



COMMUNITY DEVELOPMENT DEPARTMENT

Quincy Yaley, AICP
Director

Land Use and Natural Resources – Housing and Community Programs – Environmental Health – Building and Safety – Code Compliance

48 Yaney Avenue, Sonora
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AGENDA TUOLUMNE COUNTY HOUSING LOAN REVIEW COMMITTEE Regular Meeting Wednesday, February 15, 2023 11:00 a.m.

Community Development Department
4th Floor Conference Room
48 Yaney Ave.
Sonora, CA 95370

1. **CALL THE MEETING TO ORDER AND ESTABLISHMENT OF QUORUM**
2. **PUBLIC COMMENT**
The public may speak on any item, not on the agenda. No action may be taken by the Committee.
3. **DISCUSSION AND CONSIDERATION OF MEETING DAY AND TIME.**
4. **CONSIDERATION OF MINUTES OF THE REGULAR MEETING OF MAY 18, 2022.**
5. **CONSIDERATION OF MINUTES OF THE REGULAR MEETING OF AUGUST 17, 2022.**
6. **TENANT BASED RENTAL ASSISTANCE**
There are no items to consider
7. **FIRST TIME HOMEBUYER PROGRAM**
 - A. Update of status of HCD HOME program.
 - B. Review and approval of CalHOME first-time homebuyer program guidelines.
 - C. Consideration and action concerning first-time homebuyer assistance in an amount not to exceed \$81,000 for a Habitat home located at 22252 Haughton Circle Drive, Sonora, CA 95370.
 - D. Consideration and action concerning first-time homebuyer assistance in an amount not to exceed \$30,000 for a Habitat home located at 22256 Haughton Circle Drive, Sonora, CA 95370.
8. **OWNER-OCCUPIED REHABILITATION PROGRAM LOANS**
There are no items to consider.
9. **PORTFOLIO MANAGEMENT ISSUES**
There are no items to consider.

10. OTHER BUSINESS

There are no other items to consider.

11. NEXT MEETIING

The Committee's next scheduled meeting date TBD.

12. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Community Development Department at (209) 533-5637. Notification 48 hours prior to the meeting will enable the County to make reasonable arrangements to ensure accessibility to this meeting (28FR35.102-35.104 ADA Title 11)



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HOUSING LOAN REVIEW COMMITTEE Regular Meeting *Unapproved Minutes* Wednesday, May 18, 2022 Zoom/Teleconference

PRESENT: Vice Chair Supervisor Ryan Campbell; Amy Lane, Amador Tuolumne Community Action Agency (ATCAA); Casie Schornick, Realtor/Property Manager; Alison Daniels, Realtor/Property Manager; Quincy Yaley, Community Development Department (CDD) Director; Brian Bell, Community Development Department (CDD) Chief Building Official Building & Safety Division

ABSENT: Jamie Trimeloni, Banking/Lending

STAFF: Rachel Bell, Community Development Department (CDD) Business Manager; Jodi Shoemake, Community Development Department (CDD) Administrative Assistant

The Committee may have rearranged its agenda during the meeting; however, the minutes have been prepared to follow the printed agenda, for the purpose of consistency.

CALL MEETING TO ORDER AND ESTABLISH QUORUM

Vice chair Campbell called the meeting to order at 11:03 am.

Rachel Bell roll called the committee:

Vice Chair Campbell: Present
Amy Lane: Present
Casie Schornick: Present
Alison Daniels: Present
Jamie Trimeloni: Absent
Quincy Yaley: Present
Brian Bell: Present

There is a quorum, with Ms. Trimeloni absent.

PUBLIC COMMENT

Vice Chair Campbell opened public comment, indicating the public can speak on any item not on the agenda. Seeing none, he closed the public comment period.

DISCUSSION ON RETURNING TO IN PERSON MEETINGS

Rachel Bell requested we hold this item over to the next meeting when Supervisor Kirk is present.

