

NOTICE OF FUNDING AVAILABILITY (NOFA)

COUNTY OF RIVERSIDE NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Application for NSP3 funding for the activity of:
(NSP3-1) Acquisition, Rehabilitation, and
Resale to First-Time Homebuyers



Riverside County Economic Development Agency
Housing Development
3403 10th Street, Suite 500
Riverside, CA 92501

www.rivcoeda.org

NOFA Issuance Date: July 29, 2011
NOFA Application Deadline: 4:00 PM, Monday, August 15, 2011



COUNTY OF RIVERSIDE
NEIGHBORHOOD STABILIZATION PROGRAM
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NOTICE OF FUNDING AVAILABILITY

July 29, 2011

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(951) 955-3408 Mervyn Manalo

TO ALL INTERESTED AGENCIES, GROUPS, AND PERSONS:

This notice advises the public of the funding availability of Neighborhood Stabilization Program (NSP) funds allocated by formula to the County of Riverside to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon, abandoned or subjected to blighted conditions. Congress authorized three rounds of funding collectively referred to as NSP. The first round of formula funding, NSP1, was allocated under Section 2301(b) of the Housing and Economic Recovery Act of 2008 (HERA) to assist States and units of local government. The American Recovery and Reinvestment Act of 2009 provided a second round of NSP funds, NSP2, awarded by competition. On October 19, 2010, a third round of NSP funding, NSP3, was announced providing an additional allocation of funds under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Based on formula allocation by the U.S. Department of Housing and Urban Development (HUD), the County of Riverside was allocated an additional \$14,272,400 in federal NSP funds.

On July 29, 2011, the Riverside County Economic Development Agency (EDA) is inviting applications from existing NSP3 developer partners to apply for NSP3 funds for the following activities:

1. (NSP3-1) Acquisition, Rehabilitation and Resale of foreclosed or abandoned single-family homes to First-time Homebuyers. Allocation as follows:
 - a. \$1,568,100 for housing restricted to very low-income households whose income does not exceed 50 percent of the area median income.
 - b. \$4,277,060 for housing restricted to low-, moderate- and middle income households whose income does not exceed 120 percent of the area median income.

To be eligible for funding consideration, completed applications must be submitted on forms provided by and approved by EDA. Application forms must not be modified. A complete original, plus two copies, must be received by EDA. One application per developer. Application forms are available on EDA's website (www.rivcoeda.org). All applications for funding must be received by **4:00 PM, Monday, August 15, 2011**. Facsimile (fax) copies and/or emailed scanned copies will not be accepted. Applications will not be considered if submitted after the deadline. Applications must be delivered to **Mervyn Manalo, Riverside County EDA, Housing, 3403 10th Street, Suite 500, Riverside, CA 92501**. The cost of preparing any responses to this NOFA shall be borne by the applicants and will not be reimbursed by EDA. Proposals shall be the property of EDA and subject to disclosure as required by law/court order.

NOFA GUIDELINES

- 1) INTRODUCTION. The objective of the third round of the Neighborhood Stabilization Program (NSP3) is to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon, abandoned or subjected to blighted conditions. This NOFA application is for Acquisition, Rehabilitation and Resale to First-Time Homebuyers (NSP3-1). As a program requirement of NSP3, one of the main objectives is to rapidly arrest the decline of a targeted neighborhood(s) that has been negatively affected by abandoned or foreclosed properties. The first round of NSP funding (NSP1) emphasized the urgency to obligate funds quickly. Unlike NSP1, NSP3 is focused on the urgent and timely expenditure of funds. Consequently, each developer will be required to perform quickly under the Performance Schedule as provided in **Section 18** of this NOFA. The County intends to rigorously enforce the timeline set forth in the Performance Schedule.

- 2) PROGRAM REGULATIONS AND GUIDES.
 - a) Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). (<http://hudnsphelp.info/media/resources/NSP3Statute.pdf>)
 - b) Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants. Federal Register / Vol. 75, No. 201 / Tuesday, October 19, 2010 / Docket No. FR-5447-N-01. (http://hudnsphelp.info/media/resources/NSP3FederalRegisterNotice_October192010.pdf).
 - c) CDBG Regulations found at 24 CFR 570. (http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr570_04.html).
 - d) County of Riverside Substantial Amendment to the 2010-2011 One Year Action Plan. (<http://www.rivcoeda.org/CommunityDevelopmentNavOnly/NeighborhoodStabilizationProgram/tabid/1308/Default.aspx>).
 - e) HUD NSP website <http://hudnsphelp.info/index.cfm>.

- 3) PURPOSE. The Riverside County Economic Development Agency (EDA) is inviting applications from Eligible Applicants, as defined in **Section 8**, to acquire and rehabilitate foreclosed or abandoned single-family homes and resale homes to benefit low-, moderate- and middle-income ("LMMI") or very low-income ("VLI") first-time homebuyers within designated NSP3 Target Areas in the County as provided in the Substantial Amendment to the County's 2010-2011 One Year Action Plan of the 2009-2014 Five Year Consolidated Plan, as amended (see Target Area Maps attached in Appendix B).

- 4) NSP3-1 ACTIVITY ALLOCATION: An additional amount of **\$5,845,160** is allocated for the activity of NSP3-1 and apportioned as follows:
 - a) **\$1,568,100** for housing restricted to VLI households whose income does not exceed 50 percent of the area median income.
 - b) **\$4,277,060** for housing restricted to LMMI households whose income does not exceed 120 percent of the area median income.EDA reserves the right to award a lesser or greater amount than requested in which EDA deems as necessary to implement the program.

- 5) APPLICATION PACKAGING AND SUBMITTAL. Applications must be submitted on forms

provided and approved by EDA. Application forms must not be modified. A complete original, plus two copies, must be received by EDA. One application per developer. Application forms are available on EDA's website (www.rivcoeda.org). All applications for funding must be received by **4:00 PM, Monday, August 15, 2011**. Facsimile (fax) copies and/or emailed scanned copies will not be accepted. Applications will not be considered if submitted after the deadline. Applications must be delivered to **Mervyn Manalo, Riverside County EDA, Housing, 3403 10th Street, Suite 500, Riverside, CA 92501**. The cost of preparing any responses to this NOFA shall be borne by the applicants and will not be reimbursed by EDA. Proposals shall be the property of EDA and subject to disclosure as required by law/court order.

- 6) RIGHT TO REJECT PROPOSALS. EDA reserves the right, at its sole discretion, to suspend, amend, or to modify the provisions of this NOFA or to issue addenda. If such an action occurs, EDA will notify all interested parties. EDA reserves the right to reject any or all proposals, in whole or in part, to negotiate modifications of applications submitted, and to negotiate specific work elements into a project of lesser or greater magnitude than described in this application or the applicant's reply. EDA has no obligation to enter into an agreement with any party as a result of their response to this NOFA. EDA will review applications and make recommendation for funding to the County of Riverside Board of Supervisors (BOS) pending compliance with NSP3 requirements and environmental review. As the NSP3 funding is time-sensitive, EDA reserves the right to re-allocate any returned funds, un-obligated or unused funds during project implementation and set funds aside or reassign properties for performance based developers.
- 7) PROGRAM DESIGN. The following tiers relate to the conceptual design for each program activity:
- a) Tier 1. NSP3-1 assistance is focused on foreclosed or abandoned vacant single-family properties in need of **modest to substantial** rehabilitation (Tier 1) to make a positive impact in the neighborhood and thereby stabilize home values.
 - i) Individual homebuyers are not ideal for NSP3-1 assistance to purchase and rehabilitate Tier 1 type properties, but rather NSP3-3 or NSHP assistance.
 - ii) NSP3-1 funds are intended to impact neighborhoods where confidence can be built back into the neighborhoods by assisting properties that would otherwise be unattractive to prospective homebuyers.
 - iii) Homes may be purchased individually or in bulk sale, but for each property the purchase price must be discounted by a minimum of one percent (1%) below the Current Market Appraised Value.
 - b) Tier 2. NSP3-2 assistance is focused on similar Tier 1 single-family properties, but with intentions to rent the single-family home to low-income households with preferences for Special Needs Households. (Not part of this NOFA.)
 - c) Tier 3. The Neighborhood Stabilization Homeownership Program (NSHP) is focused on foreclosed vacant single-family properties in need of relatively **minor** repair to meet physical standards and provide purchase price assistance to qualified homebuyers. Individual homebuyers are likely to purchase these types of properties with NSP assistance. Homeownership opportunities are thereby recreated from the NSP activity. (Not part of this NOFA.)
 - d) Tier 4. NSP3-4 assistance is focused on the acquisition and rehabilitation of foreclosed or abandoned, blighted multi-unit properties, or construction of new

multi-family rental projects. The County intends to meet its requirement to set aside at least twenty-five percent (25%) of the NSP3 allocation to provide affordable housing to the population earning less than fifty percent (50%) area median income. (Not part of this NOFA.)

- 8) ELIGIBLE APPLICANTS. Eligible applicants must be currently existing NSP3 developer partners.
- 9) SELECTION CRITERIA. To be considered for NSP3 funding, applications must be consistent with the goals and priorities as identified in this NOFA. Each application will be reviewed and evaluated by a panel of EDA staff and scored on a scale of 100 points total. Applications will be ranked from highest to lowest in points. Starting from the highest scored application, NSP3 funds will be allocated until no funds are available. EDA reserves the right to award a lesser or greater amount than requested in which EDA deems as necessary to implement the program.

A technical review of the applications will be performed for the following criteria:

- **Organizational Capacity/Development Team – 10 pts**
 - Applicants are encouraged to propose teams of entities that can demonstrate as a group the capacity to perform all the necessary services. If the applicant is a team, EDA requires one entity to be designated as the **Lead Entity**. Non-profit organizations may partner with a for-profit organization, but the non-profit organization must be the Lead Entity. The Lead Entity must:
 - Hold title to the property between acquisition and sale;
 - Enter into an agreement with the County for program participation;
 - Enter into letters of agreement, memorandums of understanding, or similar agreements with the other entities in the team in order to provide the needed services for the program;
 - Perform all rehabilitation work pursuant to the County's requirements;
 - Receive and be responsible for all funds under the program; and
 - Take responsibility for all required compliance and reporting.
 - Developer must have designated staff and/or partners with the skills and experience appropriate to the size and complexity of the project. Developer should provide staff descriptions, backgrounds and an organizational chart.
- **Letters of Support – 5 pts**
 - Letters of support must be obtained from each respective city with NSP3 target areas inside the city's boundaries for which the developer is proposing to work.
- **Experience and Competency – 25 pts**
 - Experience working with Riverside County EDA, Redevelopment Agency for the County of Riverside or other government jurisdictions within the last 5 years to acquire, rehabilitate and resale foreclosed or abandoned vacant single-family homes to low-, moderate- and middle-income ("LMMI") first-time homebuyers and/or very low-income (50% AMI) first-time homebuyers. Developer must provide to date the total funding allocation, total funds obligated, total funds de-obligated, total funds expended, total

- net sales proceeds, total properties sold, total properties in escrow and total properties listed on the market for sale.
 - Experience and competency in the full range of activities (acquisition, rehabilitation and resale).
 - Evidence of past rehabilitation experience; list of projects and funding sources; list of references; and time frames for acquisition, rehabilitation and resale.
- **Financial Capacity – 5 pts**
 - Working capital to implement NSP3 activity. How much working capital and/or line of credit does applicant have to undertake the project?
 - Audited financial statements for the past two (2) years.
 - Disclosure of audit findings, foreclosures, or defaults.
- **Local Hiring – 5 pts**
 - The County will impose a local hiring requirement on all Developers and its contractors. Every contract or agreement with any private entity receiving NSP3 funds from the County, either as a partner in development or sub-grantee, shall include a provision requiring a local hiring requirement and imposition of Section 3 thresholds. The local area vicinity is defined as the NSP3 target area in which the developer is contracted for. All Developers shall be required to develop and submit to the County 30-days prior to construction, a **Local Hiring Schedule** that establishes the hiring process, workforce needs, and approximate timetable to be followed by the Developer and subcontractors for construction hiring to achieve the overall requirements of the local hiring requirement. The Local Hiring Schedule shall include an estimate of: number of workers including hourly pay rate or work hours required per month, per day, per trade, and total for the project. Prior to commencing work, a Letter of Assent must be signed by Developer and their subcontractors working on NSP3 funded projects. The letter states that all parties doing construction work on NSP3 funded projects have read, understands, and accept the terms of the County NSP3 local hiring requirement, and are aware that they are bound to fulfilling the requirements. Evidence will have to be provided to the County of all efforts made to adhere to this requirement. Developer must provide a Local Hiring Plan to address elements of the Local Hiring Schedule and explain how the Developer will perform outreach and meet this requirement to the maximum extent feasible. The Local Hiring Plan must include numerical goals committed to local hiring.
- **Project Budget Feasibility – 10 pts**
 - Project sources and uses of funds should be consistent, accurate, justified and well documented. Initial rehabilitation budgets for each identified property should list description of work and costs to be funded with NSP3.
- **Readiness to Proceed – 15 pts**
 - Developer must be able to obligate and expend funds timely or have unexpended funds reprogrammed or properties re-assigned as provided in **Section 18**.
 - Applications should identify eligible properties within the NSP3 target area and include initial rehabilitation budgets.

