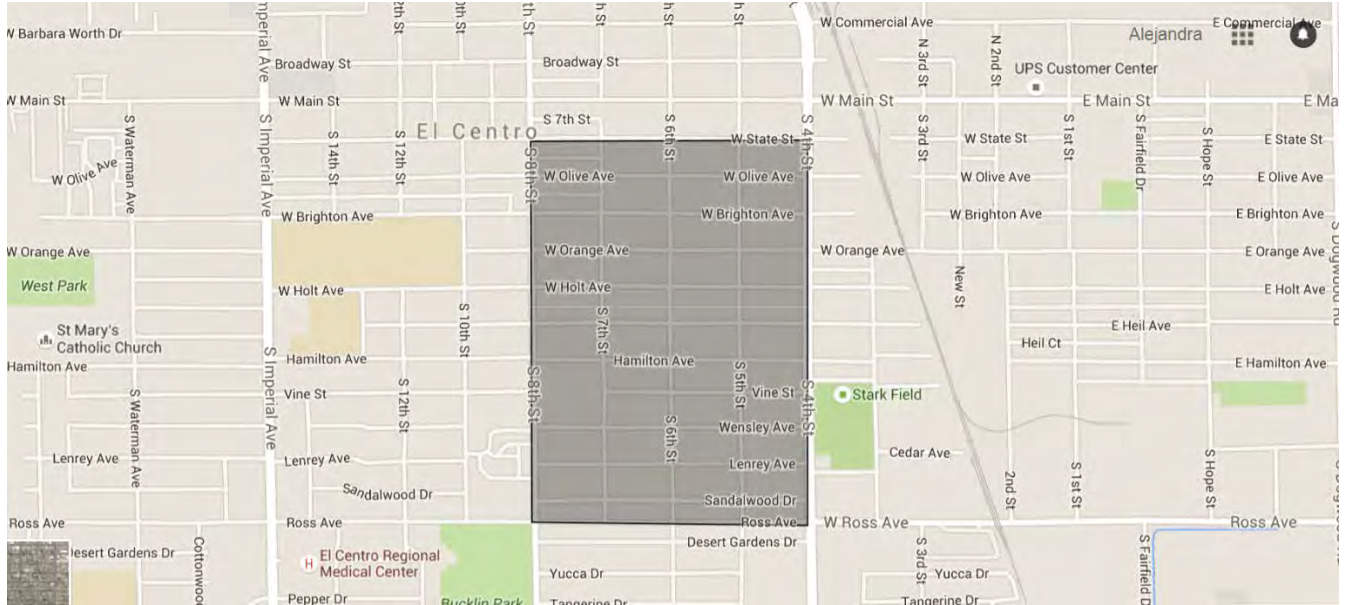
(South of Danenberg Dr. and East of 4th St.)



El Centro I



El Centro II



Holtville

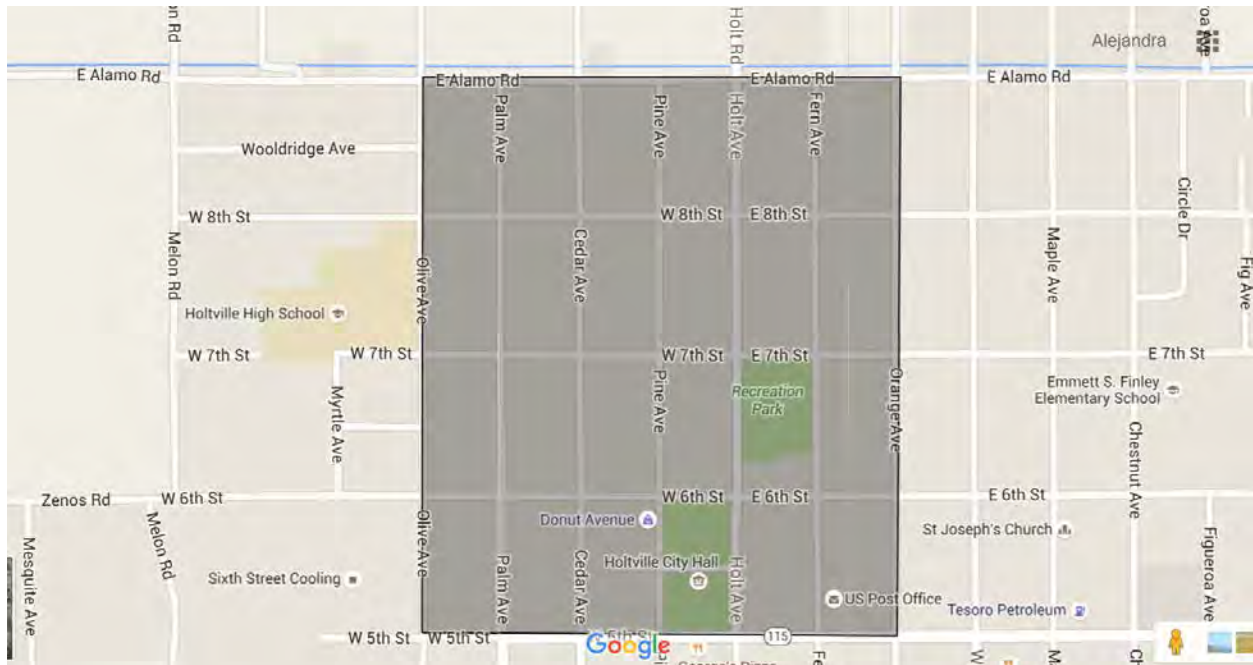




Exhibit B

Rehabilitation Assessment

Property Owner:		Date of Inspection:
Resident Names (if different from above):		Inspection Type:
		Inspector:

Property Address:		Property Type:
Year Constructed:	Census Tract No.:	Were residents present for inspection?

EXTERIOR ASSESSMENT

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
GENERAL SITE CONDITIONS				
Walls and Fencing				
Landscaping				
Free of Debris				
Access to unit				
Refuse Disposal Area				
RESIDENCE EXTERIOR				
Condition of Foundation				
Condition of Stairs/Rails/Porches				
Condition of Roofs				
Roof Mounted Appliances				
Condition of Gutters				
Condition of Exterior Surfaces				
Driveway				
Walkways - free of hazards				
Garage Door				
Windows - Operative / condition				
Condition of Screens				
Exterior Doors Condition				
Entry Door Locks – No Dbl Cyl.				
Security Door – No Dbl Cyl.				

INTERIOR ASSESSMENT

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
GENERAL- ALL ROOMS				
Smoke Detectors				

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
All Functioning				
minimum # required installed				
Electricity on-all rooms				
Visible Mold Conditions				
Window condition				
Furniture blocking windows				
Electrical hazards - exposed wires				

KITCHEN

Electrical Hazards				
Grounded Outlets				
GFCI				
Outlets / Switches / Fixtures				
Floor / VCT / Tile condition				
Walls / Ceiling condition				
Stove				
Oven				
Refrigerator				
Cabinets & Drawers				
Counter				
Sink				
Garbage Disposal				
Visible Mold Conditions				
Space for storage of food				
Space for preparation of food				
Washer / Dryer				
Light/Ventilation				

DINING ROOM

Walls / Ceiling condition				
Carpet / Flooring condition				
Outlets / Switches / Fixtures				
Light/Ventilation				

LIVING ROOM

Carpet / Flooring condition				
Walls / Ceiling condition				
Door(s)				
Window Coverings present				
Drapes / Blinds				
Outlets / Switches / Fixtures				
Light/Ventilation				

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	

BATHROOM # 1 (hallway)

Grounded Outlets				
Floorcoverings				
GFCI				
Outlets / Switches / Fixtures				
Tub / Shower / Enclosure				
Toilet				
Counter				
Vanity/Cabinets				
Sink				
Mirror				
Door				
Ventilation (Fan / window)				
Visible Mold Conditions				
Walls / Ceiling condition				

BATHROOM # 2 (Master)

Grounded Outlets				
Floorcoverings				
GFCI				
Outlets / Switches / Fixtures				
Tub / Shower / Enclosure				
Toilet				
Counter				
Sink				
Vanity/Cabinets				
Mirror				
Door				
Ventilation (Fan / window)				
Visible Mold Conditions				
Walls / Ceiling condition				

MASTER BEDROOM

Wall / Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				

BEDROOM (left of hall)

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	
Wall / Ceiling condition				
Carpet / Flooring condition				
Passage Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				

BEDROOM (right of hall)

Wall / Ceiling condition				
Carpet / Flooring condition				
Door				
Closet Doors				
Smoke Detector				
Emergency Exiting				
Window Security – Hand Openable				
Outlets / Switches / Fixtures				
Light/Ventilation				

HEATING & PLUMBING

Adequacy of Space Heating				
Safety of Heating Equipment				
Ventilation				
A/C Unit				
Approvable Water Supply				
Plumbing – Water Supply Lines				
Plumbing – Waste Lines				
Sewer Connection				
Water Heater Correctly Installed				

ELECTRICAL

Condition of Service Panel				
Condition of Service Drop				
Functioning Labeled Breakers				
GFCI on Exterior Outlets				

GENERAL HEALTH & SAFETY

Evidence of Infestation				
Garbage & Debris				
Refuse Disposal				
Interior Air Quality				
Site & Neighborhood conditions				

INSPECTION CHECKLIST	CURRENT CONDITION			REPAIRS REQUIRED / COMMENTS
	Pass	Fail	Inconclusive	

LEAD BASED PAINT REVIEW

Did owner/residents receive a copy of the pamphlet entitled "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools"?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Was the construction of the subject building completed on or after January 1, 1978? If yes, record the year of construction _____ and stop here; this part is completed. If no, proceed.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Is this rehabilitation that will not disturb a painted surface, or whose disturbance is limited to 20 square feet of exterior painted surfaces or 2 square feet painted surfaces in any one interior room? [See §35.1350(d)]. If yes, stop here; this part is completed. If no, proceed to the number below, associated with the level of Federal rehabilitation assistance applicable to this project.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are the average Federal funds for the hard costs of rehabilitation per unit limited to \$5,000 or less? If yes, conduct paint testing per Sec. 35.930(a)(1) and implement safe work practices per §35.930(a)(2) or presume LBP and implement safe work practices . Either way, conduct a clearance examination, per §35.930(b)(3) after rehabilitation. Attach a copy of the paint test (if applicable) and clearance examination reports, after completion.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are the average Federal funds for the hard costs of rehabilitation per unit more than \$5000 but not exceeding \$25,000? If Yes, conduct paint testing per Sec. 35.930(c)(1) and a risk assessment per Sec. 35.930(c)(2); perform interim controls per Sec. 35.1330 (see Sec. 35.930(c)(3)) or presume LBP and/or hazards present and use standard treatments per Sec. 35.120(a). Either way, conduct a clearance examination per Sec. 35.930(b)(3) after rehabilitation. Attach a copy of the paint test and risk assessment (if applicable), and clearance examination reports, after completion.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are the average Federal funds for the hard costs of rehabilitation per unit more than \$25,000? If Yes, conduct paint test and perform a risk assessment per §35.930(d)(2), or presume LBP. Abate all LBP hazards identified by the paint test or risk assessment and any LBP hazards created as a result of the rehabilitation work, in accordance with §35.1325, except that interim controls are acceptable on exterior surfaces that are not disturbed by rehabilitation. Either way, conduct a clearance examination per Sec. 35.930(b)(3) after rehabilitation. Attach a copy (if applicable) of the paint test and risk assessment, and (in all cases, upon completion) the clearance examination reports.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Note: If Federal rehabilitation assistance under the HOME program is used, recipient shall require property owner to incorporate ongoing LBP maintenance activities into regular building operations, per Sec. 35.1355(a) (see Sec. 35.935).		

I certify that a property inspection was performed on the date indicated below, and that this assessment represents an accurate appraisal of property conditions at the time of inspection:

Inspector's Signature

Date

Homeowner's Signature

Date

Homeowner's Signature

Date



Exhibit C

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT WHO MAY BE DISPLACED (NSP)

Grantee or Agency Letterhead

(date)

Dear _____:

_____, (City, County, State, Public Housing Authority (PHA), other) _____, is interested in _____ (acquiring, rehabilitating, demolishing) _____ the property you currently occupy at _____ (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP).

The purpose of this notice is to inform you that you may be displaced as a result of the proposed project. This notice also serves to inform you of your potential rights as a displaced person under federal laws known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and section 104(d) of the Housing and Community Development Act of 1974, as amended. You may be eligible for relocation assistance and payments under either the URA or section 104(d), if the proposed project receives HUD funding and if you are displaced as a result of acquisition, rehabilitation, demolition or conversion for the project.

- **This is not a notice to vacate the premises.**
- **This is not a notice of relocation eligibility.**

If you are determined to be eligible for relocation assistance in the future, you may be eligible for: 1) Relocation advisory services including help to find another place to live; 2) At least 90 days advance written notice of the date you will be required to move; 3) Payment for your moving expenses; and 4) Replacement housing payments to enable you to rent or purchase a comparable replacement home. You will also have the right to appeal the agency's determination, if you feel that your application for assistance was not properly considered. The enclosed HUD brochures, "Relocation Assistance To Tenants Displaced From Their Homes" and "Relocation Assistance to Persons Displaced from Their Homes (section 104(d))" provide an explanation of this assistance and other helpful information.

(NOTE: Pursuant to Public Law 105-117, aliens not lawfully present in the United States are not eligible for relocation assistance under the URA, unless such ineligibility would result in exceptional hardship to a qualifying spouse, parent, or child. All persons seeking relocation assistance will be required to certify that they are a United States citizen or national, or an alien lawfully present in the United States.)

Please be advised that you should continue to pay your rent and meet any other obligations as specified in your lease agreement. Failure to do so may be cause for eviction. If you choose to move for reasons unrelated to the proposed project or if you are evicted for cause prior to receiving a formal notice of relocation eligibility, you will not be eligible to receive relocation assistance. It is important for you to contact us before making any moving plans.

Again, this is not a notice to vacate the premises and does not establish your eligibility for relocation payments or assistance at this time. If you are determined to be displaced and are required to vacate the premises in the future, you will be informed in writing. In the event the proposed project does not proceed or if you are determined not to be displaced, you will also be notified in writing.

If you have any questions about this notice or the proposed project, please contact
(name)_____, (title)_____,
(address)_____, (phone)_____.

Enclosures

=====

NOTES to NSP Guideform General Information Notice

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See 49 CFR 24.5 and Paragraph 2-3 J of Handbook 1378)
2. This is a guideform. It should be revised to reflect the circumstances.



Exhibit D

GUIDEFORM
- **NSP VOLUNTARY ACQUISITION OF FORECLOSED PROPERTY** -
- Informational Notice -
(Agencies/Persons **Without** Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear _____:

(Name of Agency/Person) _____, is interested in acquiring property you own at (address) _____ for a proposed project which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP).

Please be advised that (Name of Agency/Person) _____ does not have authority to acquire your property by eminent domain. In the event we cannot reach an amicable agreement for the purchase of your property, we will not pursue this proposed acquisition.

Under the NSP, we are required to purchase residential foreclosed properties (which may include certain residential properties in mortgage or tax default status that meet the NSP definition of "foreclosed") at a discount from their market appraised value.

The subject property is listed for purchase at \$ _____. (If currently listed)

- Select one: a) We currently believe that the property's market value is \$ _____.
We are prepared to purchase your property; however, depending on the results of the appraisal, our written offer may differ from this amount.
- b) Our appraisal indicates the property's market value is \$ _____.
We are prepared to offer you \$ _____ to purchase your property.

Please contact us at your convenience, if you are interested in selling your property.

If your property is in default, but foreclosure proceedings have not been initiated/completed, and our offer is for less than the current balance of your mortgage loan(s), we suggest that you seek legal counsel or guidance. We cannot provide you with legal advice regarding any tax, credit, or deficiency judgment consequences to you related to the sale.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance. A tenant-occupant who moves as a result of a

voluntary acquisition for a federally-assisted project may be eligible for relocation assistance as a displaced person. Such displaced persons may include not only current lawful occupants, but also former tenants required to move for any reason other than an eviction for cause in accordance with applicable federal, state, and local law. If your property is currently tenant-occupied or a tenant lawfully occupied your property within the past 3 months prior to our offer, we need to know immediately. Further, you should not order current occupant(s) to move, or fail to renew a lease, in order to sell the property to us as vacant.

If you have any questions about this notice or the proposed project, please contact (name) _____, (title) _____, (address) _____, (phone) _____.

NOTES to NSP Voluntary Acquisition Notice (Agency/person without Eminent Domain authority).

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or via certified mail, return receipt requested) and the date of delivery. (See 49 CFR 24.5 and Paragraph 2-3 J of Handbook 1378.)
2. Tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be so informed per 49 CFR 24.2(a)(15)(iv) – Initiation of Negotiations (ION), and 49 CFR 24 Appendix A - 24.2(a)(15)(iv) and <http://www.hud.gov/offices/cpd/library/relocation/nsp/index.cfm>
3. See 49 CFR 24.206 regarding eviction for cause.
4. This guideform may only be used if all of the requirements of 49 CFR 24.101(b)(2)(i) and (ii) or 49 CFR 24.101(b)(3) are met.
5. This is a guideform. It should be revised to reflect the circumstances. NSP defines “foreclosed” to include residential properties in which the property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or (b) the property owner is 90 days or more delinquent on tax payments. While considered “foreclosed” for NSP purposes, such properties may still be owned by the mortgagor unless the State foreclosure process is complete and title to the property transferred. Short sales and other foreclosure alternatives are complex transactions involving coordination and cooperation among a number of parties (e.g., owners, lenders, servicers, investors).

GUIDEFORM
- NSP VOLUNTARY ACQUISITION OF FORECLOSED PROPERTY -
- Informational Notice -
(Agencies with Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear _____:

(City, County, State, other) _____, is interested in acquiring property you own at (address) _____ for a project receiving funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP).

Please be advised that, (City, County, State, other) _____ possesses eminent domain authority to acquire property, however, in the event you are not interested in selling your property, or if we cannot reach an amicable agreement for the purchase of your property, we will not pursue its acquisition under eminent domain. Your property is not a necessary part of the proposed project and is not part of an intended, planned, or designated project area where substantially all of the property within the area is to be acquired.

Under the NSP, we are required to purchase residential foreclosed properties (which may include certain residential properties in mortgage or tax default status that meet the NSP definition of "foreclosed") at a discount from their current market appraised value.

The subject property is listed for purchase at \$ _____. (If currently listed)

Select one: a) We currently believe the property's market value is \$ _____. We are prepared to purchase your property; however, depending on the results of the appraisal, our written offer may differ from this amount.

b) Our appraisal indicates the property's market value is \$ _____. We are prepared to offer you \$ _____ to purchase your property.

Please contact us at your convenience, if you are interested in selling your property.

If your property is in default, but foreclosure proceedings have not been initiated/completed, and our offer is for less than the current balance of your mortgage loan(s), we suggest that you seek legal counsel or guidance. We cannot provide you with legal advice regarding any tax, credit, or deficiency judgment consequences to you related to the sale.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance. A tenant-occupant who moves as a result of a voluntary acquisition for a federally-assisted project may be eligible for relocation assistance as a displaced person. Such displaced persons may include not only current lawful occupants, but also former tenants required to move for any reason other than an eviction for cause in accordance with applicable federal, state, and local law. If your property is currently tenant-occupied or a tenant lawfully occupied your property within the past 3 months prior to our offer, we need to know immediately. Further, you should not order current occupant(s) to move, or fail to renew a lease, in order to sell the property to us as vacant.

If you have any questions about this notice or the proposed project, please contact
 (name) _____, (title) _____,
 (address) _____, (phone) _____.

NOTES to NSP Voluntary Acquisition of Foreclosed Property Informational Notice

1. The case file must indicate the manner in which this written notice was delivered (e.g., personally served or via certified mail, return receipt requested) and the date of delivery. (See 49 CFR 24.5 and Paragraph 2-3 J of Handbook 1378.)
2. Tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be so informed per 49 CFR 24.2(a)(15)(iv) – Initiation of Negotiations (ION), 49 CFR 24 Appendix A - 24.2(a)(15)(iv), and <http://www.hud.gov/offices/cpd/library/relocation/nsp/index.cfm>
3. See 49 CFR 24.206 regarding eviction for cause.
4. This guideform may only be used if all of the requirements of 49 CFR 24.101(b)(1)(i)-(iv) are met.
5. This is a guideform. It should be revised to reflect the circumstances. NSP defines “foreclosed” to include residential properties in which the property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or (b) the property owner is 90 days or more delinquent on tax payments. While considered “foreclosed” for NSP purposes, such properties may still be owned by the mortgagor unless the State foreclosure process is complete and title to the property transferred. Short sales and other foreclosure alternatives are complex transactions involving coordination and cooperation among a number of parties (e.g., owners, lenders, servicers, investors).



Exhibit E



Exhibit F



Neighborhood Stabilization Program (NSP) Single-family Housing Rehabilitation Standard

Description:

The Single-Family Housing Rehabilitation Standard describes minimum performance for the NSP rehab program. These standards are to be used with one-to four-unit dwellings of three stories or less. This standard is a guide for decision-making—about what specifications should be applied in what situations to produce uniformly safe, decent, durable and high-performing homes. It includes a number of green building items. This standard is required for all housing rehabilitation for Imperial County, California when NSP funds are utilized.

Source of Document:

The standards in this document were adapted from a template used by Livable Housing, Inc., and were based on a number of similar documents used in various housing rehabilitation programs. The standards with the suffix **[GREEN STANDARD]** were added with the assistance of Enterprise Community Partners and intended to be used for including “green rehab” improvements that follow accepted national green building standards such as LEED and the Green Communities Criteria.

***Approved by:
Imperial County Board of Supervisors
August 16, 2011***

These standards have been adopted as requirements for NSP and exceed those of other HUD-funded programs, for example, if a program is using CDBG funds, the regulations call for rather minimal “decent, safe and sanitary” performance standards, while NSP allows for improvements that make the home more marketable—such as installing Energy Star dishwashers, washing machines and dryers—which are not allowed in the CDBG program as of this writing.

These standards often describe the minimum requirements in a variety of ways including:

- Remaining useful life of a component such as a roof
- The referencing of other standards such as the ASHRAE 62.2 standard for ventilation
- Minimum requirements for the materials used such as insulation or plumbing fixtures
- The minimum quantity of a component that is acceptable such as lineal feet of countertop in a kitchen
- The requirements of regulatory agencies such as the Environmental Protection Agency (EPA); Housing or Zoning Codes; federal, state and local Historic Preservation requirements
- The requirements of funders such as HUD (CDBG, HOME, NSP) or local governments, including the Environmental Review process.

This seeks to capture the specific requirements of Imperial County and takes into account energy concerns related to the desert climate, the local housing stock in the designated work areas, availability of supplies, standard treatments and contractors, as well as regulations and mission-related requirements. The ultimate test of these standards is the health and well-being of the residents who will occupy rehabilitated units for many years in the future.

In the NSP Single-Family Housing Rehabilitation Standard, you will typically find both a Repair Standard and a Replacement Standard for each category of component listed. The Repair Standard defines how to meet the standard by repairing the respective component. The Replacement Standard defines how to meet the standard when replacing or installing the respective new component. There are limited instances where only one standard applies.

Throughout the document you will see a symbol - **[GREEN STANDARD]**. This symbol represents a standard that accomplishes one or more of the following:

- Conserve water
- Conserve energy
- Provide the resident with a healthier living environment
- Reduce impact on the natural environment
- Create a more sustainable product lifetime

In order to access further and more detailed information, hyperlinks to useful web sites are included in this document. They can serve as a valuable resource.

Format of the NSP Single-Family Housing Rehabilitation Standard

- Mission and Housing Values
- Applicable Laws and Regulations
- Categories of Standards:
 1. Health & Safety
 2. Site
 3. Exterior Building Surfaces
 4. Foundations & Structure
 5. Windows & Doors
 6. Roofing
 7. Insulation & Ventilation
 8. Interior Standards
 9. Electric
 10. Plumbing System
 11. HVAC
 12. Appliances

Mission and Housing Values

Imperial County's use of NSP3 funding addresses housing activities that will have a stabilizing effect on the county's housing market, create affordable housing opportunities for Low-Moderate and Middle Income households, improve sustainability and provide opportunities for job-creation or retention for county residents, especially those covered by the Vicinity Hiring policy. Other values guiding this program include incorporation of energy efficient and green improvements to improve overall impact on the environment and low-cost sustainable housing costs for inhabitants.

The ranking of primary considerations from the program's mission is as follows:

1. Health and Safety
2. Performance and durability
3. Life cycle cost
4. Affordable operating cost
5. Balanced initial cost
6. Environmental impact

Applicable Laws and Regulations

The county intends to work with developers and contractors to acquire, rehab, resell and/or maintain rental homes in full compliance with the following statutory and regulatory requirements:

- HUD Environmental Review
- URA and tenant protections
- Building Code: 2010 California Green, Building, Residential, Mechanical, Electrical, Plumbing, Fire, Energy, Administrative and Referenced Standards Codes
- California Code of Regulations Title: 17 (Lead Based Paint)
- Housing Code: All local *ordinances* including County Potable Water Agreement and

Water Service Form (www.icpds.com)

- The local zoning code
- Federal Housing Code: Housing Quality Standards at 24 CFR 982.401
- HAZMAT: HUD requirements for specific programs including Lead Based Paint in units built before January 1, 1978
- Davis Bacon labor standards
- Fair housing and equal opportunity, including Section 504 handicapped access requirements

The developer will seek guidance and strive to conform to the following:

- Energy: 2010 International Energy Conservation Code (IECC)
- Accessibility: California Building Code (CBC) and California Residential Code (CRC) are the standards for accessibility by disabled residents, ref. chapters 11A and 11B
- Life Safety Code <http://www.nfpa.org/aboutthecodes/AboutTheCodes.asp?DocNum=101>
- HAZMAT: HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing
- Universal Design standards for handicapped accessibility on a case-by-case basis including requirements of CBC 11A and 11B

1 Health & Safety

Contaminants [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs.
NA	
Replacement Standard	
<p>All materials installed will meet the following standards to minimize the presence of Volatile Organic Compounds (VOC) and Formaldehyde:</p> <ul style="list-style-type: none"> • All paints and primers must meet the most recent Green Seal G-11 Environmental Standard. http://www.greenseal.org/GreenBusiness/Certification/Getcertified/CertificationChecklists.aspx • Adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. http://www.aqmd.gov/rules/reg/reg11/r1168.pdf • All caulks and sealants, including floor finishes, must comply with regulation 8, rule 51, of the Bay Area Air Quality Management District. • All particleboard components will meet ANSI A208.1 for formaldehyde emission limits, or all exposed particleboard edges will be sealed with a low-VOC sealant or have a factory-applied, low-VOC sealant prior to installation. All MDF edges will meet ANSI A208.2 for formaldehyde emission limits, or all exposed MDF edges will be sealed with a low-VOC sealant or have a factory-applied, low-VOC sealant prior to installation. 	

Lead Based Paint (LBP) [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs.
<p>For all houses constructed prior to 1978 - four (4) floors, two (2) window sills and two (2) window troughs (all randomly selected) plus a blank sample must be submitted to an EPA-accredited lead analytical laboratory and the dust samples must pass a dust wipe test for lead content as per the protocol in the HUD Guidelines. Lead-safe work practices must be followed, and only certified abatement contractors used to perform the work. See: http://www.hud.gov/offices/lead/lbp/hudguidelines/</p>	
Replacement Standard	Minimum Life 20 yrs.
<p>When stabilization of surfaces containing LBP is impractical, the most affordable solution for abatement of the component will be chosen. Walls containing LBP may be covered with drywall or gutted and replaced with drywall. Trim and other wood or metal components containing LBP may be removed and replaced with similar materials. Lead-safe work practices must be followed, and only certified abatement contractors used to perform the work.</p>	

Asbestos [GREEN STANDARD]	
Repair Standard	Minimum Life NA
Non-friable intact Asbestos materials that are not creating a hazard such as cementitious exterior wall shingles may be left intact and painted if appropriate. Asbestos-resilient floor tiles may be labeled as such and covered with underlayment and new resilient flooring.	
Replacement Standard	Minimum Life NA
Friable asbestos components such as boiler or pipe insulation, badly deteriorated cementitious shingles or deteriorated flooring will be removed and, if necessary, replaced with non-hazardous materials.	

Radon [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs.
All housing in this program will be subject to a "Short Term" Radon Test, and if the result is a reading of 4 pCi/L or higher, a follow-up "Short Term" test will be performed. When a second test is required, average the results. If the average is above 4 pCi/L, remediation will be required.	
Replacement Standard	Minimum Life 20 yrs.
If, as a result of the testing above, there is a presence of Radon at or above the 4 pCi/L level, remediation will be undertaken per the EPA guidance in their Consumer's Guide to Radon Reduction. http://www.epa.gov/radon/pubs/consguid.html	

Mold [GREEN STANDARD]	
Repair Standard	Minimum Life NA
Any presence of mold is unacceptable and must be addressed per the National Center for Healthy Housing protocol "Creating a Healthy Home." http://www.nchh.org/Portals/0/Contents/FloodCleanupGuide_screen_.pdf	
Replacement Standard	Minimum Life NA
All carpeting, drywall or other gypsum-based wall coverings or any other non-structural components with mold present will be removed and replaced. The National Center for Healthy Housing protocol "Creating a Healthy Home" will be followed for remediation of structural components.	

Fire Safety - Egress	
Repair Standard	Minimum Life NA
NA	
Replacement Standard	Minimum Life NA
Egress windows are required in all new sleeping and living areas unless other secondary means of escape requirements are met. The minimum dimensions for egress window clear openings are 20" wide by 24" tall, with a clear opening of 5.0 square feet in ground-floor sleeping rooms. No bedrooms should be created in attics or basements unless Life Safety Code egress requirements are met. Exceptions include certain types construction equipped throughout with an approved automatic sprinkler system in accordance with Sec. 903.3.1.1 of the CBC.	

Fire and CO Alarms [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
Existing fire and smoke, carbon monoxide and security systems that meet code will be repaired to operating condition.	
Replacement Standard	
Directly wired smoke detectors are required on each dwelling floor and in all bedrooms. CO detectors are required with all fuel-burning furnaces and water heaters in sleep areas and on each floor level. Smoke detectors are also required at the entrance to sleeping rooms with ceiling elevation greater 24 in.	

2 - Site

Grading [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs.
All grading adjacent to the building and for a distance of at least 10 feet away from the building will slope away from the structure at a pitch of at least 1 inch per foot. All bare earth will be reseeded or sod will be installed to cover to the extent required by local ordinance.	
Replacement Standard	
NA	

Outbuildings	
Repair Standard	Minimum Life 5 yrs.
Unsafe and blighted structures, including outbuildings, will be removed if it is not financially feasible to complete the repairs required to make them structurally sound, leak-free, with lead hazards stabilized. Detached garages should have operable and lockable doors and windows.	
Replacement Standard	

No outbuilding replacement is permitted in this program.
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Fencing	
Repair Standard	Minimum Life 3 yrs.
Fencing on property lines is preferred. If repairs are needed, replacing sections in kind is permissible if the budget permits.	
Replacement Standard	
Wholesale replacement of deteriorated fencing is discouraged and should only be undertaken if the budget permits.	

Paving And Walks [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs.
Essential paving, such as front sidewalks and driveways with minor defects, will be repaired to match. Abrupt changes in level along any accessible route greater than 1/2" must be addressed. When changes in level do occur they shall be beveled with a slope no greater than 1 unit vertical in 2 units horizontal (50% slope). Changes in level not exceeding ¼" may be vertical. Non-essential, highly deteriorated paving, such as sidewalks that are unnecessary, will be removed and appropriately landscaped.	
Replacement Standard	Minimum Life 20 yrs.
Un-repairable essential walks and driveways will be replaced with permeable paving when financially feasible or concrete per City Ordinance. Wood-framed, handicapped-accessible ramps are an eligible expense.	

Trees and Shrubbery [GREEN STANDARD]	
Repair Standard	Minimum Life 5 yrs
Trees that are dead, dying, or hazardous will be removed. Removal will include cutting close to the ground, grinding of the stump to 12 inches below the finished grade, installation of topsoil and re-seeding.	
Replacement Standard	Minimum Life 1 year for all new plantings
Replacement trees and shrubs are encouraged and must be selected from the State Extension Service list of local, drought-resistant and non-invasive plant materials. In placement of trees, attention should be paid to shading the house to reduce air conditioning costs. Also, trees should be located a sufficient distance from foundations, sidewalls, walkways, driveways, patios and sidewalks in order to avoid future damage from root growth and branches brushing against the structure. Setbacks from structures should typically exceed half of the canopy diameter of a full-grown example of the species. Irrigation shall be retrofitted to include drip emitters, a filter, a pressure regulator, rain sensor and timer.	

Lawn [GREEN STANDARD]	
Repair Standard	Minimum Life 1 year
Bare section of lawn will be reseeded with State Extension Service-recommended, drought-resistant varieties such as Buffalo. Standards defined in County Ordinance 90302.06 for new construction are the standards for all rehabs.	
Replacement Standard	Minimum Life 1 year
Wholesale replacement of lawn grasses is not allowed, over-seeding is permitted with State Extension Service-recommended, drought-resistant varieties such as Buffalo.	

3 - Exterior Building Surfaces

Exterior Cladding [GREEN STANDARD]	
Repair Standard	Minimum Life 20 years
Siding and trim will be intact and weatherproof and free of deterioration. All exterior wood components will have a minimum of one continuous coat of paint, and no exterior painted surface will have any deteriorated paint. Buildings designated as historic will have existing wood siding repaired in kind. New exterior wood will blend with existing and will be spot-primed and top-coated in a lead-safe manner.	
Replacement Standard	Minimum Life 40 years
Buildings not designated as historic may have siding replaced with vinyl siding to match the existing configuration. CertainTeed, Mastic, and Wolverine brands are approved. If replaced, soffit material will be vented/perforated vinyl. New wood components will be FSC certified. http://www.fsc.org/ . If 25% or more needs repair, entire wall shall receive a 1-coat stucco over	

2" insulation board if exterior is stucco.
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Exterior Porches	
Repair Standard	Minimum Life 5 years
Deteriorated concrete porches will be repaired when possible. Unsafe wood porch components will be repaired with readily available materials to conform closely to historically accurate porches in the neighborhood. Porch repairs will be structurally sound, with smooth and even decking surfaces. Deteriorated wood structural components will be replaced with preservative-treated wood. Porches must meet the minimum of the California standard code.	
Replacement Standard	Minimum Life 20 years
Porches on building designated as historic will be rebuilt to conform closely to historically accurate porches in the neighborhood. Decks on non-historic porches will be replaced with 5/4" preservative-treated decking or synthetic deck material. Replaced railings will meet code. Replaced wood structural components will be preservative-treated.	

Exterior Railings	
Repair Standard	Minimum Life 5 years
Existing handrails will be structurally sound. Guard rails are required on any accessible area with a walking surface over 30" above the adjacent ground level. Handrail extensions are not required at the top and bottom of aisle stairs and aisle ramp runs to permit crossovers with the aisles. Sound railings may be repaired if it is possible to maintain the existing style. On historic structures railing repairs will be historically sensitive. Additional requirements may apply see CBC 11A&B.	
Replacement Standard	Minimum Life 20 years
Handrails will be present on one side of all interior and exterior steps or stairways with more than two risers and around porches or platforms over 30" above the adjacent ground level, and will meet local codes. Handrails and guard rails will conform to the style of similar components in the neighborhood. On historic structures new railings will be historically sensitive.	

