Serving the Area of the
City of Eureka

State of California
Community Development Block Grant Program
(CDBG)

Homebuyer Program Guidelines

ADOPTED 8/15/17

City Council Public Hearing & Approval of Amendments 8/15/17
Resolution 2017-48
HOMEBUYER PROGRAM GUIDELINES
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1.0. GENERAL

The City of Eureka, hereinafter referred to as the “City” has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer the Community Development Block Grant (“CDBG”) Homebuyer program. The homebuyer program described herein (the “Program”) is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as “housing units”, located within the Program’s eligible area, as described in Section 3.1. The Program provides this assistance in the form of deferred payment “silent” second priority loans as “Gap” financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers. The Program will be administered by the City of Eureka, (the “Program Operator”).

The City Manager has the authority to interpret any provision of these Homebuyer Guidelines. Whenever the City Manager determines that the meaning or applicability of any guideline is subject to interpretation, the City Manager may issue an official interpretation in the form of a management memorandum. The Program Operator may develop “handouts”. Handouts will generally be used to clarify specific guidelines, to make the program more user-friendly, and to produce documents for educational purposes.

1.1 PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach 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 City will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

A. 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, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies.
1.2 PROGRAM OUTREACH AND MARKETING (Continued…)

The Program will sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Staff will hold annual local homebuyer seminars and all attendees will be notified about the Program.

B. The Program Operator 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.

C. 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 Program Operator should take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. Upon Inquiry into the City's Homebuyer Program, potential applicants are offered a Program Handout (Attachment A) and Pre-Screen Application (Attachment B) to complete before being added to the “Homebuyer Pre-Screened Applicant’s Waiting List. The Pre-Screen application asks for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for Program participation. Completed Pre-Screen Applications received by the Program Operator are date and time stamped. The Pre-Screen application is only deemed complete if all information is submitted and the form signed and dated. Incomplete applications are returned to the applicant and will not be date/time stamped until complete. All Pre-Screen authorized applicants can then be added to the Waiting List. All participants on this list are sorted in date chronological order of the submitted application. All program participants must be low-moderate income to apply.

Those participants on the Waiting List whose names come up for application, will be scheduled for a meeting to receive the Homebuyer Program Application packet (Attachment C). At the meeting, the potential homebuyer is given a “Program Eligibility Letter” [See Section 1.3B] (Attachment D) and instructions on how to acquire the required Certificate of Completion of the Homebuyer Education Course, along with the following forms: Attachment E: Instructions to Homebuyer; Attachment F: Sellers Lead-Based Paint (LBP) Disclosure; Attachment G: Lead Based Paint Contract Contingency Language; Attachment H: EPA Booklet (Protect Your Family from Lead in Your Home); and Attachment I: Disclosure to Seller with Voluntary Arm’s Length Purchase Offer “Declaration”. Applicants are encouraged to present the Program Eligibility Letter to their Realtor and First Mortgage Lender of their choice, as evidence of the applicant’s
1.2. APPLICATION PROCESS AND SELECTION (Continued…)

preliminary eligibility in the Homebuyer Program. Income qualified applicants who receive the “Program Eligibility Letter” from the Program Operator will be on equal status with each other. The letter will state that the housing must be “modest”, so it may not exceed three bedrooms and two bathrooms unless there are documented extenuating circumstances (such as it would create an overcrowding situation, or there is not a reasonable inventory of homes of this size, etc.) and the Housing Advisory Board approves the exception request.

B. The “Program Eligibility Letter” will encourage the applicants to find a qualified home and begin securing the primary loan for the housing unit. No reservation of funding is received by the Borrower until the Program Operator has received the “Purchase Agreement”, re-evaluated the applicant for program compliance, received Housing Advisory Board approval, and issued a “Letter of Reserved Funds” (Attachment J), depending on funding availability. Commitment of funds will be done on a first-come-first served basis. These funds will be reserved for 90 days maximum from the Housing Advisory Board recommendation and City Manager or Acting City Manager approval, unless otherwise noted. This reservation of funds is for the qualified property only. If during the 90-day time frame, the potential homebuyer is unable to purchase a home, an extension may be granted. However, if it appears the potential homeowner cannot participate in the Program, the reservation of funds expires and the next person eligible to receive an Eligibility Letter is given an opportunity to participate in the Program.

1.3. THE HOME PURCHASE PROCESS

A. Each applicant must participate in individual Homebuyer Counseling provided by the Program Operator and receive a certificate of compliance (See Section 1.5).

B. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (See Section 3.0), homebuyer shall provide Seller with a disclosure containing the following provisions:

1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and

2) Homebuyer’s offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;

3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards.

4) All housing units built prior to January 1, 1978 will require a Lead Paint Disclosure to be signed by both the Homebuyer and Seller (Attachment F);
1.3. THE HOME PURCHASE PROCESS (Continued…)

5) Since the purchase would be voluntary, the Seller would not be eligible for relocation payments or other relocation assistance;
6) The Seller understands that the housing unit must be either: currently owner-occupied, newly constructed, a renter purchasing the unit, or vacant Four (4) months prior to submission of the purchase offer.
7) If the Seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.

C. Applicant submits executed standard form purchase and sale agreement and primary lender Pre-Qualification Letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.

D. The Program Operator shall draft a Staff Report to the Housing Advisory Board with a recommendation and supporting details. This report shall be submitted to the City of Eureka’s Housing Advisory Board who will recommend approval to the City Manager or Acting City Manager who will approve or deny the Application and instruct the Program Operator to notify the Applicant. The Program Operator will provide written notification to the Applicant of approval, conditions, or denial with reason and, if denied, a copy of the Program’s Appeal procedures (Section 11.0).

E. When the Program Operator and Primary Lender requirements are met, Program funds shall be deposited into escrow, and the homebuyer will be provided with required closing instructions and loan documents.

F. At the time of escrow closing, the Program Operator shall be named as an additional loss payee on fire and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit.

PRIMARY LENDER ANALYSIS

The following is a simplified example of how a primary lender would analyze a homebuyer’s finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.
PRIMARY LENDER ANALYSIS (Continued…)

DEBT SERVICE
FOR A FAMILY OF FOUR EARNING $2,500 PER MONTH

<table>
<thead>
<tr>
<th>HOUSING PAYMENTS (PITI)</th>
<th>TOTAL OVERALL PAYMENTS</th>
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<tbody>
<tr>
<td>Principal &amp; Interest Payment $580</td>
<td>$750 Housing</td>
</tr>
<tr>
<td>Insurance 50</td>
<td>+250 Other Debt Service</td>
</tr>
<tr>
<td>Taxes $120</td>
<td>$1,000 Total Debt Service</td>
</tr>
<tr>
<td>Total Housing Expense $750</td>
<td></td>
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</tbody>
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PITI is 30% Maximum of $2,500
Overall debt service per month is 40% of $2,500

OTHER HOUSEHOLD DEBT SERVICE
- Car Payment $150
- Credit Card Payment $100
- Total Other Debt $250

A $580 per month loan payment equates to borrowing $96,750 at 6% for a 30-year term.

SUBSIDY CALCULATION
FOR A FAMILY OF FOUR EARNING $2,500 PER MONTH

<p>| | |</p>
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Purchase Price of Property</td>
<td>$199,750.00</td>
</tr>
<tr>
<td>Less Primary loan amount</td>
<td>- 96,750.00</td>
</tr>
<tr>
<td>Less Down payment of $3,000 or 3% of Sales Price</td>
<td>- 3,000.00</td>
</tr>
<tr>
<td>Equals “GAP”</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Plus Estimated Settlement Charges (3% of Sales Price)</td>
<td>+ 5,992.50</td>
</tr>
<tr>
<td>Equals Total Allowable Subsidy</td>
<td>$105,992.50</td>
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1.4. HOMEBUYER COSTS

A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Program Operator. The Program’s down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement.

B. Homebuyer funds shall be used in the following order:

1) Down payment - Minimum Requirement: 3% of Purchase Price or $3,000, whichever is less.

2) To the extent possible after satisfying 1), above, appraisal fee; cost of credit report; the loan origination fee; discount points, customary homebuyer closing costs; homebuyer’s customary portion of the escrow fees; title insurance; and, the establishment of impound accounts for property taxes and insurance.

3) After 1) and 2), above, are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the principal balance of the primary loan as necessary. No funds will be returned to the Borrower out of escrow.
1.4. **HOMEBUYER COSTS** (Continued…)

C. If the items in B.2), above cannot be satisfied with homebuyer funds, the Program Operator may provide Program loan assistance to cover the remaining balance up to 103% of the purchase price.

D. Sponsor may not provide more than 50 percent of the down payment required by the primary lender (CDBG requirement). Program Operator may also provide sufficient assistance, as Program loan principal, to reduce the monthly payments for Principal, Interest, Taxes and Insurance (PITI) to an affordable level of household income. The subsidy will write down the cost of the primary lender’s loan so that the payments of PITI are within approximately 30-37% of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program’s loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. **HOMEBUYER EDUCATION**

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Program, the Program Operator, and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a Program Operator approved homebuyer education class. The homebuyer education class may cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; and loan servicing. The Program Operator shall present Homebuyer Education instruction and will require a certificate of completion from applicants when they receive the “Eligibility Letter”.