ADOPTING RESOLUTION HLRC2022-002 AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF HLRC FOR THE PERIOD OF MAY 18, 2022 TO JUNE 15, 2022

Vice Chair Campbell asked if there is a motion to adopt the resolution

It was moved by Brian Bell and seconded by Alison Daniels to approve the resolution.

Staff did a roll call vote:

Vice Chair Campbell: Aye
Amy Lane: Aye
Casie Schornick: Aye
Alison Daniels: Aye
Jamie Trimeloni: Absent
Quincy Yaley: Aye
Brian Bell: Aye

Motion Passes 6-0-1-0, with Ms. Trimeloni absent.

CONSIDERATION OF MINUTES OF THE REGULAR MEETING OF JULY 21, 2021

CONSIDERATION OF MINUTES OF THE REGULAR MEETING OF MARCH 16, 2022

Vice Chair Campbell proposed combining the two items concerning the minutes of July 21, 2021 and March 16, 2022. and asked if there are any questions, comments, additions, or corrections.

Vice Chair Campbell opened public comment. Seeing none, he closed the public comment period.

It was moved by Casie Schornick and seconded by Alison Daniels to approve the minutes of the meeting of July 21, 2021 and March 16, 2022.

Staff did a roll call vote:

Vice Chair Campbell: Aye
Amy Lane: Aye
Casie Schornick: Aye
Alison Daniels: Aye
Jamie Trimeloni: Absent
Quincy Yaley: Aye
Brian Bell: Aye

Motion Passes 6-0, with Ms. Trimeloni absent.

OTHER BUSINESS

Consideration of the County's submittal of a non-competitive HOME Application in an amount not to exceed \$1,600,000 on behalf of Visionary Home Builders of California, Inc., to assist in gap financing of the Hidden Meadow Terrace Affordable Housing Project.

Ms. Bell did a presentation on the background of the Hidden Meadow Terrace affordable housing project and Visionary Home Builders (VHB). Stating on September 1, 2020, the County of Tuolumne entered an "Agreement for Professional Services for an Affordable Family Rental Project with a Permanent Supportive Housing Component" with Visionary Home Builders. She then touched on the HOME Program income balance and the rules concerning this income balance. The approximate balance of this account is currently \$1,900,000. She indicated that these funds need to be spent down or committed to an HCD-approved HOME project by June 30, 2022. This would require a HOME project application submitted to HCD, along with a Board Resolution identifying the developer and project, and that the County wishes to use the Program Income currently on hand in the County fund. Ms. Bell then highlighted the County's roles and responsibilities if the HOME award is granted. She clarified that this grant is a loan and also the County will be able to request general administrative fees of 10% and a activity delivery fee up to \$50,000 to compensate for time involved in the project. Ms. Bell concluded the Committee recommend to the Board of Supervisors (BOS) to approve the County's submittal of the HOME Project Application in an amount not to exceed \$1,600,000 on behalf of Visionary Homes of California, Inc. for the Hidden Meadow Terrace affordable housing project. Ms. Bell asked if there are any questions or comments.

Ms. Daniels wanted to make sure we are using the current, correct data to determine home values.

Ms. Schornick wanted to clarify that this project is for low income rentals.

Vice Chair Campbell opened public comment. Seeing none, he closed the public comment period.

It was moved by Alison Daniels and seconded by Vice Chair Campbell to approve.

Staff did a roll call vote:

Vice Chair Campbell: Aye

Amy Lane: Aye

Casie Schornick: Aye

Alison Daniels: Aye

Jamie Trimeloni: Absent

Quincy Yaley: Aye

Brian Bell: Aye

Motion Passes 6-0, with Ms. Trimeloni absent.

MEETING ADJOURNED

Vice Chair Campbell adjourned the meeting at 11:20 am.

