

Search Records

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(Example of search term includes the entity's name, etc.)

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965067382

CAGE Code Search:

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Note to all Users: This is a Federal Government computer system. Use of this system constitutes consent to monitoring at all times.



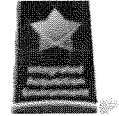
Search Results

No records found for current search.

SAM | System for Award Management 1.0

IBM v1.821.20130326-0005

Note to all Users: This is a Federal Government computer system. Use of this system constitutes consent to monitoring at all times.



TAHOE DAILY Tribune

P.O. Box 1888 Carson City, NV 89702
(775) 881-1201 FAX: (775) 887-2408

Customer Account: # 1070368

Legal Account

El Dorado County Dept of Human
3057 Briw Rd., Ste. A
PLACERVILLE, CA 95667
Attn: C.J. Freeland

Victoria Lopez says:

That (s)he is a legal clerk of the **TAHOE DAILY TRIBUNE**, a newspaper published Wednesday, Friday, Saturday at South Lake Tahoe, in the State of California.

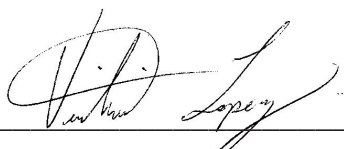
Copy Line

CDBG032913

PO#:

Ad #: 9038202D

of which a copy is hereto attached, was published in said newspaper for the full required period of **1** time(s) commencing on **3/29/2013**, and ending on **3/29/2013**, all days inclusive.

Signed:  _____

Date: 03/29/2013 State of Nevada, Carson City

Price: \$ 118.650

Subscribed and sworn to before me this ____ day
of _____

Notary Public

Proof and Statement of Publication Ad #: 9038202D

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the County of El Dorado will conduct a public hearing by the County Board of Supervisors on Tuesday, April 9, 2013, at 9:00 a.m., or as soon thereafter as can be heard, at the Board of Supervisors meeting room, 330 Fair Lane, Placerville, CA to discuss the Fiscal Year 2013-14 Community Development Block Grant (CDBG), Community Development Allocation and Economic Development Allocation application and to solicit citizen input.

The Health and Human Services Agency on behalf of the County of El Dorado is applying for a grant amount of up to \$600,000.00 under the Community Development Allocation for a Homeownership Assistance Program to be performed within the unincorporated area of the County, and for a grant amount of up to \$500,000 under the Economic Development Allocation for the eligible activities of Business Assistance and Microenterprise Assistance programs.

The purpose of the public hearing is to provide citizens an opportunity to comment on the proposed activity(ies). If you are unable to attend the public hearing, you may direct written comments to: El Dorado County, Health and Human Services Agency, 3057 Briw Rd., Placerville, CA 95667, Attn: C.J. Freeland, by 5:00 p.m. on Monday, April 8, 2013. In addition, a public information file is available for review at the above address between the hours of 8:00 a.m. and 4:00 p.m. on weekdays, except holidays.

If you plan to attend the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please call (530) 642-4863 to arrange for accommodations to be made. Notification 24 hours prior to the meeting will enable the County to make reasonable accommodations to assure accessibility at the meeting.

El Dorado County promotes fair housing and makes all programs available to low/moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, familial status (children in household), or handicap.

Pub: March 29, 2013

Ad#9038202

TAHOE DAILY Tribune

P.O. Box 1888 Carson City, NV 89702
(775) 881-1201 FAX: (775) 887-2408

Customer Account: # 1070368

Legal Account

El Dorado County Dept of Human
3057 Briw Rd., Ste. A
PLACERVILLE, CA 95667

Attn: Cynthis Freeland

Rachel Renaud says:

That (s)he is a legal clerk of the **TAHOE DAILY TRIBUNE**, a newspaper published Wednesday, Friday, Saturday at South Lake Tahoe, in the State of California.

Copy Line

Public Notice AGPR and CDBG

PO#:

Ad #: 8139988D

of which a copy is hereto attached, was published in said newspaper for the full required period of 1 time(s) commencing on **7/13/2012**, and ending on **7/13/2012**, all days inclusive.

Signed: _____



Date: 07/17/2012 State of Nevada, Carson City

Price: \$ 222.020

Subscribed and sworn to before me this ____ day
of _____

Notary Public

Proof and Statement of Publication

Ad #: 8139988D

Notice of Public Hearing for Annual Grant Reporting and Discussion of Possible State CDBG Application

NOTICE IS HEREBY GIVEN that a public hearing will be held on Friday, July 27, 2012, at 9:00 am at 937 Spring Street in the conference room in order to discuss the fiscal year 2011/12 Community Development Block Grant (CDBG) Program outcomes and accomplishments and discuss possible applications for funding under the next fiscal year's (July 1 to June 30) State CDBG Program and to solicit citizen input on possible activities to be included in the application.

The Health and Human Services Agency will report on the fiscal year 2011/12 Annual Grantee Performance Reports for the following grants and programs: 09-PTGA-6497 Planning and Technical Assistance/Housing Conditions Study, 09-EDEF-6547 Business Loan and Microenterprise Technical Assistance Program, 10-STBG-6711 Housing Rehabilitation and Public Improvements in Support of Housing New Construction, and the Housing Rehabilitation, Housing Acquisition and Economic Development Program Income Revolving Loan Funds.

The Community Development and Economic Development Allocations of the State CDBG program will publish a combined "Notice of Funding Availability" (NOFA) each program year. Eligible cities and counties may submit applications for CDBG funds under the NOFA. It is estimated that up to \$2,000,000 will be available in total. The Economic Development "Over-the-Counter" Allocation requires a separate application with a maximum limit of \$3,000,000 per year. The NOFA also includes the Native American and Colonia's Allocations. The Native American Allocation is only for areas with high concentrations of low-income Native American residents, who are not part of a federally recognized Native American Indian tribe or Rancheria. The Colonia's funding is only for designated communities within 150 miles of the Mexican-American border.

Eligible activities under the above allocations in the NOFA consist of: homeownership assistance and housing rehabilitation programs; public facility and public improvements projects (including public improvements in support of new housing construction); public service programs, planning studies, economic development business assistance and microenterprise activities. Eligible activities paid for with State CDBG funds must meet one or more of the three national objectives listed in CDBG federal statutes as follows: benefit to low income households or persons; elimination of slums and blight; or meeting urgent community development need.

The Health and Human Services Agency on behalf of the County of El Dorado anticipates submitting an application under the NOFA published during the next program year, if eligible.

The purpose of this public hearing is to give citizens an opportunity to make their comments known regarding what types of eligible activities the County should apply for under the State CDBG program or to comment on current CDBG activities. A separate public hearing will be held to discuss and approve the application prior to submittal to the State.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please call (530) 642-4852 to arrange for those accommodations to be made. Notification 48 hours prior to the meeting will enable the County to make reasonable accommodations to assure accessibility at the meeting.

If you are unable to attend the public hearing you may direct written comments to the County of El Dorado, HCED Programs, 3057 Briw Road, Suite A, Placerville, CA 95667, or you may telephone (530) 642-4852. In addition, information is available for review at the above address between the hours of 9:00 a.m. and 4:00 p.m. on weekdays, excluding holidays.

The County promotes fair housing and makes all its programs available to low and moderate income households regardless of age, race, color, religion, sex, national origin, sexual preference, marital status or handicap.

Pub: July 13, 2012

Ad#8139988

Mountain Democrat

PROOF OF PUBLICATION
(2015.5 C.C.P.)

STATE OF CALIFORNIA
County of El Dorado

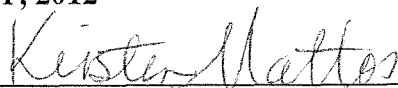
I am a citizen of the United States and a resident of the County aforesaid; I'm over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am principal clerk of the printer at the Mountain Democrat, 1360 Broadway, a newspaper of general circulation, printed and published Monday, Wednesday, and Friday, in the City of Placerville, County of El Dorado, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court to the County of El Dorado, State of California, under the date of March 7, 1952, Case Number 7258; that the notice, of which the annexed is a printed copy (set in type no smaller than non-pareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

07/13

All in the year 2012

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Placerville, California, this 13th day of JULY, 2012



Signature

Proof of Publication of NOTICE OF PUBLIC HEARING

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The County promotes fair housing and makes all its programs available to low and moderate income households regardless of age, race, color, religion, sex, national origin, sexual preference, marital status or handicap.



RESOLUTION NO.

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF EL DORADO

APPROVING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE 2013 COMMUNITY DEVELOPMENT BLOCK GRANT COMMUNITY DEVELOPMENT ALLOCATION AND ECONOMIC DEVELOPMENT ALLOCATION; AND IF SELECTED, THE EXECUTION OF A STANDARD AGREEMENT, ANY AMENDMENTS THERETO, AND OF ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE PROGRAM.

WHEREAS, the California Department of Housing and Community Development (the “Department”) has announced the availability of Community Development Block Grant (CDBG) funds under the Community Development Allocation (formerly known as General Allocation), Economic Development Allocation and Planning and Technical Assistance (PTA) Allocation and is authorized to make those funds available to jurisdictions.

WHEREAS, on January 7, 2013, the Department issued a Notice of Funding Availability announcing the availability of funds under the CDBG Program (the “NOFA”) .

WHEREAS, in response to the 2013 NOFA, the County of El Dorado (“the Applicant”), will submit an application for an allocation of CDBG funds to support affordable housing programs and economic development for the benefit of low income households, and

WHEREAS, a goal of the El Dorado County General Plan Housing Element is to apply for funds in support of housing rehabilitation and first time homeownership programs for low income households; and

WHEREAS, the Board adopted Resolution 189-2012 to approve the CDBG Program Income Reuse Plan on December 18, 2012, distributing program income for housing rehabilitation and first time homeownership program activities, and

WHEREAS, program income is at sufficient levels to support the housing rehabilitation program but additional grant funding is necessary to continue support for the County’s homeownership assistance program, and

WHEREAS, a goal of the El Dorado County General Plan Economic Development Element is to provide opportunities for positive economic growth such as a full range of local employment opportunities, a more diversified local economy, greater capture of tourism, and increased retail sales.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of El Dorado as follows:

SECTION 1:

The Board of Supervisors has reviewed and hereby approves an application for up to \$1,060,000.00 for the following activities:

General Program Administration	\$ 73,953
Homeownership Assistance Program	\$558,140
Economic Development Allocation	\$427,907

SECTION 2:

The Board of Supervisors has determined that federal Citizen Participation requirements were met during the development of this application.

SECTION 3:

The County hereby approves the use of Local Leverage Funding Sources in the amount of \$3,500 to be used as the County's cash match for this application.

In-Kind Staff – General Administration Homeownership	\$ 1,750
In-Kind Staff – General Administration Economic Development	\$ 1,750

SECTION 4:

The County hereby approves the commitment of Economic Development Program Income in an amount up to \$25,000, if available, during the grant term to the following activities:

Microenterprise Loans	\$ 25,000
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SECTION 5:

The Director of Health and Human Services Agency, or successor, is hereby authorized and directed to act on the County's behalf in all matters pertaining to this application.

SECTION 6:

If the application is funded, the Director of Health and Human Services Agency, or successor, is authorized to execute and administer the Standard Agreement with the State of California and any subsequent amendments that do not affect the dollar amount or the term, contingent upon approval by County Counsel and Risk Management, and other grant and activity related documents for the purposes of this grant.

PASSED AND ADOPTED by the Board of Supervisors of the County of El Dorado at a regular meeting of said Board, held the _____ day of _____, 2013 by the following vote of said Board:

Attest:	Ayes:
James S. Mitrison	Noes:
Clerk of the Board of Supervisors	Absent :

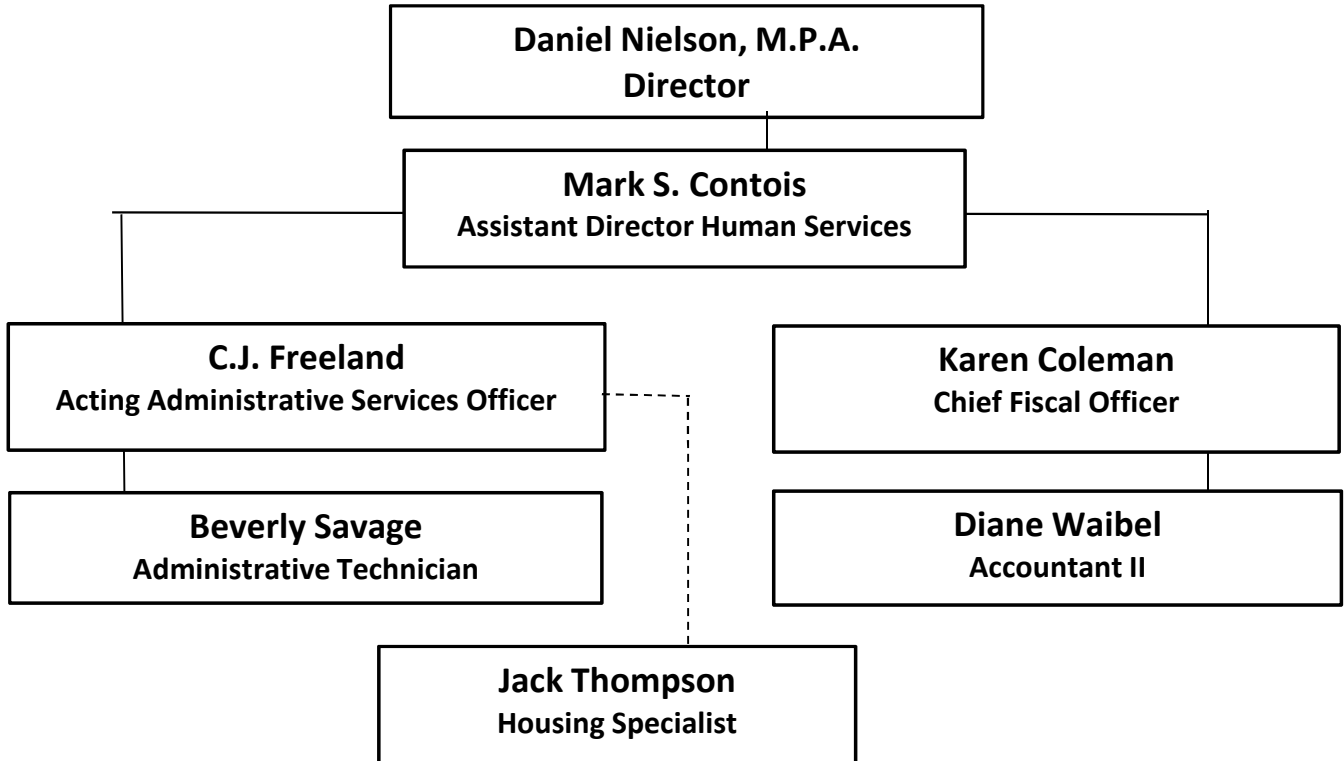
By: _____
 Deputy Clerk Chair, Board of Supervisors

I CERTIFY THAT:
THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE.

Attest: James S. Mitrison, Clerk of the Board of Supervisors of the County of El Dorado, State of California.

By: _____ Date: _____
 Deputy Clerk

COUNTY OF EL DORADO
Health and Human Services Agency
Housing, Community and Economic Development Grant Programs



Cynthia (“C.J.”) Freeland

PROFESSIONAL SUMMARY:

Extensive background in administrative management providing assistance with ever increasing responsibility to executive management and other staff in support of specialized programs to benefit the community. Highly successful in abilities related to creativity, organization and detail. Demonstrated ability to maintain cooperative working relationships with staff, the general public, as well as State, Federal, and corporate personnel.

AREAS OF EFFECTIVENESS:

- Management
- Organization
- Communication
- Creativity
- Budget
- Planning
- Reporting
- Marketing

COMPUTER SKILLS:

Microsoft Word, WordPerfect, Microsoft Excel, Microsoft PowerPoint, Microsoft Publisher, Microsoft Outlook, Eudora, Lotus Notes, Internet, and Data Base Programs (QSS, LMIS), typing 72+ wpm

EDUCATION:

Teaching Credential Program, Chapman College
Bachelor of Arts Degree, Communications/Public Relations, CSU, Fullerton
Associate of Arts Degree, Sociology, Santa Ana Community College

TRAINING AND WORKSHOPS:

•HOME Affordable Housing Development, 2008 •Community Renewal Summit, 2008
• Advanced HOME and Rental Housing Compliance Training, 2009 • HOME Underwriting for California, 2009 • Labor Relations/Davis-Bacon Prevailing Wage Training, 2009 • Economic Development – Underwriting and Restructuring in Today’s Economic Climate Workshop, 2009 • HOME for Rent: Developing Multifamily Housing, 2010 • 2010 CDBG/HOME Statewide Conference • HOME Construction Management, 2011

SELECTED ACCOMPLISHMENTS:

ADMINISTRATIVE: Extensive experience in key support of administrators in the coordination and execution of complex administrative duties including preparation, organization and performance of supportive responsibilities with state and federal grant programs under minimal supervision. Develop and implement procedural improvements to streamline delivery and accountability of programs. Act as liaison with other departments and community organizations on behalf of administrator.

GRANT MANAGEMENT: Responsible for Housing, Community, and Economic Development Block Grant program administration, developing procedures and forms, community outreach, preparing First Time Homebuyer Program, Housing Rehabilitation Program and Economic Development Program guidelines, loan packets, reviewing applications, completing reference checks, correspondence, meeting with clients, title companies and contractors, presentation of loan packets to loan committee for approval, ordinance development and preparation, research/analysis, preparation of grant applications, policy, procedure and guideline development, community surveys and statistical reporting.

ORGANIZATION: Supervised and coordinated staff and suppliers for major projects while providing clear schedules, budgets and plans to senior management and clients. Research, draft and implement procedural methods for new and existing programs, including Board Policy and resolutions. Assisted with El Dorado

Cynthia (“C.J.”) Freeland

County General Plan Housing Element 2008-2013 Update adopted by Board of Supervisors and Certified by the State. Coordinated 2013-2021 Housing Element Update Streamline Review. Experienced in preparing, presenting information and providing training to large and small groups.

CREATIVITY: Developed award winning public awareness, marketing and fund raising campaigns and programs utilizing skills in concept, copy writing, design, and layout for magazines, brochures, newsletters, programs, fliers, reports, presentations and direct mail materials. Experienced in the development and production of radio and television commercials. Successfully apply creative thinking skills to solve administrative problems.

PUBLIC RELATIONS: Developed and executed press relations and special event programs for Andy Warhol (Pop Artist), Don Page (World Class Runner), and Jim Palmer (Hall of Fame Baseball Pitcher) on behalf of the Sacramento Weinstocks department store. Past clients include the California Angels, Kirkwood Ski Resort, Zamboni Company, Waterworld USA, The Sacramento International Auto Show, Ridgeview Estates, and American Aerobatics Air Shows.

HUMAN RESOURCES: Seven years in Merit System Office of Education with supervisory experience and skills in recruitment, position control, budget, classified and certificated issues, benefits, research, reports, class specification development, state and federal mandates. Interpreted contract language and applied same for classified, certificated and administrative personnel. Experienced in working in highly confidential areas and sensitive to organizational climates.

SUMMARY OF WORK HISTORY:

5/2007- Present	El Dorado County Health and Human Services Agency Housing, Community and Economic Development Programs Acting Administrative Services Officer 2/2013 to Present Department Analyst I 5/2012 to 2/2013 Administrative Technician 9/2008 to 5/2012 Program Assistant 5/2007 to 9/2008	
8/2006 to 5/2007	El Dorado County Office of Education, Child Development Office Manager	
3/2000 to 8/2006	El Dorado County Office of Education, Human Resources Program Assistant (Confidential)	
1/2000 to 3/2000	Blue Ribbon Temps, Placerville El Dorado Irrigation District Customer Service	
2/1993 to 11/1999	Julie Clark’s American Aerobatics, Inc. (Air Shows) Project Manager	
1975-1993	The Mountain Democrat Newspaper El Dorado County Office of Education DDB Needham Worldwide Advertising Executive Place Magazine, Sacramento Sacramento Savings & Loan Weinstocks Department Store, Sacramento Bower Communications, Advertising/PR Disneyland – Christmas Parade	Sales Consultant Substitute Teacher Account Supervisor Production Manager. Advertising Assistant Adv/P.R. Copywriter Media Director Cast Member/Alice Division

Mark S Contois, MSW

530-642-7300 (w)

530-401-0635 (c)

PROFESSIONAL EXPERIENCE

EL DORADO COUNTY HEALTH & HUMAN SERVICES AGENCY

05/00 – PRESENT

ASSISTANT DIRECTOR

12/11 – PRESENT

- Assisting Director and/or Chief Assistant Director in development and implementation of goals, objectives, P&P's, complex budgets (\$69MM), complex Federal funding streams and work standards for the Human Services programs
- Responsible for Aging programs, APS, IHSS, Sr. Nutrition, Sr. Daycare, Public Housing Authority, HCED Programs, Child Welfare Services, Employment Services and Income Maintenance
- Manage 3 Program Manager II's and 6 Program Manager I's (total: 329 agency employees with over 15 complex public programs)

PROGRAM MANAGER II

04/09 – 12/11

- Responsible for total employment of the Human Services Program for approximately 60 employees agency wide
- Developed, implemented and managed complex budgets

ACTING ASSISTANT DIRECTOR

04/09 – 07/09

- Assisted the Director and/or Chief Assistant Director in the development and implementation of goals, objectives, policies & procedures and work standards across the Division and Agency

PROGRAM MANAGER I

02/05 – 04/09

- Served in a secondary level management position for approximately 60 Human Services/Child Welfare Services program
- Planned, organized and directed the employment of the 60 employees within the Agency

ACTING PUBLIC GUARDIAN (Appointed Position)

05/04 - 02/05

- Position was appointed by the Assistant Director/Public Guardian
- Responsible for developing and implementing State and Federal regulations relating to the Office of the Public Guardian
- Responsible for overseeing complex agency budgets and estate budgets that are under scrutiny of the Courts and the department Director

SOCIAL SERVICES SUPERVISOR II

10/02 – 02/05

- Directly responsible for supervision of 7 employees in APS & IHSS
- Provided the most advanced or complex casework supervision for my employees relating to investigations of abuse, planning, assigning, directing, connecting services and reviewing
- Performed and coordinated activities for both Professional and Technical staff development
- Developed, monitored and tracked child welfare data as it pertained to identified trends unique to the Division of Adult Protective Services

Social Worker IV-B

05/00 – 10/02

- Performed advance casework dealing with complex individual and family systems involving child abuse and neglect
- Responsible for developing court reports, treatment plans and counseling requiring professional skills and training

SAN BERNARDINO COUNTY DEPARTMENT OF SOCIAL SERVICES

1989 – 1999

Social Services Practitioner

- Social Worker in the Emergency Response/Ongoing Unit responsible for investigating allegations of child abuse and neglect

-- SPECIAL APPOINTMENT --

FIRST 5 COMMISSIONER

11/11 – PRESENT

Commissioner (Board of Supervisor's Appointment)

- Makes strategic policy decisions
- Provides active leadership and advocacy in the community
- Provides fiscal accountability
- Implements legal and financial responsibility
- Provides accountability to the community
- Supports the Managing Director to carry out Commission policies
- Fulfills Commission attendance and participation expectations

EDUCATION

Master's in Social Work
CSU San Bernardino (1999)

Bachelor of Science, Social Work
University of Montana (1987)

-- References available upon request --

DANIEL L. B. NIELSON

530-642-7275 (w)
530-409-1125 (c)

EDUCATION

Master of Public Administration December 2004
Advanced Public Management
University of Utah

Graduate Certificate in Public Administration March 1990
Personnel Administration
University of Utah

Management Certificate March 1987
University of Utah

B.S. Sociology June 1984
University of Utah

B.S. Family and Consumer Studies June 1984
University of Utah

EMPLOYMENT

EL DORADO COUNTY HEALTH AND HUMAN SERVICES AGENCY
November 2011 to present: Director.