1.6. **CONFLICT OF INTEREST REQUIREMENTS**

When the Homebuyer 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 Housing Advisory Board and officers, employees, and agents of the Board, 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 locality.
1.7. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Program Operator’s commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of Humboldt County Area Median Income (AMI), adjusted for household size, as published by HCD each year (Attachment K).

Household: Means one or more persons who will occupy a housing unit. Unborn children will be counted in family size determination. Household membership must be documented through the person’s residence as a part of the household prior to applying to the Homeownership Program. Documentation for residence can include mail, paystubs, and registration for college, driver’s license, or other legal identification.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance, will be followed to independently determine and certify the household’s annual gross income. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third party verification of employment forms sent to employers. All documentation shall be dated within six (6) months prior to loan closing and kept in the applicant file and held in strict confidence. **NOTE:** Non-Occupant co-signers will not be required to submit income and asset documentation. Co-Signers income will not be included in the household income determination. Co-signers are acceptable as long as their names
do not appear on the Grant Deed or Deed of Trust and are allowed by the first mortgage lender.

A. **HOUSEHOLD INCOME DEFINITION**

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. For those types of income counted, gross amounts (before any deductions have been taken) are used; and the types of income that are not considered would be income of minors or live-in aides. Certain other household members living apart from the household also require special consideration. The household’s projected ability to pay must be used, rather than past earnings, when calculating income. *The Annual Income Inclusions and Exclusions is attached to these guidelines as Attachment L.*

B. **ASSETS**

There is no asset limitation for participation in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g. interest on a saving’s account – not the asset value, which is counted in annual income.)*

An asset’s cash value is the market value less reasonable expenses required to convert the asset to cash, including: Penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset. *The Link to Part 5 Asset Inclusions and Exclusions is attached to these guidelines as Attachment M.*

2.3. **DEFINITIONS OF AN ELIGIBLE HOMEBUYER**

An eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers. Allow participation if homebuyer has not been on title or owned property in the past three (3) years as a primary place of residence. CDBG funded programs may assist eligible homebuyers who are not “first-time” homebuyers. Those homebuyers who have filed for Bankruptcy within the past 4 years or who have filed for foreclosure within the past 7 years may not apply.
“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 with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

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 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.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: Within the City limits of Eureka, as further defined by Attachment N.

B. Housing unit types eligible for the Homebuyer Assistance Program are new or previously owned: single-family residential, or condominiums. All homes must be designated for residential use under the Eureka General Plan.

C. All housing units must be in compliance with State and local codes and ordinances.

D. Housing units located within a 100-year flood zone will not be program eligible.
3.2. CONDITION

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

1) The City’s Building Inspector, Program Operator, a certified housing inspector, or a City representative will walk through the housing unit, determine if it is structurally sound, and identify any code and related health and safety deficiencies that need to be corrected. A State licensed Appraiser may identify additional health and safety repairs which must be incorporated into the list of deficiencies. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller.

2) When the Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.D will apply.

3) A clear pest inspection report will be required for each housing unit. Smoke detectors will be installed if there are none in place. The Program Operator will encourage each homebuyer to secure a homeowner’s warranty policy as part of the purchase of a resale housing unit.

4) Upon completion of all work required by the Program Operator, City, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

5) The housing unit must be free from any defects that pose a danger to the health and safety of occupants before occupancy and for at least six months after purchase.

B. Housing Rehabilitation loans will not be permitted to be combined with Homebuyer Program loans until the relevant period of affordability is ended.

C. Housing unit size shall be sufficient to meet the needs of the homebuyer household, without overcrowding. Generally, this means not more than two persons per bedroom or living room. Any exceptions are subject to Housing Advisory Board review and City Manager (or Acting City Manager) approval.

D. Lead Based Paint Hazards: All housing units built prior to 1978 for which CDBG funding is anticipated are subject to the requirements which follow. Such homes must undergo a visual assessment by a person who has taken HUD’s online
3.2. CONDITION (Continued…)

Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. All costs of Lead Based Paint mitigation, and testing, if completed, shall be paid by the seller

The following requirements must be met:

1) Notification:  a) Prior to homebuyer’s obligation 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-99-001, June 2003 (Attachment H). A signed receipt of the pamphlet will be kept in the Program Operator’s homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552 (Attachment O), which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment O).

2) Disclosure:  Prior to the homebuyer’s obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment G), “Seller’s Lead Based Paint Disclosure” notice must be provided by the seller to the homebuyer.

3) Inspections:  The Inspector shall conduct a “Visual Assessment” of all the dwelling unit’s 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.

4) Mitigation: If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor’s and workers’ appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

5) Purchase Contract Contingency Language: Before a homebuyer is obligated under any contract to purchase a pre-1978 housing unit, the seller shall permit the homebuyer a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards. See Attachment H for sample lead-based paint contract contingency language.

A homebuyer may waive the opportunity to conduct the risk assessment or inspection by so indicating in writing, such as in Attachment G, item
(e)(ii). In this case the purchase contract contingency language is not required.

E. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser’s file (see Attachment P).

3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner occupied or have been vacant for four (4) months prior to the acceptance of a contract to purchase. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with City of Eureka’s relocation plan which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

A. Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including CDBG) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

B. Section 104(d) of the Housing and Community Development Act of 1974

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a Residential Anti-Displacement Plan and Relocation Assistance Plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).
3.4. **PROPER NOTIFICATION AND DISCLOSURES**

A. Upon selection of a housing unit, a qualified seller and homebuyer must be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.

B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment I) prior to submission of the homebuyer’s original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B.

4.0. **PURCHASE PRICE LIMITS**

The purchase price limits for this Program shall not exceed the Maximum HOME Program Purchase Price/After-Rehab Value Limit for Humboldt County as updated by HCD (Attachment Q).

**Attachment Q: MAXIMUM PURCHASE PRICE/AFTER REHABILITATION VALUE LIMITS** *The Program Operator will update these limits annually as HCD provides new information.*

5.0. **THE PRIMARY LOAN**

Prior to obtaining a loan from the Program, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the “primary loan”). The monthly principal and interest payments of the first mortgage must be not less than 30% of the applicant’s gross monthly income (as determined by program operator) unless payment determination is based on maximum lenders allowable determination of gross monthly income allowing more subsidy in Program Loan, if not exceeding maximum program loan amount. No Private Mortgage Insurance (PMI) or Adjustable Rate Mortgages (ARM) are allowed.

5.1. **QUALIFYING RATIOS**

Primary loans underwritten by Fannie Mae, FHA, or CalHFA, and Freddie Mac will be acceptable to establish creditworthiness, repayment ability, and dependability of income.

The applicant must obtain a private loan and Program loan (see Section 6.0, Program loans) secured by a first and second deed of trust, respectively, with monthly payments not less than 30% of the applicant’s gross monthly income. The “front end” maximum monthly housing costs and other debt (1st & 2nd mortgage, insurances, taxes, and all other monthly housing debt [PITI]) shall not exceed 37% of the applicant’s gross monthly income. The “back end ratio” of total debt including PITI plus other monthly long-term debt payments, such as car, student, or other personal loans and credit card debt, shall not exceed 42%. All deferred debt will be used to calculate “back end ratio” of total debt. The front end ratio of 37% and the back end ratio of 42% are based on the Program’s twelve month projection of gross monthly income. The monthly long-term debt payments will be calculated at a fixed
5.1. **QUALIFYING RATIOS (Continued)**

5.0% interest rate over a 10 year term unless the applicant can provide documentation otherwise. Buyers are required to borrow the maximum amount qualified for by the first mortgage lender.

The City Manager may adjust the “front end” and “back end” ratio by up to 5% to match a local Private lender’s underwriting ratios on a case by case basis provided that the borrower has demonstrated that over a period of the last 12 months the ability to pay the housing costs and total debt equal to the proposed “front end” or “back end” ratio.

5.2. **INTEREST RATE**

The primary loan must be fully amortized and have a fixed interest rate (no adjustable interest rates) that does not exceed the current market rate.

5.3. **LOAN TERM**

The primary loan shall be fully amortized and have a term “all due and payable” in no fewer than 30 years. There shall not be a balloon payment due before the maturity date of the Program loan.

5.4. **IMPOUND ACCOUNT**

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. **THE PROGRAM LOAN**

6.1. **MAXIMUM AMOUNT OF PROGRAM ASSISTANCE**

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed $100,000, plus no more than an additional 3% maximum of sale price for approved closing costs. The maximum subsidy limit shall be as established by the HOME Program Subsidy Limit per unit – Section 221(d)(3) for Humboldt County.

