

**AGREEMENT WITH REBUILDING TOGETHER PENINSULA
FOR PROGRAM ADMINISTRATION SERVICES
FOR
CALHOME HOUSING REHABILITATION LOAN PROGRAM**

This Agreement is entered into this day of _____ (the “Effective Date”) by and between the **CITY OF SAN MATEO**, a municipal corporation existing under the laws of the State of California (“CITY”), and **REBUILDING TOGETHER PENINSULA**, a California nonprofit corporation (“RTP,” and together with CITY, the “Parties”), whose address is 841 Kaynyne Street, Redwood City, CA , 94063.

RECITALS:

- A. CITY wishes to provide certain services for low-income San Mateo homeowners by leveraging funding from the State of California in connection with a CalHome Housing Rehabilitation Program (the “Program”), which is described more fully in Exhibit A to this Agreement. The Parties contemplate that the Program will involve administering a loan pool of approximately \$500,000 with a maximum loan amount for an eligible homeowner of \$60,000 in order to help homeowners provide safety and improvement repairs to their homes.
- B. RTP is a non-profit organization that is active in San Mateo with a mission to help provide renovation and repair services for the Peninsula’s most vulnerable homeowners, and as a consequence, has expertise in helping homeowners navigate complicated permitting processes and manage construction projects.
- C. CITY desires to engage RTP to provide program administration services for its CalHome Housing Rehabilitation Program, including vetting potential applicants, conducting biannual marketing and outreach (including translating flyers), helping homeowners navigate the bidding process, and facilitating inspections, among other administrative tasks, by reason of its qualifications and experience for performing such services.
- D. CITY wishes to continue engaging RTP to provide these services and, in addition, to act as project manager for CalHome Housing Rehabilitation Program projects. RTP has offered to provide the required services on the terms and in the manner set forth below. For the avoidance of doubt, RTP is only being engaged in order to provide program services to CITY and will not be a party to any separate loan agreements, construction contracts, or other agreements that may be entered into in the future by CITY and specific homeowners seeking assistance under the CalHome Housing Rehabilitation Program.

NOW, THEREFORE, IT IS AGREED as follows:

SECTION 1 - SCOPE OF SERVICES

The scope of services to be performed by RTP under this Agreement is as described in Exhibit A to this Agreement, which is attached and incorporated by reference (the “Work”).

SECTION 2 - DUTIES OF CONTRACTOR

RTP shall be responsible for performing the Work as more fully described in Exhibit A. RTP shall not be responsible for the professional quality or technical accuracy of the services to be performed by any contractors engaged by homeowners to perform actual construction work, but only for coordination of the Work described in Exhibit A. RTP shall, however, without additional compensation, be solely responsible for correcting or revising any errors or deficiencies in the Work for which CITY shall provide RTP prompt written notice with reasonable details of the errors or deficiencies.

RTP represents that it is qualified to furnish the services described under this Agreement.

RTP shall be responsible for employing or engaging all persons necessary to perform the services of RTP as described in Exhibit A; for the avoidance of doubt, RTP shall have no liability for the performance or non-performance of any contractors selected to perform services for homeowners.

RTP agrees to comply with CITY’s minimum wage ordinance as codified in Municipal Code Chapter 5.92, which differs from the state minimum wage and includes a Consumer Price Index escalator.

SECTION 3 - DUTIES OF CITY

CITY shall promptly provide all information requested by RTP that is reasonably necessary for performing the Work.

CITY shall work in good faith to promptly review any documentation or requests submitted by RTP and shall render decisions pertaining thereto promptly, in order to avoid unreasonable delay in the progress of the RTP'S work.

CITY shall also be responsible for facilitating the Work as more fully described in Exhibit A, including but not limited to ensuring that properly submitted invoices from RTP are paid promptly, providing legal oversight of the Program, drafting loan documents determining applicant eligibility, and any other activities that are not expressly the responsibility of RTP.

SECTION 4 - TERM

The services to be performed under this Agreement shall commence on February 1, 2025 and be completed on June 30, 2027, unless this Agreement is terminated earlier in accordance with Section 6, below.

SECTION 5 - PAYMENT

Payment to RTP for services performed under this Agreement shall be made by CITY only for services rendered and upon submission of payment request as follows: RTP shall invoice CITY at a minimum, on a quarterly basis, for administrative costs and payments made to contractors or subcontractors by RTP for CalHome Housing Rehabilitation Program projects that CITY has previously approved. In consideration for the full performance of the services set forth in Exhibit A, CITY agrees to pay RTP administrative fees in an amount not to exceed \$140,000.00, pursuant to the rates stated in Exhibit A, attached and incorporated by reference.

