

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Planning and Community Development

BOARD AGENDA # *D-1

Urgent

Routine

AGENDA DATE June 22, 2010

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval to Submit, and If Awarded, Accept a \$1,000,000 Grant Application to the California State Department of Housing and Community Development (HCD) Under the CalHome Program to Supplement the Stanislaus County First Time Home Buyer Program

STAFF RECOMMENDATIONS:

1. Authorize the submission of a \$1,000,000 grant application to the California State Department of Housing and Community Development under the CalHome Program to supplement the Stanislaus County First Time Home Buyer Program.
2. Adopt the CalHome Program Resolution, included as Attachment A.
3. Authorize the Chief Executive Officer to sign the CalHome Applicant Certification and Commitment of Responsibility, Attachment B.

(Continued on Page 2)

FISCAL IMPACT:

There is no fiscal impact associated with this item. If awarded the grant, funds will be used to supplement the Stanislaus County First Time Home Buyer Program.

BOARD ACTION AS FOLLOWS:

No. 2010-387

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS: (Continued)

4. Authorize the Director of Planning & Community Development, or his designee, to act on all matters relating to the application, if approved, including executing the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

DISCUSSION:

The California Department of Housing and Community Development (HCD) has announced the availability of approximately \$50 million in CalHome funds provided by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, to provide funding to local public agencies or non-profit corporations for First Time Home Buyer Mortgage Assistance and Owner Occupied activities.

CalHome funds are available to local government entities that are authorized to engage in or assist in the development of housing or operation of housing programs for households of low or very low-income. The funds are available as a grant to local governments and non-profit organizations to be distributed as loans to eligible households.

The Stanislaus County Planning and Community Development Department has over sixteen years of experience administering the First Time Home Buyer Program (FTHB) and has provided assistance to over 276 families in the purchase of their first home. Stanislaus County also has a successful track record with CalHome funds. In 2007, Stanislaus County was awarded a \$600,000 grant for its FTHB Program. In 2008, Stanislaus County was awarded an additional \$750,000 grant for owner-occupied housing rehabilitation activities. Department staff recommends that the Board authorize staff to apply for this grant to allow for the expansion of the existing program to assist an additional 25 first time homebuyers.

These funds will be utilized to leverage other existing funding sources such as HOME Investment Partnership Program (HOME) and Redevelopment Agency Housing Set-Aside funds to ensure that health and safety concerns are addressed on the housing units before FTHB assistance is provided to the family.

POLICY ISSUES:

The Board should determine if the items being considered further the goals of: 1) a safe community, 2) a healthy community, 3) effective partnerships, 4) a well-planned infrastructure system, and 5) the efficient delivery of public services.

Approval to Submit and If Awarded, Accept a \$1,000,000 Grant Application to the California State Department of Housing and Community Development (HCD) Under the CalHome Program to Supplement the Stanislaus County First Time Home Buyer Program
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STAFFING IMPACT:

There are no staffing impacts associated with this item.

CONTACT PERSON:

Kirk Ford, Planning and Community Development Director. Telephone: 209-525-6330

ATTACHMENTS:

- A. CalHome Program Resolution
- B. Cal Home Grant Application

THE STANISLAUS COUNTY BOARD OF SUPERVISORS

HEREBY AUTHORIZES THE SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM.

WHEREAS:

- A. STANISLAUS COUNTY, a **political subdivision of the State of California or nonprofit public benefit corporation**, wishes to apply for and receive an allocation of funds through the CalHome Program; and
- B. The California Department of Housing and Community Development (hereinafter referred to as "HCD") has issued a Notice of Funding Availability ("NOFA") for the CalHome program established by Chapter 84, Statutes of 2000 (SB 1656 Alarcon), and codified in Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code (the "statute"). Pursuant to the statute, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature to the CalHome program, subject to the terms and conditions of the statute and the CalHome Program Regulations adopted by HCD in April 2004; and
- C. STANISLAUS COUNTY wishes to submit an application to obtain from HCD an allocation of CalHome funds in the amount of **\$ 1,000,000**.

IT IS NOW THEREFORE RESOLVED THAT:

1. STANISLAUS COUNTY shall submit to HCD an application to participate in the CalHome Program in response to the NOFA issued on APRIL 19, 2010 which will request a funding allocation for the following activities:

First Time Home Buyer Mortgage Assistance to low and very low-income households (at or below 80% of the Area Median Income). Stanislaus County staff will conduct loan origination, processing, underwriting, prepare loan documents, loan servicing, and other related program activities. Eligible households will be assisted with loans of up to \$60,000 through a combination of CalHome, HOME, and/or Redevelopment funds.

The activities will be located in unincorporated areas of Stanislaus County.
2. If the application for funding is approved, Stanislaus County hereby agrees to use the CalHome funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program regulations cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the CalHome Program.

3. Stanislaus County authorizes the Chief Executive Officer to execute, in the name of Stanislaus County, the application. If the application is approved for funding, Stanislaus County authorizes the Director of Planning and Community Development, or his designee, to execute the Standard Agreement, and all other documents required by HCD for participation in the CalHome Program, and any amendments thereto.

PASSED AND ADOPTED THIS 22nd Day of June, 2010, by the following vote:

AYES: five NAYS: none ABSTAIN: none ABSENT: none

The undersigned Clerk of the Board of Supervisors of Stanislaus County there before named does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Governing Board adopted at a duly convened meeting on the date above-mentioned, which has not been altered, amended or repealed.

Christine Ferraro

June 22, 2010

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors
State of California

Date

CalHome Program

Application for General Program Funding NOFA

Mortgage Assistance and/or Owner-Occupied Rehabilitation

California Department of Housing and Community Development
Financial Assistance Division
P.O. Box 952054, Sacramento, CA 94252-2054
Or
1800 3rd Street, MS 390-2
Sacramento, CA 95811
916-327-3646

This application, if approved for funding, will be a part of your Standard Agreement with the Department of Housing and Community Development (HCD). In order to be considered for funding, all sections of this application, including attachments and exhibits, must be complete and accurate. **Application forms must not be modified.** No facsimiles, incomplete applications, or application revisions will be accepted prior to, or after the application deadline. Applications must meet all eligibility requirements upon submission. Applications containing material internal inconsistencies will not be rated and ranked. Use **Exhibit A**, Attachment Checklist, as an aid in completing the application. HCD must receive in its office a complete original application in a three ring binder **no later than 5:00 P.M. Friday, June 25, 2010.**

For purpose of this NOFA, this will be a Program NOFA which will include first-time homebuyer mortgage assistance activities and owner-occupied activities. A separate CalHome Project NOFA to support the development of new homeownership housing has been released separately.