Attachment S: HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d) (3)

6.2. **NON-RECURRING CLOSING COSTS**

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.
6.3 **AFFORDABILITY PARAMETERS FOR BUYERS**

The actual amount of a buyer’s Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.1. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The Program Operator will use the "front-end ratio" of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment and the amount of the primary loan.

6.4. **RATE AND TERMS FOR PROGRAM LOANS**

The Program loan will be up to $100,000, plus up to an additional 3% of Sales Price towards eligible closing costs, depending on availability of funds. Loan is to accrue simple interest at 1.5% (See A. below) for thirty (30) years. All Program assistance to individual households shall be made in the form of deferred payments loans (no required monthly payments of interest and principal).

A. The Program’s loan term shall be for at least as long as the primary loan or 30 years and shall be calculated as simple interest. The interest rate shall be 5% if the loan is paid before the first anniversary of the Note signing, and 4% if paid before the 2nd anniversary of the Note signing, and 3% after the 3rd anniversary of the Note signing, and 2% if paid before the 4th anniversary of the Note signing, and 1.5% retroactive to the original date of the Note signing if paid after the 5th anniversary of the Note signing. All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan.

On the thirtieth anniversary date of the Program Note, the entire outstanding principal balance and all accrued interest will be due and payable, unless Borrower exercises the Refinance Option outlined in Section 7.4 of these Guidelines.

**SECURED NOTE**

| Amount Loaned: | $100,000, plus up to 3% of Sales Price towards eligible closing costs. |
| Simple Interest Rate: | 1.5% (See 6.4.A Above) |
| Term | 360 months or 30 years |
| Payments | One-Deferred Until Maturity |
| Balloon Payment at Maturity | $153,700 Based on a $106,000 Principal Balance, $100,000 + $6,000 Closing Costs (3% of $200,000), with Interest at 1.5% for 30 years |
6.4. RATE AND TERMS FOR PROGRAM LOANS (Continued…)

B. First Right of Refusal

Before sale or transfer of title to the property, the Borrower shall notify the City in writing of their intention to sell or otherwise transfer title. The City shall have the first right of refusal to purchase the property at the appraised fair market value, as determined in accordance with loan documents. The City may at its sole discretion, choose to assign this first right of refusal to purchase the property to another nonprofit corporation. Upon City’s receipt of Borrower’s notification of intent to sell or transfer, the City, and/or the City’s contractor, or assignee, shall have the right to reasonably enter the property for purposes of conducting structural pest and building inspections, and an appraisal. Lender shall exercise its first right of refusal or right to assign within sixty (60) days after receiving Borrower’s written notification of interest to sell.

6.5. LOAN-TO-VALUE RATIO

The loan-to-value ratio for a CDBG Homebuyer Program loan, when combined with all other indebtedness to be secured by the property (the first mortgage and second), shall not exceed 100% of the sales price plus a maximum of up to 3% of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time. Occasional payments on deferred loans will be applied to the interest first then to principal as per the Loan Servicing Policies and Procedures Attachment R, Section 1.

7.2. RECEIVING LOAN REPAYMENTS

A. Program loan payments will be made to:
   AmeriNat (or its Successor)
   P.O. Box 650402
   Dallas, Texas 75265-0402

B. The Program Operator, the City of Eureka, has contracted with AmeriNat Nationwide Loan Servicing, a third party loan servicing company, to collect and distribute payments and complete some loan servicing aspects of the Program. The City of Eureka will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments, verify Borrower account balances, and file statements on payment status. Payments shall be deposited and accounted for in the City’s Program Income Account. The Program lender’s third party loan servicer, AmeriNat Nationwide Loan Servicing will accept loan payments from borrowers prepaying deferred loans,
7.2. RECEIVING LOAN REPAYMENTS (Continued…)

and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the City of Eureka.

7.3. DUE UPON SALE OR TRANSFER

In the event that an owner sells, transfers title, or discontinues residence in the purchase property for any reason, the principal balance of the loan is due and payable, except:

A. Loans are due upon sale or transfer of title (unless assumable as in B below) or when borrower no longer occupies the home as his/her principal residence or upon the loan maturity date. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment R, Section 7, on loan defaults for further information on property restrictions.

B. Program loans may or may not be assumable according to the HCD program and the loan documents. (See Attachment R, Section 5)

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment R for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

7.5. LOAN MONITORING PROCEDURES

The Program Operator will monitor Borrowers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

A. Owner-occupancy
B. Property tax payment
C. Hazard insurance coverage
D. Good standing on Primary loans
E. General upkeep of housing units

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

A. Loan Processing

Potential homebuyers are to contact the City to receive a Program Handout and a Pre-Screen Application. Upon completion and authorization of the Pre-Screen Application, applicants are eligible to be added to the Homebuyer Program Waiting List (“List”). The List is maintained by date chronologically from oldest
8.0. **PROGRAM LOAN PROCESSING AND APPROVAL** (Continued…)

8.0.1. DATES TO MORE CURRENT. As the names come to the top of the List, a complete Homebuyer Program Application Packet is provided to the applicants to complete along with all the necessary forms, disclosures, and information. Upon initial eligibility, the applicant will be requested to schedule a meeting to receive the "Eligibility Letter" with further instructions to review the Homebuyer Participating Lender Instructions, Sellers Lead Based Paint Disclosure, and to contact the bank lender for pre-qualification.

Upon pre-qualification with the lender, the Lender should submit:

1) Acceptable Real Estate Sales Contract with Seller Notification
2) Residential Mortgage Loan Application
3) Credit Report (Minimum 640)
4) Rent Verification
5) Current third party income verifications and verifications of assets
6) Good Faith Estimates and Disclosure Statement
7) Proof of Personal Funds for Participation in Program
8) Breakdown of Closing Costs
9) Structural Pest Control Clearance
10) Appraisal with Photos
11) Escrow Instructions
12) Preliminary Title Report

Staff will work with participant’s lenders to ensure that qualified participants receive only the benefit from the City’s Program needed to purchase the housing unit and that leveraged funds will be used when possible. For example, in many cases the Primary Lender will not require mortgage insurance with the City’s second in place which will save on the homebuyer’s monthly payment.

**B. Credit Worthiness**

Qualifying ratios are only a rough guideline in determining a potential borrower’s credit-worthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Program Operator and documentation of such maintained in the loan file. The Program Operator will rely on a current copy obtained by the primary lender.

Credit History Report

To qualify for a loan under this program, an applicant’s Credit History report shall have a score of no less than 640. A Credit History Report with a score of less than 640 may be eligible for a loan with:
8.0. **PROGRAM LOAN PROCESSING AND APPROVAL** (Continued…)

1) Receipt of a written explanation from Borrower with third party documentation as necessary;
2) An evaluation of said documentation and written recommendation from City Staff after consultation with private lenders; and
3) Housing Advisory Board recommendation.
4) The City Manager’s written authorization.

C. **Documents from Primary Lender**

After initial review of the qualified homebuyer's application packet, the Program Operator will request any additional documents needed. Documents may be faxed but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Operator will do an income certification (using most recent HCD program’s guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. **Disclosure of Program and Loan Information to Homebuyers**

The Program’s application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program’s application will be documented with third party verifications in the file. For example, the sales contract will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender’s approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender’s loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. **COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN**

Once the loan approval package has been completed, the package will be approved and may or may not have conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.
8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign both promissory notes, deeds of trust, and statutory lending notices (right of rescission, truth in lending, etcetera); the deeds of trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of notice of default are also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined only by physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

Refinancing of Senior Liens and Subordinations are addressed in the Loan Servicing Policies and Procedures (Attachment R, Section 6).

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCE

A. The Program Operator may initiate consideration of an exception and prepare a staff report. This staff report shall contain a narrative, including the recommended course of action and any written or verbal information supplied by the applicant.

B. The Program Operator shall make a determination of the exception by presenting before the City’s Housing Advisory Board and/or governing body for a decision.
11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the City.

A. Timing and form of appeal. An appeal shall be in writing and shall specifically state the pertinent facts and the basis for appeal. A check in the amount of $100 processing fee for Staff time to process, must accompany any appeal request.

1. An appeal shall be filed with the Program Operator (City) within 10 business days of the actual date of the final decision or complaint being received.
2. An appeal of a decision shall be limited to issues raised during the Housing Advisory Board meeting, or information that was not known at the time of the decision that is being appealed.
3. When an appeal has been filed, the Program Operator shall prepare a report on the appeal, and schedule the appeal with the Housing Advisory Board within 30 working days. The Housing Advisory Board may require the applicant to attend the Appeal. The Appellant is encouraged to present documentation supporting their position.

B. Decision

1. At a Housing Advisory Board Appeal Meeting the Board may consider any issue involving the matter that is the subject of the appeal, in addition to the specific grounds for the appeal.
2. The Housing Advisory Board Appeal may:
   a. Affirm, affirm in part, or reverse the decision that is the subject of the appeal, based upon findings of fact about the particular case.
   b. Notification. The Program Operator will provide written notification to the Applicant of approval or denial of the appeal noting or specifying the reasons for the decision.

