



Town of Apple Valley

Residential Rehabilitation Loan Program (RRLP)

Program Guidelines



Revised 6-7-11

**TOWN OF APPLE VALLEY
ECONOMIC DEVELOPMENT & HOUSING DEPARTMENT
RESIDENTIAL REHABILITATION LOAN PROGRAM (RRLP)**

INTRODUCTION

The Town of Apple Valley offers a program to eligible homeowners which will enable eligible applicants to obtain a deferred loan to rehabilitate and improve their

owner-occupied, single-family residential property. Deferred loans are available to those households in the low-, very low- and extremely low-income categories. The loan is a zero percent (0%) loan for a term of 30 years, or due upon the sale or transfer of the property. The minimum amount of assistance in the form of a deferred loan that shall be provided is \$1,000; the maximum loan amount is \$20,000. Single-family attached and detached homes are eligible for assistance. There is a limit of one loan per resident per life. Funds may only be used for eligible housing improvements.

The amount of assistance to be provided shall be based upon the bid amount provided by a licensed general contractor, who is in good standing with the licensing Board and with the Department of Housing and Urban Development (HUD). A Program Inspector determines that items to be addressed along with the homeowner(s). Loans shall be utilized by resident owners to address issues which threaten the health and safety of all residents within the dwelling by providing funding to correct local code violations, as well as addressing incipient repairs.

As of October 30, 2008, due to a declining real estate market and the resulting 'upside down' status of mortgages, the equity requirement is being suspended in determining eligibility. The equity requirement may be reestablished as the real estate market improves. The maximum total loan amount shall be determined by the value of the property. The RRLP loan will be limited by the value determined at time of application for the property. Loan maximum will be \$20,000 or value of property, whichever is less.

The Town of Apple Valley continues to compile a list of interested, low-income owners who are waiting to participate as funding becomes available.

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PROGRAM ELIGIBILITY

Properties must be owner-occupied; that is, applicants must own and occupy the homes for which they are applying for assistance. The housing unit to be rehabilitated must be the principal residence of the owner. Applicant households must be income eligible, earning eighty percent (80%) or less of area median income. Income eligibility will be determined per 24 CFR Part 5, Code of Federal Regulations criteria. Applicants must be current on their mortgage payment(s) and property taxes and must not have declared bankruptcy within the last three (3) years. The Town of Apple Valley will not record behind any liens or judgments. All liens and judgments must be satisfied before an application for assistance will be considered. It is the homeowner's responsibility to provide acceptable documentation.

Persons qualifying for the Town of Apple Valley Residential Rehabilitation Loan Program (RRLP) shall have an annual household gross income equal to or less than the U.S. Department of Housing and Urban Development (HUD) Section 8 (of the United States Housing Act of 1937) Income Limits. The HUD Section 8 Income Limits define the maximum annual household gross income for low-and moderate-income households in the Riverside-San Bernardino Metropolitan Statistical Area (MSA) and are updated by HUD annually.

METHOD OF SELECTING HOUSEHOLDS AND PROPERTIES

The method of selecting households is based upon a first-come first-serve basis to eligible low-income applicants. However, priority will be given to applicants that have emergency conditions as determined by the Program Administrator/Construction Manager.

The method of selecting properties is based upon eligible improvements that address code violations, incipient code violations, and health and safety code violations. All applicable local codes, rehabilitation standards and local ordinances must be complied with at the completion of the rehabilitation.

Emergency Repairs. The Program Administrator will allow for the consideration of applications deemed an emergency on a case by case. Emergency repairs are limited to code-related repairs only, such as leaking roofs, plumbing or electrical emergencies, or other repairs necessary to prevent injury to occupants or conditions that render the home uninhabitable or as determined by the Town of Apple Valley's Residential Rehabilitation Loan Program (RRLP) Construction Manager. The applicant must be eligible under the existing income, property requirements, and must be current on mortgage and property tax payments. These 'emergency repairs' are eligible for CDBG funds if available. Documentation must be provided to establish emergency status. If documented, then file with 'urgent need' will be given priority in mailing application over 'non-urgent needs' applications.