- Developer should provide a ready list of contractors to bid out work, identify where contractors are based and check contractors against the Excluded Parties List System.
 - **Marketing Capability and Sales History – 15 pts**
 - Developer must provide evidence of home sales experience within the last 2 years and the ability to market to LMMI and/or very low-income first-time homebuyers.
 - Track record and turnaround times should support experience.
 - **Leveraging other funds – 5 pts**
 - Developer should maximize NSP3 funding by leveraging other public, private equity and/or debt into the project. Proposal should explain how this would be accomplished. Documentation of other committed funds is needed.
 - **Purchase Price Discount – 5 pts**
 - Does the developer have previous success with targeting and purchasing properties with more than the minimum one percent (1%) discount from the Current Market Appraised Value? Application should include evidence of discounts. New developers must provide strong evidence that they can receive deeper discounts.
- 10) SELECTED NSP3 DEVELOPERS. Each selected developer for NSP3 (“Developer”) will be allocated a portion of available NSP3 funds, and will be given specific time periods to demonstrate their capacity to implement and perform the plan successfully. Should the Developer fail to perform, contracts will be cancelled and their funds and properties re-allocated to other Developers and/or NSP3 activities.
- 11) APPLICATION PROCESS. The application process is separated into five (5) stages as follows and is further explained in **Appendix C**:
- Stage One – Applicant and Project Identification
 - Stage Two – Acquisition Initial Notice and Offer (INO)
 - Stage Three – Acquisition Final Notice and Offer (FNO)
 - Stage Four – Rehabilitation
 - Stage Five – Resale to First-time Homebuyer
- 12) ELIGIBLE PROPERTIES. Any single-family home, condominium or town home that meets all of the following minimum criteria:
1. The property must be foreclosed upon or abandoned and bank-owned or real estate owned.
 2. If the home was occupied by bona fide tenant (any bona fide tenant occupying certain residential property without a lease or with a lease terminable at will under state law at the time of foreclosure) the initial successor of interest must have provided such bona fide tenants a minimum of 90 days’ notice to vacate. This does not apply to owner-occupied homes that are foreclosed.
 3. The home must be permanently fixed to a permanent foundation.
 4. The home must not be older than 50 years. Older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties older than 50 years must not be listed on, or eligible for listing on, the

National Register of Historic Places. All homes pre-1978 will require lead-based paint testing.

5. The home must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.
6. In-ground Pools and Spas. Single-Family homes with in-ground pools or spas are eligible for acquisition.

13) NSP3 ASSISTANCE.

- a) Form. NSP3 assistance will be in the form of zero percent (0%) interest loans.
- b) Terms. Loan Agreement for the use of NSP3 funds shall become effective upon approval by the County Board of Supervisors and continue in full force and effect for a period of twelve (12) months.
- c) Eligible Uses.
 - i) *Appraisals.* EDA will pay for appraisal costs as follows:
 1. If the property's purchase price does not meet the minimum one percent (1%) discount below the Current Market Appraised Value (CMAV), then EDA will only pay up to \$1,000 per property, a maximum \$5,000 per developer, of which will be paid by EDA. Beyond that amount, the Developer must pay for the cost of subsequent appraisals.
 2. If the property's purchase price does meet or exceed the minimum one percent (1%) discount below CMAV, then the cost of appraisal will be paid from the closing costs budget for the project.
 - ii) *Preliminary title reports.*
 - iii) *Acquisition costs.* Earnest money deposits may only be reimbursed if the acquisition occurs.
 - iv) *Rehabilitation costs.* Includes alteration, energy efficiency improvements or modification of an existing structure.
 - v) *Demolition.* Demolition costs cannot exceed 10% of total project costs. Blighted structures only, as defined in **Appendix D**, subject to environmental review and Redevelopment Plan.
 - vi) *Customary closing costs.* Costs such as title binders and insurance, and recordation fees.
 - vii) *Homebuyer education.*
 - viii) *Reasonable Developer Fee and Real Estate Commission.* The developer's fee cannot exceed 10% of total project costs. EDA will allow for real estate commissions up to 3% of the resale price for each Assisted Unit. The Real Estate Commission fee will not be calculated as part of the total project cost in determining the developer's fee. The developer's fee will be disbursed according to the following schedule: fifty percent (50%) upon completion of rehabilitation of Assisted Units and fifty percent (50%) upon sale of the last Assisted Unit. If Developer cannot sell the home in accordance to the Performance Schedule, Developer will not be entitled to draw the remaining 50% developer fee. Any unexpended funds will be reallocated back to EDA and Developer will be required to re-assign ownership of unsold homes back to EDA.

- ix) *Carrying cost and project delivery costs.* Costs must be directly attributable to a specific address.
 - d) Ineligible Uses.
 - i) Generally, if an activity is ineligible under CDBG, then it is ineligible under NSP.
 - ii) Administration and Operating costs.
 - iii) Foreclosure prevention.
 - e) Distribution of Funds.
 - i) Acquisition. Disbursement of NSP funds for the acquisition of properties shall occur upon the satisfactory receipt of signed Request for Reimbursement (RFR) forms and supporting documentation. Prior to closing of escrow, Developer must provide: preliminary title report, project budget for subject property, summary of rehabilitation costs, estimated closing cost statements, letter summarizing NSP funds expenditure, signed Deed of Trust and Promissory Note. Any disbursement of NSP funds is expressly conditioned upon the satisfaction of conditions set forth in the NSP Loan Agreement.
 - ii) Rehabilitation. Subsequent to acquisition of the properties, County will pay the remaining balance of the Deed of Trust towards rehabilitation and disposition costs on a "cost-as-incurred" basis for all eligible approved costs under a schedule set forth in **Section 18**.
 - f) Affordability Period. Homes shall be affordable for a minimum of fifteen (15) years from the transfer of title to first-time homebuyer. Mortgages and deed restrictions will be recorded against the property and become part of the public record.
 - g) Program Income or Net Sales Proceeds. Program Income is derived from Net Sales Proceeds which is calculated as the total proceeds from the sale of the property to first-time homebuyer, minus transaction costs, fees and purchase price assistance. Net Sale Proceeds returned to EDA will be treated as Program Income and will be disbursed on the basis of eligibility and performance to fund additional NSP activities.
- 14) TARGET AREAS. NSP3 will be offered in NSP3 Target Areas of Riverside County that have been identified to have the greatest need as listed in the County's Substantial Amendment to the 2010-2011 One Year Action Plan of the County's 2009-2014 Consolidated Plan. **Note: Not all areas inside city boundaries and unincorporated areas of the County are NSP3 Target Areas. Although overlapping occurs with NSP1 Target Areas, NSP3 funds can only be expended within NSP3 Target Areas and NSP1 Target Areas can only be expended within NSP1 Target Areas. Please check and download the NSP3 Target Areas Map listed in Appendix B of the Substantial Amendment to the 2010-2011 One Year Action Plan from the EDA website (www.rivcoeda.org).**
- 15) MAXIMUM PURCHASE PRICE. The maximum property purchase price shall be established by an appraisal prepared according to 49 CFR Part 24. The purchase price limit cannot exceed \$292,686 which is below the standard of 24 CFR 92.254.
- 16) APPRAISALS. All foreclosed homes participating in this program must meet or exceed the minimum one percent (1%) discount below the **Current Market Appraised Value (CMAV)**. The CMAV is the value of a foreclosed upon home that is established through an appraisal made in conformity with appraisal requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing

regulations at 49 CFR 24.103 and completed within sixty (60) days prior to a final offer made for the property.

- a) Appraisal Costs. EDA will pay for appraisal costs pursuant to **Section 13(c)(i)** of this NOFA.
 - b) Initial Notice and Offer (INO). Upon receipt of a completed and signed INO form for each property in consideration, as provided in **Appendix E**, EDA will conduct an appraisal of the property through an independent fee contract appraiser. The appraiser contracted by EDA must be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the INO form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.
 - c) Final Notice and Offer (FNO). The final purchase price must be at least one percent (1%) below the CMAV. Properties may be purchased in bulk, but the minimum one percent (1%) discount applies to each property, and not an overall discount.
 - i) If the Initial Offer does meet or exceed the minimum one percent (1%) discount, then the Seller and Developer (“Buyer”) will be required to submit a FNO form, as provided in **Appendix E**, and the Initial Offer will be considered as the Final Offer. The FNO form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial to acquire property and require a new appraisal report.
 - ii) If the Initial Offer does not meet the minimum one percent (1%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum one percent (1%) discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, then the Buyer will be denied and the cost of the appraisal will be absorbed by EDA pursuant to **Section 13(c)(i)** of this NOFA.
- 17) PURCHASE PRICE REQUIREMENTS. Any purchase of a foreclosed home shall be at a discount from the CMAV, taking into account its current condition, and such discount shall ensure that homebuyers are paying below-market value for the home. The purchase price of the home must be at least one percent (1%) below the CMAV of the home and no more than the Maximum Purchase Price as defined in **Section 15**. Properties may be purchased in bulk, but the minimum one percent (1%) discount applies to each property, and not an overall discount. The signed FNO must be received by EDA within sixty (60) days of the completed EDA appraisal or the acquisition will be denied.
- 18) PERFORMANCE SCHEDULE. Developers must be able to obligate and expend funds on schedule or risk having funds reprogrammed. NSP3 funding is time-sensitive, so EDA reserves the right to re-allocate any returned funds, unobligated or unused funds during the project and set NSP3 funds aside for performing developers. The performance schedule is as follows:
- Acquire properties and obligate 100% of the total allocated funds and expend/drawdown 50% or more of the total allocated funds within **four (4) months** from the date of the approved agreement.
 - Complete rehabilitation of properties and expend/drawdown 75% or more of allocated funds within **seven (7) months** from the date of the approved agreement.
 - Complete resale of properties and expend/drawdown 100% or more of allocated funds within **ten (10) months** from the date of the approved agreement.

Unused funds for acquisition of properties will be subject to recapture, reprogrammed and reallocated to another NSP3 project or NSP3 activity. In the event Developer fails to comply with Performance Schedule, upon County's request, Developer shall grant its ownership interest in the Assisted Units to County or its designee.

19) REHABILITATION STANDARDS.

- a. Substantial rehab or gut rehab (as defined by HUD) of single-family residential structures being funded using NSP3 assistance must, at project completion, meet all applicable regulations in accordance with Minimum Standard Riverside County Codes (<http://www.tlma.co.riverside.ca.us/building/>) as well as all locally adopted codes.
- b. The County will also adopt the HUD defined Housing Quality Standards (HQS) as its standard for all NSP3 projects requiring different levels of rehabilitation. NSP3 recipients will be required to adhere to the strictest housing rehabilitation standards mentioned above.
- c. When rehabilitating NSP3 properties the County will require to the extent feasible the replacement of older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, and dishwashers) with Energy Star labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
- d. All requirements of 24 CFR Part 35 as related to lead-based paint shall apply to NSP3 activities.

Green Rehabilitation Standard. In addition to the above housing rehabilitation standards, the County is also adopting green standard elements that all Developers must follow to the maximum extent feasible. For substantial rehab or gut rehab of residential properties up to three stories, the County of Riverside will adopt the standard for Energy Star Qualified New Homes (For more info, http://www.energystar.gov/index.cfm?c=new_homes.nh_features). An independent inspection by a certified Home Energy Rating System (HERS) rater must provide a CHEERS Energy star rating report, a Title 24 CF-1R, and/or an affidavit from an energy consultant stating that it meets the requirements.