Exterior Steps and Decks	
Repair Standard	Minimum Life 10 years
Steps, stairways, and porch decks will be structurally sound, reasonably level, with smooth and even surfaces. Repairs will match existing materials,	
Replacement Standard	Minimum Life 20 years
In non-historic structures wood decking may be replaced with 5/4" X 6" preservative-treated material or synthetic decking and new steps will be constructed from nominal 2" preservative-treated wood. On historic structures new wood decking will be ¾" clear T & G fir, primed on all 6 sides before installation.	

Exterior House Numbers and Mailboxes	
Repair & Replacement Standard	Minimum Life 5 years
All houses will have 4" house numbers clearly displayed near the front door, and a standard size mailbox installed according to local postal regulations.	

4 - Foundations & Structure

Firewalls	
Repair Standard	Minimum Life 15 years
Party walls will be maintained without cracks and plaster deterioration and covered with 5/8" type X gypsum <u>on each side</u> glued and screwed to structure.	
Replacement Standard	Minimum Life 20 years
When frame walls and floors adjoining other dwellings are gutted, new wall finish installations will conform to local requirements for fire ratings. All party walls shall conform to the 2010 CBC new construction requirements for fire separation at both walls and roofs.	

Foundations	
Repair Standard	Minimum Life 20 years
Foundations will be repaired to be sound, reasonably level, water resistant and free from movement.	
Replacement Standard	
Foundation replacements above 25% are beyond the scope of the program.	

Structural Walls	
Repair Standard	Minimum Life 20 years
Structural framing and masonry will be free from visible deterioration, rot, or serious termite damage, and be adequately sized for current loads. Prior to rehab, all sagging floor joists or rafters will be visually inspected, and significant structural damage and its cause will be corrected per engineering recommendations.	
Replacement Standard	Minimum Life 40 years
New structural walls will be minimum 2" x 4", 16" OC. All exterior walls that are part of the building envelope (the air barrier and thermal barrier separating the conditioned space from the non-conditioned space) will be insulated with a minimum R-13 insulation and sheathed to code.	

Additions	
Repair Standard	Minimum Life NA
NA	
Replacement Standard	Minimum Life 60 years
New additions are acceptable only when – for marketing and livability reasons – it is necessary to add additional bedroom space. Stamped plans must be submitted to the County Building Official for review and approval prior to bidding. All standards for Exterior Building Surfaces, Roofing, Windows and Doors, Insulation and Ventilation, Plumbing, Electrical, HVAC apply.	

5 - Windows and Doors

Interior Doors	
Repair Standard	Minimum Life 10 years
All bedrooms, baths and closets shall have well operating doors and locksets in bedrooms and baths. Privacy lock sets on bath. All others doors shall have passage locks. Reuse existing doors when possible. All keyed locksets shall be removed.	
Replacement Standard	Minimum Life 15 years
Hollow-core, pressed-wood or fiberglass consistent with the style of existing doors including a brass-plated bedroom lock set in paint grade jambs.	

Exterior Doors	
Repair Standard	Minimum Life 10 years
Exterior doors will be solid, weather-stripped and will operate smoothly. They will include a peep site, a dead bolt, and an entrance lock set.	
Replacement Standard	Minimum Life 20 years
Replacement doors at the front of the property for historically significant buildings will be historically sensitive. All replacement doors will be neighborhood sensitive, Energy Star (R-8) Steel or fiberglass solid core. Six-panel doors may be installed at entrances not visible from the front street and on the front of the property for buildings that are not historically significant. Dead bolt locks will be installed on all exterior doors keyed to match. All new doors will be weather-stripped to be air tight. Garage/house doors shall be 20 min fire rated with self closing hinges. Garage doors shall be R-5, embossed metal with a lockable assembly.	

Windows [GREEN STANDARD]	
Repair Standard	Minimum Life 10
All windows will operate, remain in an open position when placed there, lock when closed and the open section will be covered with a screen.	
Replacement Standard	
Windows that are not repairable may be replaced and will meet the ENERGY STAR standard for this geographic region. http://www.energystar.gov/index.cfm?c=windows_doors.pr_anat_window Windows on key façades of historically sensitive properties will be wood of the style original to the building. New windows on other properties may be vinyl and double-glazed.	

Basement Windows	
Repair Standard	Minimum Life 5 years
A minimum of 2 basement windows on opposite sides of the building must be operable for ventilation, in good working order, and lockable.	
Replacement Standard	
Basement windows may be replaced with glass block. If so, a minimum of 2 glass block windows on opposite sides of the building must have operable and lockable center vents.	

6 - Roofing

Flat and Low-Slope Roofing	
Repair Standard	Minimum Life 10 years
Repair when cost is less than or equal to 30% of total replacement cost. Built-up roofing that is leak-free will be re-coated and flashing and accessories repaired if their minimum life is questionable.	
Replacement Standard	Minimum Life 20 years
The most cost-effective roof – either 3-ply, hot built-up or EPDM – will be installed or spray foam shall be installed with an Energy Star reflective coating.	

Pitched Roofs	
Repair Standard	Minimum Life 10 years with warranty
Repair when cost is less than or equal to 30% of total replacement cost. Missing and leaking shingles and flashing will be repaired on otherwise functional roofs. Slate, metal and tile roofs will be repaired when possible. Antennae and communication disks will be removed.	
Replacement Standard	Moderate: Minimum Life 30 years; High: Minimum Life 45+ years
No more than 2 layers of roofing are permitted. Fiberglass, asphalt, 3 tab, class A shingles weighing at least 235 and up to 270 lbs, architectural grade, 30 year fiberglass asphalt or architectural metal with a ventilated system designed for installation recommendations. High standard roofing may be tile or architectural metal, ENERGY STAR rated.	

Gutters and Downspouts [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
Gutters and downspouts must be in good repair, leak free and collect storm water from all lower roof edges. Concrete splash blocks will be installed to move water away from the foundation. The system must move all storm water away from the building and prevent water from entering the structure. In addition to positive drainage away from the building, outlets will be a minimum of 3 feet away from the foundation whenever there is a history of water problems.	
Replacement Standard	Minimum Life 10 years
Gutters and downspouts will be installed and collect storm water from all lower roof edges. Concrete splash blocks will be installed to move water away from the foundation. The system must move all storm water away from the building and prevent water from entering the structure. In addition to positive drainage away from the building, outlets will be a minimum of 3 feet away from the foundation whenever there is a history of water problems.	

7 - Insulation and Ventilation

Infiltration [GREEN STANDARD]	
Repair Standard	Minimum Life 10 years
All homes or units will be tested with a Blower Door and any existing air sealing will be repaired to attain a maximum 0.35 Air Changes per Hour at 50 Pascal pressure (0.35 ACH50).	
Replacement Standard	
All homes or units will be air sealed to meet the minimum Blower Door test requirements of 0.35 Air Changes per Hour at 50 Pascal pressure (0.35 ACH50).	

Whole House Ventilation [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
All homes shall meet the most recent ASHRAE 62.2 standard by using one bathroom fan continuously operating at a verified CFM rate sufficient to meet the ASHRAE standard and creating < 0.5 Sones of fan noise. The fan will also have a > 80 CFM boost function switched one of three ways: by a switch at the entrance, with an adjustable time-delay function that runs the fan for an additional period after the switch is turned off; or a motion detector with an adjustable time-delay function that runs the fan for an additional period after the motion detector ceases to see motion; or by a humidistat.	
Insulation [GREEN STANDARD]	Minimum Life NA
Repair Standard	Minimum Life 20 years
The envelopes of all homes or units will have a continuous air barrier and a continuous thermal barrier that is in contact with the air barrier. Attic insulation shall be a minimum of R38 with soffit baffles installed when there are soffit vents to maintain ventilation at the eaves. All exterior walls opened in the course of renovations shall be insulated with un-faced fiberglass batts or damp spray cellulose to R13 for 2x4 framing and R19 for 2x6 framing. Whenever financially feasible, 1-inch, foil-faced polyisocyanurate foam board will be added under new siding. Rim joists will be insulated to R19 with either foil-faced foam board or Class 1-rated spray foam. Crawl space walls shall be insulated with 1-inch, foil-faced polyisocyanurate foam board and a 6-mil plastic vapor barrier will be installed continuously over the ground to the sill plate with all seams sealed. The ENERGY STAR Thermal Bypass Inspection Checklist shall be completed for each home.	
Replacement Standard	
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/Thermal_Bypass_Inspection_Checklist.pdf	

Bath Ventilation [GREEN STANDARD]	
Repair Standard	Minimum Life NA
NA	
Replacement Standard	Minimum Life 5 years
One bathroom must have a bath fan that meets the Whole House Ventilation requirement and also have a ≥ 80 CFM boost function switched one of three ways: by a switch at the entrance, with an adjustable time-delay function that runs the fan for an additional period after the switch is turned off; or a motion detector with an adjustable time-delay function that runs the fan for an additional period after the motion detector ceases to see motion; or by a humidistat. Any additional bathrooms must be mechanically vented to the ≥ 80 CFM standard with the time-delay switching described above. All bath fans must be Energy Star, exterior ducted with damper.	

Kitchen Ventilation [GREEN STANDARD]	
Repair Standard	Minimum Life 2 years
All kitchens must have functional mechanical ventilation operating at a minimum 120 CFM.	
Replacement Standard	Minimum Life 5 years
All kitchens must have mechanical ventilation operating at a maximum of 20 Sones and producing a minimum of 150 CFM after accounting for ducting losses. All ductwork will be heavy gauge galvanized metal, air tight with mastic-sealed seams (no duct tape). It is preferred that mechanical ventilation exit at side walls and not at the soffit to minimize the potential for ice damming.	

Roof Ventilation [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
1 square foot of free venting must be supplied for every SF of area directly under the roof if there is no soffit venting. 1 square foot of free venting must be supplied for every 300 SF of area directly under the roof if 20% of the venting is soffit vent and if the living space ceiling directly below the roof has a rating of one perm or less. (1 perm is achievable with a coating of ICI Dulux Ultra Hide Vapor Barrier paint 1060-1200 per manufacturer's instructions)	
Replacement Standard	
The venting requirement is the same as with the Repair Standard above with a strong preference for a combination of ridge vents, soffit vents and the one perm-rated ceiling required for the 1 to 300 ratio.	

8 - Interior Standards

Interior Walls and Ceilings	
Repair Standard	Minimum Life 5 years
Holes, cracks and deteriorated and un-keyed plaster will be repaired to match the surrounding surfaces. All visual surfaces will be stabilized to minimize lead paint hazards using premium vinyl acrylic low or no VOC paint.	
Replacement Standard	Minimum Life 20 years
Walls shall be plumb, ceiling level with a matching finish on at least 1/2" gypsum with tilebacker in wet areas. Fire rated 5/8" installed per the American Gypsum Association on garage walls and ceiling. Kitchen tile backsplashes and ceramic tile wainscot in baths allowed.	

Flooring [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
Bathroom, kitchen and other water-susceptible floor areas will be covered with water-resistant flooring that is free from tears or tripping hazards. Damaged wood floor will be repaired. When existing deteriorated carpet is installed over hardwood floors, the hardwood will be refinished whenever possible. Basement floors will be continuous concrete at least 1" thick.	
Replacement Standard	Minimum Life 20 years
Stone or tile flooring may be installed over reinforced cement underlayment in baths. Oak strip or plastic laminate flooring may be installed in living and dining rooms. Kitchen, bath and utility to be ceramic or quarry tile. Whenever possible rooms other than kitchens and baths with existing wood flooring will be maintained as wood floors and refinished when appropriate. Rooms other than kitchens or baths without usable wood floors may be finished with carpet and associated products that are Carpet and Rug Institute's Green Label certified. New basement slabs will be at least 3" thick and have a 6-mil vapor barrier.	

Closets	
Repair Standard	Minimum Life 5 years
Existing closets with a minimum depth of 2 feet will be maintained in good repair and have a shelf and clothes rod.	
Replacement Standard	
New closets may be created if there is a significant lack of storage space and the budget permits. New bedroom closets will have a depth of 2 feet by 3 feet long and include passage door a shelf and clothes rod.	

Kitchen Cabinets and Countertop [GREEN STANDARD]	
Repair Standard	Minimum Life 3 years
Kitchens will have a minimum of 10 feet of countertop with base and wall cabinets (or dishwasher) to match. Existing cabinets with hardwood doors and face frames may be repaired if in good condition. All cabinets will be sound and cleanable.	
Replacement Standard	Minimum Life 10 years
New kitchen cabinets will meet the ANSI A208.1 and A208.2 standard for formaldehyde content of particleboard and MDF, or have exposed edges of particleboard and MDF sealed to prevent the out-gassing of formaldehyde. Cabinets will have hardwood doors and face frames. There will be a minimum of 10 lineal feet of post-formed countertop with corresponding base cabinets and wall cabinets, and a dishwasher. Corners in countertop designs are permitted if factory assembled. A drawer base (12" or 15") will be included in new cabinetry. A plastic laminate panel to match the countertop will be installed as a base cabinet to wall cabinet backsplash behind the range and extending 6 inches past the range on both sides, or if the range is in a corner along the side wall and trimmed with chrome metal edging.	

9 - Electric

Ground Fault Interrupter Circuits	
Repair Standard	Minimum Life 5 years
All kitchen and bath Non-functioning GFCIs will be replaced. <u>All</u> Kitchen counter, bath and laundry receptacles within 6' of a sink will be replaced with a GFCI-protected receptacle or protected by a GFCI device.	
Replacement Standard	
All Kitchen counter, bath and laundry receptacles within 6' of a sink will be replaced with a GFCI-protected receptacle or protected by a GFCI device.	

Passage Lighting [GREEN STANDARD]	
Repair Standard	Minimum Life 7 years
All lights and switches in hallways, stairs and other passages will be operable and safe. Existing fixtures with incandescent lamp fittings will have minimum 7W CFL replacement lamps installed.	
Replacement Standard	Minimum Life 10 years
All halls, stairs and rooms necessary to cross to other rooms and stairways must be well lit and controlled by a 3-way switch using concealed wiring. Attics, basements and crawl spaces must have utility fixtures. All new light fixtures will be ENERGY STAR labeled.	

Kitchen Electric Distribution	
Repair Standard	Minimum Life 5 years
Existing receptacles, fixtures and switches will be safe and grounded.	
Replacement Standard	Minimum Life 15 years
Permanently installed or proposed stoves, refrigerators, freezers, dishwashers and disposals, washers and dryers will have separate circuits sized to N.E.C. Two separate 20-amp counter circuits are required with each kitchen area.	

Interior Electric Distribution	
Repair Standard	Minimum Life 7 years
Exposed knob and tube will be replaced. Every room will have a minimum of two duplex receptacles, placed on separate walls and one light fixture or receptacle switched at each room entrance. Where the source wiring circuit is accessible (e.g., first floor above basements, in gutted rooms, etc.), receptacles will be grounded. All switch, receptacle, and junction boxes will have appropriate cover plates. Wiring will be free from hazard, and all circuits will be properly protected at the panel. Floor receptacles will be removed and a metal cover plate installed. Exposed conduit is allowed. Bedrooms receptacles will be protected by an Arc Fault breaker. There must be one electrical receptacle at the service panel. Basements will have a minimum of 3 keyless bare bulb fixtures switched at the top of the stairs.	
Replacement Standard	Minimum Life 20 years
When a room's wall finishes are removed, it will be rewired to the latest version of the National Electric Code using Energy Star fixtures. Minimum of one 20-amp circuit per room.	

Service and Panel	
Repair Standard	Minimum Life 10 years
Distribution panels will have a main disconnect, at least 10 circuit-breaker-protected circuits, a 100-amp minimum capacity and be adequate to safely supply existing and proposed devices. If a working central air conditioning system is present, the minimum service will be 150 amp. All repair per <u>2010 CEC</u> standard.	
Replacement Standard	Minimum Life 20 years
200-amp service with a main disconnect panel containing at least 30 circuit breaker positions. Garages and outbuilding may be fed with up to 100 amp subpanels.	

10 - Plumbing System

Drain, Waste, Vent Lines	
Repair Standard	Minimum Life 1 year
Waste and vent lines must function without losing the trap seal.	
Replacement Standard	Minimum Life 20 years
When walls are removed exposing vent and waste lines those lines will be reworked to the current mechanical code.	

Plumbing Fixtures [GREEN STANDARD]	
Repair Standard	Minimum Life 5 years
All fixtures and faucets will have working, drip-free components. Faucet will be retrofitted with low flow aerators: kitchen faucets with a maximum flow rate of 2.2 gal/min; bath faucets with a maximum flow rate of 1.5 gal/min. Toilets with greater than a 1.6 GPF rating will be replaced with a maximum 1.3 GPF model. Repair standard is EPA Water Sense	
Replacement Standard	
Single lever, metal faucets and shower diverters with 15-year, drip-free warranty and maximum 2.0 GPM flow in kitchen and 1.5 gal/min bath and 2.5 gal/min maximum shower diverters with lifetime drip-free warranty. White ceramic low-flow "HET" toilets (1.3 Gal), double bowl stainless steel sinks, and fiberglass tubs with surrounds.	

Plumbing Minimum Equipment [GREEN STANDARD]	
Repair Standard	Minimum Life 3 years
Existing equipment will be repaired to conform to the Housing Quality Standards. Where present, shall maintain: stainless steel kitchen sink, a 3-cycle dishwasher, a 1/2 hp garbage disposal and a 3-piece bath. Remove all water softeners. Remove all reverse osmosis filters. Washer and dryer hookups are required.	
Replacement Standard	Minimum Life 10 years
Every dwelling unit will have a minimum of one single bowl sink with hot and cold running water in the kitchen and at least one bathroom containing a vanity with a sink, and a shower/tub unit, both with hot and cold running water, and a toilet. Redesigned kitchens will include an ENERGY STAR-labeled dishwasher. http://www.hudnsphelp.info/media/resources/GuidanceonNSPEligibleAppliancePurchases.pdf	

Water Heaters	
Repair Standard	Minimum Life 7 years
Each housing unit will have a working water heater less than 3 years old with a minimum capacity of 30 gallons if it is gas-fired. Gas water heaters more than 3 years old may be repaired if it is clear that a repair will make it operable. Electric, gas or solar water heaters allowed.	
Replacement Standard	Minimum Life 12 years
Energy Star, high efficiency, .63, pilotless, gas fired (or dual element electric water heaters if gas service unavailable) with at least R-16 insulation and a 12-year replacement warranty. 30 gallons gas, or 40 gallons electric for 1 and 2 bedroom units and 40 gallons gas or 52 gallons electric for 3 and 4 bedroom units. Heat pumps and water heaters are eligible improvements.	

Water Supply	
Repair Standard	Minimum Life 10 years
All homes shall be tested to identify and rectify any leaks. All fixtures must be supplied with 2 gallons per minute water flow and shut off valves must operate. Lead and galvanized pipe shall be replaced with copper or PEX. All accessible hot water lines shall be insulated; maximum static pressure is 60 psi.	
Replacement Standard	Minimum Life 20 years
The main shut off valve must be operable and completely stop the flow of water to the house, and should be replaced if it does not. Lead and galvanized pipe that is part of the water service or the distribution system will be replaced with copper. All fixtures will have brass shut off valves and no fixture may discharge more than 1/2 gallon of cold water prior to hot water delivery.. One freeze-protected exterior hose bib is required.	

11 - HVAC

Air Conditioning [GREEN STANDARD]	
Repair Standard	Minimum Life 10 years
Non-functioning, non-repairable air conditioners will be removed and drained of all CFCs. Existing central air conditioning less than 5 years old of at least 13 SEER using +410A refrigerant will be inspected, serviced and refurbished to operate safely.	
Replacement Standard	Minimum Life 12 years
Units over 5 years old shall be replaced with a minimum 14.5 SEER. Ground mounted units are encouraged.	

Chimney Repair	
Repair Standard	Minimum Life 20 years
Unused chimneys will be removed to below the roof line wherever roofing is replaced. Unsound chimneys will be repaired or removed. When chimneys must be used for combustion ventilation, they will be relined and tested for operability and reviewed for sealed combustion capacity.	
Replacement Standard	Minimum Life 20 years
The creation of new flues is not recommended in this program. The use of high efficiency closed combustion appliances is recommended to avoid the need for new flues. Replacement furnace flues when required shall be as recommended by the equipment manufacturer. Air seal all fireplace doors.	
If the service life of the chimney is comparable to service life of heating plant, then no replacement is necessary. If the chimney needs replacing or a new liner, the chimney will be eliminated and replaced with a high efficiency AFUE combination unit.	

Distribution System	
Repair Standard	Minimum Life 10 years
Ductwork shall be well supported, insulated to R-8 in unconditioned space. HVAC system shall be sized to maintain heating to 72°F and Cooling to 75 measured 36" off the floor, in all habitable and essential rooms. Imperial County is in a zone 2 climate area. Interior design temperature used for heating and cooling load calculations per 2010 CEC..	
Replacement Standard	Minimum Life 20 years
All ductwork, when economically feasible, shall be insulated to R-4, seams sealed and run in conditioned space within the building envelope or per BPI report.	

Heating System [GREEN STANDARD]	
Repair Standard	Minimum Life 10 years
Heating plants that are less than 5 years old and rated 80% efficiency or better shall be tested and tune-up repaired (per BPI). Setback thermostats are required.	

12 – Appliances

Kitchen Appliances [GREEN STANDARD]	
Repair Standard	Minimum Life 3 years
All units will have a working and cleanable range. If there is an existing dishwasher in working and cleanable condition, it may be retained with minor repairs.	
Replacement Standard	Minimum Life 15 years
All redesigned kitchens will have ENERGY STAR-labeled appliances where applicable.	



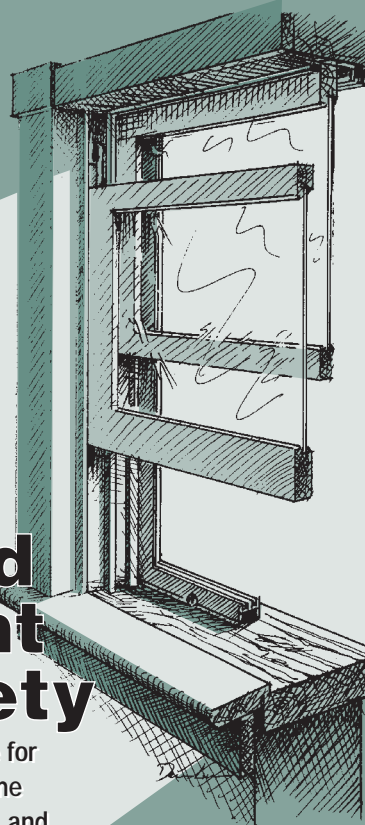
Exhibit G



Lead Paint Safety

A Field Guide for
Painting, Home
Maintenance, and
Renovation Work

U.S. Department of Housing
and Urban Development
Office of Healthy Homes and
Lead Hazard Control



Foreword

Every child should have a lead-safe home. That's why HUD is working to create lead-safe affordable housing through outreach and public education, a lead hazard control grant program, worker training, and the enforcement of regulations.

This guide is one part of HUD's comprehensive approach to lead safety in the home. If you perform routine maintenance on homes or apartments built before 1978, this guide will help you plan and carry out your work safely. Step-by-step instructions and illustrations explain and show what you need to do to protect yourself and your clients if you are working in older housing that could contain lead paint. This Field Guide is a valuable tool that thousands of workers and contractors across the country are using as part of a national effort to eliminate childhood lead poisoning.

Thank you for working lead-safe. It's helping protect America's children.

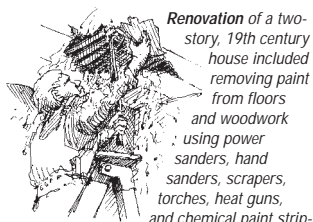
Mel Martinez, Secretary
U.S. Department of Housing and Urban Development

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This Guide was developed by the U.S. Department of Housing and Urban Development's Office of Healthy Homes and Lead Hazard Control through a contract with ICF Incorporated. Dennis Livingston created the illustrations and provided technical content for this Field Guide.

WHY SHOULD I FOLLOW THIS GUIDE?



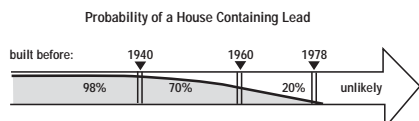
The family discovered that something was wrong when one of the family's dogs began to have seizures. A veterinarian found that the dog had been lead poisoned. The mother and children had their blood tested, and found that all of them had very high levels of lead in their blood. All three were admitted to the hospital for severe lead poisoning.



A painter was hired to repaint the exterior of an old Vermont home occupied by a couple expecting the birth of their first child. The painter used a power grinder to remove the old paint from the exterior siding. While the painter worked, the window to the baby's nursery was left open, and the entire room, including the crib, became covered with dust. Fortunately, the couple noticed the dust, and understood the potential risk. They called in another painter who was qualified to control lead hazards. He cleaned up the paint dust and the newborn baby moved into a clean, safe home.

Most Old Homes Contain Lead-Based Paint

- Most homes built before 1978 contain some lead-based paint. Lead-based paint is more common and was used more extensively in homes built before 1950.



- Homes built before 1950 also used paint that had a higher concentration of lead.

WHY FOLLOW THIS GUIDE?

Poor Maintenance Endangers Children

- In poorly maintained houses, lead-based paint, which may be several layers down, flakes and peels off. Paint failure is usually caused by moisture problems. Sometimes rubbing or impact causes paint failure. Doing work improperly can also cause a lot of dust.
- Lead-based paint chips and dust then mix with house dust and build up in window troughs and on floors.
- Children are endangered when lead in paint chips, dust, and soil gets on their hands and toys which they may put in their mouths.
- Lead can make children very sick and cause permanent brain and nerve damage. It can also result in learning difficulties and behavior problems. This damage is irreversible. It is a tragedy we can prevent.
- If paint is kept intact and surfaces are kept clean, children can live safely in a home painted with lead-based paint.
- Uncontrolled or uncontained dust and debris from repainting and/or renovation that disturbs lead-based paint in a well-maintained home can also expose children to unsafe levels of lead.

Changing Common Work Practices Can Protect Workers and Children

- Lead-based paint can also pose a threat to workers by causing damage to their brains, and nervous and reproductive systems.
- With small changes in work practices, workers can protect themselves and their customers from lead exposure.
- These changes include:
 - Keeping dust to a minimum.
 - Confining dust and paint chips to the work area.
 - Cleaning up during and after work. Special cleanup procedures must always be used.
 - Taking dust wipe samples to make sure cleaning removed lead-contaminated dust. (Dust wipe sampling is described in Section 5D, p. 71.)

Who Should Use This Guide?

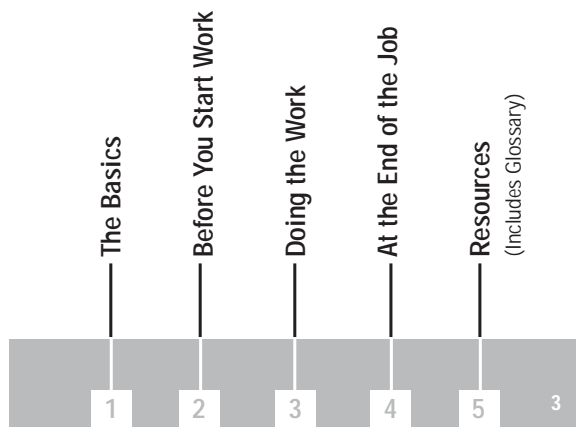
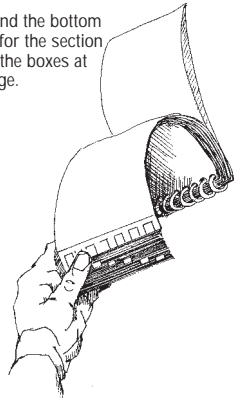
- Building maintenance workers and their supervisors
- Painters
- Repair, renovation, and remodeling contractors
- Property managers and owners
- Homeowners
- Local housing agency staff and public health staff

When Should I Follow This Guide?

- To fix a specific problem.
- During routine maintenance or apartment turnover.
- In homes where there may be a young child or a pregnant woman.
- During work supported by Federal funds that must be performed using safe work practices under Federal regulations.

This guide is divided into 5 sections.

To locate a section, bend the bottom of these pages. Look for the section you want by lining up the boxes at the bottom of each page.



REMEMBER THESE PRINCIPLES

- 1. ASSUME:** **Paint in Homes Built Before 1978 Contains Lead**
(Unless a lead-based paint inspection shows it doesn't.)
Exposing Anyone to Dust, Especially Children, is Bad
- 2. CHECK:** **Federal, State, and Local Regulations**
 - OSHA has rules for worker safety
 - EPA and your local community have rules for waste disposal
- 3. AVOID:**

Creating Dust

 - Use low dust work practices (for example, mist surfaces with water before sanding or scraping)

Spreading Dust

 - Cover area under work with durable protective sheeting (plastic or poly)
 - Keep dust contained to immediate work area
- 4. PROTECT:** **Occupants, Particularly Children**
 - Keep them away from work area
 - Clean up work site before they return

Workers

 - Wear proper respiratory protection for lead dust
 - Keep clean
 - Don't take dust home
- 5. CLEAN UP:** **After All Work**
 - Clean up is particularly important if painted surfaces were broken or wall cavities were opened
 - Take dust wipe samples to make sure that it is safe for children to return
- 6. MAINTAIN:** **A Dry Building**
 - Moisture problems can cause paint failure, building deterioration, and encourage pests

All Painted Surfaces

 - Well-maintained paint generally does not pose a health risk

Clean and Cleanable Surfaces

 - Keep floors and painted surfaces smooth
 - Damp mop them often
 - Clean rugs and carpet well

THE BASICS

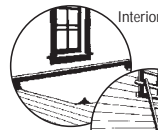
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ROUTINE WORK PRACTICES

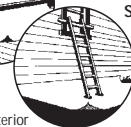
The following pictures appear throughout the Guide and refer to specific sections covering these practices.



Correct the Cause of the Problem. Before work starts, correct the conditions causing damage to the home. See [Correcting the Cause of the Problem](#), p. 7.

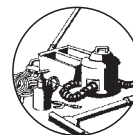


Interior



Exterior

Set Up Work Area. Set up the work area properly. See Section 2: [Set Up the Work Area - Interior & Exterior](#), p. 13 and p. 15, respectively.



Clean Up and Clear. Thoroughly clean up the work area using the procedures described in this guide. Then, take dust wipe samples to see if it is safe for children to return. See Section 4: [Cleaning Up](#), p. 47 and [Check Your Work](#), p. 51.



High Dust Jobs. Some activities are likely to create high amounts of dust during the job. See Section 3: [High Dust Jobs](#), p. 45 and follow the guidelines in this section to ensure that this work is performed safely.



Important!! This symbol points out important details where special attention is needed.

CORRECTING THE CAUSE OF THE PROBLEM

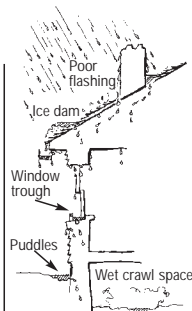
If a job involves repairs to a damaged paint surface, it is important to correct the cause of the damage, or the damage will occur again. Damaged surfaces that contain lead-based paint represent a health threat to the occupants.



The following conditions are examples of potential causes of damage to painted surfaces. Be sure that the planned work will correct these conditions if they are present.

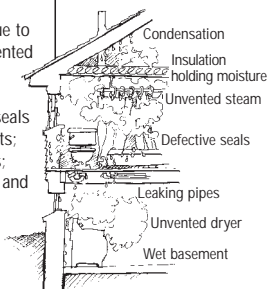
Moisture From Outside

Roof leaks; incorrectly installed flashing; defective downspouts and gutters; water collecting in window troughs; puddles of water at foundations; leaking basement walls; wet crawl spaces.



Moisture From Inside

Attic condensation due to poor ventilation; unvented steam from showers and cooking; leaking plumbing and failed seals around tubs and toilets; condensation in walls; unvented dryers; wet and poorly maintained basements.



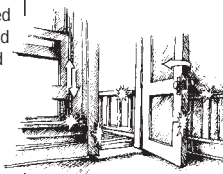
THE BASICS

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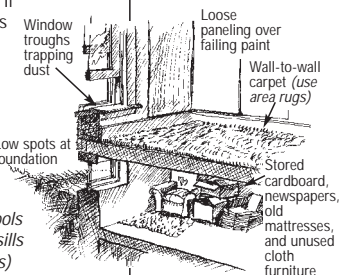
Rubbing and Impact of Painted Surfaces

Binding doors; unprotected painted walls and trim; and rubbing from opening and closing painted windows.



Places that Collect Dust and Paint Chips

Where feasible, repair or remove places where dust and paint chips may accumulate and can't be easily cleaned (such as old wall-to-wall carpet and unused items stored in the basement). If these places are damp, they may also be home to mold. Keep flat surfaces (such as window stools or interior sills and troughs) clean and cleanable.



Structural Damage

Some surface damage may be caused by structural damage such as wood rot, termites, foundation settlement, and foundation shift. These problems must be addressed before surface repairs are made.

8

RESTRICTED PRACTICES

Goal: Don't use unsafe work methods. Some work methods create such high levels of dust that they must not be used when working on surfaces that may contain lead-based paint.

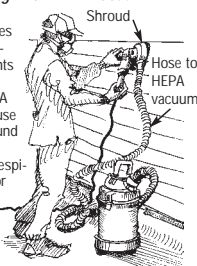


Don't Use Power Sanders or Grinders Without HEPA Vacuum Attachment.

These machines create a lot of dust that can contaminate a building and the ground around a building endangering workers, neighbors, and occupants.

Controlled Sanding or Grinding With HEPA Vacuum Attachment Is Acceptable.

If the sanding or grinding machines are "shrouded," which means surrounded with a barrier that prevents dust from flying out around the perimeter, AND attached to a HEPA vacuum, they can be used. Because some dust may still blow out around the perimeter, workers near the machine should wear half-mask respirators rated by NIOSH as N100 (or HEPA) at a minimum. Also, the work area must be completely isolated if the machine is used inside (see Section 3: High Dust Jobs, p.45). Because these tools can create high levels of dust and require additional precautions, their use is beyond the scope of this guide.



Don't Use Open Flame/High Heat Removal of Paint.

There is no acceptable use of an open flame torch or high temperature heat gun (above 1100 degrees F) to remove paint.

- It produces toxic gases that a HEPA dust canister on a respirator cannot filter out on its own (a second, organic filter is necessary).
- It creates high levels of very toxic dust that is extremely difficult to clean up.
- It can burn down a house.

Do Use a Heat Gun on Low Setting.

A heatgun set below 1100 degrees F may be used with caution. It is recommended for small areas only, such as the edge of a door, the top of a window stool, or the friction surface of a window jamb.



Don't Use Paint Strippers Containing Methylene Chloride.

Many paint strippers are potentially dangerous. Strippers containing methylene chloride should not be used because this chemical is extremely toxic and is known to cause cancer.

Other Chemical Strippers with Appropriate Precautions Are Acceptable.

Chemical strippers without methylene chloride are safer to use, as long as the precautions printed on the container are followed. Take extra precautions to mask areas near stripping.



Don't Use Uncontained Hydroblasting.

Removal of paint using this method can spread paint chips, dust, and debris beyond the work area. This result makes it difficult to clean up these hazards at the end of the job.

Contained Pressure Washing Is Acceptable.

Removal of paint using contained pressure washing within a protective enclosure to prevent the spread of paint chips, dust, and debris may be done. Because this method requires additional precautions that are beyond the scope of this guide, it should only be used by certified lead abatement workers.