EL DORADO COUNTY DEPARTMENT OF HUMAN SERVICES
July 2009 to November 2011: Director.

MERCED COUNTY HUMAN SERVICES AGENCY
October 2006 to July 2009: Deputy Director.

COMMUNITY HEALTH CENTERS
November 2002 to September 2006

December 2004 to September 2006: Project Director.

November 2002 to December 2004: Case Management Supervisor.

COUNTY OF SANTA CLARA

August 1999 to August 2002

July 2001 to August 2002: **Prevention Program Analyst II.**

May 2001 to July 2001: **Social Work Supervisor.**

October 2000 to May 2001: **Social Work Supervisor.**

August 2000 to October 2000: **Social Work Coordinator II.**

July 2000 to August 2000: **Social Work Coordinator I.**

August 1999 to July 2000: **Social Worker II.**

El Dorado County Housing, Community and Economic Development

Staff Duty Statements

The following is a statement of the El Dorado County staff's roles and responsibilities for the administration of Housing, Community and Economic Development Grant programs.

Quick Reference List

Staff Member	Responsibilities
<u>Daniel Nielson, M.P.A.</u> Director Health and Human Services Agency	<ul style="list-style-type: none">* Overall grant management & monitoring* General administration
<u>Mark S. Contois</u> Assistant Director	<ul style="list-style-type: none">* Grant management & monitoring* General administration* Overall staff supervision
<u>Karen Coleman</u> Chief Financial Officer	<ul style="list-style-type: none">* Budget and financial recordkeeping* Payment disbursement* Grant audit
<u>C.J. Freeland</u> Administrative Services Officer	<ul style="list-style-type: none">* Assist Director with grant management* Overall staff supervision* Dispute resolution management* Grant performance* Environmental review* Default and foreclosure procedures* Program marketing* Program monitoring, compliance, budget and recordkeeping* Labor Standards/Davis-Bacon compliance* Clearing of grant conditions* Application intake and screening* Income Eligibility Verifications* Loan packaging and underwriting* Maintenance of grant and applicant files* Program marketing
<u>Beverly Savage</u> Administrative Technician	<ul style="list-style-type: none">* Application intake and screening* Income Eligibility Verifications* Loan packaging and underwriting* Maintenance of grant and applicant files* Rehabilitation environmental review

- * Staff to Loan Review Committee
- * Program marketing
- * Labor Standards/Davis-Bacon compliance

Diane Waibel
Accountant II

- * Fiscal reporting
- * Financial recordkeeping
- * Processing of disbursement requests
- * Preparation of quarterly and annual reports
- * Other reporting required of County related to CDBG program.
- * Loan payment set up and portfolio management

Jack Thompson
Housing Specialist

- * Inspections
- * Work write-ups
- * Construction monitoring
- * Labor Standards/Davis-Bacon compliance

Qualifications:

Daniel Nielson, M.P.A., Director of Health and Human Services Agency, is responsible for overall grant management and supervision of the Health and Human Services Agency staff work. Mr. Nielson will provide final signature authority for all financial and performance reports, and other documents relating to the grant.

Mr. Nielson's resume is attached.

Mark S. Contois., Assistant Director Human Services Division, is responsible for the oversight of the grant management and supervision of the Housing, Community and Economic Development Programs staff work. Mr. Contois will provide review of all financial and performance reports, and other documents relating to the grant.

Mr. Contois' resume is attached.

Karen Coleman, Chief Financial Officer, Health and Human Services Agency, is responsible for oversight of the budget and financial recordkeeping. She will provide oversight of grant expenditures and coordinate the annual audits of same. Ms. Coleman is also responsible for overseeing the County's Revolving Loan portfolio.

Resume: Ms. Coleman currently serves as the CFO for the El Dorado County Health and Human Services Agency. Duties of this position include the following:
Oversee, plan, organize, coordinate and manage, through subordinate managers and supervisors, the work of the financial function of the Social Services and Community Services Divisions in the El Dorado County Health and Human Services Agency.
Oversee, develop and manage the implementation of goals, objectives, policies, procedures and work standards. Oversee, participate and assist in the budget process; monitor revenues and expenditures; provide information to program managers when

available. Oversee, develop and implement management systems, procedures and standards for sub-recipient monitoring; recommend procedural modifications. Oversee the selection, supervision, training and work evaluation of fiscal staff; oversee, supervise contract compliance staff. Oversee, coordinate and prepare, or direct the preparation of the County Expense Claims, CA 800 Reports, grant fund requests and cost reports to various funding agencies; direct the maintenance of appropriate financial records. Oversee the annual preparation of the Schedule of Expenditures of Federal Awards (SEFA) for each division and review for submission. Coordinate the work of the division with that of other divisions, departments and outside agencies and individuals. Ensure adherence to codes, applicable laws, regulations and guidelines relating to financial activities. Provide training and professional development of direct report staff as needed. Analyze complex problems, evaluate alternatives and make sound judgments and recommendations. Prepare reports and other written correspondence. Represent the County in contacts with county officials, community, other agencies and the public. Establish and maintain effective working relationships with those contacted in the course of work.

Prior to becoming the CFO, Ms. Coleman held the position of Staff Services Manager - Fiscal, Sr. Staff Services Analyst - Fiscal, and Supervising Accountant Auditor for the El Dorado County Health and Human Services Agency.

C.J. Freeland, Acting Administrative Services Officer, is responsible for assisting the Director in overall grant management and supervision of the CDBG Program. Ms. Freeland is responsible for managing the everyday tasks related to CDBG activities along with performance reports and other documents relating to the grant. Ms. Freeland is responsible for monitoring of grant performance. Ms. Freeland has worked for the County's Housing, Community and Economic Development Grant Programs since 2007 and has been responsible for daily program activities and activity delivery, including monitoring the progress of each project, income verification for program eligibility, loan processing and underwriting of rehabilitation loans and Labor Standards/Davis-Bacon compliance. Her related background includes project management, human resources, advertising and public relations.

Ms. Freeland's resume is attached.

Beverly Savage, Administrative Technician, is responsible for the daily program activities and activity delivery, including monitoring the progress of each project, income verification for program eligibility, loan processing and underwriting of rehabilitation loans and Labor Standards/Davis-Bacon compliance. Her related background includes contract administration and marketing.

Ms. Savage's resume is attached.

Diane Waibel, Accountant II, is responsible for the accounting and fiscal reporting of grant programs and revolving loan fund activities. Ms. Waibel is responsible for monitoring of program loan portfolios and for fiscal implementation of new. Her related background includes experience in accounting.

Resume. Mrs. Waibel joined the accounting unit of the Health and Human Services Agency in October 2001 as a Fiscal Assistant II. She has progressed from Fiscal Assistant II to Fiscal Technician, Accountant I and currently holds the position of Accountant II. Mrs. Waibel's responsibilities currently include the reconciliation and reporting of multiple grants to various State agencies, preparation of journal entries, auditing financial documents and training staff. Prior to working for El Dorado County, Mrs. Waibel had held the position of cost accountant for Boston Scientific/Target Therapeutics and Thermo Electron/Finnigan.

Jack Thompson, Housing Specialist, is responsible for initial inspections of the housing rehabilitation and acquisition program, compliance and work write-ups.

Resume: Mr. Thompson is a Certified Housing Quality Standards Inspector and since 2002 has conducted inspections, participated in Labor Standards/Davis-Bacon compliance for the Mercy Housing White Rock Apartments project, and completed work write-ups for the CDBG and HOME Housing Acquisition and Housing Rehabilitation programs. Mr. Thompson has been employed by the El Dorado County Health and Human Services Agency from 1999 to present. His inspection experience with the department includes Public Housing Authority Housing Choice Voucher program (formerly Section 8), Weatherization, First Time Homebuyer Program, Housing Rehabilitation, and housing new construction. His related background experience is in construction.

Beverly M. Savage

Relevant Professional Experience

July 2011 – Present Administrative Technician

El Dorado County Health and Human Services Agency

- Administration of Housing, Community, and Economic Development Block Grants.
 - First Time Homebuyer, Housing Rehabilitation, and Business Assistance loan programs
- Development of Board of Supervisors agenda items and packets.
- Research and analysis of federal and state statutes relating to grant administration and implementation.
- Preparing Requests for Proposals for the delivery of services under grant agreements.
- Preparing agendas and minutes for public hearings and community meetings.

September 2008 – July 2011 Executive Assistant

El Dorado County Development Services Department

- Provided staff support to public commissions including Building Industry Advisory Committee, El Dorado County/City of Folsom, PPA, Plant and Wildlife Technical Advisory Committee, INRMP Stakeholders Committee.
- Developed administrative policies and procedures.
- Prepared contracts for supplies and services, encumbered contracts, reviewed and approved invoices for payment.
- Maintained personnel files. Coordinated recruitment, hiring, and disciplinary actions.
- Coordinated Board of Supervisor's agenda items, drafted text of items, assembled Board packets, tracked items through the County approval process.

March 2007 – September 2008 Administrative Secretary

El Dorado County Human Resources Department

- Assisted job applicants over the phone and in person in applying for positions with the County.
- Interpreted and explained County recruitment policies and procedures.
- Assisted County employees with questions regarding benefits and personnel policies/procedures.
- Entered data into the HRIS and Payroll systems.
- Provided administrative assistance to the claims administrator, answering questions relating to claims filed against the County and to the claims process

August 2003 – March 2007 Marketing Manager

Eberhart Software Consulting (part-time position, concurrent with below)

- Developed annual Marketing Plan which outlined marketing budget, resources and activities.
- Negotiated contracts with vendors and provided contract management.
- Designed and wrote client newsletter and company website.
- Developed direct-mail and print advertisement campaigns.
- Created trade-show exhibits. Won "Best-in-Show" award.
- Planned and executed marketing events, including tradeshow. Provided on-site event support.

January 2004 – March 2007 Copywriter/Graphic Designer

Travel Concepts International (part-time position, concurrent with above)

- Researched, wrote and designed travel brochures for group tours to exotic destinations.
- Compiled traveler information regarding visa requirements, special restrictions or concerns (safety, high altitudes, unusual customs, special clothing needs), climate, topography.
- Communicated with foreign embassies, tourist authorities, and local on-site travel professionals.
- Designed print advertisements and direct-mail campaigns. Advertisements appeared in national publications including *Smithsonian* magazine.

September 2002 – June 2003 Executive Assistant to the President

Thomas Kinkade Foundation

- Assisted the President with Board meetings, travel arrangements, scheduling. Exercised considerable judgment and discretion in handling confidential and sensitive issues.
- Responsible for the overall administrative operations of the Foundation including human resources, accounts receivable/payable, purchasing.
- Developed and implemented administrative policies and procedures.
- Established Placerville office: wrote RFP's for the purchase of telephone system, security system, computer equipment, office space, warehouse space. Analyzed bids. Awarded contracts.
- Reviewed applications for art education grants and made recommendations for awards.

November 1999 – September 2002 General Manager

Historic Cary House Hotel

- Reported to hotel owners in all aspects of managing the property. Oversaw front desk, housekeeping, administration, maintenance, and sales functions.
- Prepared detailed monthly financial reports to owners that accounted for all income and expenditures by category and in relation to previous periods.
- Calculated payroll; balanced daily cash and credit card receipts; made bank deposits; reconciled bank accounts; prepared property, hotel occupancy, and sales tax forms and paid taxes.
- Responsible for marketing efforts which included innovative weekend packages, corporate incentives, and special events.
- Typed, scanned, and faxed documents as needed by office personnel.
- Hired as Sales/Marketing Manager, promoted to General Manager in September 2000.

December 1993 – October 1999 Communications Manager

Management Alternatives, Inc.

- Developed, managed and implemented communications programs for federal government and private-sector clients.
- Prepared RFP's for services. Negotiated contracts.
- Designed, researched, wrote and managed the production of newsletters, web sites, kiosks, poster, handbooks, guides and signage.
- Facilitated client meetings, preparing agendas and minutes.
- Created print advertisements, proposals and other marketing materials.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
FEDERAL PROGRAMS BRANCH
HOME INVESTMENT PARTNERSHIPS PROGRAM

1800 Third Street, Suite 390-3
P.O. Box 952054
Sacramento, CA 94252-2054
(916) 322-0358
FAX (916) 322-2904



January 26, 2012

Daniel Nielson
M.P.A., Director
County of El Dorado
Briw Road, Suite A
Placerville, CA 95667

RE: Contract Set-Up Conditions
10-HOME-6850
First Time Homebuyer with Rehabilitation

Dear Mr. Nielson:

This letter is to notify you that the County of El Dorado has satisfied the Standard Agreement contract set-up conditions for its 10-HOME-6850, First Time Homebuyer with Rehabilitation. This includes the approval of your Program Guidelines, as submitted on May 25, 2011.

The County of El Dorado may now begin submission of project set-ups and draw requests for the First Time Homebuyer with Rehabilitation loans under this contract. If I can be of further assistance, please don't hesitate to contact me at (916) 322-2903.

Sincerely,

Enrique Muñoz
HOME Program Representative II

Cc: Cynthia Kjellin, Program Manager



El Dorado County First-Time Homebuyer Loan Program

BORROWER		CO-BORROWER	
Name (Include Jr. or Sr. if applicable): <u>Tyson B Poite</u>		Name (Include Jr. or Sr. if applicable):	
SINGLE <input checked="" type="checkbox"/> MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____		SINGLE _____ MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____	
BIRTHDATE: <u>11-1-</u> [REDACTED]		BIRTHDATE:	
SOCIAL SECURITY [REDACTED] DISABLED: YES / <input checked="" type="checkbox"/> NO		SOCIAL SECURITY: _____ DISABLED: YES / NO	
MAILING ADDRESS: <u>PO [REDACTED] Placerville CA 95667</u>		MAILING ADDRESS:	
PHONE NUMBER (HOME): <u>530-748-[REDACTED]</u> (WORK): <u>622-[REDACTED]</u>		PHONE NUMBER (HOME): _____ (WORK): _____	
OTHER HOUSEHOLD MEMBERS TOTAL NUMBER IN THE HOUSEHOLD: <u>5</u> <u>1</u> (LIST NAME AND AGE OF EACH)		OTHER HOUSEHOLD MEMBERS TOTAL NUMBER IN THE HOUSEHOLD: _____ (LIST NAME AND AGE OF EACH)	
Name: _____ Age: _____	Name: _____ Age: _____	Name: _____ Age: _____	Name: _____ Age: _____

Landlord Name and Address: Currently living w/ Family Current Rent: \$ 0 rent

ETHNIC DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
 _____ Hispanic or Latino Not-Hispanic or Latino

RACIAL DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
 WHITE BLACK/AFRICAN AMERICAN _____ NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER _____ ASIAN _____
 NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER _____ OTHER _____

INCOME SOURCE INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement, Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Workers' Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest Dividends, Royalties, Scholarships, Grants and Loans from School. Proof of income must be submitted to the County.

PERSON RECEIVING INCOME	SOURCE OF INCOME (NAME AND ADDRESS, INCLUDING ZIP)	GROSS MONTHLY AMOUNT
<u>Tyson Poite</u>	<u>Gordon Most Roofing</u>	<u>2,409.92</u>

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds reviewed and/or prosecution under law. I understand that all information and documents submitted as part of my/our application will be for the confidential use of the County of El Dorado and/or its authorized agents, including the Loan Review Committee, in determining my/our eligibility for a loan from the County's First Time Homebuyer Program and that the County will keep this application whether or not this application is approved.

WARNING: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.

Borrower [Signature] Date 2-6-2013 Borrower _____ Date 13-0405 21 22 of 120



El Dorado County First-Time Homebuyer Loan Program

BORROWER		CO-BORROWER	
Name (Include Jr. or Sr. if applicable): <i>Chelsea Peij Hadl</i>		Name (Include Jr. or Sr. if applicable): <i>Daran Baker</i>	
SINGLE <input checked="" type="checkbox"/> MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____		SINGLE <input checked="" type="checkbox"/> MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____	
BIRTHDATE: <i>August 2, [REDACTED]</i>		BIRTHDATE: <i>April 22, [REDACTED]</i>	
SOCIAL SECURITY [REDACTED] ABLED: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		SOCIAL SECURITY [REDACTED] DISABLED: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
MAILING ADDRESS: [REDACTED] <i>VIEW DR. RESCUE CA 95672</i>		MAILING ADDRESS: [REDACTED] <i>VIEW DR. RESCUE CA 95672</i>	
PHONE NUMBER <i>531</i> (HOME): <i>333- [REDACTED]</i> (WORK): _____		PHONE NUMBER (HOME): <i>730-748- [REDACTED]</i> (WORK): _____	
OTHER HOUSEHOLD MEMBERS TOTAL NUMBER IN THE HOUSEHOLD: _____ (LIST NAME AND AGE OF EACH)		OTHER HOUSEHOLD MEMBERS TOTAL NUMBER IN THE HOUSEHOLD: _____ (LIST NAME AND AGE OF EACH)	
Name: _____ Age: _____		Name: _____ Age: _____	
<i>Just each other no others</i>		/	

Landlord Name and Address: *Live with Family* Current Rent: \$ *0*

ETHNIC DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
[REDACTED]

RACIAL DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
[REDACTED]

INCOME SOURCE INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement, Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Workers' Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest Dividends, Royalties, Scholarships, Grants and Loans from School. Proof of income must be submitted to the County.

PERSON RECEIVING INCOME	SOURCE OF INCOME (NAME AND ADDRESS, INCLUDING ZIP)	GROSS MONTHLY AMOUNT
	<i>Wells Fargo Bank</i>	<i>1365</i>
	<i>DST output</i>	<i>2253</i>

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds reviewed and/or prosecution under law. I understand that all information and documents submitted as part of my/our application will be for the confidential use of the County of El Dorado and/or its authorized agents, including the Loan Review Committee, in determining my/our eligibility for a loan from the County's First Time Homebuyer Program and that the County will keep this application whether or not this application is approved.

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[Signature]
Borrower
Date *2/27/2013*

[Signature]
Borrower
Date *2/27/13*



El Dorado County First-Time Homebuyer Loan Program

BORROWER		CO-BORROWER	
Name (Include Jr. or Sr. if applicable): <i>Danielle Lee Aposhian</i>		Name (Include Jr. or Sr. if applicable): <i>N/A</i>	
SINGLE <input checked="" type="checkbox"/> MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____		SINGLE _____ MARRIED _____ DIVORCED _____ SEPARATED _____ WIDOWED _____	
BIRTHDATE: <i>11.17.</i> [REDACTED]		BIRTHDATE: _____	
SOCIAL SECURITY [REDACTED] DISABLED: YES / <input checked="" type="checkbox"/> NO		SOCIAL SECURITY: _____ DISABLED: YES / NO	
MAILING ADDRESS: <i>PO [REDACTED] Placerville CA 95667</i>		MAILING ADDRESS: _____	
PHONE NUMBER (HOME): <i>530</i> [REDACTED] (WORK): <i>530</i> [REDACTED]		PHONE NUMBER (HOME): _____ (WORK): _____	
OTHER HOUSEHOLD MEMBERS		OTHER HOUSEHOLD MEMBERS	
TOTAL NUMBER IN THE HOUSEHOLD: <u>4</u> (LIST NAME AND AGE OF EACH)		TOTAL NUMBER IN THE HOUSEHOLD: _____ (LIST NAME AND AGE OF EACH)	
Name: <i>Dan French</i> 37 Age:		Name: _____ Age: _____	
[REDACTED] 9		_____	
[REDACTED] 8		_____	
Landlord Name and Address: <i>Rick Keasee</i>		Current Rent: \$ <i>1550.00</i>	

ETHNIC DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):

RACIAL DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):

INCOME SOURCE INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement, Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Workers' Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest Dividends, Royalties, Scholarships, Grants and Loans from School. Proof of income must be submitted to the County.

PERSON RECEIVING INCOME	SOURCE OF INCOME (NAME AND ADDRESS, INCLUDING ZIP)	GROSS MONTHLY AMOUNT
<i>Dani Aposhian</i>	<i>El dorado Co. Office of ed. 6767 Green valley rd. Placerville</i>	<i>\$2633-</i>

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds reviewed and/or prosecution under law. I understand that all information and documents submitted as part of my/our application will be for the confidential use of the County of El Dorado and/or its authorized agents, including the Loan Review Committee, in determining my/our eligibility for a loan from the County's First Time Homebuyer Program and that the County will keep this application whether or not this application is approved.

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<i>Dani Aposhian</i>	Borrower
<i>1.29.13</i>	Date



El Dorado County First-Time Homebuyer Loan Program

BORROWER	CO-BORROWER
Name (Include Jr. or Sr. if applicable): <u>Jeffrey M. LaCalle</u>	Name (Include Jr. or Sr. if applicable): <u>Megan L. LaCalle</u>
SINGLE _____ MARRIED <input checked="" type="checkbox"/> DIVORCED _____ SEPARATED _____ WIDOWED _____	SINGLE _____ MARRIED <input checked="" type="checkbox"/> DIVORCED _____ SEPARATED _____ WIDOWED _____
BIRTHDATE: <u>1/7/</u> [REDACTED]	BIRTHDATE: <u>9/18</u> [REDACTED]
SOCIAL SECURITY [REDACTED] DISABLED: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	SOCIAL SECURITY [REDACTED] DISABLED: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
MAILING ADDRESS: <u>Rambling Rd.</u> <u>Placerville, CA 95667</u>	MAILING ADDRESS: [REDACTED] <u>Rd.</u> <u>Placerville, CA 95667</u>
PHONE NUMBER (HOME): <u>530-409</u> [REDACTED] (WORK): _____	PHONE NUMBER (HOME): <u>530-306</u> [REDACTED] (WORK): _____
OTHER HOUSEHOLD MEMBERS	OTHER HOUSEHOLD MEMBERS
TOTAL NUMBER IN THE HOUSEHOLD: <u>3</u> (LIST NAME AND AGE OF EACH)	TOTAL NUMBER IN THE HOUSEHOLD: <u>3</u> (LIST NAME AND AGE OF EACH)
Name: <u>Jeff LaCalle</u> Age: <u>30</u>	Name: <u>Jeff LaCalle</u> Age: <u>30</u>
<u>Megan LaCalle</u> <u>27</u>	<u>Megan LaCalle</u> <u>27</u>
<u>[REDACTED] LaCalle</u> <u>2</u>	<u>[REDACTED] LaCalle</u> <u>2</u>

Landlord Name and Address: Randy Mead Current Rent: \$ 400 / mo
5100 RAMBLING RD. Placerville 95667

ETHNIC DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
 Hispanic or Latino Not-Hispanic or Latino

RACIAL DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
 WHITE BLACK/AFRICAN AMERICAN _____ NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER _____ ASIAN _____
 NATIVE HAWAIIAN/OTHER PACIFIC ISLANDER _____ OTHER _____

INCOME SOURCE INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement, Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Workers' Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest Dividends, Royalties, Scholarships, Grants and Loans from School. Proof of income must be submitted to the County.

PERSON RECEIVING INCOME	SOURCE OF INCOME (NAME AND ADDRESS, INCLUDING ZIP)	GROSS MONTHLY AMOUNT
<u>Jeff LaCalle</u>	<u>Mercy San Juan; 6501 Coyle Ave, Carmichael, CA 95608</u>	<u>\$2,600</u>

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds reviewed and/or prosecution under law. I understand that all information and documents submitted as part of my/our application will be for the confidential use of the County of El Dorado and/or its authorized agents, including the Loan Review Committee, in determining my/our eligibility for a loan from the County's First Time Homebuyer Program and that the County will keep this application whether or not this application is approved.