20) COMPLIANCE WITH LAWS AND REGULATIONS. Developers must adhere to and comply with all federal, state and local laws, regulations and ordinances. In particular, Developers must comply with the following as they may be applicable to NSP3:

- a) NSP3 regulations as set forth under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), as it now exists and may hereafter be amended.
- b) Other Federal requirements and non-discrimination. As set forth in 24 CFR part 5, sub part A, Developer is required to include the following requirements: non-discrimination and equal opportunity; disclosure; debarred, suspended, or ineligible contractors listed in the ; and drug-free workplace.
- c) Environmental Review. All potential NSP3 properties will be subject to an Environmental Review by EDA, prior to acquisition, demolition, rehabilitation or new construction. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. The Applicant is required to address environmental conditions for each property and satisfy NEPA requirements. All Developers will be required to submit

specific information for each property to be acquired in order for Environmental Review to be conducted. Projects are required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

- d) Displacement, Relocation, and Acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.
- e) Labor Standards. CDBG requires every contract for the rehabilitation of housing that includes eight (8) or more units assisted with NSP3 funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. Applicability of Davis-Bacon Act wages may or may not be triggered by the activity of NSP3-1, but could be triggered if the home is a condominium, town home or belongs to a homeowners' association (HOA).
- f) Lead-based Paint. Housing assisted with NSP3 funds is subject to the lead-based paint requirements of 24 CFR Part 35, subparts A, B, J, K, and R, issued pursuant to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, *et seq.*).
- g) Conflict of Interest. In the procurement of property and services by Developer, the conflict of interest provisions in § 570.611 shall apply as described in **Appendix I**.
- h) Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, opportunities for training and employment arising from NSP3 funds will be provided to low-income persons residing in the Target Area. To the greatest extent feasible, contracts for work to be performed in connection with NSP3 funds will be awarded to business concerns that are located in or owned by persons residing in the Target Area as outlined in EDA's Section 3 Contract Requirements (see **Appendix G**). Contracts funded from Section 3 must abide by the Section 3 Clause prescribed at 24 CFR 135.38.
- i) Local Hiring Requirement. The County will impose a local hiring requirement on all Developers and its contractors. Every contract or agreement with any private entity receiving NSP3 funds from the County, either as a partner in development or sub-grantee, shall include a provision requiring a local hiring requirement and imposition of Section 3 thresholds. The local area vicinity is defined as the NSP3 target area in which the developer is contracted for. All Developers shall be required to develop and submit to the County 30-days prior to construction, a **Local Hiring Schedule** that establishes the hiring process, workforce needs, and approximate timetable to be followed by the Developer and subcontractors for construction hiring to achieve the overall requirements of the local hiring requirement. The Local Hiring Schedule shall include an estimate of: number of workers including hourly pay rate or work hours required per month, per day, per trade, and total for the project. Prior to commencing work, a Letter of Assent must be signed by Developer and their subcontractors working on NSP3 funded projects. The letter states that all parties doing construction work on NSP3 funded projects have read, understands, and accept the terms of the County NSP3 local hiring requirement, and are aware that they are bound to fulfilling the requirements. Evidence will have to be provided to the County of all efforts made to adhere to this requirement. Developer must provide a Local Hiring Plan to address elements of the Local Hiring Schedule and explain how the Developer will perform outreach

and meet this requirement to the maximum extent feasible. The Local Hiring Plan must include numerical goals committed to local hiring.

- j) Compliance with anti-discrimination laws. Conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.
 - k) Affirmative marketing and minority outreach program. Developer must adopt affirmative marketing procedures and requirements. These should include:
 - i) Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the affirmative marketing policy.
 - ii) Requirements and practices that Developer must adhere to in order to carry out the affirmative marketing procedures and requirements.
 - iii) Procedures to be used by Developer to inform and solicit applications from persons in the housing market area that are not likely to apply without special outreach.
 - iv) Records will be kept describing actions taken by Developer to affirmatively market units and to assess the results of these actions.
 - v) Developer should prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by Developer with such persons or entities, public and private, in order to facilitate the activities of the County to provide affordable housing authorized under this Act or any other Federal housing law. Affirmative steps to assure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services are at 24 CFR 85.36(e).
 - vi) Anti-lobbying. The Developer must comply with restrictions on lobbying required by 24 CFR part 87.
- 21) INSURANCE. Developer and its contractors shall procure and maintain during the entire period of the project, at its sole expense, the following insurance coverage as a minimum:
- a) Worker's Compensation Insurance. As prescribed by the Laws of the State of California, Developer and its contractors shall require any lessee or assignee to procure and maintain Worker's Compensation Insurance as required by law for the employees to be engaged on the project and, in case of any work that is contracted out, shall require that the contractor(s) and subcontractor(s) similarly provide Worker's Compensation Insurance for all of their respective employees engaged to work on the project.
 - b) Comprehensive Broad Form General Liability Insurance. Developer and its contractors shall require any lessee, assignee, contractors or subcontractors to procure and maintain comprehensive broad form general liability insurance coverage including but not limited to damages for premises liability, contractual liability, products/completed operations, personal and advertising injury (broad form) protecting the County from claims for damages for personal injury, including accidental and wrongful deaths, as well as from claims for property damage, which may arise from or out of Developer's operations, or the performance of its obligations hereunder, whether such operations, use or performance be by Developer, by any subcontractor, vendor, or any one employed directly or indirectly

by either of them or volunteers serving either of them. Such insurance shall name County of Riverside as additional insured and the obligations hereunder with limits of not less than \$1,000,000 per occurrence.

- c) Automobile Liability Insurance. Developer and its contractors shall procure and maintain automobile liability coverage from an admitted insurance carrier, for any and all vehicles owned, operated and/or maintained by Developer, that shall protect Developer from claims for damages for personal injury, including, without limitation, accidental and wrongful death, as well as from claims for property damage, which may arise from Developer's use of the property or the performance of its obligations hereunder, during the construction of the project, whether such use or conformance by Developer, by any subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall provide for limits of not less than \$1,000,000 per occurrence.
- d) Certificate of Insurance. Developer shall furnish the County with certificates of insurance showing that such coverage is in full force and effect, and that the County is named as an additional insured. Said certificates shall further contain the covenant of the insurance carrier that 30 days' written notice shall be given to County prior to modification, cancellation, expiration, or any reduction in coverage of such insurance.
- e) Records. All certificates, documents, and other written materials establishing compliance with the above enumerated conditions precedent are to be filed with County at the expense of Developer.
- f) Insurances upon Acquisition. Upon close of escrow to acquire property for rehabilitation, Developer is required to maintain insurance for fire and, when applicable, flood insurance. Developer must also obtain, at minimum, a CLTA policy, but upon transfer of title to first-time homebuyer, an ALTA policy is required.

22) FINANCIAL RECORDS. Developer shall maintain financial, programmatic, statistical, and other supporting records of its operations and financial activities in accordance with NSP requirements, and the regulations as amended promulgated thereunder, which records shall be open to inspection and audit by authorized representatives of the County, HUD, and the Comptroller General of the United States during regular working hours. County, HUD, and the Comptroller General, or any of their representatives, have the right of access to any pertinent books, documents, papers, or other records of the Developer, in order to make audits, examinations, excerpts, and transcripts. Said records shall be retained for such time as may be required by NSP regulations, but in no case for less than 5 years after the project completion date; except that records of individual tenant income verifications, project rents, and project inspections must be retained for the most recent 5 year period, until 5 years after the affordability period terminates. If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period specified, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular period, whichever is later.

23) MARKETING OUTREACH AND PLAN. The success of marketing outreach will be determined by the Developer's ability to market the rehabilitated homes to first-time homebuyer needs. Applicants must establish a plan to find, qualify and successfully place Qualified Homebuyers, as defined in **Section 26**. Marketing Plans should:

- a) Explain the methods of outreach that will be employed and support why it will be successful.
- b) Identify obstacles that must be overcome.

- c) Recognize team members, associates and/or partners (such as Realtor or Lender) that will take part in the resale stage. Applicants need to provide years of relationship and experience for each team member, associate and/or partner.
- 24) RESALE PRICE. Developer is required to sell each home to a Qualified Homebuyer and repay EDA with the proceeds from the sale. The Resale Price of each property shall not be below the CMAV unless authorized by EDA and shall not exceed the total costs to acquire, rehabilitate and dispose the property per NSP regulations. Each Qualified Homebuyer will obtain a loan for up to the Resale Price (the "Homebuyer Loan"). NSP3-3 assistance, or NHSP, cannot be used for first-time homebuyer assistance. If the Homebuyer Loan is less than the Resale Price, then the Qualified Homebuyer will receive the difference as a "Silent Second Mortgage" from EDA. The Silent Second Mortgage is limited to 30% of the resale price and capped for a maximum amount of \$75,000. Upon transfer of ownership to the Qualified Homebuyer, the amount of the Homebuyer Loan minus closing costs will be returned to EDA and a trust deed shall be recorded to secure this second mortgage loan, and to acquire its repayment if the property is no longer the principal residence or the property is sold prior to the expiration of the affordability period.
- 25) RECAPTURE. To insure that the NSP-assisted homeownership properties remain affordable to LMMI or VLI homebuyers, EDA will impose a Recapture provision consistent with the HOME Program standards at 24 CFR 92.254 (a)(5).
- 26) QUALIFIED HOMEBUYERS.
- a) Income Limits. In order for homebuyers to be eligible to purchase the rehabilitated homes, the homebuyers' annual income must not exceed 120% of the area median income, as determined by HUD, adjusted for family size. The income and assets of all persons age 18 and older who will reside in the home must be included in the calculation to determine income eligibility. The current income limits are shown in Appendix A. See item 2 below for instructions on calculating annual income.
 - b) Co-owners. Co-owners are only permitted if they will occupy the home as their principal residence and qualify as first time buyers. The income of all co-owners will be included in determining if the household qualifies as moderate income, as noted above. ***Co-signers are not permitted.***
 - c) Minimum Buyer Investment. The buyer shall provide from their own funds a minimum investment of the amount required by the first mortgage. The buyers' contribution may be used toward the down payment or closing costs, at their discretion and in accordance with the requirements of the first mortgage.
 - d) First Time Homebuyer. In order to qualify as a first-time homebuyer, the homebuyer cannot have had ownership interest in improved-upon residential real property for the previous three years from the date of application to purchase the rehabilitated home. The homebuyer must sign a sworn application attesting that they have not owned improved-upon residential real property for the last 3 years. The borrower's most recent three years tax returns will be reviewed for any mortgage or real estate related deductions. If there is evidence of mortgage or real estate related deductions, the borrower must provide acceptable documentation that the deductions are not related to improved-upon residential real property and must also provide acceptable documentation evidencing the value of the property. Asset "income" from the property must be imputed using the HUD passbook rate and added into borrower's total qualifying income. Also, the value of borrower's total assets (including property) must be equal to or less than HUD's annual income

limit amount based on household size for the current fiscal year. If the borrower's total assets exceed the program's annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2 year period are counted as if the household still owned the asset. For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e. a mobile home) shall not be included in the three year requirement.

- e) Principal Residence. Homebuyer must be the principal resident during the Affordability Period.
- f) Buyer's Citizenship. All applicants and household members must be either a US Citizen or a qualified alien as per Section 431 of PRWORA and possess a valid social security number.
- g) Occupancy Standard. All homebuyers must meet the occupancy standard as defined in the Housing Quality Act under 982.401 that states, "The dwelling unit must have at least one bedroom or living/sleeping room for each two persons." Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.
- h) Homebuyer Education. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling, in person, from a HUD-approved housing counseling agency before obtaining a mortgage loan.
- i) Long Term Affordability. NSP assisted units must meet the affordability requirements for fifteen (15) years after project completion and close of escrow with homebuyer. Affordability requirements apply regardless of the term of any loan, or mortgage and are imposed in exchange for receiving funds to assist in the purchase of a home. The homebuyer must sign NSP3H loan documents, including a Promissory Note, Disclosure Notice, and Subordinate Deed of Trust, which provide that upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 15 years of purchase, the principal amount of the NSP3H assistance, plus any applicable equity share is repaid to the EDA. Affordability requirements may terminate upon foreclosure or transfer in lieu of foreclosure, or repayment of the NSP3H assistance as per the Subordinate Deed of Trust. After the affordability period, the NSP3H assistance is converted to a grant and the obligations are forgiven.
- j) Creditworthiness. Qualified Homebuyers must be creditworthy and able to undertake a traditional 30-year fixed rate loan FHA, VA, CalHFA, Fannie Mae or Freddie Mac insured loan products with fully amortized loan payments.
- k) Other requirements. The program assistance cannot be combined with EDA's Redevelopment Homeownership Program (RHP) or First Time Home Buyer Program (FTHB). However, the program assistance can be combined with Mortgage Credit Certificate (MCC) Program.
- l) Cash homebuyer is not eligible.

27) DETERMINATION OF ADJUSTED GROSS INCOME.

- 1) Annual income is the gross amount of income anticipated to be received by all household members 18 and older during the twelve months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next twelve months. The annual income for purposes of qualifying for the program assistance includes all income and may be higher or lower than the income amount utilized by the first mortgage lender to underwrite the first mortgage.

- 2) Annual income includes anticipated income from assets. If assets are greater than \$5,000.00, asset income is calculated by using the higher of, the actual income generated by the asset or the asset multiplied by the current passbook rate as established by HUD. The current passbook rate established by HUD is 3.50%.
 - 3) Assets. In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size. See **Appendix A** for maximum income limit.
- 28) HOME BUYER ASSISTANCE LIMITS. The minimum amount of assistance that may be provided is \$1,500 per home purchase. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%) with an absolute maximum amount of \$75,000 for total purchase price assistance. Closing costs assistance cannot exceed three percent (3%) of the sales price and total purchase price assistance is not to exceed thirty percent (30%) of the sales price. If it is such that the payment to income ratio of the household is less than twenty-five percent (25%), homebuyer is only eligible to receive closing costs assistance.
- 29) QUESTIONS AND CONCERNS. Due to the anticipated volume of inquiries, please email additional questions and concerns to Mervyn Manalo at mmanalo@rivcoeda.org. Please type "NSP3-1 Question" in the subject. EDA will make every effort to respond to all inquiries within 24 hours. Any inquiries regarded as commonly asked or general will be posted to the EDA website (www.rivcoeda.org) under the designated NSP section within the NSP Frequently Asked Questions (FAQ).