RTP shall provide an invoice for each request for payment, which shall specify the services rendered. RTP shall maintain receipts related to reimbursable expenses (if any) for three (3) years.

SECTION 6 - TERMINATION

Without limitation to such rights or remedies as CITY or RTP may otherwise have by law, either Party shall have the right to terminate this Agreement or suspend work on the Program for any reason, upon ten (10) days' written notice to the other Party. If CITY provides written notice to RTP indicating its desire to terminate or suspend the Program, RTP agrees to cease all work under this Agreement upon receipt of said written notice, and CITY agrees that RTP shall be compensated for all services performed up until the date such written notice is provided according to the rates set forth in Exhibit A.

SECTION 7 - OWNERSHIP OF DOCUMENTS

All documents prepared by RTP in connection with the performance of the Work under this Agreement are and shall be the property of CITY.

SECTION 8 - INTEREST OF RTP

RTP covenants that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Work under this Agreement.

SECTION 9 - CONTRACTOR'S STATUS

It is expressly agreed that in the performance of the Work required under this Agreement, RTP shall at all times be considered an independent contractor as defined in Labor Code Section 3353, under control of CITY as to the result of the work, but not the means by which the result is accomplished. Nothing herein shall be construed to make RTP an agent or employee of CITY while providing services under this Agreement.

SECTION 10 - LIMITATION OF LIABILITY

RTP agrees to hold harmless and indemnify CITY, its elected and appointed officials, employees, and agents from and against any and all claims, loss, liability, damage, and expense arising out of RTP's performance of this Agreement, except for those claims arising out of CITY's sole negligence or willful misconduct. RTP agrees to defend City, its elected and appointed officials, employees, and agents against any such claims. RTP shall not be liable for any indirect, consequential, incidental, special or exemplary damages arising out of or related to this agreement, regardless of the legal theory on which any such damages may be based and even if RTP has been advised of the possibility of such damages.

SECTION 11 - INSURANCE

RTP shall procure and maintain for the duration of the contract the insurance specified in Exhibit B to this Agreement.

SECTION 12 - NONASSIGNABILITY

Both parties hereto recognize that this Agreement is for the professional services of RTP and cannot be transferred, assigned, or subcontracted by RTP without the prior written consent of CITY, which shall not be unreasonably withheld.

SECTION 13 - RELIANCE UPON SKILL OF RTP

It is mutually understood and agreed by and between the parties hereto that RTP is skilled in the performance of the work agreed to be done under this Agreement and that CITY relies upon the skill of RTP to do and perform the work in the most skillful manner, and RTP agrees to thus perform the work. The acceptance of RTP's work by CITY does not operate as a release of RTP from said obligation.

SECTION 14 - WAIVERS

The waiver by either party of any breach or violation of any term, covenant, or condition of this Agreement or of any provisions of any ordinance or law shall not be deemed to be a waiver of such term, covenant, condition, ordinance or law or of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance or law or of any subsequent breach or violation of the same or of any other term, condition, ordinance, or law. The subsequent acceptance by either party of any fee or other money which may become due hereunder shall not be deemed to be a waiver of any preceding breach or violation by the other party of any term, covenant, or condition of this Agreement or of any applicable law or ordinance.

SECTION 15 - COSTS AND ATTORNEY FEES

Attorney fees in total amount not exceeding \$5,000, shall be recoverable as costs (by the filing of a cost bill) by the prevailing party in any action or actions to enforce the provisions of this Agreement. The above \$5,000 limit is the total of attorney fees recoverable whether in the trial court, appellate court, or otherwise, and regardless of the number of attorneys, trials, appeals, or actions. It is the intent of this provision that neither party shall have to pay the other more than \$5,000 for attorney fees arising out of an action, or actions to enforce the provisions of this Agreement.

SECTION 16 - NON-DISCRIMINATION

The RTP warrants that it is an Equal Opportunity Employer and shall comply with applicable regulations governing equal employment opportunity. Neither RTP nor any of its contractors shall discriminate in the employment of any person because of race, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing Act.

SECTION 17 - MEDIATION

Should any dispute arise out of this Agreement, any party may request that it be submitted to mediation. The parties shall meet in mediation within 30 days of a request. The mediator shall be agreed to by the mediating parties; in the absence of an agreement, the parties shall each submit one name from mediators listed by either the American Arbitration Association, the State Mediation and Conciliation Service, or other agreed-upon service. The mediator shall be selected by a blind draw.