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Jeff LaCalle Megan LaCalle
 Borrower 1/20/13 Borrower 1/20/13
 Date Date 13-0105 21 25 of 120



El Dorado County First-Time Homebuyer Loan Program

BORROWER CO-BORROWER

Name (Include Jr. or Sr. if applicable):
MARTIN ROBERTS TRACY ROBERTS

SINGLE MARRIED DIVORCED _____
SEPARATED _____ WIDOWED _____

BIRTHDATE: 02-12- [redacted] BIRTHDATE: 04-23- [redacted]

SOCIAL SECURITY: [redacted] DISABLED: YES / NO
SOCIAL SECURITY: [redacted] DISABLED: YES / NO

MAILING ADDRESS: [redacted] COURT FOLSOM, CA 95630
MAILING ADDRESS: [redacted] COURT FOLSOM, CA 95630

PHONE NUMBER (HOME): (916) 817- [redacted] (WORK): (916) 792- [redacted]
PHONE NUMBER (HOME): SAME (WORK): N/A

OTHER HOUSEHOLD MEMBERS

TOTAL NUMBER IN THE HOUSEHOLD: 4
(LIST NAME AND AGE OF EACH)

Name:	Age:	Name:	Age:
[redacted] WHITSITT	16		
[redacted] WHITSITT	14		

Landlord Name and Address: JANET CHENGT 623 16th STREET, SACRAMENTO, CA 95814
Current Rent: \$ 1200.00 p/m

ETHNIC DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
[redacted]

RACIAL DATA OF HEAD OF HOUSEHOLD (FOR STATISTICAL PURPOSES ONLY):
[redacted]

INCOME SOURCE INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement, Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Workers' Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest Dividends, Royalties, Scholarships, Grants and Loans from School. Proof of income must be submitted to the County.

PERSON RECEIVING INCOME	SOURCE OF INCOME (NAME AND ADDRESS, INCLUDING ZIP)	GROSS MONTHLY AMOUNT
	* * SEE ATTACHED SHEET * *	

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds reviewed and/or prosecution under law. I understand that all information and documents submitted as part of my/our application will be for the confidential use of the County of El Dorado and/or its authorized agents, including the Loan Review Committee, in determining my/our eligibility for a loan from the County's First Time Homebuyer Program and that the County will keep this application whether or not this application is approved.

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Borrower [signature] MARTIN ROBERTS
Date 02/14/2013
Borrower [signature] TRACY ROBERTS
Date 02/14/2013

Person Receiving Income	Source of Income	Gross Monthly Amount
Martin	Work - Bluenose Soccer	\$ 1,000.00
Martin	Work - Shareholder Distribution	\$ 1,500.00
Tracy	Child Support	\$ 200.00
Tracy	Unemployment	\$ 708.00
Tracy	Workmans Compensation Disability	\$ 708.00
Total per month		\$ 4,116.00
Total per year		\$ 49,392.00

- ends 1/14
-

Notations:

Child Support is court ordered at \$782 per month, but has not been received

2/4/13
telecon w/ Tracy
on 3/4/13

w/o UE =
3408

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File #: 11-0820 Version: 1

Type: Agenda Item Status: Approved

File created: 7/14/2011 In control: [Board of Supervisors](#)

On agenda: 8/9/2011 Final action: 8/9/2011

Title: HEARING - Department of Human Services recommending the Board conduct a public hearing and approve amendments to the Housing Rehabilitation Loan Program and First-Time Homebuyer Loan Program Guidelines following public comment to comply with the California Department of Housing and Community Development (HCD) contractual requirements. (Est. Time: 5 Min.) FUNDING: Federal Department of Housing and Urban Development

Attachments: [A-BlueRoute-CDBGProgramGuideline](#), [B-CDBG GUIDELINES - 2010 Rehab Loan Program FINAL](#), [C-HOME GUIDELINES - 2010 FTHB FINAL](#), [D-CDBG GUIDELINES - 2010 Rehab Loan Program TrackChanges](#), [E-HOME GUIDELINES - 2010 FTHB Track Changes](#)

[History \(1\)](#) [Text](#)

Title

HEARING - Department of Human Services recommending the Board conduct a public hearing and approve amendments to the Housing Rehabilitation Loan Program and First-Time Homebuyer Loan Program Guidelines following public comment to comply with the California Department of Housing and Community Development (HCD) contractual requirements. (Est. Time: 5 Min.)

FUNDING: Federal Department of Housing and Urban Development
Body

Fiscal Impact/Change to Net County Cost: No change. There are no costs associated with the approval of the amended program guidelines.

Background: The Department of Human Services' Housing, Community and Economic Development Block Grant Program (HCED) currently administers the County's Housing Rehabilitation Loan Program with Community Development Block Grant (CDBG) funds and the First-Time Homebuyer Loan Program with HOME Investment Partnerships (HOME) grant funds. These programs provide housing assistance to eligible low-income residents in the unincorporated areas of El Dorado County.

Reason for Recommendation: The California Department of Housing and Community Development (HCD) has requested minor amendments to the Housing Rehabilitation Loan Program and First-Time Homebuyer Loan Program Guidelines to clarify compliance language. Approval of the amended Guidelines is required prior to the release of authority by HCD to use current grant funds. Attached are copies of the amended guidelines indicating changes based upon the latest recommendations by HCD, displaying crossed out text as deletions and underlined text as additions.

A public hearing is required before making any program amendments that constitute a change in policies, standards or criteria for program implementation. A resolution of the governing body is not required; however, HCD is bringing a related resolution to the Board to approve an amendment to the Residential Anti-Displacement and Relocation Plan, which is included as an attachment to the Housing Rehabilitation Loan Program Guidelines.

HCD has reviewed and approved the amendments to the program guidelines pending a public hearing and approval by the Board of Supervisors. Board approval of the amendments to the Housing Rehabilitation Program and Homebuyer Program Guidelines will ensure compliance with HCD requirements.

Action to be taken following board approval:

Department of Human Services to begin using amended program guidelines and submit copies of same to HCD.

Contact: Daniel Nielson, 642-7275

Concurrences: County Counsel

County of El Dorado

Homebuyer Program Guidelines

For:

CalHome Program
Community Development Block Grant
(CDBG) Program and
HOME Investment Partnerships Program

Serving the unincorporated areas of
EL DORADO COUNTY

HOME Approved May 26, 2011
El Dorado County Board of Supervisors Approved August 9, 2011

HOMEBUYER PROGRAM GUIDELINES

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**COUNTY OF EL DORADO
HOMEBUYER PROGRAM GUIDELINES**

1.0. GENERAL

The above-named entity, hereinafter referred to as the “County” has entered into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer one or more HCD-funded homebuyer programs. The homebuyer program described herein (the “Program”) is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as “housing units”, located within the Program’s eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment “silent” second priority loans as “Gap” financing toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence.. The Program will be administered by El Dorado County Department of Human Services, (the “Program Operator”).

1.1. PROGRAM OUTREACH AND MARKETING

A5

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The County will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

A8

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

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

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

1.2. APPLICATION PROCESS AND SELECTION

A5

- A. The Program Operator maintains a waiting list of applicants. Each applicant is asked to complete an application form, which asks for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for Program participation. Completed applications are processed on a first-come-first-served basis. Applications are deemed complete only if all information is completed, the application is signed and dated, and a primary lender's pre-qualification letter is attached to the application. Incomplete applications are returned to the applicant and will not be date/time stamped until complete.
- B. Once the applicant's name comes to the top of the waiting list, their Program eligibility is confirmed and they are invited to a briefing regarding participation in the Program. At the briefing the application is reviewed and the potential homebuyer is given a "Preliminary Eligibility Letter" for the Program along with the following forms: Program Brochure, Attachment G - Instructions to Home Buyer, List of Participating Lenders, Attachment E - Sellers Lead-Based Paint Disclosure and the EPA Booklet (Protect Your Family from Lead in Your Home) and Attachment F - Notice to Seller.

If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Program Operator reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

- C. Each applicant must participate in individual Homebuyer Counseling or **A10** a Homebuyer Education Course approved by the Program Operator and receive a certificate of completion.
- D. The potential homebuyer is given 90 days in order to find a qualified home and begin securing a primary loan for the housing unit. If during the 90-day time frame, the potential homebuyer is unable to purchase a home, an extension may be given. However, if it appears the potential homebuyer cannot participate in the Program, the reservation of funds expires and the next person on the waiting list is given an opportunity to participate in the Program.

1.3. THE HOME PURCHASE PROCESS

- A. The following is a simplified example of how a primary lender would analyze a homebuyer's finances to determine how much the homebuyer could afford to borrow from the primary lender towards homeownership.

**DEBT SERVICE
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH**

HOUSING PAYMENTS		TOTAL OVERALL PAYMENTS
Principal & Interest Payment	\$ 865	\$1,180 Housing
Insurance	82	+200 <u>Other Debt Service</u>
Taxes	<u>233</u>	\$1,380 Total Debt Service
Total Housing Expense (PITI is 35% of \$3,388)	\$1,180	(Overall debt service per month is 41% of \$3,388)

OTHER HOUSEHOLD DEBT SERVICE

Car Payment	\$ 150
Credit Card Payment	<u>50</u>
Total Other Debt	\$ 200

An \$865 per month loan payment equates to borrowing \$143,000 at 5.88% for a 30 year term.

**SUBSIDY CALCULATION
FOR A FAMILY OF FOUR EARNING \$3,388 PER MONTH**

Purchase Price of Property	\$ 280,000
Less Primary loan amount	143,000
Less down payment of 1%	<u>2,800</u>
 Equals “GAP”	 \$ 134,200
 Plus estimated allowable settlement charges	 <u>8,400</u>
 Equals Total Subsidy	 \$ 142,600

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

- 1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and **B6**
- 2) Homebuyer’s offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser; **A6**
- 3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards; **A2**
- 4) All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment E);

- 5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
 - 6) The seller understands that the housing unit must be either: currently owner-occupied, a current renter purchasing the unit they occupy, newly constructed, or vacant for three months prior to submission of the purchase offer.
 - 7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.
- C. Applicant submits executed standard form purchase and sale agreement and primary lender preapproval letter to Program Operator. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval. Program Operator verifies applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.
- D. The Program Operator submits recommendation to the Loan Review Committee for approval or denial, including the reasons for the recommendation. Loan Review Committee determines, by majority vote, Applicant's approval or denial, and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures. In the case of a denial, the applicant may re-apply after six months have elapsed from the time of written assistance denial.
- E. When Primary Lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.
- B3**
- F. At the time of escrow closing, the County of El Dorado shall be named as an additional loss payee on fire, flood, if required, and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the County as insured is also required.

1.4. HOMEBUYER COSTS

- A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the County. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.
- B. Homebuyer funds shall be used in the following order:
- 1) Down payment - Minimum Requirement: Two percent (2%) of the purchase price or \$2,500, whichever is greater.
 - 2) To the extent possible after satisfying 1), above, appraisal fee; cost of the

purchase price, credit report; the loan origination fee; discount points; customary homebuyer closing costs; homebuyer's customary portion of the escrow fees; title insurance; and, the establishment of impound accounts for property taxes and insurance.

- 3) After 1) and 2), above, are satisfied, any balance of homebuyer funds may be applied either to the purchase price or to reduce the interest rate of the primary loan as necessary.
- C. If the items in B.2), above cannot be satisfied with homebuyer funds, the County may provide additional Program loan assistance to cover the remaining balance.
 - D. County will not provide more than fifty percent (50%) of the acquisition cost (purchase price plus all closing costs). **B8**
 - E. County will provide sufficient assistance, as Program loan principal, to reduce the monthly payments for PITI to an affordable level of household income. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are within approximately 28% to 35% of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the HCD funding Program.

1.5. HOMEBUYER EDUCATION

A10

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Program Operator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to participate in a County-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: online sessions, one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, and worksheets, etc.

1.6. CONFLICT OF INTEREST REQUIREMENTS

A3

When the County's program contains Federal funds, the following shall be addressed: in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, and Section 92.356 of the HOME Final Rule, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. This ineligibility shall continue for one

year after an individual's relationship with the County ends. Exceptions to this policy can be made only after approval from HUD, public disclosure and formal approval by the governing body of the locality.

1.7. NON-DISCRIMINATION REQUIREMENTS A5

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

2.0 APPLICANT QUALIFICATIONS A1

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

All applicants must certify that they meet the household income eligibility requirements for the applicable HCD program(s) and have their household income documented. Income eligibility will be subject to the Income Calculation and Determination Guide for Federal Programs published by the California Department of Housing and Community Development (HCD). The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median income (AMI), adjusted for household size, as published by HCD. (Attachment C).

Household: Means one or more persons who will occupy a housing unit. Unborn children count in family size determination when the pregnancy can be verified by a health care professional. A9

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

2.2. INCOME QUALIFICATION CRITERIA A5

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HCD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance will be followed to independently determine and certify the household's annual gross income. Income criteria can be found at <http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html>. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

A1, A9

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

The link to Annual Income Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc

See Attachment A: 24 CFR Part 5 Annual Income Inclusions and Exclusions

B. ASSETS:

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

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

The Link to Asset Inclusions and Exclusions is:

http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

See Attachment B: Part 5 Annual Income Net Family Asset Inclusions and Exclusions

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

A5

For CDBG, an eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers. CDBG-funded programs may assist eligible homebuyers who are not "first-time" homebuyers. HOME and CalHome-funded Programs are required to use the following definition of an eligible homebuyer, which is a "first-time homebuyer" from 8201(l) Title 25 California Code of Regulations:

"First-time homebuyer" means an individual or individuals or an individual and his

or her spouse who have not owned a home during the three-year period before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

1. a displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
2. a single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; or
3. an individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance, a dwelling unit whose structure is:
 - a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - b. not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

B8

- A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: “Within the unincorporated areas of El Dorado County.”
- B. Housing unit types eligible for the homebuyer Program are new or previously owned single-family residences, condominiums, or manufactured homes in mobile home parks in common-interest developments or on a single-family lot and placed on a permanent foundation system. HOME does not allow manufactured homes unless on a permanent foundation system.
- C. All housing units must be in compliance with State and local codes and ordinances.
- D. Property located within a 100 year flood zone will be required to provide proof of flood insurance with an endorsement naming the County of El Dorado as loss payee in order to close escrow.
- E. Housing must be “modest”, so it may not exceed three bedrooms and two bathrooms unless there are documented extenuating circumstances (e.g. it would create an overcrowding situation, there is not a reasonable inventory of homes of this size, etc.) and the Loan Review Committee approves the exception request.

B3

3.2. CONDITIONS

A6, B1

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit not requiring participation in County's housing rehabilitation program, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

- 1) The County's inspector will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller. If there are one or more health and safety deficiencies, and/or violations of applicable building codes noted in the written report, the County will approve the subsidy only if:
 - a. Repair prior to close of escrow. The buyer and seller agree to make necessary repairs to the dwelling unit prior to transfer of property ownership at their own expense; or
 - b. HOME acquisition and rehabilitation loan. If HOME funds are available, the buyer may use up to \$10,000 of the County's First-Time Homebuyer loan to make necessary repairs. All health and safety hazards and code violations must be addressed under this option. Examples of allowable expenses include, but are not limited to: foundation repair, electrical repair or rewiring, plumbing or sewer repair, roof repair or replacement, heating system installation or repair, and repair of structurally-significant damaged wood. General property improvements are not eligible unless required to bring the dwelling unit into compliance with local health and safety standards or applicable building codes. For example, sidewalk repair would not be an eligible use of funds. However, if a sidewalk must be removed to correct a sewer problem, funds may be used to replace the portion of the sidewalk removed for the work. Hiring of a contractor and completion of repairs will be conducted in accordance with the section entitled "Acquisition with Rehabilitation Process" below. **A2**
- 2) When the County's Program utilizes Federal funds and if the housing unit was constructed prior to 1978, then the lead-based paint requirements of Section 3.2.C. will apply.
- 3) A clear pest inspection report will be required for each housing unit. Smoke detectors will be installed if there are none in place. The Program Operator will encourage each homebuyer to secure a homeowner's warranty policy as part of the purchase of a resale housing unit.
- 4) With the exception of 1)b. above, upon completion of all work required by the Program Operator, County, appraiser, pest inspector and/or certified

housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

- B. Per Section 8208 of the State HOME regulations, no additional HOME assistance, including rehabilitation funds, may be provided during the period starting one year following the filing of the Project Completion Report through the end of the Affordability Period.

The HOME Affordability Period is as follows (amount does not include Activity Delivery Costs paid to the State Recipient by HCD):

Amount of HOME Assistance	Period of Affordability in Years
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

A2

- C. Lead-Based Paint Hazards: All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD’s online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk Assessor/Inspector. HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

Any work related to lead abatement may be in the form of a grant and may be provided in addition to the maximum loan amount of \$80,000. Grants of up to \$5,000 may be provided for the cost of lead hazard evaluation and reduction activities. Eligible costs under the grant are limited to the additional cost of paint stabilization above the cost of any normal paint repairs. Grants will only be available when funding is available and when proposed paint stabilization measures do not add value to the home.

The following requirements must be met:

- 1) **Notification**: a) Prior to homebuyer’s obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet “*Protect Your Family From Lead in Your Home*” (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the County’s homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment I).

- 2) **Disclosure:** Prior to the homebuyer’s obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment E), “Seller’s Lead-based Paint Disclosure” notice must be provided by the seller to the homebuyer.
- 3) **Inspections:** The Inspector, or staff who have taken HUD’s online Visual Assessment course, shall conduct a “Visual Assessment” of all the dwelling unit’s painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.
- 4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor’s and workers’ appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation. . Mitigation work will be paid for in the form of a grant not to exceed \$5,000.

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

3.3. ACQUISITION WITH REHABILITATION PROCESS

As noted above, when HOME funding is available for First Time Homebuyer assistance, up to \$10,000 may be used to bring the unit into compliance with health and safety standards and/or to correct code violations. If such repairs are required, then a portion of this money may be used to make accessibility modifications for a household member with a disability as described in the section above. General property improvements are not allowed. Eligibility for weatherization repairs will be determined on a case-by-case basis. Weatherization repairs may include replacement of single-pane windows, caulking around window-panes, weather-stripping of doors, and minor installation of insulation in ceiling and exterior walls.

B1

No later than six (6) months following close of escrow, repairs to the housing unit must address ALL health and safety and code issues to be in compliance with HOME regulations; otherwise, the loan becomes due and payable.

If a portion of the Program loan is used for acquisition with rehabilitation, the following process will be followed:

- The buyer will be responsible for obtaining three (3) bids from qualified licensed contractors. The Program Operator will provide a list of qualified contractors, or the applicant may solicit bids from other licensed contractors if they meet the standards described below.

A2

- Any funds used for rehabilitation on homes built prior to 1978 will require an assessment for lead-based paint. Lead hazard reduction activities must be

conducted using safe work practices. The County may provide a grant to cover expenses incurred as a result of lead based paint as noted in the section entitled *Lead-Based Paint Hazards* above.

- Contractors must hold a current and valid State of California General Contractor's license if the work consists of correction of health and safety issues or code violations. The contractor may not be on the State or Federal debarred contractor lists. The contractor must have current and valid general liability and workers' compensation insurance if applicable. The contractor must provide a one-year warranty for the work per State regulations.
- The buyer will review the bids with the Program Operator to ensure that the scope of work will correct any deficiencies, that it only includes allowable expenses and that the bids are reasonable, competitive and complete.
- The applicant will select a contractor from one of the Program Operator's approved bids. All bidding contractors will be notified of the status of their proposals.
- The applicant will enter into a contract with the contractor.
- The contractor will be responsible for securing all required permits for the scope of work.
- Work may not commence until the close of the acquisition loan and receives a notice to proceed from the Program Operator.
- As work progresses, the contractor shall provide the buyer with a completed Payment and Construction Approval form provided by the County to request progress payments as outlined in the contract terms. The form must be signed by the contractor, the buyer, the inspector, and the Program Operator before a payment may be issued to the contractor.
- Final payment of a 10% retention will be released to contractor once the contractor submits the following to the Program Operator: (1) lien releases from any subcontractors, material suppliers, and laborers; (2) final or signed off Building Inspection card for contracted work (if applicable); and (3) Notice of Completion.

3.4. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE B2

Eligible homes will be those that are currently owner-occupied, have been vacant for three months prior to the acceptance of a contract to purchase or are being purchased by the tenant currently occupying the unit. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with County's relocation plan which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

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

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are

described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

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

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

3.5. PROPER NOTIFICATION AND DISCLOSURES

- A. Upon selection of a housing unit, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.
- B. All owners who wish to sell their housing units must receive an acquisition notice (Attachment G) prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally funded programs).

4.0. PURCHASE PRICE LIMITS

A7

The purchase price limits for this Program for a single-family home shall not exceed the Maximum HOME Program Purchase Price/After-Rehab Value Limit for El Dorado County as updated by HCD or HUD. (Attachment C)

Note: For HOME- and CalHome-funded Programs the home purchase price of owner-occupied and homebuyer properties must be limited as follows: For CalHome-funded Programs, the purchase price can not exceed 100% of the area median purchase price as established by comparable sales or information provided by the California Real Estate Association; for HOME-funded Programs the value (with or without rehabilitation) can not exceed 95 percent of the area median purchase price as established by HCD and HUD.

Attachment C: Maximum Purchase Price/After Rehab Value Limits. County will update these limits annually as HCD provides new information.

5.0. THE PRIMARY LOAN

B8

Prior to obtaining a loan from the County, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

5.1. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall be between 28% and 35% and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of loan principal and interest payment, property taxes, property insurance, mortgage insurance, and Homeowner Association dues, if any.

The back-end (total) debt-to-income ratio shall be between 36% and 48% and is the percentage of a borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt as well as child support and alimony payments.

The County will allow the front-end and back-end qualifying ratios to be somewhat flexible depending on the loan-to-value ratios. The higher the LTV, the more conservative the ratios should be. A qualifying ratio higher than the guidelines may be acceptable if there are compensating factor. Some examples of compensating factors are: 1) the prospective homebuyer has successfully demonstrated that over a minimum 12-month period the ability to pay housing costs equal to or greater than the proposed monthly housing costs for the home to be purchased; 2) the prospective homebuyer is a limited user of credit and they show a history of being able to save money; 3) there will be no more than a 5% increase in the prospective homebuyer's housing expense.

5.2. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA. No temporary interest rate buy-downs are permitted.

5.3. LOAN TERM

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

5.4. IMPOUND ACCOUNT

All households will be required to have impound accounts set up with their first mortgage wherein they pay for taxes and insurance as part of their monthly mortgage payment.

6.0. THE PROGRAM LOAN

6.1. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

A4, A7, B5

The amount of Program assistance to a homebuyer toward purchase of a home shall not exceed either \$80,000 or the maximum HOME subsidy limit if less than \$80,000 for El Dorado County per bedroom as designated by Section 221(d)(3) (Attachment C) and shall never exceed more than 49% of the total indebtedness. Any approved “grant” amount for lead-based paint evaluation and reduction activities or for relocation assistance shall not be included in this amount. Up to \$10,000 of the Program assistance can be used for rehabilitation.

6.2. NON-RECURRING CLOSING COSTS

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

6.3. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

B8

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

6.4. RATE AND TERMS FOR PROGRAM LOAN

A4, B9

All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL).

The Program loan’s term shall be for 30 years.

The Program loan’s interest rate shall be 3% simple. The accrued interest on the second mortgage will, starting at year twenty-one of the loan term, be decreased by 10% per year until all interest is fully forgiven at year 30 and only the principle balance remains as due and payable. This will encourage homebuyers to use the unit as their primary residence for as long as possible.

All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven, and the loan period cannot be extended.