**APPENDIX A – INCOME AND PROPERTY PURCHASE
PRICE LIMITS**

Maximum Annual Household Income Adjusted for Family Size	
Household Size	FY 2011 Income Limits for 120% of HUD AMI
1	\$56,050
2	\$64,050
3	\$72,050
4	\$80,050
5	\$86,450
6	\$92,850
7	\$99,250
8	\$105,650

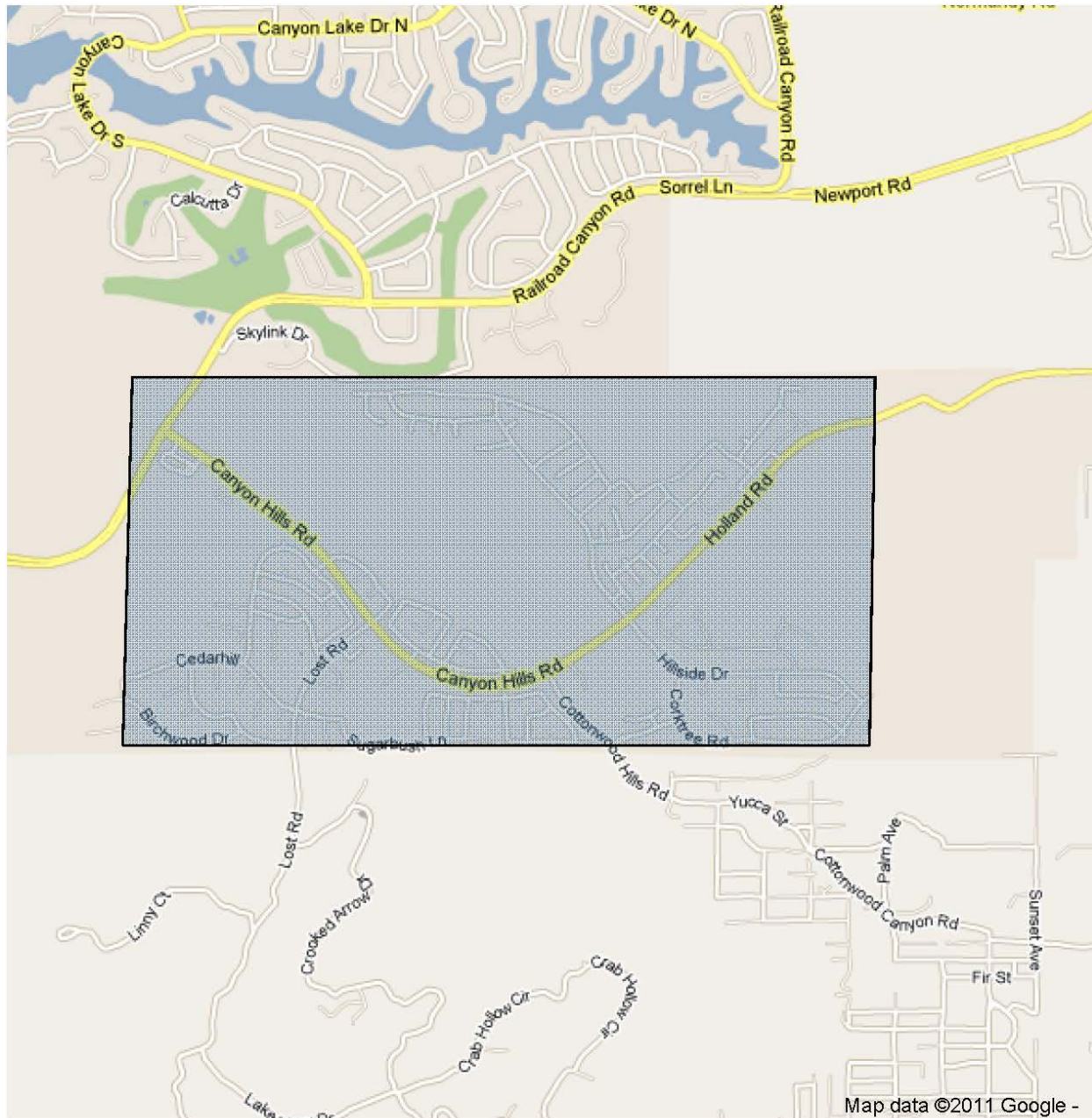
MAXIMUM PROGRAM PURCHASE PRICE LIMIT

The maximum purchase price shall not exceed the actual 95 percent of the area median sales price, or the FHA 203(b) limit, as updated and published regularly by HUD. In addition, the purchase price of property shall not exceed 1% below the Current Market Appraised Value, as defined herein, of the property.

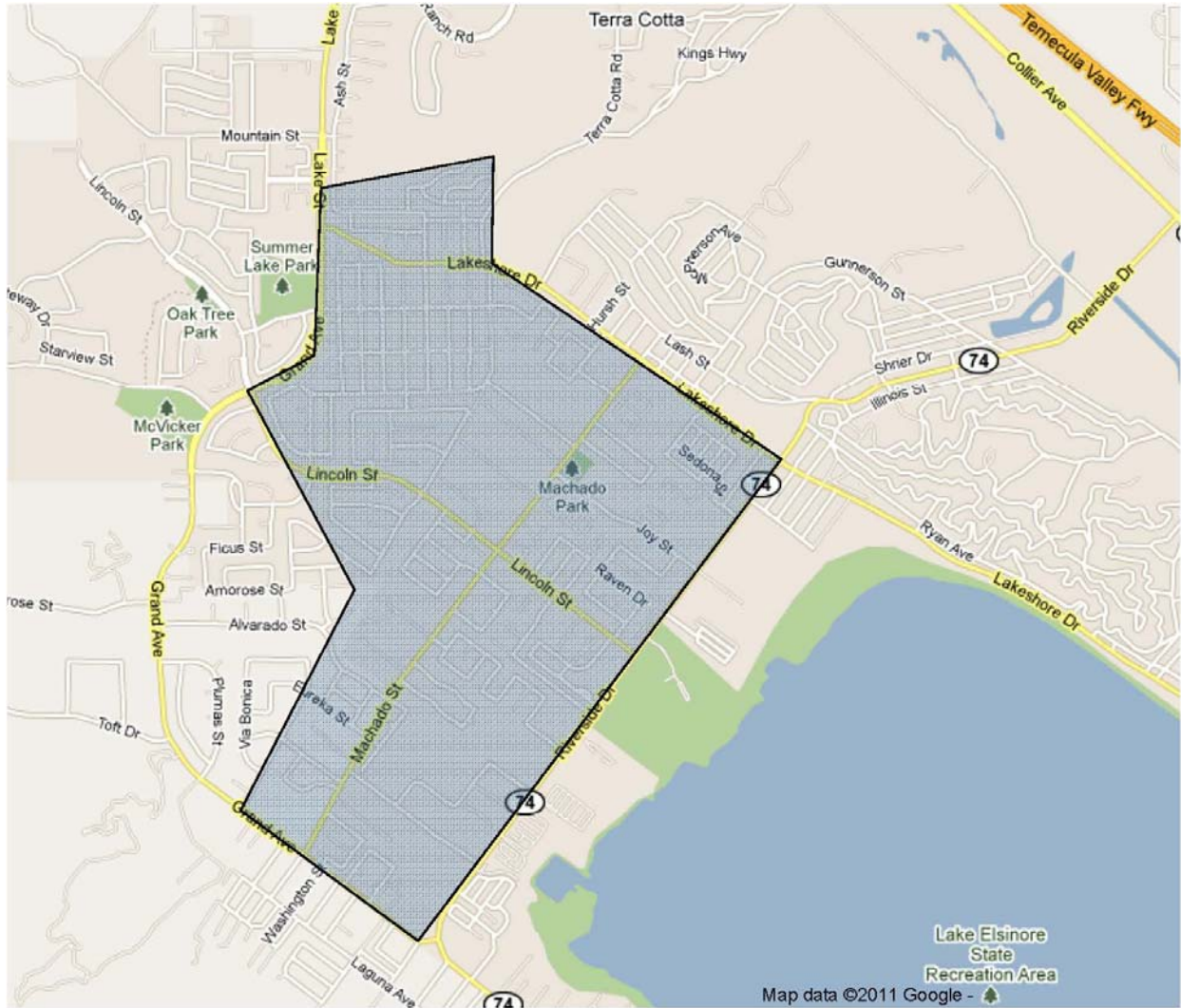
APPENDIX B – NSP3 TARGET AREAS

Note: Not all areas inside city boundaries and unincorporated areas of the County are NSP3 Target Areas. Although overlapping occurs with NSP1 Target Areas, NSP3 funds can only be expended within NSP3 Target Areas.