The cost of mediation shall be borne equally by the parties. Neither party shall be deemed the prevailing party. No party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall last until agreement is reached by the parties but not more than 60 days, unless the maximum time is extended by the parties.

SECTION 18 - LITIGATION

RTP shall testify at CITY's request if litigation is brought against CITY in connection with RTP's services under this Agreement. Unless the action is brought by RTP, or is based upon RTP's wrongdoing, CITY shall compensate RTP for preparation for testimony, testimony, and travel at RTP's standard hourly rates at the time of actual testimony.

SECTION 19 - NOTICES

All notices hereunder shall be given in writing and mailed, postage prepaid, addressed as follows:

To CITY:	Rachel Horst, Housing Manager City of San Mateo 330 W. 20 th Avenue San Mateo, CA, 94403
To RTP:	Rebuilding Together Peninsula Attn: Melissa Lukin, Executive Director 841 Kaynyne Street Redwood City, CA 94063

SECTION 20 - AGREEMENT CONTAINS ALL UNDERSTANDINGS; AMENDMENT

This document represents the entire and integrated agreement between CITY and RTP and supersedes all prior negotiations, representations, and agreements, either written or oral.

This document may be amended only by written instrument, signed by both CITY and RTP.

SECTION 21- GOVERNING LAW AND VENUE

This Agreement shall be governed by the laws of the State of California and, in the event of litigation, venue will be in the County of San Mateo.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, CITY OF SAN MATEO and Rebuilding Together Peninsula have executed this Agreement the day and year first above written.

CITY OF SAN MATEO

Rebuilding Together Peninsula

Zachary Dahl
Community Development Director

Melissa Lukin
Its Authorized Agent
Executive Director

APPROVED AS TO FORM

Mazarin Vakharia
Assistant City Attorney

Exhibits:

Exhibit A	Scope of Services and Payment Rates
Exhibit B	CalHome Program Guidelines
Exhibit C	CalHome Program Gross Income Worksheet
Exhibit D	Draw Schedule and Construction Payment Request
Exhibit E	Insurance Requirements

EXHIBIT A

SCOPE OF SERVICES and PAYMENT RATES

CITY wishes to provide a single-family CalHome Housing Rehabilitation Loan program for low-income San Mateo City homeowners.

The source of City funds is the State of California's CalHome Program, administered by the California Dept. of Housing and Community Development.

During the term of the agreement, Rebuilding Together Peninsula ("RTP") will help administer CITY's CalHome Housing Rehabilitation Loan Program. It is estimated that a loan pool of \$500,000 will be available for eligible low-income homeowners. The maximum loan amount shall be \$60,000. It is anticipated that approximately 10 homeowners will be served from this initial loan pool.

In general, RTP will conduct marketing and outreach, client intake, identify the scope of repair work to be performed by the homeowner, and manage the project, including inspections and payments to contractors.

In general, City will provide loan funds, determine applicant eligibility, draft loan documents, and manage its loan portfolio, including payments and payoffs, and lead program marketing and outreach. Marketing efforts by RTP includes but is not limited to translating flyers and distributing information in various locations throughout CITY, including libraries, senior and community centers, and non-profit agencies. Outreach will be conducted biannually.

I. WORKFLOW

In general, each project will consist of the following steps:

- A. Homeowner applies to RTP.
- B. RTP collects income documentation, performs due diligence, and completes a preliminary assessment of the property.
- C. CITY conducts site visit with RTP.
- D. RTP uploads homeowner information to Neighborly website.
- E. RTP collects contractor bids for any work to be performed.
- F. RTP works with homeowner to select which contractor to work with.
- G. CITY reviews income documentation, completes due diligence, and approves eligibility package.
- H. CITY confirms loan amount and prepares loan documents.
- I. RTP meets with homeowner for pre-construction survey and consultation.
- J. Contractor(s) complete work.
- K. Contractor(s) submit invoices to RTP for review and homeowner approval, and payment by RTP.
- L. RTP, CITY, and homeowner complete final review of work.
- M. RTP sends quarterly invoices to CITY for reimbursement of contractor invoices and administrative services.

N. CITY and RTP will engage in quarterly meetings and keep records in a shared platform to track CalHome projects. City and RPT will use Neighborly, a loan software, to track payments. If use of Neighborly is discontinued or does not serve the full needs of the CalHome Housing Rehabilitation Program, CITY and RTP will develop alternative means to maintain shared records.