PROGRAM ELIGIBILITY

Income eligibility will be determined according to guidelines as stated in Code of Federal Regulations, Title 24, Volume 1, Part 5 (24 CFR Part 5). Furthermore, all persons in residence at the property are considered household members for the purpose of determining income eligibility.

RESIDENCE RESTRICTIONS

The housing unit to be rehabilitated under the Town of Apple Valley's Residential Rehabilitation Loan Program must be the principal residence of the owner.

MAXIMUM ASSISTANCE PER UNIT

Deferred loans are available to those households in the low and very low-income categories. The minimum amount of the deferred loan assistance to be provided is \$1,000, while the maximum loan amount is \$20,000 for single-family attached and detached homes. Maximum amount of loan will be limited by the value of the property;

100 YEAR FLOODPLAIN

All units to be rehabilitated which are in the 100 year floodplain must maintain flood insurance sufficient to correct flood damage until such time as the loan is repaid due to sale, or transfer of the property or refinance.

MAXIMUM AFTER-REHABILITATION PROPERTY VALUE

The after rehabilitation of the building and the land value may not exceed \$362,790 or ninety-five percent (95%) of the 2010-2011 area median Purchase Price/Value Limits.

LEAD BASED PAINT REQUIREMENTS

Properties constructed prior to 1978 may require a lead based paint testing. Lead based paint notification and information will be given to occupants. All properties will be inspected for defective paint surfaces and, if test results show defective paint surfaces found, the homeowner will be required to properly abate such surfaces.

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**TOWN OF APPLE VALLEY
ECONOMIC DEVELOPMENT DEPARTMENT
LEAD-BASED PAINT ACTION PLAN
RESIDENTIAL REHABILITATION LOAN PROGRAM (RRLP)**

STEPS		≤\$5,000	\$5,000 - \$26,000
1.	Determine Approach to Lead Hazard Evaluation and Reduction	Identify and control lead hazards	Identify and control lead hazards
2.	Provide Notification	Yes	Yes
3.	Lead Paint Hazard Evaluation	Paint Testing, as needed	Risk Assessment and Paint Testing, as needed
4.	Lead Paint Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim controls
5.	Other Requirements	Safe work practices, clearance of work site	Safe work practices, clearance of work site
6.	Ongoing Maintenance	No	No

ASSISTANCE TO BE PROVIDED

Deferred loans at an interest rate of 0% for a term of thirty (30) years are available to those households in the low-, very low- and extremely low-income categories. The minimum amount of deferred loan assistance to be provided is \$1,000, while the maximum loan amount is \$20,000, for single-family attached and detached homes. *Manufactured housing: Funds may be used to rehabilitate a manufactured housing unit provided the unit is installed on a permanent foundation and is located on land that is owned by the homeowner.*

Loans are deferred for a period of 30 years or due upon sale, transfer, refinance or if the owner(s) ceases to occupy the property as their primary residence, whichever occurs first (whether voluntary or involuntary).

Subordination of an RRLP loan, if considered, will be at the sole discretion of the Town and will generally be discouraged. In the event that the program participant dies and the assisted property is inherited by an eligible family member that actually does occupy the property, (defined as a natural or adopted child who qualifies as a low-income person, earning eighty percent or less of area Median Family Income (MFI)), the loan may be transferred to that individual pursuant to the original terms of the loan.

ELIGIBLE APPLICANTS -- PROPERTY AND HOUSEHOLD SELECTION

Assistance from the Town shall be available only to persons who:

- A. Are of legal age and have capacity to competently enter into financial and contractual agreements.
- B. Are owner occupants of the property and possess valid proof of ownership such as a grant deed (real property) located in the Town of Apple Valley.
- C. Have income that does not exceed eighty percent (80%) of the area median income adjusted by family size as determined by the U.S. Department of Housing and Urban Development (HUD).
- D. Agree to comply with any and all applicable permit, code and other regulations of the Town.

Property owned by a Trust is eligible for Program participation. All trustees must sign all appropriate documentation. **The income of all beneficiaries is used to determine income eligibility.** Transfer of an assisted property into a trust would not automatically trigger any repayment clause.