Don't Use Uncontrolled Abrasive Blasting.

This work method can also spread paint chips, dust, and debris beyond the work area. This result makes it difficult to clean up these hazards at the end of the job.

Contained Blasting Is Acceptable.

Contained abrasive blasting within a protective, locally exhausted enclosure to prevent the spread of paint chips, dust, and debris may be used. Because this method requires additional precautions that are beyond the scope of this guide, it should only be used by certified lead abatement workers.



Avoid Extensive Dry Scraping or Sanding.

Extensive dry scraping or sanding create large amounts of paint chips, dust, and debris that are hard to contain.

Use Wet Methods or Limited Dry Scraping and Sanding.

Mist surfaces before scraping and sanding. Continue to mist while working. Dry scraping or sanding of very small areas (for example, around light switches or outlets) may be done if flat surfaces below these areas are covered with protective sheeting. These methods should be avoided on areas larger than 2 square feet per room, and workers must have adequate respiratory protection.

THE BASICS

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KEY STAGES OF A JOB

Quality work requires thinking through the job from start to finish. Here are the basic stages of the jobs described in this guide.

Before Starting	<ul style="list-style-type: none"> Find the causes of damage Prioritize work Hand out lead hazard information pamphlet (see note below)
Work	<ul style="list-style-type: none"> Set up work area <ul style="list-style-type: none"> Separate work space from occupied space Isolate high dust areas Correct cause(s) of problem(s) Complete the job using safe work practices, such as those shown in this guide
Finish the Job	<ul style="list-style-type: none"> Clean up thoroughly Dispose of waste safely Check quality of work and correct problems
Maintain the Work	<ul style="list-style-type: none"> Educate occupants about risks from lead-based paint Maintain a safe and healthy home

Renovation Notice About Lead Safety

Note: Federal law requires that owners and occupants of a house or apartment built before 1978 receive the pamphlet *Protect Your Family From Lead In Your Home* prior to the start of renovation work. The requirement applies to any work that will disturb a painted surface larger than 2 square feet when the work is done by:

- Contractors who have been hired to do any kind of work. Among others, this can apply to painting, drywall, and electrical trades.
- Owners of rental properties who have work performed by maintenance staff.

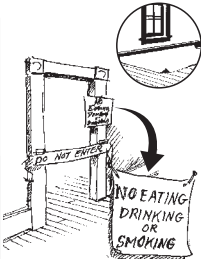
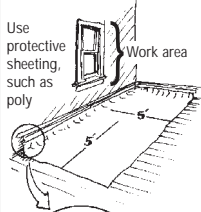
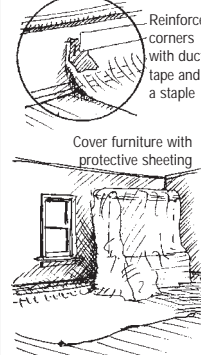
See p. 67 for more information about this requirement.

THE BASICS

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SET UP THE WORK AREA — INTERIOR

Restrict Access	<ul style="list-style-type: none"> Ask occupants to leave the room where work will be done. Have them stay out until final cleanup. Place "DO NOT ENTER" tape across doorway or post sign. <p>Caution: If the work will create a large amount of dust, follow the guidelines in Section 3: <i>High Dust Jobs</i>, p. 45.</p>	
Protect Floor	<ul style="list-style-type: none"> Place protective sheeting on floor extending about 5 feet from the work area. Tape protective sheeting to the baseboard under work area using masking tape (or durable tape where masking tape doesn't work). 	
Protect Furnishings	<ul style="list-style-type: none"> Remove drapes, curtains, furniture, and rugs within 5 feet of work area. Cover any furniture within 5 feet of work area that cannot be moved. 	
Stock the Work Area	<ul style="list-style-type: none"> Put all necessary tools and supplies on protective sheeting before beginning work to avoid stepping off the protective sheeting. 	

BEFORE YOU START WORK

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Tracking

- To avoid tracking dust off the protective sheeting, wear non-skid shoe covers on protective sheeting and remove them each time you step off the protective sheeting.



OR

- Wipe both top and bottom of shoes with a damp paper towel each time you step off the protective sheeting.

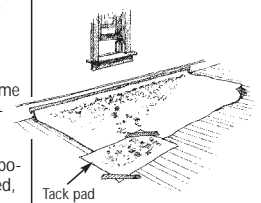


OR

- Clean off shoes using a tack pad (a large sticky pad that helps remove dust).

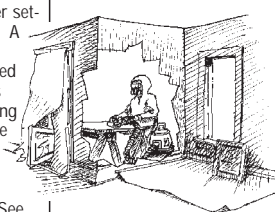
OR

- Remove shoes every time you step off the protective sheeting.



Set Up Dust Room (Optional)

- When working on components that can be moved, such as doors and window sashes, consider setting up a dust room. A dust room is an area isolated from occupied areas where workers can do dust generating work. The door of the room is covered with a flap and the floor is covered with protective sheeting. See Section 5D: *Setting Up a Dust Room*, p. 73.



- Using a dust room contains dust and paint chips, and makes cleanup easier. It also helps protect occupants, as well as other workers.

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SET UP THE WORK AREA — EXTERIOR

Protect Ground

- When working on the ground floor, lay protective sheeting 10 feet from work surface or as space permits. When working on the 2nd story or above, extend the sheeting farther out.
- Vertical shrouding on scaffolding should be used if work is close to a sidewalk, street, or another property, or the building is more than three stories high.



Important: Covering the ground protects the soil from contamination by lead-based paint chips and dust.

Attach Protective Sheeting to Wall

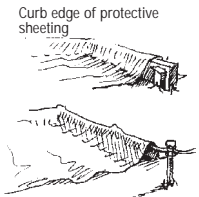
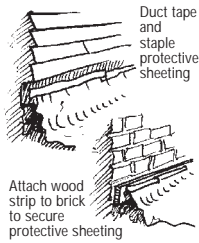
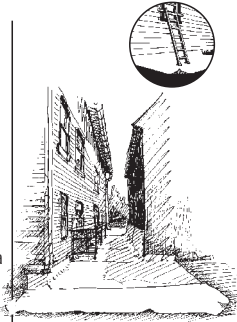
- Protective sheeting can be taped and/or stapled to wood siding or ribbon board. A wood strip may need to be attached to a masonry wall.

Build Curb

- Build a curb around work perimeter when a sidewalk or another property is near, or when wind may blow debris off protective sheeting.



Caution: This may pose a tripping hazard.



BEFORE YOU START WORK

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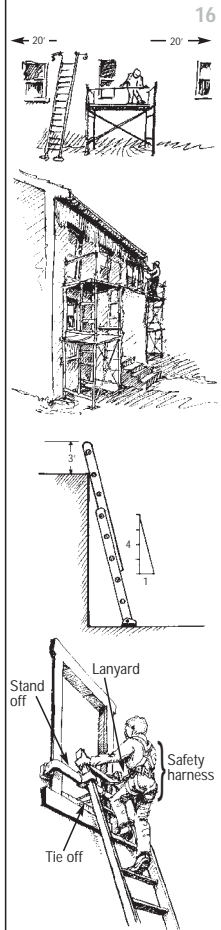
15

Cover Windows and Doors

- All windows and doors within 20 feet of the work area must be closed. If they cannot be closed, seal with protective sheeting during work.
- If an entrance must be used that is closer than 20 feet, place a shroud above and on the sides of the entrance.

Use Ladder Safely

- Don't use a metal ladder near power lines.
- Check feet and rungs of ladder to make sure they are sound.
- Place the base of the ladder at a distance from the wall using a height to base ratio of 4:1.
- Ladder should extend 3 feet past the top of the surface area where work will be done.
- If using protective sheeting to cover the ground, cut slots in the sheeting and place the ladder feet directly on the ground—not on top of the protective sheeting.
- Tie off the top of the ladder, where possible.
- If the work is taking place at heights above 10 feet, tie off the ladder and secure yourself with a lanyard and harness.



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WORKER PROTECTION

Protect Your Eyes

- Always wear safety goggles or safety glasses when scraping, hammering, etc.

Keep Clothes Clean

- At end of work period, remove dusty clothes and/or vacuum off dust. Wash them separately. Do not use compressed air to blow dust off clothing.

OR

Use Disposable Covers

- Wear disposable protective clothing covers. Disposable protective clothing covers can be stored in a plastic bag and reused if fairly clean and there are no rips. Small tears can be repaired with duct tape.
- Wear painter's hat to protect head from dust and debris.

Wear Respiratory Protection

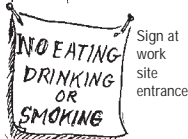
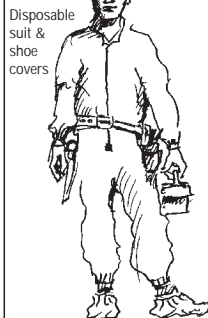
- When work creates dust or paint chips, workers should wear at least a NIOSH-approved respirator for lead work. See Section 5D: Respiratory Protection, p. 69.

Post Warning

- Post sign and avoid eating, drinking, or smoking on site.

Wash Up

- Wash hands and face each time you stop working.



BEFORE YOU START WORK

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PROBLEM SOLUTION

A wall or ceiling is sound, but has holes, uneven surfaces, or flaking and peeling paint. Prepare wall or ceiling to create a sound, intact surface for painting. Use methods that create a minimum amount of dust.

Set Up

- See Section 2, p. 13.

Remove Deteriorated Paint

- Wet scrape any loose, peeling, or flaking paint.

Fill and Patch Holes

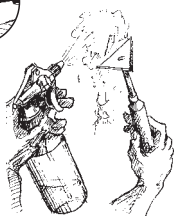
- If removal of damaged edges is necessary, mist surface before removal.
- Skim and fill holes and cracks less than 1/16 inch wide with a non-shrinking spackle compound.
- If sanding is necessary to feather edge, use wet abrasive sponge or wet-dry sandpaper with water.

Prep Surface

- Clean wall, particularly in kitchen area.
- De-gloss surfaces as necessary (use liquid sandpaper or wet-dry sandpaper with water).
- Important:* Allow surface to thoroughly dry before priming.
- Prime surface using high-grade primer.
- Apply top coat. Use one or two coats as necessary.

Clean Up and Clear

- See Section 4, p. 47.



DOING THE WORK

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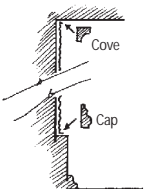
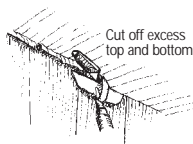
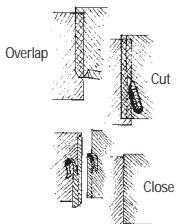
19

Apply Mesh Cont'd

- Press mesh into the base coat with a wall-paper brush, spackle knife, or roller.
- Overlap seams by 1 inch. Cut down the center of the seam and remove the 2 waste strips. Let seams butt against each other.
- Using a spackle knife, press the mesh at the bottom and top. Then cut off the excess.
- Roll on the top coat. Make sure that there is complete and even coverage.
- If there is a risk of further peeling, the top edge of mesh can be reinforced with cove or crown molding, and the bottom reinforced with base cap.

Clean Up and Clear

- See Section 4, p. 47.



DOING THE WORK

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PROBLEM SOLUTION

A wall or ceiling has cracking, peeling, or alligatoring paint, but most of the surface is sound. Use a coating designed for longer durability than paint. Some of these coating systems include mesh.

Set Up

- See Section 2, p. 13.

Liquid Coating

Test Surface

- Where a long-lasting system (sometimes called encapsulant) is to be brushed, sprayed, or rolled, surface preparation is very important.
- If an encapsulant is used, use one that is approved by a state government. If your state does not have a list of approved encapsulants, it is recommended that you check with a state that does. Contact the National Lead Information Center at 1-800-424-LEAD for the telephone numbers of states with lists.
- A sample area should be tested before application. Follow manufacturer's instructions exactly.

Apply System Base Coat

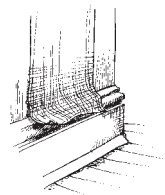
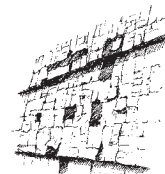
- Apply system base coat with a high nap (approximately 3/4 inch) roller. Follow the product instructions.

Mesh System

Apply Mesh

- Where there is extensive cracking or alligatoring, consider using a system that includes mesh because it can add strength and durability.
- Cut the mesh leaving a 2 inch overlap at ceiling and baseboard.
- Install so that mesh is plumb.

Important: For mesh systems, follow manufacturer's instructions exactly.



PROBLEM SOLUTION

Exterior wood surface is chipping and peeling and may be painted with lead-based paint. Prepare a sound, intact surface for painting. Use methods that create minimal dust.

Set Up

- See Section 2, p. 15.

Clean Surface

- Clean wood with detergent (or lead-specific cleaner) and scrub brush.

Wet Scrape

- Wet scrape woodwork and siding. Mist small areas frequently to keep down dust. Using a pump sprayer in a knapsack is convenient.

Mist and Sand

- Wet sand using wet-dry sandpaper or wet sanding sponges. A power sander may be used if attached to a HEPA vacuum, and the worker is wearing respiratory protection.

Paint

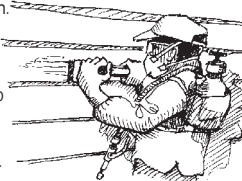
- Prime and paint.

Clean Up and Clear

- See Section 4, p. 47.

Dispose of Water

- If you dislodge paint using pressure washing, water must be collected and may need to be tested (see local regulations for water disposal procedures in your area).



DOING THE WORK

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PROBLEM Areas of paint are peeling or flaking or there is evidence that a child has been chewing on a painted surface. An example of a surface accessible to children is the inside nose of a window stool (inside sill).

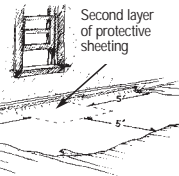
SOLUTION Remove all paint using methods that do minimum harm to the surface, create minimal dust, and are safe for workers.

Set Up

- See Section 2, p. 13 or p. 15.
- When using chemical strippers, the edge of the protective covering below the painted surface must be tightly fastened to the wall so that the stripper doesn't damage other surfaces.



- Recommendations:
 - Use a second layer of protective sheeting to collect stripping waste. The first layer remains in place to protect surfaces below.
 - For removable components, consider having paint stripped off-site or installing an entirely new component.



Chemical Removal

- If a large area of paint is to be stripped, consider hiring a professional.
- Follow the manufacturer's instructions carefully when using chemical paint strippers.

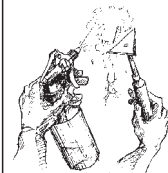


Caution: If using a caustic stripper, neutralize the surface according to the manufacturer's directions before applying new paint.

Chemical Removal Cont'd

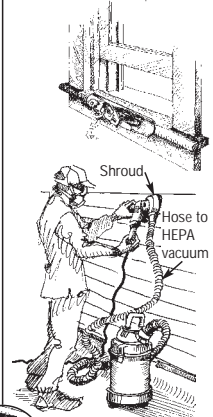
Hand Stripping

- After stripping paint from wood, a paint residue will remain in the wood. Use caution when sanding the bare wood because it may contain lead residue.



Mechanical Stripping

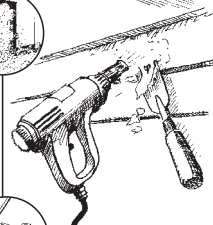
- When using power tools, such as sanders or grinders to remove or feather paint, make sure the tool is shrouded and attached to a HEPA vacuum. Respiratory protection is still necessary.



Caution: High dust potential.

Heat Stripping

- When using a heat gun to remove paint, be sure the temperature setting is kept below 1100 degrees F.



Clean Up and Clear

- See Section 4, p. 47.



DOING THE WORK

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DAMAGED INTERIOR WALL OR CEILING

PROBLEM Wall or ceiling area is too badly damaged to repair, and demolition would create a large amount of dust.

SOLUTION Install a new durable surface over the damaged area using methods that create little dust and do not require demolition.

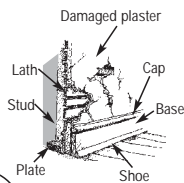
Set Up

- See Section 2, p. 13.



Cover With Drywall

- Mechanically fasten drywall or veneer board through damaged plaster to studs.
- Seal the perimeter, particularly the bottom edge.

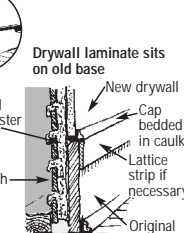


—On Base



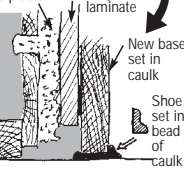
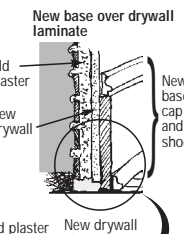
- Avoid removing existing base.

Caution: High dust potential.



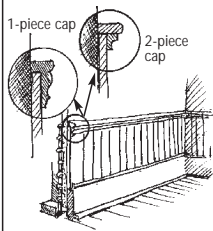
—Behind Base

- Where drywall laminate will end above existing base, install shoe or cove molding into bead of caulk to seal.
- If laminate comes close to flush with base face, a strip of lattice bedded in caulk can be used to seal joint.



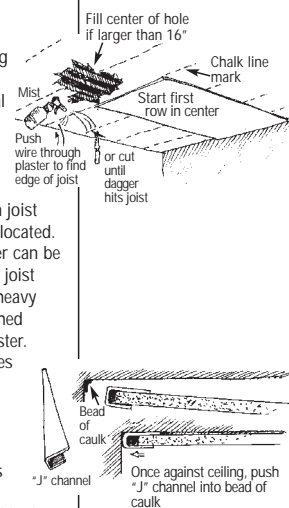
Install Wainscoting

- Where bottom 3 or 4 feet of wall is damaged beyond repair, the wall can be enclosed with wainscoting. The wainscoting can be installed above the existing base-board.
- Bed the lower edge in a bead of caulk with a trim piece also bedded in caulk.
- Finish top with cap molding.



Repair Holes in Ceilings

- When laminating drywall to ceilings, it is critical to screw into joists, not lath.
- Old joists may be irregularly spaced, so each joist center must be located.
- A drywall dagger can be used to find the joist edge, as can a heavy gauge wire pushed through the plaster.
- The drywall edges should be taped and spackled.
- If walls will not be spackled, perimeter edges can be finished with "J" channel bedded in a bead of caulk.



Clean Up and Clear

- See Section 4, p. 47.



DOING THE WORK

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DETERIORATED EXTERIOR SURFACES

PROBLEM SOLUTION

An exterior painted surface is badly damaged.

Whenever possible, repair the surface, prep, prime, and paint exterior trim and siding, and then maintain the surface. This method is the preferred approach.

When a surface is too badly damaged to repair, install vinyl or aluminum siding, or aluminum wrap to create a safe, durable covering that protects the surface and does not cause further deterioration.

Note: Siding must be installed correctly or it may lead to wood rot and/or interior paint failure. Siding may also become home to insects and mold. Correct installation is critical in both hot and cold climates.

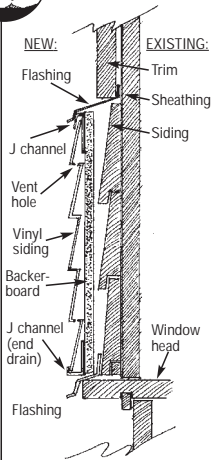
Cover Deteriorated Surface With Siding

Set Up

- See Section 2, p. 15.

Install Siding

- Carefully follow the manufacturer's instructions for installing siding over an existing surface.
- Use a styrene backboard with an R-value of at least R2.
- Take care to properly install flashing, especially at horizontal trim and window and door heads.
- The siding system must be well vented but sealed at the bottom to prevent flaking and peeling paint from falling from behind the siding to the ground.
- Be sure that water can drain out.



DOING THE WORK

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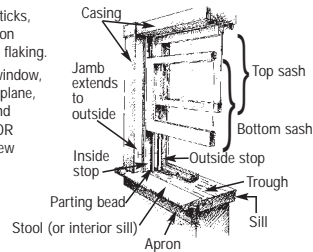
27

STICKING WINDOW

PROBLEM SOLUTION

Window sticks, and paint on window is flaking.

Remove window, scrape or plane, repaint, and reinstall, OR install a new window.

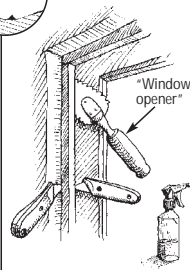


Set Up

- See Section 2, p. 13.

Loosen Painted Sashes

- If window is painted shut, mist and cut window joint with utility knife. Then open joint between sash and stop with a "window opener." Mist while working.

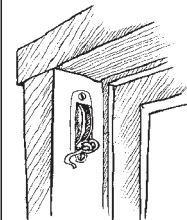


Remove Inside Stop Molding

- Mist and remove stop molding from sides and head. Dispose of properly unless it has historic value.

Remove Bottom Sash

- If counterweight cord or chain is attached to the sash, knot it or tie it to a stick when removing from sash so it does not get pulled into the weight compartment.



DOING THE WORK

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Important: The entire home should be well ventilated to prevent moisture build-up that can cause structural damage and/or paint failure.

Clean Up and Clear

- See Section 4, p. 47.

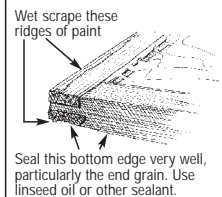


Remove Top Sash

- Mist and remove parting bead. Then remove the top sash.

Wet Scrape or Plane

- Set sash on a work bench, clamp, and wet scrape all surfaces. Or use a power planer attached to a HEPA vacuum.



Caution: High dust potential. This work can be done in a dust room. See Section 5D: *Setting Up a Dust Room*, p. 73.



Repair, Reglaze, Seal, and Paint

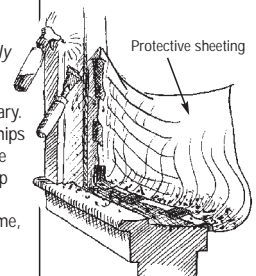
- Reglaze and repair as necessary. Wet sand, prime, and paint sash and jamb. Seal, but do not paint sash edges.



Important: Seal bottom edge of sash, particularly end grain.

Repair and Paint Jamb

- Repair jamb if necessary.
- To prevent dust and chips from falling outside the window, install a scoop of protective sheeting.
- Then wet scrape, prime, and paint.



Reinstall Sash

- Reinstall sash with new or wet scraped and repainted stop and parting bead.

Clean Up and Clear

- See Section 4, p. 47.



LOOSE WINDOW

PROBLEM

Loose sashes (lower and upper) do not operate smoothly, and they allow heat loss. Also, sashes rubbing against a painted jamb create paint dust.

SOLUTION

Install sashes in window compression jamb liner to seal window and allow sashes to move easily without rubbing against jamb. If sashes or window components are badly deteriorated, replace window.

Set Up

- See Section 2, p. 13.



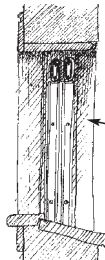
Install Window Jamb Liners

Remove Sashes and Paint

- Follow directions on pages 29 and 30.

Cut Jamb Liners

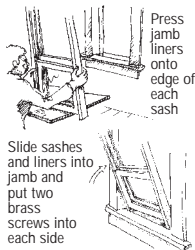
- Cut liners to fit in jamb (1/4 inch short of dimension). If pulley system is being saved, cut off directly below pulley.



Window jamb liner installed below pulleys to keep counterweight system working

Install Jamb Liners

- Press jamb liners onto sash.
- Attach jamb liners with brass screws on top and bottom of each side.



Slide sashes and liners into jamb and put two brass screws into each side

DOING THE WORK

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WINDOW WON'T STAY OPEN

PROBLEM

Window sash is loose and won't stay up without support. Propping the window open presents a danger to occupants, particularly children. When a window jamb liner is used, it may not be sufficient to keep the window open. (See page 31.)



SOLUTION

Repair counterweight system or install hardware so the window will stay open securely, or replace window.

Set Up

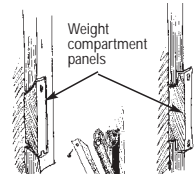
- See Section 2, p. 13.



Option #1: Reinstall Counterweight System

Open Counterweight Panel

- Find top of panel. Mist and scrape paint from top edge to find screw or nail holding in panel. Remove screw and pry off panel.



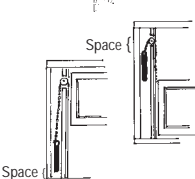
Vacuum

- Vacuum weight compartment with HEPA vacuum.



Remove Counterweight System

- Remove old rope or chain from counterweight and edge of sash.



Reinstall Counterweight System

- Cut chain so weight is above bottom of weight compartment when open and weight is below pulley when closed.

Space

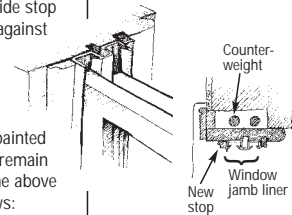
DOING THE WORK

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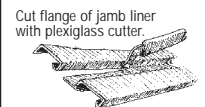
Install Stop Molding

- Install new inside stop molding tight against jamb liner.



- If top sash is painted shut and is to remain fixed, adjust the above steps as follows:

- Cut away flange between channels of jamb liner.
- Leave parting bead intact and install bottom sash as above.



Replace Sash/Window

Choose an Option

- If the sashes or other components are too badly deteriorated to save, consider one of the following options:

- Install new sashes in tilt-in jamb liners.
- Replace sashes, stops, and parting bead with a vinyl or aluminum window unit.
- Replace entire window including jamb casing, stool, and apron.



Clean Up and Clear

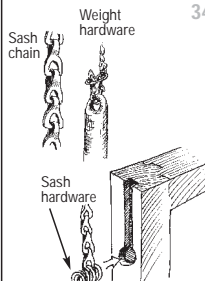
- See Section 4, p. 47.



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Reinstall Counterweight System Cont'd

- Drop chain over pulley into weight compartment, pull out through panel opening, and attach to weight.

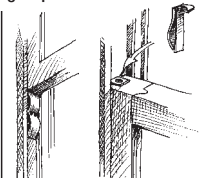


- Attach other end to edge of window sash using spring fixture. You may want to secure chain with fence staple.

Option #2: Install Spring Clips

Install Spring Clips

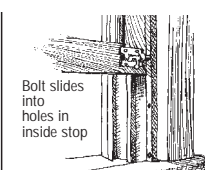
- Screw spring clips on to window as directions indicate. (2 styles shown.)



Option #3: Install "Hold Open" Hardware

Install Slide Bolt

- Screw slide bolt to bottom of window sash. Tap bolt to mark where you want to drill holes for bolt. Drill holes in inside stop at 3 or 4 points.



OR

Attach Hardware

- Attach hardware that uses spring to press against stop. To move sash, press lever. Release lever when window is at desired height.



Clean Up and Clear

- See Section 4, p. 47.



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DETERIORATED WINDOW TROUGH

PROBLEM

Storm window traps water behind the frame causing paint deterioration and damage to the sill.

SOLUTION

Drill a drain hole through bottom of the storm window frame.

PROBLEM

Window trough surface is damaged and difficult to clean.

SOLUTION

Install smooth and cleanable surface in window trough.

Set Up

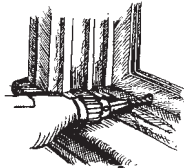
- See Section 2, p. 13.



Drill Drain Hole

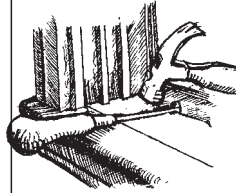
Drill

- To allow drainage, drill 2 holes through frame of storm window flush with sill. Drill holes approximately one quarter of the way from both sides. First, drill a 1/8 inch pilot hole, then the 3/8 inch hole.

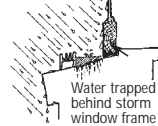


Dent

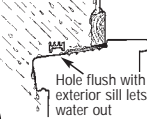
- If flashing is installed in window trough and covers any part of the drain hole, run awl through drain hole. Tap with hammer to form dent in flashing to drain out water.



BEFORE



AFTER



DOING THE WORK

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DOOR NEEDS ADJUSTMENT

PROBLEM

Edge of door is crushing against jamb on hinge side; or door is rubbing on latch side because hinges are loose. When paint on a door rubs or is crushed, dust and paint chips can result.

SOLUTION

Adjust the door so that it opens and closes without damaging painted surfaces.

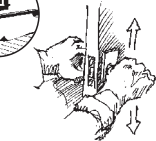
Set Up

- See Section 2, p. 13.



Check Door

- Grasp knob and try to move door up and down. If hinges are loose, door will move.



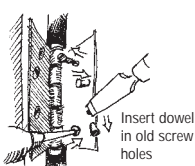
Remove Screws

- Remove screws that are most loose, but not all screws, so door remains hung.
 - Clear paint from screw notch with hammer and small screwdriver.
 - Unscrew. If screw head is stripped, use screwdriver bit in a brace.



Fill Hole

- Drive 3/16 inch or 1/4 inch dowel into screw holes as necessary to fill each hole. Cut dowels flush.



DOING THE WORK

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Cover Trough with Flashing

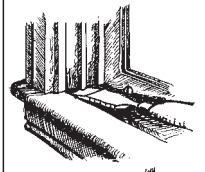
Wet Scrape

- To make surface flat, wet scrape high points and remove any fasteners from trough.



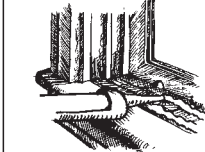
Cut

- Cut flashing 1/4 inch shorter than the width and length of trough.



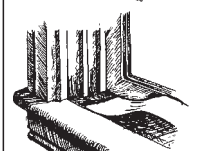
Chisel or Notch

- To allow flashing to fit tight to jamb, drive chisel under parting bead and outside stop — or notch each side of the flashing at these two points.



Check Fit

- Then slide flashing in to check fit. Remove and trim if needed.



Fasten

- To fasten flashing, run bead of adhesive caulk around perimeter of trough.



Install Flashing

- Bed flashing in adhesive caulk bead and press down.

Seal

- Run a bead of caulk around perimeter of flashing. If necessary wipe off excess caulk with damp cloth. Try not to smear caulk on face of flashing.



Important: Do not cover drain hole with caulk.

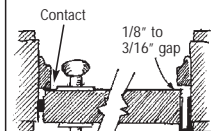
Clean Up and Clear

- See Section 4, p. 47.



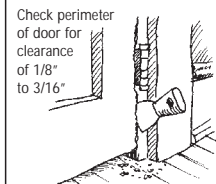
Install New Screws

- Replace screws. Use longer screws if necessary. Using a screwdriver bit on a brace makes this easier. Then remove and replace remaining screws as necessary.



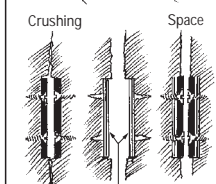
Adjust Stop

- Face of door should only contact the stop on the latch side of door frame. It should not crush or rub head or hinge side stop.
- Where stop is nailed, remove and replace with new matching stop. Leave 1/8 inch space between hinge, head stop, and the face of the door.



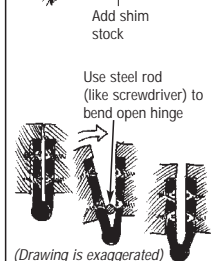
Check Clearance

- If putty knife can't fit in gap between door and jamb at all points, crushing of painted surfaces may be occurring.



Adjust Depth of Hinge Leaf

- If door is crushing hinge side and there is more clearance than necessary on the latch side, install metal shims behind hinge leaves. Keep at least 1/8 inch clearance on leaf side and 1/8 inch clearance on latch side. If not enough clearance, see p. 39.
- If only a small increase is needed between leaves of hinge to create a gap between door edge and jamb, place a steel rod between hinge leaves near pin and close door to slightly bend apart leaves.



(Drawing is exaggerated)

Clean Up and Clear

- See Section 4, p. 47.



DOOR RUBS OR STICKS

PROBLEM Door is scraping on latch side; or door is crushing jamb on latch side and there is not enough clearance on latch side to add shims to hinges. When paint on a door rubs or is crushed, paint chips can result.

SOLUTION Plane edges of door so that it operates smoothly and does not rub.

Set Up	<ul style="list-style-type: none"> See Section 2, p. 13. 	
Remove Hinge Leaves	<ul style="list-style-type: none"> Remove pins from hinges and hinge leaves from door. Set door on edge in a door hold. (See Section 5: Building a Door Hold, p. 74.) 	
Hand Plane Edge	<ul style="list-style-type: none"> Mist surface and hand plane a chamfer edge. Use a smooth bench or jointer plane (not a block plane) to remove the rest of the paint from the edge. Continue to mist while working. If a power planer is used to remove paint, it must be attached to a HEPA vacuum. Some power planers need an adaptor to accept HEPA attachments. Once paint is removed, use either a hand or power planer. 	<p>Only contact point</p> <p>All other spaces 1/8" to 3/16" wide</p>
Recut Gains	<ul style="list-style-type: none"> Then, recut gains as necessary so hinge leaf is set about halfway into gain. 	
Seal Edges	<ul style="list-style-type: none"> Seal edges of door, particularly the bottom, and rehang. 	
Clean Up and Clear	<ul style="list-style-type: none"> See Section 4, p. 47. 	

DOING THE WORK

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CHIPPING PAINT ON STAIRS OR FLOOR

PROBLEM Painted staircase treads, risers or floors are worn, or the paint is chipping. Paint and other coatings used on staircases and floors in older homes often contain lead. Everyday friction and wear can produce paint chips and dust.

SOLUTION Cover portions of stairs or floor that are worn with durable material.

Set Up	<ul style="list-style-type: none"> See Section 2, p. 13. 	
Stairs – Option #1: Install Tread Covers and Riser Enclosures		
Wet Scrape	<ul style="list-style-type: none"> Mist and wet scrape any loose paint on treads and risers, particularly on edges. 	
Prime and Paint	<ul style="list-style-type: none"> Prime treads and risers. Paint edges that will not be covered by enclosures. 	
Install Riser Enclosure	<ul style="list-style-type: none"> Cut 1/4 inch lauan plywood to fit each riser. Sand exposed edges of lauan. 	
Fasten	<ul style="list-style-type: none"> Back caulk perimeter of riser with adhesive caulk. Press tight or nail with finish nails. 	
If nose tread is not worn		
Cut and Install Tread Cover	<ul style="list-style-type: none"> Cut cover to fit over the tread and nose. Install cover with adhesive caulk or screws. 	

DOING THE WORK

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PROBLEM Installing a rubber tread over a worn tread nose creates a hollow space under the rubber tread cover. This can cause the rubber tread cover to tear, posing a tripping hazard.

Cut and Install Tread Cover	<ul style="list-style-type: none"> Cut tread cover to fit from the riser to rear edge of nose. Install with adhesive caulk or screws. 	
Install Metal Nose Cover	<ul style="list-style-type: none"> Screw metal cover over edge of tread nose. It will span the worn area of the nose. 	

Stairs – Option #2: Install Staircase Runner

Wet Scrape	<ul style="list-style-type: none"> Mist and wet scrape any loose paint on tread and riser, particularly on edges. 	
Prime and Paint	<ul style="list-style-type: none"> Prime and paint treads and risers. 	
Install Runner	<ul style="list-style-type: none"> Staple runner to top of top riser. Then fasten with staircase bars so runner may be easily removed for cleaning. 	



Important: Do not install runner or tread cover on landing of upper floor where its rear edge may become a tripping hazard.