C. Notification. The Program Operator will provide written notification to the Applicant of approval or denial of the appeal with reasons.

D. Final appeal must be filed in writing with HCD within one year after denial.
Do You Want to Own a Home In Eureka? If you are a low-income eligible homebuyer, the City of Eureka may be able to assist YOU!

The City’s CDBG Homebuyer Program increases a Borrower’s buying power and reduces initial out of pocket expenses and monthly housing costs by providing additional funds with no monthly payment as down-payment assistance!

This program provides financing to help pay the difference between the loan amount you can afford to borrow from a financial institution and the purchase price of a home. You must secure a first mortgage loan of your choice from a financial institution who is willing to comply with the City’s Homebuyer guidelines and who will provide an amortized monthly payment based upon your monthly income.

The Homebuyer Loan Program requires the following:

- **Downpayment:** 3% of Purchase Price or $3,000, (whichever is less)
- **Household Income Qualification:** Must be at or below 80% of Humboldt County Area Median as Indicated in Chart Below. Applicants must meet the income criteria.
- **Housing Unit Must be Located within the City of Eureka City Limits and be Single Family Detached Houses or Condominiums, and Must be Designated for Residential Use Under the Eureka General Plan**
- **1.5% Simple Interest (Retroactive to Note Signing after occupancy for four years):** 5% up to 1st year anniversary, 4% after 1st year anniversary, 3% after 2nd year anniversary, and 2% after 3rd year, 1.5% after 4th year
- **Thirty (30) year loan term and loan due upon maturity**
- **City CDBG Homebuyer Program Loan Maximum $100,000, plus up to an additional 3% for loan closing costs**
- **Maximum Purchase Price of Home Under Program is $256,000**
- **Must meet Maximum Subsidy Limits as established by Guidelines**

Additional requirements apply, as outlined in the City’s CDBG Homebuyer Program Guidelines, available at the City’s Housing Department and on the web (see below).

### 2017 Humboldt County Area Median Family Income by Household Size

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Low-Income Must be Below</th>
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<tbody>
<tr>
<td>1</td>
<td>$33,550</td>
</tr>
<tr>
<td>2</td>
<td>$38,350</td>
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<tr>
<td>3</td>
<td>$43,150</td>
</tr>
<tr>
<td>4</td>
<td>$47,900</td>
</tr>
</tbody>
</table>

**FOR PROGRAM INFORMATION PLEASE CONTACT US AT 707-441-4209 OR VISIT OUR OFFICE AT:**

**EUREKA CITY HALL, HOUSING DIVISION**
531 K STREET, 2nd FLOOR, EUREKA, CA 95501
PHONE: (707) 441-4209
HOURS: 8AM-NOON & 1-5PM WEEKDAYS (Closed for most holidays)
OR VISIT US ON THE WEB AT: [www.ci.eureka.ca.gov](http://www.ci.eureka.ca.gov)
HOUSING PROGRAM PRE SCREEN WAITING LIST APPLICATION

Return the completed and signed Pre-Application to 531 K Street, Eureka CA 95501. You will be added to the waiting list on the date this is received. If you have any questions please give us a call 441-4209. Thank you!

**PART I GENERAL ELIGIBILITY INFORMATION**

<table>
<thead>
<tr>
<th>Applying for:</th>
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</thead>
<tbody>
<tr>
<td>☐ First Time Homebuyer</td>
<td>☐ Owner Occupied Rehabilitation</td>
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</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Name(s):</th>
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<tr>
<td>_______________________________________</td>
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<table>
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<tr>
<th>Primary Phone:</th>
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<table>
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<table>
<thead>
<tr>
<th>Primary email:</th>
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</thead>
<tbody>
<tr>
<td>____________________</td>
</tr>
</tbody>
</table>

Check that which applies to you:

| ☐ | I don’t currently own a home |
| ☐ | I haven’t owned a home designated as a primary residence in 3 years |
| ☐ | I own a home and the address is ____________________ |
| ☐ | Ownership: I am on title and have a partial interest in a home |

**PART II INCOME ELIGIBILITY INFORMATION**

List name and address of all persons living in the household:

<table>
<thead>
<tr>
<th>Names</th>
<th>Date of Birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ____________________</td>
<td>____________________</td>
</tr>
<tr>
<td>2. ____________________</td>
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<td>3. ____________________</td>
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<td>4. ____________________</td>
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<td>5. ____________________</td>
<td>____________________</td>
</tr>
<tr>
<td>6. ____________________</td>
<td>____________________</td>
</tr>
</tbody>
</table>

For all household members over 18 year of age, enter estimated gross annual income. Please include and identify Social Security/Child Support/or other:

<table>
<thead>
<tr>
<th>Names</th>
<th>Estimated Gross Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ____________________</td>
<td>$ ____________________</td>
</tr>
<tr>
<td>2. ____________________</td>
<td>$ ____________________</td>
</tr>
<tr>
<td>3. ____________________</td>
<td>$ ____________________</td>
</tr>
<tr>
<td>4. ____________________</td>
<td>$ ____________________</td>
</tr>
</tbody>
</table>

Total Annual Household Income $ ____________________
### PART II INCOME ELIGIBILITY INFORMATION (Cont’d)

Credit History: Have you filed Bankruptcy? Yes [ ] No [ ] / Foreclosure? Yes [ ] No [ ] If so, when? ______________________________________________________________________________

Do you have the ability to acquire the Down-payment of 3% of the Purchase Price or $3,000, or whichever is less at purchase? Yes [ ] No [ ]

### PART III HUD DEMOGRAPHIC DATA *

<table>
<thead>
<tr>
<th>Complete for each person living in the household (check one)</th>
<th>Are you a Vet?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
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</tr>
<tr>
<td>White</td>
<td></td>
</tr>
<tr>
<td>Black/African American</td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td></td>
</tr>
<tr>
<td>American Indian/Alaskan Native</td>
<td></td>
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<tr>
<td>Native Hawaiian/Other Pacific Island</td>
<td></td>
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<tr>
<td>Asian &amp; White</td>
<td></td>
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<tr>
<td>Black/African American &amp; White</td>
<td></td>
</tr>
<tr>
<td>American Indian/Alaskan &amp; Black/African</td>
<td></td>
</tr>
<tr>
<td>Other multi-racial</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
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</tr>
<tr>
<td>Are you female?</td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Yes</td>
</tr>
<tr>
<td>Are you Hispanic?</td>
<td></td>
</tr>
<tr>
<td>Disabled</td>
<td>Yes</td>
</tr>
<tr>
<td>Do you have a disability?</td>
<td></td>
</tr>
</tbody>
</table>

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that the amount of GROSS income listed above includes the income (including income from assets) of all adults within the household. I understand that if I am selected the information on this form will be verified.

**Signature**

**Print Name**

**Date**

Complete for each person living in the household (check one) Are you a Vet? Yes [ ] No [ ]

<table>
<thead>
<tr>
<th>Race</th>
<th>Gender:</th>
</tr>
</thead>
<tbody>
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<td>American Indian/Alaskan &amp; Black/African</td>
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<td>Other multi-racial</td>
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<td>Ethnicity</td>
<td>Are you Hispanic?</td>
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<th>Disabled</th>
<th>Do you have a disability?</th>
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<td>Do you have a disability?</td>
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I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that the amount of GROSS income listed above includes the income (including income from assets) of all adults within the household. I understand that if I am selected the information on this form will be verified.

**Signature**

**Print Name**

**Date**

*Data is for statistical purposes only and will not affect your Eligibility.*
### PART III HUD DEMOGRAPHIC DATA * (Cont’d)

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<tr>
<th>Race</th>
<th>Are you a Vet?</th>
<th>Gender:</th>
<th>Are you female?</th>
<th>Ethnicity:</th>
<th>Are you Hispanic?</th>
<th>Disabled:</th>
<th>Do you have a disability?</th>
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<th>Date</th>
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</table>

Complete for each person living in the household (check one)

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<th>Race</th>
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<th>Are you female?</th>
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<th>Print Name</th>
<th>Date</th>
</tr>
</thead>
</table>

*Data is for statistical purposes only and will not affect your Eligibility.*
Complete for each person living in the household (check one) Are you a Vet? Yes No

5. Race
   White
   Black/African American
   Asian
   American Indian/Alaskan Native
   Native Hawaiian/Other Pacific Island
   Asian & White
   Black/African American & White
   American Indian/Alaskan & Black/African
   Other multi-racial

   Gender:
   Are you female? Yes No

   Ethnicity:
   Are you Hispanic? Yes No

   Disabled:
   Do you have a disability? Yes No

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that the amount of GROSS income listed above includes the income (including income from assets) of all adults within the household. I understand that if I am selected the information on this form will be verified.