6.5. LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to

be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

County of El Dorado
Department of Human Services/HCED Programs
3057 Briw Road, Suite A
Placerville, CA 95667

B. The County will be the receiver of loan payments or recapture funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the County's Program Income Account, as required by HCD programs. The County will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale, refinance or transfer of the property. All loan payments are payable to the County of El Dorado. The County may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

B7

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

A. The owner shall be assured a fair return on investment including the owner's investment and any capital improvement. If the Net proceeds are insufficient for the County to recapture the balance of Program Loan owed, the County shall share the Net proceeds with the owner in proportion to each party's investment in the property. The Net proceeds are the sales price less repayment of the primary loan, and closing costs.

B. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the County, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.

C. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.

- D. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment D on loan defaults for further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

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

7.5. LOAN MONITORING PROCEDURES B4

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

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

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

- A. Loan Processing

All homebuyers or their representatives will be sent out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the County's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive only the benefit from the County's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

- B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the County and documentation of such maintained in the loan file. The County may elect to obtain

a credit report or rely on a current copy obtained by the primary lender.

C. Documents from Primary Lender

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

D. Disclosure of Program and Loan Information to Homebuyers

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

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed the Program Operator will submit it to the Loan Review Committee for approval. The Loan Review Committee will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending, etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request for copy of Notice of Default is also recorded with the County Clerk/Recorder.

8.3. ESCROW PROCEDURES

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

9.0. SUBORDINATE FINANCING

With today's high costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The County may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the County Board of Supervisors. Changes shall then be sent to HCD for approval.

10.1. DEFINITION OF EXCEPTION

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

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

- A. The County or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the County's recommended course of action and any written or verbal information supplied by the applicant.
- B. The County shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Loan Review Committee and/or the County Board of Supervisors for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the County. The County will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the County's governing body. Final appeal must be filed in writing with HCD within one year after denial.

12.0. MINOR REHABILITATION COMPONENT FOR FIRST-TIME HOMEBUYER LOAN PROGRAM

12.1 Work Write-Up C1, C2

The housing inspector shall develop a work write-up. The work write-up shall incorporate the findings of the inspection. From this work write-up, an in-house cost estimate will be generated with a 10% contingency for items that may be unforeseen. If the nature of the repairs is such that a 10% contingency is not used, the Housing Rehabilitation Specialist shall provide a written explanation of the difference. The in-house estimate is developed utilizing a combination of two different sources: 1) an in-house data base of historic information for the Program of recent jobs and bids and 2) the "Guide to Construction Costs" (2002 edition). The in-house estimate shall serve as the basis for determining if the bids received are cost reasonable. The work write-up shall be sufficient to serve as construction and bidding documents. The work write-up must be accepted by the applicant(s) before bid solicitation. The work write-up and in-house estimate shall be reviewed by the Program Manager as part of the evaluation of the application for assistance under the Minor Rehabilitation Component of the Program.

12.2 Contracting Procedures C3

The Program Operator will provide the Rehabilitation Program list of licensed and insured general contractors. The borrower(s) can select a contractor from this list or can select a contractor of their own. Selected contractors who are not on the list provided by the Rehabilitation Program will be verified to ensure they meet the requirements of the Program.

12.3 List of Qualified Contractors C3

Program Operator staff advertises annually for licensed, certified building and general contractors to be on the list of interested contractors who meet the Rehabilitation Program eligibility requirements. Minority and female contractors are encouraged to apply to participate in the Program. A contractor not already on the list can be added to it at any time. The general requirements for inclusion on the list are:

- Possession of a valid Class B license (or specialty license for relevant jobs) issued by the State of California and evidence of the relevant bond;
- Proof of public liability and property damage insurance;
- Proof of workers compensation insurance, or a statement that the contractor has no employees;
- Proof of license to do business in the County of El Dorado, or a statement of intent to

acquire one upon award of contract, if applicable;

- Three recent references of satisfied customers in the area of remodeling or rehabilitation;
- Three recent references of material suppliers in the area; one company bank reference;
- Verification that the contractor is not on the Federal Debarred Contractors List (this shall be re-verified prior to awarding a contract to the contractor).
- Reference and credit checks may be obtained on contractors who participate in the program.

12.4 Contractor Selection

C3

Upon borrower's acceptance of the scope of work write-up and any related bid documents, the borrower will obtain bids from eligible contractors. Bids will be reviewed by a Housing Specialist for completeness and reasonable costs prior to acceptance by the borrower.

12.5 Contractor Requirements

C3

In addition to the general requirements specified under the "List of Qualified Contractors" section above, the contractor is required to comply with the following:

1. The contractor will guarantee the work performed under the contract for a minimum period of one year from the date of the final inspection;
2. The contractor will furnish the owner(s) with all manufacturers' and suppliers' written guarantees and warranties for equipment furnished under the contract;
3. The contractor will permit the Program Operator the right to examine and inspect the work at all times during the course of the contract;
4. The contractor will not assign the contract without prior written consent from the Program Operator and the owner(s);
5. The contractor will furnish the Program Operator with satisfactory proof of payment from the subcontractors, laborers, and material suppliers;
6. The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, or sex. The contractor will take affirmative action to ensure that minority applicants are employed and that employees are treated without regard to race, creed, color, national origin, or sex during employment; and
7. The contractor will acknowledge the work performed under the contract is financed with funding from HUD and is subject to the requirements of Section 3 for the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area. It also requires contracts for work in connection with the project be awarded, whenever feasible, to businesses which are located in or owned in substantial part by persons residing in the project area.

8. The contractor will acknowledge it is a criminal offense, under the Copeland (Anti-Kickback) Act (40 USC 276c), to induce anyone employed on a project under the Program to relinquish any compensation to which he/she is entitled.
9. The contractor will comply with the Fair Labor Standards Act of 1938, as amended (29 USC 201, et. seq.), which establishes the basic minimum wage for all work, requires the payment of overtime at the rate of at least time and one-half, requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.
10. Prior to issuance of a notice to proceed, the contractor will submit a list of any and all proposed subcontractors to the Program Operator for verification by the Program Operator that the subcontractors are not on the list of federal debarred contractors list. The contractor will not use any subcontractor appearing on the debarred contractors list.

12.6 Code Correction Repairs

B1, C4

Every loan made in this program shall be used to finance rehabilitation so that the property at a minimum meets Housing Quality health and safety standards. No loan can be approved which would permit a dwelling unit after rehabilitation to be out of compliance with health and safety standards.

Incipient repair items are also eligible under the Minor Rehabilitation Component. Incipient means that the fixture or system is functional now, but is likely to fail in a few years. Removable household appliances are eligible if the file contains documentation that the item needs to be replaced because of incipient failure and the replacement item will be of moderate quality only. All work performed must comply with the Program's Rehabilitation Standards.

12.7 Energy Conservation

C4

In addition to repairs required because of code violations, the borrower(s) may request that loan proceeds be used to upgrade the property to meet energy conservation standards.

12.8 Asbestos Removal

C4

Removal of materials containing asbestos will be included in the property rehabilitation.

12.9 Front Landscaping

C4

Because many of the properties on the market are bank-owned, landscaping is often dead or in poor condition. Replacement and/or improvements to landscaping are eligible under the Minor Rehabilitation Component of the Program. Front landscaping eligible under the Minor Rehabilitation Component of the Program shall not exceed \$2,500.

12.10 Eligible General Property Improvements

C4, C5

In addition to the above, a loan made under the Program may be used to finance limited general property improvements. Eligible general property improvements include those

items which are in an adequate state of repair that the owner desires to change/upgrade; or features or fixtures that are being added to improve the structure.

General property improvements shall not exceed 20% of the rehabilitation loan amount. All improvements required to correct code violations and minimum program requirements have priority for funding above general improvements.

Luxury items (such as hot tubs) are not eligible.

12.11 Method of Estimating After-Rehabilitation Value

C6

Because of the minor nature of the Rehabilitation Component, it is very unlikely the repairs made under the program will have much impact on the home's value. Therefore, the value of the home as determined by the outside appraisal obtained for the acquisition component of the program will be used as the after-rehabilitation value of the property.

ATTACHMENT A

24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category	(Last Modified: January 2005)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except for certain exclusions, listed in Income Exclusions, number 14).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except for certain exclusions, listed in Income Exclusions, number 3).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus: • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).

Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

General Category	(Last Modified: January 2005)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except for certain exclusions, listed in Income Inclusions, number 5).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in	Income of a live-in aide (as defined in 24 CFR 5.403).

Aides	
6. Income from a Disabled Member	Certain increase in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671 (a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ol style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<p>Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"> ▶ The value of the allotment provided to an eligible household under the Food Stamp Act of 1977; ▶ Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); ▶ Payments received under the Alaskan Native Claims Settlement Act; ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians; ▶ Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes; ▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program. ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721); ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands; ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs; ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);

- ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps).
- ▶ Payments by the Indians Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Services Act of 1990;
- ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and
- ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the HUD Technical Guide for Determining Income and Allowances for HOME Program (Third Edition; January 2005).

Statements from 24 CFR Part 5 – Last Modified: January 2005

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT C

**SINGLE FAMILY MAXIMUM PURCHASE PRICE/AFTER-REHAB VALUE LIMIT
FOR EL DORADO COUNTY
One Unit 203 (b) Limit
(HOME Value Limits as of 01/01/2001)**

\$362,790

**HOME SUBSIDY LIMITS PER UNIT – SECTION 221(d)(3) FOR EL DORADO COUNTY
(Limit is effective 10/1/10)**

COUNTY NAME	O-BDR	1-BDR	2-BDR	3-BDR	4-BDR
EL DORADO	\$141,669	\$162,399	\$197,478	\$255,471	\$280,430

2011 HOUSEHOLD INCOME LIMIT FOR EL DORADO COUNTY *

<i>Number of Persons in Household</i>								
	1	2	3	4	5	6	7	8
80% of AMI	\$42,100	\$48,100	\$54,100	\$60,100	\$64,950	\$69,750	\$74,550	\$79,350
Effective 7/13/2011								

*The County will update the income limits annually as HCD provides new information.
The link to the official, HCD-maintained, income limits is:
<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

ATTACHMENT D

LOAN SERVICING POLICIES AND PROCEDURES FOR THE COUNTY OF EL DORADO

The County of El Dorado, hereafter called “Lender,” has adopted these policies and procedures in order to preserve its financial interest in properties, whose “Borrowers” have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

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

1. Loan Repayments:

The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized Promissory Notes. Late fees will be charged for payments received after the assigned monthly date.

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

2. Payment of Property Taxes and Insurance:

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

B3

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the County as additional insured will be required at close of escrow. The lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. All households will be required to have impound accounts set up with their first mortgage wherein they pay for taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

B7

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

4. Annual Occupancy Restrictions and Certifications:

On owneroccupant loans the Lender will require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Some loans may have income and housing cost evaluations, which require a household to document that they are not able to make amortized loan payments, typically every three to five years. These loan terms are incorporated in the original Note and Deed of Trust.

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

B4

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Review Committee (depends on the HCD program).

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Lender's Loan Review Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner occupied to rental, the loan is due in full.

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

6. Requests for Subordinations:

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

Also, provisions of Section 5.2 and 5.3 of these guidelines still apply, which state that the loan must:

- a) be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index identified in the most recent NOFA;
- b) not have a temporary interest rate buy-down;
- c) have a term "all due and payable" in no fewer than 30 years; and;
- d) not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the Loan Review Committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; 4) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

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

If the Lender determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructure

the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lien holder and retain some or all of their investment.

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

Lender as Senior Lien holder

When the Lender is first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the Lender?
- 3) Can the Borrower sell the property and pay off the Lender?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

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

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

foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT E

SELLERS LEAD-BASED PAINT DISCLOSURE

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

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

Seller’s Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
 - (i) ___ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

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

 - (ii) ___ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser’s Acknowledgment (initial)

- (c) ___ Purchaser has received copies of all information listed above.
- (d) ___ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) ___ Purchaser has (check (i) or (ii) below):
 - (i) ___ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
 - (ii) ___ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards (NOT PERMISSIBLE FOR HOME AND CDBG).

Agent’s Acknowledgment (initial)

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

Certification of Accuracy

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

_____	_____	_____	_____
Seller	Date	Seller	Date
_____	_____	_____	_____
Purchaser	Date	Purchaser	Date
_____	_____	_____	_____
Agent	Date	Agent	Date

ATTACHMENT F

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

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

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

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, El Dorado County Department of Human Services, HCED Programs will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the County of El Dorado will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: 3057 Briw Road, Suite A, Placerville, CA 95667. If you have any questions about this matter, please contact El Dorado County HCED Programs at (530) 642-7300.

Sincerely,

Title

Buyer

Date

Buyer

Date

Form continues on next page with Seller's Acknowledgment

Acknowledgement

As the Seller I/we understand that the County of El Dorado will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the County's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or a current renter purchasing the unit they occupy. I/we hereby certify that the property is:

Vacant at least 3 months; Owner-occupied; New; or Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose to withdraw or not to withdraw, from the Purchase Agreement.

Seller

Date

Seller

Date

ATTACHMENT G
COUNTY OF EL DORADO

INSTRUCTIONS TO HOME BUYER

- A. Participant works with lender of choice to obtain the primary lender's pre-approval letter.
- B. Program Operator staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and home ownership responsibilities.
- C. After consultation with Program Operator regarding approved bedroom and bathroom maximums (always 3 bedrooms and 2 bathrooms unless extenuating circumstances justify more to be approved), participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. The HOME Program allows only homes vacant for three months or more prior to the date of the purchase contract, unless the current tenant is purchasing the home.
- D. Participant selects home and enters into a purchase contract with a minimum 45-day escrow (contingent upon receiving Program loan approval). Lender provides the Program Operator with a copy of:
- Real estate sales contract
 - Residential loan application, signed, and Credit report
 - Verified income documentation
 - Disclosure statement
 - Proof of personal funds for participation in program
 - Breakdown of estimated closing costs
 - Structural pest control clearance
 - Appraisal with photos and preliminary title report
 - Escrow instructions
- E. Program Operator reviews paper work to determine program eligibility and financing affordability for participant.
- A6**
- F. Program Operator inspects home to meet Health Quality Standards or code compliance (dependent upon the program). Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.
- G. Program Operator requests loan approval from the Loan Review Committee by simple majority. Following loan approval, Program Operator prepares Deed of Trust, Promissory Note, Notice of Default, Grant Agreement, Owner Occupant Agreement with the County, and Escrow Instructions, and requests check and deposits same into escrow.
- H. Title/escrow company furnishes Program Operator with proof of documents to be recorded, and any escrow closeout information. After receipt of recorded loan documents, Final HUD-1, Insurance Loss Payee Certification and Final Title Insurance Policy, Program Operator closes out the loan file.

ATTACHMENT H

LEAD-BASED PAINT

Form #: LBP - 1

VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:		No LBP found or LBP exempt <input type="checkbox"/>	
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found <input type="checkbox"/>	
Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.	
Date of Presumption Notice:	
Lead-based paint is presumed to be present <input type="checkbox"/> and/or Lead-based paint hazards are presumed to be present <input type="checkbox"/>	
Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.	

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes <input type="checkbox"/> No <input type="checkbox"/>	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust-lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.	
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity		
Printed Name:	Signature:	Date:

Section 6: Contact Information	Organization:		
Contact Name:	Contact Signature:		
Date:	Address:	Phone:	

ATTACHMENT I

Homebuyer Program Lead Compliance Document Checklist

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

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

This was taken from the HCD Website at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting>

County of El Dorado First Time Homebuyer Program					
Wait List	Prescreen Eligibility				
Name & Address	HH Size	TA	TIG	D/S	Details / Dates
Simmons	3	Y	VL		HH3 AI 24K
Placerville Ca 95667					Mobile home park resident
Alexandrovich	3	y	LI		HH3, 33k
S. Lake Tahoe, CA 96150					
Key and Philips	4	n	LI		HH4, 57k
Citrus Heights, CA 95621					
Soleta	3	y	LI		HH3, 41,520K Prequalified for 200k.
South Lake Tahoe, CA 96158					
Polte	1	y	LI		HH1, 35 - 40 K
Placerville, CA 95667					Wells Fargo prequal for 130,000 --
Aposhian	1	Y	LI		HH1, 31.5k, pre-qual through Vitek for 110,000
Placerville, CA 95667					
Lacalle	3				HH3, 31 AI - prequal
Placerville, CA 95667					
Hadl	2	Y	LI	no	HH2, 44k, preapproved for 180 thru Wells Fargo
Rescue, CA 95672					
Lang	1	Y	LI	no	HH1, 23k, Working w/ Jennifer at Vitek
Shingle Springs, CA 95682					prequal for 100k
Roberts	4	n	EL	y	HH4, 25K. Preapproved through Pinnacle for \$210,000
Folsom, CA 95630					
Pitman	4	y	LI	n	HH4, 40k
Placerville, CA 95667					
Greene	1	n	LI	n	HH1, 30K
Citrus Heights, CA 95610					
Wild	1	Y	EL	N	HH1, 9-14K, receiving UE and SS
Placerville, CA 95667					
Sweeney	1	y	LI	N	HH1, 32K, prequalified for 115,00 through Stanford Mortgage
Diamond Springs, CA 95619					
Hopkins	4	y	VL	n	HH4, 24K
Cameron Park, CA 95682					
Lorusso	3	y	LI	n	HH3, 40k
Shingle Springs, CA 95682					

Wait List	Prescreen Eligibility				
Name & Address	HH Size	TA	TIG	D/S	Details / Dates
Vallerga Diamond Springs, CA 95619	1	y	LI	n	HH1, 31k, SS and PERS
Fish Citrus Heights, CA 95621	2	n	LI	n	HH2, 36k
Shultz Whitethorne, CA 95589	1	N	EL		HH 1 AI 24.5K
Mills South Lake Tahoe, CA 96150	2	y	VL		HH2, 20k
Jacobs El Dorado Hills, CA 95762	4	Y	VL		HH4 AI 28k
Soyvira Stockton, CA 95209	1	N	VL		HH1, 14K, working on credit score now
Butler Shingle Springs, CA 95682	1	y	LI		HH1, 14 k, disability and pt employment
Takemoto Placerville, CA 95667	5	Y	VL		HH5, 35 K
Gardner Diamond Springs, CA 95619	4	Y	EXL	D	HH4 AI 18k
Alexander Cameron Park, CA 95682	2	Y	EL		HH2, 14k

**EL DORADO COUNTY
MICROENTERPRISE ASSISTANCE PROGRAM GUIDELINES**

I. Program Description

The El Dorado County Microenterprise Assistance Program requires a community effort to identify and recruit TIG applicants for the program. Qualified and interested individuals will be invited to attend introductory sessions explaining the scope and purpose of the program. They will assess their willingness to seek self-employment and determine their family and personal commitment to program participation.

Participants accepted into the Program will attend training and seminars designed to enlighten and teach basic business skills and provide opportunity to review the overall feasibility of their business concept. Following the training, participants will be provided an opportunity to create a business plan with one-on-one technical assistance which can guide the business start-up in establishing funding for the new venture. The Program will provide continuing support to participating businesses with advisors and counselors for specific issues.

II. Eligible Applicants

Eligible applicants include all community members considered low to moderate income or TIG eligible (total household incomes at or below 80% of county's median income) who either own or plan to own a Microenterprise business located within the unincorporated areas of El Dorado County. A Microenterprise is defined as a business with five or fewer employees, one of whom is the owner/operator. Program activities will begin with recruitment and screening for participants who have the potential to become future business owners or have existing businesses but still meet targeted income group guidelines.

Recruitment will continue with existing agencies serving the County of El Dorado including but not limited to:

- El Dorado County Office of Economic Development
- El Dorado County Human Services Department Social Services Division
- Job One of El Dorado County of El Dorado
- State Department of Employment Development
- State Vocational Rehabilitation Department
- County Chambers of Commerce including but not limited to:
 - El Dorado County Chamber of Commerce
 - El Dorado Hills Chamber of Commerce
 - Cameron Park/Shingle Springs Chamber of Commerce
 - Coloma Chamber of Commerce
 - Georgetown Chamber of Commerce
 - Pollock Pines Chamber of Community
 - South Lake Tahoe Chamber of Commerce
- Small Business Associations
- Civic Groups

In addition to income verification, program applicants will be screened for prior skills and experience levels, self-determination to improve and gain control of their environment, willingness to commit to full participation in training and counsel as well as overall family and/or household support for entrepreneurship. Program application and eligibility documents are included as attachments to this application.

III. CDBG Eligibility Requirements

The County of El Dorado Microenterprise Program will meet CDBG eligibility requirements by offering training, counsel and loan opportunities to members of the low to moderate income groups residing with the unincorporated areas of El Dorado County.

National CDBG objectives will be met by serving one of two goals:

- Limited clientele, participants, either individual seeking business start-up or business owners with existing small businesses will demonstrate TIG eligibility. Participants will create or maintain self-employment, and/or create new jobs through business expansion;

For the purposes of this proposal, Microenterprise is defined as a business that has five or fewer employees, one or more of whom owns the enterprise.

IV. Program Content

The County of El Dorado Microenterprise Assistance Program will provide training and technical assistance through the One-Stop Service Delivery system. Technical assistance (TA) to business includes a wide range of knowledge and skill development essential to business entrepreneurial success. There are two ways or settings in which TA will be delivered to clients.

1. One-on-One: One client and one or more counselors, consultant, and/or mentor;
2. Workshop: Multiple clients, all of whom are verified TIG, and one or more counselors, consultant, and/or mentor;

Various Technical Assistance content can be delivered in each setting, and each setting more or less suited to delivery of a particular content to a particular client. The Program Operator will select the setting most cost effective and conducive to the Technical Assistance. It is anticipated the majority of workshops and seminars will be held at the One-Stop Service Center in Placerville. However outreach will be provided in South Lake Tahoe, El Dorado Hills and Georgetown.

V. Technical Assistance

The classroom training will offer ten modules that provide necessary training and counsel for all selected participants. The program will include:

- Skills Entrepreneurs Need: What it Takes to Survive in Business
- Deciding on a Business
- Business Plan; Your Roadmap to Success
- Communication Tools and Organization
- Marketing Analysis
- Marketing Strategy
- Management Skills
- Operations: Running the Business
- Licenses, Permits, Business Names and Insurance
- Keeping the Books – Accounting and Cash Flow
- How to Finance Your Business – What Lenders Want to See
- Location and Opening Your Business
- Tools to Forecast Business Needs and Sound Cash Management

Participants in the program will be expected to attend training sessions and meet regularly with counselors and trainers to develop a business plan. Training will be offered with two complete cycles planned within 12 months of program approval. Additional programs may be determined on a geographic basis to meet community and countywide need.

It is expected that many participants may decide to seek regular employment opportunities or determine they do not wish to complete the program. These individuals will likely gain from attendance and may become more qualified job applicants through the program participation. Although program objectives are established for completion and potential loan funding, a review of individual circumstances will be sought from all participants, which demonstrates factors impacting program participation.

VI. Implementation Plan

The client selection recruitment is handled through the El Dorado County Department of Human Services in conjunction with El Dorado County Job One One-Stop Resource Centers. All participants are screened for income verification using the Microenterprise Assistance application. All existing CalWORKS recipients are given an assessment of skills and interest in the entrepreneurial training. Notices will also be sent to clients who have been screened for acceptance in the El Dorado County Housing Rehabilitation and Housing Acquisition Programs.

Additional recruitment for qualified applicants will be made through media coverage and marketing brochures. Local lenders will recommend clients and projects through working with Business Services Representative when appropriate. In addition the Office of Economic Development and County Chambers of Commerce will refer potential applicants.

All candidates will be screened for Targeted Income Group (TIG) eligibility prior to enrollment in the program. Individuals not qualified as TIG will be referred to other business resource assistance programs, including the Greater Sacramento Small Business Development Center and Sierra Economic Development District (SEDD) SBA funded Microenterprise program. The prescreening process will also assess possible barriers to attending training such as transportation, childcare needs and language barriers.