Floors

Prep Surface	<ul style="list-style-type: none"> If a floor needs to be refinished, use a floor sander attached to a HEPA vacuum. 	
Cover	<ul style="list-style-type: none"> Apply a coating to the floor to keep it smooth and cleanable. To maintain a smooth and cleanable surface, it is recommended that the use of wall-to-wall carpeting be avoided. Area rugs can be used instead. 	
Clean Up and Clear	<ul style="list-style-type: none"> See Section 4, p. 47. 	

Caution: High dust potential.

CHIPPED OR DAMAGED IMPACT SURFACES

PROBLEM Outside corners of walls, edges at passages, as well as trim, base cap, and shoe molding are being chipped due to impact from doors, furniture, and other objects. If these surfaces are covered with lead-based paint, the paint chips and the dust created may pose a health threat.

SOLUTION Protecting these surfaces with a durable material can prevent the creation of paint chips and dust.

Set Up	<ul style="list-style-type: none"> See Section 2, p. 13. 	
Enclose Outside Corner	<ul style="list-style-type: none"> Cover outside corners of walls with corner molding. Attach with nails and/or with a bead of adhesive. 	
Protect Base	<ul style="list-style-type: none"> In places where a baseboard shows signs of impact, replace shoe and protect cap with lattice strip. When replacing shoe, bed new shoe in bead of caulk to seal out moisture and prevent infiltration of dust. 	
Clean Up and Clear	<ul style="list-style-type: none"> See Section 4, p. 47. 	

DOING THE WORK

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HIGH DUST JOBS

Some jobs create large amounts of dust. To be safe, workers doing this type of work should:

1. Wear half-mask respirators rated by NIOSH as N100 (or HEPA) at a minimum and be trained to wear and maintain them, or conduct air monitoring to show that they are not needed. (See Section 5D: [Respiratory Protection](#), p. 69.)
2. Completely isolate the work space from occupied spaces and use containment to protect other workers. (See next page.)
3. Receive lead worker or supervisor training from an accredited trainer. In most states, accredited courses are available. To locate a course in your state, contact the Leadlisting at 1-888-Leadlist (1-888-532-3547) or www.leadlisting.org.



Remember: All house dust is unhealthy to breathe. It may contain lead, mold, asbestos, gypsum, roach waste, dust mites, coal dust, fiberglass, etc.

Examples of High Dust Jobs

The following types of work are likely to create high levels of dust:

Demolition. Demolition includes tearing off siding and/or demolishing old plaster walls or ceilings.

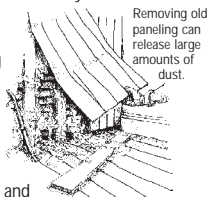
Opening Up Wall Cavities. These jobs include:

- Removing old paneling and baseboards
- Removing door casings and frames or window casings or jambs

"It's not just what's on the wall, it's the dust behind it."

Removing Old Drop Ceilings. Lots of dust can accumulate above ceiling panels.

Improperly Removing Wall-To-Wall Carpet. A carpet that's been on the floor for many years has gathered large amounts of household dust, which may include lead dust. Improperly removing it can release a large amount of dust.

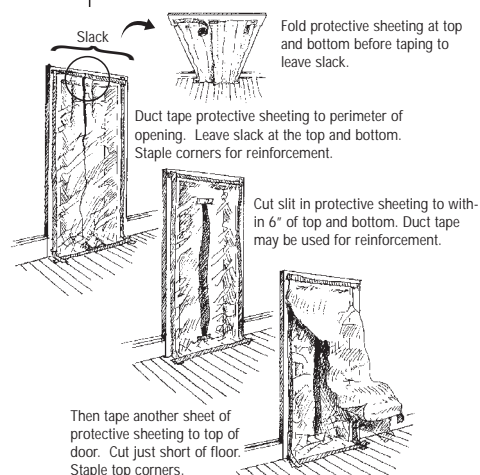


Removing old paneling can release large amounts of dust.

Paint Scraping. Scraping large painted areas, such as the side of a house or an entire room, even when done correctly, can create a large amount of dust.

Containing Dust

Use this system to keep dust from spreading to another room.



If a job creates **extremely** high amounts of dust (for example, demolition) or large amounts of dust in the air for more than short periods, the protective flap system shown above may not be sufficient to prevent dust from spreading beyond the work area.

For these types of jobs, a more protective system called "isolation" is needed so that dust does not spread beyond the work area. Isolation means that the work area is sealed with no direct access to occupied areas of the home. Workers need to use an entrance that is separate from occupants until cleanup is completed.

DOING THE WORK

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C L E A N I N G U P

It is very important to use proper cleanup procedures at the end of the job. Dust and paint chips left behind at the end of the job may contain lead and may endanger children. Have dust wipe samples collected at the end of the job to be sure that it is safe for children to return.



Pick Up Work Area

- Pick up large chips with damp paper towel.
- AND/OR**
- Mist then push dust into dust pan.

Make dust pan from flashing and clean with a whisk broom.



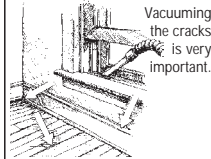
Pick Up Protective Sheeting

- Clean off protective sheeting. Fold dirty side inward (dirty side to dirty side). Dispose of protective sheeting at the end of each job. Protective sheeting may be used again within the same work area if it has not already been folded.



Vacuum

- HEPA vacuum all horizontal surfaces—slowly.
- Vacuum all ledges, sills, stools, molding tops, dusty surfaces, etc.
- Vacuum floor under work area. Use corner tool in corners, cracks of trim, and between floor boards.
- Vacuum floor with floor brush and carpet with a carpet tool.

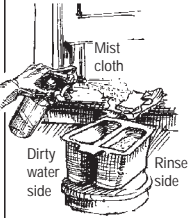


Vacuuming the cracks is very important.



Mist and Scrub

- Important:** Vacuum carpet very slowly.
- Wet rag with detergent then wring out.
- Mist surface or rag as you clean.
- Lead needs scrubbing, not just wiping.



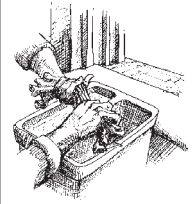
AT THE END OF THE JOB

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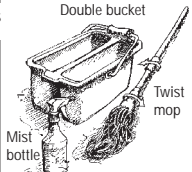
Rinse Rag

- Squeeze rag into empty side of split bucket. Rinse out rag. Squeeze into empty side. Repeat as needed.
- Change rinse water often.
 - Use paper towels first if surfaces are very dirty.
 - Replace rag when it looks dirty.
- Clean until dust and debris are removed.



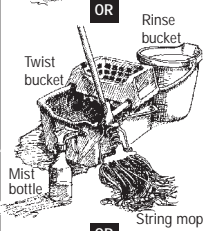
Mist and Scrub

- #### Cleaning Floors
- At start of cleaning, soak mop in detergent water then mist small area with detergent before mopping.
 - Scrub with mop.



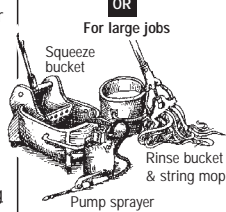
Squeeze Out and Wash

- Squeeze mop into empty bucket then rinse in rinse water. Rinse often. Squeeze out and rinse again. Mop small areas at a time.



Rinse

- Repeat above process using clean water rather than detergent. When cleaning up a work site, use a new mop head for rinse stage.
- Recommendation: Make a final pass with a HEPA vacuum.



Dispose of Waste

- See following section.

Take Dust Wipe Sample

- See Section 5D: [Testing Dust for Lead](#), p. 71.

D I S P O S A L O F W A S T E

After cleanup of the work area, take care to safely handle and remove dust and debris from the job. Supervisors should check with the EPA and their state's agency responsible for waste to find out about specific Federal, state, and local regulations regarding disposal of waste that may contain lead-based paint.

Key Principle:

Confine dust and waste to the work area that will be cleaned.

Disposal Practices

Specific guidelines are:

- Avoid carrying construction waste through an occupied space. If you must carry it through an occupied space, first place it in a heavy duty plastic bag or wrap it in protective sheeting and seal with tape.
- When a dumpster is used, keep the dumpster covered. If a chute is used, cover the chute (or use a barrel chute) and cover the dumpster.
- Store all waste in a secure container or dumpster until disposal. Do not transport waste in an open truck, unless it is bagged and sealed.

Water

Water used for clean up should be dumped into a toilet. Never dump this water in a sink, tub, on the ground, or down a storm drain.

Water used to remove paint through pressure washing must be collected in drums and may need to be tested to determine if it is hazardous. Check with your state agency responsible for waste.

AT THE END OF THE JOB

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CHECK YOUR WORK!

Check Quality of Work & Cleanup	Check work quality during the job and at the end of the job . <ul style="list-style-type: none"> • Was the cause of the problem corrected? • Were proper work practices used? • Was cleanup done thoroughly?
How to Check:	Checking your work involves two important steps.
1. Visual Checks	Use the checklist inside the back cover of this guide when performing visual checks. <ul style="list-style-type: none"> • During the Job. Be sure that: <ul style="list-style-type: none"> — the cause of the problem is being corrected; — the work area is safely set up; — the practices in this guide are being used; and — dust and debris are not spreading beyond the work area. • End of the Job. Be sure that the repairs were done properly and that no dust or paint chips remain.
2. Take a Dust Wipe Sample	When interior work disturbs painted surfaces or produces dust, have dust wipe samples taken at the end of the job to check for harmful levels of lead-contaminated dust. To be accurate, these tests must be done according to specific procedures. See Section 5D, p. 71, for more information about these tests, and who should perform them.

AT THE END OF THE JOB

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How to Check Cont'd

Dust wipe testing is recommended at the end of any job that disturbs paint or produces dust. It is **strongly recommended** when:

- Work that disturbs paint is done in homes built before 1978.
- A young child or pregnant woman lives in the home.
- Performing unit turnover or regular maintenance in rental properties.

Why Is It Important to Check Work?

Checking that work was done properly is important because:

- Failing to correct conditions causing damage or deterioration results in repairs that do not last.
- Work that fails to follow the recommendations in this guide may spread dust and paint chips beyond the work area and may endanger children in the home.
- Dust and paint chips left behind due to poor cleaning may contain lead and may also endanger children in the home.
- For contractors, checking your work improves the quality of a job and is likely to reduce the risk of a lawsuit in the event a child in the home is later found to have high levels of lead in his/her blood.
- Leaving a clean job site is greatly appreciated by customers.

ONGOING MONITORING & MAINTENANCE

Regularly Check Repairs for Deterioration, Paint Chips, and Dust	Property owners should regularly monitor painted surfaces where maintenance or improvements were performed. Check to see if: <ul style="list-style-type: none"> • New evidence of deterioration or paint failure is present. • The cause of the problem was corrected. • Lead dust hazards are present. Important: This can only be done by dust wipe sampling.
Maintain Surfaces and Thoroughly Clean	Then: <ul style="list-style-type: none"> • Perform repairs, as needed, to maintain surfaces in a smooth and cleanable condition using the methods recommended in this guide; and • Clean the area thoroughly using the practices described earlier in this section.
Methods of Monitoring	Follow the same methods used to check your work: <ul style="list-style-type: none"> • Visual Check. Look for deterioration, paint failure, dust and paint chips. Use the checklist inside the back cover of this guide. • Test for Lead Dust. Have dust wipe samples taken to check for dust that may be contaminated with lead. A test is needed to determine when dust contains harmful amounts of lead. <p>To be accurate, these tests must be done according to specific procedures. See Section 5D, p. 71, for more information about these tests, and who should perform them.</p>
When to Monitor?	<ul style="list-style-type: none"> • Annually. Perform a visual check of past repairs and improvements involving painted surfaces. • During Unit Turnover or Routine Maintenance. Perform a visual check of past repairs and improvements involving painted surfaces. • Every Two Years. Get a dust wipe test done at least every two years. This type of test is strongly recommended when a young child or pregnant woman lives in the home.

AT THE END OF THE JOB

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Why Is It Important to Monitor & Maintain Work?

Monitoring and maintenance helps:

- Plan and implement maintenance tasks
- Protect occupants and neighbors, particularly children, from lead exposure
- Give owners, contractors, and residents a record of the condition of the unit

A . G L O S S A R Y

Aluminum flashing - thin aluminum sheeting, also known as coil stock.

Aviation snips - metal cutters.

Chamfer - a small bevel on an edge.

Enclosure - a rigid, durable construction material that is mechanically fastened to the structure to cover painted surfaces.

Fit testing - a method to check if a respirator fits properly over the face.

Gain - notch chiseled in a door for a hinge leaf.

HEPA filter - High-Efficiency Particulate Air filter. A filter that can remove particles of 0.3 micrometers or larger from the air at 99.97 percent or greater efficiency.

HEPA vacuum - a vacuum with a HEPA filter.

HUD Guidelines - HUD's Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing.

Interim controls - a set of measures to reduce exposure to lead hazards. Interim control measures include special cleaning, repairs, paint stabilization, enclosure, and containment. For a full discussion, see HUD's Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing.

Lauan plywood - 1/4 inch plywood made of lauan with a smooth face.

N100 - a NIOSH filter class that describes a respirator's ability to filter airborne particles. A respirator filter rated as N100 removes particles of 0.3 microns or larger from the air at 99.97 percent or greater efficiency.

NIOSH - National Institute for Occupational Safety and Health, an agency within the Centers for Disease Control and Prevention that tests and certifies safety equipment including respirators.

OSHA - Occupational Safety and Health Administration, an agency of the U.S. Department of Labor that oversees worker safety.

Paint stabilization - a process of wet scraping, priming, and finish coating of a deteriorated painted surface to prevent further deterioration.

Permissible Exposure Limit (PEL) - a dust exposure threshold set by OSHA. Work that creates lead dust levels in the air greater than the PEL must meet OSHA lead safety requirements for workers. OSHA has set the PEL for airborne lead dust at 50 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) as a time weighted average. See Section 5D, p. 69, for technical information about OSHA requirements and Section 5B, p. 61, for information about OSHA regulations.

Pilot hole - a small hole drilled to guide the drilling of a larger hole.

Protective sheeting - made of plastic, poly or other material. Protective sheeting must be puncture and tear resistant, impermeable to liquids, durable, flexible, and lightweight.

R-value - a measure of heat containment; used for rating insulation effectiveness.

Shim - small piece of wood or metal used to fill space between two fastened components.

Shroud - a protective covering that contains dust and chips.

Substrate - a solid surface such as plaster, drywall, wood, etc.

Tack pad - a sticky pad that helps remove dust from shoes.

Window trough - the area of the sill between a window stool or interior sill and the frame of the storm window where the bottom sash rests when closed (also called a window well or exterior sill).

RESOURCES

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B. FOR MORE INFORMATION

This section lists useful documents, web sites, and other lead-based paint information resources. Additional sources also exist. Use the reference letter on the right to locate the contact for each information resource. Contacts are listed by letter on pages 62-64. Publications marked with an * are for sale; others are available for free.

Where can I get more information on...

Work practices and lead-safety?

Publications	Reference Letter
<ul style="list-style-type: none"> Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing (July 1995). * Technical guidance on methods for identifying and controlling lead-based paint and lead-based paint hazards. The Guidelines can also be downloaded for free from the HUD Office of Lead Hazard Control web site. (About 750 pages) 	B, C
<ul style="list-style-type: none"> Residential Lead Desktop Reference (2nd Edition, June 1998). * A CD-ROM containing a large variety of lead-based paint information resources. 	C
<ul style="list-style-type: none"> Maintaining a Lead Safe Home (1997). * A do-it-yourself manual for homeowners and property managers. (89 pages) 	B
<ul style="list-style-type: none"> Lead-Based Paint: Operations and Maintenance Work Practices Manual for Homes and Buildings (May 1995). * Technical guidance on safe work practices. (200 pages) 	G
<ul style="list-style-type: none"> Guide Specifications for Reducing Lead-Based Paint Hazards (May 1995). * Technical guidance on purchasing lead-hazard control reduction services and developing lead-hazard reduction work specifications. (About 500 pages) 	G
<ul style="list-style-type: none"> Lead Safety for Nonprofit Property Owners, Developers, and Managers (July 1998). Practical guide to developing policies and activities that incorporate lead safety in property management. (About 30 pages) 	F

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Publications	Reference Letter
<ul style="list-style-type: none"> Guide to Working Safely with Residential Lead Paint (1999). Pamphlet with key lead safety precautions to follow during repainting and home improvement. 	F
<ul style="list-style-type: none"> Reducing Lead Hazards When Remodeling Your Home (September 1997). Pamphlet providing basic information about lead-based paint risks and precautions when remodeling pre-1978 homes. 	B, I, K
Web Sites	
<ul style="list-style-type: none"> HUD, Office of Lead Hazard Control. Provides information on HUD regulations, technical and educational documents, and links to other lead resources. 	B
<ul style="list-style-type: none"> EPA, Office of Pollution Prevention and Toxics. Provides information on EPA regulations, technical and educational documents, and links to other lead resources. 	K
Worker protection methods?	
Publications	
<ul style="list-style-type: none"> Protecting Workers and Their Communities from Lead Hazards: A Guide for Protective Work Practices and Effective Worker Training (1993). * Guidance on worker protection methods, training workers, and complying with OSHA regulations. (About 500 pages) 	L
<ul style="list-style-type: none"> Lead Exposure in the Construction Industry (1993). Fact sheets that describe worker protection measures needed to meet OSHA requirements for lead including respiratory protection and protective clothing. (Series of 6 fact sheets) 	J
Web Site	
<ul style="list-style-type: none"> OSHA, Occupational Safety and Health Administration. Provides information on OSHA regulations, technical and educational documents, and links to other lead resources. 	J

Preventing children's exposure to lead hazards?

Publications

- Protect Your Family From Lead In Your Home (May 1995). Pamphlet that provides basic information about addressing and preventing lead-based paint hazards in the home.
- Lead Poisoning Prevention: Directory of State Contacts (1997-98). * Booklet that contains profiles of state programs to reduce lead hazards. (150 pages)
- Directory of State and Local Lead Poisoning Prevention Advocacy Organizations (1998). * List of state and local non-profit organizations that are working to prevent lead poisoning. (About 300 pages)

Web Site

- [Alliance to End Childhood Lead Poisoning](#). Information on lead poisoning prevention, lead issues, and program design. Site has publications that can be copied from the web.

Public education and outreach materials?

Web Site and Hotline

- [National Lead Information Center](#). Information about lead hazards and poisoning prevention.

Locating certified abatement contractors and clearance inspectors?

Web Site and Hotline

- [Leadlisting](#). List of qualified lead professionals including inspectors, risk assessors, abatement contractors, and analysis laboratories.

Reference Letter

B, I, K

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Disclosure requirements?

Publications

- Protect Your Family From Lead in Your Home (May 1995). Pamphlet that provides basic information about addressing and preventing lead-based paint hazards in the home.
- Disclosure of Lead-Based Paint Hazards in Housing (March 1996). Fact sheet that provides information on how to meet Federal disclosure requirements.
- Questions and Answers on the HUD/EPA Disclosure Rule. Answers to commonly asked questions about Federal disclosure requirements. (5 pages)
- Interpretive Guidance for the Real Estate Community on the Requirements for Disclosure of Information Concerning Lead-Based Paint in Housing, Parts I and II (1996). In-depth guidance on the disclosure requirements for real-estate professionals. (27 pages)
- Resource Handbook on Lead Hazard Disclosure for Homes and Apartments (1996). * Comprehensive reference book on disclosure procedures including advice for renters and owners, a glossary of key terms, and copies of disclosure documents. (Approximately 300 pages)

Respirators?

Web Sites

- [National Institute of Occupational Safety and Health](#). Provides information on the proper use of respiratory protection and various types of NIOSH-approved respirators that are available.
- [Occupational Safety and Health Administration](#). Provides information on OSHA regulations regarding the use of respiratory protection.

Reference Letter

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Where can I find...

HUD's lead regulations?

- 24 Code of Federal Regulations (CFR) 35 (Lead Rule). Contains lead hazard evaluation and reduction requirements for properties that receive HUD funding.

OSHA's lead regulations?

- 29 CFR 1926.62 (Lead in Construction) and 29 CFR 1910.1025 (Lead in General Industry). These regulations cover Federal worker protection requirements for workers in industry, construction, remodeling, and renovation.

EPA's lead regulations?

- 40 CFR 745 (Lead-Based Paint Poisoning Prevention in Certain Residential Structures). Contains the Federal regulations for the disposal of lead waste and contractor notification requirements.
- 40 CFR 745.80 (Residential Property Renovation). Federal rule requiring contractors to provide notification before the start of any work that disturbs a painted surface in pre-1978 homes.

Disclosure regulations?

- 24 CFR 35 (HUD) and 40 CFR 745 (EPA). Regulations for disclosure of known lead-based paint and lead-based paint hazards by home sellers and landlords. This rule was published jointly by HUD and EPA.

Reference Letter

B

J

K

K

B, K

State lead laws?

Publication

- Summary of Lead Poisoning Prevention Statutes (February 1999). A state-by-state listing of local lead-related regulations, such as waste disposal requirements. Available by fax. (24 pages)

Reference Letter

E

Contacts

Reference Letter	Organization	Types of Resources
A	Alliance to End Childhood Lead Poisoning 227 Massachusetts Avenue, NE, Suite 200 Washington, DC 20002 202-543-1147 http://www.aeclp.org	Publications
B	Office of Healthy Homes and Lead Hazard Control; U.S. Dept. of Housing and Urban Development (HUD) 451 Seventh Street, SW, Room P-3206 Washington, DC 20410 202-755-1785 http://www.hud.gov/offices/lead	Publications Program development
C	HUD USER P.O. Box 6091 Rockville, MD 20849 1-800-245-2691 http://www.huduser.org	Publications
D	Leadlisting 1-888-Leadlist (1-888-532-3547) http://www.leadlisting.org	Technical consultation
E	National Conference of State Legislatures 1560 Broadway, Suite 700 Denver, CO 80202 303-830-2200 http://www.ncsl.org	Publications

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Reference Letter	Organization	Types of Resources
F	National Center for Lead Safe Housing 10227 Wincopin Circle, Suite 205 Columbia, MD 21044 410-992-0712 http://www.leadshousing.org	Publications Technical consultation
G	National Institute of Building Sciences (NIBS) Publications Department 1201 L Street, NW, Suite 400 Washington, DC 20005-4014 202-289-7800 http://www.nibs.org	Publications Training
H	National Institute of Occupational Safety and Health (NIOSH) Hubert H. Humphrey Building, Room 7154 200 Independence Avenue, SW Washington, DC 20201 800-35-NIOSH (800-356-4674) http://www.cdc.gov/niosh/home-page.html	Publications
I	National Lead Information Center (NLIC) 8601 Georgia Avenue, Suite 503 Silver Spring, MD 20910 Information Clearinghouse: 1-800-424-Lead (1-800-424-5323) http://www.epa.gov/lead/nlic.htm	Publications Training

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Reference Letter	Organization	Types of Resources
J	Occupational Safety and Health Administration (OSHA) U.S. Department of Labor, OSHA Publications Office 200 Constitution Avenue, NW, Room N3101 Washington, DC 20210 OSHA Lead web page: http://www.osha-slc.gov/SLTC/lead/index.html OSHA Respirator web page: http://www.osha-slc.gov/SLTC/respiratory_advisor/mainpage.html	Technical consultation Enforcement
K	Office of Pollution Prevention and Toxics (OPPT) U.S. Environmental Protection Agency (EPA) 401 M Street, SW (7401) Washington, DC 20460 202-260-3810 http://www.epa.gov/lead	Publications Program development
L	Society for Occupational & Environmental Health 6728 Old McLean Village Drive McLean, VA 22101 703-556-9222 http://www.soeh.org	Publications

C. GETTING THE WORD OUT

How Owners and Occupants Can Work Together to Improve Lead Safety in Homes

Gaining tenant cooperation can help rental property owners and managers respond promptly to conditions that could pose a health threat to occupants.

Owner Responsibilities

1. Check the building to be sure that:

- ☐ The building shell is sound.
- ☐ Water isn't coming in from the outside and causing damage.
- ☐ Sources of moisture inside are not causing damage.
- ☐ Painted surfaces are intact.
- ☐ Doors and windows work properly.
- ☐ All surfaces are clean and cleanable.

2. Maintain the building.

- ☐ Train maintenance staff to minimize dust, clean up effectively, and protect themselves.
- ☐ Conduct regular building checks for potential problems, such as:
 - Flaking or peeling paint
 - Water damage to paint, plaster, or wood
 - Plumbing or roof leaks
 - Painted doors and windows that do not operate smoothly

3. Educate occupants and gain their cooperation.

- ☐ Fulfill Federal notice and disclosure requirements.
- ☐ Have occupants inform you of damaged paint and other maintenance problems.

When Maintenance or Renovation Work is Done

Give occupants the Lead Safety pamphlet required by Federal regulations (see page 66).

Tell occupants:

- ✓ Why repairs are necessary.
- ✓ The work schedule.
- ✓ How they and their possessions will be protected.
- ✓ Why they may need to leave during the work.

- ☐ Explain to occupants why steps, such as regular cleaning, prevent lead-based paint hazards. (See below.)
- ☐ Consider providing cleaning supplies and tools (see page 75) to occupants to encourage cleaning.
- ☐ Remind tenants that it is a good practice to provide notice of problems in writing.
- ☐ Make sure occupants understand the property's maintenance reporting procedures and indicate that these problems require priority attention.

Precautions Tenants Can Take to Protect Their Family

Occupants should pay special attention to page 7 of the pamphlet *Protect Your Family From Lead In Your Home*. It describes steps that occupants can take to reduce the chance that they will be exposed to lead hazards. Suggestions from this pamphlet include:

- ☐ Clean floors, window frames, interior window sills, and other flat surfaces each week using warm water and an all-purpose cleaner.
- ☐ Clean up any paint chips immediately.
- ☐ Keep child play areas clean.
- ☐ Wash children's hands often.
- ☐ Keep children from chewing interior window sills and other painted surfaces.

Federal Notice and Disclosure Requirements (24 CFR Part 35 or 40 CFR Part 745)

- ✓ Landlords and home sellers must notify future occupants about lead-based paint hazards by giving them the pamphlet *Protect Your Family From Lead In Your Home*.
- ✓ Landlords and home sellers must disclose information about known lead-based paint and/or lead-based paint hazards before dwelling leases or home sales contracts take effect. Leases and sales contracts must also include a form about lead-based paint that meets Federal requirements. Contact HUD or EPA for more information about these requirements (see Section 5B, p. 57).

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Notice Prior to Renovation

Federal law requires contractors and owners of rental properties to inform occupants about the risks of lead-based paint before non-emergency repair, maintenance, and home renovation work begins. This law applies for all work on surfaces greater than 2 square feet per component. Contractors and property owners must distribute copies of the pamphlet *Protect Your Family From Lead In Your Home* before any work starts. See EPA's regulation at 40 CFR 745.80. Also see Section 5B, p. 57, for sources that can provide copies of this pamphlet.

Contractors and owners must make sure that occupants have received the pamphlet.

- For owner-occupied homes, the contractor must have the homeowner sign an acknowledgement form after receiving the pamphlet. Or, the contractor can send the pamphlet by certified mail.
- For tenants, the contractor or property owner must have an adult occupant sign an acknowledgement form after receiving the pamphlet. Or, the contractor or owner can send the pamphlet by certified mail. If the contractor cannot get a signed acknowledgement, the contractor must sign a statement documenting this.
- For work in common areas, such as the lobby, of an apartment building, the contractor must give the pamphlet to the owner and to the occupants of all affected areas and inform them of the nature, location, timing, and length of the job.

Why Lead Safety Makes Sense for Property Owners and Contractors

Property owners and contractors that use safe work practices benefit in several ways.

Advantages for Owners of Residential Rental Properties

Owners who maintain their rental properties using work practices that increase lead safety can use this information to attract tenants who are concerned for their child's health. Some local agencies may even maintain a listing of housing units that meet certain lead-safety standards. When giving prospective tenants the lead-based paint pamphlet and the required disclosure information, they can tell the tenant that the property has a program to minimize the risk of hazards from lead-based paint. A safety program would include:

- Educating and training maintenance workers.
- Examining property at turnover and then every year for deteriorating paint.
- Correcting conditions that may cause paint to flake and peel (excessive moisture, binding doors, etc.).
- Doing work safely and cleaning up well.
- Making sure surfaces are cleanable and doing a professional cleaning at turnover.
- Performing dust wipe tests before occupancy, and after every maintenance job that disturbs old paint. It is also recommended to perform a dust wipe sample test at least every two years. Keep the results on file.
- Encouraging tenants to inform property owners if there is a problem.

Advantages for Contractors

Doing work safely can enhance a contractor's reputation, maintain the safety of workers, and protect the health of customers and their children.

A program for lead safety can also help contractors when bidding new jobs. For example, contractors performing repairs and improvements in homes built before 1978 must give potential customers a pamphlet about the risk of lead-based paint during renovation.

Contractors that follow practices for lead safety can demonstrate to customers that they understand the risks and show that their workers take specific precautions to protect against lead-based paint hazards. Lead-safety can help "give you a leg up" on the competition.

Safe work practices also offer benefits that are important to customers:

- Dust and debris are confined to the work area.
- A "clean" work area at the end of the job.
- Some work offers additional benefits. (For example, repairs to windows can improve their operation, prevent damage from moisture, and lower energy and maintenance costs.)
- Lead safety also helps protect you as a contractor. For example, having an independent, certified professional take dust wipe samples of the work area promptly after cleanup provides strong documentation that no lead hazards were present in the work area at the end of the job.

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D. MORE ABOUT TECHNICAL TOPICS

Respiratory Protection

Respiratory protection helps prevent workers from breathing harmful amounts of lead and other substances, touching their mouths with dusty hands, or swallowing paint chips.

When work creates high levels of dust in the air, properly trained and certified lead-based paint professionals should do these high dust jobs. If you work for someone, and plan on doing this type of work, your employer must meet the requirements of the OSHA Lead in Construction Standard (29 CFR 1926.62). These requirements include respiratory protection when work creates lead dust in air that exceeds the "permissible exposure limit" (PEL) — see Air Monitoring and Results sections below. See Section 5B, p. 57, for sources of information about OSHA requirements.

Respirators may be required for activities that generate high levels of dust such as:

- Demolishing painted surfaces
- Opening up wall and ceiling cavities
- Using power tools on painted surfaces
- Dry scraping large painted areas

For this type of work, OSHA requirements include the following:

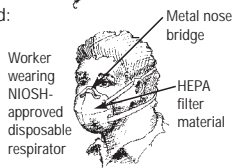
- Training workers on how to properly use and maintain respirators.
- Making sure proper respirators are always available and that workers have been fit tested. Where respirator use is required, workers must be part of a written respiratory protection program that meets OSHA standards (29 CFR 1910.134).

Many types of respirators can be used:

- Disposable respirators can be used if they are rated by NIOSH as N100 (or HEPA) — this information can be found on the respirator's package or the respirator itself.



Dust mask not NIOSH approved



Worker wearing NIOSH-approved disposable respirator

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- Non-disposable respirators, also rated by NIOSH as N100, often have replaceable cartridges and require regular maintenance.



Worker wearing a non-disposable respirator

- Having a trained person do air monitoring that measures the amount of dust in the air to determine if respirators are required by OSHA, and the appropriate level of protection. Workers must wear proper respirators while air monitoring is being done.

Air Monitoring

Air monitoring is done to ensure that workers are not being exposed to dangerous levels of lead dust in the air, and to comply with OSHA requirements. It must be done by a person with special training. A worker being monitored wears a small plastic canister clipped to his/her clothing near the face. A pump in a device clipped to the belt draws air and dust into the canister. The canister is then sent to a lab to measure how much lead dust was in the air.

What Do the Results Mean?

The results are measured in micrograms per cubic meter ($\mu\text{g}/\text{m}^3$). If the amount of lead dust in the air exceeds the permissible exposure limit (PEL) of $50 \mu\text{g}/\text{m}^3$, workers must wear at least a half-face respirator with an N100 (or HEPA) rating and certain OSHA requirements must be followed.

Results may show that respirators are not necessary or that a greater level of protection is needed. If the results show lead dust levels in the air above $500 \mu\text{g}/\text{m}^3$, a more protective respirator is required.

Other Protection

In addition to respiratory protection for activities that generate high levels of dust, compliance with OSHA's Lead in Construction Standard may involve blood tests for workers, medical monitoring, hand washing facilities, other personal protective equipment, shower and changing areas, and additional training.

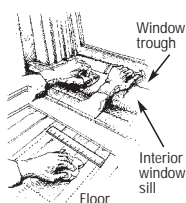
Testing Dust for Lead

By having dust wipe samples taken, job supervisors and property owners can locate dust lead hazards and test the effectiveness of cleaning at the end of a job.

Where Are Dust Samples Taken?

Samples are taken in the area of the dwelling where work has been completed. The following surfaces within the work area should be sampled:

- Floor
- Interior window sills (also referred to as window stools)
- Window troughs



When Should Dust Samples Be Taken?

- At the end of a job
- If there is a child or pregnant woman living in the home
- Before a family moves into a home

What Do the Results Mean?

The results of the laboratory analysis will show the amount of lead found in the dust from the area sampled. The results are measured in micrograms per square foot ($\mu\text{g}/\text{ft}^2$).

To determine if a lead-based paint hazard exists, based on EPA's requirements, compare the results to the following standards:

- 40 $\mu\text{g}/\text{ft}^2$ on the floor
- 250 $\mu\text{g}/\text{ft}^2$ on the interior window sill (stool)

If the results for a sample are higher than these standards, a dust lead hazard is present. For clearance purposes only, a value of 400 $\mu\text{g}/\text{ft}^2$ should be used for window troughs.

Who Can Take Dust Wipe Samples?

Following painting, home maintenance, and renovation work:

- In homes receiving Federal assistance, dust wipe samples, if required by regulations, must be taken by appropriately trained personnel who were not involved in the work. This "clearance" testing may be done by a lead-based paint inspector, risk assessor, or sampling technician certified by a State or the EPA. Clearance testing may also be done by a person trained as a sampling technician, as long as a certified lead-based paint inspector or risk assessor approves the technician's work and signs the clearance examination report.
- For all other homes, it is recommended that dust wipe samples be taken by a trained sampling technician, or, preferably, a certified lead-based paint inspector, risk assessor, or sampling technician. Some states require that dust wipe samples be taken by a certified person.

What Actions Do I Take Based On the Results?

If the results show dust lead levels higher than the standards listed above, the area where the work was performed should be cleaned to remove the dust lead hazard.

If the dust wipe samples were taken as part of ongoing monitoring by maintenance staff or the property owner, the surfaces where work was performed should be examined to see if the work has failed or new conditions that generate dust have developed. In either case, these conditions should be corrected using lead-safety principles and work practices.

If the work required to correct the likely source of the dust lead hazard is beyond the scope of this guide, the property owner should seek the help of a lead-based paint professional trained to safely correct lead-based paint hazards.

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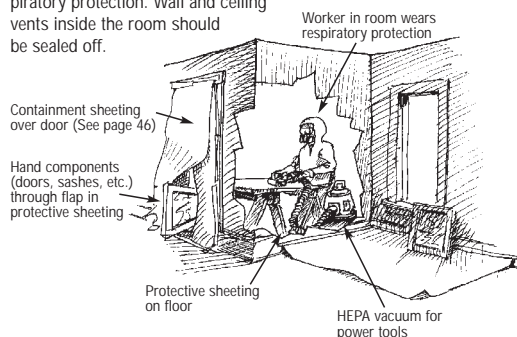
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Setting Up a Dust Room

A dust room can be useful for dusty work on building components that can be moved. For example, scraping or planing doors or window sashes can be done in a dust room. A dust room is particularly useful when working in occupied spaces.