Please note: applicants are eligible to apply for both a CalHome Program Grant and/or a CalHome Project Grant. However, a property may have only one CalHome lien on it.

SECTION I. APPLICATION SUMMARY:

- A. Name of Applicant: STANISLAUS COUNTY
- B. Applicant Address: 1010 10TH STREET
City: MODESTO Zip Code: 95354
- C. Chief Executive Name and Title: RICHARD W ROBINSON, CHIEF EXECUTIVE OFFICER
- D. Contact Person Name and Title: JUAN GONZALEZ, ASSISTANT PLANNER
- E. Phone Number: (209)525-6330 FAX: (209) 525-5911 E-Mail: gonzalezj@stancounty.com
- F. Proposed Activity: FTHB Mortgage Assistance

You may apply for one or two program activities, the aggregate amount of both activities may not exceed the maximum application amount, and the amount for any one activity may not be less than the minimum activity amount, as specified in the NOFA. The maximum amount is \$1 Million for most jurisdictions or \$1.5 Million for High Population Areas. Only apply for the amount that you know you can use. Recipients who do not use at least 95% of their funds will be penalized in future funding rounds for not meeting performance goals. Localities shall only be eligible to apply for an award of CalHome funds for a local program within its jurisdictional boundaries. A nonprofit corporation may propose programs in a county or counties in which they have operated a housing program within the past 4 years, or in a county or counties for which the nonprofit corporation has an existing 523 technical assistance services agreement with the United States Department of Agriculture.

Activity: Submit Appropriate Attachment Number	No. of CalHome Assisted Units Proposed	County or Counties of Activity	Census Tracts if Proposing 100% Rural Activity*
1. FTHB Mortgage Assistance Program	25	Stanislaus County	Not Applicable
2. Owner-Occupied Rehabilitation Program			
Total			

* If your activity is located entirely within a rural census tract or non-metro county as defined in the CalHome Program Regulations and you want to receive consideration for the rural set-aside, you must provide the census tract or tracts or list the non-metro county information in the table above. If the proposed area is rural, applicants must indicate census tract numbers in order to receive consideration under the rural set-aside. Programs in rural census tracts must document that their program is located in a rural area. Follow the steps outlined below to determine if your proposed program is located in a rural area, and to document this rural area status. Programs located in the following counties do not have to provide documentation of their rural status, and will be considered rural applicants:

Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Sierra, Siskiyou, Tehama, Trinity and Tuolumne.

If your site is not located within one of the listed counties, below are two alternate ways to qualify:

Alternative 1: Rural Housing Services (RHS) Eligible Area – With an established address, go to the USDA Rural Development website to qualify if the site is RHS-eligible: <http://www.rurdev.usda.gov/rhs/>.

Once on the website, look to the right hand side of this page and click on "Income and Property Eligibility". On the page that follows, under "Property Eligibility", click on your program type (single family) and follow the instructions so that you may enter your program address. If your program is RHS-eligible, you will be able to print a map indicating that the program is eligible. Submit this documentation with your application.

If your program is not listed as RHS eligible, or if you do not yet have a site address, go to Step 2.

Alternative 2, Step 1: Small City Status - Is your program located within or adjoining a city with a population of 40,000 or less that is not part of a Census-designated urbanized area?

Go to the State Department of Finance website to verify the city's population estimate: <http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/Estimates/E1/E-1text.asp>.

If the city has a population of 40,000 or less, print the page of Table E-1 which indicates this, and go to Step 3. If the city is more than 40,000, STOP. Your program may not be located in a rural area. Proceed to Step 2 to confirm if your area is rural or not.

Step 2: Census Map - If the proposed program is located in an incorporated city of 40,000 or less, or in the unincorporated area adjoining that small city, the program may be considered rural if the program's census tract is not designated "as an urbanized area" or "part of an urbanized area."

- Go to the Census Bureau's 2000 Census website at: <http://www.census.gov/main/www/cen2000.html>
- Under "Access Data by Geography" select the "street address" link (regardless of whether the program has an established address).
- On the subsequent screen, enter the program's address or that of another nearby property located within the same census tract (as close to the program as possible). Select "Go" and additional information will display at the bottom of the page.
- Select "Census Tract" in the Geographies section of the enhanced screen and select "Map It."
- Print the census tract map provided and your jurisdiction's population estimate from Table E-1, (see Step 1 above), and submit these two documents with the application. The map may show the census tract as "urban" according to the legend provided with the map. However, the census tract will only be considered urban if the map includes bold face type with a "UA" designation. If the map includes no such designation, or shows the census tract as urban but has a "UC" designation, the census tract is still considered rural.

If you tried all three of these alternatives and the end result shows that your program is not classified as rural, but you believe that it should be considered rural, or if you have other questions, problems, or concerns in determining rural designation pursuant to the above process, please contact Christina DiFrancesco at (916) 322-0918.

G. Proposed Grant Amount: *\$ 1,000,000

* If the grant request is over \$1,000,000 (up to \$1,500,000), the city, county or nonprofit will need to provide the following: The name of the city or unincorporated areas of counties with a population of over 400,000. If a County operates their programs in the small cities within the county as well as the unincorporated areas, we will allow the aggregate population of the unincorporated areas plus these small cities to be combined for determining the maximum award amount only where we have letters/resolutions from the included small cities verifying the County's authority to operate with the cities. A list of cities and unincorporated areas of counties in California with population over 400,000 is included in this application labeled **Exhibit D**. Please provide the required documentation as **Attachment 3**.

H. Brief Description of Each Program Activity Applied for:
Stanislaus County intends to utilize CalHome funds to assist low and very low-income households (at or below 80% of the Area Median Income) through its First Time Home Buyer Down Payment Assistance Program. Mortgage assistance will be provided to eligible households with loans of up to \$60,000 through a combination of CalHome, HOME, and/or Redevelopment Agency Housing Set-Aside funds.

SECTION II. LEGISLATIVE REPRESENTATIVES:

A form is included in this application labeled **Exhibit B**. Please complete the information on this form and attach as **Attachment 5**.

SECTION III. GOVERNING BOARD RESOLUTION:

Attach the resolution, duly executed by the governing board of the local public agency or nonprofit corporation, granting authority to make an application to HCD for a funding commitment from the CalHome Program. Label as **Attachment 6** Governing Board Resolution. Please review the sample resolution which is included in this application package as **Exhibit C**. Be sure that the resolution authorizes a signatory for submittal of this application and the resolution is an action of the governing body of the applicant. If someone signs the application other than the person authorized in the resolution, submit evidence that shows that the person signing has the authorization to sign. Such evidence could be in the form of an ordinance or code, or an opinion from the applicant's legal counsel. Include such authorization with **Attachment 6**.