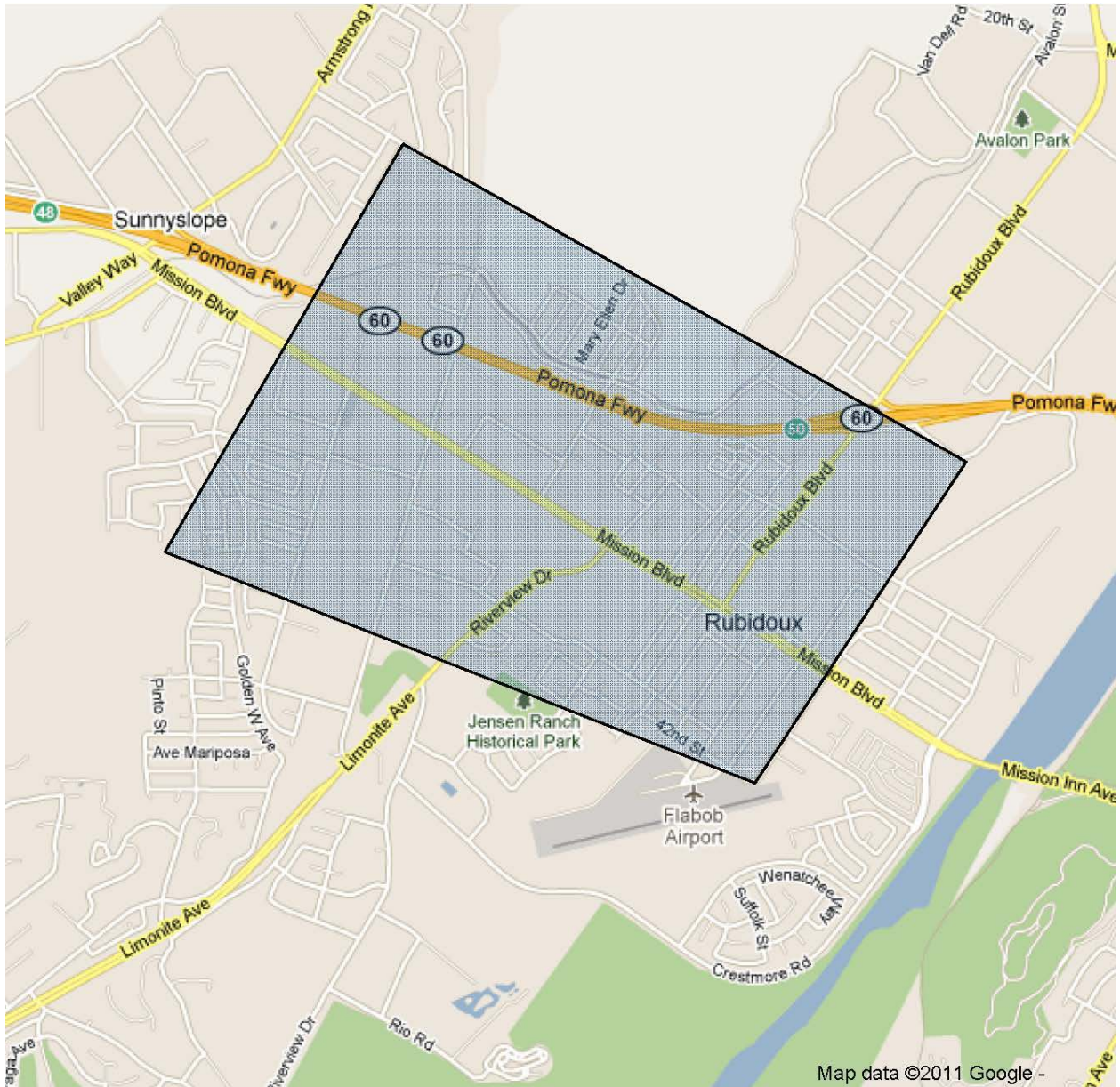
Lake Elsinore NSP3 Target Area



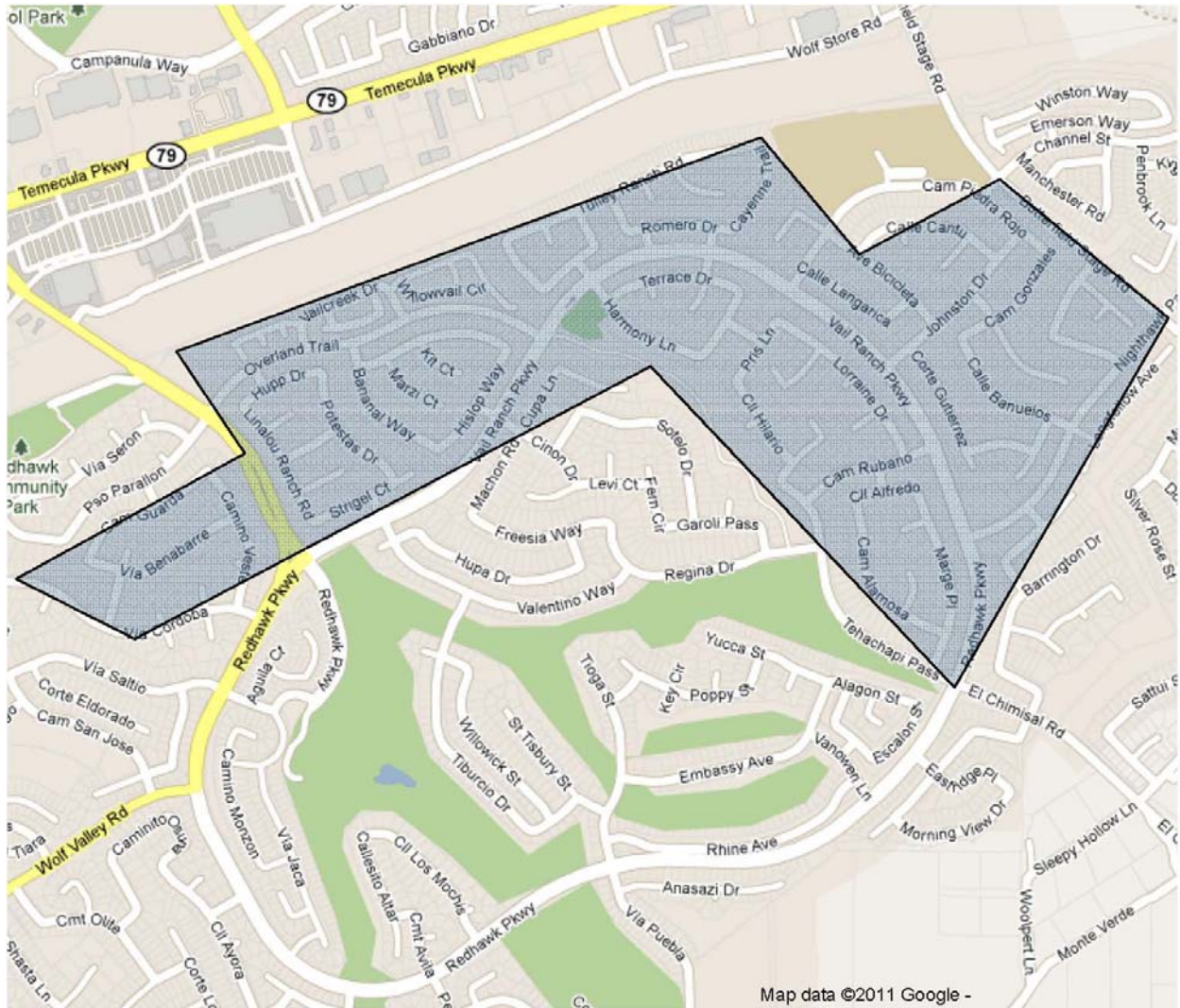
Lake Elsinore West NSP3 Target Area



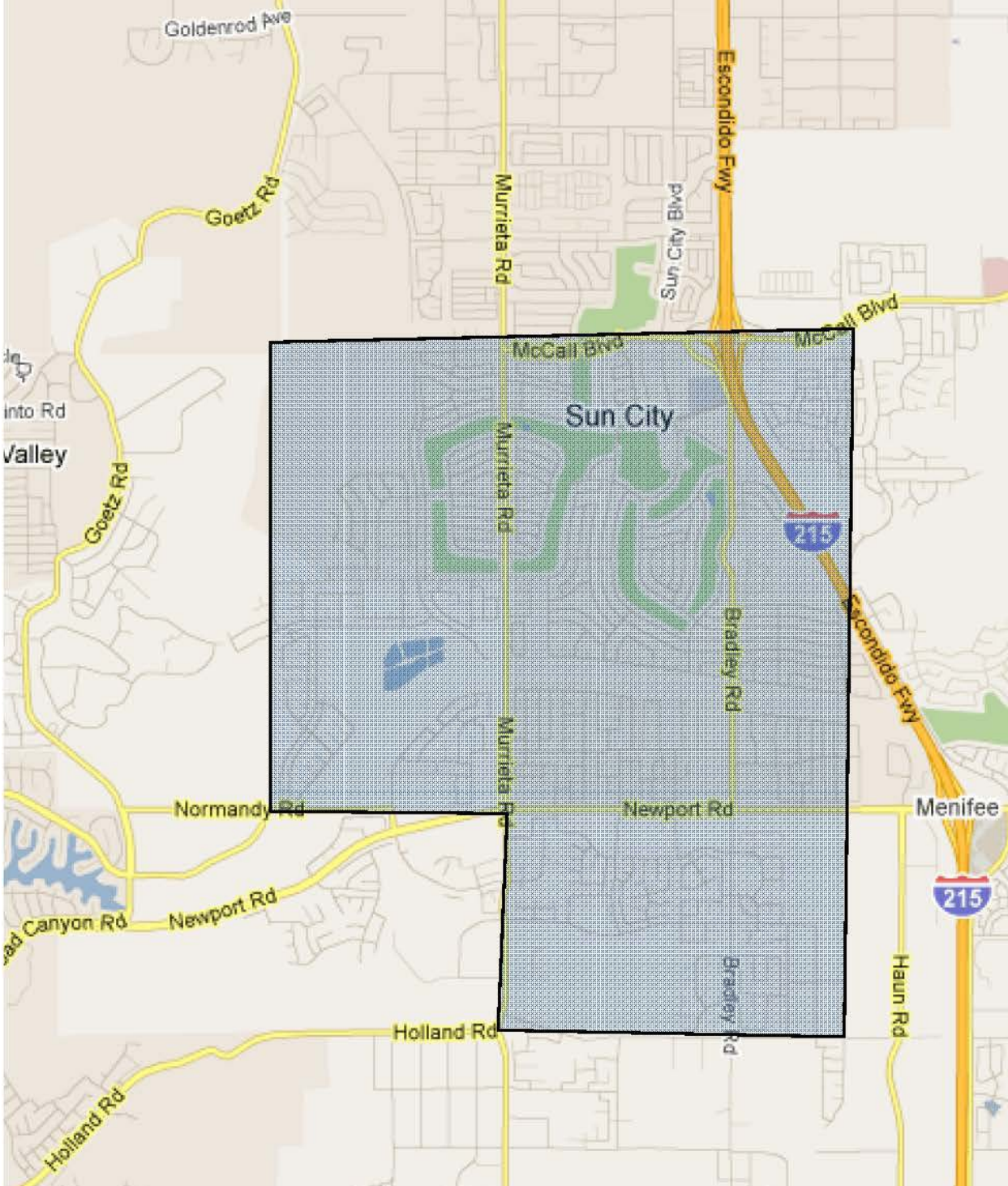
Rubidoux NSP3 Target Area



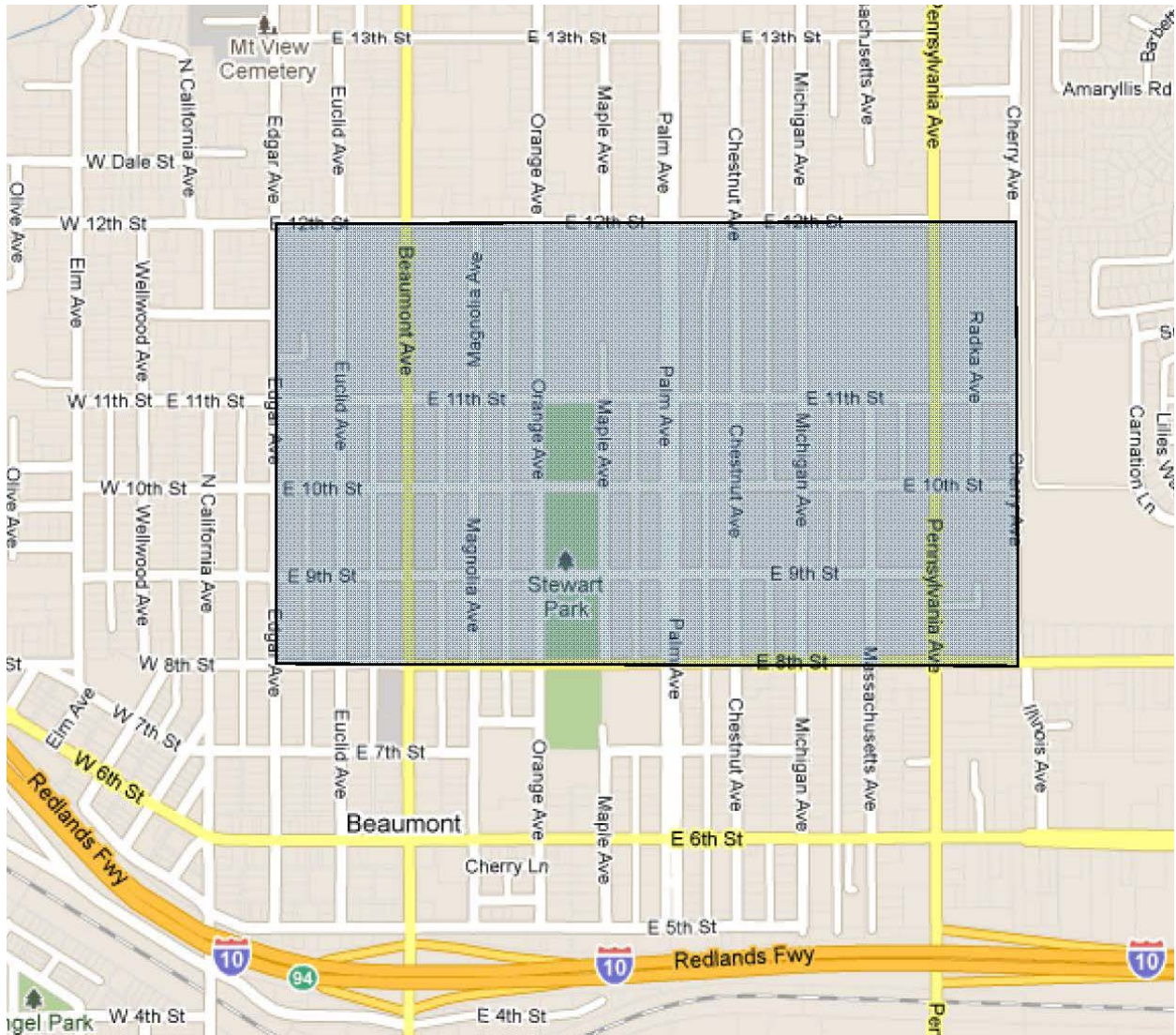
Temecula NSP3 Target Area



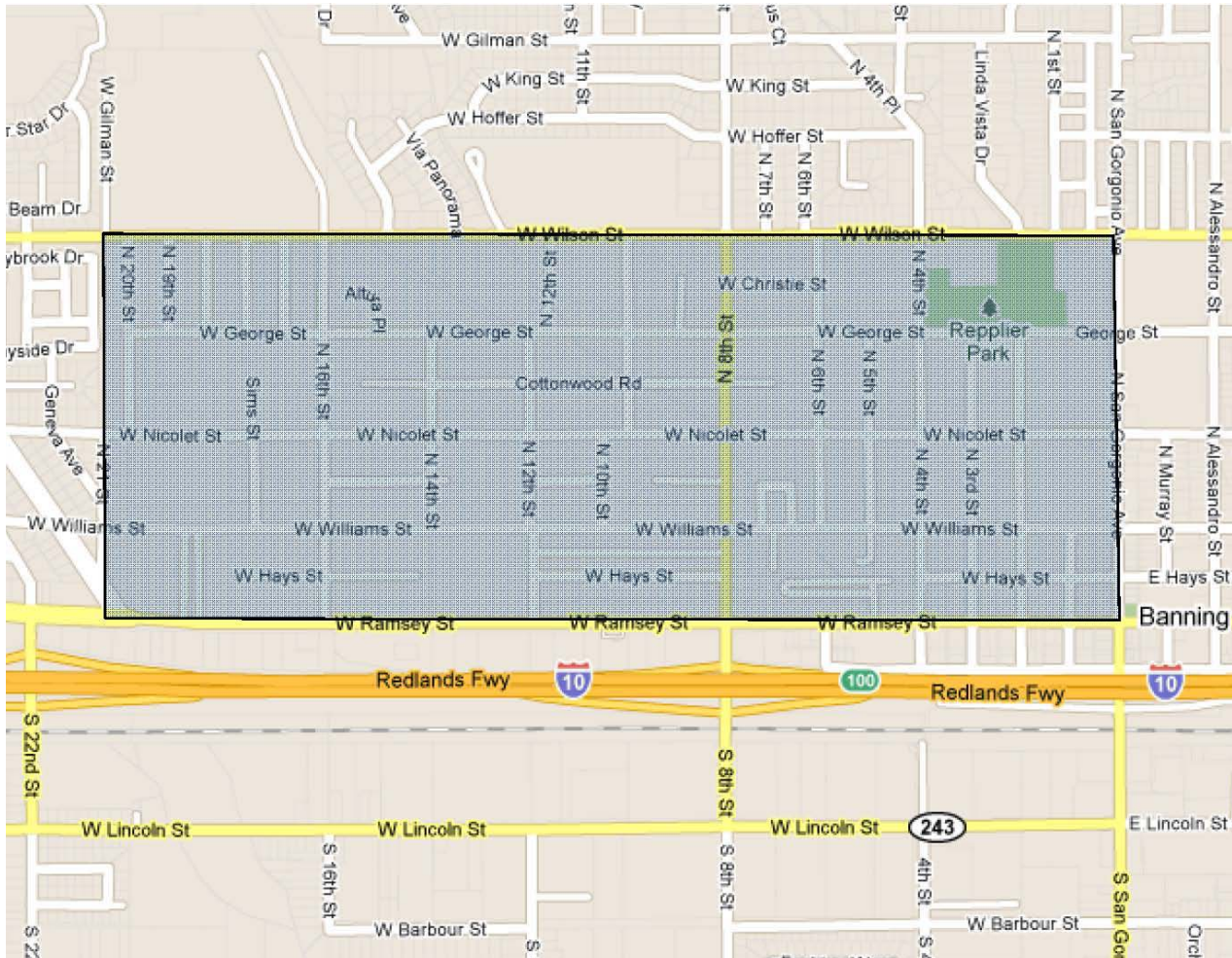
**Menifee
NSP3 Target Area**



Beaumont NSP3 Target Area



Banning NSP3 Target Area



APPENDIX C – APPLICATION PROCESS

The application process for NSP3-1 is separated into five (5) stages as follows:

- Stage One – Applicant and Project Identification
- Stage Two – Acquisition Initial Notice and Offer
- Stage Three – Acquisition Final Notice and Offer
- Stage Four – Rehabilitation
- Stage Five – Resale to First-Time Homebuyer

Stage One - Applicant and Project Identification.

1. **NSP3 Application.** Applicant must submit the “NSP3 Application” including:
 - a. **Applicant Information.** Information about the organization, joint applicant, legal status, financial statements, past housing experience, audit findings, and staffing.
 - b. **Development Team.**
 - c. **Project Proposal.** Identify the project and the property, or properties, and locate each property location on maps within the designated NSP3 Target Areas. Include purchase prices and rehabilitation costs of each property to support the initial funding request for NSP funds for acquisition. Properties may be purchased in bulk, but the minimum one percent (1%) discount applies to each property, and not an overall discount.
 - d. **Location Maps and Photographs.**
 - e. **Project Timeline.**
 - f. **Rehabilitation Scope and Budget.**
 - g. **Marketing Strategy.**
 - h. **Certification and Disclosure Questionnaire.**
 - i. **Project Budget.** Sources and Uses for the project including initial budget for acquisition and rehabilitation.
 - j. **Environmental Review.** Any important information to consider for environmental review.
2. **Letter of Pre-Approval.** Upon review and pre-approval by EDA Loan Committee, EDA will provide the applicant with a letter conditionally approving the project and funding amount subject to approval by the County of Riverside Board of Supervisors (BOS) and the project meeting NSP3-1 requirements including, but not limited to, the provisions of Eligible Properties, Maximum Purchase Price, Appraisals, Purchase Price Discount and Environmental Review. EDA reserves the right to reject any or all proposals, in whole or in part, to negotiate modifications of applications submitted, and to negotiate specific work elements into a project of lesser or greater magnitude than described in this application or the applicant’s reply. As the NSP3 funding is time-sensitive, EDA reserves the right to re-allocate any returned funds, un-obligated or unused funds during project implementation and set funds aside for performance based developers.
3. **Loan Agreement.** Upon pre-approval by EDA Loan Committee, EDA will prepare a Loan Agreement for the Use of NSP Funds and make recommendation for NSP3 funding allocation to the County Board of Supervisors (BOS). Funding disbursements will be contingent upon meeting all NSP3-1 requirements including Environmental Review.

Stage Two - Acquisition Initial Notice and Offer.

1. **Application Revisions.**
 - a. Developer must submit any changes, deletions and/or additions, to the list of properties indicating changes, along with Location Maps and Photographs.
 - b. Bulk purchases must identify purchase prices for each property.
 - c. Changes in costs must be reflected in a revised project budget. The BOS approved NSP funding allocation cannot be exceeded.
2. **Property Eligibility.** Upon submission of property information, EDA will review and determine eligibility for each property keeping in mind of **Section 7(a)** Tier 1 design, **Section 12** Eligible Properties criteria and NSP3-1 requirements. Prior to the appraisal, each property must meet all criteria for eligible properties.
3. **Initial Notice and Offer (INO).** Developer (“Buyer”) and Seller must sign the INO form which acknowledges the following for each property:
 - a. Notice was provided regarding voluntary acquisition of foreclosed property.
 - b. Buyer and Seller understand the appraisal and discount requirements of NSP3.
 - c. No bona fide tenants were residing in the home at the time of foreclosure.
 - d. The “Initial Offer” submitted by Buyer.

To initiate the appraisal and environmental review, the Appraisal Request (Appendix E) must be submitted to EDA for each property:

- a. Completed and signed INO form.
 - b. Purchase and Sale Agreements.
 - c. Preliminary Title Reports.
 - d. Initial rehabilitation scope of work and costs.
 - e. Inspection Reports.
 - f. MLS#, Combos, Gate Codes, Alarm Codes.
4. **Current Market Appraised Value (CMAV).** EDA will hire a qualified appraiser to determine the CMAV for each of the properties.
 - a. If the Initial Offer does not meet the minimum one percent (1%) discount requirement, then the Buyer and Seller must re-negotiate the purchase price to meet the discount requirement or the property is denied.
 - b. If the Initial Offer (or re-negotiated offer) does meet the minimum one percent (1%) discount requirement, then Buyer would proceed to Stage Three.

Stage Three - Acquisition Final Notice and Offer.

1. **Final Notice and Offer (FNO).** Buyer and Seller(s) must complete and sign the FNO form including any Counter Offers with the final sales price within 60 days of the CMAV date.
2. **Closing of Escrow.** Property changes ownership and Developer takes title. Ownership documents must be submitted to EDA including title report and grant deed.
3. **Final Budget.** Developer must provide any revisions to the Budget for review and approval.

Stage Four - Rehabilitation.

1. Rehabilitation work must be completed expeditiously as additional funding is subject to review on a case by case basis. NSP3 funds must be expended pursuant to performance schedule.
2. Monthly status reports will be required by EDA indicating activities completed and projected for the project. Before and after photos must be maintained for each property.

Stage Five - Resale to First-time Homebuyer.