Signature    Print Name    Date

Complete for each person living in the household (check one) Are you a Vet? Yes No

6. Race
   White
   Black/African American
   Asian
   American Indian/Alaskan Native
   Native Hawaiian/Other Pacific Island
   Asian & White
   Black/African American & White
   American Indian/Alaskan & Black/African
   Other multi-racial

   Gender:
   Are you female? Yes No

   Ethnicity:
   Are you Hispanic? Yes No

   Disabled:
   Do you have a disability? Yes No

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Signature    Print Name    Date

*Data is for statistical purposes only and will not affect your Eligibility.
CITY OF EUREKA

APPLICATION FOR (SELECT ONE)  HOMEBUYER _____  REHABILITATION ____

PLEASE READ CERTIFICATION PAGES 3 & 4 BEFORE COMPLETING THIS APPLICATION

NON-ENGLISH SPEAKING HOUSEHOLD?  YES_______  NO_______

Applicant Name:_______________________________   Social Security_______--________--_________

Co-Applicant_______________________________   Social Security_________--________--___________

Address:__________________________________   Mailing (if different): _________________________

City: _____________________ Zip: ___________________  County: _____________________________

Applicant:  Home #________-___________ Cell #_________-____________ Other_______-__________

Co-Applicant:  Home #________-__________ Cell #_________-___________ Other_______-_________

Primary email: _______________________________   2nd Email________________________________

For statistical/government monitoring purposes only enter code from the list below.

Applicant’s Race_________________________   Co-Applicant Race____________________________

11-White    12-Black/African American   13-Asian   14-American Indian/Alaskan   15 Hawaiian/Pacific Islander
16-American Indian/ Alaskan Native & White   17-Asian & White   18-Black/African American & White   19-American Indian/ Alaskan Native & Black/African American
20-Other multi-racial

Hispanic Origin   Yes ____________        No____________

Are any residents of the household employed by the jurisdiction or its program operator?

Yes_____ No____

Has any of the applicants held ownership or interest in a property in the last three (3) years?

Yes_____ No____

Are any residents of the household a member of the governing body or agency of government

who exercises housing policy?

Yes_____ No____

If you marked yes above, please Explain:____________________________________________________
INCOME SUMMARY: Check applicable sources of income currently and during the prior calendar year for any residents.

WAGES___ AFDC (TANF)___ INTEREST___ SSA___ SSI___ DISABILITY___ RENTALS ___ UNEMPLOYMENT______
PENSION____ SELF EMPLOYEMENT ________ OTHER___ (PLEASE Explain)________________________________

Staff use only below this line

Total persons at this address__________  Total Seniors in Household _____________
Annual Family Income _________________
Previous Years Income__________________  Projected Income____________________
In Target Area:  Yes____  No___  Conflict of Interest:  Yes____  No___
Handicapped:      Yes____  No___  FHOH:        Yes____  No___
Farm Worker:       Yes____  No___  Veteran:      Yes____  No___
HCD Definition (circle)     LI  VLI  XLI

FAMILY AND INCOME DETAILS:
List all persons who will be living in the property being purchased including applicant and co-applicant. NOTE income must be identified in terms of “GROSS MONTHLY”

LAST NAME:________________  ADDRESS:______________ FILE #_____________________

-----OFFICIAL USE ONLY-----

FIRST NAME  RELATIONSHIP  AGE  SEX  GROSS MONTHLY  ACTUAL INCOME  LS
APPLICANT

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

INCOME INFORMATION
Gross family income would include income from any of the following sources or any other source of income. Wages, self-Employment, Social Security, Farming income, Public Assistance, Retirement Pension, Veterans, GI Benefits, Child /Spousal Support, unemployment Disability insurance, Workers Comp, Contributions, Cash, Gifts, Rental income, Sale of property, Foster Child Care, Interest, Dividends, Royalties. Scholarships, Grants and Loans for school

PERSON RECEIVING INCOME  SOURCE OF INCOME  GROSS MONTHLY AMOUNT

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Explanation of income Source, Pattern(s),annual amounts or other comments: ___________________

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

____________________________________________________________________________
ASSETS INFORMATION

CHECKING & SAVINGS

<table>
<thead>
<tr>
<th>ACCOUNT HOLDER</th>
<th>BANK/CREDIT UNION</th>
<th>ACCT #</th>
<th>Circle Type</th>
<th>BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Ckg/Svg</td>
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<td>Ckg/Svg</td>
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</tbody>
</table>

LIST OTHER ASSETS

Retirement funds, stocks, bonds, etc. from Income Assets and Asset Inclusions Checklist

<table>
<thead>
<tr>
<th>FAMILY MEMBER</th>
<th>ASSET DESCRIPTION</th>
<th>CASH VALUE#</th>
<th>INCOME FROM ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

EMPLOYMENT INFORMATION

APPLICANT

Employer Information:

Self Employed: _____________________________

Business Name: _____________________________

Address: __________________________________

Title/Position: _____________________________

Type of Business: __________________________

Years on job/years employed in this line of work

CO-APPLICANT

Employer Information:

Self Employed: _____________________________

Business Name: _____________________________

Address: __________________________________

Title/Position: _____________________________

Type of Business: __________________________

Years on job/years employed in this line of work

OTHER HOUSEHOLD MEMBER

Employer Information:

Self Employed: _____________________________

Business Name: _____________________________

Address: __________________________________

Title/Position: _____________________________

Type of Business: __________________________

Years on job/years employed in this line of work

OTHER HOUSEHOLD MEMBER

Employer Information:

Self Employed: _____________________________

Business Name: _____________________________

Address: __________________________________

Title/Position: _____________________________

Type of Business: __________________________

Years on job/years employed in this line of work
### LIABILITIES

The creditor’s name and account number for all outstanding debts, including but not limited to automobiles loans, revolving charge accounts, alimony, child support, stock pledges, etc.

<table>
<thead>
<tr>
<th>Creditor Name</th>
<th>Acct. NO.</th>
<th>Monthly Payment</th>
<th>Payments left</th>
<th>Balance</th>
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**Total Liabilities:** $___________ $___________

Comments: __________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________

### ADDITIONAL INFORMATION

List additional employment, assets, or liabilities in the space provided below.
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________

### CERTIFICATION-READ BEFORE SIGNING

I certify that this will be my primary residence of occupancy certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds received and or prosecution under law.

### CERTIFICACION-LEA ANTES DE FIRMAR

Yo certifico que aqui sera mi residencia principal de vivir.
Yo Certifico de que la informacion suministrada en este formulario es cierta y precisa a mi mayor conocimiento. Yo certifico de que no cuento con ingresos adicionales y bienes en active y que no existen personas que se encuentren viviendo o contribuyendo a mi hogar aparte de aquellas descritas aqui. Yo estoy enternado de que existen penalidades por suministrar informacion falsa intencionalmente y a sabiendas en una solicitud para fondos Federales o Estatales. Yo entiendo e que la informacion en este formulario queda sujeta a verificacion. Las penalidades por falsificar informacion puede incluir la devolucion de inmediato de todas los fondos Federales o Estatales recibidos y/o procesamiento bajo la ley.

<table>
<thead>
<tr>
<th>Applicants Signature</th>
<th>Date</th>
<th>Co-Applicant’s Signature</th>
<th>Date</th>
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RE: CITY OF EUREKA HOMEBUYER PROGRAM
PROGRAM ELIGIBILITY LETTER

Dear:

Your Pre-Screen application has “preliminarily” determined your household income to be program eligible at this time. In order to proceed with the Homebuyer Application process, a complete CDBG Homebuyer Program Application packet, including instructions for completing the Homebuyer Education Course, and the following forms: Instruction to Homebuyer (including Homebuyer Education Course Instructions), Annual Household Income Definition, Application Form, Assets Self Certification, Notice to Applicants, Fair Lending Notice, Request for Verification of Employment, Information Disclosure Authorization, Request for Verification of Rent, Acknowledgement of Receipt of CDBG Homebuyer Program Guidelines, Homebuyer Program Guidelines, Equal Credit Opportunity Act Notice of Adverse Action, Disclosure to Seller with Voluntary Arm’s Length Purchase Offer Declaration, Seller’s Lead Based Paint Disclosure, Lead Based Paint Contract Contingency Language, EPA Booklet “Protect Your Family from Lead in Your Home”, and Social Security Handouts for online access to benefit statements, must be completed and returned at your earliest convenience.

Once you have received this packet, applicants are encouraged to present this “Program Eligibility Letter” to your selected first mortgage lender to begin an application, and to a real estate agent of your choice to begin the search for an eligible home, as evidence of your preliminary eligibility in the Homebuyer Program. **Please note that your income eligibility cannot be determined until all income verification documentation has been received by the City. Your first mortgage “primary” lender loan product must comply with City Homebuyer Guidelines found at the City’s website at [http://www.ci.eureka.ca.gov/depts/development_services/housing/housing_library.asp](http://www.ci.eureka.ca.gov/depts/development_services/housing/housing_library.asp), on page 17, Section 8.0.**

All applicants who have received “Program Eligibility Letters” are on an equal status. Only upon completion of the pre-qualification loan process with your primary lender and selection of a program eligible property, will an application package be reviewed by City staff for loan approval. All completed applications will be reviewed in the order they are received (first-come-first-served). Once the applicant is determined by staff to be program eligible, staff will
draft a report to the Housing Advisory Board for review and approval of the application. If approved, a “Letter of Reserved Funds” will be issued to begin the 90 day escrow closing period. Loan approval may also include conditions to the approval which must be met before close of escrow.