VII. Training Program and Technical Assistance Program

Implementation of the training program will commence with informational meetings where applicants and interested individuals will learn of the content and operation of the entire training and loan program. Meetings will be held in local communities to reach the widest audience, while actual training may take place in Placerville, Cameron Park, and potentially South Lake Tahoe. Training sessions will take place according to the training curriculum with a minimum of two complete cycles offered during the grant period.

The County has a Resource Center developed in both Placerville and South Lake Tahoe One-Stops Resource Centers where participants may use a personal computer to research the Internet and/or prepare the text and numbers necessary for the construction of a formal business plan. Participants will be able to schedule appointments for the El Dorado County Chamber of Commerce to utilize the resources of the local Chamber, the Greater Sacramento SBDC for compiling information and data necessary to complete their tasks and plan.

VIII. Delivery of training programs, One-on-One Technical Assistance, and Business Support

The County or its subcontractor will provide comprehensive workshops to the participants that cover all of the elements of how to start their own business. These classes are appropriate

for those individuals who have an idea to begin their own business and those that have recently started their business. We are proposing the workshops to consist of 6 classes that are designed for 3 hour sessions, and consist of classroom teaching, classroom activities, and speakers from the local community who have started their own businesses or have pertinent expertise to impart to the new business owner/entrepreneur. The classes are designed to deliver a completed business plan for the participant that will guide them through the first years of operations and prepare them for funding requests.

The technical assistance to be provided to the targeted income population will consist of one on one consulting to assist them in their area of need. The assistance will not be confined to the participants in the Business Start-up workshop, but also to businesses that request it as long as their income falls within the target income group (TIG) to participate in the program. The services will consist of consulting in all areas of their startup needs. All participants in the Business Start-up Workshop are included in the one-on-one technical assistance. Each class participant will be scheduled for individual one-on-one assistance as part of class participation.

Business support will consist of assistance with printed materials and brochures for access to the internet through the One-Stop Resource Center. Other assistance could be computer classes or other specialized support. The assistance will be provided on a one on one basis and will be offered to all participants in the classes and to all qualified businesses. Other business support may be provided as identified through the classes.

During the final phase of the training process, the County or Subcontractor, with the assistance of mentors, will guide entrepreneurs through the process of preparing an application for funds under the grant program. Entrepreneurs will then have the opportunity to make a presentation to the Loan Advisory Board demonstrating their ability in start-up businesses.

IX. CDBG Monitoring

CDBG monitoring requirements will vary depending on the use of funds and the applicable federal overlays. Environmental review procedures are included with this application.

Job Creation/TIG Benefit

All participants will be screened for Target Income Group (TIG) benefit eligibility. The El Dorado County Department of Housing, Community and Economic Development will be responsible for the income verification processes. All participants receiving assistance with CDBG funds will be 100% verified.

Labor Standards Requirements

Although not an activity under this application, CDBG loans may trigger compliance with Federal Labor Standards and Provisions. The following CDBG-assisted projects may be subject to the payment of Federal Prevailing Wage Rates:

- New construction or Rehabilitation
- On site improvements in support of new construction
- Installation of equipment

When a project is determined to be subject to Federal Labor Standards, the County will be responsible for assigning in-house or contract staff to monitor compliance with this requirement.

Other Monitoring Requirements

Other requirements that apply to CDBG funding and may need to be monitored for compliance include:

- Acquisition, Anti-Displacement, and Relocation. If the County uses CDBG funds to acquire property, then it must comply with CDBG acquisition procedures. The County must minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) that may result from CDBG-funded activities. (24 CFR 570.606). If the displacement occurs, then the grantee must insure that the affected parties are provided with adequate relation assistance (24 CFR 570.606).
- Equal Opportunity/Section 3. The County must insure that no one is being excluded from participating in, or benefiting from, the CDBG program on the basis of race, color, religion, national origin, or sex (24 CFR 570.602). The County must have a system in place for tracking the “protected class” status of loan applicants, loan recipients, job applicants, and job recipients (24 CFR 570.607).
- Procurement. The County will utilize procedures in procuring services, supplies, equipment and construction contracts that maximize free and open competition and the efficient, economical use of the CDBG funds (24 CFR 85.36).
- Contractor Eligibility and Certification. The County will ensure that any contractors and/or subcontractors are not on the federal list of ineligible contractors and that they are licensed and in good standing (24 CFR 570.609).

X. Matrix

El Dorado County Microenterprise Loan Fund Program Roles and Responsibilities

Key: County Staff - El Dorado County Department of Human Services and Economic Development
 County - El Dorado County Chamber of Commerce

TASK	COUNTY STAFF	COUNTY
Audit	X	
Business Forums	X	X
Clear Grant Conditions	X	
Client Assessment and tracking	X	X
Conduct Environmental Review	X	
Content Development	X	X
Equal Opportunity Compliance	X	
Federal Overlay Compliance	X	
Fiscal/Performance Reporting	X	
Identify & Recruit Clients	X	X
Income Screening	X	
Procurement	X	
Program Marketing	X	X
Program Monitoring & Record keeping	X	
Program Oversight & Evaluation	X	
Project Management	X	X
Public Participation	X	
Set-up & maintain public files	X	
Tracking/Monitoring	X	
Trainer Recruitment/Coordination	X	X
Training/Technical Assistance	X	X
Workshops	X	X
Clear Special Conditions	X	
Income Screening/TIG Benefit	X	

TASK	COUNTY STAFF	COUNTY
Conduct Appeal Process	X	
Attend HCD Workshops	X	
Refer for Business Counseling - SBDC	X	X

**EI DORADO COUNTY
MICROENTERPRISE LOAN PROGRAM GUIDELINES**

I. PURPOSE:

The El Dorado County Microenterprise Assistance Loan Program (MLP) is designed to provide the critical and necessary capital needs of businesses and development projects in El Dorado County. The MLP is capitalized with funds from the State of California Community Development Block Grant (CDBG) Program. The intent of the MLP is to provide appropriate assistance to business and development projects, which in turn will create and/or retain jobs, along with increasing the commercial and industrial base of the community.

The MLP provides loans in which repayments are “revolved” or “recycled” to be loaned again in the same program. Therefore, the initial funds that capitalize the program will be used again to create additional jobs, assist more businesses and projects and provide significant benefits beyond the MLP’s initial loans.

The MLP is designed to provide need-based funding as some percentage of a project's total financing requirements. The MLP is targeted to businesses and projects that have the greatest potential for long-term job creation/retention, particularly jobs created and/or retained for low and moderate income persons.

The MLP will assist businesses and projects that start-up, expand, and/or locate within the unincorporated county limits of El Dorado. The MLP funds can be used to finance:

- Working Capital/Lines of Credit,
- Inventory Purchase,
- Equipment Acquisition,
- Furniture/Fixtures.

II. POLICY:

The following elements are critical in the selection of loans for the MLP Program:

- Existence of a documented need that hinders the business or project from obtaining or affording the project without the MLP injection.
- The loan meets the MLP’s underwriting criteria.
- Business owner qualifies as a CDBG Microenterprise (i.e. owner(s) is Target Income Group, defined as household earnings at or below 80% of the area median income for El Dorado County adjusted for household size, and that the business has five or fewer employees, including the owner(s.))
- The terms and conditions of the project are appropriate.

III. SOURCE OF FUNDING:

The source of funding for the MLP is the State of California Community Development Block Grant Program Enterprise Fund Component Program. Loans are not made from the El Dorado County General Fund.

IV. DESCRIPTION OF FUNDING

4.1 Guidelines

Loans will range from a minimum of \$1,000 to a maximum of \$25,000. However, MLP loans

above \$25,000 will require additional approval by the State Department of Housing and Community Development (HCD), Economic Development Advisory Committee (EDAC).

- **Leveraging:** Minimum 10% of total project costs.
- **Loan Terms:** Up to ten years, depending on the asset being financed and the demonstrated need for the MLP funds. The length of the loan shall not exceed the economical life of the equipment/asset being financed.
- **Interest Rate:** The interest rate is set based on the demonstrated financial need of each borrower. If the financial need is the availability of capital, the interest rate shall be near market rates for the asset being financed. If the financial need is the cost of capital (rate, term or collateral requirements), then the interest rate is set by evaluating the financial information to determine at what interest rate the project would be viable.
- **Loan Fee:** Borrowers will pay for any direct costs incurred in loan processing and closing, such as recording fees, attorney fees, escrow fees, etc.
- **Prepayment Penalty:** None
- **Deferral of Payments:** On a case by case basis, determined based on the financial "gap."
- **Collateral Requirements:** All MLP loans shall be fully secured by collateral in order to maintain the Microenterprise Loan Program. No unsecured loans shall be made. Collateral will usually be in the form of liens on the assets financed including fixed assets such as machinery, accounts receivable, inventory, and lease assignments. Liens upon other non-project assets of the borrower may also be used to secure the loan. Personal guarantees will be required of all person/entities holding a 50% or more interest in the applicant's business. Types of collateral may include
 - Liens on real property,
 - Deeds of Trust,
 - Liens on machinery, equipment, or other fixtures,
 - Lease assignments, as appropriate,
 - Personal and/or corporate guarantees, as appropriate, and
 - Other collateral, as appropriate.

4.2 General Administrative Features

The Microenterprise Loan Program will comply with all CDBG requirements, including, but not limited to:

- Confidentiality of Client Financial Information, as allowed by law;
- Equal Opportunity/Affirmative Action Policy;
- Attorney review of all contracts and legal forms;
- Monitoring and Reporting Forms;
- Collection and Foreclosure Policy;
- Labor Standards (where applicable);
- Clearing CDBG Special Conditions;
- Relocation assistance (where applicable);
- Section 3 requirements;
- Fair Housing requirements;
- Environmental reviews;
- El Dorado County staff will be responsible for overall project marketing, loan evaluation, loan packaging, and monitoring.

4.3 Project Evaluation Criteria

The following evaluation criteria will be adhered to during the course of the Microenterprise Loan Program:

- The number of jobs created/retained and the percentage benefiting members of the Targeted Income Group.
- The amount of private dollars leveraging MLP funds.
- The financial viability of the proposed project.
- The demonstrated need for the MLP funds.

4.4 General Credit Requirements

A loan applicant must:

- Show ability to operate a business successfully,
- Have enough borrowing ability or equity to operate, with the MLP loan, on a sound financial basis,
- Show the proposed loan is of sound value or reasonably secure to assure repayment, and
- Show that the past earning record and future prospects of the firm indicate ability to repay the loan and other fixed debt, if any, out of the profits.

4.5 Loan Packaging

County staff will be responsible for MLP loan packaging activities, including review of all proposals presented to the Loan Advisory Board (LAB).

4.6 Loan Review

The Loan Advisory Board (LAB) shall be responsible for reviewing funding proposals and making recommendations to County staff. The El Dorado County Housing and Community Development Agency will decide terms and conditions of loan agreements. The LAB shall be comprised of:

- One representative of County Staff;
- One Certified Public Accountant;
- Two representatives of a El Dorado County lending institution, and
- Two representative of the business community appointed by the County.

HCD/CDBG will make the final loan determination after County LAB approval.

4.7 Length of Review Process

On average, the MLP review process takes six to eight weeks from submittal of a complete loan application through LAB review. Loan funds can be disbursed two to three weeks after signing the MLP documents, depending on the financing and approval by HCD. Conditional commitments can be made prior to final approval from another funding source. Every effort will be made to facilitate the process to coincide with the other funding source and the project's requirements.

4.8 Linking Jobs with Long-Term Unemployed

County staff will work closely with the Workforce Investment Act (WIA) programs and services that provide assistance to the unemployed and low and moderate income persons. Early and consistent involvement with each loan applicant will be an integral policy of the MLP Program.

V. ELIGIBILITY

5.1 Eligible Applicants

In order to be considered for financing through the MLP, applicants must meet the following requirements:

- Have a completed business plan which includes a competitive market analysis and qualify as a Microenterprise (owner(s) is TIG and the business has five or fewer employees, including the owner(s))
- Be an on-going or start-up private, for profit Microenterprise business concern, partnership, sole proprietorship licensed and located (or planning to locate) within the unincorporated areas of El Dorado County. Businesses operating out of a residence are eligible.
- Be in compliance with all county, state and federal financial obligations, including taxes with zoning regulations.
- Loan monies may NOT be used to satisfy any existing debts.

Conflict of Interest

When the County's program contains Federal funds, the following shall be addressed: in accordance with title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. This ineligibility shall continue for one year after an individual's relationship with the County ends. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.

5.2 Eligible Uses

The project must be commercial or industrial. MLP funds can be used for construction and permanent financing, working capital, inventory, equipment, real property acquisition, construction and rehabilitation.

5.3 Ineligible Uses

Projects must be located in the unincorporated areas of El Dorado County. Projects cannot be residential in nature. Projects must have reasonable assurance of repayment. Projects are not eligible if they create a conflict of interest pursuant to California Government Code S87100 et seq for any current El Dorado County or Business Development Corporation employee or Loan Advisory Board (LAB) member. Projects must create or retain jobs, primarily for the Targeted Income Group and must leverage private or equity funds.

5.4 Eligible Costs

- Finance of inventory, furniture, fixtures, machinery and equipment.
- Working capital, supplies and start up costs.

5.5 Ineligible Costs for CDBG Loans

Costs incurred prior to CDBG grant execution, submittal of the loan application, and environmental review requirements, except for private leverage as specified in Section 4.1. and costs other than those listed as eligible in Section 5.5.

VI. ROLE OF THE COUNTY

6.1 County staff will, as required

- Publicize and market the MLP; screen all applicants for loans;
- Refer candidates that are not eligible, do not meet the MLP criteria or need technical assistance to the Small Business Development Center;
- Ask promising candidates to submit preliminary information and an application, along with accompanying financial information;
- Prepare package, along with recommendation to loan advisory;
- If approved, assist with loan processing and closing;
- Once closed, monitor the loan, maintain the loan records, and monitor compliance with job objectives.

The County staff will make the daily decisions called for or implied regarding the activities of the MLP. Decisions to foreclose and declare defaults will be the responsibility of the El Dorado County Housing and Community Development Agency, in consultation with legal counsel, based upon recommendations of staff. County staff will monitor on-going operations of the loan recipient. Staff will consult and monitor program operator during the term of the contract. Staff will review all reports, financial information and performance reports on each loan during the term of the loan. Staff will serve as the contact for the State Department of Housing & Community Development for the MLP.

County staff will meet with each MLP applicant to ensure that the applicant maintains the documentation required. Staff will brief each applicant on his obligations and requirements of the Program. Additionally, County staff will conduct an environmental review of the project as necessary. County staff and program operator will refer potential applicants, including those ineligible or denied MLP financing, that need technical and management assistance to the appropriate organization. As a condition of the loan, the County or LAB may require that applicants receive pre- and/or post-loan counseling.

County staff and/or the program operator may require applicants who have received loans to undertake business counseling if it appears that the applicant's financial position is declining and the MLP loan may become delinquent.

6.2 Role of the Loan Collection Agent

The County will conduct the duties of the loan collection agent. The duties will include the following:

- Loan servicing and accounting;
- Provide monthly receipts of loan payments
- Provide quarterly statements on each loan
- In concurrence with the jurisdiction's legal counsel, undertake loan collections, including asset liquidation;
- Obtain credit reports on all loan applicants

VII. LOAN SELECTION & APPROVAL PROCESS

7.1 (A) Marketing

The marketing of the MLP Program will be accomplished by a variety of means. There will be media coverage, marketing brochures, and joint marketing through program operator's existing loan packaging and financial services. Local lenders will recommend clients and projects, when appropriate. The Small Business Development Center, local Realtors, and business associations will also refer potential applicants. The County will also use existing business and community networks to market the MLP Program.

7.1 (B) Procedure

Once a potential project has been identified, County staff will conduct a preliminary review for eligibility with the MLP criteria. If another lending source is more appropriate, or the project does not meet the MLP criteria, the staff will refer the prospective borrower to another organization for assistance.

If the project appears to meet the criteria, the applicant will be asked to submit preliminary information. Preparation and submission by an applicant of preliminary information and supporting documents include, but are not limited to: business and personal tax returns for the last three years or since commencement of operations (whichever is less), business financial statements (balance sheet and income statement) for current year and prior three years, current personal financial statement, credit history, and proposed project summary. Start-up businesses must submit proforma financial statements for the first five years. Real estate projects must submit pro forma projections for the first five years, and pre-leasing information.

The preliminary information will be reviewed by County staff. If the project is viable, a draft loan analysis will be prepared by program operator. If the decision is to decline the request, the program operator will provide the applicant with a written explanation of the denial. If appropriate, referrals to other organizations will be made.

If the review is positive, the applicant will be invited to an application conference with program operator and to submit a formal application to program operator, which will be presented to the LAB for their recommendation. At the application conference, program operator will review with the applicant the formal MLP checklist and required information, forms and financial schedules deemed necessary the County to complete the loan package. The County will determine project needs/conformance with local requirements, as well as determine the necessary environmental review for the project. The County will begin the environmental review as necessary.

The applicant, in conjunction with the County will develop the employment plan. Upon completion of the necessary information, applications will be presented by the program operator to the LAB. The presentation will include a completed MLP Project Evaluation Form. If the private funds are from equity, then the commitment letter must be from the applicant. The program operator presentation will include a recommendation. This recommendation will include the proposed terms and conditions, based upon the identified financial need and the "appropriate" analysis undertaken by program operator, along with a checklist insuring that the loan meets the MLP guidelines and criteria.

The LAB will decide to recommend approval or to decline the loan request. If declined the applicant will be informed in writing by the County as to the reason. If recommended, the LAB's recommendation can be under the terms and conditions proposed by program operator, or the LAB can recommend alternative terms and conditions. The LAB recommendation is the presented to the County Staff. County staff will review the loan package for completeness and regulatory compliance, as well as final review for compliance with MLP guidelines and criteria.

When the County approves or denies the loan request, the applicant will be notified in writing. If denied, the reasons for denial will be included. County approval shall include a certification statement that, based on his/her review of the staff report and LAB recommendation, the County finds that the CDBG loan is appropriate and that the assistance is commensurate with both the needs of the borrower and public benefits stemming from the project.

7.1(C) Loan Closing

Upon approval by the County will prepare for the loan closing. After final approval from HCD/CDBG the Borrower will sign all the necessary documents and agreements. The County will request a drawdown of funds from the State Department of Housing & Community Development (the timing of the request may vary depending on the project). The County will prepare the loan closing documents, prepare title and lien searches, and UCC-1 filings, if appropriate. County legal counsel will review all agreements and documents, as necessary.

Loan closing will be undertaken by the County. At the time of closing, the Borrower will be provided with a checklist outlining their obligations under the MLP Program. At closing, or another specified time, funds will be disbursed to the Borrower. The County will complete any remaining legal, regulatory or other items. Monitoring and compliance files will be set-up at this time.

7.1(D) Loan Monitoring

Two separate loan files will be maintained. The first is the legal file which holds all the original loan documentation, along with the original documents. This file shall be kept in a fireproof vault for safekeeping. The second is a credit file which shall contain the day-to day administrative records of the loan. At a minimum the legal file shall include:

- Note
- Loan Agreement, including Non-Financial Employment Plan
- Mortgage
- General Security Agreement
- Personal Guaranty
- Corporate Guaranty
- Subordination Agreement
- Life Insurance Policy and Assignment
- Hazard Insurance Policy and Assignment
- General Resolution
- Certificate of Secretary
- Opinion of Counsel
- Intercreditor Agreement

The credit file shall contain, at a minimum, the loan application and financial information associated with the application, credit memo, LAB recommendation, final local approval, disbursement records, reports of site visits, updated financial information provided by borrower, job creation/retention data, etc.

A reporting system will be established for each loan and the loan portfolio as a whole. The report should be up-dated at least quarterly. The County shall be responsible for preparation of this report. The report will be used by the County to monitor the loans and identify problems. The report will contain the following:

- **Fund Report Balance:** A monthly summary of the beginning fund balance, principal and interest recaptured during the month, disbursements made during the month and funds committed but not yet disbursed, and amount remaining in the MLP which is unencumbered. The monthly receipts from the lender on each loan will serve as the basis for this report.
- **Portfolio Summary Report:** A quarterly summary of the total loans outstanding and authorized loans. The report shall include a quarterly statement on each loan, prepared by the lender. The quarterly report shall include the last payment date and loan balance. Delinquent loans shall be identified and a summary of actions to date to collect delinquent loans shall be included.
- **Employment Report:** A quarterly report on each project detailing the jobs created/retained, and where applicable those hired that meet the Targeted Income Group.
- **Loan Loss and Delinquent File:** A list of all loans that have been classified as uncollectible and a summary of foreclosure procedures to date on the loan. Loans that are delinquent will also be listed, along with a summary of recommended steps, and steps taken to date.
- **Tickler File:** A listing of the current loan portfolio and dates for receipt of financial

statements, employment information, renewal of UCC-1 filings, review date, dates for insurance renewal and other information.

In addition, a loan monitoring file will be established which will include a summary of the monitoring requirements of the State Department of Housing and Community Development. A tickler file will be part of this overall file to insure that loan and MLP monitoring is undertaken and completed

VIII. LOAN UNDERWRITING

The loan underwriting policies of the El Dorado County Microenterprise Loan Program (MLP) are designed to insure the program's ongoing viability, assist businesses that could not proceed without the MLP, and ensure that the MLP assistance is appropriate.

8.1 HUD Underwriting Guidelines

The County has adopted the HUD underwriting guidelines for the MLP to determine whether a proposed CDBG subsidy is appropriate to assist with business expansion or retention. In addition, the project will be reviewed to determine that a minimum level of **public benefit** will be obtained from the expenditure of the CDBG funds in support of the project.

The objectives of the underwriting guidelines are to ensure that:

- Project costs are reasonable;
- All sources of project financing are committed;
- To the extent practicable, MLP funds are not substituted for non-Federal financial support;
- The project is financially feasible;
- To the extent practicable, the return on the owner's equity investment will not be unreasonably high;
- To the extent practicable, MLP funds are disbursed on a pro rata basis with other financing provided to the project; and
- Sufficient public benefit will be received from the expenditure of MLP funds.

8.1(A) Project Costs are Reasonable

All project costs will be reviewed for reasonableness, and to avoid providing either too much or too little MLP assistance. The amount of time and resources expended evaluating the reasonableness of a cost element shall be commensurate with its costs. In some instances, it will be necessary to obtain third-party, fair-market price quotations or a cost element. Particular attention will be documenting the cost elements in non-arms-length transactions.

Procedures:

1. Start with Sources and Uses of Funds.
2. For each Use of funds, determine if costs are reasonable.
 - a. For machinery, equipment. Determine if the costs are estimated by a third-party (e.g. architect, engineer, equipment supplier, etc.). Determine if the estimates are included in the application. Determine if the contingency is adequate.
 - b. For working capital, compare the amount of working capital to industry averages, risk, historical needs of the business and the projected need. Analyze business financial statements, projections, operating cycle and financial ratios.
3. A higher level of review will be required if there are no third party estimates.
4. Sources of information:
 - Sources and Uses of Funds Statement;
 - Financial Statements and Projections;
 - Industry Averages (Robert Morris):

- Third Party Costs Estimates;
- Building Department/Public Works;
- Realtors;
- Appraisers;
- Architects/Engineers;
- Contractors;
- Equipment Suppliers; and
- Other similar projects.

8.1 (B) Commitment of All Sources of Project Financing

Prior to the commitment of MLP funds to the project, a review shall be conducted to determine if sufficient sources of funds have been identified and committed to the project, and the participating parties have the financial capacity to provide the funds to ascertain if the project is viable and will move ahead in a timely manner. In certain circumstances, the MLP may commit its funds in advance of final commitments from other funding sources. However, to conduct the underwriting analysis, the approximate terms and conditions of the other funding sources should be known. Final commitments from the other funding sources will be required, with substantially similar terms and conditions as used in the underwriting analysis, prior to any loan closing or disbursement of funds.