II. ACTIVITY DELIVERY FEE – NEW PROJECTS

RTP’S Activity Delivery Fee for new projects will consist of a base fee of \$3,690 per home plus \$1,476 per set of needed contractor bids (i.e., for each individual loan).

For the base fee, RTP will perform at least five site visits to the home:

- A. Preliminary Assessment
- B. Site Visit including CITY Staff Review
- C. Bid Review and Selection Meeting
- D. Pre-Construction Site Visit
- E. Post-Construction Site Visit

The base fee includes services that are customary and usual for management of home rehabilitation projects of this size. For example, writing the scope of work and completing other required paperwork; tracking data; phone calls and emails with the homeowner, contractors and CITY staff; processing contractor invoices; and providing status reports to the City of San Mateo.

In addition to the base fee, RTP will charge CITY \$1,476 per each set of contractor bids necessary. RTP estimates that the typical home will need at least two types of contractor work (e.g. HVAC, roofing, sewer, electrical, internal plumbing), with each type of work requiring at least three bids (unless the amount for such bids is sufficiently modest, to be determined in RTP’s reasonable discretion, to warrant procuring less than three bids). For example, if RTP helps a homeowner to procure, review, and select bids for a new HVAC system and new electrical work, then RTP would be entitled to \$2,952 in compensation (\$1,476 multiplied by two, since there are two sets of bids).

If the property requires a termite inspection, RTP may pay for the inspection fee up front on behalf of the homeowner and seek reimbursement from CITY prior to requesting the Activity Delivery Fee. RTP shall utilize County of San Mateo Lead Abatement Program lead inspection or abatement is required; this amount shall not be deducted from the loan amount. City shall reimburse RTP even if the loan does not get approved. Other specialty inspection fees may also be reimbursed if approved by City ahead of time.

III. ACTIVITY DELIVERY FEE SCHEDULE PER HOME SERVED:

Task	Description		New Project
Base fee	Five site visits and administrative services (preparation, reporting, coordination, communication) to		\$3,690

	support the contract.		
Construction Project Management	Securing bids and coordinating between homeowner and contractor		\$1,476 (per set)
Project Management Fee	Processing payments to contractors; seeking reimbursement from City		3% of loan amount (not to exceed \$1,800 per loan)
Total:	Activity delivery fee per home with one contractor:		\$5,166
	Hourly rate if homeowner needs additional contractor bids.		\$123 per hour not to exceed \$1,476

IV. FISCAL AND OTHER RESPONSIBILITIES OF RTP:

- A. RTP and City shall comply with all applicable State Regulations, particularly the provisions of the CalHome Program, Title 25 California Code of Regulations, Division 1, Chapter 7, Subchapter 9, Commencing with section 7715.
- B. RTP shall document all costs by maintaining complete and accurate records of all financial transactions, including, but not limited to contracts, invoices, time cards, cash and charge receipts, vouchers, cancelled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all transactions.
- C. Independent Audits: RTP must perform an independent fiscal audit once a year, in conformance with the generally accepted standard accounting principles. For the avoidance of doubt, the fiscal audit required by this section can be satisfied by RTP's usual annual audit and does not need to be specific to the Program or services provided to CITY. Such audits must identify the total funds received and disbursed as well as funds granted and expended. The costs for such audits shall be at RTP's expense, unless otherwise provided for in this Agreement. RTP's Board of Directors must provide copies of the completed audits to CITY within thirty (30) days of their completion and acceptance by RTP's Board of Directors.
- D. Activities described in this agreement must be carried out in compliance with the following City of San Mateo regulations:

- 1) City of San Mateo – CalHome Housing Rehabilitation Program Guidelines (Exhibit B)

V. RECORDS, REPORTS AND AUDITS OF ORGANIZATION:

- A. Establishment and Maintenance of Records: RTP shall maintain records, including but not limited to books, financial records, supporting documents, statistical records, personnel,

property, and all other pertinent records sufficient to reflect properly (1) all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred to perform this Agreement, and (2) all other matters covered by this Agreement.

B. Preservation of Records: RTP shall reserve and make available its records:

- 1) Until the expiration of three (3) years from the date of the submission of the Program Report described below in Section VI.C.
- 2) For such longer period, if any, as is required by applicable law; or
- 3) If the Agreement is completely or partially terminated the records relating to the work terminated shall be preserved and made available for a period of three (3) years from the date of any resulting final settlement.