RE-APPRAISAL REQUEST. The Re-Appraisal Request (Appendix E) must be submitted at EDA's final walk-through. The Resale Price of each property shall not be below the CMAV unless authorized by EDA and shall not exceed the total costs to acquire, rehabilitate and dispose the property per NSP regulations.

HOMEOWNERSHIP APPLICATIONS. For the initial sale of units, the information should first be submitted to the Developer. Following verification, the Developer and the homebuyer will complete the Neighborhood Stabilization Program 3 Homebuyer (NSP3H) forms and submit the application package including all required documentation and verifications for review by EDA. EDA will verify whether the prospective homebuyer is eligible for participation in the project. Documentation must include:

NSP3H Submission Phase:

- a) Submission Phase Cover Letter (NSP3H **Form 1**)
- b) Certification of Applicant (NSP3H **Form 2**) (all household members over the age of 18 must sign this form)
- c) One (1) month current paystubs (or alternative income documentation) for all household members who earn income
- d) Last three (3) years of federal tax returns for all household members over the age of 18. For each year of tax returns submitted the statement "This is a true and exact copy of the tax returns submitted to the IRS" must be added to each tax return with the household member's wet signature next to the statement.
- e) Income Tax Affidavit (NSP3H **Form 3**) – (if applicable) (if a household member over the age of 18 has not filed income taxes for any of the past 3 years, this form must be used in lieu of the tax returns) & must be accompanied by a fully completed 4506T
- f) Financing Worksheet (NSP3H **Form 4**)
- g) Pre-Qualification or Pre-approval letter from Lender indicating the highest first mortgage the applicant(s) qualify for

NSP3H Request for Funding Phase:

- a) Copy of Signed Purchase and Sale Agreement, including all Counter Offers and/or Addendums
 - b) Copy of Escrow Instructions with Vesting, including all amendments
 - c) Copy of Preliminary Report
 - d) Certified Copy of Estimated Hud-1 from escrow (seller is not allowed to pay for closing costs on behalf of the Homebuyer)
 - e) Copy of Certificate of Completion of Homebuyer Education Class for each applicant
- The following items are to be obtained from first mortgage lender and are to be submitted with the items above:**
- f) Copy of Fully Completed, Signed and Dated Loan Application
 - g) Copy of Signed and Dated Good Faith Estimate or equivalent
 - h) Copy of FHA Loan Underwriting Transmittal Summary (92900 LT) or FNMA Summary (1008) signed and dated by the underwriter
 - i) Copy of first mortgage lender appraisal

NSP3H Closing Phase:

- a) Signed EDA loan documents by Homebuyer(s)
- b) Fire Insurance Policy with EDA as 2nd lien holder
- c) Copy of 1 year home warranty
- d) Copy of Termite Report and Clearance
- e) Certified copy of Homebuyer(s) concurrent first mortgage Deed of Trust & Note

APPENDIX D - DEFINITIONS

ABANDONED (Notice 5321-N-04, released April 9, 2010) – A home or residential property is abandoned if either a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law or otherwise meets a state definition of an abandoned home or residential property.

BLIGHTED – Blighted, abandoned or unoccupied residential properties, which may require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods, will be eligible under this use. Abandoned, vacant or demolished will also be included in the definition of blight.

CURRENT MARKET APPRAISED VALUE (CMAV) – The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, Developer, developer, or individual homebuyer.

FORECLOSED (Notice 5321-N-04, released April 9, 2010) – A home or residential property has been foreclosed upon if any of the following conditions apply: a) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or b) the property owner is 90 days or more delinquent on tax payments, or c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, contractor, developer, or end user.

HISTORIC PROPERTY – Any prehistoric or historic district, site, building, structure or object included in, or eligible for inclusion in the National Register of Historic Places. (36 CFR Section 800.16)

LOW-, MODERATE- AND MIDDLE-INCOME (LMMI) HOUSEHOLDS – Households whose incomes are at or below 120% of the County's area median income.

VERY LOW (VL) -INCOME HOUSEHOLDS – Households whose incomes are at or below 50% of the County's area median income.

APPENDIX E

- 1. INITIAL NOTICE AND OFFER (INO)**
- 2. APPRAISAL REQUEST FORM**
- 3. FINAL NOTICE AND OFFER (FNO)**
- 4. RE-APPRAISAL REQUEST FORM**



INITIAL NOTICE AND OFFER

NSP 1

NSP 3

Informational Notice To Seller **VOLUNTARY ACQUISITION OF FORECLOSED PROPERTY**

Date	
------	--

_____, (hereinafter referred to as “Buyer”)

is interested in acquiring the property you own at:

_____(Address)

which may receive funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program (NSP) created by the Housing and Economic Recovery Act of 2008 to purchase foreclosed homes at a discount. The Buyer intends to apply and qualify for the Riverside County Economic Development Agency (EDA) NSP assistance. Acquisitions financed with NSP funds are subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

Please be advised that the Buyer does not have the authority to acquire your property by eminent domain. In the event the Buyer cannot reach an amicable agreement for the purchase of your property, the proposed acquisition cannot be consummated under NSP and the application for the NSP assistance will be denied.

In accordance with the URA, owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance. A tenant-occupant who moves as a result of a voluntary acquisition for a federally-assisted project may be eligible for relocation assistance. Such displaced persons may include not only current lawful occupants, but also former tenants required to move for any reason other than an eviction for cause in accordance with applicable federal, state, and local law. If the property is currently tenant-occupied or a tenant lawfully occupied the property at the time foreclosure, we need to know immediately. Further, you should not order current occupant(s) to move, or fail to renew a lease, in order to sell the property to us as vacant.