Procedures:

1. Start with Sources and Uses Form.
 - a. For all sources of funds, determine if there is evidence verifying commitment or intent to commit.
 - b. For debt sources, be in receipt of letters of intent or interest, which specify the level of commitment and terms/conditions of the loan. The proposed terms should be reflected in the business projected debt schedule and in the financial projections. Determine if actual loan packages have been submitted to lenders.
 - c. For equity sources, determine if the equity injection is verified on the business or personal financial statements. Or if an investor provides the equity, obtain evidence of the level and terms of commitment (e.g. letter of intent with accompanying financial statement verifying availability of funds).
2. Sources of information:
 - a. Sources and Uses of Funds,
 - b. Business and Personal Financial Statements, and
 - c. Letters of intent/interest form lenders, partners and investors.

8.1 (C) Avoid Substitution of CDBG Funds for Non-Federal Financial Support

The project will be reviewed to ensure that, to the extent practicable, MLP funds will not be used to substantially reduce the amount of non-federal financial support for the project to make the most efficient use of the MLP funds.

8.1 (D) Financial Feasibility of the Project

Each project will be examined to determine the financial viability of the project, and thus the reasonable assurance that the public benefit will be realized. The current and past financial statements for both the business and individuals must be analyzed, along with tax returns and projections. The assumptions behind the projections must be critically analyzed. Income and expense costs shall be evaluated and compared historically, where applicable, and compared to industry averages (using guides such as Robert Morris' Annual Financial Statements). Project costs, including both hard and soft costs, must be determined to be reasonable. Accurate project costs are vital to determining project feasibility.

As part of the financial analysis, the past, current, and projected financial data shall be

analyzed to determine if the job estimates are reasonable and supportable. Labor costs shall be looked at the break-even point. In addition, labor costs shall be checked against industry averages. Variations should be explained in the loan analysis.

The terms and conditions of the MLP loan must be appropriate. In general, the interest rate shall be set at a rate where available cash flow is able to meet debt obligations, after other obligations are met, with enough cash flow remaining to operate successfully. The loan term typically is based in the asset being financed. The term should not exceed the economic life of the asset being financed. However, a longer loan amortization schedule, with the loan due at the end of the economic life may be justifiable

Each loan shall include a written explanation of the appropriate analysis that was undertaken, and the reason the terms and conditions of the loan were approved.

8.1 (E) Financial Analysis

Historical and projected financial statements will be subject to financial analysis to determine the gap, and structure the terms and conditions of the MLP loan, as discussed above, but also to determine that the project is feasible. In addition, use prudent underwriting guidelines, demonstrating that the proposed loan is of sound value, and note how past earnings and future prospects indicate an ability to meet debt obligations out of profit.

Information that will be required to be submitted by the applicant will depend on the project, ownership structure and whether it is an ongoing or start-up business. In general, the information required is outlined in the MLP checklist in the exhibits.

The financial analysis will differ depending on whether the business is a start-up or existing business. The analysis will include for existing businesses a spread of the current and financial statements to determine trends. The pro forma statements will then be compared to these past statements. Financial ratios will be analyzed. The statements and ratios will be compared to industry averages. For start-up business the projections will be analyzed and ratios developed, and both compared to industry averages.

Ratios that will be analyzed include:

- Current Ratio: Current assets/current liabilities. This ratio is a rough indication of a firm's ability to service its current obligations. A ratio of 2:1 is considered secure.
- Quick Ratio: Cash & equivalents plus accountants & notes receivable/current liabilities. The ratio is a refinement of the current ratio. A ratio of 1:1 usually indicates ample liquidity.
- Cash Flow Coverage: Net profit & depreciation & depletion-amortization expenses/current portion of long term debt. This ratio is a measure of the ability to service long term debt.
- Another coverage ratio is: Earnings before interest and taxes/annual interest expenses. This ratio is a measure of a firm's ability to meet interest payments. A Cash Flow Coverage of 1.25 debt service shall be used as a guideline.
- Debt to Worth: Total liabilities/tangible net worth. This ratio is the relationship between debt and a businesses net worth. A lower ratio is an indication of greater long-term financial safety and greater flexibility to borrow. In general, a Debt to Worth ratio of higher than 5:1 should not be exceeded as an underwriting policy. There are exceptions when the industry average is high due to its capital intensive nature or when projections show the ratio lowering quickly.
- Collateral Coverage: The value of collateral as compared to the amount of the loan. Typical underwriting guidelines suggest that 125% of loan balance be used. However, this is highly dependent on the quality and security of the

collateral. In addition, collateral requirements are a cause of “financial gaps”. The MLP shall use 125% as a guideline, which shall only be lowered with specific and detailed analysis and explanation.

- Break-Even Analysis: The analysis of the project’s ability to support the projected labor costs and additional debt service at its break-even point (BEP) will be analyzed to determine what proportion of the jobs can be supported at that BEP. This will serve as a worst case look at the business’ prospects for success, ability to service new debt, etc.

The financial and ratio analyses must be supported by the business plan. The business plan must provide a clear understanding of the project, competition, market strategy, sales estimates, management capacity and other factors.

Lastly, to ensure project feasibility, an evaluation will be conducted of the experience and capacity of the business principals to manage the business and achieve the projections.

Procedures:

1. Perform financial underwriting analysis.
 - a. Spread historical financial statement sand projections. Identify any significant differences and compare to industry averages.
 - b. Review assumptions to projections. Determine if projections are reasonable and supported by market studies, business plan, and historical trends.
 - c. Review financial ratios for project and compare to industry averages. If significantly different, determine the reasons and impact on feasibility.
 - d. Review cash flow for project. Determine if there is adequate working capital.
 - e. Determine break-even point for project, and how much the projections are above the break-even point. Determine if the public benefit will be realized at the break-even point.
2. Review the business plan, market information, historical financial statements, projections, ratio analysis, break even analysis, spreadsheet analysis, and management capacity to determine the project feasibility.
3. Sources of information:
 - a. Historical Financial Statement;
 - b. Financial Projections;
 - c. Business Plan;
 - d. Market and Industry information; and
 - e. Industry Averages.

8.1 (F) Return on Equity Investment

The return on equity investment is the amount of cash that the investor/business owner is projected to receive in relation to their initial equity. For a sole proprietor, this equates to salary plus net income. To the extent practicable, the MLP should not provide more than a reasonable return on investment to the business owner. This will help ensure that the MLP will maximize the use of MLP funds and not unduly enrich the business owner. However, care shall be taken to ensure that the rate of return will not be too low, so that the business owner’s motivation remains high to pursue the business with vigor.

If the project’s financial returns are projected to be too low to motivate the business and/or investor to proceed with the project then risks of the project outweigh the returns. An inadequate rate of return, adjusted for industry and location risks, is a third method to determine the gap appropriate to be funded with MLP funds. To analyze this gap, the projected return on investment must be compared to the return on investment on similar projects. If it is shown that a gap does exist, then the MLP financing rate and terms must be set at a rate that provides a return equal to the “market rate”. Real estate appraisers and lenders are important sources of information on “market rate” returns.

Procedures:

1. Review projections.
 - a. Review revenues, expenses (including officer's salary/owners' draw), debt service and net operating income, and compare to historical financial information and to industry averages. Determine if these items are reasonable.
 - b. Review indicators of owners' return on equity, including officers' salary, owners' draw, and net operating income. Given the project's risk and local conditions, determine if the return on equity is reasonable compared to industry averages.
2. Review the business and personal obligations. Determine what return on equity is necessary to meet personal and business obligations.
3. If return on equity is above industry averages, adjusted for risk and local conditions, take steps to reduce the return to within a reasonable rate by restricting owners' draw/officers' salary, or adjusting the MLP loan terms.
4. If return is below average, adjust MLP subsidy to bring the rate of return closer to the industry average.
5. Sources of information:
 - a. Financial projections;
 - b. Historical financial statements;
 - c. Personal financial statements; and
 - d. Industry averages.

8.1 (G) Disbursement of MLP Funds on a Pro Rata Basis:

To the extent practicable, MLP funds should be disbursed on a pro rata basis with other funding sources to avoid placing MLP funds at a greater risk than other funding sources. When it is determined that it is not practicable to disburse MLP funds on a pro rata basis, other steps shall be taken to safeguard MLP funds in the event of a default.

Procedures:

1. Review Sources and Uses of Funds. Determine when MLP funds will be expended as compared to other funds.
2. Determine other funding sources' policies towards expenditure of funds. These policies may require the use of MLP funds first. If so, may need to negotiate with other funding sources.
3. If MLP funds are to be expended first, consider actions to safeguard MLP funds (e.g. performance or completion bonds).
4. Sources of information:
 - a. Sources and Uses of Funds
 - b. Construction Contracts; and
 - c. Lender Requirements/Policies.

8.1 (H) Standards for Evaluating Public Benefit:

Each project will be reviewed to determine if a minimum level of public benefit will be obtained from the expenditure of MLP funds. The minimum standards are:

- The business owner must be a member of a low-moderate target income group.

Procedures:

1. Review historical financial statements.
 - a. Review historical labor costs as a percentage of revenues. Compare the percentage to projected labor costs. Determine if the two figures are consistent. If not, obtain an explanation.
 - b. Determine if the number of projected jobs is consistent with the projected increase in labor costs. Compare the labor costs percentage to industry averages.
2. Review the projections.

- a. Determine if the assumptions used to project revenues and labor costs are reasonable. Determine if market/industry information and historical financial statements support revenues and labor costs.
3. Determine if project meets minimum public benefit requirements (business owner is TIG individual).

IX. MICROENTERPRISE LOAN PROGRAM (MLP) TASK MATRIX

TASK	COUNTY STAFF	COUNTY
Establish and Maintain Program Loan Files		X
Legal Review of Loan Documents		X
Approve MLP Guidelines		X
Prepare Fiscal/Performance Reports		X
Review Fiscal/Performance Reports		X
Monitor County Staff		X
Conduct Environmental Reviews		X
Participate in LAB Review		X
Loan Servicing and Accounting		X
Provide Monthly Receipts of Loan Payments		X
Provide Quarterly Statements on Loans		X
Implement Collections and Foreclosures		X
Approve Reuse Plan		X
Meet with Participating Lenders		X
Publicize and Market the MLP		X
Screen and Assist Loan Applicants		X
Refer Ineligible Applicants to Others		X
Request Preliminary Loan Information		X
Get Credit Report, Other Documentation		X
Prepare Loan Package and Recommendation with Appropriate Determination		X
Present Loan to LAB		X
Close Loan with Other Lenders		X
Monitor Loan and General Compliance		X
Prepare and Sign all HCD Reports		X
Prepare Cash Requests and HCD Reports		X
Clear Special Conditions		X
Site Visits to Borrowers		X
Track Jobs/Benefit (EEO)		X
Monitor Labor Standards		X
Income Screening/TIG Benefit		X
Conduct Appeal Process		X
Planning, Building & Public Works Reviews		X
Attend HCD Workshops		X
Refer for Business Counseling - SBDC		X
Provide Overall Review and Liaison Between MLP Components, County Staff, County and CDBG Program		X

X. CDBG MONITORING

10.1 Environmental Review

Once a loan is determined to be viable under the CDBG criteria, staff will work to initiate the Environmental Review process for the project specific activity. Environmental review procedures are included.

CDBG monitoring requirements will vary depending on the use of funds and the applicable federal overlays.

10.2 Public Benefit Requirements

Job Creation/TIG Benefit

See **Section 8.1 (H)** for project evaluation criteria. The El Dorado County Department of Housing, Community and Economic Development will be responsible for the Income Certification processes.

10.3 Labor Standards Requirements

CDBG loans may trigger compliance with Federal Labor standards and provisions. The following CDBG-assisted projects may be subject to the payment of Federal prevailing wage rates:

- New construction or rehabilitation
- On-site improvements in support of new construction
- Installation of equipment

When a project is determined to be subject to Federal labor standards, the County will be responsible for assigning in-house or contract staff to monitor compliance with this requirement.

10.4 Other Monitoring Requirements

Other requirements that apply to CDBG funding and may need to be monitored for compliance include:

- **Acquisition, Anti-Displacement, and Relocation.** If the County uses CDBG funds to acquire property, then it must comply with CDBG acquisition procedures. The County must minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) that may result from CDBG-funded activities. (24 CFR 570.606). If the displacement occurs, then the grantee must insure that the affected parties are provided with adequate relation assistance (24 CFR 570.606).
- **Equal Opportunity/Section 3.** The County must insure that no one is being excluded from participating in, or benefiting from, the CDBG program on the basis of race, color, religion, national origin, or sex (24 CFR 570.602). The County must have a system in place for tracking the “protected class” status of loan applicants, loan recipients, job applicants, and job recipients (24 CFR 570.607).
- **Procurement.** The County will utilize procedures in procuring services, supplies, equipment and construction contracts that maximize free and open competition and the efficient, economical use of the CDBG funds (24 CFR 85.36).
- **Contractor Eligibility and Certification.** The County will ensure that contractors are not on the federal list of ineligible contractors and that they are licensed and in good standing (24 CFR 570.609).



**COUNTY OF EL DORADO
Procurement & Contracts**

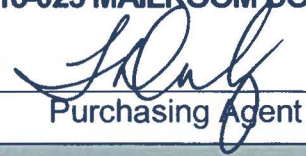
ATTN: Purchasing Agent
330 Fair Lane
Placerville, CA 95667

REQUEST FOR PROPOSAL #12-918-023

DUE: 3:00 PM – November 28, 2011

Sealed Proposals must be clearly marked on
the outside of the package with:

“RFP #12-918-023 MAILROOM DO NOT OPEN”


Purchasing Agent

BUSINESS/MICROENTERPRISE ASSISTANCE SERVICES

The County of El Dorado Office of Procurement and Contracts, through its Human Services Department, Housing, Community and Economic Development Programs (also referred to as “County” or “Grantee”), is requesting proposals for the purpose of hiring a qualified individual or firm (also referred to as “Proposer,” “Contractor,” or “Subrecipient”) to provide services to qualified applicants under the County’s Business/Microenterprise Assistance Program. This request for proposal (RFP) defines the scope of services and outlines the requirements that must be met by Proposers interested in providing such services. Proposers shall carefully examine the entire RFP and any attachments thereto, and all related materials and data referenced in the RFP or otherwise available, and shall be fully aware of the nature and the conditions to be encountered in performing the service. **Proposers are advised to read all sections of this RFP prior to submitting a proposal.**

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- I. Background**
- II. Scope of Services**
- III. Proposal Content**
- IV. Proposal Submittal**
- V. Proposers' Questions**
- VI. Standard Terms and Conditions**
- VII. Public Records Act**
- VIII. Valid Offer**
- IX. County’s Rights**
- X. El Dorado County Website Requirements**
- XI. Evaluation**
- XII. Award**
- XIII. Business License Requirement**

- Attachments:**
- A. Agreement 09-EDEF-6547 Between County and State**
 - B. Sample Reporting Form**
 - C. Sample El Dorado County Agreement for Services**

Notice to Proposers

The Procurement and Contracts Division does not mail out hard copy letters advising participating Proposers of RFP results. For RFP results, please visit our website at

<http://edcapps.edcgov.us/contracts/bidresults.asp>

RFP results will be posted within approximately fourteen business days after the RFP opening deadline date. The timeline for posting RFP results may vary depending on the nature and complexity of the RFP.

I. Background: The County of El Dorado (County) is located in Northern California and bordered by Sacramento, Placer, Amador, and Alpine Counties in California, and Douglas County, Nevada. The two incorporated cities in the County are Placerville and South Lake Tahoe. U.S. census data documented a 15.8 percent population growth in El Dorado County between 2000 and 2010. In the 2010 census, the County's population was determined to be 181,058. If this trend continues, the County will be home to 209,665 residents by 2020.

The County has been adversely affected by the overall economic decline of recent years. In January 2007, the County reported an annual unemployment rate of 3.8 percent. The current annual average unemployment rate, as calculated by the State of California, Employment Development Department as of July 2011, has grown to 12.6 percent. While businesses continue to survive, and in some cases thrive, current economic strains have made it more difficult for business owners to obtain credit lines from traditional lenders for capital improvements and/or expansion. The County Board of Supervisors recognized the need for a focused economic plan of action and adopted an Economic Development Strategy to address critical economic issues facing the County. A major focus of that strategy is to provide economic development tools to businesses located in, or relocating to, the unincorporated areas of the County.

In response to the Economic Development Strategy, the County Department of Human Services, Housing, Community and Economic Development Program applied for and was awarded a Community Development Block Grant (CDBG) Business/Microenterprise Assistance Grant (Attachment A) from the State Department of Housing and Community Development. The primary objective of the state CDBG program is the development of viable communities by providing decent housing and suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The target income group (TIG) under the CDBG grant is defined as families, households, and individuals whose annual incomes do not exceed 80 percent of the County median income with adjustments for household size.

The grant award of \$300,000 will be used by the County to provide assistance to eligible applicants through the County Business/Microenterprise Assistance Program. The program consists of a Business Loan component, as well as Microenterprise Technical Assistance and Loan components.

The **Business Assistance Loan Program (BLP)** is designed to provide the critical and necessary capital needs for businesses and commercial real estate projects within the unincorporated areas of the County and to increase the commercial and industrial base of the community. The BLP provides low-interest loans ranging from \$5,000 to \$100,000 to eligible for-profit business applicants. As program loans are repaid, the funds are revolved and made available as loans to other eligible business applicants. The BLP has a job-creation component attached to it.

The **Microenterprise Technical Assistance Program (TAP)** provides technical assistance to eligible microbusinesses (five or fewer employees including the owner) and potential business owners. The primary goal of the TAP is to provide the opportunity for those seeking to start up a business and/or those who currently operate a small business to gain the skills necessary for success. Training workshops will provide the skills and knowledge to organize, manage, market and finance a small business and prepare a business plan. Technical assistance and advisory services will assist the business through start-up and/or expansion to maintain viable operations.

The **Microenterprise Loan Program (MLP)** provides low-interest loans ranging from \$1,000 to \$25,000 to eligible microenterprises within the unincorporated areas of the County to finance working capital, inventory purchases, equipment acquisition and furniture/fixtures. The business owner or potential business owner must be in the TIG and must demonstrate an ability to make repayment on the loan. All loans are fully secured by collateral and no unsecured loans are made.

II. Scope of Services: The purpose of this Request for Proposals (RFP) is to hire a qualified firm to fulfill the obligations of the County Business/Microenterprise Assistance Program: Business Loan, Microenterprise Technical Assistance and Microenterprise Loan Programs as described in Agreement 09-EDEF-6547 Between County and State (Attachment A). The County's grant application forms part of the Agreement and describes the County's approved program. The selected contractor shall conduct program activities in conformance with the County's approved program. The contract period runs concurrent with the grant term with all activities invoiced by contractor no later than February 28, 2013, for final funds disbursement by County not later than the contract termination date of March 31, 2013. Prior to termination of County contract, contractor shall ensure orderly transition of files, including status of follow-up items, to the County.

BUSINESS/MICROENTERPRISE ASSISTANCE PROGRAM

The Contractor shall provide the services described in the program guidelines (Attachment A). A summary of the Contractor's role is described below. Activities, unless otherwise specified, are ongoing throughout the contract period. All meetings with potential applicants, County staff, potential lenders, etc. shall take place in El Dorado County, unless otherwise specified by County.

A. Publicize and Market the Program within El Dorado County.

1. Act as a liaison for the Business/Microenterprise Assistance Program to the public, to agencies and, as requested by County, to citizen groups.
2. Meet with County staff as needed to clarify roles, program criteria, marketing approach and communication protocols.
3. Within 30 days from execution of contract, develop and present for approval to County a program Marketing Plan, to include promotion of the program at chamber(s) of commerce and other community events, to lending institutions, to real estate agents and to other individuals and groups as appropriate.
4. Provide program outreach, networking and marketing, according to program Marketing Plan submitted to and approved by County.
5. Coordinate with in-kind contributors for marketing of services.

B. Reporting and Administration.

1. Using County-approved forms, provide monthly reports of program activities to include, but not limited to, outreach activities and Marketing Plan Development. (See Attachment B for sample forms.)
2. Establish and maintain complete program files to allow monitoring of the program by State and/or County staff or auditors.
3. Maintain confidentiality of all applicant files.

BUSINESS LOAN PROGRAM (BLP)

The Contractor shall provide the services described in the program guidelines (Attachment A). A summary of the Contractor's role is described below. Activities, unless otherwise specified, are ongoing throughout the contract period. All meetings with potential applicants, County staff, potential lenders, etc. shall take place in El Dorado County, unless otherwise specified by County.

A. Loan Packaging and Processing.

1. Screen applicants to verify that BLP criteria are met. (See Attachment A, Business Assistance Loan Program Guidelines, page 108.)
2. Refer candidates who are not eligible to other potential lending sources as appropriate.
3. Send BLP information and application materials to business owners and prospective business owners per Marketing Plan.
4. Meet with potential lenders to market the program.
5. Assist qualified applicants in completing application forms and gathering supporting documentation.
6. Prepare loan package and submit to the County Loan Advisory Board (LAB), program staff and the State.
7. Participate in the LAB review.
8. When an applicant chooses to appeal a decision of the LAB, assist applicant with the appeal process.
9. Once loan is approved, assist County staff with loan processing, escrow and closing.
10. Coordinate with in-kind contributors for delivery of services.

B. BLP Reporting and Administration.

1. Using County-approved forms, provide monthly reports of BLP activities to include, but not limited to, outreach activities, number of potential applicants, applicants contacted, applicants screened, telephone call logs, loan packets sent, loan packages submitted to the LAB and loans closed. (See Attachment B for sample forms.)
2. Establish and maintain complete BLP files to allow monitoring of the program by State and/or County staff or auditors.
3. Maintain confidentiality of all applicant files.

MICROENTERPRISE TECHNICAL ASSISTANCE PROGRAM (TAP) SERVICES

The Contractor shall provide the services described in the program guidelines (Attachment A). A summary of the Contractor's role is described below. Activities, unless otherwise specified, are ongoing throughout the contract period. All meetings with potential applicants, County staff, potential lenders, etc. shall take place in El Dorado County, unless otherwise specified by County.

A. TAP Program Development and Delivery.

1. Within 30 days from execution of contract, develop and present to County a Technical Assistance and Training Program for Microenterprises in accordance with TAP Guidelines. (See Attachment A, Microenterprise Technical Assistance Program Guidelines, page 185.)
2. Screen applicants to ascertain eligibility according to program criteria.
3. Deliver technical assistance/training workshops, one-on-one technical assistance (when needed) and business support, according to program submitted to and approved by County, to a minimum of 15 eligible participants in a minimum of two complete training cycles. Of the 15 participants, a minimum of seven (7) should graduate from the program. County facilities may be available at no charge for Contractor's use in conducting training workshops, subject to scheduling availability.

4. Coordinate with in-kind contributors for delivery of services.

B. TAP Reporting and Administration.

1. Using County-approved forms, provide monthly reports of TAP activities and outcomes to include outreach activities, number of applicants contacted, applicants screened, telephone call logs, technical assistance delivered and program graduates. (See Attachment B for sample form.)
2. Establish and maintain complete TAP files to allow monitoring of the program by State and/or County staff or auditors.
3. Maintain confidentiality of all applicant files.

MICROENTERPRISE LOAN PROGRAM (MLP)

The Contractor shall provide the services described in the program guidelines (Attachment A). A summary of the Contractor's role is described below. Activities, unless otherwise specified, are ongoing throughout the contract period. All meetings with potential applicants, County staff, potential lenders, etc. shall take place in El Dorado County, unless otherwise specified by County.