C. Program Report: RTP shall provide a quarterly written Program Report to CITY detailing progress made toward the provision of services as described above. Reports are due by the 15th of the month following the end of each quarter. RTP shall include an Annual Report in addition to the final quarterly report.

- a. Contents of Quarterly Reports shall contain information that includes but is not limited to: description of current status of program activity, including number of units assisted, number of households served and demographic information; and description of problems or delays encountered in program implementation and course of action taken to address them.
- b. Contents of the Annual Report shall contain information that includes but is not limited to: number of rehabilitation projects completed; number of rehabilitation projects in progress; amount of CalHome program funds spent in the last fiscal year.

EXHIBIT B
CITY OF SAN MATEO
CALHOME HOUSING REHABILITATION GUIDELINES
GENERAL POLICIES AND PROCEDURES

Conflict of Interest

No member of the governing body of the locality and no other official, employee, or agent of CITY government who exercises policy, decision-making functions, or responsibilities in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program, unless the application for assistance has been reviewed and approved according to applicable California Department of Housing and Community Development (HCD) guidelines. This ineligibility shall continue for one year after an individual's relationship with CITY ends.

A contractor with a vested interest in the property cannot bid on a rehabilitation job. Such a contractor may act as owner/builder, subject to Section V. Construction Standards. (Owner/builders are reimbursed for materials purchased which are verified by invoice/receipt and used on the job. Reimbursement occurs after the installation is verified by the Construction Supervisor to be part of the scope of work. Owner/builders are not reimbursed for labor.)

Fair Housing

CITY is an equal opportunity, fair housing lender and makes all programs available to low income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status or handicap.

Applicant Eligibility

Residency Requirements

Units to be rehabilitated must be the principal residence of the owner. (Owner Occupied). Each homeowner must be named on the property's title evidenced by a preliminary title search of the property address. Each homeowner must sign all program and loan documents.

Continued residency is monitored between April 1st and the 30th of each year for the term of the loan. Occupancy will be verified by the submission of the following:

- (a) Proof of occupancy in the form of a copy of a current utility bill; and
- (b) Statement of unit's continued use as primary residence of the owner using the City of San Mateo's "Form of Owner Occupancy Certification".

The CalHome loan is not assumable. (See Loan Servicing Policies and Procedures (LSPP))

Conversion to a use other than residential is not allowable where the full use of the property is changed from residential to commercial or other.

Household Eligibility

A household is defined in terms of financial relationships and can include any owner partnerships as long as their combined gross, annual income meets the eligibility guidelines. To be considered a member of a household, a person must either be (1) on title or (2) claimed as a dependent on the tax returns of a household member who will appear on the title and loan for the CalHome loan.

Household Income

All sources from which the borrower(s), and any other person over 18 years of age who is expected to live in the residence, receive income including the monthly gross pay, and additional income from overtime, part-time employment, bonuses, commissions, tips, dividends, interest royalties, pensions, Veteran's Admin compensation, net rental income or other income (such as alimony, child support, public assistance, sick pay, social security benefits unemployment compensation, income received from trusts, and income received from business activities or investments).

If one or more bedrooms of an owner occupied single-family property is/are rented to non-household members, the non-household member's income shall not be included in income calculations for the owners household. However, the rent paid to the owner shall be included in income calculations for the owner's household.

Gross Income

The annual gross income, of the Homeowner's household income adjusted for family size, may not exceed the program limits. Determination of the Homeowner annual household income will be based on income projected for twelve (12) months. Please refer to Appendix 1; CalHome Program Gross Income Worksheet.

1. Maximum Income Limits: The household income of any Borrower cannot exceed 80% of the HCD low income Limits as published by the California Department of Housing and Community Development (HCD) adjusted for household size. For purposes of determining the household income, the income of all persons 18 years and older who will reside in the property will be considered as part of the total income used to determine eligibility within the established limits.
2. Gross Income Includes: All sources of income from which the Borrower and any other person over 18 years of age who is expected to live in the residence. Gross income from wages,

salaries; any additional income from overtime, part-time employment, bonuses, commissions, tips, dividends, interest or dividends earned on assets, royalties, annuities, insurance policies, retirement funds, pensions, disability or death benefits, Veteran's Administration (VA) compensation, net rental income or other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments).

3. Income Determination: The gross income of the household (as defined by CCRs Title 25 Section 6914) promulgated by the Internal Revenue Service is the household's annualized gross income. Gross income shall mean the anticipated income of a borrower or family member for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a re-determination at the end of such a period. "Income" shall consist of the following: (a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:

- a) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses;
- b) The net income from operation of a business or profession or from rental of real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
- c) Interest and dividends;
- d) 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;
- e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (b)(3)).
- f) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;
- g) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse.