In the event of a program participant decease, and the assisted property is inherited by an eligible family member that intends to occupy the property, and becomes the verifiable owner occupant of the property (defined as a natural or adopted child who qualifies as a low income person, earning eighty percent (80%) or less of area Median Family Income (MFI)), the loan may be transferred to that individual pursuant to the original terms of the loan.

DETERMINATION OF ADJUSTED GROSS INCOME

In calculating adjusted gross income (AGI), all of the income of the applicant and other household members 18 years of age or older and not full-time students shall be considered as follows:

1. The full gross amount of wages and salaries, overtime pay, commissions, fees, tips, and bonuses, and other compensation for personal services, before any payroll deductions;
2. The net income from an operation of a business or profession, as calculated by averaging the net income manifested by their Federal income taxes for the past three years;
3. Interest, dividends, and other net income of any kind from real or personal property (where the family assets are in excess of \$5,000, excluding property adjusted gross income shall include the greater of the actual income derived from all assets or percentage of such assets based on the current passbook savings rate);

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4. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
5. Payment in lieu of earnings, such as unemployment, workers' compensation, severance pay, welfare assistance (NOTE: Such payments may be excluded by the lending institution providing the first mortgage, for purposes of underwriting, but shall be included in eligibility determinations for this program);
6. Periodic and determinable allowances, such as alimony and child support payment, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue;
7. All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the family, spouse, or other person whose dependents are residing in the unit;
8. Any earned income tax credit to the extent it exceeds income tax liability;
9. Any other income that must be reported for Federal and State income tax purposes.
10. Gross self-employed income as reported on Schedule C, IRS 1040, will be adjusted to reflect deductions for necessary and reasonable business expenses.

PROGRAM PROCEDURES

This section sets forth the steps that are to be followed in the application processing of an RRLP loan.

Initial Intake

- Property owner contacts Town representatives.
- Staff provides Program information.
- If eligible, applicant(s) is placed on a waiting list.
- When the applicant's name reaches the top of the list, an application is mailed.
- Complete application is submitted to the Town.
- Staff establishes file and determines initial eligibility by reviewing income, household size and location of subject property.

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- If application is not eligible, Staff forwards file to Program Administrator for a final review. Program Administrator notes disposition and requests staff to notify the interested applicant(s) of finding in writing. The application is filed under “Ineligible Projects.”
- If application is eligible, Staff sends out verifications and orders title and credit reports. The applicant is notified that the Town of Apple Valley remains uncommitted to funding any loan until the execution of loan documents have been completed.
- Upon review and approval of verifications and reports, a determination is made as to the preliminary loan amount and notification is sent to the applicant(s).

Initial Inspection Procedures

Program Administrator assigns the file to the Program Inspector/Construction Manager to schedule an appointment for a site inspection and work write-up/cost estimate.

Construction Manager conducts Property inspection to document existing code violations, incipient code violations, otherwise eligible items and any requested home improvements. A written explanation is provided to the Construction Manager regarding the maximum eligibility and a list of the requested improvements.

The Construction Manager implements the following steps:

- Conducts property inspections to ensure that the property is brought into conformance with the Town of Apple Valley’s rehabilitation standards.
- Prepares a work write-up that accurately describes the existing conditions and necessary repairs and improvements.
- Prepares a cost estimate and bid documents.
- Evaluates submitted bids in relationship to the cost estimate and documents the process employed to determine cost reasonableness.
- Requires the contractor to complete the work in accordance with the bid, homeowners’ product selection and approved work schedule.

Work Write Ups/Written Cost Estimates

Applicant is provided with a Work Write-up which includes:

- * Scope of work
- * Construction method
- * Quantity
- * Quality
- * Location

Interim Inspection Procedures

The Construction Manager will conduct interim and final inspections to ensure all construction is completed in compliance with the construction contract and all program requirements. The Construction Manager visits the job site and verifies that the work included for payment is completed and that all necessary inspections by the Building and Safety Division regarding building permits has been satisfactorily accomplished. It is the policy of the Program to disburse funds for items that have been completed.

The Construction Manager transmits a Disbursement request to the Program Administrator. A completed Disbursement form includes the amount of payment, name and address of the applicant, a description of the work completed, the date of inspection and the signature of the Construction Manager, homeowner and contractor. Prior to payment, lien release by contractor is also required.