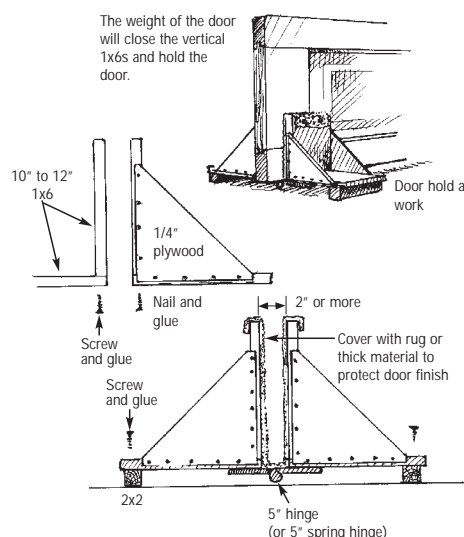
The dust room can be any room that can be closed off. The door can be covered with a flap system (see page 46) and the floor can be covered with protective sheeting taped to the baseboard.

Workers in this room should wear disposable clothing and wear respiratory protection. Wall and ceiling vents inside the room should be sealed off.



Building a Door Hold

A door hold makes working on doors easier and safer.



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RESOURCES

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G . WORK CHECKLIST

Before Work Begins

- ☐ Are the possible risks to occupants identified?
- ☐ Are the occupants informed of the possible risks and their responsibilities?
- ☐ Are the causes of the problems located?
- ☐ Is the work area set up?
- ☐ Is the work area closed off from occupants?

During Work

- ☐ Are dust and debris being contained in the work area?
- ☐ Are workers wearing necessary protective clothing and equipment?
- ☐ Are workers cleaning up each time they leave the work site?

At the End of the Job

- ☐ Did workers fix the cause of the problem?
- ☐ Did workers remove visible dust and debris?
- ☐ Did workers properly dispose of dust and debris?
- ☐ Did workers wet wash the surfaces?
- ☐ Were dust samples taken to make sure that cleanup worked?

For Long-Term Maintenance

Is there a plan to:

- ☐ Maintain painted surfaces?
- ☐ Keep surfaces clean and cleanable?
- ☐ Prevent water and moisture damage?

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Disclaimer: The guidance offered in this document is based upon the latest lead hazard control knowledge and technology available at the time it was written. Users bear all risks associated with reliance on these work practices and have sole responsibility for evaluating the information it contains. Users bear sole responsibility to form their own independent judgments on the document's use, modification, and adaptation as appropriate. Neither the United States Government nor any of its employees makes any warranty, expressed or implied, or assumes any legal liability for any use of, or the results of, any information, product, or process discussed in this document.

Why Follow this Guide?

The Simple Work Practice Changes in this Guide Can Protect Children and Workers

- This Guide contains practical steps for lead safety.
- With small changes in work practices, workers can protect themselves, their families, and their customers, especially children, from lead exposure.

Painting, Home Improvement, and Maintenance Work in Older Homes Can Endanger Children

- Most homes built before 1978 contain lead-based paint.
- Doing work improperly can create a lot of paint chips and dust that may contain lead.
- Lead in paint chips, dust, and soil gets on children's hands and toys which they may put in their mouths.
- Lead can make children very sick and cause permanent brain and nerve damage, learning difficulties, and behavior problems.

Poor Maintenance Also Endangers Children

- Paint flaking and peeling is often caused by moisture.
- Rubbing or impact on doors, windows, and trim can cause paint failure.

Who Should Use This Guide?

- Building maintenance workers and supervisors
- Painters
- Repair, renovation, and remodeling contractors
- Property managers and owners
- Homeowners

Ordering Additional Copies

Single copies of Lead Paint Safety: A Field Guide for Painting, Home Maintenance, and Renovation Work on paper or on CD-ROM can be ordered from the National Lead Information Center at 1-800-424-5323 or downloaded from the HUD Office of Healthy Homes and Lead Hazard Control web site at www.hud.gov/offices/lead.

For information about obtaining multiple copies, contact the National Lead Information Center.

March 2001
HUD-1779-LHC



Exhibit H



Protect Your Family From Lead in Your Home



United States
Environmental
Protection Agency



United States
Consumer Product
Safety Commission



United States
Department of Housing
and Urban Development

Are You Planning to Buy or Rent a Home Built Before 1978?

Did you know that many homes built before 1978 have **lead-based paint**? Lead from paint, chips, and dust can pose serious health hazards.

Read this entire brochure to learn:

- How lead gets into the body
- About health effects of lead
- What you can do to protect your family
- Where to go for more information

Before renting or buying a pre-1978 home or apartment, federal law requires:

- Sellers must disclose known information on lead-based paint or lead-based paint hazards before selling a house.
- Real estate sales contracts must include a specific warning statement about lead-based paint. Buyers have up to 10 days to check for lead.
- Landlords must disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a specific warning statement about lead-based paint.

If undertaking renovations, repairs, or painting (RRP) projects in your pre-1978 home or apartment:

- Read EPA's pamphlet, *The Lead-Safe Certified Guide to Renovate Right*, to learn about the lead-safe work practices that contractors are required to follow when working in your home (see page 12).



Simple Steps to Protect Your Family from Lead Hazards

If you think your home has lead-based paint:

- Don't try to remove lead-based paint yourself.
- Always keep painted surfaces in good condition to minimize deterioration.
- Get your home checked for lead hazards. Find a certified inspector or risk assessor at [epa.gov/lead](https://www.epa.gov/lead).
- Talk to your landlord about fixing surfaces with peeling or chipping paint.
- Regularly clean floors, window sills, and other surfaces.
- Take precautions to avoid exposure to lead dust when remodeling.
- When renovating, repairing, or painting, hire only EPA- or state-approved Lead-Safe certified renovation firms.
- Before buying, renting, or renovating your home, have it checked for lead-based paint.
- Consult your health care provider about testing your children for lead. Your pediatrician can check for lead with a simple blood test.
- Wash children's hands, bottles, pacifiers, and toys often.
- Make sure children eat healthy, low-fat foods high in iron, calcium, and vitamin C.
- Remove shoes or wipe soil off shoes before entering your house.

Lead Gets into the Body in Many Ways

Adults and children can get lead into their bodies if they:

- Breathe in lead dust (especially during activities such as renovations, repairs, or painting that disturb painted surfaces).
- Swallow lead dust that has settled on food, food preparation surfaces, and other places.
- Eat paint chips or soil that contains lead.

Lead is especially dangerous to children under the age of 6.

- At this age, children's brains and nervous systems are more sensitive to the damaging effects of lead.
- Children's growing bodies absorb more lead.
- Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.



Women of childbearing age should know that lead is dangerous to a developing fetus.

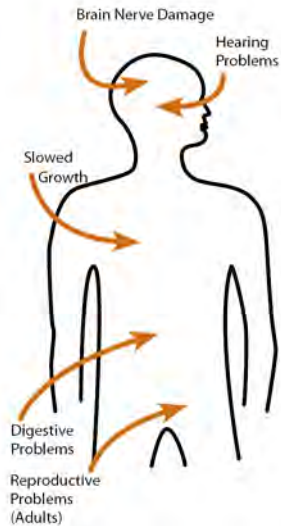
- Women with a high lead level in their system before or during pregnancy risk exposing the fetus to lead through the placenta during fetal development.

Health Effects of Lead

Lead affects the body in many ways. It is important to know that even exposure to low levels of lead can severely harm children.

In children, exposure to lead can cause:

- Nervous system and kidney damage
- Learning disabilities, attention deficit disorder, and decreased intelligence
- Speech, language, and behavior problems
- Poor muscle coordination
- Decreased muscle and bone growth
- Hearing damage



While low-lead exposure is most common, exposure to high amounts of lead can have devastating effects on children, including seizures, unconsciousness, and, in some cases, death.

Although children are especially susceptible to lead exposure, lead can be dangerous for adults, too.

In adults, exposure to lead can cause:

- Harm to a developing fetus
- Increased chance of high blood pressure during pregnancy
- Fertility problems (in men and women)
- High blood pressure
- Digestive problems
- Nerve disorders
- Memory and concentration problems
- Muscle and joint pain

Check Your Family for Lead

Get your children and home tested if you think your home has lead.

Children's blood lead levels tend to increase rapidly from 6 to 12 months of age, and tend to peak at 18 to 24 months of age.

Consult your doctor for advice on testing your children. A simple blood test can detect lead. Blood lead tests are usually recommended for:

- Children at ages 1 and 2
- Children or other family members who have been exposed to high levels of lead
- Children who should be tested under your state or local health screening plan

Your doctor can explain what the test results mean and if more testing will be needed.

Where Lead-Based Paint Is Found

In general, the older your home or childcare facility, the more likely it has lead-based paint.¹

Many homes, including private, federally-assisted, federally-owned housing, and childcare facilities built before 1978 have lead-based paint. In 1978, the federal government banned consumer uses of lead-containing paint.²

Learn how to determine if paint is lead-based paint on page 7.

Lead can be found:

- In homes and childcare facilities in the city, country, or suburbs,
- In private and public single-family homes and apartments,
- On surfaces inside and outside of the house, and
- In soil around a home. (Soil can pick up lead from exterior paint or other sources, such as past use of leaded gas in cars.)

Learn more about where lead is found at [epa.gov/lead](https://www.epa.gov/lead).

¹ “Lead-based paint” is currently defined by the federal government as paint with lead levels greater than or equal to 1.0 milligram per square centimeter (mg/cm), or more than 0.5% by weight.

² “Lead-containing paint” is currently defined by the federal government as lead in new dried paint in excess of 90 parts per million (ppm) by weight.

Identifying Lead-Based Paint and Lead-Based Paint Hazards

Deteriorating lead-based paint (peeling, chipping, chalking, cracking, or damaged paint) is a hazard and needs immediate attention. **Lead-based paint** may also be a hazard when found on surfaces that children can chew or that get a lot of wear and tear, such as:

- On windows and window sills
- Doors and door frames
- Stairs, railings, banisters, and porches

Lead-based paint is usually not a hazard if it is in good condition and if it is not on an impact or friction surface like a window.

Lead dust can form when lead-based paint is scraped, sanded, or heated. Lead dust also forms when painted surfaces containing lead bump or rub together. Lead paint chips and dust can get on surfaces and objects that people touch. Settled lead dust can reenter the air when the home is vacuumed or swept, or when people walk through it. EPA currently defines the following levels of lead in dust as hazardous:

- 40 micrograms per square foot ($\mu\text{g}/\text{ft}^2$) and higher for floors, including carpeted floors
- 250 $\mu\text{g}/\text{ft}^2$ and higher for interior window sills

Lead in soil can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. EPA currently defines the following levels of lead in soil as hazardous:

- 400 parts per million (ppm) and higher in play areas of bare soil
- 1,200 ppm (average) and higher in bare soil in the remainder of the yard

Remember, lead from paint chips—which you can see—and lead dust—which you may not be able to see—both can be hazards.

The only way to find out if paint, dust, or soil lead hazards exist is to test for them. The next page describes how to do this.

Checking Your Home for Lead

You can get your home tested for lead in several different ways:

- A lead-based paint **inspection** tells you if your home has lead-based paint and where it is located. It won't tell you whether your home currently has lead hazards. A trained and certified testing professional, called a lead-based paint inspector, will conduct a paint inspection using methods, such as:
 - Portable x-ray fluorescence (XRF) machine
 - Lab tests of paint samples
- A **risk assessment** tells you if your home currently has any lead hazards from lead in paint, dust, or soil. It also tells you what actions to take to address any hazards. A trained and certified testing professional, called a risk assessor, will:
 - Sample paint that is deteriorated on doors, windows, floors, stairs, and walls
 - Sample dust near painted surfaces and sample bare soil in the yard
 - Get lab tests of paint, dust, and soil samples
- A combination inspection and risk assessment tells you if your home has any lead-based paint and if your home has any lead hazards, and where both are located.



Be sure to read the report provided to you after your inspection or risk assessment is completed, and ask questions about anything you do not understand.

Checking Your Home for Lead, continued

In preparing for renovation, repair, or painting work in a pre-1978 home, Lead-Safe Certified renovators (see page 12) may:

- Take paint chip samples to determine if lead-based paint is present in the area planned for renovation and send them to an EPA-recognized lead lab for analysis. In housing receiving federal assistance, the person collecting these samples must be a certified lead-based paint inspector or risk assessor
- Use EPA-recognized tests kits to determine if lead-based paint is absent (but not in housing receiving federal assistance)
- Presume that lead-based paint is present and use lead-safe work practices

There are state and federal programs in place to ensure that testing is done safely, reliably, and effectively. Contact your state or local agency for more information, visit epa.gov/lead, or call **1-800-424-LEAD (5323)** for a list of contacts in your area.³

³ Hearing- or speech-challenged individuals may access this number through TTY by calling the Federal Relay Service at 1-800-877-8399.

What You Can Do Now to Protect Your Family

If you suspect that your house has lead-based paint hazards, you can take some immediate steps to reduce your family's risk:

- If you rent, notify your landlord of peeling or chipping paint.
- Keep painted surfaces clean and free of dust. Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner. (Remember: never mix ammonia and bleach products together because they can form a dangerous gas.)
- Carefully clean up paint chips immediately without creating dust.
- Thoroughly rinse sponges and mop heads often during cleaning of dirty or dusty areas, and again afterward.
- Wash your hands and your children's hands often, especially before they eat and before nap time and bed time.
- Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- Keep children from chewing window sills or other painted surfaces, or eating soil.
- When renovating, repairing, or painting, hire only EPA- or state-approved Lead-Safe Certified renovation firms (see page 12).
- Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- Make sure children eat nutritious, low-fat meals high in iron, and calcium, such as spinach and dairy products. Children with good diets absorb less lead.

Reducing Lead Hazards

Disturbing lead-based paint or removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

- In addition to day-to-day cleaning and good nutrition, you can **temporarily** reduce lead-based paint hazards by taking actions, such as repairing damaged painted surfaces and planting grass to cover lead-contaminated soil. These actions are not permanent solutions and will need ongoing attention.
- You can minimize exposure to lead when renovating, repairing, or painting by hiring an EPA- or state-certified renovator who is trained in the use of lead-safe work practices. If you are a do-it-yourselfer, learn how to use lead-safe work practices in your home.
- To remove lead hazards permanently, you should hire a certified lead abatement contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not permanent control.



Always use a certified contractor who is trained to address lead hazards safely.

- Hire a Lead-Safe Certified firm (see page 12) to perform renovation, repair, or painting (RRP) projects that disturb painted surfaces.
- To correct lead hazards permanently, hire a certified lead abatement professional. This will ensure your contractor knows how to work safely and has the proper equipment to clean up thoroughly.

Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Reducing Lead Hazards, continued

If your home has had lead abatement work done or if the housing is receiving federal assistance, once the work is completed, dust cleanup activities must be conducted until clearance testing indicates that lead dust levels are below the following levels:

- 40 micrograms per square foot ($\mu\text{g}/\text{ft}^2$) for floors, including carpeted floors
- 250 $\mu\text{g}/\text{ft}^2$ for interior windows sills
- 400 $\mu\text{g}/\text{ft}^2$ for window troughs

For help in locating certified lead abatement professionals in your area, call your state or local agency (see pages 14 and 15), or visit epa.gov/lead, or call 1-800-424-LEAD.

Renovating, Remodeling, or Repairing (RRP) a Home with Lead-Based Paint

If you hire a contractor to conduct renovation, repair, or painting (RRP) projects in your pre-1978 home or childcare facility (such as pre-school and kindergarten), your contractor must:

- Be a Lead-Safe Certified firm approved by EPA or an EPA-authorized state program
- Use qualified trained individuals (Lead-Safe Certified renovators) who follow specific lead-safe work practices to prevent lead contamination
- Provide a copy of EPA's lead hazard information document, *The Lead-Safe Certified Guide to Renovate Right*



RRP contractors working in pre-1978 homes and childcare facilities must follow lead-safe work practices that:

- **Contain the work area.** The area must be contained so that dust and debris do not escape from the work area. Warning signs must be put up, and plastic or other impermeable material and tape must be used.
- **Avoid renovation methods that generate large amounts of lead-contaminated dust.** Some methods generate so much lead-contaminated dust that their use is prohibited. They are:
 - Open-flame burning or torching
 - Sanding, grinding, planing, needle gunning, or blasting with power tools and equipment not equipped with a shroud and HEPA vacuum attachment and
 - Using a heat gun at temperatures greater than 1100°F
- **Clean up thoroughly.** The work area should be cleaned up daily. When all the work is done, the area must be cleaned up using special cleaning methods.
- **Dispose of waste properly.** Collect and seal waste in a heavy duty bag or sheeting. When transported, ensure that waste is contained to prevent release of dust and debris.

To learn more about EPA's requirements for RRP projects visit epa.gov/getleadsafe, or read *The Lead-Safe Certified Guide to Renovate Right*.

Other Sources of Lead

While paint, dust, and soil are the most common sources of lead, other lead sources also exist:

- **Drinking water.** Your home might have plumbing with lead or lead solder. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might contain lead:

- Use only cold water for drinking and cooking.
- Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.

Call your local health department or water supplier to find out about testing your water, or visit [epa.gov/lead](https://www.epa.gov/lead) for EPA's lead in drinking water information.

- **Lead smelters** or other industries that release lead into the air.
- **Your job.** If you work with lead, you could bring it home on your body or clothes. Shower and change clothes before coming home. Launder your work clothes separately from the rest of your family's clothes.
- **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture. Call your local health department for information about hobbies that may use lead.
- Old **toys** and **furniture** may have been painted with lead-containing paint. Older toys and other children's products may have parts that contain lead.⁴
- Food and liquids cooked or stored in **lead crystal** or **lead-glazed pottery or porcelain** may contain lead.
- Folk remedies, such as "**greta**" and "**azarcon**," used to treat an upset stomach.

⁴ In 1978, the federal government banned toys, other children's products, and furniture with lead-containing paint (16 CFR 1303). In 2008, the federal government banned lead in most children's products. The federal government currently bans lead in excess of 100 ppm by weight in most children's products (76 FR 44463).

For More Information

The National Lead Information Center

Learn how to protect children from lead poisoning and get other information about lead hazards on the Web at epa.gov/lead and hud.gov/lead, or call **1-800-424-LEAD (5323)**.

EPA's Safe Drinking Water Hotline

For information about lead in drinking water, call **1-800-426-4791**, or visit epa.gov/lead for information about lead in drinking water.

Consumer Product Safety Commission (CPSC) Hotline

For information on lead in toys and other consumer products, or to report an unsafe consumer product or a product-related injury, call **1-800-638-2772**, or visit CPSC's website at cpsc.gov or saferproducts.gov.

State and Local Health and Environmental Agencies

Some states, tribes, and cities have their own rules related to lead-based paint. Check with your local agency to see which laws apply to you. Most agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards. Receive up-to-date address and phone information for your state or local contacts on the Web at epa.gov/lead, or contact the National Lead Information Center at **1-800-424-LEAD**.

Hearing- or speech-challenged individuals may access any of the phone numbers in this brochure through TTY by calling the toll-free Federal Relay Service at **1-800-877-8339**.

U. S. Environmental Protection Agency (EPA)

Regional Offices

The mission of EPA is to protect human health and the environment. Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

Region 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Regional Lead Contact
U.S. EPA Region 1
5 Post Office Square, Suite 100, OES 05-4
Boston, MA 02109-3912
(888) 372-7341

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

Regional Lead Contact
U.S. EPA Region 2
2890 Woodbridge Avenue
Building 205, Mail Stop 225
Edison, NJ 08837-3679
(732) 321-6671

Region 3 (Delaware, Maryland, Pennsylvania, Virginia, DC, West Virginia)

Regional Lead Contact
U.S. EPA Region 3
1650 Arch Street
Philadelphia, PA 19103
(215) 814-2088

Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Regional Lead Contact
U.S. EPA Region 4
AFC Tower, 12th Floor, Air, Pesticides & Toxics
61 Forsyth Street, SW
Atlanta, GA 30303
(404) 562-8998

Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Regional Lead Contact
U.S. EPA Region 5 (DT-8J)
77 West Jackson Boulevard
Chicago, IL 60604-3666
(312) 886-7836

Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas, and 66 Tribes)

Regional Lead Contact
U.S. EPA Region 6
1445 Ross Avenue, 12th Floor
Dallas, TX 75202-2733
(214) 665-2704

Region 7 (Iowa, Kansas, Missouri, Nebraska)

Regional Lead Contact
U.S. EPA Region 7
11201 Renner Blvd.
WWPD/TOPE
Lenexa, KS 66219
(800) 223-0425

Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Regional Lead Contact
U.S. EPA Region 8
1595 Wynkoop St.
Denver, CO 80202
(303) 312-6966

Region 9 (Arizona, California, Hawaii, Nevada)

Regional Lead Contact
U.S. EPA Region 9 (CMD-4-2)
75 Hawthorne Street
San Francisco, CA 94105
(415) 947-4280

Region 10 (Alaska, Idaho, Oregon, Washington)

Regional Lead Contact
U.S. EPA Region 10
Solid Waste & Toxics Unit (WCM-128)
1200 Sixth Avenue, Suite 900
Seattle, WA 98101
(206) 553-1200

Consumer Product Safety Commission (CPSC)

The CPSC protects the public against unreasonable risk of injury from consumer products through education, safety standards activities, and enforcement. Contact CPSC for further information regarding consumer product safety and regulations.

CPSC

4330 East West Highway
Bethesda, MD 20814-4421
1-800-638-2772
cpsc.gov or saferproducts.gov

U. S. Department of Housing and Urban Development (HUD)

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. Contact HUD's Office of Healthy Homes and Lead Hazard Control for further information regarding the Lead Safe Housing Rule, which protects families in pre-1978 assisted housing, and for the lead hazard control and research grant programs.

HUD

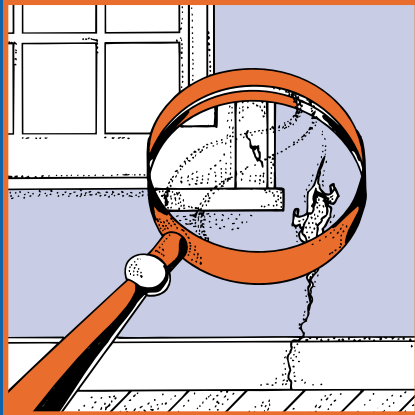
451 Seventh Street, SW, Room 8236
Washington, DC 20410-3000
(202) 402-7698
hud.gov/offices/lead/

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IMPORTANT!

Lead From Paint, Dust, and Soil in and Around Your Home Can Be Dangerous if Not Managed Properly

- Children under 6 years old are most at risk for lead poisoning in your home.
- Lead exposure can harm young children and babies even before they are born.
- Homes, schools, and child care facilities built before 1978 are likely to contain lead-based paint.
- Even children who seem healthy may have dangerous levels of lead in their bodies.
- Disturbing surfaces with lead-based paint or removing lead-based paint improperly can increase the danger to your family.
- People can get lead into their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.
- People have many options for reducing lead hazards. Generally, lead-based paint that is in good condition is not a hazard (see page 10).



Proteja a Su Familia en Contra del Plomo en Su Casa



Agencia de Protección
Ambiental de los
Estados Unidos (EPA)



Comisión de Seguridad de los
Productos de Consumo de los
Estados Unidos (CPSC)



Departamento de Desarrollo
Urbano y de la Vivienda de los
Estados Unidos (HUD)

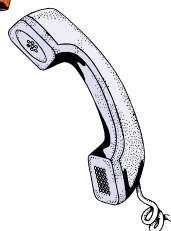
U.S. EPA Washington DC 20460
U.S. CPSC Washington DC 20207
U.S. HUD Washington DC 20410

EPA747-K-01-001
November 2001

¿Está planeando comprar, alquilar o renovar una casa que se construyó antes de 1978?

Muchas casas y apartamentos construidos antes de 1978 tienen pintura que contiene altos niveles de plomo (llamada pintura con base de plomo). El plomo en la pintura, las partículas y el polvo puede ser un riesgo grave para la salud si no se atiende apropiadamente.

La ley federal requiere que las personas reciban cierta información antes de alquilar, comprar o renovar viviendas construidas antes de 1978:



LOS PROPIETARIOS tienen que revelar la información que posean acerca de la pintura con base de plomo y los riesgos relacionados con la misma antes de realizar el alquiler. Los contratos de alquiler deben incluir un formulario de divulgación acerca de la pintura con base de plomo.

LOS VENEDORES tienen que divulgar la información que posean acerca de la pintura con base de plomo y los riesgos relacionados con la misma antes de vender una casa. Los contratos de venta deben incluir un formulario de información acerca de la pintura con base de plomo. Los compradores tienen un plazo de 10 días para revisar si existen riesgos relacionados con el plomo.

LOS RENOVADORES tienen que darle este folleto antes de comenzar el trabajo.

SI DESEA MÁS INFORMACIÓN acerca de estos requisitos, llame a la National Lead Information Center (Centro Nacional de Distribución de Información sobre Plomo) al **1-800-424-LEAD (424-5323)**.

Este documento es del dominio público. Las personas u organizaciones pueden reproducirlo sin permiso. La información proporcionada en este folleto está basada en el entendimiento actual científico y técnico de los asuntos presentados y refleja los límites de jurisdicción establecidos por los estatutos que gobiernan a las agencias coautoras. Seguir los consejos que se ofrecen no proporcionará necesariamente una protección completa en todas las situaciones o contra todos los riesgos de salud que puede causar la exposición al plomo.

¡IMPORTANTE!

El plomo de la pintura, del polvo y de la tierra puede ser peligroso si no se atiende apropiadamente

ES CIERTO QUE: La exposición al plomo puede hacerle daño a los niños pequeños y a los bebés aun antes del nacimiento.

ES CIERTO QUE: Aun los niños que parecen sanos pueden tener altos niveles de plomo en sus organismos.

ES CIERTO QUE: El plomo puede entrar en el organismo al inhalar o tragar polvo de plomo, o al comer tierra o partículas de pintura que contengan plomo.

ES CIERTO QUE: Las personas tienen muchas opciones para reducir los riesgos relacionados con el plomo. En la mayoría de los casos, la pintura con base de plomo que esté en buenas condiciones no es peligrosa.

ES CIERTO QUE: Remover incorrectamente la pintura con base de plomo puede aumentar los riesgos para su familia.

Si cree que su casa podría tener algún riesgo relacionado con el plomo, lea este folleto para aprender algunos pasos sencillos para proteger a su familia.

El plomo entra al organismo de muchas maneras

El envenenamiento infantil con plomo continúa siendo un gran problema de salud ambiental en los Estados Unidos.

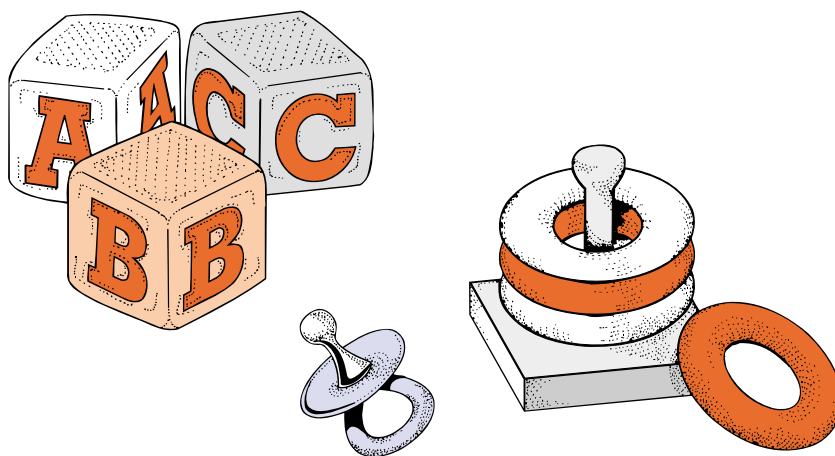
Aun los niños que parecen sanos pueden tener niveles peligrosos de plomo en sus organismos.

El plomo puede entrar en el organismo si:

- ◆ Inhalan el polvo de plomo (especialmente durante las renovaciones que alteran las superficies pintadas).
- ◆ Se llevan a la boca las manos u otros objetos cubiertos con polvo de plomo.
- ◆ Comen partículas de pintura o tierra que contiene plomo.

El plomo es aún más peligroso para los niños que para los adultos ya que:

- ◆ El cerebro y el sistema nervioso de los niños son más sensibles a los efectos dañinos del plomo.
- ◆ El cuerpo en crecimiento de los niños absorbe más plomo.
- ◆ Los bebés y los niños pequeños se llevan las manos y otros objetos a la boca con frecuencia. Dichos objetos pueden estar cubiertos de polvo que contiene plomo.



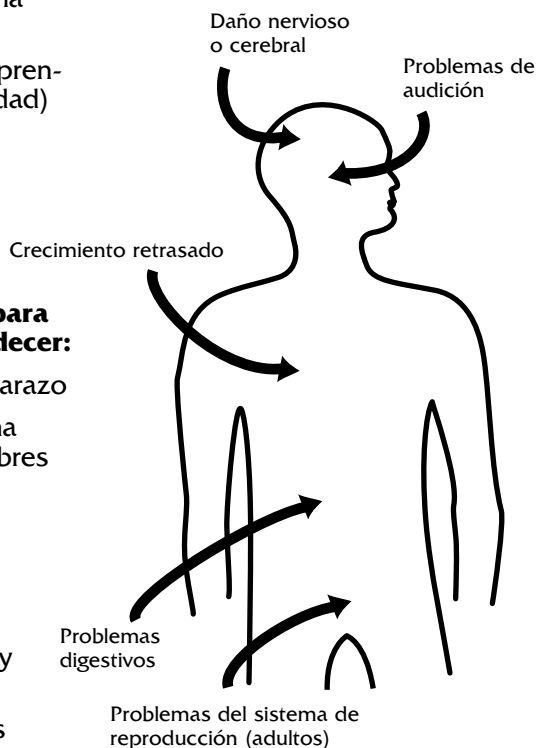
Los efectos del plomo

Si no se detectan pronto, los niños que tienen niveles altos de plomo en sus organismos pueden sufrir:

- ◆ Daños al cerebro y al sistema nervioso
- ◆ Problemas de conducta y aprendizaje (tal como hiperactividad)
- ◆ Crecimiento retrasado
- ◆ Problemas de audición
- ◆ Dolores de cabeza.

El plomo también es dañino para los adultos. Éstos pueden padecer:

- ◆ Dificultades durante el embarazo
- ◆ Otros problemas del sistema reproductor (tanto los hombres como las mujeres)
- ◆ Presión alta
- ◆ Problemas digestivos
- ◆ Padecimientos nerviosos
- ◆ Problemas con la memoria y la concentración
- ◆ Dolores musculares y de las articulaciones.



***El plomo
afecta al
organismo
de muchas
maneras.***

Dónde se encuentra la pintura con base de plomo

Generalmente, entre más vieja sea su casa, la posibilidad de que tenga pintura con base de plomo será mayor.

Muchas viviendas construidas antes de 1978 tienen pintura con base de plomo. El gobierno federal prohibió la pintura con base de plomo en las viviendas en 1978. Algunos estados dejaron de usarla aun antes. El plomo puede encontrarse en:

- ◆ Casas en la ciudad, el campo o los suburbios.
- ◆ En apartamentos, casas y viviendas privadas o públicas.
- ◆ Dentro y fuera de la casa.
- ◆ En la tierra alrededor de la casa. (La tierra puede recoger plomo de la pintura exterior u otras fuentes tales como la gasolina con plomo que se usaba en el pasado, en los automóviles.)

Para realizarle exámenes de plomo a su familia

Haga que examinen a sus niños y su casa si cree que ésta tiene niveles altos de plomo.

Para reducir la exposición de sus niños al plomo, realícele un examen a su niño y a su casa (especialmente si la pintura de su casa está en malas condiciones y se construyó antes de 1978), y arregle los riesgos que puedan existir. El nivel de plomo en la sangre de los niños tiende a incrementarse con rapidez entre los 6 y 12 meses de edad, y tiende a llegar al nivel más alto entre los 18 y 24 meses de edad.

Consulte a su médico para que le aconseje cómo examinar a sus niños. Un sencillo análisis de sangre puede detectar el nivel alto de plomo. Los análisis de sangre se recomiendan generalmente a:

- ◆ Los niños de 1 y 2 años de edad.
- ◆ Los niños u otros miembros de la familia que hayan estado expuestos a niveles altos de plomo.
- ◆ Los niños que deben examinarse bajo el plan local o estatal de exámenes médicos.

Su médico puede explicarle los resultados de las pruebas y decirle si es necesario realizar más análisis.

Identificando los peligros del plomo

La pintura con base de plomo generalmente no es peligrosa si está en buenas condiciones, y no lo es en una superficie de impacto o fricción, como una ventana. El gobierno federal lo define como la pintura con niveles de plomo superiores o iguales a 1.0 miligramos por centímetro cuadrado, o más de 0.5% de peso.

La pintura con base de plomo deteriorada (descascarándose, picándose, pulverizándose o partiéndose) es un riesgo y necesita atención inmediata. También puede ser un riesgo si se encuentra en superficies que los niños puedan morder o que reciban mucho desgaste. Estas áreas incluyen:

- ◆ Ventanas y marcos.
- ◆ Puertas y marcos.
- ◆ Escaleras, pasamanos, barandas y patios.

El **polvo de plomo** puede formarse al lijar o raspar en seco o al calentar la pintura con base de plomo. También puede formarse el polvo cuando las superficies pintadas se golpean o frotan entre sí. Las partículas y el polvo que contienen plomo pueden acumularse en superficies y objetos que las personas tocan. El polvo de plomo que se ha posado puede volver a mezclarse con el aire cuando las personas aspiran, barren o caminan sobre el mismo. Se han establecido las siguientes dos normas federales para los riesgos de plomo en el polvo:

- ◆ 40 microgramos por pie cuadrado ($\mu\text{g}/\text{pie}^2$) y más alto en los pisos, incluyendo los pisos alfombrados.
- ◆ 250 $\mu\text{g}/\text{pie}^2$ y más alto en las repisas de las ventanas.

El **plomo en la tierra** puede ser un riesgo al jugar los niños en tierra descubierta o cuando las personas meten tierra en la casa con los zapatos. Las siguientes dos normas federales se han establecido para los riesgos de plomo en la tierra de las residencias:

- ◆ 400 partes por millón (ppm) y más alto en las áreas de juego de tierra descubierta.
- ◆ 1,200 ppm (promedio) y más alto en la tierra descubierta del resto del jardín.

La única forma de descubrir si existen riesgos de plomo en la pintura, el polvo y la tierra es realizando pruebas. La página siguiente describe los métodos más comúnmente usados.

Tanto el plomo de las partículas de pintura que se pueden ver, como el polvo de plomo, el cual no siempre se puede ver, pueden ser un grave peligro.

Para revisar si su casa tiene plomo

Saber que su casa tiene pintura con base de plomo podría no decirle si hay peligro.



Usted puede hacer que examinen si hay algún riesgo relacionado con el plomo en su casa de una de dos maneras, o de ambas maneras:

- ◆ Una **inspección** de la pintura le dará el contenido de plomo de cada tipo diferente de superficie pintada en su casa. No le dirá si la pintura es un riesgo o cómo deberá atenderla.
- ◆ Una **evaluación de riesgo** le dirá si existe alguna fuente grave de exposición al plomo (tal como pinturas descascarándose y polvo que contiene plomo). También le dirá qué acciones debe realizar para atacar estos riesgos.