A. Loan Packaging and Processing.

1. Screen applicants to verify that MLP criteria are met. (See Attachment A, Microenterprise Loan Program Guidelines, page 191.)
2. Refer candidates who are not eligible to other potential lending sources.
3. Send MLP information and application materials to applicants, as requested.
4. Meet with potential lenders to market the program.
5. Assist qualified applicants in completing application forms and gathering supporting documentation.
6. Prepare loan package and submit to the County Loan Advisory Board (LAB) and program staff.
7. Participate in the LAB review.
8. When an applicant chooses to appeal a decision by the LAB, assist applicant with the appeal process.
9. Once loan is approved, assist County staff with loan processing and closing.
10. Coordinate with in-kind contributors for delivery of services.

B. MLP Reporting and Administration.

1. Using County-approved forms, provide monthly reports of MLP activities and outcomes to include outreach activities, number of applicants contacted, applicants screened, telephone call logs, loan packets sent and received, loan packages submitted to the LAB and loans closed. (See Attachment B for sample form.)
2. Establish and maintain complete MLP files to allow monitoring of the program by State and/or County staff or auditors.
3. Maintain confidentiality of all applicant files.

III. Proposal Content: Proposal responses must adhere to the requirements set forth in this section, both for content and sequence. Failure to adhere to these requirements or the inclusion of conditions, limitations or misrepresentations may be cause for rejection of the submittal. Use 8-1/2 x 11 sheets (foldouts are acceptable for charts, etc.) and font size large enough to be easily legible, but not smaller than 10 point. The original proposal and each subsequent copy must be submitted on paper, properly bound, appropriately tabbed and labeled in the following order:

- A. **Cover letter:** Provide a “cover letter” and introduction, including the name and address of the organization or individual submitting the proposal, together with the name, address, telephone and fax numbers, and e-mail address of the contact person who will be authorized to make representations for the organization, and an expression of the Proposer’s ability and desire to meet the requirements of this Request for Proposal. The letter must be signed by an individual authorized to bind the firm contractually.
- B. **Table of Contents:** This section shall include a detailed “Table of Contents” and an outline of the submittal, identified by sequential page number and by section reference number and section title as described herein.
- C. **Proposer’s Capabilities:** Describe the firm’s resources, experience and capabilities as they relate to scope of services described hereinabove. Submit in the order identified below:
1. **Executive Summary:** An executive summary should briefly describe the Proposer’s approach to the proposal and clearly indicate any options or alternatives. It should indicate any major requirements that cannot be met by the Proposer. This summary should highlight the major features of the proposal and identify relevant supporting materials. The executive summary shall not exceed three (3) pages.
 2. **Detailed Discussion:** The detailed discussion is a general, but complete, narrative of the Proposer’s assessment of the work to be performed and the ability to meet those objectives. Include a statement of Proposer’s ability to meet the minimum insurance requirements set forth in Attachment C, Sample Agreement, ARTICLE XII. The overview should clearly demonstrate the Proposer’s understanding of the performance expectations as well as how the requirements will be met. Discuss each item in Section II, Scope of Services, and describe how your firm will accomplish the desired scope. By virtue of submitting a response to this RFP, Proposer understands, acknowledges and agrees to the standard terms and conditions of Attachment A, Agreement Between County and State and Attachment C, Sample El Dorado County Agreement for Services.
 3. **Summary of Proposer’s Firm:** Submit a summary and history of your firm with the following information:
 - a. Briefly describe your firm’s history, including number of years in business, number of employees, local and overall organizational structure, and all services your firm is able to provide.
 - b. Identify if your firm is currently involved in any merger, acquisition, organization restructuring, or other internal change that may impact your services. If your firm is not involved in any form of organizational restructuring, please provide a written statement to that effect.
 - c. Discuss why the County should have confidence in your firm’s ability to perform the services.
 - d. Identify all team members, by name and title, that will be assigned to this project, and identify what each individual’s respective role or responsibility will be.
 - e. Provide your firm’s proposed service guarantees.
- D. **Cost Proposal:** The total funding available under the grant is \$300,000. The County intends to utilize an appropriate amount of the funds, approximately \$23,700, for administration, program delivery and oversight activities. Total program funding available under this contract is not to exceed the following: \$118,000 to be issued as Business Assistance Loans; \$15,930 for Business Assistance activity delivery; \$75,000 for the Microenterprise Technical Assistance Program; \$8,370 for Microenterprise Technical

Assistance program delivery; \$50,000 to be issued as Microenterprise Loans; \$6,750 for Microenterprise Loans activity delivery and \$2,250 for general administration, less any loans or activity delivery provided by County prior to contract award or during the contract term. All activity delivery costs are directly related to the loan or technical assistance and may not exceed the limits as follows: 13.5 percent of each loan issued and 11.16 percent of the actual costs incurred in providing the MTA.

To obtain more clarity regarding the overall program design and use of funds, it is strongly recommended that potential bidders review the Agreement Between County and State, the program regulations and the accompanying County Grant Application (Attachment A) to determine those activities considered eligible costs under "Activity Delivery."

Proposers shall provide a comprehensive fee schedule to include all consultant team members and shall identify any ancillary costs or expenses. The fee schedule must remain firm for the contract period. List all of the fees for every service you can provide that aren't identified in this RFP.

- E. **Insurance Requirements:** Provide a written statement of your firm's ability to comply with the insurance requirements set forth in Attachments A and C.
- F. **References:** Proposers must provide a minimum of three (3) client references, preferably of county governments, municipalities, or service districts in California or organizations with whom you currently have contracts and/or have previously had contracts for the provision of services of equal type and scope within the last five (5) years. Each reference shall include company or organization name, contact person, title, telephone number, length of business relationship and summary of services performed.
- G. **Additional Data:** (This Section shall be limited to five (5) pages.) Include any other data the Proposer deems essential to the evaluation of the qualifications and proposal statements. Where appropriate, please key data back to information contained in Sections A through F. If there is no additional data, this section will consist of the statement, "We wish to present no additional data."

IV. Proposal Submission: Proposers must submit one (1) original and seven (7) copies of their proposal, along with any addenda, in a sealed envelope or container, clearly marked "**RFP #12-918-023 – MAILROOM DO NOT OPEN,**" no later than **3:00 PM – November 28, 2011** to:

County of El Dorado
Procurement and Contracts
330 Fair Lane
Placerville, CA 95667

A Proposer may withdraw its final proposal at any time prior to the opening deadline date and time by submitting a written request for its withdrawal to the County Purchasing Agent, signed by an authorized agent of the firm. Proposers may thereafter submit a new or modified proposal prior to the opening deadline date and time. Partial modifications offered in any manner, oral or written, will not be considered.

Proposers submitting less than the required number of copies of their proposal will be rejected and considered "non-responsive." Proposals received beyond the opening deadline will not be considered, and will be returned unopened.

For questions regarding the Request for Proposal process, contact Bonnie H. Rich, Sr. Department Analyst, at (530) 621-5940 or by email at: bonnie.rich@edcgov.us.

V. Proposers' Questions: Questions regarding this RFP must be submitted in writing to the Procurement and Contracts Office and must be received no later than 5:00 PM – on November 11, 2011. All envelopes or containers must be clearly labeled "**RFP #12-918-023, QUESTION**" for convenience purposes. Envelopes or containers not clearly labeled may be overlooked and not responded to. Questions will not be accepted by telephone, facsimile (fax), electronically, or orally. The County reserves the right to decline a response to any question if, in the County's assessment, the information cannot be obtained and shared with all potential organizations in a timely manner. A summary of the questions submitted, including responses deemed relevant and appropriate by the County, will be distributed via U.S. Mail to all interested parties. Responses to written questions will be posted on the Procurement and Contracts website on or about November 15, 2011.

All inquiries shall be submitted by U.S. Mail to:
County of El Dorado
Procurement and Contracts
330 Fair Lane
Placerville, California 95667
RFP #12-918-023 Question

Proposers are cautioned that they are not to rely upon any oral statements that they may have obtained. Proposers shall direct all inquiries to the County Purchasing Agent and shall not contact the requesting department directly regarding any matter related to the Request for Proposal.

VI. Standard Terms and Conditions. By virtue of submitting a response to this RFP, Proposer understands, acknowledges and agrees to the standard terms and conditions of Attachment A (along with its attachments), Agreement Between County and State, and Attachment C, Sample El Dorado County Agreement for Services.

VII. Public Records Act: All proposals shall become public information at the conclusion of the selection process, with the exception of those portions of a proposal that are identified at the time of submittal by the Proposer as trade secrets and/or which are deemed by the County as not being public documents that must be disclosed under the Public Records Act, or other appropriate statutes and regulations. Pricing and service elements of the successful proposal will not be considered proprietary information. Proprietary information shall be submitted in a separate sealed envelope clearly labeled as proprietary with the RFP number on the outside of the envelope. All materials submitted in response to this Request for Proposal shall become the property of the County and will not be returned unless submitted late and returned unopened.

VIII. Valid Offer: Proposals shall remain valid for 120 days from the due date. The County reserves the right to negotiate with the successful Proposer any additional terms or conditions not contained in their proposal which are in the best interest of the County or to otherwise revise the scope of this RFP. This RFP does not constitute a contract nor an offer of employment. The cost of preparation of proposals shall be the obligation of the Proposer. All proposals, whether accepted or rejected, shall become the property of the County and will not be returned. Unnecessarily elaborate responses, enclosures and specialized binding are not desired, and may be construed as an indication of Proposer's lack of cost consciousness.

IX. County's Rights: The County reserves the right to:

- Request clarification of any submitted information
- Waive any informalities or irregularities in any qualification statement
- Not enter into any agreement
- Not select any consultant
- Cancel this process at any time
- Amend this process at any time
- Award more than one contract if it is in the best interest of the County
- Interview consultants prior to award
- Request additional information during an interview

X. El Dorado County Web Site Requirements: Proposers downloading Bids or RFP's from the County's web site are responsible for checking the internet up to the bid due date for any Addenda issued. Printed copies of Bids, RFP's and Addenda are only mailed to bidders on the County's Master Bidders list. Addenda issued are required to be acknowledged and returned by participating bidders in order to be considered further in the evaluation process. Those bidders not acknowledging and returning Addenda will not be considered and will be rejected as "non-responsive."

XI. Evaluation: Proposals shall be evaluated by a team composed of County personnel representing the Human Services and Development Services Department on the basis of:

A. Technical Qualifications 50%

1. Years of successful experience in developing programs and providing training to entrepreneurs and potential entrepreneurs
2. Years of successful experience in financial planning
3. Years of successful experience in business plan preparation
4. Years of successful experience in developing marketing plans, marketing analysis and strategy
5. Years of successful experience in preparing business loan/funding applications
6. Years of successful experience in packaging and closing business loans

B. Consultation Profile 25%

1. Ability to dedicate staff
2. Education background of firm/staff

C. References 5%

D. Fee Schedule 5%

E. Proposal Content 15 %

1. Compliance with Administrative Requirements
2. Thoroughness

Failure to comply with any of the requirements contained herein may result in disqualification. It is the responsibility of all Proposers to read ALL sections of this RFP prior to submitting a response.

XII. Award: Award shall be recommended to the Proposer whose proposal best meets the needs of the County. The County reserves the right to reject any or all proposals, and to solicit additional proposals if deemed in the best interest of the County to do so. The decision of the County Board of Supervisors shall be final in making such determination. The successful Proposer will receive written notification of the award, along with instructions for finalizing the agreement documents. Receipt of the fully executed agreement will serve as Proposer's notice to proceed with services.

XIII. Business License Requirements: It is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of El Dorado County without possessing a County business license unless exempt under County Code Section 5.08.070. Contact the Tax Collector's Office at 360 Fair Lane, Placerville, CA 95667, or phone (530) 621-5800, for further information. El Dorado County is an equal opportunity employer (EOE). Minorities, females, and handicapped are encouraged to participate (M/F/H).

Your participation in the RFP process is important to El Dorado County!

(the remainder of this page is intentionally left blank)

STATEMENT OF NO RESPONSE

If Vendor is not submitting a response to this BID, RFP, RFI, RFQ, etc, please complete and return this form to: El Dorado County Procurement and Contracts, 330 Fair Lane, Placerville, CA 95667, or fax to (530) 295-2537. Failure to respond to a BID, RFP, RFI, RFQ, etc, or submit a 'Statement of No Response' three (3) times in succession will result in removal from the County's bidders list.

Board of Supervisors Procurement Policy C17, Section 8.2:

Removal of a vendor from the bidders list may be for:

- (a) Failure to respond to more than three (3) consecutive formal invitations to bid; or*
- (b) Failure to respond responsibly to more than three (3) notices to bid; or*
- (c) Failure to perform after an award of a bid; or*
- (d) Other reasons that show the bidder to be a non-responsive or non-responsible bidder.*

The Purchasing Agent must review and approve the removal of a vendor from the bidders list. The Purchasing Agent shall notify the vendor in writing that said vendor has been removed from the bidders list. Vendors removed from the bidders list shall have an opportunity to request reinstatement at any time, and may submit a bid notwithstanding they have been removed from the list. The request for reinstatement must be submitted to the Purchasing Agent on such forms as provided by the Purchasing Agent

Invitation # (BID, RFP, RFI, RFQ, etc.): _____

Name of Firm: _____

Address: _____

Signature: _____

Telephone Number: _____ Date: _____

The above has declined to submit a bid response for the following reason(s) (please check all that apply):

- We do not offer this commodity and/or service or an equivalent.
- Insufficient time to respond to the RFP.
- Our schedule would not permit us to perform.

Remarks:

**EL DORADO COUNTY
BUSINESS LOAN PROGRAM GUIDELINES**

I. PURPOSE:

The County of El Dorado Business Loan Program (BLP) is designed to provide the critical and necessary capital needs for business and real estate projects within the County. The BLP will be capitalized with funds from the State of California Community Development Block Grant (CDBG) Program. The intent of the BLP is to provide appropriate assistance to businesses and real estate development projects, which in turn will create and/or retain jobs, along with increasing the commercial and industrial base of the community.

The Business Loan Program provides loans, in which repayments are “revolved” or “recycled” to be loaned again in the same program. Therefore, the initial funds that capitalize the program will be used again to create additional jobs, assist more businesses and projects, and provide significant benefits beyond the Business Loan Program’s initial loans.

The Business Loan Program will assist businesses and projects that start-up, expand, and/or locate within the unincorporated areas of the County. The Business Loan Program proceeds can be used to finance:

- Working Capital/Lines of Credit,
- Inventory Purchase,
- Equipment Acquisition,
- Real Property Acquisition, Construction, Rehabilitation; and
- Furniture/Fixtures.

II. POLICY:

The following elements are critical in the selection of loans for the BLP:

- That the terms and conditions of the Business Loan Program are appropriate;
- That a sufficient number of jobs will be created or retained in accordance with CDBG requirements;
- At least 51% of the jobs created and/or retained must be from the Target Income Group (TIG). The TIG is a low/moderate income person whose household income does not exceed 80% of County median household income, adjusted by family size. In order to meet the criterion for created and/or retained jobs, the employees must be from the TIG at the time they are hired or retained. For job retention projects, income self-certification will be conducted on all employees prior to the approval of the loan. For job creation projects, all of the TIG employees will complete income self-certification; and
- The loan meets the Business Loan Programs underwriting requirements.

Eligible applicants include ongoing and start-up private, for profit business concerns, corporations, partnerships, sole proprietorships and cooperatives that are incorporated and licensed, and are located in or locating to the County. The project to be financed with the Business Loan Program must be within the unincorporated area of the County.

The project must be commercial or industrial. Business Loan Program funds can be used for construction and permanent financing, working capital, inventory equipment, real property acquisition, construction and rehabilitation.

III. SOURCE OF FUNDING

The source of funding for the Business Loan Program is the State of California Community Development Block Grant Enterprise Fund Component Program. Loans are not from the El Dorado County General Fund.

IV. DESCRIPTION OF FUNDING

4.1 Guidelines:

Loans will range from a minimum of \$5,000 to a maximum of \$100,000. Although all loans must be reviewed by HCD/CDBG prior to final approval, loans above \$250,000 will require additional approval by the State Department of Housing and Community Development's (HCD) loan committee.

- **Leveraging:** The Program's overall goal is to leverage a realistic pledge of dollars from equity and/or debt for every one Program dollar loaned. On a case-by-case basis this leverage requirement may be waived. A private dollar can be either debt financing or owner equity. Owner equity can be cash and/or land. The land is counted only for construction projects. Expenditures made by the loan applicant prior to the Business Loan Program loan award are not counted unless made as part of the submittal, and made within 60 days of the Business Loan Program loan submittal, related to and in anticipation of such submittal. **A minimum of 10% of the total project funding must be from owner equity.**
- **Loan Terms:** Up to ten years, depending on the asset being financed, and the demonstrated need for the Business Loan Program funds. The length of loan shall not exceed the economical life of the equipment/asset being financed.
- **Loan Fee:** A loan fee of up to 1.5% may be charged to the borrower.
- **Prepayment Penalty:** None
- **Deferral of Payments:** On a case-by-case basis, determined based on the financial gap.
- **Job Creation and/or Retention:** One full time equivalent job (1,750 hours annually) per \$35,000 loaned shall be achieved for each loan. Two permanent part-time jobs (at least 875 annually) can be aggregated to count as one full time equivalent job. For loans meeting the national objective of principally benefiting the Targeted Income Group (TIG), at least 51% of the jobs created/retained shall be held by TIG persons.
- **Collateral Requirements:** All Business Loan Program loans shall be fully secured by collateral in order to maintain the Business Loan Program. No unsecured loans shall be made. Types of collateral may include liens on real property; deeds of trust; liens on machinery, equipment or other fixtures; lease assignments; personal and/or corporate guarantees; and other collateral, as appropriate.

4.2 General Administrative Features:

The Business Loan Program will comply with all CDBG requirements, including, but not limited to:

- Confidentiality of Client Financial Information, as allowed by law;
- Equal Opportunity/Affirmative Action Policy;
- Attorney review all contracts and legal forms;
- Monitoring and Reporting Forms;
- Collection and Foreclosure Policy;
- Labor standards (where applicable);
- Clearing CDBG special conditions;
- Relocation assistance (where applicable);
- Section 3 requirements;

- Fair Housing requirements;
- Environmental reviews; and
- The County staff will be responsible for overall project marketing, loan evaluation, loan packaging, and monitoring.

4.3 Project Evaluation Criteria

The following evaluation criteria will be adhered to during the course of the Business Loan Program:

- The number of jobs created and/or retained and the percentage benefiting members of the targeted income group;
- The amount of private dollars leveraging BLP funds;
- The financial viability of the proposed enterprise; and
- The demonstrated need for the funds.

4.4 General Credit Requirements

Loan Applicant must be:

- Be of good character;
- Show ability to operate a business successfully;
- Have enough borrowing ability or equity to operate, with the loan, on a sound financial basis;
- Show the proposed loan is of sound value or reasonably secure to assure repayment; and
- Show that the past earnings record and future prospects of the firm indicate ability to repay the loan and other fixed debt, if any, out of the profits.

4.5 Loan Packaging

The County staff will be responsible for the loan packaging activities, including review of all proposals presented to the Loan Advisory Board (LAB).

4.6 Loan Advisory Board

The Loan Advisory Board (LAB) shall be responsible for reviewing funding proposals and making recommendations to County staff. The El Dorado County Housing, Community and Economic Development Agency will decide the terms and conditions of loan agreements. The LAB shall be comprised of:

- One representative of County staff; and
- One Certified Public Accountant;
- Two representatives of a El Dorado County lending institution; and
- Two representatives of the business community appointed by the County.

All projects meeting the established criteria shall be brought before the LAB. HCD/CDBG will make the final loan determination after County LAB approval.

4.7 Length of Review Process

On average, the BLP review process takes six to eight weeks from submittal of a complete loan application through LAB review. Loan funds can be disbursed two to three weeks after signing the BLP documents, depending on the financing. All loans must be approved in advance by HCD. Additional commitments can be made prior to final approval from another funding source. Every effort will be made to facilitate the process to coincide with the other funding source and the project's requirements.

4.8 Linking Jobs with Long-Term Unemployed

County staff will work closely with the local One Stop Center to support the Workforce Investment Act (WIA) programs and services that provide assistance to the unemployed and low and moderate-income persons. Early and consistent involvement with each loan applicant will be an integral policy of the BLP.

V. ELIGIBILITY

5.1 Eligible Applicants

Eligible applicants include ongoing and start-up private, for profit business concerns, corporations, partnerships, sole proprietorships and cooperatives that are incorporated and licensed, and are located in or locating to the County. The project to be financed with the BLP must be within the unincorporated area of the County.

5.1.1 Conflict of Interest

When the County's program contains Federal funds, the following shall be addressed: in accordance with title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. This ineligibility shall continue for one year after an individual's relationship with the County ends. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.

5.2 Eligible Uses

The project must be commercial or industrial. BLP funds can be used for construction and permanent financing, working capital, inventory, equipment, real property acquisition, construction and rehabilitation.

5.3 Ineligible Uses

Projects must be located in the unincorporated part of El Dorado County. Projects cannot be residential in nature. Projects must have reasonable assurance of repayment. Projects are not eligible if they create a conflict of interest pursuant to California Government Code S87100 et seq for any current County employee or Loan Advisory Board (LAB) member. Projects must create or retain jobs, primarily for the Targeted Income Group, and must leverage private or equity funds.

5.4 Eligible Projects

Project eligibility is based on the project satisfying the CDBG Program's national objective of principally benefiting targeted income group persons through job creation and/or retention, or aid in the elimination of slums or blight or meet a community development need having a particular urgency. Additionally, the eligibility of a project is dependent on the appropriate determination being made to justify the provision and extent of CDBG assistance.

5.5 Eligible Costs

- Land costs, including engineering, legal, grading, testing, site, mapping and related costs associated with the acquisition and preparation of land.
- Building costs, including real estate, engineering, architectural, legal and related costs associated with acquisition, construction and rehabilitation of buildings including leasehold improvements.
- Working capital, inventory, furniture, fixtures, machinery and equipment.

5.6 Ineligible Costs for CDBG Loans

- Costs incurred prior to CDBG grant execution, submittal of the loan application, and environmental review requirements, except for private leverage as specified in Section 4.1.
- Costs other than those listed as eligible in Section 5.5.

VI. ROLE OF THE COUNTY

6.1 Role of the County Staff

County staff will, as required will:

- Publicize and market the BLP;
- Screen all applicants for loans;
- Meet with potential lenders;
- Perform site visits, as appropriate;
- Refer candidate that are not eligible, do not meet the BLP criteria or need technical assistance to the Small Business Development Center;
- Obtain from candidates preliminary information and an application, along with accompanying financial information;
- Prepare packages, along with recommendation to LAB;
- Perform any appeal process;
- Provide expenditure reports and other miscellaneous information to County to operate the BLP;
- Assist the County in any implementation process of the BLP (clearing special conditions, environmental review, etc.).
- If approved, assist with loan processing and closing; and
- Once closed, monitor the loan, maintain the loan records, and monitor compliance with job objectives.

The County of El Dorado staff is responsible to:

- Provide the overall oversight and liaison among the County Staff, loan applicants, recipients, lenders, and other interested parties;
- Prepare all reports, financial information and performance reports as required by CDBG on each loan during the term of the loan;
- Serve as the contact for the State Department of Housing and Community Development for the BLP;
- Meet with each BLP applicant at the application conference (prior to submission of application to LAB) to review application and ensure the applicant understands all requirements and obligations of the BLP;
- Perform any special conditions clearances required by CDBG;
- Review the standard loan documents (in conjunction with County Legal);
- Amend and submit for approval the BLP guidelines and reuse plan as needed;
- Meet with lenders as appropriate;
- Make the final decisions to foreclose and declare defaults (in consultation with legal counsel, based upon recommendations of staff);
- Monitor on-going operations of the loan recipient;
- Monitor compliance with BLP requirements;

- Attend HCD/CDBG training as appropriate; and
- Assist other County departments as required to implement loan application (Planning/Building, DOTS, etc.).