SECTION IV. APPLICANT INFORMATION:

A. The applicant is a (check one): City County City and County Nonprofit Corporation

1. If a Nonprofit Corporation, Submit copies of:

IRS approval of 501(c) (3) status: as **Attachment 7a**
Secretary of State Letter of Good Standing: as **Attachment 7b**

Articles of Incorporation: as **Attachment 7c**

Bylaws: as **Attachment 7d**

List of names of Board of Directors as **Attachment 7e**

Financial Statements (for the last 2 fiscal years, one of which must be must be audited): as **Attachment 7f**

SECTION V. ACTIVITY ATTACHMENT:

Applicants must complete at least one attachment:

Attachment 1, First-Time Homebuyer Mortgage Assistance, or

This attachment is part of this application. (At least one must be completed and must be included or the application will not be complete and will be ineligible for funding consideration).

SECTION VI. APPLICANT CERTIFICATION AND COMMITMENT OF RESPONSIBILITY:

As the official designated by the governing body, I hereby certify that if approved by HCD for a CalHome Program funding allocation, **Stanislaus County** assumes the responsibilities specified in the CalHome Program Regulations and certifies that:

- A. It possesses the legal authority to apply for the allocation and to execute their proposed program or project;
- B. Before committing funds to a homebuyer/homeowner, it will evaluate the funding eligibility in accordance with CalHome Program Regulations and will not invest any more CalHome funds in combination with other governmental assistance than is necessary to provide affordable housing;
- C. The Applicant **does not** have any unresolved audit findings for prior HCD or federally-funded housing or community development projects or programs.
- D. There are **no** pending lawsuits that would impact the implementation of this program or project.
- E. It will comply with all statutes and regulations governing the CalHome Program.
- F. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct.
- G. It has the ability to perform the duties for the activity(s) applied for in accordance with Section 7718 of the CalHome Program Regulations.

I authorize the Department of Housing and Community Development to contact any agency, whether or not named in this application, which may assist in determining the capability of the Applicant. All information contained in this application is acknowledged to be public information. (This certification must be signed by the person authorized in the Resolution)

*Signature: Richard W. Robinson Title: Chief Executive Officer

Type Name: Richard W. Robinson Date: 6/22/10

*Must be signed by authorized signatory per the resolution.

EXHIBIT A

Attachment Checklist

Please tab each attachment required by the application and place the attachments behind the completed application in a three ring binder according to the corresponding number listed below.

Check if Included	Att. No.	Attachment Title
X	1	Program: First-time Homebuyer Mortgage Assistance Program
	2	Program: Owner-Occupied Rehabilitation Program
	3	Documentation regarding population over 400,000 for requesting funds over \$1,000,000 (up to \$1,500,000)
	4	Additional Documentation
X	5	Legislative List
X	6	Copy of Resolution authorizing this application. As a time-saver, the Resolution may also authorize execution of the contract and other documents needed to process a loan
X	Bonus-A	Green Build Self Certification
	Bonus-B	Universal Design Standards
		Nonprofit corporations must provide the following information:
	7a	IRS approval of 501(c)(3) status
	7b	Copy of current certification of 501(c)(3) status with Secretary of State that is less than one year old
	7c	Copy of Articles of Incorporation
	7d	Copy of Bylaws
	7e	List of officers and Board of governing body of Applicant
	7f	Financial Statements (one of the last 2 years must be audited)

CalHome Program Application

Attachment 1

First-Time Homebuyer Mortgage Assistance Program

This Application form is for homebuyer mortgage assistance to first-time homebuyers of new or existing homes, or for purchase of existing homes to be rehabilitated by the homebuyer. An applicant may only apply for funds under this attachment when it will be providing the services required in Section 7729 of the program regulations.

SECTION I. APPLICANT INFORMATION

Name: STANISLAUS COUNTY

SECTION II. FIRST-TIME HOMEBUYER PROGRAM EXPERIENCE

- A. Provide the following information for each year of first-time homebuyer program operation for 12 consecutive months, by calendar year. Applicant organizations should only list those homebuyer units for which they provided the mortgage assistance services.

YEAR	PERMANENT FINANCING FUNDING SOURCE(S)	NO. OF PURCHASE ESCROWS UNDERWRITTEN AND CLOSED	AVERAGE AMOUNT OF ASSISTANCE PROVIDED PER BUYER
2009	HOME, RDA, CalHome	14	\$40,000
2008	HOME, RDA, CalHome	5	\$40,000
2007	HOME, RDA, CALHFA (year 3)	12	\$75,000
2006	HOME, RDA, CALHFA (year 2)	7	\$75,000
2005	HOME, RDA, CALHFA (year 1)	11	\$75,000
2004	HOME, RDA	19	\$50,000
2003	HOME, RDA	11	\$50,000
2002	HOME, RDA	11	\$20,000
2001	RDA	14	\$6,300
2000	RDA	17	\$3,000

- B. For years 2006 through 2009, provide a narrative of applicant's history and experience with the proposed activity, including evidence of program operation for each year listed: e.g., board resolution authorizing the program; award letters; program financial pages from annual audit, annual reports or other evidence that will demonstrate program operation. **(Attach as Exhibit 1-1)**

SECTION III. LOAN UNDERWRITING EXPERIENCE

A. For the years 2006 through 2009, the total number of homebuyer loans applicant has underwritten and closed, which included preparation of loan documents and escrow instructions. # 38

SECTION IV. LOAN SERVICING EXPERIENCE

A. For the years 2006 through 2009, the total number of homebuyer loans closed for which the applicant was the named beneficiary on the loan documents. # 38

B. As of the CalHome NOFA issuance date, the total number of homeowner loans in the applicant's portfolio. # 84

C. Number of loans identified in B. above that are being directly serviced by the applicant. # 84

D. Number of loans identified in B. above that are being serviced by a third party. # 0

E. As of the CalHome NOFA issuance date, the total number of homebuyer loans the applicant is servicing for another entity. # 0

F. If there are zero loans identified in C, D **and** E, submit a narrative identifying how loans will be serviced, how the servicing activities will be funded or provided and the procedures for implementing loan servicing operations. **In addition** to the narrative, attach either: 1) a budget that provides an identified source of financing, for a period of at least 5 years, for contracting loan servicing with a third party who is in the business of loan servicing; 2) a commitment letter from a third party, who is in the business of loan servicing, willing to provide loan servicing at no cost to the applicant; or 3) the résumé of a current employee(s) of the applicant that describes the employee(s)'s experience in homeowner loan servicing. **(Attach as Exhibit 1-2)**