RB:js



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HOUSING LOAN REVIEW COMMITTEE Regular Meeting *Unapproved Minutes* Wednesday, August 17, 2022 CDD 4th Floor Conference Room and Zoom/Teleconference

PRESENT: Chair Supervisor Anaiah Kirk; Eva Questo, Amador Tuolumne Community Action Agency (ATCAA); Jamie Trimeloni, Banking/Lending; Natalie Rizzi, Community Development Department (CDD) Planner; Jehiah DeMattei, Community Development Department (CDD) Principal Plans Examiner

ABSENT: Casie Schornick, Realtor/Property Manager Alison Daniels, Realtor/Property Manager

STAFF: Rachel Bell, Community Development Department (CDD) Business Manager

The Committee may have rearranged its agenda during the meeting; however, the minutes have been prepared to follow the printed agenda, for the purpose of consistency.

CALL MEETING TO ORDER AND ESTABLISH QUORUM

Chair Kirk called the meeting of August 17, 2022, to order at 11:00 am.

Rachel Bell roll called the committee:

Supervisor Kirk: Present
Eva Questo: Present
Casie Schornick: Absent
Alison Daniels: Absent
Jamie Trimeloni: Absent
Natalie Rizzi: Present
Jehiah DeMattei: Present

There is a quorum, with Ms. Trimeloni, Ms. Schornick and Ms. Daniels absent.

PUBLIC COMMENT

ADOPTING DISCUSSION ON RETURNING TO IN PERSON MEETINGS.

A discussion ensued concerning remote meetings, Zoom and in person meetings. It was decided to continue with remote meetings through Zoom and to also have an in person option.

It was moved by Supervisor Kirk and seconded by Jehiah DeMattei.

Supervisor Kirk: Aye
Eva Questo: Aye
Casie Schornick: Absent
Alison Daniels: Absent
Jamie Trimeloni: Absent
Natalie Rizzi: Aye
Jehiah DeMattei: Aye

Motion carried 4-0, with Ms. Trimeloni, Ms. Schornick and Ms. Daniels absent.

ADOPTING RESOLUTION HLRC2022-003 AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF HLRC FOR THE PERIOD OF AUGUST 17, 2022, TO SEPTEMBER 21, 2022.

It was moved by Supervisor Kirk and seconded by Jehiah DeMattei.

Supervisor Kirk: Aye
Eva Questo: Aye
Casie Schornick: Absent
Alison Daniels: Absent
Jamie Trimeloni: Absent
Natalie Rizzi: Aye
Jehiah DeMattei: Aye

Motion carried 4-0, with Ms. Trimeloni, Ms. Schornick and Ms. Daniels absent.

CONSIDERATION OF MINUTES OF THE REGULAR MEETING OF MAY 18, 2022.

Jamie Trimeloni joined the meeting.

Chair Kirk asked for this item to be on the next meeting's agenda.

FIRST TIME HOMEBUYER PROGRAM

A. Status of the First Time Homebuyer Program.

Ms. Bell indicated we are still waiting for HCD to update some policy procedures for HUD. She will keep the committee updated when she gets more information.

B. Review and approval of HCD's revisions to the First Time Home Buyer Program Guidelines.

Ms. Bell explained initially we had submitted our guidelines to HCD saying the homeowner must contribute a minimum down payment to match the first mortgage guidelines. HCD came back and said they did not like that language. HCD suggested changing it to either, 1%, or \$1000.00 or no down payment. Ms. Bell suggested changing it to say, no down payment is required for the FTTHB Program.

It was moved by Jamie Trimeloni and seconded by Eva Questo to approve the change.

Supervisor Kirk: Aye
Eva Questo: Aye
Casie Schornick: Absent
Alison Daniels: Absent
Jamie Trimeloni: Aye
Natalie Rizzi: Aye
Jehiah DeMattei: Aye

Motion carried 5-0, with Ms. Schornick and Ms. Daniels absent.