6.2 Role of the Loan Collection Agent

The County will conduct the duties of loan collection agent. The duties will include the following:

- Loan servicing and accounting;
- Provide monthly receipts of loan payments;
- Provide quarterly statements on each loan;
- In concurrence with the County's legal counsel, undertake loan collections, including asset liquidation; and
- Obtain credit reports on all loan applicants.

VII. LOAN SELECTION AND APPROVAL PROCESS

7.1 (A) Marketing

The marketing of the BLP will be accomplished by a variety of means. There will be media coverage, marketing brochures, and joint marketing through County Staff's existing loan packaging and financial services. Local lenders will recommend clients and projects, when appropriate. The Small Business Development Center, local Realtors, and business associations will also refer potential applicants. The County staff will also use existing business and community networks to market the BLP.

7.1 (B) Procedure

Once a potential project has been identified, the County staff will conduct a preliminary review for eligibility with the BLP criteria. If another lending source is more appropriate, or the project does not meet the BLP criteria, the County staff will refer the prospective borrower to another organization for assistance and technical assistance. This will include referrals to the Greater Sacramento Small Business Development Center, the SCORE program, and financial institutions. As a condition of the loan, the County staff or LAB may require that applicants receive pre-loan and/or post-loan counseling.

County staff may require applicants who have received loans to undertake business counseling if it appears that the applicant's financial position is declining and the BLP loan may become delinquent.

If the project appears to meet the criteria, the applicant will be asked to submit preliminary information. Preparation and submission by an applicant of preliminary information and supporting documents include, but are not limited to:

- Business and personal tax returns for the last three years or since commencement of operations (whichever is less);
- Business financial statements (balance sheet and income statement) for current year and prior three years;
- Current personal financial statement;
- Credit history; and
- A proposed project summary.

Start-up businesses must submit pro-forma financial statements for the first three years. Real estate projects must submit pro form projections for the first five years, and pre-leasing information.

The County staff will review the preliminary information. If the project is viable, a draft loan analysis will be prepared. If the decision is to decline the request, the County staff

will provide the applicant with a written explanation of the denial. If appropriate, referrals to other organizations will be made.

If the review is positive, the applicant will be invited to an application conference with County staff and to submit a formal application to County staff, which will be presented to the LAB for their recommendation. At the application conference, the County staff will review with the applicant the formal BLP checklist and required information, forms and financial schedules deemed necessary by County staff to complete the loan package. County staff will determine project needs/conformance with local requirements, including the necessary environmental review for the project.

The applicant, in conjunction with the County staff will develop the employment agreement.

Upon completion of the necessary information, the County staff will present applications to the LAB. The presentation will include a completed BLP Project Evaluation form. If the private funds are from equity, then the commitment letter must be from the applicant. The County staff presentation will include a recommendation. This recommendation will include the proposed terms and conditions, based upon the identified "financial gap" and the appropriate analysis undertaken by County staff, along with a checklist insuring that the loan meets the BLP guidelines and criteria.

The LAB will decide to recommend approval or to decline the loan request. If loan request is declined, the applicant will be informed in writing by County staff as to the reason. If recommended, the LAB's recommendation may be based on the terms and conditions proposed by County staff, or the LAB can recommend alternative terms and conditions. The LAB recommendation is to be presented to the County staff. Prior to final County approval, County staff will review the loan package for completeness and regulatory compliance, as well as final review for compliance with BLP guidelines and criteria.

When the County approves or denies the loan request, the applicant will be notified in writing. If denied, the reasons for denial will be included. The County staff approval shall include a certification statement that, based on his/her review of the staff report and LAB recommendation, the County finds that the CDBG loan is appropriate and that the assistance is commensurate with both the needs of the borrower and level of benefit to TIG persons in addition to other public benefits stemming from the project.

7.1 (C) Loan Closing

Upon approval by County LAB, the County Staff will complete the special conditions (including the environmental review). Once approved by HCD/CDBG the Borrower will sign all the necessary documents and agreements. County staff will request a draw down of funds from the State Department of Housing, Community and Economic Development (the timing of the request may vary depending on the project). The County staff will prepare the loan closing documents, prepare title and lien searches, and UCC-1 filings, if appropriate (the sample pre-closing checklist and escrow instructions attached will be developed and used for each loan closing). County legal counsel will review all agreements and documents, as necessary.

The County staff will undertake loan closing. At the time of closing, the Borrower will be provided with a checklist outlining their obligations under the BLP. At closing, or another specified time, funds will be disbursed to the Borrower.

The County staff will complete any remaining legal, regulatory or other items. Monitoring and compliance files will be set-up at this time.

7.1 (D) Loan Monitoring

Two separate loan files will be maintained. The first is the legal file, which holds all the original loan documentation, along with the original documents. This file shall be kept in the County's fireproof vault for safekeeping. The second is a credit file, which shall contain the day-to-day administrative records of the loan.

The legal file shall include, at a minimum:

- Note;
- Loan Agreement, including Non-Financial Employment Plan;
- Mortgage;
- General Security Agreement;
- Personal Guaranty;
- Corporate Guaranty;
- Subordination Agreement;
- Life Insurance Policy and Assignment;
- Hazard Insurance Policy and Assignment;
- General Resolution;
- Certificate of Secretary;
- Opinion of Counsel; and
- Inter-creditor Agreement.

The credit file shall contain, at a minimum:

- Loan Application;
- Financial Information Associated with the Application;
- Credit Memo;
- LAB Recommendation;
- Final County Approval;
- Disbursement Records;
- Reports of Site Visits;
- Updated Financial Information Provided by Borrower; and
- Job Creation/Retention Data.

A reporting system will be established for each loan and the loan portfolio as a whole. The report should be updated at least quarterly. The County staff shall be responsible for preparation of this report. The County staff will use the report to monitor the loans and identify problems. The report will contain the following:

- **Fund Report Balance:** A monthly summary of the beginning fund balance, principal and interest recaptured during the month, disbursements made during the month and funds committed but not yet disbursed, and amount remaining in the BLP which is unencumbered. The monthly receipts from the lender on each loan will serve as the basis for this report.
- **Portfolio Summary Report:** A quarterly summary of the total loans outstanding and authorized loans. The report shall include a quarterly statement on each loan, prepared by the lender. The quarterly report shall include the last payment date and loan balance. Delinquent loans shall be identified and a summary of actions to date to collect delinquent loans shall be included.
- **Employment Report:** A quarterly report on each project detailing the jobs created/retained, and those hired that meet the Targeted Income Group.
- **Loan Loss and Delinquent File:** A list of all loans that have been classified as uncollectible and a summary of foreclosure procedures to date on the loan. Loans that are delinquent will also be listed, along with a summary of recommended steps, and steps taken to date.

- **Tickler File:** A listing of the current loan portfolio and dates for receipt of financial statements, employment information, renewal of UCC-1 filings, review date, dates for insurance renewal and other information.

In addition, the County staff will establish and maintain a loan monitoring file which will include a summary of the monitoring requirements of the State Department of Housing and Community Development. A tickler file will be part of this overall file to insure that loan and BLP monitoring is undertaken and completed.

VIII. LOAN UNDERWRITING

The loan underwriting policies of the El Dorado County Business Loan Program (BLP) are designed to insure the Program's ongoing viability, assist businesses that could not proceed without the BLP, and ensure that the BLP assistance is appropriate.

8.1 HUD Underwriting Guidelines:

The County has adopted the HUD underwriting guidelines for the BLP to determine whether a proposed CDBG subsidy is appropriate to assist with business expansion or retention. In addition, the project will be reviewed to determine that a minimum level of **public benefit** will be obtained from the expenditure of the CDBG funds in support of the project.

The objectives of the underwriting guidelines are to ensure that:

- Project costs are reasonable;
- All sources of project financing are committed;
- To the extent practicable, BLP funds are not substituted for non-Federal financial support;
- The project is financially feasible;
- To the extent practicable, the return on the owner's equity investment will not be unreasonably high;
- To the extent practicable, BLP funds are disbursed on a pro rata basis with other financing provided to the project; and
- Sufficient public benefit will be received from the expenditure of BLP funds.

8.1(A) Project Costs are Reasonable

All project costs will be reviewed for reasonableness, and to avoid providing either too much or too little BLP assistance. The amount of time and resources expended evaluating the reasonableness of a cost element shall be commensurate with its costs. In some instances, it will be necessary to obtain third-party, fair-market price quotations or a cost element. Particular attention will be documenting the cost elements in non-arms-length transactions.

Procedures:

1. Start with Sources and Uses of Funds.
2. For each Use of funds, determine if costs are reasonable.
 - a. For construction, machinery, equipment. Determine if the costs are estimated by a third-party (e.g. architect, engineer, equipment supplier, etc.). Determine if the estimates are included in the application. Determine if the contingency is adequate.
 - b. For land, determine if the price is based upon Fair Market Value. If not, determine the Fair Market Value and how was price determined. Obtain an appraisal or an opinion of Fair Market Value.

- c. For development costs (building fees, architectural/engineering costs, financing costs, franchise fees, etc.), determine if these costs are itemized and supported by contracts or other documentation.
 - d. For working capital, compare the amount of working capital to industry averages, risk, historical needs of the business and the projected need. Analyze business financial statements, projections, operating cycle and financial ratios.
3. A higher level of review will be required if there are no third party estimates.
 4. Sources of information:
 - Sources and Uses of Funds Statement;
 - Financial Statements and Projections;
 - Industry Averages (Robert Morris);
 - Third Party Costs Estimates;
 - Building Department/Public Works;
 - Realtors;
 - Appraisers;
 - Architects/Engineers;
 - Contractors;
 - Equipment Suppliers; and
 - Other similar projects.

8.1 (B) Commitment of All Sources of Project Financing

Prior to the commitment of BLP funds to the project, a review shall be conducted to determine if sufficient sources of funds have been identified and committed to the project, and the participating parties have the financial capacity to provide the funds to ascertain if the project is viable and will move ahead in a timely manner. In certain circumstances, the BLP may commit its funds in advance of final commitments from other funding sources. However, to conduct the underwriting analysis, the approximate terms and conditions of the other funding sources should be known. Final commitments from the other funding sources will be required, with substantially similar terms and conditions as used in the underwriting analysis, prior to any loan closing or disbursement of funds.

Procedures:

1. Start with Sources and Uses Form.
 - a. For all sources of funds, determine if there is evidence verifying commitment or intent to commit.
 - b. For debt sources, be in receipt of letters of intent or interest, which specify the level of commitment and terms/conditions of the loan. The proposed terms should be reflected in the business projected debt schedule and in the financial projections. Determine if actual loan packages have been submitted to lenders.
 - c. For equity sources, determine if the equity injection is verified on the business or personal financial statements. Or if an investor provides the equity, obtain evidence of the level and terms of commitment (e.g. letter of intent with accompanying financial statement verifying availability of funds).
2. Sources of information:
 - a. Sources and Uses of Funds,
 - b. Business and Personal Financial Statements, and
 - c. Letters of intent/interest form lenders, partners and investors.

8.1 (C) Avoid Substitution of CDBG Funds for Non-Federal Financial Support

The project will be reviewed to ensure that, to the extent practicable, BLP funds will not be used to substantially reduce the amount of non-federal financial support for the project to make the most efficient use of the BLP funds.

8.1 (D) Financial Feasibility of the Project

Each project will be examined to determine the financial viability of the project, and thus the reasonable assurance that the public benefit will be realized. The current and past financial statements for both the business and individuals must be analyzed, along with tax returns and projections. The assumptions behind the projections must be critically analyzed. Income and expense costs shall be evaluated and compared historically, where applicable, and compared to industry averages (using guides such as Robert Morris' Annual Financial Statements). Project costs, including both hard and soft costs, must be determined to be reasonable. Accurate project costs are vital to determining project feasibility.

As part of the financial analysis, the past, current, and projected financial data shall be analyzed to determine if the job estimates are reasonable and supportable. Labor costs shall be looked at the break-even point. In addition, labor costs shall be checked against industry averages. Variations should be explained in the loan analysis.

The terms and conditions of the BLP loan must be appropriate. In general, the interest rate shall be set at a rate where available cash flow is able to meet debt obligations, after other obligations are met, with enough cash flow remaining to operate successfully. The loan term typically is based in the asset being financed. The term should not exceed the economic life of the asset being financed. However, a longer loan amortization schedule, with the loan due at the end of the economic life may be justifiable

Each loan shall include a written explanation of the appropriate analysis that was undertaken, and the reason the terms and conditions of the loan were approved.

8.1 (E) Financial Analysis.

Historical and projected financial statements will be subject to financial analysis to determine the gap, and structure the terms and conditions of the BLP loan, as discussed above, but also to determine that the project is feasible. In addition, use prudent underwriting guidelines, demonstrating that the proposed loan is of sound value, and note how past earnings and future prospects indicate an ability to meet debt obligations out of profit.

Information that will be required to be submitted by the applicant will depend on the project, ownership structure and whether it is an ongoing or start-up business. In general, the information required is outlined in the BLP checklist in the exhibits.

The financial analysis will differ depending on whether the business is a start-up or existing business. The analysis will include for existing businesses a spread of the current and financial statements to determine trends. The pro forma statements will then be compared to these past statements. Financial ratios will be analyzed. The statements and ratios will be compared to industry averages. For start-up business the projections will be analyzed and ratios developed, and both compared to industry averages.

Ratios that will be analyzed include:

- Current Ratio: Current assets/current liabilities. This ratio is a rough indication of a firm's ability to service its current obligations. A ratio of 2:1 is considered secure.
- Quick Ratio: Cash & equivalents plus accountants & notes receivable/current liabilities. The ratio is a refinement of the current ratio. A ratio of 1:1 usually indicates ample liquidity.

- Cash Flow Coverage: Net profit & depreciation & depletion-amortization expenses/current portion of long term debt. This ratio is a measure of the ability to service long term debt.
- Another coverage ratio is: Earnings before interest and taxes/annual interest expenses. This ratio is a measure of a firm's ability to meet interest payments. A Cash Flow Coverage of 1.25 debt service shall be used as a guideline.
- Debt to Worth: Total liabilities/tangible net worth. This ratio is the relationship between debt and a businesses net worth. A lower ratio is an indication of greater long-term financial safety and greater flexibility to borrow. In general, a Debt to Worth ratio of higher than 5:1 should not be exceeded as an underwriting policy. There are exceptions when the industry average is high due to its capital intensive nature or when projections show the ratio lowering quickly.
- Collateral Coverage: The value of collateral as compared to the amount of the loan. Typical underwriting guidelines suggest that 125% of loan balance be used. However, this is highly dependent on the quality and security of the collateral. In addition, collateral requirements are a cause of "financial gaps". The BLP shall use 125% as a guideline, which shall only be lowered with specific and detailed analysis and explanation.
- Break-Even Analysis: The analysis of the project's ability to support the projected labor costs and additional debt service at its break-even point (BEP) will be analyzed to determine what proportion of the jobs can be supported at that BEP. This will serve as a worst case look at the business' prospects for success, ability to service new debt, etc.

The financial and ratio analyses must be supported by the business plan. The business plan must provide a clear understanding of the project, competition, market strategy, sales estimates, management capacity and other factors.

Lastly, to ensure project feasibility, an evaluation will be conducted of the experience and capacity of the business principals to manage the business and achieve the projections.

Procedures:

1. Perform financial underwriting analysis.
 - a. Spread historical financial statement and projections. Identify any significant differences and compare to industry averages.
 - b. Review assumptions to projections. Determine if projections are reasonable and supported by market studies, business plan, and historical trends.
 - c. Review financial ratios for project and compare to industry averages. If significantly different, determine the reasons and impact on feasibility.
 - d. Review cash flow for project. Determine if there is adequate working capital.
 - e. Determine break-even point for project, and how much the projections are above the break-even point. Determine if the public benefit will be realized at the break-even point.
2. Review the business plan, market information, historical financial statements, projections, ratio analysis, break even analysis, spreadsheet analysis, and management capacity to determine the project feasibility.
3. Sources of information:
 - a. Historical Financial Statement;
 - b. Financial Projections;
 - c. Business Plan;
 - d. Market and Industry information; and
 - e. Industry Averages.

8.1 (F) Return on Equity Investment

The return on equity investment is the amount of cash that the investor/business owner is projected to receive in relation to their initial equity. For a sole proprietor, this equates to salary plus net income. To the extent practicable, the BLP should not provide more than a reasonable return on investment to the business owner. This will help ensure that the BLP will maximize the use of BLP funds and not unduly enrich the business owner/investor. However, care shall be taken to ensure that the rate of return will not be too low, so that the business owner's motivation remains high to pursue the business with vigor.

If the project's financial returns are projected to be too low to motivate the business and/or investor to proceed with the project then risks of the project outweigh the returns. An inadequate rate of return, adjusted for industry and locational risks, is a third method to determine the gap appropriate to be funded with BLP funds. To analyze this gap, the projected return on investment must be compared to the return on investment on similar projects. If it is shown that a gap does exist, then the BLP financing rate and terms must be set at a rate that provides a return equal to the "market rate". Real estate appraisers and lenders are important sources of information on "market rate" returns.

Procedures:

1. Review projections.
 - a. Review revenues, expenses (including officer's salary/owners' draw), debt service and net operating income, and compare to historical financial information and to industry averages. Determine if these items are reasonable.
 - b. Review indicators of owners' return on equity, including officers' salary, owners' draw, and net operating income. Given the project's risk and local conditions, determine if the return on equity is reasonable compared to industry averages.
2. Review the business and personal obligations. Determine what return on equity is necessary to meet personal and business obligations.
3. If return on equity is above industry averages, adjusted for risk and local conditions, take steps to reduce the return to within a reasonable rate by restricting owners' draw/officers' salary, or adjusting the BLP loan terms.
4. If return is below average, adjust BLP subsidy to bring the rate of return closer to the industry average.
5. Sources of information:
 - a. Financial projections;
 - b. Historical financial statements;
 - c. Personal financial statements; and
 - d. Industry averages.

8.1 (G) Disbursement of BLP Funds on a Pro Rata Basis

To the extent practicable, BLP funds should be disbursed on a pro rata basis with other funding sources to avoid placing BLP funds at a greater risk than other funding sources. When it is determined that it is not practicable to disburse BLP funds on a pro rata basis, other steps shall be taken to safeguard BLP funds in the event of a default.

Procedures:

1. Review Sources and Uses of Funds. Determine when BLP funds will be expended as compared to other funds.
2. Determine other funding sources' policies towards expenditure of funds. These policies may require the use of BLP funds first. If so, may need to negotiate with other funding sources.

3. If BLP funds are to be expended first, consider actions to safeguard BLP funds (e.g. performance or completion bonds).
4. Sources of information:
 - a. Sources and Uses of Funds
 - b. Construction Contracts; and
 - c. Lender Requirements/Policies.

8.1 (H) Standards for Evaluating Public Benefit

Each project will be reviewed to determine if a minimum level of public benefit will be obtained from the expenditure of BLP funds. The minimum standards are:

- The project must lead to the creation or retention of at least one full-time equivalent (FTE) job per \$35,000 of BLP funds used; or
- The project must provide goods or services to residents of an area, such that the number of TIG persons residing the areas served by the project amounts to at least one TIG person per \$350 of BLP funds used.

Procedures:

1. Review historical financial statements.
 - a. Review historical labor costs as a percentage of revenues. Compare the percentage to projected labor costs. Determine if the two figures are consistent. If not, obtain an explanation.
 - b. Determine if the number of projected jobs is consistent with the projected increase in labor costs. Compare the labor costs percentage to industry averages.
2. Review the projections.
 - a. Determine if the assumptions used to project revenues and labor costs are reasonable. Determine if market/industry information and historical financial statements support revenues and labor costs.
3. Determine if project meets minimum public benefit requirements (one full-time equivalent job for every \$35,000 in BLP funds, or one TIG resident per \$350 in BLP funds residing in the area served by the project).
4. For infrastructure projects, determine the area of benefit; negotiate fair share contributions; develop, execute, and implement fair share agreement; and track jobs from the benefiting business(s) if the projected cost/job is less than \$10,000, or track jobs in the area of benefit if the projected cost per job is \$10,000 or more.

IX. BUSINESS LOAN PROGRAM (BLP) TASK MATRIX

TASK	COUNTY STAFF	COUNTY
Establish and Maintain Program Loan Files		X
Legal Review of Loan Documents		X
Approve BLP Guidelines		X
Prepare Fiscal/Performance Reports		X
Review Fiscal/Performance Reports		X
Monitor County Staff		X
Conduct Environmental Reviews		X
Participate in LAB Review		X
Loan Servicing and Accounting		X
Provide Monthly Receipts of Loan Payments		X
Provide Quarterly Statements on Loans		X
Implement Collections and Foreclosures		X
Approve Reuse Plan		X

TASK	COUNTY STAFF	COUNTY
Meet with Participating Lenders		X
Publicize and Market the BLP		X
Screen and Assist Loan Applicants		X
Refer Ineligible Applicants to Others		X
Request Preliminary Loan Information		X
Get Credit Report, Other Documentation		X
Prepare Loan Package and Recommendation with Appropriate Determination		X
Present Loan to LAB		X
Close Loan with Other Lenders		X
Monitor Loan and General Compliance		X
Prepare and Sign all HCD Reports		X
Prepare Cash Requests and HCD Reports		X
Clear Special Conditions		X
Site Visits to Borrowers		X
Track Jobs/Benefit (EEO)		X
Monitor Labor Standards		X
Income Screening/TIG Benefit		X
Conduct Appeal Process		X
Planning, Building & Public Works Reviews		X
Attend HCD Workshops		X
Refer for Business Counseling - SBDC		X
Provide Overall Review and Liaison Between BLP Components, County Staff, County and CDBG Program		X

X. CDBG MONITORING

10.1 Environmental Review

Once a loan is determined to be viable under the CDBG criteria, staff will work to initiate the Environmental Review process for the project specific activity. Environmental review procedures are included.

CDBG monitoring requirements will vary depending on the use of funds and the applicable federal overlays.

10.2 Public Benefit Requirements

Job Creation/TIG Benefit

See **Section 8.1 (H)** for project evaluation criteria. The El Dorado County Department of Housing, Community and Economic Development will be responsible for the Income Certification processes.

10.3 Labor Standards Requirements

CDBG loans may trigger compliance with Federal Labor standards and provisions. The following CDBG-assisted projects may be subject to the payment of Federal prevailing wage rates:

- New construction or rehabilitation
- On-site improvements in support of new construction

- Installation of equipment

When a project is determined to be subject to Federal labor standards, the County will be responsible for assigning in-house or contract staff to monitor compliance with this requirement.

10.4 Other Monitoring Requirements

Other requirements that apply to CDBG funding and may need to be monitored for compliance include:

- **Acquisition, Anti-Displacement, and Relocation.** If the County uses CDBG funds to acquire property, then it must comply with CDBG acquisition procedures. The County must minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) that may result from CDBG-funded activities. (24 CFR 570.606). If the displacement occurs, then the grantee must insure that the affected parties are provided with adequate relation assistance (24 CFR 570.606).
- **Equal Opportunity/Section 3.** The County must insure that no one is being excluded from participating in, or benefiting from, the CDBG program on the basis of race, color, religion, national origin, or sex (24 CFR 570.602). The County must have a system in place for tracking the “protected class” status of loan applicants, loan recipients, job applicants, and job recipients (24 CFR 570.607).
- **Procurement.** The County will utilize procedures in procuring services, supplies, equipment and construction contracts that maximize free and open competition and the efficient, economical use of the CDBG funds (24 CFR 85.36).
- **Contractor Eligibility and Certification.** The County will ensure that contractors are not on the federal list of ineligible contractors and that they are licensed and in good standing (24 CFR 570.609).