INITIAL NOTICE

Under NSP, the Buyer is required to purchase the foreclosed and vacant property at a discount from its **Current Market Appraised Value (CMAV)**. Upon receipt of the **Initial Notice and Offer** form for the property in consideration, EDA, through an independent fee contract appraiser will conduct an appraisal of the property. The appraisal must be completed meeting the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and its implementing regulations at 49 CFR Part 24. The contract fee appraiser contracted by EDA must be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price submitted at the time the **Initial Notice and Offer** form is received by EDA will be considered as the **Initial Offer**. The final purchase price must be at least one percent (1%) below the appraised value. If the Initial Offer meets the one percent (1%) discount, Seller and Buyer will be required to submit a **Final Notice and Offer** form and the Initial Offer will be considered to be the **Final Offer**. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial of the NSP application. However, if the Initial Offer falls short of the one percent (1%) discount, the Buyer will be required to re-negotiate a minimum 1% discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, the NSP application by the Buyer will be denied and the cost of the appraisal will be absorbed by EDA.

INITIAL OFFER

Initial Purchase Price Negotiated by Buyer and Seller: \$ _____

By signing below, both Buyer and Seller/Listing Agent acknowledge that they have read and understand:

- (1) the Voluntary Acquisition of Foreclosed Property;
- (2) the purchase price discount requirements of the transaction;
- (3) Buyer's Initial Offer is contingent and subject to the discount requirement of the Neighborhood Stabilization Program and the Current Market Appraised Value.
- (4) Seller and/or Listing Agent acknowledge and certify one of the following (**one box must be marked**):
 - Property was vacant at time of foreclosure; or
 - Property was occupied by former mortgagor at time of foreclosure (supporting documentation must be submitted to support this); or
 - Property was occupied by a bona fide tenant without a lease or with a lease terminable at will under state law at time of foreclosure and certify that the tenant was given 90 days' notice as required by law before being asked to vacate the property (supporting documentation must be submitted to support this); or
 - Property was occupied by a bona fide tenant with a lease in effect on or before the date of the foreclosure, the Seller allowed the bona fide tenant to remain to the end of the lease term and provided a minimum 90 days' notice to vacate, periods may overlap, but cannot be less than 90 days (supporting documentation must be submitted to support this).

Signature of Seller	Date	Signature of Buyer	Date
Print Name		Print Name	

Signature of Seller	Date	Signature of Buyer	Date
Print Name		Print Name	

Appraisal Request Form

Date of Request	
Buyer Contact Info*	
Seller Contact info*	
Subject Property*	
Notice to Seller (copy)* Voluntary Acquisition of Foreclosed Property (INO, Page 1)	Yes / No (If so, include in package)
INO form signed*	Yes / No (If so, include in package)
Preliminary Title Report*	Yes / No (If so, include in package)
Purchase and Sale Agreement*	Yes / No (If so, include in package)
MLS # (if any)*	
Lock Combo and Location of lock box (or contact for access) *	
Alarm Code or Code to Gate (if applicable)*	
Inspection Reports (if any)	Yes / No (If so, include in package)

* Required information



FINAL NOTICE AND OFFER

NSP 1

NSP 3

Address _____ Date _____

FINAL NOTICE

(Section completed by EDA**)**

EDA has obtained an appraisal report of the property under consideration, dated _____.

The appraisal indicates the property's CMAV is \$_____.00 and the one percent (1%) discount is \$(_____.00).

The final purchase price must be equal to or less than \$_____.00 and will expire on midnight of _____.

Buyer's Initial Purchase Price, dated _____, is \$_____.00.

Buyer's Initial Purchase Price

- is **less than or equal to** the CMAV discounted at 1%.
- is **more than** the CMAV discounted at 1%.

Principal Dev. Spec. Date _____

FINAL OFFER

(Section completed by Buyer and Seller**)**

The Initial Offer is

- is **less than or equal to** the CMAV discounted at 1%. Buyer and Seller acknowledged that they mutually accepted the Final Purchase Price of \$_____.
- is **more than** the CMAV discounted at 1%. The offer does not meet the discount requirement for NSP. Buyer is prepared to offer you \$_____ to purchase Seller's property. The Final Offer/Purchase price must be received and dated within sixty (60) days of the completed EDA appraisal report, as stated above.

By signing below, Buyer and Seller acknowledged that they have mutually accepted the Final Purchase Price of \$_____. Signature of **all parties below** must be dated before the expiration of offer to be valid.

Signature of Seller Date

Signature of Buyer Date

Print Name

Print Name

Signature of Seller Date

Signature of Buyer Date

Print Name

Print Name

Re-Appraisal Request Form

Date of Request	
Owner Contact info*	
Subject Property*	
Grant Deed (recorded copy)*	Yes / No (If so, include in package)
Updated Preliminary Title Report	Yes / No (If so, include in package)
Line item Budget*	Yes / No (If so, include in package)
Lock Combo and Location of lock box (or contact for access) *	
Alarm Code or Code to Gate (if applicable)*	
Inspection Reports (if any)	Yes / No (If so, include in package)
List of Model Numbers and Serial Numbers of appliances	Yes / No (If so, include in package)
Before and After Pictures*	

* Required information.

Include cell phone and email to arrange for final walk-through.

APPENDIX F – SECTION 3 CONTRACT REQUIREMENTS

Economic Opportunities for Low- and Very Low-Income Persons

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons. Regulations for Section 3 can be found at 24 CFR Part 135.

APPENDIX G - PROHIBITION AGAINST CONFLICTS OF INTEREST

§ 570.611 Conflict of interest.

- (a) Applicability.
 - (1) In the procurement of supplies, equipment, construction, and services by recipients, and by subrecipients (including those specified at § 570.204(c)), the conflict of interest provisions in 24 CFR 85.36 and OMB Circular A 110, respectively, shall apply.
 - (2) In all cases not governed by 24 CFR 85.36 and OMB Circular A 110, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses and other private entities under eligible activities which authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202, or grants, loans and other assistance to businesses, individuals and other private entities pursuant to § 570.203, § 570.204 or § 570.455).
- (b) Conflicts prohibited. Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a CDBG assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such interest or benefit during, or at any time after, such person's tenure.
- (c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or subrecipients which are receiving funds under this part.
- (d) Exceptions: threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case by case basis when it determines that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project. An exception may be considered only after the recipient has provided the following:

Prohibition Against Conflicts of Interest

- (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

- (2) An opinion of the recipient's attorney that the interest for which the exception is sought would not Violate State or local law.
- (e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d) of this section, HUD shall consider the cumulative effect of the following factors, where applicable:
- (1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 - (2) Whether an opportunity was provided for open competitive bidding or negotiation;
 - (3) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
 - (5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;
 - (6) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
 - (7) Any other relevant considerations.

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY
DATE: MARCH 1999

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations. "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
 - i) The employee, officer or agent;
 - ii) Any member of the immediate family;
 - iii) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of Section 4, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

NSP3-1 APPLICATION CHECKLIST

Please Submit Required Information Where Applicable To The Proposed Project. Label And Tab Each Attachment With The Designated Checklist Number, And Place All Attachments In Checklist Order.

IF attached: Box

- Cover Letter
- Application
- Attachments

NSP3-1 Application – Part A

1. **Attachment 1 – Corporation/Partnership Documentation**

Corporation:

- 501(c)(3) documentation (if applicable)
- Secretary of State Certificate
- IRS exemption letter
- California Franchise Tax Board exemption
- Charter
- Articles of Corporation
- By-Laws
- List of members of Directors

Partnership:

- Partnership Agreement
- List of Partners
- Organization documents as above

2. **Attachment 2 – Staffing Descriptions**

- Staffing Descriptions
- Organizational Chart

3. **Attachment 3 – Local Hiring Plan**

- Local Hiring Plan

4. **Attachment 4 – Development Team**

- Developer
- Contractors
(Attach Contractor Debarment Certification form under Section IX)
- Escrow
- Title Company
- Realtors

5. **Attachment 5 – Letters of Support**
 - Letters of Support

6. **Attachment 6 – Past Housing Projects**
 - Past Housing Projects (Last Five Years)
 - List of References

7. **Attachment 7 – Working Capital**
 - Evidence of working capital and/or line of credit

8. **Attachment 8 – Financial Statements for the past Two years**
 - Financial Statements for the past Two years

9. **Attachment 9 – Audit Findings, Foreclosure or Default**
 - Audit Findings, Foreclosure or Default

10. **Attachment 10 – Leveraging other funds**
 - Proposal and commitments

11. **Attachment 11 – Governing Board Resolution**
 - Governing Board Resolution

12. **Attachment 12 – Location Maps and Photographs**
 - Location Map
 - Plot Map
 - Photographs

13. **Attachment 13 – Project Budget**
 - Project Budget Summary
 - Property Budget, Scope of Work and Costs

14. **Attachment 14 – Applicant Certifications**
 - Signed Applicant Certification and Commitment Responsibility

15. **Attachment 15 – Applicant’s Disclosure Questionnaire**
 - Signed Applicant’s Disclosure Questionnaire

16. **Attachment 16 – Environmental Review**
 - Attach Environmental Review document at Section VIII for properties with potential environmental issues.

~ E N D ~



Neighborhood Stabilization Program (NSP)

NSP3-1 APPLICATION

Acquisition, Rehabilitation, and
Resale to First-Time Homebuyers



APPLICATION PACKAGING AND SUBMITTAL. Applications must be submitted on forms provided and approved by EDA. Application forms must not be modified. A complete original, plus two copies, must be received by EDA. One application per developer. Application forms are available on EDA’s website (www.rivcoeda.org). All applications for funding must be received by **4:00 PM, Monday, August 15, 2011.** Facsimile (fax) copies and/or emailed scanned copies will not be accepted. Applications will not be considered if submitted after the deadline. Applications must be delivered to **Mervyn Manalo, Riverside County EDA, Housing, 3403 10th Street, Suite 500, Riverside, CA 92501.** The cost of preparing any responses to this NOFA shall be borne by the applicants and will not be reimbursed by EDA. Proposals shall be the property of EDA and subject to disclosure as required by law/court order.

SECTION I – APPLICANT INFORMATION

Date Submitted:	
-----------------	--

Name of Applicant (Lead Entity):	
Chief Executive Officer’s Name:	
Title:	
Address:	
City, Zip:	
Contact Person:	
Title:	
Telephone and fax number:	
Email Address:	
Legal Status of Applicant:	

(Complete if applicable)	
Name of Joint Applicant:	
Chief Executive Officer’s Name:	
Title:	
Address:	
City, Zip:	
Contact Person:	
Title:	
Telephone and fax number:	
Email Address:	
Legal Status of Applicant:	

Applicant is a(n):	<input type="checkbox"/> Non-profit Organization <input type="checkbox"/> For-profit Organization
--------------------	--

Applicant:	<input type="checkbox"/> is a general partner of a partnership. <input type="checkbox"/> is the project developer and will be part of a partnership. <input type="checkbox"/> is the project developer and will not be part of a partnership.
Name of General Partner(s) or Principal Owner(s)	
	<input type="checkbox"/> Non-profit <input type="checkbox"/> For-profit
	<input type="checkbox"/> Non-profit <input type="checkbox"/> For-profit
Status of Ownership Entity	<input type="checkbox"/> Exists <input type="checkbox"/> To be formed _____

- A. **Legal Status.** Applicant must submit documentation of the legal status of the entity applying for NSP3 funds. Please include and label this information as **Attachment 1 - "Corporation/Partnership Documentation."**
1. Corporations. Include, where applicable, 501(c)(3) documentation, Secretary of State of California Certification, IRS exemption letter, California Franchise Tax Board exemption, Charter, By-laws, Articles of Incorporation and a list of current members of the Board of Directors, their addresses, affiliations, and phone numbers.
 2. Partnerships, provide a copy of the partnership agreement, a list of current partners, their addresses, affiliations, and phone numbers. If a Limited Partnership will be formed for this project, please describe partners. Provide organization documents as above mentioned.
- B. **Staffing.** Provide a list of the staff assigned to implement and/or operate the proposed NSP3 projects. Include resumes of key project staff who will work on the project, and a description of related experience for each staff person listed. Include an organizational chart. Label as **Attachment 2. "Staffing Descriptions."**
- C. **Local Hiring requirement.** To the maximum extent feasible the County will impose a local hiring requirement on all Developers. Every contract or agreement with any private entity receiving NSP3 funds from the County, either as a partner in development or sub-grantee, shall include provision requiring a local hiring requirement and imposition of Section 3 thresholds. The local area vicinity is defined as the NSP3 target area in which the developer is contracted for. All Developers shall be required to develop and submit to the County 30-days prior to construction, a **Local Hiring Schedule** that establishes the hiring process, workforce needs, and approximate timetable to be followed by the Developer and subcontractors for construction hiring to achieve the overall requirements of the local hiring requirement. The Local Hiring Schedule shall include an estimate of: number of workers or work hours required per month, per day, per trade, and total for the project. Prior to commencing work, a Letter of Assent must be signed by Developer and their subcontractors working on NSP3 funded projects. The letter states that all parties doing construction work on NSP3 funded projects have read, understands, and accept the terms of the County NSP3 local hiring requirement, and are aware that they are bound to fulfilling the requirements. Evidence will have to be provided to the County of all efforts made to adhere to this requirement. Developer must provide a Local Hiring Plan to address elements of the Local Hiring Schedule and explain how the Developer will perform outreach and meet this requirement to the maximum extent feasible and label as **Attachment 3. "Local Hiring Plan."**