Determination of Cost Reasonableness

Construction Manager will prepare a work write-up and cost estimate, and review selected bid(s) to determine cost reasonableness and compliance with Program requirements. (Such as determination of debarment) The selected bid must come within twenty percent (20%) of the in-house cost estimate to be eligible to receive assistance through this Program.

Method for Determining Maximum Amount of Assistance

The maximum amount of assistance to be provided to an eligible household is determined by need as based upon scope of work and the bid amount. The total amount of assistance is also determined by the value of the home. At no time shall the maximum amount of assistance provided exceed \$20,000 the maximum amount of assistance to be provided through the RRLP. This assistance shall be provided as a zero percent (0%) deferred loan with a term of 30 years, due on sale, transfer of the property, refinance or if the owner(s) ceases to occupy the property as their primary residence.

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Contractor Selection Process

The Program Administrator shall ensure that all contractors submitting bids for services under the Town of Apple Valley Residential Rehabilitation Loan Program are not on the Department of Housing and Urban Development (HUD)'s debarment list, that their contractor's license is in good standing with the California State Contractors License Board and Town of Apple Valley and that they are properly insured.

Applicant is provided with a courtesy list of eligible general contractors; however, final responsibility for the selection of a contractor rests with the owner-occupant. No agreements, written or otherwise may be entered without prior approval of the Program Administrator.

The Program Administrator organizes a 'job walk' for a specific time and day so that all parties (contractors, homeowner and program administrator) are present to review scope of work and assess actual property conditions. Questions and concerns are clarified at this time for the benefit of all attendees. Bids are normally due in one week. Homeowner and contractors are encouraged to interact as needed after initial job walk to clearly define scope of work, develop accurate bids and encourage communication and understanding. A bid summary is prepared by the program administrator and reviewed with the homeowner to assist the homeowner in contractor selection. The decision to award may be based on the sum of variables including price, professionalism, referrals and personal interaction. The selected contractor(s) must give a minimum one-year guarantee on all labor and materials to the owner.

File Preparation

Town compiles application materials and creates a complete loan "package" prior to loan funding for each qualified applicant including:

File Creation - Town creates a project file for each qualified applicant that contains all of the items accompanying the loan application in addition to all other necessary information required for loan processing. Town will qualify property owners for rehabilitation assistance.

Verification - Town mails the appropriate verification forms, as required. Using a computerized "tickler" system, Town monitors the receipt of information and contacts the appropriate agency(ies) if the information has not been received within (15) business days from the date of mailing.

Credit Report- A credit report is ordered. Applicants shall address and remedy all past due accounts, collections and judgments shown in the report. Bankruptcies can be allowed if older than three years.

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Title Reports - Town orders a Policy of Insurance of Record Title (PIRT) or lot book, as required. These are delivered to Town within approximately three days from the date of order. Review title report for how title is held and title holders, legal description of property, taxes, encumbrances, and any issues for insuring title listed in 'exceptions' (judgments, liens, clouds, homesteads, etc.). Town orders a title update upon loan closing.

Underwriting - Town calculates the amount which the property owner(s) can borrow and determines the applicant's eligibility for participation in the rehabilitation program. Loan amount is limited by the property value, up to a maximum of \$20,000. Example: older a manufactured home may value for \$15,000; loan maximum is 94% of equity = \$14,100.

Preparation of Work Specification/Cost Estimate and Construction Management - Program Inspector/Construction Manager prepares a work specification/cost estimate for each property based on the applicants needs as listed in application, and compliance with eligibility guidelines. Determination is based on a site visit and property inspection. The Program Inspector/Construction Manager monitors the progress of construction, helps clarify scope of work, makes determinations when there are new discoveries that affect scope of work, approves change orders and inspects and approves completed work for payment authorization.

Preparation of Loan Documents

Upon receipt of the Notice of Loan Approval, Staff prepares all required loan documents. Town standard loan document package includes:

- Promissory Note
- Notice of Rescission
- Deed of Trust
- Truth-In-Lending Disclosure Statement
- Request for Notice
- Loan Disbursement Instructions
- Construction Contract(s)
- Notice to Proceed
- Other Necessary Documents

Staff coordinates with homeowner(s) and executes the loan closing documents. The Deed of Trust and the Request for Notice are sent to Title to be forwarded to the County Recorder for recordation.