SECTION V. PROGRAM TARGETING

A. Number of homebuyers to be assisted with this application for CalHome funds # 25

B. Program will be operated **entirely within a federally defined Qualified Census Tract(s) located in Appendix B in the training manual** (ONLY MARK YES IF ALL HOMES TO BE ASSISTED WITH CALHOME FUNDS SHALL BE LOCATED IN THE AREA(S) IDENTIFIED HERE):

Yes X No _____

Federally defined Qualified Census tract(s) No. 3.01, 8.03, 16.01, 16.03, 16.04, 17.00, 18.00, 21.00, 22.00, 23.01, 23.02, 24.00, 31.00, 33.00, 34.00, 38.02, 38.03, 39.06, 39.08

C. Program will be operated **entirely within a designated redevelopment area under the jurisdiction of a local Redevelopment Agency** (ONLY MARK YES IF ALL HOMES TO BE ASSISTED WITH CALHOME FUNDS SHALL BE LOCATED IN THE AREA(S) IDENTIFIED HERE):

Yes X No _____

Attach a redevelopment area map and indicate program location on the map. **(Attach as Exhibit 1-3)**

D. Nonprofit corporations must list the county or counties in which the program will be operated.
 county/counties _____

E. Provide the data source used to project median sales price:

_____ www.Trulia.com / www.Realtytrac.com _____

SECTION VI. FINANCING AND AFFORDABILITY

A. Proposed Permanent Financing (other than CalHome) (check all that apply):

Conventional FHA CalHFA USDA-Rural Development
 Federal HOME Redevelopment Agency Other

Describe the financing structure, first mortgage and any subordinate financing in addition to CalHome that will finance the purchase of the properties.

Source of Financing	Proposed Lien Position
Conventional / FHA	1 st
CalHome	2 nd
HOME	3 rd
Redevelopment Agency	4 th

B. Projected Average Housing Cost and Affordability:

1. Expected Average Sales Price, Less Homebuyer Equity: \$ 150,000
2. Less Average CalHome Mortgage Assistance to be given: \$ 40,000
3. Less Average Other Mortgage Assistance to be received, if any: \$ _____
4. Average First Mortgage: \$ 110,000
5. Estimated Monthly Payment on First Mortgage (PITI): \$ 865
6. Annual Income Needed to Support above Payment
 (Based on the homebuyer paying 30% of gross annual income for PITI) \$ 34,600

SECTION VII. CONTRIBUTED LABOR PROGRAMS – Self-Help, Volunteer Labor and Youth Construction Training Labor.

Important Note: Only complete this section, if the applicant meets the two-year minimum experience requirement for operation of a program, a minimum of 500 hours of onsite contributed construction labor per assisted unit must be provided, and that financed purchase of homes involving this type of construction or developed homes involving this type of construction and the entire program will be restricted to units involving this type of construction.

A. Check if project involves any of the following types of contributed onsite construction labor:

1. Self-Help labor: Yes _____ No _____

No. of hours of guaranteed self-help onsite construction labor per unit: _____ hrs

2. Volunteer labor: Yes _____ No X
 No. of hours of guaranteed volunteer onsite construction labor per unit: _____ hrs
3. A youth construction skills training program: Yes _____ No X
 Name of program: _____
 No. of hours of guaranteed youth construction training onsite construction labor per unit, provided by participants age 16 to 24 years old only: _____ hrs
4. **If the answer to A. 1, 2 or 3 above is yes**, indicate the minimum number of onsite construction labor hours per unit to be provided by the homebuyer: ___ hrs

B. Describe the criteria for participation in your contributed labor program. (Attach as Exhibit 1-4)

Not Applicable

C. Attach a copy of the agreement form used for the contributed labor program. (Attach as Exhibit 1-4a)

Not Applicable

D. Provide description of activities performed by contributed labor participants. (Attach as Exhibit 1-4b)

Not Applicable

E. Provide description of activities normally contracted out. (Attach as Exhibit 1-4c)

Not Applicable

F. What percentage of total onsite construction labor per unit will be performed by contributed labor:
 _____%

Please provide evidence of previous administration of the type of contributed labor program proposed in this application. This could include, but not be limited to, the nonprofit corporation charter or a copy of the board resolution authorizing the program supported by documentation of completed projects; or copies of contracts with contributed labor participants. **(Attach as Exhibit 1-4d)**

Not Applicable

SECTION VIII . HOMEBUYER EDUCATION

A. Does the applicant currently provide homebuyer education classes?
 Yes X No _____

If not, describe arrangements for providing homebuyer education in Attachment 4-Additional Documentation.

**SECTION IX. BONUS POINTS FOR NEW POLICY OBJECTIVES
MORTGAGE ASSISTANCE ACTIVITIES ONLY**

A. Targeting energy efficient homeownership: Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for transactions where the units purchased are energy efficient. The Department is encouraging the use of Green Building features. Applicants will self certify their activity on Form 3A and confirm that items 2, 3, 4, 5, 6, 7, 10, 11, 12, & 13 are included in the units to be constructed, **and** that at least two of the remaining items (1,8 & 9) will also be included in the units to be constructed. **(Attach as Bonus Exhibit A)**

Yes **X** No

B. Targeting homeownership units that meet universal design standards:
Bonus points will be given in the scoring of this application for applicants that use their mortgage assistance loans exclusively for home purchase transactions where the units purchased are developed by meeting the following universal design standards:

- Provide at least one no-step entrance with beveled threshold. This may be at the front, side or back of the unit.
- Make doorways throughout the unit at least 32 inches wide and hallways at least 36 inches clear width.
- Reinforce walls around the toilet, bathtub and shower stall in order that grab bars may be added at a later time, if needed.
- Install light switches and electrical controls no higher than 48 inches and electrical plugs no lower than 15 inches above the floor.
- Install lever handles on all doors and plumbing fixtures.
- **(Attach as Bonus Exhibit B)**

Yes No **X**

Green Building Self-Certification Check List Form 3A

The Department is encouraging the use of Green Building features. A new bonus category has been added to this NOFA to reward developers that use energy efficient products that will enhance new units. Therefore, this new bonus opportunity has been developed and included in this NOFA. Applicants must self certify that items 2, 3, 4, 5, 6, 7, 10, 11, 12, & 13 are included in the units to be constructed, **and** that at least two of the remaining items (1,8 & 9) will also be included in the units to be constructed.

Additionally, appliances that are customarily provided with the units, such as hot water heaters and dishwashers, or heating/cooling systems, should all meet the ENERGY STAR® standards.