Please read your documents carefully and complete. Call me for an appointment to review your application upon submittal. If you have any questions, please don’t hesitate to call.

Sincerely,

Melinda Petersen
Melinda Petersen
Housing Projects Manager

cc: Bank
INSTRUCTIONS TO HOMEBUYER

A. Participant contacts the City of Eureka for a Program Handout and a Pre-Screen application.

B. Upon return of the complete and signed Pre-Screen Application, it is date and time stamped and the Participant is added to the City’s CDBG Homebuyer Program Waiting List in date chronological order. If there is no Waiting List an appointment can be scheduled immediately for an application.

C. When Participants name comes to the top of the Waiting List, the participant is contacted to schedule an appointment to receive the Homebuyer Program Application packet I and instructions including:

1) Instructions to Homebuyer
2) Annual Household Income Definition
3) Application Form, Assets Self Certification
4) Notice to Applicants
5) Fair Lending Notice
6) Request for Verification of Employment
7) Request for Transcript of Tax Return
8) Information Disclosure Authorization
9) Request for Verification of Rent or Mortgage Account
10) Acknowledgment of Receipt of CDBG Homebuyer Program Guidelines
11) Equal Credit Opportunity Action Notice of Adverse Action

D. Upon finalizing application and authorization by City staff of participant’s City program eligibility, participant is provided the following Packet II. These documents are to be provided to the real estate agent and first mortgage lender of their choice, as evidence of their eligibility in the City’s Homebuyer Program. All participants who receive the “Program Eligibility Letter” from the City will be on equal status with each other and the final approval of the selected property, the first mortgage qualification, and City funding will be on a first come first served basis:

1) “Program Eligibility Letter” (Two Copies)
2) First Mortgage Lender Instructions with Homebuyer Education (Two Copies)
3) Sellers Lead-Based Paint Disclosure
4) Lead Based Paint Contract Contingency Language
5) EPA Booklet “Protect Your Family from Lead in Your Home”
6) Notice to Seller
E. Participants work with their chosen real estate agent and first mortgage lender to select a program eligible home. Program disclosures are reviewed with agent for presentation to seller. Preference will be given to vacant, owner occupied, or renter purchasing the home they occupy. Tenant occupied homes are not eligible, unless vacated for 4 months prior to the Purchase Agreement.

F. For housing selection, the home must be “modest”, so it may not exceed three bedrooms and two bathrooms unless there are documented extenuating circumstances which are authorized by the Housing Advisory Board (such as overcrowding, or reasonable inventory of housing is insufficient in size, etc.).

G. Participant selects home and enters into a purchase contract (contingent upon receiving City loan approval). Lender provides the City with a copy of:
   7) Acceptable Real Estate Sales Contract with Seller Notification
   8) Residential Mortgage Loan Application
   9) Credit Report (Minimum 640)
   10) Rent Verification
   11) Current third party income verifications and verifications of assets
   12) Good Faith Estimates and Disclosure Statement with monthly payment, term, impounding, and qualifying ratios
   13) Proof of Bank & City Required funds in Escrow for Participation in Program
   14) Breakdown of Closing Costs
   15) Structural Pest Control Clearance
   16) Appraisal with Photos
   17) Escrow Instructions-90 day escrows
   18) Preliminary Title Report
   19) Homebuyer Course Certification

H. The City reviews paperwork to determine program eligibility and financing affordability for participant etc.

I. City staff meets with qualified participant to provide information relative to the program requirements, the lending process, and homeownership responsibilities.

J. The City has home inspected to confirm housing unit is structurally sound and any health and safety or code compliance deficiencies are noted for correction. Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.

K. City staff prepares staff report with recommendation for the Housing Advisory Board. Following Housing Advisory Board loan approval, the City Manager or Acting City Manager approves before staff prepares “Reserved Funds Letter to Borrower”, escrow instructions to the title company, which will include the Initial Loan Declaration of Compliance, Deed of Trust, Loan Agreement with Owner Occupant clause with City of Eureka, Promissory Note, Truth in Lending, Request for Notice of Default, Memo of Right of First Refusal, and verification of deposits into escrow. All immediate health and safety repairs and pest control clearance must be completed before occupancy through the negotiations of purchase.
L. Escrow Company will record documents, and perform any escrow close out information. After receipt of recorded loan documents, HUD I, Insurance Loss Payee Certification and Final Title Insurance Policy, the City closes the loan file.

M. There will be no cash back from the close of escrow to the Participant. Any cash back from escrow is to be applied to the principal balance of the second mortgage loan.
SELLERS LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller’s possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller’s Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
   (i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
   (ii)____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):
   (i) ____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).
   (ii) ____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser’s Acknowledgment (initial)
(c) ____ Purchaser has received copies of all information listed above.
(d) ____ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
(e) ____ Purchaser has (check (i) or (ii) below):
   (i) ______ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or;
   (ii) ______ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

Agent’s Acknowledgment (initial)
(f) ____ Agent has informed the seller of the seller’s obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy
The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_________________________________________  ____________________________  ____________________________  ____________________________
Seller                  Date                     Seller                  Date
_________________________________________  ____________________________  ____________________________  ____________________________
Purchaser               Date                     Purchaser               Date
_________________________________________  ____________________________  ____________________________  ____________________________
Agent                   Date                     Agent                   Date
CDBG Homebuyer Assistance Program
Lead-Based Paint Contract Contingency Language

This contract is contingent upon a Risk Assessment or inspection of the property for the presence of Lead-Based Paint and/or Lead-Based Paint hazards at the Purchaser’s expense until 9 p.m. on the tenth calendar-day after ratification. This ending date is: _______________. [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact Lead-Based Paint that is in good condition is not necessarily a hazard. See the EPA pamphlet “Protect Your Family From Lead in Your Home” for more information.)

This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser’s agent) delivers to the Seller (or Seller’s agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report.

The Seller may, at the Seller’s option, within _____ days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a Risk Assessor or inspector demonstrating that the condition has been remedied before the date of the settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counteroffer, the Purchaser shall have _____ days to respond to the counter-offer or remove this contingency and take the property in “as is” condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

Seller: _______________________________ Date: ______________

Purchaser: ______________________________ Date: ______________

Purchaser: ______________________________ Date: ______________

Property Address: ___________________________________________
**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).
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.
- 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 avoid fatty (or high fat) foods and eat nutritious meals high in iron and calcium.
- Remove shoes or wipe soil off shoes before entering your house.

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/
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.

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) 533-1200
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](http://epa.gov/lead) and [hud.gov/lead](http://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](http://cpsc.gov) or [saferproducts.gov](http://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](http://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.

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.

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](http://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.

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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).
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.

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.

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 (μg/ft²) and higher for floors, including carpeted floors
- 250 μg/ft² and higher for interior windows sills
- 400 μg/ft² for window troughs

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.

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 (μg/ft²) for floors, including carpeted floors
- 250 μg/ft² for interior windows sills
- 400 μg/ft² 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.
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.

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

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 avoid fatty (or high fat) foods and eat nutritious meals high in iron and calcium. Children with good diets absorb less lead.

³ Hearing- or speech-challenged individuals may access this number through TTY by calling the Federal Relay Service at 1-800-877-8399.
Disclosures to Seller with Voluntary, Arm’s Length, Purchase Offer

DECLARATION

This is to inform you that ____________________________________________, buyers would like to purchase the property, located at ____________________________________________, Eureka, California, if a satisfactory agreement can be reached. We are prepared to pay $____________ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, __________________________, thru the agency, the City of Eureka 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 City of Eureka will not use the power of eminent domain to acquire the property.

2. The estimated fair market value of the property is $__________ and was estimated by ____________________________________________, to be finally determined by a professional appraiser prior to close of escrow.

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 contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property from four (4) months prior to Purchase Agreement signing to sale completion.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: City of Eureka, 531 K Street, Eureka, California, 95501. If you have any questions about this matter, please contact Melinda Petersen at (707) 441-4214.

Sincerely,

____________________________________
Title

_________________________________   _____________________
Buyer Date

_________________________________   _____________________
Buyer Date

Form continues on next page with Seller’s Acknowledgment
Acknowledgement

As the Seller I/we understand that the City of Eureka Housing and Building Department staff 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 Eureka’s program, the property must be currently owner-occupied, vacant for four (4) 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 4 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

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.

__________________________________   _______________________
Seller                                            Date

__________________________________   _______________________
Seller                                            Date
Subject: LETTER OF RESERVED FUNDS
City of Eureka’s CDBG Homebuyer Program Loan #_______
Borrower:
Property Address:

Dear ____________:

The City of Eureka’s Community Development Block Grant Homebuyer Program staff has received notice of your loan pre-qualification from __________________________ for a first mortgage loan in the amount of $_______________. After reviewing ________________ (Lender’s) pre-qualification packet, the City requested and received authorization from the Housing Advisory Board on ______________, to approve your City of Eureka CDBG Homebuyer Program “gap financing” loan (in a second lien position on title) in an amount not to exceed $________.00. This will allow you to pursue the purchase of the property identified as ________________________, in Eureka at the purchase price of $________________________. These funds can only be reserved for you for a 90 day escrow and it will be necessary to request an extension should you exceed this term. Funds are not guaranteed beyond the 90 days as availability is on a first-come-first-served basis.