The calculation of income based on the gross income on each applicant's past three pay stubs. Each household member's income is derived by dividing the year-to-date gross income by the person's current pay period and then by annualizing an estimated pay period amount by the number of times the person is paid in one year. Calculations such as part-time employment

with variable hours (or less than 40 hours per week), inconsistent income or hours, overtime, bonuses and commissions, etc., can be calculated using year-to-date income to project the annual income.

YTD gross income/current pay period x number of paid a year = Annualized gross income

Example:

Year-to-date income is \$20,000 as of the 10th pay period of the year

Estimated pay period amount = \$20,000 divided by 10 = \$2,000

Total number of pay periods in year for applicant is 24

Annualized pay = \$2,000 x 24 = \$48,000

A self-employed Borrower can also be considered to have income, which varies from month to month. The borrower's gross annual income calculations will be based on the net income before taxes from the Borrower's signed, quarterly Profit and Loss Statement. This amount will be divided by the appropriate number of months covered by the Profit and Loss Statement to derive at a monthly income amount. The monthly income amount will be multiplied by 12 to derive the annual income.

Self-employed Borrower must provide:

- Self-employed Affidavit.
- All Profit and Loss statements from the past 3 years.
- A Profit and Loss statement for the current year.
- Copies of all invoices and payments made to the applicant as a part of self-employment in the current calendar year.

Example:

Year-to-date net income is \$32,000 for 5 months on the P/L Statement

Estimated Income amount = \$32,000 divided by 5 = \$6,400

Total number of the year is 12 months

Annualized Income = \$6,400 x 12 = \$76,800

- h) Borrower or Co-Borrower not employed or not receiving any income must provide an Unemployment Affidavit that is signed and notarized. The Unemployment Affidavit (Appendix 3) must be used in the event that the applicant is not able to provide the City of San Mateo Housing Department with pay stubs or other documentation of regular income.

Underwriting

Once staff has verified the property is owner occupied, the number of eligible persons, and income eligibility, a credit report issued by a responsible reporting agency, will be used to verify expense information on the loan application. Staff will cross check the credit report with the

preliminary title report to verify any derogatory public records and review the credit report for timeliness of past obligations such as mortgage payments, and other consumer credit lines.

Property Eligibility

Units to be rehabilitated must be located within the City of San Mateo city limits.

Property must contain a legal residential structure intended for continued residential occupancy.

Units that have code deficiencies must be corrected in order to qualify for loan funds. Repairs must address all health and safety hazards existing in the unit as determined by the agent's construction supervisor and/or the City Building Department. **CITY** will determine the rehabilitation work to be performed on the property based on the outcome of the construction supervisor's initial property inspection.

Single family housing and multi-family housing up to 4 units is/are allowable.

Eligible improvements include:

- a) Code violations
- b) Termite (scope of work limited to areas to be repaired)
- c) Deferred maintenance if required by city ordinance or health and safety code.
- d) Major system updates
- e) Handicapped/disability modifications
- f) General property improvements (no more than 25% of property). Not applicable unless it relates to health and safety or code compliance.
- g) Lead-based paint hazard reduction work.
- h) Energy and water conservation.
- i) New construction is prohibited unless used to relieve overcrowding.

Construction Standards

All repair work must meet California Building Code standards.

Contracting Process:

- a) Contracting will be done on a competitive basis.
- b) The homeowner will be the responsible agent, but CITY and/or its agent will prepare the work write-up, prepare and advertise the bid package, and assist the owner in negotiating the construction contract.
- c) The City does not warrant any construction work or provide insurance coverage.

Approved Contractors:

- a) Contractors are required to be licensed with the State of California and be active and in good standing with the Contractors' License Board.
- b) Contractors will be checked against HUD's federally debarred list of contractors. No award will be granted to a contractor on this list.
- c) Contractors must have liability and property damage insurance, worker's compensation, and employer liability insurance to the extent required by State Law.
- d) Contractor must agree to comply with all CalHome regulations.
- e) The homeowner may be allowed to do his own work if he has a valid California Contractor's license.

Eligible Rehabilitation Costs

Cost of rehabilitation of the property in accordance with the following definition: "Rehabilitation" means, in addition to the definition in Section 50096 of the Health and Safety Code, repairs and improvements to a home necessary to correct any condition causing the home to be substandard pursuant to Section 1704 of Title 25, California Code of Regulations. Rehabilitation also means repairs and improvements where necessary to meet any locally-adopted standards used in local rehabilitation programs. Rehabilitation does not include replacement of personal property.