Contrate a un profesional certificado, bien capacitado que usará una variedad de métodos confiables al examinar su casa, tales como.

- ◆ Inspección visual de las condiciones y la ubicación de la pintura.
- ◆ Una máquina portátil de fluorescencia por rayos X (XRF).
- ◆ Pruebas de laboratorio de las muestras de la pintura, el polvo y la tierra.

Existen normas establecidas para garantizar que el trabajo se realice de modo seguro, confiable y con eficacia. Comuníquese con el programa estatal para la prevención del envenenamiento con plomo para obtener más información. Llame al **1-800-424-LEAD** para obtener una lista de contactos en su área.

Los estuches caseros para pruebas de plomo están disponibles, pero puede ser que no siempre sean precisos. Los consumidores no deben atenerse a estas pruebas antes de hacer renovaciones o para garantizar la seguridad.

Lo que puede hacer ahora para proteger a su familia

Si sospecha que su casa tiene algún riesgo relacionado con el plomo, puede tomar algunas medidas inmediatas para reducir el riesgo a su familia:

- ◆ Si alquila la casa, infórmele al propietario si hay pintura descascarándose o picándose.
- ◆ Limpie inmediatamente las partículas de pintura.
- ◆ Limpie semanalmente los pisos, los marcos de ventanas, los alféizares y las demás superficies. Use un trapeador o una esponja con agua tibia y un limpiador para usos múltiples o uno hecho específicamente para plomo. RECUERDE: NUNCA MEZCLE PRODUCTOS DE AMONÍACO CON BLANQUEADORES YA QUE PUEDEN FORMAR GASES PELIGROSOS.
- ◆ Enjuague completamente las esponjas y los trapeadores después de limpiar áreas sucias o con polvo.
- ◆ Lávele con frecuencia las manos a los niños, especialmente antes de que coman, antes de las siestas y antes de irse a dormir.
- ◆ Mantenga limpias las áreas de juego. Lave con regularidad los biberones, chupones, juguetes y animales de peluche.
- ◆ No permita que los niños muerdan los marcos de las ventanas ni las demás superficies pintadas.
- ◆ Límpiense o quítese los zapatos antes de entrar a la casa para evitar meter el plomo de la tierra.
- ◆ Asegúrese de que los niños coman alimentos nutritivos, bajos en grasa y altos en hierro y calcio, tales como las espinacas y los productos lácteos. Los niños con una dieta buena absorben menos plomo.



Cómo reducir los riesgos relacionados con el plomo en el hogar

Remover incorrectamente la pintura con plomo puede aumentar el riesgo para su familia ya que esparce aún más el polvo de plomo en la casa.

Siempre use los servicios de un profesional que esté capacitado para remover plomo de modo seguro.



Además de la limpieza diaria y la buena nutrición:

- ◆ Usted puede reducir **temporalmente** los riesgos relacionados con el plomo tomando medidas como la reparación de las superficies pintadas que estén dañadas y plantar césped para cubrir la tierra que tiene niveles altos de plomo. Estas medidas (llamadas “controles provisionales”) no son soluciones permanentes y necesitarán atención continua.
- ◆ Para remover **permanentemente** los riesgos relacionados con el plomo, usted debe contratar a un contratista certificado para que “remueva” el plomo. Los métodos para remover (o eliminar permanentemente el peligro) incluyen la eliminación, el sellado o revestimiento de la pintura con base de plomo con materiales especiales. El pintar simplemente sobre el riesgo con una pintura común no lo remueve permanentemente.

Siempre contrate a una persona con capacitación especial en la corrección de los problemas con plomo—alguien que sepa cómo realizar este trabajo en forma segura y que tenga el equipo apropiado para limpiar minuciosamente. Los contratistas certificados contratarán trabajadores calificados y seguirán reglas estrictas de seguridad según lo dicta el estado o el gobierno federal.

Una vez que se termine el trabajo, deben repetirse las actividades de limpieza del polvo hasta que las pruebas indiquen que los niveles de plomo están por debajo de:

- ◆ 40 microgramos por pie cuadrado ($\mu\text{g}/\text{pie}^2$) en los pisos, incluyendo los pisos alfombrados;
- ◆ 250 $\mu\text{g}/\text{pie}^2$ y más alto en las repisas de las ventanas y
- ◆ 400 $\mu\text{g}/\text{pie}^2$ en los canales de la ventana.

Llame a su agencia local (vea la página 11) para obtener ayuda para localizar contratistas certificados en su localidad y para enterarse si hay ayuda financiera disponible.

Remodelación o renovación de una casa que tiene pintura con base de plomo

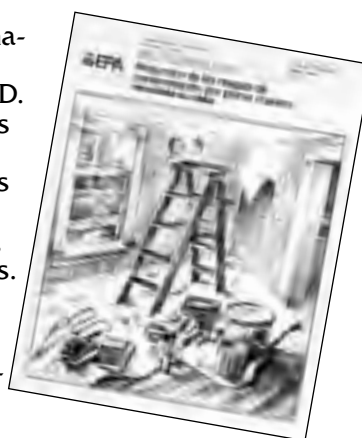
Tome medidas de precaución antes de que el contratista o usted comience la remodelación o cualquier renovación que alterará las superficies pintadas (tales como el raspado de la pintura o la demolición de paredes):

- ◆ **Haga que examinen el área por si hay pintura con base de plomo.**
- ◆ **No use una lijadora de correa, un soplete de gas propano, una pistola de calor, un raspador seco o papel para lijar en seco** para remover la pintura con base de plomo. Estas acciones pueden crear grandes cantidades de gases y polvo que contiene plomo. El polvo que contiene plomo puede permanecer en su hogar mucho tiempo después de finalizar el trabajo.
- ◆ **Mude temporalmente a su familia** (especialmente los niños y las mujeres embarazadas) a otro sitio fuera del apartamento o la casa hasta que se termine el trabajo y el área se limpie correctamente. Si no puede cambiar de lugar a su familia, por lo menos selle completamente el área de trabajo.
- ◆ **Siga otras medidas de seguridad para reducir el riesgo relacionado con el plomo.** Usted puede encontrar información acerca de otras medidas de seguridad llamando al 1-800-424-LEAD. Pida el folleto "Reducing Lead Hazards When Remodeling Your Home (Reducción de los riesgos relacionados con el plomo al remodelar su casa)". Este folleto le explica qué hacer antes, durante y después de las renovaciones.

Si ya terminó las renovaciones o la remodelación de su casa y existe la posibilidad de que se haya emitido pintura o polvo con base de plomo, haga que examinen a sus niños pequeños y siga los pasos que se indican en la página 7 de este folleto.



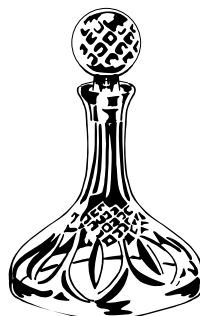
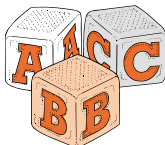
Si no se realizan correctamente, ciertos tipos de renovación pueden liberar el plomo de la pintura y el polvo al aire.



Otras fuentes de plomo



Aunque la pintura, el polvo y la tierra tienen los riesgos relacionados con plomo más comunes, existen también otras fuentes de plomo.



- ◆ **El agua potable.** Su casa podría tener tuberías de plomo o con soldadura de plomo. Llame al departamento local de salud o al proveedor de agua para averiguar cómo examinar el agua. El plomo no puede verse, olerse ni tiene sabor, y el hervir el agua no eliminará el plomo. Si cree que sus tuberías tienen plomo:
 - Use agua fría para beber y cocinar.
 - Deje correr el agua durante 15 a 30 segundos antes de beberla, especialmente si no se ha usado el agua durante algunas horas.
- ◆ **El trabajo.** Si trabaja con plomo, podría traerlo a su casa en las manos o en la ropa. Báñese y cámbiese la ropa antes de volver a casa. Lave la ropa de su trabajo por separado del resto de la ropa de la familia.
- ◆ **Los juguetes y muebles** viejos pintados.
- ◆ Alimentos y líquidos almacenados en **crystal de plomo** o **cerámica** o **porcelana con esmalte de plomo**.
- ◆ **Los hornos de fundición de plomo** u otras industrias que emiten plomo al aire.
- ◆ **Los pasatiempos** que usan plomo, tales como los cacharros, cerámicas, pinturas y tintes, pintar en vidrio o refinar muebles.
- ◆ **Los remedios** caseros que contengan plomo, tales como “greta” y “azarcón” que se usan para tratar padecimientos estomacales.

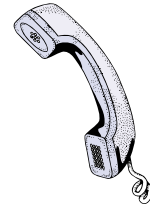
Para obtener más información

Centro Nacional de Información Sobre el Plomo

Llame al **1-800-424-LEAD (424-5323)** para averiguar cómo proteger a los niños del envenenamiento por plomo y para otra información sobre los riesgos relacionados con el plomo. Para acceder a información acerca del plomo mediante la red mundial de Internet, visite

www.epa.gov/lead y **www.hud.gov/offices/lead**.

Para las personas con impedimentos auditivos, llame al Servicio Federal de Retransmisión de Información al **1-800-877-8339** y pida el Centro Nacional de Información sobre el Plomo al **1-800-424-LEAD**.

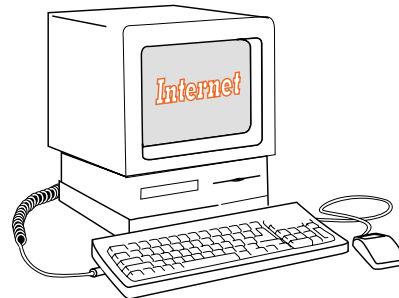


Línea directa de agua potable segura de EPA

Llame al **1-800-426-4791** para obtener información acerca del agua potable.

Línea directa de la Comisión de seguridad de los productos de consumo (CPSC)

Para pedir información relacionada con el plomo en los productos de consumo, o para denunciar un producto de consumo inseguro o una lesión relacionada con un producto llame al **1-800-638-2772** o visite el sitio de Internet de CPSC: **www.cpsc.gov**.



Agencias del Medio Ambiente y de Salud

Algunas ciudades, estados y tribus tienen sus propias reglas para las actividades relacionadas con pintura con base de plomo. Consulte con su agencia estatal para ver si existen leyes estatales o locales que le correspondan. La mayoría de las agencias estatales también pueden proporcionarle información para conseguir una compañía para remover la pintura con plomo en su área, y para conseguir posibles fuentes de ayuda financiera para la reducción de los riesgos relacionados con el plomo. Reciba la última información en direcciones y números telefónicos de contactos locales o estatales por Internet en **www.epa.gov/lead** o comuníquese con el Centro Nacional de Información sobre el Plomo al **1-800-424-LEAD**.

Oficinas Regionales de la Agencia de Protección Ambiental (EPA)

Su oficina regional de EPA puede proporcionarle más información relacionada con las regulaciones y los programas de protección contra el plomo.

Oficinas Regionales de EPA

Región 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Contacto regional para el plomo
U.S. EPA Region 1
Suite 1100 (CPT)
One Congress Street
Boston, MA 02114-2023
1 (800) 372-7341

Región 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

Contacto regional para el plomo
U.S. EPA Region 2
2890 Woodbridge Avenue
Building 209, Mail Stop 225
Edison, NJ 08837-3679
(732) 321-6671

Región 3 (Delaware, Maryland, Pennsylvania, Virginia, Washington DC, West Virginia)

Contacto regional para el plomo
U.S. EPA Region 3 (3WC33)
1650 Arch Street
Philadelphia, PA 19103
(215) 814-5000

Región 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Contacto regional para el plomo
U.S. EPA Region 4
61 Forsyth Street, SW
Atlanta, GA 30303
(404) 562-8998

Región 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Contacto regional para el plomo
U.S. EPA Region 5 (DT-8)
77 West Jackson Boulevard
Chicago, IL 60604-3666
(312) 886-6003

Región 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Contacto regional para el plomo
U.S. EPA Region 6
1445 Ross Avenue, 12th Floor
Dallas, TX 75202-2733
(214) 665-7577

Región 7 (Iowa, Kansas, Missouri, Nebraska)

Contacto regional para el plomo
U.S. EPA Region 7
(ARTD-RALI)
901 N. 5th Street
Kansas City, KS 66101
(913) 551-7020

Región 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Contacto regional para el plomo
U.S. EPA Region 8
999 18th Street, Suite 500
Denver, CO 80202-2466
(303) 312-6021

Región 9 (Arizona, California, Hawaii, Nevada)

Contacto regional para el plomo
U.S. EPA Region 9
75 Hawthorne Street
San Francisco, CA 94105
(415) 947-4164

Región 10 (Alaska, Idaho, Oregon, Washington)

Contacto regional para el plomo
U.S. EPA Region 10
Toxics Section WCM-128
1200 Sixth Avenue
Seattle, WA 98101-1128
(206) 553-1985

Oficinas Regionales de CPSC

Su oficina regional de CPSC puede proporcionarle más información relacionada con los reglamentos y la seguridad de los productos de consumo.

Centro Regional del Este

Consumer Product Safety Commission
201 Varick Street, Room 903
New York, NY 10014
(212) 620-4120

Centro Regional del Oeste

Consumer Product Safety Commission
1301 Clay Street, Suite 610-N
Oakland, CA 94612
(510) 637-4050

Centro Regional Central

Consumer Product Safety Commission
230 South Dearborn Street, Room 2944
Chicago, IL 60604
(312) 353-8260

Oficina de Asuntos Relacionados Con el Plomo de HUD

Comuníquese con la Oficina de control de riesgos relacionados con el plomo y hogares saludables para obtener más información acerca de los reglamentos relacionados con el plomo, esfuerzos de alcance comunitario y los programas de control de los riesgos relacionados con el plomo y estipendios para investigación.

Departamento de Desarrollo Urbano y de la Vivienda de los Estados Unidos (HUD)

U.S. Department of Housing and Urban Development
Office of Healthy Homes and Lead Hazard Control
451 Seventh Street, SW, P-3206
Washington, DC 20410
(202) 755-1785

Pasos sencillos para proteger a su familia en contra de los riesgos relacionados con el plomo

Si cree que su casa tiene niveles altos de plomo:

- ◆ Haga que examinen a sus niños pequeños para determinar el nivel de plomo, incluso si parecen estar saludables.
- ◆ Lávele con frecuencia las manos a los niños, los biberones, los chupones y los juguetes.
- ◆ Asegúrese de que los niños coman alimentos nutritivos y bajos en grasa.
- ◆ Haga que examinen su casa para descubrir riesgos relacionados con el plomo.
- ◆ Limpie con regularidad los pisos, los marcos de las ventanas y las demás superficies.
- ◆ Limpie la tierra de los zapatos antes de entrar en su casa.
- ◆ Hable con el propietario para que le arregle las superficies con pintura descascarada o picada.
- ◆ Tome medidas para evitar la exposición al polvo que contiene plomo al remodelar o renovar su casa (llame al 1-800-424-LEAD para obtener consejo).
- ◆ No use lijadoras de banda, sopletes de gas propano, pistolas de calor, raspadores en seco ni lijas de papel en seco en las superficies pintadas que pudieran tener plomo.
- ◆ No trate de remover usted mismo la pintura con base de plomo.



Reciclado/Reciclable

Impreso con tintas con base de aceite vegetal en papel reciclado (con un mínimo de 50% de materiales previamente usados) procesado sin cloro.



Exhibit I



Exhibit J

NSP-3 PROJECT COST							
Project Name (address):							
Final sale amount:							\$ 125,000.00
Acquisition amount:						\$ 115,290.25	
Total construction rehab expenses:						\$ 26,881.00	
Total maintenance & soft expenses:						\$ 1,107.18	
Total developer's fees						\$ 12,500.00	
Total disposition fees						\$ 3,841.80	
Profit/Loss:							\$ (34,620.23)
Acquisition							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt date
2/1/2012	Acquisition	Chicago Title	Wire	JE 0212-157	\$ 114,885.56	\$ 114,885.56	2/9/2012
2/2/2012	As-Is Appraisal	Gomes	He36E2nd	350990	\$ 400.00	\$ 400.00	2/27/2012
2/17/2012	FedEx-Delivery of Escrow Papers	FedEx	7-794-55373	351416	\$ 4.69	\$ 4.69	3/1/2012
Subtotal					\$ 115,290.25	\$ 115,290.25	
Rehabilitation							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt Date
7/11/2012	Trade Mark Construction	RHA	Imperial 10	366013	\$ 23,747.40	\$ 23,747.40	7/26/2012
7/11/2012	Trade Mark Construction - Change Order 1	RHA	Imperial 10	366013	\$ 495.00	\$ 495.00	7/26/2012
pending	Trade Mark Construction - 10% Retention	RHA			\$ 2,638.60	\$ 2,638.60	
Subtotal					\$ 26,881.00	\$ 26,881.00	
Maintenance & Soft Costs							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt Date
4/19/2012	IID 3/2/12-3/19/12	RHA	Imperial 3	366013	\$ 28.70	\$ 28.70	7/26/2012
6/6/2012	IID 3/20/12-4/17/12	RHA	Imperial 5		\$ 7.13	\$ 7.13	
7/11/2012	IID 4/18/12-5/16/12	RHA	Imperial 10	366013	\$ 7.13	\$ 7.13	7/26/2012
7/11/2012	IID 5/17/12-6/15/12	RHA	Imperial 10	366013	\$ 7.13	\$ 7.13	7/26/2012
4/19/2012	HPUD Water/Sewer/Trash 3/5/12-3/25/12	RHA	Imperial 3	366013	\$ 76.77	\$ 76.77	7/26/2012
6/6/2012	HPUD Water/Sewer/Trash 3/25/12-4/24/12	RHA	Imperial 5		\$ 115.16	\$ 115.16	
7/11/2012	HPUD Water/Sewer/Trash 4/24/12-5/24/12	RHA	Imperial 10	366013	\$ 115.16	\$ 115.16	7/26/2012
6/12/2012	Interest charge	RHA	Imperial 8	366013	\$ 48.00	\$ 48.00	7/26/2012
3/20/2012	Roof Inspection & Pest Control	RHA	002-NSP		\$ 195.00	\$ 195.00	
4/19/2012	IV Press-Bid Invitation	RHA	Imperial 3	366013	\$ 214.57	\$ 214.57	7/26/2012
7/11/2012	IV Press-Notice Inviting Contractors	RHA	Imperial 10	366013	\$ 292.43	\$ 292.43	7/26/2012
Subtotal					\$ 1,107.18	\$ 1,107.18	
Developer Fee							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt Date
1/31/2012	Acquisition Fee	RHA	2012-103	350673	\$ 2,000.00	\$ 2,000.00	2/22/2012
7/2/2012	Project Mgmt Fee	RHA	2012-492		\$ 4,000.00	\$ 4,000.00	
7/2/2012	Contract & Reporting Fee	RHA	2012-492		\$ 2,000.00	\$ 2,000.00	
7/3/2012	Marketing & Buyer Coordination Fee	RHA	2012-494		\$ 4,500.00	\$ 4,500.00	
Subtotal					\$ 12,500.00	\$ 12,500.00	
Disposition (re-sale)							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt Date
7/5/2012	Closing costs				\$ 3,841.80	\$ 3,841.80	
Subtotal					\$ 3,841.80	\$ 3,841.80	
Total					\$ 147,120.23	\$ 159,620.23	

Staff Time							
Inv Date	Cost Description	Vendor	Invoice #	Check/JE	Budget	Amount	Pmt Date
	Payroll						
	Payroll						
Grand Total						\$	



Exhibit K

EXHIBIT "K" – Program Application Form

County of Imperial NSP3 First Time Homebuyer Program Application

The County of Imperial NSP3 First-time Homebuyer Program provides deferred-payment, low-interest loans to assist low and very-low income families to purchase a qualified home in the NSP3 target areas of Imperial County.

Please complete the form and fax it, along with all supporting financial documentation (see checklist below), to **(760) 482-4900**. Alternately, you may mail or deliver the application to the following address:

County of Imperial
Attn: Community and Economic Development
940 West Main Street, Suite 203
El Centro, CA 92243
Fax: (760) 337-8907

After receiving your application and all required supporting documentation, the County will determine whether or not you are eligible for assistance through the First-Time Homebuyer Program. The County will notify you of your eligibility status. If it determined that you are eligible for assistance, the County will assist you in finding an eligible home and a primary lender. Further questions about the process or conditions of the NSP3 First-Time Homebuyer Program may be directed to the Imperial County Community & Economic Development office at (760) 482-4900.

Application Checklist

Please include the following financial information for each household member who is over the age of 18. The County may request additional documentation of your income after reviewing your application.

- | | |
|--|---|
| <input type="checkbox"/> 2008, 2009, and 2010 W-2s | <input type="checkbox"/> 2008, 2009, and 2010 1040 forms |
| <input type="checkbox"/> Savings account statement(s), last 2 months | |
| <input type="checkbox"/> Proof of income for the last three months, last 6 Social Security award letters, etc. | <input type="checkbox"/> Checking account statement(s), last 3 months |
| <input type="checkbox"/> Divorce documents, showing child support and alimony | <input type="checkbox"/> Benefits statements (e.g., pension, Social Security) |



Maximum Income by Household Size

To qualify for the First-Time Homebuyer Program, the household income must be equal to or less than the amount shown below for the number of persons in the household. The table below reflects the current (2010) income limits. These income limits are annually updated by HUD.

Maximum Income by Number of Persons in Household							
2011							
1	2	3	4	5	6	7	8
\$48,075	\$54,900	\$61,800	\$68,625	\$74,175	\$79,650	\$85,125	\$90,600

COUNTY OF IMPERIAL NSP-3 FIRST-TIME HOMEBUYER PROGRAM APPLICATION

APPLICANT INFORMATION						
Last Name:		First Name:		M.I.:		
Street Address:		City:		State:		
Social Security Number:	Gender: __M __F	Disabled: __Y __N		Birth Date:		
Employer Name:			Employer Phone:			
Employer Street Address:		City:		State:		
Owned a home in the last 3 years? __Y __N						
CO-APPLICANT INFORMATION						
Last Name:		First Name:		M.I.:		
Street Address:		City:		State:		
Social Security Number:	Gender: __M __F	Disabled: __Y __N		Birth Date:		
Employer Name:			Employer Phone:			
Employer Street Address:		City:		State:		
Owned a home in the last 3 years? __Y __N						
HOUSEHOLD COMPOSITION (List the head of your household and all persons who live in your home. Give relationship of each person to head.)						
Full Name	Relationship to Applicant			Date of Birth		



INCOME INFORMATION				
	Applicant - Monthly	Applicant - Annual	Co-applicant - Monthly	Co-applicant - Annual
Wages, Salaries, etc.	\$	\$	\$	\$
Tips or Commission	\$	\$	\$	\$
Social Security	\$	\$	\$	\$
Retirement Funds	\$	\$	\$	\$
Unemployment Benefits	\$	\$	\$	\$
Worker's Compensation	\$	\$	\$	\$
Alimony, Child Support	\$	\$	\$	\$
Welfare Payments	\$	\$	\$	\$
Other:	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

	Self	

ASSET INFORMATION				
Type	Cash Value	Annual Income from Assets	Bank Name	Account No.
Checking Accounts	\$	\$		
	\$	\$		
Savings Accounts	\$	\$		
	\$	\$		
Stocks	\$	\$		
Investment Real Estate	\$	\$		



Other:	\$	\$		
	\$	\$		
	\$	\$		
TOTAL	\$	\$		

LIABILITY INFORMATION (list outstanding obligations including auto loans, credit cards, charge accounts, credit union loans, personal loans, real estate loans, etc.)				
Type	Monthly Payment	Unpaid Balance	Creditor's Name	Due Date
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
TOTAL	\$	\$		

The information provided above is true and complete to the best of my/our knowledge and belief. I/We consent to the disclosure of such information for purposes of income verification related to my/our application for financial assistance. I/We understand that any willful misstatement of material fact will be grounds for disqualification.

Applicant _____

Date _____



Co-Applicant

Date

Race and Ethnicity Form

This information is confidential and is only used for government reporting purposes to monitor compliance with equal opportunity laws. This information will not affect your eligibility for the program that you are applying to. Please note that self-identification of race/ethnicity is voluntary.

Name: _____

<i>Ethnic Categories</i>	Select One
Hispanic or Latino	
Not-Hispanic or Latino	
<i>Racial Categories</i>	Select All that Apply
American Indian or Alaska Native	
Asian	
Black or African American	
Native Hawaiian or Other Pacific Islander	
White	
Other	



County of Imperial

NSP-3 First Time Homebuyer Program

Information Release From

To Whom It May Concern:

I/We authorize the County of Imperial, and any credit reporting agency utilized by the County of Imperial to verify any information necessary in connection with a down payment assistance loan application, including, but not limited to, the following:

1. Credit History
2. Bank Accounts
3. Employment and Income
4. Benefits

Authorization is further granted to use of photographic copy of my/our signature(s) below to obtain information regarding any of the aforementioned items.

Applicant	Signature
-----------	-----------

Social Security Number	Date of Birth
------------------------	---------------

Co-Applicant	Signature
--------------	-----------

Social Security Number	Date of Birth
------------------------	---------------

Name	Signature
------	-----------

Social Security Number	Date of Birth
------------------------	---------------

Name	Signature
------	-----------

Social Security Number	Date of Birth
------------------------	---------------





Exhibit L

Exhibit “L” – Income Limits Table

Imperial County – 2013 NSP Income Limits Effective December 2012			
Household Size	Very Low Income 50% of AMI	Low Income 80% of AMI	Middle Income 120% of AMI
1	20,100	32,100	48,150
2	22,950	36,700	55,000
3	25,800	41,300	61,900
4	28,650	45,850	68,750
5	30,950	49,550	74,250
6	33,250	53,200	79,750
7	35,550	56,900	85,250
8	37,850	60,550	90,750



Exhibit M

INCOME DETERMINATION WORKSHEET

Client Name:	
Address:	

ASSETS

NOTE: Attach all source documents, third party verifications, and all calculations used to complete this form.

Household Member	Asset Description	Actual Cash Value of Assets	Annual Income from Assets

Total Net Family Assets.....	3	\$0	
Total Actual Asset Income.....			4. \$0
If Line 3 is greater than \$5000.00 multiply by 2% (passbook rate) enter here, if not enter 0			5. \$0

ANTICIPATED ANNUAL INCOME

Household member	Annual Wages/Salaries	Annual Benefits/Pensions	Annual Public Assistance	other (Annual Income)	Comments
6. Totals	a. \$0	b. \$0	c. \$0	d. \$0	e. \$0
7. Enter total of items from 6a. Through 6e. This is Annual Income.....					\$0

Number of Household members: 1 80% of Median Income \$32,450

ELIGIBLE

Signature of Official

2/18/2013 17:32

Date:

Signature of 2nd Reviewer

Signature of ICCED Manager



Exhibit N

**DISCLOSURE TO SELLER WITH VOLUNTARY
ARM'S LENGTH PURCHASE OFFER NOTICE**

DECLARATION

This is to inform you that _____ would like to purchase the property located at _____, _____, CA, if a satisfactory agreement can be reached. We are prepared to pay \$ _____ for a clear title to the property under conditions described under the attached purchase offer.

Because Federal funds may be used for the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____ **[buyer name]** _____, thru the agency, the County of Imperial, will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency, the City of Paramount, will not use the power of eminent domain to acquire the property.

Since the purchase would be a voluntary, arm's length transaction, you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the purchase offer, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to assist in its acquisition. If you are willing to sell the property under the conditions described in the attached purchase offer, please sign the offer and return it to the purchaser's sales agent.

Additionally, please sign and return the attached acknowledgement, confirming that you have received a copy of this notice. If you have any questions regarding this matter, please contact **[name] at (xxx) xxx-xxxx.**

Sincerely,

[name]

Attachment

Buyer's Printed Name	Buyer's Signature	Date
Buyer's Printed Name	Buyer's Signature	Date

**DISCLOSURE TO SELLER WITH VOLUNTARY
ARM'S LENGTH PURCHASE OFFER
(Page 2 of 2)**

Acknowledgement

As the Seller I/we understand that the City of Paramount, or its representatives, will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City of Paramount's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

- ☐ Vacant at least 3 months
- ☐ Owner-occupied
- ☐ New
- ☐ Being Purchased by Occupant

ACKNOWLEDGEMENT OF RECEIPT OF ARM'S LENGTH PURCHASE OFFER NOTICE

I/we hereby certify that I have read and understand this "Declaration " and ☐ a copy of said Notice was given to me prior to the offer to purchase.

If received after presentation of the purchase offer, I/We choose

- ☐ to withdraw, or
- ☐ not to withdraw, from the Purchase Agreement.

I hereby acknowledge by my signature below that I have received a copy of the "Arm's Length Purchase Offer Notice"

_____ Seller's Printed Name	_____ Seller's Signature	_____ Date
_____ Seller's Printed Name	_____ Seller's Signature	_____ Date



Exhibit O

EXHIBIT "O" – Notice To Sellers of Existing Homes

This offer to purchase your property located at _____, is subject to the following terms and conditions:

- 1) The purchase price offered in the Purchase agreement is one percent below the Buyer's best estimate of the fair market value for this property. The offer is conditioned upon an appraisal made by a licensed appraiser and paid for by the Seller. Should the appraisal be for a value equal to or lower than the offer, the offered amount shall be reduced to 1% below the amount of the appraisal. If the amount of the appraisal is unacceptable to the Seller, he shall have the right to cancel the contract with no further obligations to the Buyer.
- 2) A pest inspection of your property shall be required and any work required to correct existing conditions shall be made prior to the close of escrow. Said repairs and re-inspection shall be made at the expense of the Seller.
- 3) Smoke detectors shall be installed in all the bedrooms and family rooms.
- 4) Water heater installation shall meet current building codes and seismic requirements.
- 5) House shall meet, as a minimum standard requirement, the Section 8 Housing Quality Standards as well as all applicable local codes and health and safety standards.
- 6) Any roof leaks, plumbing leaks, broken windows or broken doors must be repaired or replaced prior to the close of escrow.
- 7) Lead Based Paint Abatement. If your home was built before 1978 you will be required to have your home inspected by an Imperial County Building Department Inspector or an authorized representative under contract with the County. All defective paint must be abated at the expense of the Seller and abatement must be performed by a State Licensed Abatement Contractor according to abatement guidelines (24CFR35.1325 et seq) and included in the HUD publication "*Lead-Paint Safety, a field guide for painting, home maintenance, and renovation work*".

When all repairs have been made to the property, the appraiser will re-inspect the property to insure that all the above conditions have been met. Seller shall furnish the appraiser with copies of all receipts for work done to correct the above requirements.

Seller(s) herein acknowledge receipt of this Notice:

Seller _____ Date _____

Seller _____ Date _____





Exhibit P

**NEIGHBORHOOD STABILIZATION
PROGRAM (NSP)**

NSP PROPERTY FILE - Section 1

Property Information – Due Diligence – Feasibility Review

I. Property Information and County Due Diligence

- ☐ Printout of Listing (type): MLS / NCST / HomePath / HomeSteps / Other: _____
- ☐ Property Profile Year Built: _____ SHPO Required: ☐ Yes ☐ No
- ☐ SHPO Request Date Sent: _____
- ☐ SHPO Determination Date Received: _____ SHPO Clearance: ☐ Yes ☐ No
- ☐ NSP Appraisal (Date): _____ Appraisal Value: \$ _____

II. Environmental

Program Documentation inclusive of the Statutory Worksheet, Rehabilitation Environmental Review Form, Notice of Intent, and Request for Release of Funds are contained within the Administration Project File. The Program RROF provides that each property to be acquired under this program will be reviewed using the Appendix A and Level of Environmental Review (LOR) forms to address Statutory Worksheet "B" factors.