We anticipate closing escrow by _____________________. Please feel free to contact me at 441-4214 if you have any questions or need additional information regarding our program.

Sincerely,

Melinda Petersen
Housing Projects Manager

cc: Director, Bank, Finance, Buyer’s Realtor, Seller’s Realtor
2017 Humboldt County Area Median Family Income by Number of persons in Household

<table>
<thead>
<tr>
<th>Number of Persons in Household</th>
<th>Effective APRIL 1ST, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>80% of AMI</td>
<td>$33,550</td>
</tr>
</tbody>
</table>

The Program Operator will insert the limits for the County in which the Program is located, and will update the income limits annually as HCD provides new information. The link to the official, HCD-maintained, income limits is:


**Household:** Means one or more persons who will occupy a housing unit.

**Annual Income:** Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
## 24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

### Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the Code of Federal regulations.

<table>
<thead>
<tr>
<th>General Category</th>
<th>Statement from 24 CFR 5.609 paragraph (b) (April 1, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Income from wages, salaries, tips, etc.</td>
<td>The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.</td>
</tr>
<tr>
<td>2. Business Income</td>
<td>The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.</td>
</tr>
<tr>
<td>3. Interest &amp; Dividend Income</td>
<td>Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.</td>
</tr>
<tr>
<td>4. Retirement &amp; Insurance Income</td>
<td>The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).</td>
</tr>
<tr>
<td>5. Unemployment &amp; Disability Income</td>
<td>Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).</td>
</tr>
</tbody>
</table>
| 6. Welfare Assistance | Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:  
  - Qualify as assistance under the TANF program definition at 45 CFR 260.31; and  
  - Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).  

If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:  
- the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus  
- the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage. |
| 7. Alimony, Child Support, & Gift Income | Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. |
| 8. Armed Forces Income | All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions). |
**Part 5 exclusions**

This table presents the Part 5 income exclusions as stated in the Code of Federal Regulations.

<table>
<thead>
<tr>
<th>General Category</th>
<th>Statement from 24 CFR 5.609 paragraph (c) (April 1, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Income of Children</td>
<td>Income from employment of children (including foster children) under the age of 18 years.</td>
</tr>
<tr>
<td>2. Foster Care Payments</td>
<td>Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).</td>
</tr>
<tr>
<td>3. Inheritance and Insurance Income</td>
<td>Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).</td>
</tr>
<tr>
<td>4. Medical Expense Reimbursements</td>
<td>Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.</td>
</tr>
<tr>
<td>5. Income of Live-in Aides</td>
<td>Income of a live-in aide (as defined in 24 CFR 5.403).</td>
</tr>
<tr>
<td>6. Disabled Persons</td>
<td>Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).</td>
</tr>
<tr>
<td>7. Student Financial Aid</td>
<td>The full amount of student financial assistance paid directly to the student or to the educational institution.</td>
</tr>
<tr>
<td>8. Armed Forces Hostile Fire Pay</td>
<td>The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.</td>
</tr>
</tbody>
</table>
| 9. Self-Sufficiency Program Income | a. Amounts received under training programs funded by HUD.  
b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).  
c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.  
d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA’s governing board. No resident may receive more than one such stipend during the same period of time.  
e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program. |
| 10. Gifts | Temporary, nonrecurring, or sporadic income (including gifts). |
| 11. Reparations | Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. |
| 12. Income from Full-time Students | Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse). |
| 13. Adoption Assistance Payments | Adoption assistance payments in excess of $480 per adopted child. |
| 14. Social Security & SSI Income | Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts. |
| 15. Property Tax Refunds | Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit. |
| 16. Home Care Assistance | Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home. |
| 17. Other Federal Exclusions | Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:  
› The value of the allotment made under the Food Stamp Act of 1977;  
› Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA,  
...
Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- Payments received under the Alaskan Native Claims Settlement Act;
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs;
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older-American Community Service Employment Program);
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
24 CFR Part 5 ASSETS INCLUSIONS AND EXCLUSIONS

This presents the Part 5 asset inclusions and exclusions as stated in the Code of Federal Regulations.

Statements from 24 CFR Part 5 - April 1, 1998

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.

2. Cash value of revocable trusts available to the applicant.

3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.

4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.

5. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty).

6. Retirement and pension funds.

7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).

8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.

9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.

10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.

2. Interest in Indian trust lands.

3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.

4. Equity in cooperatives in which the family lives.

5. Assets not accessible to and that provide no income for the applicant.

6. Term life insurance policies (i.e., where there is no cash value).

7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.
# Lead-Based Paint

**Visual Assessment, Notice of Presumption, and Hazard Reduction Form**

## Section 1: Background Information

<table>
<thead>
<tr>
<th>Property Address:</th>
<th>No LBP found or LBP exempt</th>
<th>Select one:</th>
<th>Visual Assessment</th>
<th>Presumption</th>
<th>Hazard Reduction</th>
</tr>
</thead>
</table>

## Section 2: Visual Assessment

Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.

<table>
<thead>
<tr>
<th>Visual Assessment Date:</th>
<th>Report Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check if no deteriorated paint found</td>
<td></td>
</tr>
</tbody>
</table>

Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).

## Section 3: Notice of Presumption

Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.

<table>
<thead>
<tr>
<th>Date of Presumption Notice:</th>
</tr>
</thead>
</table>

Lead-based paint is presumed to be present and/or Lead-based paint hazards are presumed to be present.

Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and/or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.

## Section 4: Notice of Lead-Based Paint Hazard Reduction Activity

Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.

<table>
<thead>
<tr>
<th>Date of Hazard Reduction Notice:</th>
</tr>
</thead>
</table>

Initial Hazard Reduction Notice? Yes
No

Start & Completion Dates:

If “No”, dates of previous Hazard Reduction Activity Notices:

Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.

Attachment D: Location of building components with lead-based paint remaining in the rooms, spaces or areas where activities were conducted.

Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)

## Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity

Printed Name: Signature: Date:

## Section 6: Contact Information

<table>
<thead>
<tr>
<th>Organization:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Contact Name:</th>
<th>Contact Signature:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date:</th>
<th>Address:</th>
<th>Phone:</th>
</tr>
</thead>
</table>
## LEAD HAZARD EVALUATION REPORT

### Section 1—Date of Lead Hazard Evaluation

_________________________

### Section 2—Type of Lead Hazard Evaluation

<table>
<thead>
<tr>
<th>Lead inspection</th>
<th>Risk assessment</th>
<th>Clearance inspection</th>
<th>Other (specify)</th>
</tr>
</thead>
</table>

### Section 3—Structure Where Lead Hazard Evaluation Was Conducted

<table>
<thead>
<tr>
<th>Address [number, street, apartment (if applicable)]</th>
<th>City</th>
<th>County</th>
<th>ZIP code</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Construction date (year) of structure</th>
<th>Type of structure (check one box only)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single family dwelling</td>
</tr>
</tbody>
</table>

### Section 4—Owner of Structure (If business/agency, list contact person)

<table>
<thead>
<tr>
<th>Name</th>
<th>Telephone number ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address [number, street, apartment (if applicable)]</th>
<th>City</th>
<th>State</th>
<th>ZIP code</th>
</tr>
</thead>
</table>

### Section 5—Results of Lead Hazard Evaluation

(Consult one box only)

- **No lead-based paint detected.**
  
  A lead inspection was conducted following the procedures outlined in Title 17, California Code of Regulations, Division 1, Chapter 8. No lead-based paint was detected during this lead inspection. This structure is found to be lead-based paint free.

- **No lead hazards detected.**
  
  Lead hazard evaluation was conducted following the procedures outlined in Title 17, California Code of Regulations, Division 1, Chapter 8. No lead hazards were detected. **Lead-based paint and/or lead hazards detected.**
  
  Lead hazard evaluation was conducted following the procedures outlined in Title 17, California Code of Regulations, Division 1, Chapter 8. Lead-based paint and/or lead hazards were detected.

### Section 6—Individual Conducting Lead Hazard Evaluation

<table>
<thead>
<tr>
<th>Name</th>
<th>Telephone number ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address [number, street, apartment (if applicable)]</th>
<th>City</th>
<th>State</th>
<th>ZIP code</th>
</tr>
</thead>
</table>

| Brand name and serial number of any portable x-ray fluorescence (XRF) instrument used (if applicable) | |

<table>
<thead>
<tr>
<th>DHS certification number</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
</table>
Section 7—Attachments

A. A foundation diagram or sketch of the structure indicating the specific locations of each lead hazard or presence of lead-based paint;
B. Each testing method, device, and sampling procedure used;
C. All data collected, including quality control data, laboratory results, including laboratory name, address, and phone number.