Cost of building permits and other related government fees.

Cost of architectural, engineering, and other consultant services which are directly related to the rehabilitation of the property.

Non-recurring loan closing costs.

Owner-occupied rehabilitation activity delivery fees, pursuant to Section 7733(f), as reimbursement to CITY for the actual costs of services rendered to the homeowner that are incidentally but directly related to the rehabilitation work (e.g. planning, engineering, construction management, including inspections and work write-ups).

Owner-occupants are not eligible for temporary relocation unless health and safety threats are determined to exist by the agent/construction supervisor. In cases where relocation is determined to be necessary by the agent/construction supervisor, any assistance is to comply with California Government Code Section 7260 et seq. and regulations found in California Code of Regulations, Title 25, Chapter 6. Relocation costs shall be included in the loan (not a separate grant).

CalHome Activity Delivery Fees

CITY staff member responsible for the processing and underwriting of CalHome project funding will be responsible for documenting incurred costs using the "CalHome Program OOR-4, Activity Delivery Fee Reimbursement Form".

FINANCING

The amount of CalHome assistance provided to a project is determined by the process of evaluating the available equity of the property, initial inspection, development of the work write-up and cost estimate, analysis of the contractor bids received, followed by comparison of the bids to the cost estimate to determine cost reasonableness.

Limits:

- a) An eligible owner may qualify for the full cost of rehabilitation work needed to comply with California Building Code standards. Maximum assistance with CalHome funds is \$60,000.00 for rehabilitation and/or reconstruction.
- b) The loan-to-value ratio for an owner-occupied rehabilitation loan, when combined with all other indebtedness secured by the property, shall not exceed 105 percent of the estimated after-rehabilitation value. An estimate of after-rehab value will be made prior to making a commitment of CalHome funds using San Mateo County Association of Realtors "Sales Stat Records". Staff will refer to both monthly and quarterly median values for the county to make its assessment.
- c) Total value of the unit after rehabilitation shall not exceed 100% of the current median sales price of a single family home in San Mateo County. Sales Price/Value limits will be according to San Mateo County Association of Realtors "Sales Stat Reports" for median home prices, or by an individual appraisal performed by a licensed appraiser.

Types of Financing and Terms:

- a) Each applicant who is determined to be eligible for the CalHome program will receive Deferred Payment Loans (DPL) financing.
- b) Deferred Payment Loans – Twenty-year, 3% interest bearing loan, secured by a deed of trust, with no payback required until the end of the 20 year term, participant sells or transfers title, or discontinues their residence in the dwelling. Payments may be made voluntarily on a DPL at any time within the term of the loan. There are no pre-payment penalties on loans issued by the City of San Mateo. Loan principal will not be forgiven.
- c) Loans shall be repayable upon sale or transfer of the property, when the property ceases to be owner-occupied; or upon the CalHome Program loan maturity date. However, if it is determined by CITY that repayment of the CalHome Program loan at the maturity date causes a hardship to the borrower, CITY may opt to do one of the following:
 - 1. Amend the note and deed of trust one time only to defer repayment of the amount due at maturity, that is balance of the original principal plus the accrued interest, for up to an additional 30 years (at 0% additional interest) this may be offered one time;

2. Convert the debt at loan maturity; (balance of the original principal plus any accrued interest) to an amortized loan, repayable in 15 years at 0% additional interest.
- d) Any cash out of escrow to the homeowner is prohibited.
- e) No financing, junior or senior to the CalHome loan, will have a balloon payment due before the maturity date of the CalHome loan.
- f) Only after all loan documentation has been processed and recording has taken place, will the loan proceeds be available to the borrower.

LOAN SECURITY

Loan security for all owner-occupied rehabilitation stick-built homes will be secured by the real property and improvements, and will include a Deed of Trust, and Promissory Note in favor of CITY.

Entering a subordinate lien is acceptable. However, CITY will not subordinate a first lien position once established.

INSURANCE & PROPERTY TAXES

See Loan Servicing Policies and Procedures.

LOAN APPROVAL

The City of San Mateo Loan Committee must approve all loans. The Loan Committee may approve assistance in excess of the maximum loan limits with financing up to 105 percent of after rehabilitation value as needed, in cases where no other financial resources are available to cover the cost of the improvements and where clear and convincing documentation exists, justifying why the exception is needed.