	Current Requirement	Applicant Certification Check Off Column
Site		
1. Use plant and tree species that require low water use in sufficient quantities and install irrigation system using only low-flow drip, bubblers, or low-flow sprinklers.	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	X
Materials and Resources		
2. Use engineered lumber a. Beams and Headers b. Wood I-Joists or web trusses for floors and ceilings	Essential for Bonus Consideration	X
3. Use Oriented Strand Board (OSB) a. Floor, Wall and Roof sheathing.	Essential for Bonus Consideration	X
4. Provide effective air sealing. a. Seal sole plates. b. Seal exterior penetrations at plumbing, electrical and other penetrations. c. Seal top plate penetrations at plumbing, electrical, cable and other penetrations. d. Weather-strip doors and attic access openings. e. Seal penetrations in interior equipment closets and rooms. f. Seal around bathtub drain penetrations in raised floors.	Essential for Bonus Consideration	X
5. Install and flash windows in compliance with window installation protocols.	Essential for Bonus Consideration	X
6. Exterior Doors a. Insulated or solid core. b. Flush, paint or stain grade shall be metal clad or have hardwood faces. c. Factory primed on six sides with a one year warranty.	Essential for Bonus Consideration	X
7. Select durable non-combustible roofing materials which carry a three-year contractor installation guarantee.	Essential for Bonus Consideration	X
Energy Efficiency		
8. Install ENERGY STAR® Ceiling Fans in living areas and all bedrooms; install a whole house fan with insulated louvers; or install an	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	X

economizer.		
9. Install ENERGY STAR® appliances in each unit, including but not limited to; a. Dishwashers b. Refrigerators c. Clothes washers	Two of three of items #1, 8, or 9 must be met for Bonus Consideration	
10. Install gas storage water heater with an Energy Factor (EF) of 0.62 or greater and a capacity of at least 30 gallons for one- and two-bedroom units and 40 gallons for three-bedroom units or larger.	Essential for Bonus Consideration	X
Water Efficiency		
11. Use water saving fixtures or flow restrictors. a. Kitchen and Service Areas < 2 gallons per minute (gpm). b. Bathroom Sinks < = 1.5 gallons per minute (gpm). c. Showers and Bathtubs < = 2.5 gallons per minute (gpm).	Essential for Bonus Consideration	X
Indoor Environmental Quality		
12. Use Low-VOC paint and stain. a. Flat interior wall/ceiling paints & stains < 50gpl VOCs. b. Non-flat wall/ceiling paints & stains <150gpl VOCs.	Essential for Bonus Consideration	X
13. Floor coverings a. Light and medium traffic areas shall have vinyl or linoleum at least 3/32" in thickness. b. Heavy traffic areas shall have vinyl or linoleum at least 1/8" in thickness. c. Carpet shall comply with U.S. Department of Housing and Urban Development/Federal Housing Administration UM 44C, or alternatively, cork, bamboo, linoleum, or hardwood floors shall be provided in all other floor areas.	Essential for Bonus Consideration	X



MEMORANDUM OF UNDERSTANDING

This agreement, entered into this 1st day of January 2012 is between **Stanislaus County Planning & Community Development Department**, whose address is 1010 10th Street, Suite 3400, Modesto CA 95354, and **Habitat for Humanity, Stanislaus County**.

WHEREAS, Habitat for Humanity hereinafter referred to as “**Provider**” is a Housing and Urban Development (HUD) Certified Housing Counseling Agency and provides Homebuyer Counseling services to first time home buyers.

WHEREAS the **Stanislaus County Planning & Community Development** Department hereinafter referred to as “**Stanislaus County**” wishes to enter into this Memorandum of Understanding (MOU) with **Provider** to provide first time homebuyer counseling to **Stanislaus County’s** First Time Home Buyer Down Payment Assistance Program (hereafter referred to as “Program”) participants.

WHEREAS Stanislaus County and **Provider** have agreed to enter into this MOU;

NOW THEREFORE, Stanislaus County and **Provider** agree as follows:

ARTICLE I SCOPE OF SERVICES

1. The **Provider** agrees to provide professional services to **Stanislaus County** Program participants, in accordance with and pursuant to the details of this MOU, and specifically Attachment A – Scope of Work, which is attached hereto and incorporated herein by this reference (“Work”). **Provider** shall capture data, for reimbursement purposes, as outlined in Attachment A – Scope of Work and include in monthly reimbursement requests as identified in item “c” of the Scope of Work.
2. The **Provider** shall perform the specified Work and shall furnish all labor, materials, supplies, equipment, supervision, and services for and incident to the performance of the Work.
3. In consideration of services rendered, **Stanislaus County** agrees to reimburse costs in accordance to the provisions of Article IV.

ARTICLE II GENERAL PROVISIONS

1. This MOU, including attachments, shall form the entire agreement and understanding between **Stanislaus County** and the **Provider**. Except as provided in Article VII hereof,

1/17/12 signed by BOS

no other written or verbal statements, shall be binding upon the parties or construed as modifying this MOU in any way.

2. The governing law of this MOU shall be the law of the State of California, excluding its choice of law provisions. The parties agree that Stanislaus County is the sole proper venue for the litigation of any and all disputes arising out of or relating to this MOU.
3. Execution of this MOU by **Stanislaus County** will be authorization for the **Provider** to proceed with the Work and Services specified herein.
4. Hiring and Screening Policies. Per **Stanislaus County** and respective funding source policies, **Provider** certifies that they have appropriate hiring policies and screening procedures for employees who will be providing homebuyer counseling.
5. Communications to **Stanislaus County** shall be directed to:

Stanislaus County Planning & Community Development Department
1010 10th Street, Suite 3400
Modesto, CA 95354
(209) 525 - 6330
FAX : (209) 525 - 5911

Communications to **Provider** shall be directed to:

Habitat for Humanity, Stanislaus County
630 Kearney Avenue
Modesto, CA 95350
(209) 575 - 4585

ARTICLE III TERM

The term of this MOU shall be from January 1, 2012 through December 31, 2013.

ARTICLE IV CHARGES, INVOICING, AND PAYMENT

1. **Stanislaus County** shall pay \$100 per participating household referred to **Provider** by **Stanislaus County**. Per funding regulations **Stanislaus County** will reimburse **Provider** **ONLY** for participating households which purchase a home utilizing Stanislaus County's Program. Reimbursement amount under this MOU **not to exceed \$7,500**.
2. **Provider** shall, no less than monthly, submit a written reimbursement request with supporting documentation including a list of **Stanislaus County** Program participants to whom homebuyer counseling services were provided and related participant information as identified in item "c" of Exhibit A – Scope of Work. Reimbursement request invoices shall

itemize program participants for whom reimbursement is being requested. Home Ownership must be confirmed by County staff prior to reimbursement taking place.