First copy and attachments retained by inspector  Second copy and attachments retained by owner  Third copy only (no attachments) mailed to:
Department of Health Services
Childhood Lead Poisoning Prevention Branch
Reports
850 Marina Bay Parkway
Building P, 3rd Floor
Richmond, CA 94804-6403


FAX (510) 620-5656
HOMEBUYER PROGRAM LEAD COMPLIANCE DOCUMENT CHECKLIST

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Safe Housing Rule Screening Sheet</td>
<td>Documents Exemptions</td>
</tr>
<tr>
<td>Physical inspection form (HQS or Equivalent)</td>
<td>Documents Visual Assessment Results</td>
</tr>
<tr>
<td>Seller Certification</td>
<td>• Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization</td>
</tr>
<tr>
<td>Clearance Report and Clearance Review Worksheet</td>
<td>Documents that unit passes clearance</td>
</tr>
<tr>
<td>Disclosure Form</td>
<td>Documents that buyer received disclosure and pamphlet</td>
</tr>
<tr>
<td>Lead Hazard Reduction Notice</td>
<td>Documents that buyer received required lead hazard reduction notification</td>
</tr>
</tbody>
</table>

This was taken from the HUD Website at:


CDBG Homebuyer Program
CDBG LBP Checklist for Homebuyers Assistance

Name of Applicant: ____________________________ Date: ______________
Address: ____________________________________
____________________________________

1. If the house was completed prior to 1/1/78, go on to #2. If the house was completed on or after 1/1/78, STOP, you are done w/your LBP. Provide proof of age. Use certificate of insurance, final sign off, or occupancy date.

2. Does the dwelling meet any of the exemptions listed in chapter 20 of the Grant Management Manual? If yes, STOP, you are done w/your LBP requirements. Use LBP-1 to document. List exemption here: ____________________. If not, proceed to #3.

3. Provide “How to Protect Your Family From Lead” pamphlet to recipients. Retain signed receipt from recipients/occupants stating that pamphlet was received.

4. Prior to the purchaser being obligated to an offer, use the Lead Disclosure Notice that seller provides. This disclosure addresses any known LBP and/or LBP hazards in the house and any records pertaining to LBP mitigation. It will also state that the purchaser has 10 days to perform a LBP inspection, or that purchaser has waived that right. Ensure “Homebuyer Assistance Program Sample LBP Contract Contingency Language” is used in the purchase contract. If buyer waives inspection, sample LBP Contract Contingency Language is not required.

5. Do LBP visual assessment, using CDBG form LBP-1. If no deteriorated paint is found, STOP, you are done w/LBP requirements. If deteriorated paint is found, do work write up, and go to #6.

6. Procure DHS certified LBP contractor for paint stabilization. Prior to work being started, post or notice, and retain DHS forms 8551, Abatement of Lead Hazards Notification.

7. Obtain proof of certification for supervisor and all workers as required. See p.20-17.

8. Clearance Report, using DHS form 8552. Clearance report cannot be done by the same business entity that performed any evaluated component. Obtain proof of DHS RA certification.

9. Within 15 days of LBP hazard work being finalized, notice and retain copy of Notice of Hazard Reduction Activity. Use CDBG form LBP-1.
### State of California HOME Program

**Single-Family Maximum Purchase Price/After-Rehabilitation Value Limits**

**FOR ACQUISITION AND/OR REHABILITATION OF EXISTING HOUSING**

**Effective March 1, 2017**

<table>
<thead>
<tr>
<th>County</th>
<th>One-Unit 95% Median Purchase Price Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda County</td>
<td>$489,000</td>
</tr>
<tr>
<td>Alpine County</td>
<td>$287,000</td>
</tr>
<tr>
<td>Amador County</td>
<td>$242,000</td>
</tr>
<tr>
<td>Butte County</td>
<td>$245,000</td>
</tr>
<tr>
<td>Calaveras County</td>
<td>$244,000</td>
</tr>
<tr>
<td>Colusa County</td>
<td>$186,000</td>
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<tr>
<td>Contra Costa County</td>
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<tr>
<td>Del Norte County</td>
<td>$181,000</td>
</tr>
<tr>
<td>El Dorado County</td>
<td>$356,000</td>
</tr>
<tr>
<td>Fresno County</td>
<td>$223,000</td>
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<tr>
<td>Glenn County</td>
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</tr>
<tr>
<td>Humboldt County</td>
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<tr>
<td>Imperial County</td>
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<tr>
<td>Inyo County</td>
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<tr>
<td>Kern County</td>
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<tr>
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<td>Lassen County</td>
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<tr>
<td>Madera County</td>
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<tr>
<td>Marin County</td>
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<tr>
<td>Mariposa County</td>
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<tr>
<td>Mendocino County</td>
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<tr>
<td>Merced County</td>
<td>$212,000</td>
</tr>
<tr>
<td>Modoc County</td>
<td>$143,000</td>
</tr>
</tbody>
</table>
State of California HOME Program
Single-Family Maximum Purchase Price Limits
FOR DEVELOPMENT OR ACQUISITION OF NEWLY-CONSTRUCTED HOUSING
(Built within 12 months of acquisition)

Effective March 1, 2017

<table>
<thead>
<tr>
<th>County</th>
<th>One-Unit 95% Median Purchase Price Limit</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Calaveras County</td>
<td>$244,000</td>
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<tr>
<td>Colusa County</td>
<td>$224,000</td>
</tr>
<tr>
<td>Contra Costa County</td>
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<td>Del Norte County</td>
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<tr>
<td>El Dorado County</td>
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<td>Fresno County</td>
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<td>Glenn County</td>
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<td>Humboldt County</td>
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<td>Lake County</td>
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</tr>
<tr>
<td>Lassen County</td>
<td>$224,000</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>$405,000</td>
</tr>
<tr>
<td>Madera County</td>
<td>$224,000</td>
</tr>
<tr>
<td>Marin County</td>
<td>$570,000</td>
</tr>
<tr>
<td>Mariposa County</td>
<td>$224,000</td>
</tr>
<tr>
<td>Mendocino County</td>
<td>$301,000</td>
</tr>
<tr>
<td>Merced County</td>
<td>$251,000</td>
</tr>
</tbody>
</table>
The City of Eureka, hereafter called “Lender” has adopted these policies and procedures in order to preserve its financial interest in properties, who’s “Borrowers” have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the follow areas: 1) making required monthly payments or voluntary payments on a loan’s principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. **Loan Repayments:**

   The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes, which are amortized promissory notes, (or Lender may use AmeriNational Community Services loan collection Company to collect payments). Late fees will be charged for payments received after the assigned monthly date.

   For Notes, which are deferred payment loans; the Lender may accept voluntary payments on the loan. Loan payments will be credited to the interest first and then to principal. The borrower may repay the loan balance at any time with no penalty.

2. **Payment of Property Taxes and Insurance:**

   As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee in first position or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the Lender may take out forced place insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower’s new insurance.

   Properties located within a 100 year flood plain are not program eligible.
Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. The City of Eureka requires that the Borrower have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. **Required Request for Notice of Default:**

When the Borrower’s loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender’s loan. This document requires any senior lien holder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lien holder, it is in their best interest to contact any other senior lien holders regarding the status of their loans.

4. **Annual Occupancy Restrictions and Certifications:**

The Borrower is required to submit annually in January, a utility bill (PGE) or other documentation to prove occupancy during the term of the loan.

5. **Required Noticing and Restrictions on Any Changes of Title or Occupancy:**

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Housing Advisory Board.
If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is in the eligible income category and has clear title to the property. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Lender’s Housing Advisory Board.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner occupied to rental without City authorization and rent limitation agreement, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance the property, they must request a subordination request from the Lender. The Lender will only subordinate their loan when there is no “cash out” as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower interest rate and the total indebtedness on the property should not exceed the current market value as provided by a licensed appraiser.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the City Manager for review and approval if the request is compliant with conditions above, or may be considered by the Lender’s Loan Committee if there are exceptions. Upon approval, the escrow company will provide the proper subordination document for execution and recordation.

7. Process for Loan Foreclosure:
Upon any condition of loan default: 1) non payment; 2) lack of insurance or property tax payment; 3) violation of rent limitation agreement; 4) change in title or use without approval; 5) non-occupancy; 6) or default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender, or it’s designated service provider, may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lien holder, may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lien holder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

8. Lender as Senior Lien holder

When the Lender is first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:
1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?

2) Can the Borrower refinance with a private lender and pay off the Lender?

3) Can the Borrower sell the property and pay off the Lender?

4) Does the balance warrant foreclosure? (If the balance is under $5,000, the expense to foreclose may not be worth pursuing.)

5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.
## STATE OF CALIFORNIA HOME PROGRAM
### SUBSIDY LIMITS PER UNIT – SECTION 221(d) (3)

(All limits are effective 8/1/11 except those highlighted, which are effective 1/1/11)

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Revised 11/28/11
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