In order to obtain CalHome financing, applicants must meet all property and eligibility guidelines in effect at the time the application is considered. Applicants will be provided written notification of approval or denial. Any reason for denial will be provided to the applicant in writing.

DEFAULT AND FORECLOSURE

If an owner defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Loan Servicing Policies and Procedures).

COMPLAINT AND APPEAL PROCEDURE

Complaints concerning the CalHome Housing Rehabilitation Loan Program should be made first to CITY's contract agent. If the problem remains unresolved, the complaint or appeal should be made in

writing and filed with the City Manager of the City of San Mateo.

AMENDMENTS

CITY may make amendments to these Participation Guidelines. Any changes made shall be in accordance with CalHome regulations.

EXCEPTIONS

Exceptions to these Participation Guidelines will require approval of the Housing Manager.

EXHIBIT C
CalHome Program Gross Income Worksheet

<u>ASSETS</u>			
Household Member	Assets Description	Current Value	Actual Income from Assets (Annualized)
1. Totals		1(a)	1(b)
2. If line 1(a) is \$5,000 or less, enter 0 here and in line 6(d) below. Income from assets of \$5,000 or less is not included in the determination of income eligibility.			2.
3. If line 1(a) is greater than \$5,000:			
(a) multiply line 1(a) by 2.0% and enter results here			3(a)
(b) enter amount from line 1(b)			3(b)
(c) Enter the greater of lines 3(a) or 3(b) here and inline 6(d) below.			3(c)
<u>ANTICIPATED ANNUAL INCOME</u>			
Household Member	a. Wages/ Salaries	b. Benefits/ Pensions	c. Other Income
6. Totals	a.	b.	c.
7. Enter total of items from 6a.through 6d. (Total Income)			7.

Completed and Reviewed by: _____ **Date:** _____

EXHIBIT D

DRAW SCHEDULE AND CONSTRUCTION PAYMENT REQUEST

Draw Schedule

Company Name		Project Name	
Phone Number		Project Address	
Email		Contract Price	

Draw No.	Est. Completion Date	Percentage	Amount	Description of Work	Status
1			\$0		
2			\$0		
3			\$0		
4			\$0		
5			\$0		
6			\$0		
7			\$0		
8			\$0		
9			\$0		
10			\$0		
Final		0%	\$0		

Date:			Payment #	
Owner:		Property:		
SUMMARY OF FUNDS				
Loan Amount				
Inspections/Fees:				
Title Insurance				
Termite				
Other				
Other				
Other				
Construction Funds				
TRANSACTIONS				
Beginning Total Contracts				
List Contractor/Material Provider Name	Contract Amt.	This Trans.	Prior Trans.	Job to Date
Termite Contractor				\$0.00
Roofers Name				\$0.00
Gutter Contractor				\$0.00
Heater Contractor				\$0.00
Drainage pump Contracor				\$0.00
Drainage pipe Contractor				\$0.00
Plumber Name				\$0.00
Contingency	\$0.00			
Total Transactions				\$0.00
Balance				\$0.00
Notes:				
The undersigned Owner authorizes this payment for work performed on the above property and certifies that the value of work stated in the attached invoice has been essentially completed as of this date. All relevant permits and building inspections have been obtained.				
		Date	Owner's Signature	
I certify that I have checked this property and verify that the value of work performed warrants this payment request to be honored.				
		Date	Project Manager	

EXHIBIT E INSURANCE REQUIREMENTS

MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an “occurrence” basis, including products-completed operations, personal & advertising injury, with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if the RTP has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.

If RTP maintains higher limits than the minimums shown above, CITY requires and shall be entitled to coverage for the higher limits maintained by RTP.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

CITY, its elected and appointed officials, employees, and agents are to be covered as insureds on the auto policy for liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of RTP; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of RTP including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement RPT’s insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, RPT’s **insurance coverage shall be primary** insurance as respects CITY, its elected and appointed officials, employees, and agents. Any insurance or self-insurance maintained by CITY, its elected and appointed officials, employees, or agents shall be excess of the RPT’s insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall provide that **coverage shall not be canceled, except after thirty (30) days’ prior written notice** (10 days for non-payment) has been given to CITY.

Waiver of Subrogation

RTP hereby grants to City a waiver of any right to subrogation which any insurer of RTP may acquire against CITY by virtue of the payment of any loss under such insurance. RTP agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not CITY has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by CITY. CITY may require RTP to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to CITY.

Verification of Coverage

RTP shall furnish CITY with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by CITY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive RTP's obligation to provide them. CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.