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Loan Closing

Staff submits the Town's Loan application package for approval/denial to the Program Administrator.

Staff schedules and Program Administrator holds the loan closing/pre-construction meeting at the Town offices. Staff mails loan closing notification, construction contractor and work write-up to the homeowner and the contractor in advance of the loan closing.

The applicant executes all loan documents and construction contract. The payment schedule is outlined so all parties are aware of the timeline and order of job progression. The contact information of the Construction Manager is provided to homeowner(s) and contractor(s).

Upon completion of the loan closing, the necessary documents are sent to the Title Company to be forwarded to the recording entity. Program Administrator forwards appropriate documents (original Promissory Note and recorded Deed of Trust and Request for Notice) to the Finance Department file for RRLP legal documents and the funding is sent to Rehab Financial (escrow). For manufactured homes, HCD title is filed with promissory note in Finance Department RRLP file for legal documents.

Fund Disbursement

The Construction Manager conducts a pre-construction conference to review all projected work with the involved parties.

The Construction Manager monitors construction for compliance with the construction contract and program requirements by conducting on site inspections of the rehabilitation work performed.

The Construction Manager prepares Progress Payment Escrow Disbursement Forms, executed by the owner, construction manager and contractor, which authorizes the issuance of payments to the Contractor. These are forwarded to the Town for processing.

The selected Contractor(s) contacts the Construction Manager to arrange job site inspections for progress payment.

In the event of any dispute between the owner and the selected contractor concerning the contracted scope of work, the Construction Manager will work with both parties to negotiate a satisfactory solution. If necessary, the Program Administrator will conduct a resolution meeting. Should a resolution not be possible on an informal basis, the parties may elect to have a hearing by a professional arbitrator.

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Project Completion and Close Out

Upon completion, a Notice of Completion is signed by the construction manager and provided to the homeowner who may record with the County Recorders Office.

Town executes contract closure by acquiring lien releases from contractor, providing Notice of Completion to homeowner, securing all necessary sign-off documents, obtaining owner's authorization for final payment and executes case close out by ensuring each homeowner's permanent file contains complete documentation as required for governmental audit purposes. Upon project closing, Town prepares a Project Closing Form that will provide all necessary RRLP file documents as required.

Town maintains complete and accurate records which comply with federal reporting requirements. Town assures that the file will contain complete documentation required for all audit purposes.

PROGRAM ADMINISTRATION

- A. The Town of Apple Valley shall administer this program.
- B. The Town of Apple Valley may utilize consultants in the administration of this program; however, the Assistant Town Manager shall designate a Program Administrator to administer the day-to-day operations of this program.
- C. In the event of any disputes arising under this program, the homeowner, contractor or any other party shall submit a written letter detailing the nature of the complaint to the Assistant Town Manager for resolution of this dispute.

PROGRAM DEFINITIONS

APPLICANT:

Any person or other legal entity that applies for a loan under the Residential Rehabilitation Loan Program.

APPLICATION PACKET:

Program forms disbursed to potential participants.

BORROWER:

Any person or other legal entity who holds title to a property being rehabilitated with the assistance of the Program and who is legally responsible for any repayment of said loan.

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BUILDING AND PROPERTY REHABILITATION STANDARDS:

The standards contained in the Building and Safety Code of the Town and other local codes and ordinances pertaining to housing construction, land use, occupancy, and maintenance of existing residential properties which are applicable to the property through Code Enforcement action.

BUILDING INSPECTOR:

Town employee(s) responsible for inspection(s) of structural, electrical, and plumbing repairs and improvements. The inspector assures compliance of work to applicable Building and Safety Codes.

BUILDING DIVISION:

The Department of the Town responsible for issuance of building permits.

BUILDING PERMIT:

Building Division authorization to commence building repairs or improvements. Permits must be issued for most home improvements, including, but not limited to, roofing, electrical, plumbing, structural changes, foundations, etc. A fee is charged for permits, and inspections are included in the permit cost.