- ☐ LOR Form Date Signed: _____
- ☐ RER Appendix A Form Date Signed: _____
- ☐ Statutory Worksheet Convert to Exempt: ☐ Yes ☐ No
- ☐ Lead Based Paint Required: ☐ Yes ☐ No
- ☐ Visual Assessment/Lead Safe Housing Rule (pre-1978)
- ☐ Asbestos Required: ☐ Yes ☐ No ☐ TBD
- ☐ Lead Based Paint Report Order Date: _____ Receipt Date: _____
- ☐ Asbestos Containing Materials Report Order Date: _____ Receipt Date: _____
- ☐ Phase I Report Ordered (Date): _____ Received (Date): _____

III. Property Eligibility and Feasibility Review

- ☐ NSP Target Area Map with Property Location No. of Units: _____

Check appropriate qualifying status and indicate verification documentation on file

- ☐ Foreclosed ☐ Abandoned ☐ Vacant
- ☐ Blighted (requires formal declaration of blight under H&S § 33030-33031)

Verification: _____

- ☐ Broker's Professional Opinion (BPO) Date: _____ Value: \$ _____
- ☐ Preliminary Title Report
- ☐ Verification of Property Vacancy
- ☐ Property Inspection Report
- ☐ Preliminary Rehabilitation Cost Estimate
- ☐ Preliminary Project Development Budget
- ☐ Draft Notice of Voluntary Acquisition
- ☐ Property Acquisition Determination by Grantee

**NEIGHBORHOOD STABILIZATION
PROGRAM (NSP)**

NSP PROPERTY FILE - Section 2
Acquisition Documentation

- I. ☐ Initial Offer (Date): _____ Price: \$ _____
- II. ☐ Final RPA Executed (Date): _____ Price: \$ _____
- III. ☐ NSP Occupancy Certification from Initial Successor in Interest
- IV. ☐ Seller's Disclosures
- V. ☐ Preliminary Title Report (Refer to Section 2)
- VI. ☐ Escrow Documents
- VI. ☐ Acquisition Correspondence
- VII. ☐ Estimated Closing Statement
- VIII. ☐ Wire Transfer Request Date: _____ Amount: \$ _____
- IX. ☐ Credit/Refund from Escrow Amount: \$ _____
- X. ☐ Final Closing Statement Final Purchase Cost: \$ _____
- XI. ☐ Recorded Grant Deed
- XII. ☐ Title Insurance Policy (Binder) Issued By: _____ Dated: _____
- XIII. ☐ Hazard Insurance Binder with County as added insured
- Direct-Charge County Acquisition Costs \$ _____

- I. ☐ Work Description and Bid Proposal Form
- II. ☐ Pre-Bid Estimate for Proposed Scope of Work
- III. ☐ Procurement Documentation (minimum of 3 bids for all contracted activities)
- IV. ☐ Notice of Contract Award
- V. ☐ Contract Conditions Documentation
 - ☐ Liability Insurance w/County/Agency as added insured
 - ☐ Copy of Contractor's License
 - ☐ Workman's Compensation Insurance
 - ☐ EPA Certification (if contracted after April 22, 2010) for firm and renovators
 - ☐ Contractors' State License Board Verification Printouts for Company and Owners
 - ☐ DUNS Number
 - ☐ SAM (Debarment) Clearance for Company and Owners
 - ☐ W-9 Certificate
 - ☐ County Business License
 - ☐ Subcontractor Listing w/DUNS Numbers
 - ☐ Contractors' State License Board Verification Printouts for Company and Owners
 - ☐ SAM (Debarment) Clearance for Company(ies) and Owners
- VI. ☐ Copy of Construction Contract
- VII. ☐ Copies of all Permits and Approvals
- VIII. ☐ Copy of Change Order(s)
 - ☐ Corresponding pre change order scope of work and estimate of cost
 - ☐ Photo documentation of change order items
- IX. Environmental Remediation Documentation (when applicable)
 - ☐ Lead Based Paint
 - ☐ Service request for environmental testing services
 - ☐ LBP Survey Report
 - ☐ Copy of Risk Assessor's DHS Certification
 - ☐ DHS 8552
 - ☐ DHS Certifications/Training confirmation for each supervisor and worker on site
 - ☐ Photo Verification of Posting of DHS 8551 – Notification of Lead Hazards Abatement
 - ☐ LBP Contractor Close-out Documentation (certificate of completion, AQMD and Owner notifications, and chain of custody and completed waste manifest information)
 - ☐ LBP Clearance Test Report
 - ☐ Copy of Clearance Risk Assessor's DHS Certification

**NEIGHBORHOOD STABILIZATION
PROGRAM (NSP)**

NSP PROPERTY FILE - Section 3
Rehabilitation

☐ Asbestos

☐ Service request for environmental testing services

☐ Limited Asbestos Survey Report

☐ Verification of Abatement Contractor DOSH Certification

☐ Asbestos Abatement Contractor Close-out Documentation (certificate of completion, AQMD and Owner notifications, and chain of custody / completed waste manifest)

☐ Air Monitoring Report _____

X. ☐ Copy of Progress Inspection Reports (dated/signed by County Representative and Contractor)

XI. ☐ Progress Inspection Photographs

XII. ☐ Final Inspection Report (dated/signed by County Representative and Contractor)

XIII. ☐ Energy Efficiency Units Installed – Summary Form

XIV. ☐ Progress Payment and Final Lien Releases

XV. ☐ Progress Payments

☐ Progress Payment Invoice(s)

☐ Progress Payment Approvals for Payment

☐ Copies of Progress Payments (warrants/checks)

XVI. ☐ Recorded Notice of Completion for this Property

XVII. Total Direct Rehabilitation Costs for this property: \$ _____
(Supported by Invoices)

**NEIGHBORHOOD STABILIZATION
PROGRAM (NSP)****NSP PROPERTY FILE - Section 4
Resale and Homebuyer Eligibility****1. Determination of Resale Price**

- ☐ Post Rehabilitation Appraisal
☐ Total Development Cost Summary Form Sales Price Limited to \$185,000
☐ Correspondence denoting Grantee Approved Sales Price: \$ _____

2. Application:

- ☐ Application Form
☐ General Conditions Form
☐ Photo Identification
☐ Verification of Household size (entered and affirmed by signature in application)
☐ Confirmation of Receipt of Lead-Based Paint Informational Pamphlets

3. Income and Financial Documentation:

- ☐ Federal Income Tax Forms, or ☐ Non-Filing Affidavit
☐ Copy of three (3) months consecutive Payroll Check Stubs
☐ Copy of three (3) months consecutive Bank Statements
☐ Other approved financial documentation _____
- ☐ Release of Information Form
☐ IRS 4506T ☐ Tax Return Transcript
☐ Employment Verification Request ☐ Employment Verification Response
☐ Part 5 Income Determination Worksheet

Income Determination – Part 5 Income Determination Method		
Income Category	Amount	Documentation Date (Oldest)
Earnings from Employment	\$ _____	
Earnings from Pension/Retirement/Social Security	\$ _____	
Other:	\$ _____	
Other:	\$ _____	
Total Assets	\$ _____	
Income Derived from Total Assets (calculated as the actual income produced by the asset, or if non-income producing, then @ HUD passbook rate). If over \$5,000, consider total asset amount in calculation, if \$5,000 or under, enter zero.		\$ _____
Total Annual Gross Income		\$ _____
Household Size		
<input type="checkbox"/> Extremely Low ($\leq 30\%$ AMI) Income Limit: \$ _____ Year _____		
<input type="checkbox"/> Low (31% to $\leq 50\%$ AMI) Income Limit: \$ _____ Year _____		
<input type="checkbox"/> Moderate (51% to $\leq 80\%$ AMI) Income Limit: \$ _____ Year _____		
<input type="checkbox"/> Middle (81% to $\leq 120\%$ AMI) Income Limit: \$ _____ Year _____		
Household Eligibility Approval Date: _____		

4. Demographic Summary:

Head of Household: ☐ Male ☐ Female Age of Head of Household: _____
Ethnicity: _____ Race: _____

5. Buyer Financing Eligibility Review

- ☐ Preliminary Buyer Eligibility Determination Worksheet
- ☐ Credit Report(s) Average Credit Score: _____
- ☐ Applicant approval to seek Primary Loan Funding (by Grantee)

6. Primary Lender Loan Review

- ☐ Letter of Primary Lender funding commitment Maximum primary loan amount: \$ _____
- ☐ Primary Lender Good Faith Estimate
- ☐ Rate and Loan terms review

7. HFA Loan Review

- ☐ "Gap" Financing Worksheet
- ☐ Grantee HFA Loan Determination Approved HFA Loan Amount: \$ _____

8. Purchase Documentation

- ☐ Signed Purchase Agreement
- ☐ Escrow Instructions Estimated Closing Date: _____
- ☐ Vesting Instructions

9. Conditions to Escrow Closing

- ☐ Final review of Preliminary Title and title exceptions
- ☐ Preparation of Grantee Loan Documents Transmittal Date to Escrow: _____
 - ☐ Grantee Deed of Trust
 - ☐ Grantee Promissory Note
 - ☐ Fair Lending Notice
 - ☐ Truth-In-Lending Disclosure Statement
 - ☐ Good Faith Estimate
 - ☐ Covenant Agreement
 - ☐ Request for Notice
 - ☐ Supplemental Escrow Instructions

10. Post-Escrow Closing

- ☐ Seller and Buyer Settlement Statement (HUD-1)
- ☐ Title Report reflecting transfer of title to buyer, recorded Grantee Deed of Trust and Covenant Agreement
- ☐ Original Promissory Note Date Transmitted to Depository: _____
- ☐ Recorded Deed of Trust Date Transmitted to Depository: _____
- ☐ Recorded Covenant Agreement

- ☐ Recorded Request for Notice
- ☐ Tax Service Account
- ☐ Hazard Insurance with Grantee as loss payee

11. Monitoring

- ☐ Monitoring Status Log
- ☐ Annual Monitoring Request Forms
- ☐ Homeowner Supporting Residency Documentation



Exhibit Q

Administering Single-Family Home Ownership Programs

A Resource Guide for the Imperial County
NSP III Program Staff





Outline

1. Real Property
2. Mortgage Finance
3. Loan Underwriting
4. Consumer Disclosures
5. Incorporating Public Subsidies
6. Additional Home Buyer Assistance
7. Closing Process

Part I: Real Property Overview

- What is Real Property?
- How is Real Property Transferred?
- How is Real Property Insured?
- How is Real Property Sold?
- How Are Real Property Sales Settled?
- How is Real Property Financed?



What is Real Property?

- Any property that includes ownership of land.
- As opposed to personal property which does not include land.
- Anything connected to the land is considered real property – a tree with roots in the ground is real property, a tree in a movable planter is personal property.
- A mobile home that sits on rented land is personal property. A manufactured home with a foundation tied to the land is real property.
- “Fee Simple” real property ownership is the best kind as it includes all of the rights an owner would normally expect (e.g. improve, use for any lawful purpose, include in estate, transfer, gift, sell, etc.).
- Residential purchase contracts should be clear about what is real property (included in the sale) and which is considered by the seller to be personal property (excluded from the sale) e.g. the dining room chandelier – is it real or personal property?

How is Real Property Transferred?

- A grant deed passed from seller to buyer transfers the legal interest (ownership) of real property.
- A grant deed does not need to be recorded to be enforceable, but a recorded deed will have legal priority over an unrecorded deed.
- All contracts involving real property must be in writing to be enforceable (statute of frauds) – no oral agreements. Hence the need for multiple contract amendments during a purchase escrow.
- When real property is transferred the new owner(s) declares how title will be held: sole or multiple ownership.
- Sole Ownership: Single-Man/Woman or Unmarried Man/Woman
- Multiple ownership: Joint Tenants (community property) or Tenants in Common.

How is Real Property Insured?

- Hazard insurance, sometimes called fire or homeowners insurance protects against all natural and man-made disasters except earthquake and flood. Hazard insurance is a financing contingency. In a condominium, the HOA's master insurance policy includes hazard insurance.
- Flood insurance may be required if the property is located in a federally-designated flood zone.
- Earthquake insurance is optional (but recommended).
- Title insurance (owner's and lender's) guarantees that the buyer has the ownership interest described in the preliminary title report. The one-time premium is paid at closing.
- Home warranties cover common household repairs, not required but recommended.
- "Walls In" or HO6 insurance is required for condominium purchases.
- Mortgage life insurance is never required but frequently marketed to new homeowners.

How is Real Property Sold?

- A written purchase agreement is required, nothing verbal is enforceable.
- Every agreement requires an offer, an acceptance and consideration to make it valid.
- The Residential Purchase Agreement (RPA) created by the California Association of Realtors is the standard agreement used.
- The buyer (or agent of buyers) sends signed RPA with proposed offer price and terms to seller (or agent of seller) – this is the offer.
- Buyers can make multiple offers at the same time.
- Must be signed by all buyer(s) and seller(s) to valid. Corporate sellers (e.g. REOs) need evidence that individuals who signs on behalf of corporation is authorized to do so.
- Buyer must deliver consideration (“Earnest Money” or “Good Faith” deposit) to the settlement agent to make the contract binding.

How Are Real Property Sales Settled?

- In California real property sales are settled through escrow companies.
- Escrow companies are state licensed and bonded and act as a neutral closing agent representing both buyer and seller.
- Escrow companies hold deposits, verify satisfaction of contract conditions, obtain reports, order insurance, maintain a complete record of the transaction, prepare buyer and seller settlement statements, prepare documents, and handling loan document signings.
- It is the custom that the seller chooses the escrow company, but, technically, the buyer can choose the escrow but if the seller does not agree, the sale could be lost. Most REO companies have bulk contracts with escrow companies.
- Escrow companies may not be familiar with public agency down payment assistance programs and it can help expedite the closing when communication occurs early in the process regarding the agency's requirements and funding process.

How is Real Property Financed?

- In California a lender's financial interest in real property is secured through a recorded deed of trust – we use the word “mortgage” but actually they are not used in California.
- A lender can foreclose on a deed of trust by following statutory requirements for notification and thereby avoid the time and expense of a court-ordered sale.
- Deeds of trust are recorded in priority - the most senior lien takes the least risk because they will be paid first in foreclosure. When a senior lien holder forecloses, they eliminate all subordinate liens holders.
- Real property financing sources include: a) property sellers (they carry note for the buyer); b) private money lenders; c) institutional lenders including savings banks, commercial banks, mortgage banks; d) mortgage brokers; and e) public agencies.
- In California all “purchase money” mortgages are “non-recourse”, the buyer is pledging only the underlying real property, there is no personal guarantee.

Part 2: Mortgage Finance Overview

- What is the Source of Mortgage Money?
- Who are Freddie Mac and Fannie Mae and What is the Secondary Mortgage Market?
- How Are Mortgage Interest Rates Set?
- What are Mortgage Discount Points and Yield Spread Premiums?
- What is a Conventional / Conforming Mortgage?
- What is a Government Insured Loan?
- What is the Purpose of Mortgage Insurance?
- What Are Community Lending Products?



What is the Source of Mortgage Money?

- The world-wide capital market is constantly seeking to invest money in a way that maximizes both return and security.
- US mortgage-backed securities (bundles of individual mortgage) can be an attractive investment that attract capital from foreign governments, pension funds, mutual funds, wealthy individuals and other capital market players.
- Individual mortgage loans are also held as investments by portfolio lenders and private investment funds.

What is the Secondary Mortgage Market?

- The secondary mortgage market – Freddie Mac & Fannie Mae – “Link Main Street to Wall Street” by pooling individual mortgage loans into securities where interest and principal payments to purchasers of the securities are guaranteed.
- Prior to the invention of the secondary mortgage market, mortgage capital was limited to funds held on deposit in savings banks. This restricted growth in the housing market and concentrated credit and interest rate risk.
- Freddie Mac and Fannie Mae are Government Sponsored Enterprise. (GSE), private companies with the public purpose and charter. The implied federal guarantee on their mortgage securities resulted in them being placed in conservatorship during the mortgage crisis.

How Are Mortgage Interest Rates Set?

- Mortgage interest rates change constantly throughout the business day as capital market investors seek the best investment returns balanced with safety and soundness.
- There are two basic types of investments: stocks and bonds. Stocks offer higher returns and higher risk. Bonds offer lower returns and lower risk. Mortgage Backed Securities are part of the bond market.
- In times of uncertainty, investors will move capital to the bond market because they seek safety. This allows bond sellers to offer lower yields which in turn results in lower interest rates.
- In confident times, investors will move money to the stock market where higher returns are available. In order to attract the investors back, bond sellers have to raise yields which results in high mortgage interest rates.
- Bottom line.....Good Times and Happy News = Higher Mortgage Interest Rates & Bad Times and Sad News = Lower Mortgage Interest Rates.

What Are Discount Points & Yield Spread Premiums?

- The “par” interest rate offered by a lender is the pure rate demanded by the secondary mortgage product at a particular point in time for a particular type of mortgage.
- If a borrower wants an interest rate lower than the par rate, then they have the option of pre-paying interest upfront at closing. This is called “paying points” Example:
 - The par rate is 4.00% but the borrower wants 3.75% and agrees to pay one percent of the loan amount upfront as a fee to the lender for accepting the lower interest rate.
- If a borrower is willing to accept an interest rate higher than the par rate, they are rewarded with a credit from the lender at closing which can be applied to their settlement costs. This is called a yield spread premium.
 - The part rate is 4.00% but the borrower is willing to accept 4.25% which will result a closing credit equal to one percent of the purchase price.

What is Conventional / Conforming Loan?

- A Conventional / Conforming loan is one that is saleable on the secondary mortgage market to Freddie Mac or Fannie Mae.
- A Conventional / Conforming loans is underwritten in accordance with secondary market guidelines with respect to loan amount, loan-to-value and credit quality.
- A non-conforming loan is not saleable on the secondary market and is considered a portfolio loan.

What is A Government Insured Loan?

- Government insured loans include FHA, VA and USDA Rural Housing loans.
- These loans carry an explicit guarantee from a federal government agency.
- The loans themselves are originated by private lenders who apply to the applicable government agency for the guarantee on the loan.
- The lender warrant to the government agency that the loans have been originated to agency's guidelines.
- With the government guarantee in place, the loan is considered “investment quality” and can be sold on the secondary mortgage market.

What is Mortgage Insurance?

- Mortgage insurance provides protection to investors in mortgages where the initial loan-to-value ratio exceeds 80%. From a buyer's perspective mortgage insurance is an alternative to a large down payment.
- Conventional loans require mortgage insurance whenever the LTV exceeds 80%. FHA loans require mortgage insurance regardless of the LTV (FHA is mortgage insurance).
- For FHA loans there are two components to the mortgage insurance: The Upfront Mortgage Insurance Premium which is 1.75% of the loan amount which is added to the loan balance and the Monthly Mortgage Insurance Premium which is 1.25% of the loan amount.
- For Conventional loans the premium is about 0.95% of the loan amount can be paid monthly, upfront as a single-premium or by the lender through a higher interest rate.
- Mortgage insurance can be cancelled on a conventional loan when the LTV reaches 80% and on an FHA loan when the LTV reaches 77% and after five years.

What Are Community Lending Products?

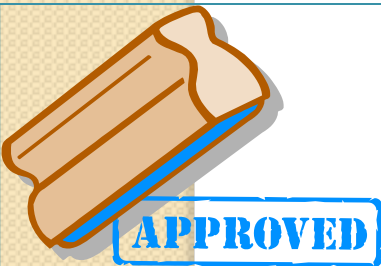
- FHA 203(b)
 - 96.50% LTV and 105% CLTV
 - All of the down payment can come from DAP funds.
 - Expanded qualifying ratios, up to 50% with AU approval
 - Minimum FICO scores as low as 620 and qualify two years after a BK (with re-established credit)
 - Up to 3% seller credit can be applied to buyer's closing costs.
 - Alternative credit references can be used to qualify buyers without established tradeline credit history.

Community Lending Products Continued

- Fannie Mae My Community Mortgage
 - 97% LTV and 105% CLTV
 - 620 minimum credit scores
 - Single qualifying ratio of 45%
 - All of the down payment can come from DAP funds.
 - Alternative credit references can be used.
- Freddie Mac Home Possible
 - 95% LTV and 95% CLTV
 - 620 minimum credit score
 - Single qualifying ratio of 45%
 - Grant funds can be used for down payment, but not loan proceeds.

Part 3: Mortgage Underwriting Basics

- The Three “C”s of Mortgage Underwriting: Capacity, Credit and Collateral.
- How is a Borrower’s Capacity Evaluated?
 - Eligible Sources of Qualifying Income, Debt-to-Income Ratios, Evaluating Borrower Assets for Down Payment and Reserves
- How is a Borrower’s Credit Reputation Measured?
 - FICO Credit Scores, Automated Underwriting, Impact of Derogatory Credit History, Manual Underwriting and Non-Traditional Credit
- What is Sufficient Collateral?
 - Loan-to-Value Ratios, Appraisal Reports, Home Value Code of Conduct



Capacity, Credit & Collateral

- For underwriting purposes the, quality of a mortgage loan is measured by:
 - ✓ The capacity of the borrower to pay the loan based on the stability of their income, debt levels and assets.
 - ✓ The credit reputation of the borrower as measured by their past credit performance.
 - ✓ The adequacy of the collateral to cover the mortgage obligation.

Evaluating Borrower Capacity

- Is the borrower's income stable? Will it likely continue for at least three more years? Acceptable sources of income include:
 - Wages from full-time employment in the same line of work (not necessarily the same employer) over the last two years.
 - Permanent government benefits (not temporary disability, unemployment benefits, welfare payments, foster care income, etc.)
 - Wages from a part-time job, must have worked part-time for at least two years and one year with the current employer.
 - Variable income including over-time, commission and bonus income is averaged over a 24 month period.
 - Self-employment or business income is based on the net income paid to the owner after all business deductions are considered, it is the taxable income.

Borrower Capacity Continued

- Once all qualifying income sources have been considered, existing debt obligations have to identified. These include:
 - Auto loans and auto leases
 - Minimum required monthly payments on revolving debt (credit cards)
 - Student loan payments (even if deferred).
 - Child support and alimony payments
 - Other installment loan payments.
- The general underwriting guideline is that all debt obligations including the new housing payment (PITI) should not exceed 45% of the gross monthly income. Higher or lower maximums may apply in certain situations.

Borrower Capacity Continued

- Borrowers must demonstrate that they have sufficient assets to cover the down payment, closing costs and reserves.
- All borrower assets must be documented and verified.
- Cash is not an asset.
- Funds held in the borrower's personal accounts for at least two months do not need to be further sourced.
- Gift funds must be sourced, supported by a gift letter and traced from the giftor to the borrower.
- Sourcing and documenting borrower funds is currently one of the biggest underwriting challenges.
- Un-sourced cash deposits can disqualify a borrower.

Evaluating Credit Reputation

- A tri-merged mortgage credit report with FICO credit scores is required.
- The high and low scores are ignored and the middle credit score must be at least 620 or higher.
- If there is a prior BK, then at least two years of re-established credit are required for an FHA loan, four years for conventional.
- Generally all collection and charged-off accounts must be paid prior to or through the closing process.
- Borrowers with no tradeline credit history can be qualified using alternative credit references. But alternative credit is not a substitute for bad credit.

Evaluating the Collateral

- A residential appraisal report is required for all conventional and government insured purchase money mortgages.
- A licensed independent appraiser randomly selected through an Appraisal Management Company makes a determination of the current market value of the home by using a comparative sales approach.
- Recent sales of comparable homes in the same market are used to determine the value of the subject property.
- Adjustments (up and down) to the value are made based on factors such as location, property condition, and amenities. However, the greatest weight is given to bedroom and bath count and the square footage of the home and lot.
- Non-permitted improvements done in a workman like way are generally not a problem but no value can be given for these improvements.
- Recently “flipped” homes owned by the seller for less than 90 days can be a problem for FHA loans.

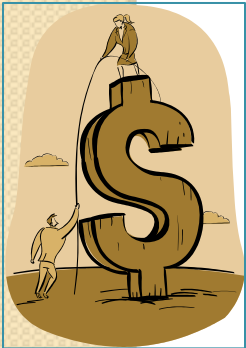
Part 4: Consumer Disclosures

- What Are Standard Mortgage Loan Disclosures?
 - Essential: Good Faith Estimate and Truth-in-Lending, Settlement Statement (HUD-1)
 - Supplemental: Fees Worksheet, Cash-to-Close Worksheet, Settlement Providers List, Anti-Steering Disclosure, Fair Lending, Misc.
- What Are Standard Real Estate Disclosures?
 - Seller / Agent Disclosure Statements, Natural Hazard Disclosure Report, Home Inspection, Preliminary Title Report, Agency Relationship



Part 5: Incorporating Down Payment Assistance Programs

- Can Public Agency DAP Funds Be Used as a Substitute for Borrower Equity?
 - Differences Between FHA, Fannie Mae, and Freddie Mac Guidelines.
- What are the Maximum Loan-to-Value and Combined Loan-to-Value Ratios?
- What Terms and Conditions for DAP Loans Are Acceptable and What is the Lender Approval Process?



Using DPA Funds

- If repayment is deferred for at least five years, the DPA loan is not counted in the DTI calculations.
- Even though local government agency typically stipulate a minimum borrower contribution, DAP funds can satisfy all of the down payment requirement for FHA 203(b) and Fannie Mae My Community Mortgage. Freddie Mac's Home Possible requires at least a 5% contribution from the borrower or acceptable gift funds.
- Both FHA and FNMA allow a maximum CLTV of 105% so closing costs can be financed with DPA funds. However, check with HUD representative about CLTV financing beyond 100% in NSP programs.

DAP Guidelines for Secondary Market Acceptance.

- The source of DAP funds must be a governmental entity or a non-profit organization determined by HUD to be an instrumentality of government.
- The provider of DAP financing can not also be the seller of the home.
- Repayment of principal and interest must be deferred for at least five years.
- Deed restrictions and covenants can not be designed or intended to survive foreclosure by a senior lien holder.
- Accrued interest can not cause negative amortization of the overall financing and equity sharing arrangements must be proportional to the DAP provider's investment.
- CLTV maximums will apply even if only a resale restriction is recorded and not a deed of trust or mortgage instrument.

Part 6: What Additional Programs Are Available to NSP Buyers?

- California Housing Finance Agency CHDAP Loan – additional subordinate financing equal to 3% of the home purchase, can be subordinate to the NSP loan or other local DAP.
- Mortgage Credit Certificates – Acts to boost buying power by increasing qualifying income.
- WISH Program – A forgivable DAP loan that matches borrower contribution 3 to 1 up to \$15K.
- CHF Platinum Program – Provides a grant equal to 3% of the FHA loan amount which can be applied to borrower's down payment requirement (can't be combined with DAP assistance).

Part 7: The Escrow Closing Process



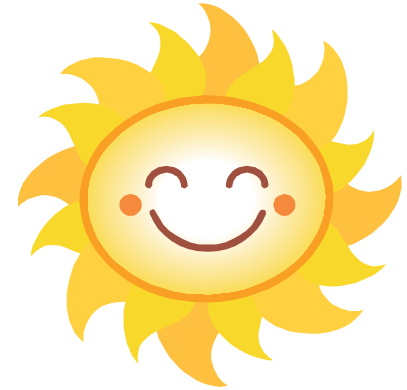
Contingency Period

- Is This the Right Deal for Me?
- Good Faith Deposit
- Home Inspection Completed
- Preliminary Title Report Released
- Seller / Agent Disclosures
- Natural Hazard Disclosures
- Good Faith Estimate / Truth-in-Lending
- First Mortgage Loan Terms Finalized
- Public Funds Committed
- Deposit Refundable



Processing Phase

- All prior-to-doc conditions cleared, e.g. letters of explanation, additional documentation, signatures, etc.
- Purchase contract amendments finalized (e.g. seller repair credits, etc.)
- Most frustrating phase, takes longer than anyone wants.
- Close is not good enough! Everything has to be perfect.
- Cancellation now could result in some or all of buyer's deposit forfeited.



Closing

- Final walk-through inspection.
- Loan documents signed
- Final estimated HUD released.
- Closing funds deposited.
- Loans are funded to title company.
- Escrow confirms that all terms of the escrow are satisfied.
- Grant Deed and Deed of Trust are recorded.
- Closing funds disbursed
- Final HUD-1 Released



For More Information

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EXHIBIT 5

COUNTY OF IMPERIAL, CALIFORNIA NEIGHBORHOOD STABILIZATION PROGRAM (NSP3)

HOMEOWNERSHIP PROGRAM MANUAL



August 1, 2011

Funded by the U.S. Department of Housing and Urban Development

*Approved by:
Imperial County Board of Supervisors
August 16, 2011*

NSP3 Homeownership Program Manual

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- X. Pricing of Homes and Development Subsidies
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- XVI. Homebuyer Financial Assistance Program
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- A. Sample RFP/Development of NSP Units (Ownership)
- B. Rehabilitation/Construction Standards
- C. Vicinity Hiring Policy

IMPERIAL COUNTY

NSP 3 Homeownership Program Manual

I. Purpose

The purpose of this Manual is to govern acquisition, development and sale of single family properties funded by the Neighborhood Stabilization Program (NSP3) Agreements between the U. S. Department of Housing and Urban Development (HUD) and Imperial County, California.

The Manual includes policies and procedures to be followed regarding eligible uses of NSP funds, property acquisitions, project underwriting, rehabilitation/construction, marketing, intakes/applications, income certifications, and other related issues.

II. Definitions

Applicant: A person or persons who have applied to the county for purchase of an NSP-assisted housing unit.

Affordability Period: NSP requires long-term affordability of properties which receive NSP investment based on the amount of investment. The period ranges from 5 – 15 years. Buyers who are approved for a Homebuyer Financial Assistance loan will have 30-year terms.

Blighted Structure: HUD has defined a blighted structure when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. In HUD's October 19, 2010 Notice, grantees must also define blighted structures in the context of state or local law. As such Section 33030 and 33031 of the Amended State of California Health and Safety Code (January 1, 2007) apply.

Developer: An NSP developer subject to an NSP Agreement with Imperial County and the presumed owner of the properties under development unless otherwise noted. The property may be transferred to another entity only with the advance written permission of the Grantee, and if such a transfer occurs, the term "Developer" herein applies to any successor owner starting at the time date of the transfer. However, the term Developer as used in this Manual applies only to an entity qualified to be a designated Developer under the NSP program, and not to an NSP co-grantee or sub-recipient.

Grantee: Imperial County, California.

Homebuyer Counseling: Homebuyer Counseling is defined as a minimum of eight (8) hours of homebuyer counseling from a HUD approved counseling agency.

Maximum Sales Price: In compliance with HERA §2301(d)(2), the maximum sales price of a unit utilizing NSP funds shall be the lesser of the cost to acquire and redevelop or rehabilitate the home or the after rehabbed appraised value.

NSP: The Department of Housing and Urban Development (HUD)'s Neighborhood Stabilization Program, established by the Housing and Economic Recovery Act of 2008 to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. Additional funding for an "NSP2" program was authorized by Title XII of Division A of the American Recovery and Reinvestment Act of 2009. NSP3 was authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010. For more information, see the NSP website: <http://hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/>.

NSP Agreement: An agreement entered into by Grantee and Developer for the purpose of funding and carrying out NSP-eligible activities on one or more NSP-eligible properties.

NSP Property: A residential property that is rehabilitated constructed or reconstructed pursuant to Developer's agreement with Grantee.

NSP Single-Family Unit: A dwelling unit in a one-to-four family unit property

NSP Program Budget: The budget attached to an NSP Agreement showing projected development costs and funding for Developer's entire NSP program in the aggregate, including all properties identified at the time the Agreement is executed or pro forma properties to be identified at a later date.

NSP3 Target Area: Those areas of Brawley, Heber, Seeley and Salton City identified in the NSP-3 Abbreviated Plan and Grant Agreement.

Project Funding: Any and all governmental and private funds, including Developer's cash, projected to be used to pay for the costs to carry out the redevelopment of a single NSP-assisted property up to the point of the completion of construction and sale to NSP-eligible homebuyer.

III. Selecting Developers

Developers of NSP projects will be selected through a Request for Proposals (RFP) process. See Appendix A for a sample RFP for Development of Homeownership Projects. A selected developer(s) will enter into an agreement with Grantee to receive NSP loan/grant funds up to certain amounts to develop a certain number of NSP qualified homeownership units.

IV. Key Terms of NSP Financing

Developer's expenditures for program delivery will be limited as follows:

A. Maximum NSP Expenditure Per Dwelling Unit

Developer must receive written approval of a property-specific Project Budget prior to any expenditure. Developer may spend no more than \$300,000.00 of NSP funds on any single dwelling unit, unless Grantee gives written approval to an additional amount due to the strategic value of a property for the NSP program or unforeseen costs that were beyond the control of Developer.

B. Developer Fee Allowed Per Dwelling Unit

See the Agreement between Developer and Grantee.

C. Income Eligibility Requirements

In accordance with section 2301(f)(3)(A) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-329, the Developer will use all NSP funds to assist individuals and families whose incomes do not exceed 120 percent of area median income. The Grantee is responsible for ensuring that 25 percent of the total grant is used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties to house individuals and families whose incomes do not exceed 50 percent of area median income, as required by HERA. The Developer will use NSP funding for individuals and families at or below 50 percent of area median income if required by provisions of the Developer Agreement. Area Median Income calculations used by HUD can be found at <http://www.huduser.org/portal/datasets/il/il2011/2011summary.odn>. The developer is responsible for assuring that accurate and up-to-date income data is used to verify eligibility. Any questions about which income numbers apply should be addressed to the grantee.

D. Allowed Sales Fee or Commission and Marketing Costs

Developer may pay no more than 3% of the sale price per side (seller and buyer) as a commission to a licensed third-party real estate broker.

E. Allowed Amount of NSP Homeowner Financial Assistance per Buyer

NSP Homeowner Financial Assistance per buyer cannot exceed the amounts and must conform to the terms described in Section IX in this Manual.

F. Repayment of Net Proceeds of Sale

Upon sale of an NSP-funded home, Developer will transmit the net proceeds of sale to Grantee. Net proceeds of sale are defined as follows:

1. The sale price of the home;
2. (Minus) the amount of any Homeowner Financial Assistance provided to buyer, as defined herein and described on the settlement statement;

3. (Minus) Developer costs of sale as documented by the settlement statement, including but not limited to real estate broker fees and seller-paid closing costs;
4. (Plus) Any reimbursements to Developer of costs previously paid or reimbursed with NSP funds, such as pro-rated taxes and assessments, utilities, grounds maintenance costs.

G. Reuse of Net Proceeds of Sale

The amount of each repayment to Grantee of net proceeds of sale will only be added to Developer's allocation of NSP funds and be available to Developer to perform additional NSP activities if approved in writing by Grantee during the period of performance in the NSP Agreement. After that period concludes, any remaining allocation to Developer will expire. Such additional allocation amounts are subject to recapture and reallocation by Grantee if Developer fails to perform in accordance with the agreed-upon delivery schedule.

H. Program Income

Developers, as defined in this Manual, are not subject to NSP program income requirements as is the case with NSP grantees, co-grantees and sub-recipients. .

V. Property Acquisition

A. Eligible Properties

Eligible properties must meet the following criteria:

1. Must be located in an NSP3 Target Area(s) indicated in the NSP Agreement and Abbreviated Plan;
2. Must have no substantial adverse environmental factors as determined by an environmental review. See Section G below;
3. Must have no more than four dwelling units on a single property, unless with Grantee's advance approval in writing;
4. Must otherwise be suitable and livable locations for occupancy by NSP-qualified homebuyers. Positive factors to be considered include lack of adverse environmental factors as determined by an environmental review;
5. Must be priced so the final sales price after development does not exceed \$275,000 and no more than \$300,000 of NSP-3 funds are invested per unit;

6. Must be vacant and have no personal possessions on site. If Developer discovers that a property is occupied or has personal possessions on site, Developer must immediately abandon the investigation and inform the seller that the property will not be considered for purchase. On an exception basis and only with advance written permission from Grantee, Developer may investigate an occupied property for possible purchase—in the event of which Developer will be obligated to follow all relocation requirements described in Section VI below;
7. Must be in one or more of the following NSP property categories and only as indicated in the NSP Agreement. For example, Developer may not acquire a vacant or blighted property unless the Agreement allows acquisitions in that category;

a) Foreclosed: The property is at least 60 days delinquent on its mortgage and the owner has been notified; or the property owner is 90 days or more delinquent on tax payments; or under state or local law, foreclosure proceedings have been initiated or completed; or foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, developer, or end user.

b) Abandoned: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, or a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies

c) Vacant: The NSP program does not define the term vacant, but this manual defines a vacant property as one that has been unoccupied for at least 90 days and has no bona fide tenant with rights of occupancy.

d) Blighted: A structure is blighted and qualified for demolition with NSP funds when it exhibits objectively determinable interior and/or exterior signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. To be considered blighted under the terms of any NSP Agreement, the County must declare the structure blighted according to the

definition of blighted structure under the Amended State of California Health and Safety Code Section 33030-33031.

8. At no time will NSP funds be used in an acquisition involving an eminent domain action;
9. Property must be acquired with a valid deed free and clear of all encumbrances. Purchases with any other form of deed or with any lien, deed restriction, land lease or other encumbrance must be approved in writing by Grantee prior to Developer making an offer.

B. Acquisition Objectives for Serving Households at or Below 50% of Area Median Income (AMI)

The NSP program requires that the Grantee spend at least 25% of its NSP award on developing homes and rental units that are reserved for households at or below 50% of AMI. Grantee, in turn, has given quotas for such units to some of its NSP Developers that may be smaller or larger than 25% of the funding allocation to the Developer. Developer's quota, if any, is stated in Developer's NSP Agreement. Because it is crucial that Grantee meet the overall requirement, some or all NSP Developers must designate a sufficient number of properties being acquired as restricted to future occupancy by households at or below 50% of AMI. Further, Developer must give priority to acquiring homes for households at or below 50% of AMI as stated in the NSP Agreement.