3. The County shall pay the **Provider** within thirty (30) days of the receipt of request for reimbursement and Home Ownership confirmation.

ARTICLE V INDEPENDENT CONTRACTOR STATUS

This MOU is by and between two independent contractors and is not intended to and shall not be construed to create the relationship of employer, employee, partnership, agent, servant, or joint venture with the **Provider** or any persons employed by or representing the **Provider** including Subcontractors or employees thereof. The **Provider** shall control the manner and means of accomplishing the performance of the MOU.

ARTICLE VI INSURANCE AND INDEMNIFICATION

1. The **Provider** shall maintain throughout the period of this MOU the following insurance coverages, which shall be written on an "occurrence" basis:
 - A. Worker's Compensation and Employer's Liability insurance, as required by law;
 - B. Comprehensive General, Bodily injury, and property damage insurance, with \$1,000,000 combined single limits; and
 - C. Comprehensive automobile liability for owned and rented/leased vehicles, including bodily injury and property damage coverage, with \$1,000,000 combined single limits.
2. Neither party, nor any of its officers or employees, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by the other party under or in connection with any work delegated to that party under this MOU. The parties further agree, pursuant to Governmental code section 895.4, that each party shall fully indemnify and hold harmless the other party and its agents, officers employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such party under this MOU.

ARTICLE VII MODIFICATIONS

Specific activities outlined in this MOU may be modified in keeping with established Program regulations and guidelines by written consent of all parties involved.

**ARTICLE VIII
DISPUTES**

The parties may pursue their respective remedies at law or equity for any claim, controversy, or dispute relating to this MOU.

**ARTICLE IX
NON-ASSIGNMENT**

Neither party shall assign, transfer, or further subcontract this MOU, in whole or in part, without prior written approval of the other.

**ARTICLE X
SEVERABILITY AND SURVIVAL**

If any of the provisions herein are held for any reason to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not effect any other provision, and this MOU will be construed as valid, legal, and enforceable in all other respects.

**ARTICLE XI
TERMINATION**

1. Each party retains the right to terminate this MOU without cause upon thirty (30) days advance notice to the other. Each party retains the right to terminate this MOU for cause upon twenty-one (21) days advance written notice to the other, which notice shall specify the cause.
2. After termination, **Stanislaus County** will pay for any expenses incurred (consistent with Paragraph 1 of Article IV) to the termination date upon submission of a request for reimbursement by the **Provider**.

ARTICLE XII
ENTIRE DOCUMENT

This MOU represents the entire agreement between the parties and supersedes all prior agreements and understandings.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed by their duly authorized representatives, as follows:

STANISLAUS COUNTY

Stanislaus County Planning &
Community Development Department
1010 10th Street, Suite 3400
Modesto, CA 95354
209-525-6330

PROVIDER

Habitat for Humanity, Stanislaus County
630 Kearney Avenue
Modesto, CA 95350
(209) 575 - 4585

SIGNATORIES

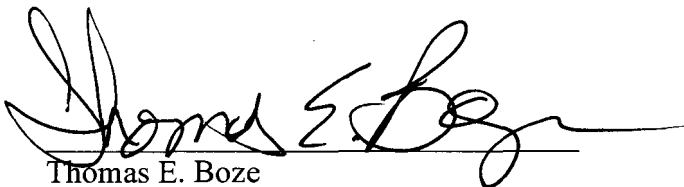


Kirk Ford, Director
Stanislaus County
Planning and Community Development
Department



Anita Hellam, Executive Director
Habitat for Humanity, Stanislaus County

APPROVED AS TO FORM:



Thomas E. Boze
Deputy County Counsel

ATTACHMENT A

SCOPE OF WORK

Habitat for Humanity, Stanislaus County, hereinafter referred to as “**Provider**” agrees to provide first time home buyer counseling services to Stanislaus County First Time Home Buyer Down Payment Assistance Program participants, hereinafter referred to as “**Program**”. Eligible Program participants will be referred to Habitat for Humanity on a first come first served basis.

It is further agreed that **Provider** will:

- a) Provide an eight (8) hour HUD Certified first time home buyer counseling course to Stanislaus County Program participants
- b) Homebuyer education course must cover the topics as outlined in Attachment B - Homebuyer Education Curriculum.
- c) Capture the following data for evaluation and reimbursement purposes and include with reimbursement requests:
 - Number of participants;
 - Name and contact information of participants
 - Date in which homebuyer counseling was provided

ATTACHMENT B

Homebuyer Education Curriculum

The following topics must be covered as part of the homebuyer education course:

- Lesson:** **Preparing for Homeownership**
- The advantages & disadvantages of owning a home.
 - Setting goals for successful transition into homeownership
 - Homeowner responsibilities
 - How much you can afford to pay for a home
 - The importance of good credit when you try to borrow money
 - How to find the right house in the right neighborhood.
 - How to make an offer
 - The steps to getting a loan
- Lesson:** **Budgeting and Credit**
- Knowing where your money goes
 - Setting goals
 - Budgeting to meet your goals
 - Cutting costs and finding ways to save
 - Planning, so that unexpected expenses are less of a threat
 - Understanding credit and protecting your credit rating
 - Fixing credit problems
- Lesson:** **Getting a Mortgage**
- How a lender decided whether or not to give you a mortgage loan
 - Calculating how much you can borrow
 - Who makes mortgage loans
 - The different types of loans that are available
 - Shopping for the best loan
 - The loan application
 - Shopping for a Home
 - The loan approval process
 - What to expect at closing
 - Loan Servicing
- Lesson:** **Keeping Your Home and Managing Your Finances**
- Making your home safe and energy efficient
 - Keeping your home in good repair
 - Deciding when and how to remodel
 - Getting involved in the life of your neighborhood
 - Protecting your investment
 - Budgeting for home ownership
 - Keeping records and paying taxes
 - Understanding refinancing
 - What to do if you cannot make your payments

1. This Agreement is entered into between the State Agency and the Contractor named below:
 STATE AGENCY'S NAME

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR'S NAME

Stanislaus County

2. The term of this Agreement is: **Upon HCD Approval through 10/19/2013**

3. The maximum amount of this Agreement is: **\$1,000,000.00**

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A - Authority, Purpose and Scope of Work	2
Exhibit B - Budget Detail and Payment Provisions	1
Exhibit C - State of California General Terms and Conditions*	GTC - 610
Exhibit D - CALHOME Terms and Conditions	5
Exhibit E - Special Terms and Conditions	0
Exhibit F - Additional Provisions	0
TOTAL NUMBER OF PAGES ATTACHED:	8 pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at <http://www.documents.dgs.ca.gov/ols/GTC-610.doc>