CALIFORNIA PRELIMINARY NOTICE:

A notice sent to owner of dwelling by any person or supplier providing labor, services, equipment, or materials for the rehabilitation work. The notice is sent in the event that the primary contractor is listing, as security, the property being rehabilitated with the person or supplier sending notice.

CONTRACT:

A legally-binding, standardized form which spells out, in detail, the entire scope of work, specific quality, brands of materials, and all other data pertinent to the rehabilitation of the property. The Contract must be signed by both contractor and applicant.

CONTRACTOR:

An eligible contractor is a contractor licensed in compliance with Town and State regulations to do the necessary housing rehabilitation work. No contractor may be utilized who has been disbarred or suspended by order of the Town, the State of California or the U.S. Department of Housing and Urban Development.

DEED OF TRUST:

The legal document which secures the loan with the property which is being rehabilitated. The Deed of Trust is for the same amount as the loan and must be signed by the borrower in the presence of a notary public.

DEFERRED LOAN:

A loan available on a Town-wide basis for households of low-income and in need of repair. The loan is a zero percent (0%) loan deferred for a term of 30 years, due and payable upon sale of the property, transfer, refinance or if homeowner(s) cease to occupy the property as their primary residence. The maximum loan amount is \$20,000 for single-family dwellings based upon need as determined by the bid amount and value in the home, unless extraordinary conditions exist and warrant additional funding.

DISBURSEMENT:

Approved portion of escrow account which is paid out to the contractor and service providers as the rehabilitation work progresses; the Disbursement may be in accordance with a contractual agreement between participant and contractor. Prior to disbursement, the work accomplished must be in accordance with the scope of work as detailed in the Work Write-Up. If inspection by the Building Division is required for the particular rehabilitation item, the inspector must sign off for said work prior to disbursement.

ELIGIBLE IMPROVEMENTS:

All improvements required to bring the dwelling unit up to Housing Quality Standards (safe, sanitary, and decent) and Local Housing Codes.

INCOME VERIFICATION:

The process used to determine gross household income, including participant submittal of most current income tax returns, employer verification of wages, W-2 Forms, Social Security verification, profit/loss statements, etc. Income eligibility will be determined according to guidelines as stated in Code of Federal Regulations, Title 24, Volume 1, Part 5 (24 CFR Part 5).

INSPECTION CARD:

Card posted at the site of rehabilitation once building permits are issued. Building Inspector(s) sign off various inspections on Card as job progresses.

LIEN RELEASE:

A form signed by the contractor upon payment for labor services in the rehabilitation process. A Material Lien Release may also be provided which is also signed by the material supplier or contractor.

LOAN DOCUMENTS:

All forms relevant to the actual execution of the loan include 3-Day Rescission Notice, Truth-In-Lending Form, Promissory Note, and Deed of Trust.

OWNER/OCCUPIED PROPERTY:

A property used entirely for residential purposes and occupied by the owner.

PARTICIPANT: Any person or legal entity that has applied for and is in the process of rehabilitating a property through the Program.

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OCCUPANT:

One or more persons who occupy a property to be rehabilitated.

PROGRAM ADMINISTRATOR:

The staff member having the primary responsibility for administering and coordinating the housing rehabilitation projects for the Program.

PROMISSORY NOTE:

A form, part of the loan documents, which is the borrower's agreement to pay back the amount borrowed in accordance with the established terms of the loan. The Promissory Note must be signed by all persons on Title to the Property.

CONSTRUCTION MANAGER:

The person who conducts inspections for the purpose of authorizing payments and produces Work Write-Ups/Cost Estimates.

REHABILITATION COST:

The total cost of repairs and improvements and other costs for rehabilitation to be incurred by the participant that may be included in a Loan.

RIGHT OF RESCISSION:

The borrower's right, within a three working day period from the date of loan settlement to rescind the entire loan transaction.

TRUTH-IN-LENDING:

The form included in the loan document package which details all terms of the Loan. Participant must sign receipt of said form.

WORK WRITE-UP:

A form to be completed by the Construction Manager outlining a complete and suggested scope of work to be performed in the rehabilitation project. It also includes the name and address of the applicant and other pertinent information.