- D. **Development Team.** List Development Team Members. If the members of the development team are related, please disclose and include relationship. Provide a list of contractors that will be used to complete rehabilitation activities. Complete the Contractor Debarment Certification form under Section X of this application for each contractor. Label as **Attachment 4 - "Development Team."**
- E. **Letters of Support.** Letters of support must be obtained by Developer from each respective city with NSP3 target areas inside the city's boundaries for which the developer is proposing to work. Label as **Attachment 5 - "Letters of Support."**
- F. **Past Housing Projects.** Relevant to the proposed activity of (NSP3-1) Acquisition Rehabilitation and Resale to First-Time Homebuyers, attach a list of projects the applicant has completed in the last five (5) years. **Attach and label as Attachment 6 - "Past Housing Projects and References."**
1. Include funding sources, project references with contact information. Contacts must be able to validate experience and performance in acquisition, rehabilitation and resale.
 2. Start and completion dates for acquisition, rehabilitation and resale of single-family homes.
 3. Indicate if homes were sold to LMMI or VL income households.
 4. Evidence of previous success with targeting and purchasing properties with more than the minimum one percent (1%) discount from the Current Market Appraised Value. New developers must provide strong evidence that they can receive deeper discounts.
- G. **Financial Capacity.**
1. **Working Capital.** How much working capital and/or line of credit does applicant have to undertake the project? Provide copies of evidence and label as **Attachment 7 - "Working Capital."**
 2. **Financial Statements.** Attach audited financial statements or un-audited financial statements for the past two (2) years. Please include and label this information as **Attachment 8 - "Financial Statements for the Past Two Years."**
 3. **Audit Findings, Foreclosure or Default.** If the applicant has any unresolved audit findings, please describe the findings and provide a description of how the findings have been or will be addressed. Provide information on any audit findings, defaults or foreclosure experience or, if none, provide a statement affirming this fact. Attach and label as **Attachment 9 - "Audit Findings, Foreclosure or Default."**
 4. **Leveraging other funds.** Can applicant maximize NSP3 funding by leveraging other public, private equity and/or debt into the project? Proposal should explain how this would be accomplished. Documentation of other committed funds is needed. If so, attach and label as **Attachment 10 - "Leveraging other funds."**
- H. **Governing Board Action.** Attach a resolution, duly executed by the governing board of the applicant, granting authority to make application to EDA for a funding commitment. Label as **Attachment 11 - "Governing Board Resolution."**

SECTION II - PROJECT SUMMARY

Project Name for Group Identification:	
--	--

Property Locations (Address, City/Community, Zip Code)	APN	Acquisition Price	Rehab Cost	Total Acq/ Rehab

Total number of units proposed:	
---------------------------------	--

Total Amount of NSP3 funds needed to acquire, rehabilitate and dispose properties:	
--	--

SECTION III – LOCATION MAPS AND PHOTOGRAPHS

Applicant must submit maps pinpointing the location of each of the sites, including boundaries outlining the NSP3 Target Areas, Unincorporated Areas, and/or City Limits. Include plot maps showing the property's location and photographs identifying the property, surroundings and view direction (north, east, west, and south of the site). Photos need to be of good quality and focused. Label section as **Attachment 12 - "Location Maps and Photographs."**

Indicate Target Areas impacted by the Project as well as the Desired Areas to work.

TARGET AREA NAME	DISTRICT	DESIRED AREAS TO WORK
Lake Elsinore	1	<input type="checkbox"/>
Rubidoux	2	<input type="checkbox"/>
Menifee	3	<input type="checkbox"/>
Temecula	3	<input type="checkbox"/>
Beaumont	5	<input type="checkbox"/>
Banning	5	<input type="checkbox"/>

SECTION IV – PROJECT BUDGET

Please complete the Project Budget spreadsheets provided as “Project Budget Summary.xls” in Excel format. Please include and label as **Attachment 13 - "Project Budget."** The Project Budget must be submitted with the application and revised as information becomes available.

- **Project Budget Summary – Sources and Uses.**
- **Per Unit Budget.**

SECTION V – PROJECT TIMELINE

Provide a timeline for the following milestones:

Activity	Tentative Start Date
Acquisition completed for all properties, obligating 100% of allocated funds via recorded deeds of trust.	
Rehabilitation completed for all properties initiating re-appraisal process and establish sales price.	
Resale of properties completed (escrows closed) for all properties to qualified first-time homebuyers.	
Close out of all properties, all expenses paid and final developer fees disbursed.	

SECTION VI – APPLICANT CERTIFICATION AND COMMITMENT RESPONSIBILITY

Please include and label this information as **Attachment 14 - “Applicant Certifications.”**
As the official designated by the governing body, I hereby certify that if approved by the County of Riverside for NSP funding allocation, _____ (Applicant Name) Assumes the responsibilities specified in the NSP regulations and certifies that:

1. It possesses the legal authority to apply for the allocation and to execute the proposed program;
2. It has resolved any audit findings or performance problems for prior local, state or federal housing and community development programs;
3. Before committing funds to a project, it will evaluate the project in accordance with guidelines that it adopts for this purpose and will not invest any more NSP funds in combination with other state and/or federal assistance than is necessary to provide affordable housing;
4. It will comply with all statements and regulations governing the Neighborhood Stabilization Program;
5. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct;
6. It has stated all governmental sources of assistance provided or to be provided; and
7. Should other governmental assistance be sought in the future, Riverside County EDA shall be notified promptly.

I authorize the Riverside County Economic Development Agency (EDA) to contact any or all of the agencies listed in this application. All information contained in this application is acknowledged to be public information.

Signature

Date

Typed or Printed Name

Typed or Printed Title

*** Signatures must be of those of the individual or individuals having the capacity to act on behalf of the identified form or organization and attest to the accuracy of the information contained herein.**

SECTION VII – APPLICANT’S DISCLOSURE QUESTIONNAIRE

Please include and label as **Attachment 15 - “Applicant’s Disclosure Questionnaire.”**

For purposes of the following questions, the term “Applicant” shall include, in addition to the entity itself, officers, directors, principals, and senior executives if Applicant is a for-profit or not-for-profit corporation or affiliate, or partners if Applicant is a partnership, or members or managers if Applicant is a limited liability company.

I will abide by the conflict of interest provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, and 24 CFR 92.356, Government Code Sections 87100, et. seq., Government Code Sections 1126, et. seq., Government Code Sections 1090, et. seq., Government Code Sections 19990, et. seq., and Health and Safety Code Section 34281, et. seq.:

None of the following questions are applicable to this Applicant.

1. Has the Applicant filed for bankruptcy, defaulted on a loan or been foreclosed against in the past 10 years? If so, please explain.
2. Is the Applicant currently a party to any civil or criminal litigation, which may materially affect the financial condition of the Applicant’s business? If so, please explain.
3. Have there been any administrative or civil settlements or judgments against the Applicant within the prior ten years, which materially affected the financial condition of the Applicant’s business? If so, please explain and state the amount.
4. Is the Applicant currently subject to any civil or criminal proceeding or investigation by a licensing accreditation agency or by a state or federal taxing authority? In the last ten years, has the Applicant been subject to any civil or criminal proceeding or investigation by a licensing or accreditation agency or by a state or federal taxing authority that resulted in a settlement, conviction, decision, or judgment? If yes to either question, please explain.
5. Have there been any criminal settlements, convictions, or judgments against the Applicant within the prior ten years, which materially affected the financial condition of the Applicant’s business? If so, please explain and state the amount.
6. Within the last ten years, has the Applicant been convicted of any felony? Within the last ten years, has the Applicant been convicted of any misdemeanor related to the program to which the Applicant is applying or any financial fraud related crime? If so, please explain.
7. Has the Applicant been debarred or suspended from participation in federal or state housing and community development programs?

Signature (Applicant/Project Sponsor)

Date

Typed or Printed Name

SECTION VIII – ENVIRONMENTAL REVIEW

The Environmental Review must be performed by EDA for each property in consideration for NSP3 funding. The developer must consider the following for acquisition, rehabilitation and resale. EDA must be notified of potential environmental issues. Provide this form only if any of these items will impact the project and label as **Attachment 16 - “Environmental Review.”**

Property: _____

DEMOLITION OR SUBSTANTIAL REHABILITATION/RECONSTRUCTION

Demolition or substantial rehabilitation/reconstruction, of blighted structures only, will require a full environmental assessment and may have to undergo a lengthy process including public notice requirements, finding of no significant impact on the environment, BOS approval, HUD review, and Request for Release of Funds. A Re-use Plan may be required.

1. Does the project involve demolition or substantial rehabilitation/reconstruction? _____

HISTORIC PRESERVATION

Historic properties are any prehistoric or historic district, site, building, structure or object included in, or eligible for inclusion in the National Register of Historic Places. For rehabilitation projects, the Area of Potential Effects (APE) is typically limited to the subject parcel. This is an area directly or indirectly affected by the project.

1. When was the building constructed? <enter date>
2. Is the building listed in or eligible for listing in the National Register of Historic Places? _____

FLOODPLAIN MANAGEMENT and WETLAND PROTECTION

Federal assistance may not be used in the Special Flood Hazards Area. Proposed project sites should be outside the base (i.e. 100-year) floodplain whenever Federal assistance is requested for the project. Executive Order 11988 discourages Federal agencies from initiating or participating in new construction within areas having special flood hazards. Evaluating projects should consider both potential flood hazard on site as well as off site resulting from project construction. To determine the applicability of floodplain management issues to the site, consult the FEMA Flood Hazard Mapping site (www.fema.gov) to determine whether the proposed site lies within either Flood Zone A or V—also referred to as the 100-year floodplain. Projects located within a floodplain and new construction located within a designated wetland are subject to Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands) respectively.

2. Does the project involve acquisition, construction or rehabilitation of structures located in a FEMA-identified Special Flood Hazard? Attach FEMA flood maps from (www.fema.gov). _____

EXPLOSIVE AND FLAMMABLE OPERATIONS

There are certain hazards associated with specific hazardous facilities, which store, handle, or process hazardous substances of a flammable or explosive nature. There are inherent potential dangers associated with locating HUD-assisted projects near such hazardous facilities. Project sites located too close to facilities handling, storing or processing conventional fuels (e.g. petroleum), hazardous gases (e.g. propane) or chemicals of an explosive or flammable nature (e.g. benzene) is a matter of concern when conducting an environmental assessment.

1. Is the property located near hazardous operations handling conventional fuels or chemicals of an explosive or flammable nature? _____

TOXIC CHEMICALS AND RADIOACTIVE MATERIALS

It is HUD policy, as described in §50.3(i), that "(1)... all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property. (2) HUD environmental review of multifamily and non-residential properties shall include evaluation of previous uses of the site and other evidence of contamination on or near the site, to assure that occupants of proposed sites are not adversely affected by the hazards..." Sites known or suspected to be contaminated by toxic chemicals or radioactive materials include but are not limited to sites: (i) listed on an EPA Superfund National Priorities or CERCLA List, or equivalent State list; (ii) located within 3,000 feet of a toxic or solid waste landfill site; or (iii) with an underground storage tank (which is not a residential fuel tank).

1. Is the property contaminated by toxic chemicals and gases or radioactive materials? _____

AIRPORT CLEAR ZONES AND ACCIDENT POTENTIAL ZONES

HUD financial assistance in a clear zone is allowed for existing properties proposed for acquisition or lease (24 CFR 51.302(c)) with or without minor rehabilitation or repair. Upon HUD approval for acquisition of a property in a clear zone, (a) HUD will give advance written notice to the prospective property buyer in accord with 24 CFR 51.303(a)(3); and (b) a copy of the HUD notice signed by the prospective property buyer will be placed in the property file. The written notice informs the prospective property buyer of: (i) the potential hazards from airplane accidents which studies have shown more likely to occur within clear zones than in other areas around the airport/airfield; and (ii) the potential acquisition by airport or airfield operators, who may wish to purchase the property at some point in the future as part of a clear zone acquisition program. For properties located within the accident potential zone (APZ), HUD shall determine whether the use of the property is generally consistent with Department of Defense "Land Use Compatibility Guidelines for Accident Potential Zones."

1. Is the property located in an airport clear zone? _____

SECTION IX.



Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

Please complete the following verification process for each contractor:

- STEP 1: Visit <https://www.epls.gov/epls/search.do>
- STEP 2: For "Name Search Type" select "Individual (Basic)". Leave field blank.
- STEP 3: For "Classification" select "ALL"
- STEP 4: For "Exclusion Type" select "ALL"
- STEP 5: For "U.S. State" select "CA – CALIFORNIA"
- STEP 6: For "Country" select "USA – UNITED STATES"
- STEP 7: Click Search.
- STEP 8: Search name of contractor (individual last name or firm).
- STEP 9: Scroll and locate the names of contractor before and after subject contractor.
- STEP 10: Print Screen and attach to this certification as supporting documentation.

By signing below Developer, _____, has verified the contractor known as, _____, was not listed in the Excluded Parties Lists System as of _____.

X _____