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc)
Stanislaus County

BY (Authorized Signature)



DATE SIGNED (Do not type)

3/15/11

PRINTED NAME AND TITLE OF PERSON SIGNING

Kirk Ford, Director, Planning & Community Development
 ADDRESS
1010 10th Street, Modesto, CA 95354

**California Department of
 General Service
 Use Only**

MAR 22 2011

STATE OF CALIFORNIA

AGENCY NAME

Department of Housing and Community Development

BY (Authorized Signature)



DATE SIGNED (Do not type)

3/22/11

PRINTED NAME AND TITLE OF PERSON SIGNING

Stacy Q. Hernandez, Contracts Manager, Business & Contract Services Branch

ADDRESS

1800 Third Street, Room 350, Sacramento, CA 95811

Exempt per: SCM 4.04.3 (DGS Memo dated 6/12/81)

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority & Purpose

This Standard Agreement (hereinafter "Agreement") will provide official notification of a Grant award under the CalHome Program ("Program") administered by the State Department of Housing and Community Development ("Department") as authorized by and pursuant to Chapter 6 of Part 2 of Division 31 of the Health and Safety Code, commencing with Section 50650 (the "CalHome statutes") and regulations found in Title 25 of the California Code of Regulation, Division 1, Chapter 7, Subchapter 9 commencing with Section 7715 ("CalHome Regulations"), all as amended and in effect from time to time.

A. In accepting this Grant award, the Contractor agrees to comply with the following:

- 1) CalHome statutes;
- 2) CalHome Regulations;
- 3) Terms and conditions of the CalHome General Program Notice of Funding Availability ("NOFA"), dated April 19, 2010, which is incorporated herein by this reference;
- 4) Representations contained in the Contractor's application made in response to the NOFA ("Application"); and
- 5) Terms and conditions of this Agreement.

B. All funds provided through this Agreement are general obligation bond funds, pursuant to the Housing and Emergency Shelter Trust Fund Act of 2006. As such, pursuant to Government Code section 16727, Contractor shall ensure that expenditures of the proceeds of the Program grant or loan are limited to those costs associated with the acquisition, rehabilitation or construction of capital assets.

2. Scope of Work

A. Contractor shall perform the Scope of Work ("Work") as described in the Application, which is on file at the Department of Housing and Community Development, Division of Financial Assistance, 1800 Third Street, Room 390, Sacramento, California and which is incorporated herein by reference. All written materials or alterations submitted as addenda to the original Application and which are approved in writing by the CalHome Program Manager or higher Departmental official, as appropriate, are hereby incorporated as part of the Application. In the event of a conflict between the description of the Work in the Application and as described in this Exhibit, the description in this Exhibit shall prevail. The Department reserves the right to require the Contractor to modify any or all parts of the Application in order to comply with the CalHome Statutes or Regulations. The Department reserves the right to review and approve all Work to be performed by the Contractor in relation to this Agreement. Any proposed amendment to the Work must be submitted in writing for review and approval by the Department. Any approval shall not be presumed unless such approval is made by the Department in writing.

EXHIBIT A

B. The Work shall generally consist of providing Mortgage Assistance to low and very low income first-time homebuyers

3. Amount of Agreement

The amount of this Agreement for the Work described herein shall not exceed \$1,000,000.00.

4. Completion Dates

This Agreement shall expire on October 19, 2013. All funds remaining unexpended upon termination shall be disencumbered from this Agreement.

5. Department Contract Coordinator

The coordinator of this Agreement for the Department is the CalHome Program Manager, or their designee. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class mail to the following address:

Department of Housing and Community Development
Division of Financial Assistance
CalHome Program Manager
P. O. Box 952054, MS 390-2
Sacramento, California 94252-2054
Phone: (916) 327-8255

6. Contractor Contract Coordinator

The coordinator of this Agreement for the Contractor is listed below. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class mail to the contact at the following address:

Stanislaus County
Juan Gonzalez, Assistant Planner
1010 10th Street
Modesto, CA 95354
(209) 525-6330
gonzalezj@stancounty.com

7. Special Conditions

The Work shall be performed entirely within a designated redevelopment area under the jurisdiction of a local Redevelopment Agency and/or entirely within federally defined Qualified Census Tracts as listed in the application.

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Disbursement Process

- A. Payments to Contractor for Mortgage Assistance shall be on an advance or reimbursement basis. Upon the effective date of this Agreement, and upon submission of the required draw request form(s) and submission of any documentation required by the Department, as identified in Paragraph C of the Exhibit, Contractor may obtain an advance of in an amount not to exceed 25 percent (25%) of the total amount provided under this Agreement. As these funds are used for eligible expenditures, the Contractor shall forward all required documentation to the Contract manager. When two-thirds (2/3) of the initial disbursement of CalHome Program funds on hand has been expended, the Contractor may request the next advance of 25% of the total amount provided under this Agreement. This procedure of advances shall continue until the total amount provided under this agreement is expended and is subject to the requirements of Exhibit A, Item 4, of this Agreement.
- B. The Department reserves the right to request copies of any documentation at any time prior to, or after the processing of any draw request.
- C. As a condition of the first draw of funds for Mortgage Assistance, Contractor shall submit the following for the Department's review and approval:
 - 1) Program guidelines describing the Contractor's Mortgage Assistance Program per Regulations Section 7730(a);
 - 2) Written procedures for long-term loan servicing;
 - 3) A copy of Contractor's Reuse Account plan;
 - 4) An executed twenty (20) year Monitoring Agreement on a form to be provided by the Department ("20-year Monitoring Agreement"); and
 - 5) Copies of Promissory Note and Deed of Trust that will be used by the Contractor.

EXHIBIT D

CALHOME TERMS AND CONDITIONS

1. Effective Date and Commencement of Work

This Agreement is effective upon approval by the Department which is the date stamped in the lower right hand corner of page one of this Agreement. The Contractor agrees that Work shall not commence, nor any costs to be paid with CalHome funds be incurred or obligated by any party prior to execution of this Agreement by the Department, completion of all required environmental clearances, and compliance with the applicable conditions of this Agreement. The Contractor agrees that the Work shall be completed in accordance with the date(s) specified in Exhibit A, Item 4 of this Agreement.

2. Amount and Form of Funding

- A. For the purposes of performing the Work, the Department agrees to provide to the Contractor the amount specified in Exhibit A, Item 3. In no instance shall the Department be liable for any costs for the Work in excess of this amount, nor for any unauthorized or ineligible costs.
- B. The Department shall provide funds to the Contractor to be used for the following eligible activities as further described in the NOFA, and specified in Exhibit A Item, 2.B:
 - 1) Grants for Mortgage Assistance low or very low income first time homebuyers, including Mortgage Assistance for Acquisition with Rehabilitation;
 - 2) Grants for Owner-Occupied Rehabilitation for low or very low income homeowners; and/or
 - 3) Homeownership Project Development Loans which may convert to Grants pursuant to the loan terms defined in Section 7746 of the Regulations.