**TOWN OF APPLE VALLEY
ECONOMIC DEVELOPMENT DEPARTMENT
RESIDENTIAL REHABILITATION LOAN PROGRAM (RRLP)
LOAN PROCESS**

1. Homeowner completes a Program Application and returns it to the Town with all the back up information requested.
2. Town staff reviews the application and verifies preliminary eligibility. Staff mails out verifications and orders reports. Staff determines preliminary maximum loan amount and reviews rehabilitation needs.
3. Staff notifies homeowner about their eligibility and forwards the request to the Construction Manager to schedule an appointment to prepare the scope of work for this project.
4. Upon completion of the scope of work, the scope is forwarded to the Building and Safety Department for review. If approved, a complete scope along with copies is forwarded to the applicant(s) and contractors to obtain a minimum of three bids from approved contractors. For a contractor to be approved, they must be licensed, insured and cannot have been debarred from participating in any federal projects. Program Administrator reviews the bids and prepares a summary for the homeowner(s). A pre-construction conference with the homeowner and Contractor is scheduled at the time of closing and contract signing.
5. Upon agreement of terms, loan is closed, agreement is signed and construction is scheduled to commence after end of three day right of rescission. Term of contract is normally 30 working days but may be changed on mutual agreement of parties. Prior to Notice to Proceed, contractor will submit signoffs by applicant of all products and materials that require choices to be made in materials, products and colors.
6. When work is completed, Homeowner or contractor notifies Staff and an appointment is made for the final inspection. Contractor provides a copy of the Release of Lien and Invoice. Staff makes final payment to contractor.
7. The 0 percent deferred loan is due upon sale, transfer of property, refinance or if an owner ceases to occupy the property as their primary residence.
8. Due to limited funds, priority for funding will be given to households with the greatest repair needs.
9. Emergency funding shall be provided in extraordinary circumstances, with repairs addressing situations which affect the health, safety, and welfare of low income households receiving the first priority.
10. **WORK MUST NOT BEGIN PRIOR TO TOWN APPROVAL**

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**TOWN OF APPLE VALLEY
SINGLE-FAMILY OWNER-OCCUPIED
REHABILITATION LOAN PROGRAM
REQUIRED ELIGIBILITY DOCUMENTATION**

The following documents are required in order to determine your eligibility. Please attach copies of all requested documents to your application.

1. VERIFICATION OF PROPERTY OWNERSHIP

- A. Real Property- Copy of Grant Deed, or current property tax bill, copy of year end mortgage statement and copy of Home Insurance Policy statement of coverage.

2. VERIFICATION OF INCOME

Please review the Income Source Check List below and attach copies of all applicable documents. Verification of income is necessary for all adults residing in the household over the age of 18.

INCOME SOURCE	VERIFICATION REQUIRED
✓ Everyone	Most recent W-2 and State and Federal Tax Returns
✓ Employment	Two recent consecutive pay check stubs
✓ Aid to Families with Dependent Children	Verification statement from Social Services Agency
✓ Social Security Benefits SSA/SSI	Copy of check or verification statement from Social Security Administration or Bank Statement
✓ Veteran's Benefits	Copy of check or verification statement from Veteran's Administration
✓ Child Support/Alimony	Copy of final divorce paper.
✓ Retirement/Pension	Copy of check or verification statement from Pension Fund
✓ Unemployment Benefits	Copy of check or verification statement from California State Department of Employment
✓ Disability Benefits	Copy of check or statement of verification from Payer.
✓ Self-Employment	Copies of year-to-date profit/loss statement and previous two years State and Federal tax returns. If incorporated, previous two years Corporation Tax Returns and current Financial Statement.
✓ Rental Income	Copy of operating statement showing rents received, expenditures and net income; and copy of previous two years' State and Federal tax returns including "Schedule of Real Estate Owned."
✓ School Scholarship/Grant	Statement of grant award, school related expenditures, and net income.
✓ Interest Income from Bank Account	Copies of 2 months Bank Statements or interest income on all accounts with annual interest over \$100.
✓ Interest Income from stocks, bonds and mutual fund	Copies of current income earned statement on all stocks, bonds and mutual funds.