C. Property Investigations

Developer is responsible for property investigations and will recoup the costs of investigations through a developer fee, if such fee is indicated in the NSP Agreement. Developer will identify potential properties for acquisition by researching public records, obtaining proprietary data about recent and pending foreclosures, contracting with real estate brokers and/or other effective methods. Prior to making an offer, Developer will complete the following tasks:

1. Inspect the site conditions and structures and complete a preliminary rehab/construction cost estimate in format that is acceptable to the Grantee;
2. Complete a Project Development and Budget that includes all proposed NSP-funded expenses for acquisition, site work, rehab/construction, holding costs, marketing costs, developer fee, relocation if applicable and other soft costs;
3. Obtain an independent appraisal or Broker's Professional opinion (BPO) indicating the as-is market value of the property to determine the cost-

reasonableness of the asking price or proposed offer price. Broker opinion and electronic appraisals are acceptable for the purpose of making offers. Appraiser must be selected from the County's approved list of preselected appraisers;

4. As an alternative to the preliminary appraisal above, obtain a full Uniform Relocation Act (URA)-compliant appraisal if the property is foreclosed upon and Developer plans to execute a purchase agreement on the property within 60 days; however if the purchase is not completed, Developer may not be reimbursed with NSP funds. Developer is encouraged to avoid the expense of multiple full appraisals by requesting a preliminary appraisal by a County approved appraiser to be updated as needed. Full appraisals are valid for 60 days;
5. Verify and document in a property file that the property is vacant and has no personal possessions onsite. Documentation should include a signed and dated inspection report, photos, and notes from interviews with neighbors (if available) indicating the approximate last date of occupancy. If information from neighbors is not available, documentation should include data from a utility company or the Post Office indicating the date of terminating service. The seller must complete a form stating that the property meets all requirements of the URA. See Section VI regarding relocation requirements and protections for tenants in occupied properties;
6. No occupied properties are to be considered, however, in the unlikely event that an occupied property is pursued with Grantee's written approval, send occupants who may be displaced a "General Informational Notice" (GIN) as required by URA. A GIN informs such persons that in the event they are displaced by this project they may be eligible for relocation assistance and payments under the URA (and/or in some cases section 104(d) relocation assistance). GINs should be provided to property occupants early in the property acquisition process and prior to making an offer. Complete a relocation plan prior to making an offer;
7. Comply with the Recovery Act provisions concerning tenant protections applicable to NSP acquisitions of foreclosed property. The Developer must document its efforts to ensure that the initial successor in interest (ISII) in a foreclosed upon dwelling or residential real property (typically, the ISII in property acquired through foreclosure is the lender or trustee for holders of obligations secured by mortgage liens) has provided bona fide tenants with the notice and other protections outlined in the Recovery Act. The Developer will not use NSP funds to finance the acquisition of property from any ISII that failed to comply with applicable

requirements unless the Developer assumes the obligations of such ISII with respect to bona fide tenants. If the Developer elects to assume such obligations, it may only do so if the tenant is still occupying the property and will provide any tenant displaced as a result of the NSP funded acquisition with the assistance outlined in 24 CFR 570.606. If the Developer knows that the ISII did not comply with the NSP tenant protection requirements and vacated the property contrary to the NSP requirements, NSP funds cannot be used to acquire such properties.

VI. Grantee Approval of Property Acquisitions

Developer will follow these procedures in order to obtain Grantee's approval prior to acquiring properties for this program or contributing properties to this program.

1. Transmit electronically a property information package to Grantee that includes the following;
 - a) A detailed rehab work write-up and cost estimate. Rehab estimates will include a 10% contingency line item;
 - b) A development description and Project Development Budget;
 - c) A preliminary appraisal indicating the as-is property value;
 - d) A complete copy of the draft Purchase Agreement with the NSP-required conditional purchase agreement addendum with the NSP approved language which makes the offer conditional upon an approved environmental review and the contract price being at least 1% less than market value as indicated by an appraisal to be obtained by Developer. If the agreement calls for Developer to pay for taxes or other liens or assessments in arrears, those amounts must be added to the contract price for purposes of calculating the discount from market value though unpaid taxes are not an eligible expense under NSP guidelines;
 - e) A copy of the Notice of Voluntary Acquisition that will be transmitted to the seller;
 - f) Evidence that the property is foreclosed, abandoned or vacant;

A. Project Underwriting by Grantee

As stated in the Purposes section, this Program Manual assumes that the Grantee is entering into agreements with developers to acquire, develop and make available for sale single-family properties that are not identified at the time the agreement is executed. Therefore, Grantee cannot underwrite individual projects (a property or multiple properties) until a Developer proposes to acquire certain properties. Grantee is responsible for approving or disapproving acquisitions based on the information provided as required in section V above and the following criteria:

1. Property eligibility for use of NSP funds (addressed above);
2. Compliance with all terms of the Developer Agreement and this Program Manual, which include, but are not limited to, compliance with all applicable NSP regulations;
3. A determination by grantee that the project is feasible in relationship to the following factors:
 - a. The construction/rehab plans and specifications meet program requirements and will result in a homeownership unit;
 - b. The sources of NSP and other acquisition/construction and permanent financing (if required) are firmly committed and adequate to fund all costs of the project.

B. Properties with Primary Structures Requiring Demolition

Offers may not be made on properties on which the primary structure is blighted or beyond repair and therefore requires demolition. Deteriorated accessory buildings that may require demolition must be included in the work write-up and cost. Upon Grantee approval of project work write-ups or plans and specifications, these accessory buildings may be demolished.

C. Purchase Offers

Developer will manage purchase offers as follows:

1. Obtain written approval via email or hard copy from Grantee before presenting the offer;
2. Transmit signed Notice of Voluntary Acquisition to seller;
3. Execute and transmit purchase agreement to seller with the required addendum.

D. Environmental Review

Grantee is responsible, at its own expense, for completing Tier 1 environmental assessments of NSP target areas. Developer will complete a Tier 2, site-specific environmental review (ER), using the following steps:

1. Complete the Grantee's ER form;
2. Submit the completed ER form to Grantee;
3. When Grantee has given written approval or denial of the ER, inform the seller. If the ER is denied, abandon the transaction. Approval must be obtained before releasing the environmental contingency on the offer.

E. Appraisals

1. Developer will obtain an as-is appraisal for all foreclosed properties, as defined in section V(C)(4). For foreclosed properties only, Developer must obtain a full URA compliant appraisal of as-is market value in order to determine if the contract price is at least 1% lower than appraisal. If the appraisal was completed prior to making the offer, it may not be more than 60 days old at the time that the purchase agreement is executed. This appraisal is in addition to any preliminary appraisal completed during the initial property investigation, unless a full appraisal was performed at that time and the full appraisal is not more than 60 days old at the time that the purchase agreement is executed;
2. For any NSP property that will be developed and sold to owner-occupants, Developer will obtain an after-rehab appraisal of market value. This appraisal will be used to establish the sales price of the home, as described in Section IX below, and may be completed at any time prior to the home being priced and offered for sale.

F. Closings

The following procedures will be followed for closings on properties acquired by Developer:

1. Obtain a title policy binder for the property;
2. Complete legal review and approval of the closing documents;
3. Prepare an Acquisition Draw Request and transmit to Grantee along with an electronic copy of the property appraisal;
4. The Draw Request is submitted at least 10 calendar days prior to the scheduled closing date. Draw requests first have to be processed by

Grantee internally, and then require three to four days to process with the U.S. Department of Housing and Urban Development (HUD). The Grantee and Developer will make best efforts to expend the NSP funds within three days of receipt but in no case more than 10 days. Therefore, the number of days in advance of closing is based on Grantee's internal processing time, plus an estimated four days to process and receive the NSP funds, then spending the funds at the closing within three additional days;

5. Confirm that Grantee has wired or otherwise paid the required funds into an escrow account for the closing.

When the closing is completed, assure that Grantee receives copies of the deed and settlement sheet. If Grantee has agreed in advance to a purchase, subject to Developer's payment for liens or other encumbrances, copies of all documents justifying those payments must be transmitted as well. **Developer may also choose to purchase approved properties with funds in its control and then submit an acquisition draw request to the grantee for reimbursement.**

VII. Relocation of Occupants and Tenant Protections

No occupied homes will be approved for purchase. The County has a residential anti-displacement and relocation assistance plan. Federal Uniform Relocation Act requirements must be followed in the event that Developer acquires an occupied property—either inadvertently or with the advance permission of Grantee. In such events, Developer will be required to conduct a survey of occupant(s), create a relocation plan, provide a relocation notice and—if the occupant is qualified—give financial assistance in accordance with URA and HUD rules. In addition, Developer must observe all requirements of federal laws protecting tenants who reside in properties foreclosed on or after Feb. 17, 2009, including without exception allowing a bona fide tenant to remain in residence for the term of the lease or 90 days, whichever is longer.

VIII. Rehabilitation, Construction and Reconstruction

NSP funds used for rehabilitation will comply with all applicable law, codes, and other health and safety requirements. At a minimum the following will govern rehabilitation on an NSP unit:

1. All applicable state and local codes;
2. Rehabilitation activities will include improvements to increase the energy efficiency and conservation of the unit(s).

NSP funds may be used for preservation, improving energy efficiency or conservation, or providing renewable energy source(s). Rehabilitation designs to strategically incorporate modern green building and energy efficiency improvements to provide for long-term

affordability and increased sustainability and attractiveness of housing and neighborhoods are to be encouraged when feasible.

All construction and rehabilitation undertaken by Developer will follow Grantee's Rehabilitation Standards, Specifications and Checklists noted in Appendix B.

A. General Responsibilities

Respective responsibilities of Developer and Grantee are as follows:

1. Developer shall be responsible for preparing plans and specifications (or work write-ups) that conform to program rehab/construction standards, estimating rehab/construction costs, managing contract awards, and managing the construction process. Developer assumes all risks of cost overruns in excess of the construction and contingency budget line item in the previously approved Project Budget, unless Grantee approves a revised Project Budget;
2. Grantee is responsible for approval of project, providing and interpreting Rehab/Construction Standards; approving plans, specifications and estimates for projects; monitoring the work; and approving draw requests.

B. Plans and Specifications

Developer is responsible for completing plans and specifications (or work write-ups) which conform to Grantee's Rehab/Construction Standards (see Appendix B) and which are in a form approved by Grantee. Plans/specifications and work write-ups will include the following:

1. General requirements for which the builder is responsible (permits, fees, mobilization, site utilities, site security, builder's risk insurance, etc.);
2. Site plans, if new structures, fencing, landscaping or other site improvements are being provided;
3. Working drawings and materials specifications, for any new construction or substantial rehabilitation;
4. Rehab work write-ups that show quantity, size, and materials specification for each work write-up item to enable Developer to create accurate cost estimates;
5. For structures built before 1978, the plans and specifications must address remediation of any lead paint or other environmental hazards.

See the Grantee's Rehab/Construction Standards (Appendix B) for required methods of inspection, testing and abatement.

C. Cost Estimates

Developer is responsible for producing cost estimates including overhead and profit in a form approved by grantee, as follows:

1. Rehab cost estimates will be completed in a line-item, work write-up format with one work item per line unless an alternative form of estimate is approved in writing by Grantee;
2. Cost estimates for substantial rehabilitation will be based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently-built or renovated structures;
3. Site improvement cost estimates will be completed for each improvement and based on take-offs of quantities of materials and labor required;
4. Construction work must be competitively bid. The cost estimate will be used to determine the cost reasonableness of bids;
5. Work to be completed by Developer acting as general contractor. The cost estimate for each NSP project must be reviewed by Grantee to determine cost-reasonableness and approved by Grantee. When approved, the cost estimate becomes a schedule of values which is used by Grantee's construction inspector to determine the value of work completed for the purpose of approving draw requests;
6. Likewise, if a contractor has been simply designated and not selected through a competitive bidding process, the price proposal of such contractor must be reviewed by Grantee to determine cost-reasonableness and approved by Grantee. When approved (and possibly amended by Grantee), the price proposal becomes a schedule of values which is used by Grantee's construction inspector to determine the value of work completed for the purpose of approving draw requests.

D. Contract Awards and Contracts

Contracts will be awarded by Developer based on the selection criteria. Copies of all proposals received and the executed contract will be submitted to Grantee electronically prior to the first draw. Construction contracts will be written in a form

selected by the Developer. Developer is required to comply with all federal, state and local laws when contracting with others.

E. Construction Monitoring Inspections

The Grantee's and Developer's roles and responsibilities are as follows:

1. Developer is responsible for monitoring the quality, completeness, and conformity to specifications of all work performed by third party contractors. If the Developer is also the general contractor, the Developer is also responsible for all work performed by Developer's personnel or subcontractors;
2. Grantee must assign a representative or representatives to accompany Developer's representative in all construction meetings, construction draw inspections, and the punch list inspection. Grantee may approve draw requests or deny all or a portion of a draw request for cause. County building inspections must also be current before draws or approvals will be granted.

F. Construction Draws

Construction draw requests will be presented to Grantee on a form approved by the grantee along with lien waivers and any other required attachments described on that form. Construction draw requests may include requests for reimbursement of soft costs in the approved Project Budget, up to the aggregate total amount of the line item budget amounts for construction and soft costs. See other sections of this Program Manual for additional requirements for draws of NSP funds. Grantee is responsible for reviewing, approving and processing draw requests in a timely manner.

G. Change Orders

Developer may approve change orders up to a combined amount equal to the rehab/construction contingency budget line item (10%). Developer is responsible for all construction costs exceeding the contingency budget amount, unless Grantee at its sole discretion approves a revised construction budget and Project Budget and reviews and approves a change order for additional scope of work and costs in excess of the total construction budget.

H. Punch List, Final Inspection and Final Draw

Developer's and Grantee's representatives must jointly approve the punch list during or immediately after the punch list inspection and approve the clearing of punch list items after subsequent inspection(s). All punch list items reasonably required by Grantee must be included. Upon satisfactory completion of the punch list items, and all applicable paperwork, Grantee will issue a notice of final completion to Developer. The final draw will include the payment of any remaining eligible construction costs, construction

retainage, applicable soft costs and the portion of the developer fee payable upon completion of construction.

IX. Funding of Construction Work and Soft Costs

NSP funds are available for funding the construction work and soft costs that are indicated in the Project Budget, up to the NSP funding amounts stated in the Project Budget. Developer is responsible for obtaining other funding indicated in the Project Budget and any additional funding required in the event that costs exceed the total amount of the Project Budget. Developer will follow these procedures with draws of NSP funds:

A. Fees and Interest Payments

Fees and interest payments for lines of credit and construction loans are not eligible costs for reimbursement by Grantee with NSP funds and will not be counted toward the total cost basis of the redevelopment of the property. Grantee's intent is to pay for these costs indirectly through payment of the developer fee.

B. Construction and Soft Costs

Construction costs will be funded by Grantee as follows:

1. If all construction work is carried out by a general contractor or multiple contractors, contractor(s) will prepare a draw request or invoice which indicates a 10% retainage. The aggregate retainage amount for a contractor may be requested after a notice of final completion is received, and presented to Grantee after final completion of the project. Release of retainage prior to receiving notice of final completion will result in a loss of the full retainage amount per property in violation from the Developer fee;
2. If Developer is also acting as general contractor, Developer will follow any special requirements in the NSP Agreement for charging general contractor fees and non-subcontracted construction costs, as well as processing draws. In addition, there will be a 10% retainage for all general contractor and subcontractor costs for each draw, including a retainage on any general contractor fee. The aggregate retainage amount for the general contractor and subcontractors will be included in contractor's final draw request or invoice, which will be presented to Grantee once the punch list has been completed;
3. Requests for NSP funding of soft costs must be accompanied by invoices or other documents from subcontractors or other third parties indicating payment of eligible rehab/construction and soft costs as indicated by the line items in the Project Budget;

4. Developer fees will be paid in three equal installments as indicated in the NSP Agreement—upon acquisition, completion of rehab/construction, and sale of the home. Developer will submit an invoice to Grantee for the fees due upon acquisition and completion of rehab/construction. Developer will be paid the third installment of the developer fee after the project has sold and Developer has provided to Grantee all required documentation regarding the project, ownership transfer, and homebuyer's eligibility;
5. The terms of the contract between the Grantee and Developer determine whether the Developer Fee is calculated as a fixed dollar amount or a percentage of total development costs, not including the fee. However, if the fee is calculated as a percentage, once calculated in the original Project Budget, the fee amounts will be fixed dollar amounts. If actual total project costs exceed or are less than the budgeted amounts, the developer fee will remain the same. The contract also specifies penalties which may be assessed if budget and timelines are exceeded.

X. Pricing of Homes and Development Subsidies

Developer will set an asking price for NSP homes that is the lesser of the after-construction/rehab market (appraised) value, or total development costs.

A. After-Construction/Rehab Market Value

Developer will obtain an after-construction/rehab appraisal as described in Section V (C)(4) above. This appraised value will be the asking price for the home unless it is higher than the estimated total development cost of the home, in which case the price will be the same amount as the total development cost. Total development cost includes all acquisition, rehabilitation/construction and soft costs including the developer fee. The final sales price may also have to take Homebuyer Financial Assistance into account to keep the Combined Loan to Value at or below 100%.

B. Adjustments in Asking Price

If no qualified offer is received within 60 days of first marketing a home, Developer may reduce the asking price by 5%. If no qualified offer is received after final completion followed by 60 days of best efforts in marketing a home, Developer may reduce the original asking price by up to 10%, including previous adjustments, if any. Developer may make additional price reductions only with the written approval of Grantee. In any case, Developer may reduce asking prices only after making diligent and continuous efforts to market and sell a home.

C. Setting and Adjusting the Contract Price

In executing a home sales agreement, Developer may not agree to a contract price that is less than the amounts described above without the written approval of Grantee, except that Developer may amend the contract price in a home sales agreement to be equal to the market value of the home as determined by a first mortgage lender's appraisal.

D. Adjustment in Contract Price

For purposes of NSP compliance, any such reduced prices shall be considered to be the current market value of the home, regardless of the value determined by any prior appraisal. Note that no NSP Home can be sold for more than the total development cost, per NSP rules.

E. NSP Development Subsidy When Investment Exceeds Market Value

When development costs exceed market value, the portion of NSP funds advanced to the project that are above the market value become a development subsidy to the project. Neither the Developer nor the homebuyer is required to repay NSP funds used for an approved development subsidy. (However, the homebuyer will be subject to recapture provisions for the amount of any Homeowner Financial Assistance as defined herein—which subsidizes the contract price of the home and possibly down payment and closing costs.)

F. Determining Market Value, to Establish the Development Subsidy

The development subsidy is calculated with the following formula, according to the HOME program rules that are referenced as a "safe harbor" for the NSP program.

Total development cost
(Minus) current market value
(Equals) the development subsidy

If an NSP home is sold for a price equal to the after-construction/rehab appraised value, then the appraised value is deemed to be market value. Moreover, if the price of a home has been reduced due to a lack of qualified offers after adequate marketing and sales efforts over a reasonable period of time (as described above), the reduced selling price will be considered market value for purposes of calculating the development subsidy.

G. Accounting for Expenditures

Developer will account for total NSP expenditures per home by means of assigning an accounting code for NSP-funded or reimbursed expenses for each property and another accounting code, if applicable, for non-NSP funded expenditures (if any). The separate accounting of NSP and other funds will provide necessary financial data on NSP-funded expenditures in the event of any audits of program activities.

H. Possible Adjustments in Price at Time of Sale

Prior to closing any sale of a property, after actual total development cost is calculated as described above, and the first mortgage lender's appraisal has been received by Developer, the sale price must be reduced to the lesser of the following two amounts if less than the contract price: 1) the actual development costs, or 2) the amount of the first mortgage lender's appraisal.

XI. Marketing and Sales of NSP Homes

A. Responsibility for Marketing and Sales

Developer is fully responsible for marketing NSP homes and selling them to qualified buyers. If an NSP home does not sell in a timely manner and results in cost overruns that cannot be paid out of contingency funds, Developer will be responsible for paying the additional costs unless, at the sole discretion of Grantee, the Project Budget is revised to provide additional NSP funding.

B. Marketing Plan and Budget

Prior to marketing the first completed home, Developer must obtain written approval from Grantee for a program marketing plan and budget. The marketing plan will include the following elements:

1. Methods of affirmative outreach to residents of target areas;
2. Other means of advertising homes for sale, including such means as Multiple Listing Service, advertising, flyers (in English and Spanish), etc.; printed materials and advertisements must include equal opportunity language;
3. Approved language for use in flyers, advertising and listings regarding income qualifications of buyers and NSP financing being offered to buyers;
4. Method and timing of prequalifying prospective buyers, in terms of NSP income eligibility and eligibility for mortgage financing;
5. Policy for managing a waiting list of potential buyers;
6. Sample disclosure statements to be given and explained to buyers prior to signing purchase agreements and at closing;
7. Sample form of purchase contract;

8. Provisions for establishing and adjusting sale prices that reflect the provisions of Section 1 of this Manual.

XII. Homebuyer Application and Prequalification

Developer is responsible for the following tasks except that tasks A through I may be completed for some or all clients by a pre-purchase counseling agency under contract to Grantee to assist prospective NSP homebuyers and some are the responsibility of the Grantee. To the extent that prequalification tasks are completed for a prospective buyer referred by such agency, Developer will obtain documentation that the tasks were properly completed. Developer must keep documents on file and transmit copies to Grantee prior to entering into a home sales contract with a Buyer.

A. Application for NSP Assistance

Before a prospective buyer is referred to counseling or to execute a sales agreement for an NSP-assisted property, the buyer must complete the Application for NSP Assistance. The information obtained in the application will be used--along with verifications--to determine a buyer's eligibility to purchase an NSP home and to receive NSP Homeowner Financial Assistance. While online and paper forms may be filled out in advance by Applicants, the application will be completed in a face-to-face meeting with a qualified representative of the Grantee.

B. Evidence of Employment, Residence, Income and Assets

Developer will require Applicants to bring this evidence to the intake and application interview, originally and primarily with the Grantee, but at other intake and application meetings, in order to make an initial determination of eligibility. Grantee is responsible for approving all applications for NSP assistance and home purchase.

C. Credit Report

During the intake interview, Grantee will obtain, with the Applicant's written permission, a credit report that includes a credit score. Grantee will review the report with Applicant and explain any positive or negative data with regard to qualifying for purchase of an NSP home. The Grantee requires a minimum credit score of 580 for perspective eligible buyers.

D. Prequalification for First Mortgage Loan

After receiving buyer's approval from Grantee, the Developer will determine whether buyer appears to be qualified to obtain a first mortgage loan, based on the Buyer and co-buyer's income, employment history, credit scores and other factors. An Applicant with a FICO score less than 580 will be rejected unless Grantee believes that a the Applicant can bring up the score in time to qualify for a first mortgage loan to purchase one of Developer's homes as they become available. Developer will determine if the

Applicant has sufficient income to obtain a first mortgage loan in the minimum amount necessary to purchase an NSP Home from Developer and for the maximum amount the potential buyer qualifies for. An Applicant whose application fails to meet these prequalification standards will be given a written notice of denial as described below.

E. Certifying the Income Eligibility of Prospective Buyers

The County will use and Developer will be familiar with and follow the methods for income determination as described in the Part 5 definition of annual income which is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. This definition sounds straightforward, but there are several specific issues related to the calculation of Part 5 annual income which may be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/definitions/part5.cfm>.

Required documentation (copies of driver's licenses, paystubs, etc.) will be kept in Developer's files and copies sent to Grantee as described in Sections of this Manual. The income certification may be no more than six months old at the time that the buyer and Developer enter into a purchase agreement. If older, the buyer must be recertified. An Applicant whose application fails to meet the NSP eligibility requirements will be given a written notice of denial as described below.

All buyers, regardless of income, are required to provide 2% of the final sales price of the home purchased as a cash investment of their own funds. Up to \$60,000 in Homebuyer Financial Assistance is available as gap financing and may cover additional down payment and closing costs not covered by the 2% provided by the buyer. All buyers are required to qualify for the maximum first mortgage their lender of choice will provide prior to the calculation of Homebuyer Financial Assistance (HFA). First Mortgages must be 30 year fixed rate loans. Down payment and closing costs included in the HFA will not cause the assistance to exceed the cap of \$60,000 and may cause a reduction in the amount of gap financing available or cause a reduction in the sales price of the home if the maximum amount of assistance is required. The County is responsible for approval of the Homebuyer Financial Assistance allowed costs and the terms of the HFA loan are described in Section XV.

Special considerations if FHA financing is being used by a buyer:

If the buyer is using FHA financing, the Developer is not allowed to provide any amount of down payment assistance, even though the Developer can finance closing costs if they do not exceed 6% of the sales price. Closing costs include reasonable fees allowed by the FHA lender, prepaid taxes and insurance, recording fees and the up-front mortgage insurance premium. Non-FHA lenders may have fewer restrictions or additional restrictions that the Developer will have to comply with when providing down payment and closing cost assistance.

Non-profit Developers working in the NSP program are required to register and be approved to make second mortgages, pay closing costs, or other forms of NSP Homeownership Assistance in conjunction with FHA insurance. (For-profit developers may not offer financial assistance under FHA.) FHA is working on ways to streamline the process. Non-profit lenders should initiate the steps for approval as soon as possible. Follow this link for instructions:

http://www.hud.gov/offices/hsg/sfh/np/np_prog.cfm

F. Disclosures at Time of Application

Unless an Applicant is disqualified during the intake interview, he or she will be given hard copies of preliminary disclosure documents that provide the following:

1. An explanation of the NSP program in general terms and its benefits to buyers and the community;
2. A good faith estimate of the general locations and price ranges of NSP Homes that may be available for Buyers to purchase and a good faith estimate of typical buyer-paid closing costs;
3. The NSP application approval criteria;
4. Waiting list policies;
5. The requirement for attending pre-purchase counseling (if approved);
6. Applicant's household size and estimate of monthly income, with a statement that the income amount must be verified prior to the Applicant being approved for NSP assistance;
7. A good faith estimate of the amount (or range of amounts) and terms of Homeowner Financial Assistance that Applicant may qualify for, based on an analysis of Applicant's financial and other data provided;
8. A general description of an NSP buyer's obligations for repayment of subsidies.

During the intake interview or subsequent face-to-face meeting, a representative of the Developer or the Grantee will review these disclosures with the Applicant and be available to answer questions about them. No application can be approved unless disclosures have been made as required.

G. Notification of Approval or Denial

Upon completion of the tasks described above, Grantee will inform buyers in writing of their eligibility or ineligibility for NSP assistance, conditional upon completion of homebuyer education and training, signing a purchase agreement for an NSP home, obtaining first mortgage financing, and providing the required minimum down payment amount. The written notification will include the amount—or range of amounts—of NSP financial assistance that buyers qualify for and preliminary disclosures of the terms of that financial assistance.

H. Confidentiality of Client Data

Developer and Grantee will observe all Privacy Act requirements and keep client data in locked file cabinets or password-protected electronic files.

XIII. Homebuyer Counseling and Education

A. Referral to Counseling and Education Program

Upon notification of approval of an application for assistance, buyers will be referred to a Grantee-approved and HUD-approved program that offers at least eight (8) hours of pre-purchase counseling and education. If buyers have already completed such a program, Developer must determine if the program meets Grantee and NSP requirements and must verify completion by obtaining and filing a certificate of completion. If the pre-purchase counseling and education does not meet requirements, buyers will have to complete training delivered by a HUD-approved counselor.

B. Certificate of Completion

Upon successful completion of a counseling and education program, Buyers will receive a certificate of completion. No buyers will be allowed to sign a sale agreement for an NSP home unless the completion of counseling and education has been verified by Developer and a copy filed in Developer's records.

XIV. Waiting List

A. Requirements for Waiting Lists

Developer must establish and maintain a waiting list of all prospective homebuyers who are approved for assistance. Grantee may waive this requirement at its sole discretion if Developer demonstrates conclusively that a waiting list serves no purpose, because the number of homes available for sale exceeds the number of qualified buyers.

B. Waiting List Procedures

Developers will follow these procedures.

1. Priority for selecting a completed home will be determined by the date that a client's application for assistance was approved by the County (that is, the client with the earlier date of approval shall have priority for selection);
2. As a home or group of homes becomes available for sale, the home(s) will be offered first to the client with the highest priority, and if not selected, then to the client with the second highest priority, etc;
3. Homes will only be offered to a client only if the prices are affordable to the client as determined by the program underwriting analysis embedded in the application for assistance;
4. Each client will have three opportunities to reject a home or groups of homes offered and maintain his or her priority. After a third rejection, a client's priority will fall to the bottom of the waiting list.

XV. Executing Sale Agreements with Buyers

A. Requirement for Using Approved Sales Agreement

Developer will use only a form of sales agreement approved by Grantee. The sale of the home will be conditional upon the Buyer obtaining a conventional or government-insured fixed-rate, 30-year home purchase loan from a third party lender for the first mortgage.

B. Commitment letter for NSP Financing

Simultaneous with executing a purchase agreement, Grantee will issue a commitment letter for the exact amounts, or maximum amounts, of NSP Homeowner Financial Assistance that Buyer will be provided if the sale is completed. The commitment letter is intended, in part, to aid Buyer in obtaining a first mortgage loan. If an Applicant has not met all of the requirements for purchase, the commitment letter should be conditional upon meeting such requirements. The commitment letter will also be conditional upon no substantial changes occurring in the NSP Buyer's employment or financial status at the time of closing.

C. Disclosure Statement

Prior to executing a sales agreement, Developer will provide the NSP Buyer with a second disclosure statement. (See Section XII. G regarding the first disclosure statements provided by the Grantee.) The second disclosure statements will reiterate the requirement for Buyer to attend pre-purchase counseling, with a check-off indicating whether Developer has a certificate of completion on file. The statement will

also describe the availability and terms of Homeowner Financial Assistance, and obligations for repayment of assistance plus interest. During the intake interview or subsequent face-to-face meeting, a representative of the developer will review these disclosures with the Applicant and be available to answer questions about them. No application can be approved unless disclosures are made as required. Though disclosures may have been provided by the Grantee, Developer is required to confirm all disclosures have been made prior to closing.

XVI. Homebuyer Financial Assistance Program

A. Originating the Subsidy Recapture Lien Documents

1. **Loan Type:** The loan will be a five-year deferred (silent second) loan up to a maximum of \$60,000;
2. **Interest Rate:** The interest rate will be five points below the first loan's interest rate, and no less than 1% and no more than 3%. No interest will be due during the first 5 years of the loan. After the 5 year deferred period, interest shall be calculated as simple interest upon the unpaid principal balance only on a quarterly basis;
3. **Term:** The loan shall have a 30 year term. No penalties exist for early payment and no payments are required on the loan throughout the term. The loan is due in full, with all accumulated interest at the end of the 30 year term. Borrowers are encouraged, but not required, to begin making payments on the loan after the 5 year deferment has passed. Payments will be received by Imperial County Community and Economic Development Department or its designee (servicer) in any amount and at any interval chosen by the borrower. At the time payments are received servicer will post principal and interest received from the borrower and will match all repayments of principal with an equal amount of loan forgiveness. Therefore, all principal payments will in effect be for double the amount of the principal payment only. Payments made during the deferred period will also be matched on a 1:1 basis, will not incur penalties and will not cause interest to be calculated;
4. **Statements:** The servicer will send annual statements during the deferred period of the loan showing any activity on the loan and will remind the borrower of the deferment and the future opportunity to make payments;
5. **Maximum Purchase Price:** Imperial County has set a maximum purchase price of \$275,000;

6. **Buyer Contribution:** The buyer will be required to contribute two percent (2%) of the purchase price into the escrow account as their portion of the down payment and closing costs;
7. **Program Term:** As long as funds are available, USDA, FHA or Conventional loans will be used to finance the first mortgage at a straight 30 years fixed rate;
8. **Maximum First Mortgage Required:** The County requires that buyers obtain the maximum available loan program for which they are qualified. The lower interest rate offered by Conventional loan increases the amount of the Conventional loan and thereby decreases the amount of NSP-3 funds required to close escrow. The County of Imperial intends to assist as many families as possible and therefore will provide the minimum assistance required to each qualified family.

B. Closing Responsibilities

In addition to having the responsibilities described above, Developer will retain a closing agent and an attorney for Developer's own legal review of closing documents. Developer's attorney will have the final responsibility for review of closing documents on behalf of Developer, while ensuring compliance with Grantee's requirements.

XVII. Management of Excess Revenues, Liens and Resale Controls

A. Net Proceeds of Sale

The requirements for disposition of net proceeds of sale are described in Section IV.

B. Repayments of Homeowner Financial Assistance

According to the terms of this Manual, all liens will be in the name of Grantee. Grantee will be solely responsible for managing liens resulting from sales of NSP Homes by Developer, including but not limited to managing receivables, accounting for payments, approving subordinations (if allowed), and issuing lien releases.

XVIII. NSP Homebuyer Direct Purchase

Eligible properties will be any home, not to exceed the maximum sales price, in the NSP target areas of Imperial County that meets or exceeds local codes as required by HUD, NSP, local codes and Health & Safety standards.

The County will determine household income eligibility in accordance with the Part 5 standard described in XII. E Eligible buyers will be qualified on a first-come-first-served basis. The

following process will be used if a buyer qualifies for NSP Homebuyer Downpayment Assistance and chooses to purchase a qualifying house directly.

1. Applicant picks up a Program Application from the County's office or at the County's website, or from the Developer, completes the form, and returns it to the Developer who then forwards it to the Grantee after packaging;
2. Applicant completes homebuyer education program;
3. The County determines eligibility according to current income limits; and
4. Developer sends a letter to each eligible applicant which includes a list of participating lenders. The letter explains the step by step process for participation. All applicants are encouraged to call the Developer if they have any questions:
 - a. If the household income is over the program limit, the applicant will be notified that, although they do not qualify for the program, they may make enough money to buy a house;
 - b. If the applicant does not make enough to qualify for a loan to purchase any available housing in the County, even after qualification for all existing home buyer assistance programs, the applicant will be informed in writing of their denial and given notice of their rights;
 - c. All persons in residence are considered household members for purposes of income eligibility.
5. Applicants contact one of the lenders listed in the letter to begin qualifying according to industry standards which includes providing verification of income, expenses, family size, and other information according to the County's procedures described above;
6. If the applicant's income is within program guidelines and sufficient to purchase available homes with the NSP Homebuyer Program and target areas, the applicant will then be directed by the County to the Developer to the choices of houses available or which will be after rehab and will assist the applicant to find a home eligible for NSP, prepare a contract and begin the loan process. The Developer may have identified houses which meet NSP quality standards without rehab and may help the buyer to purchase such house with assistance from the Grantee. In this case the developer's fee attached to the transaction will not exceed 3% of sales price of the home the buyer chooses. It is the Grantee's wish that

houses which are unlikely to be purchased by others in the market be high priority for this program and encourages the Developer to select houses for the program that need rehabilitation;

7. Lender will request a credit report for the applicant. The Lender and Developer will then calculate the price range that the Buyer can afford after the first and second loan qualifications are complete. If the loan proceeds, the approximate \$50.00 credit report charge will be added to the closing cost of the loan. If the loan does not proceed, the lender and applicant remain responsible for the cost of the credit report;
8. The Applicants may choose a real estate agent to help them select a home and enter into a sales agreement or may work with the Developer or the Developer's designee;
9. The Developer works with the buyer to coordinate pest inspection and, if prior to 1978, lead paint inspection and abatement if the buyer is purchasing the house directly. Upon receipt of an accepted purchase agreement, the Lender will process the loan and send the loan package to the Developer for approval;
10. The Applicants deliver to Developer the required deposit, which are placed into escrow;
11. Upon receipt of the loan package, the developer will review the package for compliance with all pertinent guidelines;
12. When the Developer is satisfied that the loan package is complete, the Lender will be notified. The applicant will also be notified of loan approval and escrow will be ready to close in approximately 14 days assuming any required rehab is complete and a certificate of completion has been received;
13. When escrow is ready to close, the Developer will send loan instructions and the other required forms to the County and the Promissory Note and Deed of Trust to the Title Company. The County will utilize DRGR to access NSP funds. The County will then draw a check for the Homebuyer Financial Assistance loan which will be picked up by the escrow company;
14. Escrow agent prepares the County documents for execution and recording;

15. Escrow closes and documents are recorded. Lender and escrow agent/title company forward copies of documents to the County within 14 days for file;
16. Applicants move into their home;
17. County staff sets-up monitoring procedure for annual review of grant recipient conformance with terms of the loan;
18. The County Finance Department reports the loans on an annual basis to the IRS.

XIX. Vicinity Hiring

Per Federal Regulations and Board of Supervisor's policy, Imperial County encourages the use of Section 3 contractors for Neighborhood Stabilization Program rehabilitation projects. All contractors will be required to certify as to whether the Section 3 classification applies to their company. This policy can be found in Appendix C and is part of the contract with the Developer.