3. Permitted Uses of Funds

The Contractor shall use funds provided pursuant to this Agreement only for performance of the Work, and consistent with the requirements of the NOFA and the Regulations.

4. Termination and Breach

- A. In the event of the Contractor's failure to satisfy or comply with any term or condition in this Agreement or with respect to the 20-year Monitoring Agreement as specified in Exhibit B within the time and in the manner specified, after written notice to the Contractor by the Department specifying:
 - 1) the breach;
 - 2) the action required to cure such breach; and
 - 3) a date, not less than fifteen (15) days from the date of receipt of such notice by the Contractor, by which such breach must be cured.

EXHIBIT D

- B. In the event of such breach the Department may also take such action or seek such remedies as provided in the 20-year Monitoring Agreement.
- C. Unless otherwise approved by the Department, upon termination of this Agreement, the Contractor shall complete all the Work in progress and terminate any other activities that were to be paid for with CalHome Program funds. Any unexpended funds received by the Contractor shall be returned to the Department within 15 days of the notice of termination.

5. Insurance

- A. Prior to the disbursement of funds under this Agreement and thereafter during the term hereof, the Contractor shall obtain, carry, and maintain in force, comprehensive general liability insurance in the amount not less than one million dollars (\$1,000,000) for injury to or death of one person, one million dollars (\$1,000,000) for injury to or death of more than one person in one accident, and adequate property damage insurance. All insurance carriers must meet the requirements of the State of California Department of Insurance.
- B. Upon demonstration of cause satisfactory to the Department, the requirements of in Item 5.A of this Exhibit may be satisfied by the Contractor providing evidence of an alternative to conventional insurance sufficient to provide equivalent protection.

6. Inspections

- A. The Contractor shall inspect any Work performed hereunder to ensure the Work is being and has been performed in accordance with the applicable federal, State and/or local requirements, any applicable construction contract, and this Agreement. The Contractor agrees to require that all Work found by such inspections not conformed to the applicable requirements be corrected, and to withhold payment to the construction contractor or subcontractor until it is so corrected.
- B. The Department reserves the right to inspect any site upon which the Work is being performed. The Contractor shall include a provision permitting the Department or its agents or any subcontractor for performance of the work.

7. Signs

- A. Contractor shall place a sign on the Property during construction that shall include the Department as one of the entities providing financing to the development.
- B. During the construction period the Department may place one or more signs on the Property stating that it is providing financing for the development.

8. Reporting Requirements

- A. During the term of this Agreement, and no later than thirty (30) days after the end of each calendar quarter, the Contractor shall submit to the Department a performance report on a form provided by the Department.

EXHIBIT D

- B. During the term of this Agreement, and no later than thirty (30) days after June 30th of each year, the Contractor shall submit, upon request of the Department, an annual performance report on a form provided by the Department.
- C. During the term of this Agreement, the Department reserves the right to request other forms or reports as necessary or required.

9. Audit/Retention and Inspection of Records

- A. Contractor shall retain all books and records pertaining to performance of this Agreement for a minimum of three years after the expiration of this Agreement and any and all amendments hereto, or for three years after the conclusion or resolution of any and all audits or litigation relevant to this Agreement, whichever is later.
- B. Contractor shall adequately document each transaction to permit the determination, through an audit if requested by the Department, of the accuracy of the records and the allowability of the expenditures paid in whole or in part, with CalHome funds. If the allowability of an expenditure cannot be determined because records or documentation are inadequate, the questionable expenditure will be disallowed. The Contractor shall reimburse the Department for the amount of any disallowed expenditures of the Contractor or its agents or subcontractors. Determination by the Department of allowability of any expenditure shall be final.
- C. The Department does not require a routine audit of the Contractor's books; provided, however, the Contractor shall comply with any reasonable demand by the Department for an audit of the Contractor's activities related to this Agreement. If the Department provides the auditor, the Department will pay for the cost of the audit; otherwise, the Contractor shall pay the cost of the audit.
- D. Contractor agrees that the Department or its delegatee will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Contractor agrees to provide the Department or its delegatee with any relevant information requested and shall permit the Department or its delegatee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Government Code section 8546.7. Contractor further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

10. Monitoring Agreement

Upon the Department's approval of Recipient's Loan Servicing Plan and CalHome Program Reuse Account Plan, the Recipient shall enter into the 20-year Monitoring Agreement. The 20-year Monitoring Agreement allows the Department to obtain necessary reporting information; review and approve changes to Loan Servicing Procedures or CalHome Program Reuse Account Plans; and, to perform monitoring of CalHome Program operations and accounts.

EXHIBIT D

11. Compliance with Laws and Guidelines

Contractor agrees at all times to act with respect to the CalHome Program, CalHome activities, and use of funds committed herein shall be in conformity with all laws applicable to the CalHome Program including those of the State of California, all federal laws, all local rules or ordinances, all requirements of the CalHome Program including the CalHome Statutes and Regulations.

12. Disencumbering Funds

Funds authorized by this Agreement shall be disencumbered in whole or in part if funds are not expended within the time frames specified in Exhibit A, Item 4.

13. Waiver

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. Any remedy afforded in this Agreement shall be taken and construed as cumulative, and in addition to, any other remedy provided therein or by law. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Contractor of such provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

14. Litigation

- A. If any provision of this Agreement, or underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. The Contractor shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

15. Prevailing Wage

- A. Where funds provided through this Agreement are used for construction work, or in support of construction work, Contractor shall ensure that the requirements of Chapter 1 (commencing with section 1720) of part 7 of the Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.
- B. For the purposes of this requirement "construction work" includes, but not limited to the rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. (Note: For the purposes of this requirement "in support of construction work" includes, but not limited to the work performed during the design and preconstruction phases of construction (i.e. development,) including, but not limited to, inspection and land surveying work under

EXHIBIT D

contract and paid for, in whole or in part, through this Agreement. Development related work "in support of construction work" such as involving employment of trades/crafts like a field soil tester, laborer, electrical utility lineman, tree trimmer, driver(on/off-hauling to/from construction site shall be paid prevailing wages pursuant to California Labor Code, part 7, Chapter 1.) All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the "construction contract"). Where the construction contract will be between the Contractor and a licensed building contractor, Contractor shall serve as the "awarding body." Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

C.