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**SINGLE-FAMILY OWNER-OCCUPIED
REHABILITATION LOAN PROGRAM
APPLICANT CHECKLIST**

Please read carefully and check off each item as it is completed and enclosed.

Is the application complete with all spaces completed accurately and legibly? Have you included account numbers and complete addresses with zip codes for each mortgage loan?

- Have you signed the Fair Lending Notice, Credit Authorizations, Lead Based Paint Notification, and all of the verification forms? **BE SURE THAT YOU DO NOT FILL OUT ANY PORTION OF THE VERIFICATION FORMS. YOUR SIGNATURE IS ALL THAT IS REQUIRED ON THESE FORMS.**

- Have you included a signed and dated copy of your Federal Tax Return for last year?

- Have you included a copy of your most recent paycheck stub showing year to date totals? Have you included Social Security Award letters, retirement and/or pension award letters, or copies of checks to substantiate the awards?

- Have you enclosed a copy of you property tax bill, a copy of your most recent mortgage statement and homeowner insurance?

- Have you included a copy of the Property Asset Declaration form and Property Appraisal form?

I/We hereby acknowledge that the information is needed and as provided is correct to the best of our knowledge. I/We also understand that the above information falls under the laws and guidelines of the RIGHT TO PRIVACY ACT and as such will not be disclosed to anyone other than to those necessary for the approval of our application, or when necessary, as prescribed by law.

Signature of Applicant Date

Signature of Applicant Date

SINGLE-FAMILY OWNER-OCCUPIED REHABILITATION LOAN PROGRAM ADDITIONAL REQUIREMENTS

IF YOU ARE SELF-EMPLOYED:

Please provide us with:

- Copies of your last three years Federal Tax Returns (all schedules), signed and dated
- Your most recent year-to-date profit and loss statement, and a balance sheet prepared and signed by your accountant

IF YOU ALSO CLAIM OTHER INCOME:

Additional evidence will be required such as:

- Property Asset Declaration Form** if you own income property, signed and dated copies of your last two years' Federal Tax Returns (all schedules)
- Social Security Income** requires a copy of your award letter and/or copies of your Social Security income checks
- Retirement Income** requires a copy of your award letter and/or copies of the checks
- Interest Income** requires the last two years' Federal Tax Returns (all schedules), signed and dated
- Alimony/Child Support** requires Divorce Decree and tax return evidence that payments are received regularly
- AFDC, Unemployment, Disability** documentation
(i.e., one month's payments or other verification)

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TO SIMPLIFY AND EXPEDITE THE PROCESSING OF YOUR LOAN APPLICATION:

- Enclose a copy of your most recent mortgage payment statement
- Enclose a copy of your home fire insurance cover page showing your agent's name, address, phone number and the amount of your coverage.
- Enclose a copy of your most recent property tax bill.
- Enclose a copy of your most recent Federal Tax Returns.
- Enclose a copy of your last pay check stub showing year-to-date income totals.

To ensure that we have an accurate list of the items that are included, please mark the appropriate boxes for the items that you are enclosing.

ELIGIBLE IMPROVEMENTS

Priority will be given to households with the lowest incomes and rehabilitation needs involving health and safety violations and improvements to repair deteriorated conditions within properties.

Emergency funding shall be provided in extraordinary circumstances, with repairs addressing situations which affect the health, safety, and welfare of low income households receiving the first priority.

Examples of eligible improvements include:

1. Exterior Premises
 - a. Repairs to walls and wall coverings
 - b. Painting and other exterior finishes
 - c. Repairs to roofing, down spouts, and gutters
 - d. Repairs to foundations, slabs, sidewalks, walkways, driveways, driveway aprons and fences
 - e. Repairs to porches, entryways, doors, windows, window screening, garage doors
 - f. Replacement of septic/seepage pits; abandonment of septic and tie in to existing sewer lines.

2. Interior Premises
 1. Repairs to heating systems and/or installation of heating systems where absent
 2. Repairs to plumbing systems including fixtures, tile or other waterproofing
 3. Repairs to electrical systems and/or rewiring to safely accommodate normal modern usage
 4. Repairs to interior flooring and floor covering
 5. Repairs to walls, ceilings, including painting
 6. Repairs to doors, closets and cabinets