PORTFOLIO MANAGEMENT ISSUES

A. Consideration and action concerning an extension to the due date for a housing rehabilitation loan for a home located at 13111 Boitano Road, Groveland, CA 95321 (report to be provided at meeting)

Ms. Bell indicated the homeowner recently contacted her for payoff information. He said he is in poor health and may not have much time to live. The loan was due in 2019. The homeowner wanted to transfer the loan to his son, but the son does not income qualify. The homeowner said he was going to try and sell his home. Ms. Bell recommended the committee extend his loan for 15 years at 0% interest to give him the needed time.

Supervisor Kirk asked if this story has been verified with a doctor's letter or something confirming his story.

Ms. Bell asked if she gets this, do we need a special meeting to confirm it, or does the committee approve the 15 year extension, pending the doctor's letter or something confirming his story.

It was moved by Supervisor Kirk and seconded by Jamie Trimeloni to approve.

Supervisor Kirk: Aye
Eva Questo: Aye
Casie Schornick: Absent
Alison Daniels: Absent
Jamie Trimeloni: Aye
Natalie Rizzi: Aye
Jehiah DeMattei: Aye

Motion carried 5-0, with Ms. Schornick and Ms. Daniels absent.

MEETING ADJOURNED

Chair Kirk adjourned the meeting at 11:13 am.

RB:js

County of Tuolumne

Homebuyer Program Guidelines

CalHOME Program



CalHOME Approved

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

Table of Contents

1.0. GENERAL

- 1.1. PROGRAM OVERVIEW
- 1.2. PROGRAM OUTREACH AND MARKETING
- 1.3. NON-DISCRIMINATION REQUIREMENTS
- 1.4. HOUSING LOAN REVIEW COMMITTEE

2.0. PROGRAM PROCESS

- 2.1. APPLICATION PROCESS
- 2.2. HOME PURCHASE PROCESS

3.0. APPLICANT QUALIFICATION

- 3.1. INCOME REQUIREMENTS
- 3.2. FIRST-TIME HOMEBUYER STATUS
- 3.3. CITIZENSHIP STATUS
- 3.4. CREDIT SCORE
- 3.5. HOMEBUTER EDUCATION
- 3.6. MINIMUM CONTRIBUTION
- 3.7. INCOME QUALIFICATION PROCESS

4.0. HOUSING UNIT ELIGIBILITY

- 4.1. LOCATION AND CHARACTERISTICS
- 4.2. MAXIMUM PURCHASE PRICE
- 4.3. INSPECTION REQUIREMENTS
- 4.4. APPRAISED VALUE

5.0. PRIMARY LOAN

- 5.1. LOAN TYPE AND TERM
- 5.2. INTEREST RATE
- 5.3. QUALIFYING RATIOS

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

6.0. PROGRAM LOAN

- 6.1. MAXIMUM ASSISTANCE AMOUNT**
- 6.2. CLOSING COSTS**
- 6.3. SUBSIDY ASSISTANCE**
- 6.4. LOAN TERMS**
- 6.5. INTEREST RATE**
- 6.6. COMBINED LOAN-TO-VALUE RATIO**
- 6.7. SUBORDINATE FINANCING**
- 6.8. LOAN DOCUMENTS**
- 6.9. INSURANCE**
- 6.10. ESCROW PROCEDURES**

7.0. PROGRAM LOAN REPAYMENT

- 7.1. LOAN PAYMENT**
- 7.2. DUE UPON SALE OR TRANSFER**
- 7.3. LOAN SERVICING**
- 7.4. LOAN MONITORING**

8.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

- 8.1. DEFINITION OF EXCEPTION**
- 8.2. PROCEDURE FOR EXCEPTIONAL CIRCUMSTANCES**

Attachments:

ATTACHMENT A: HOMEBUYER EDUCATION PLAN

ATTACHMENT B: LOAN SERVICING PLAN

ATTACHMENT C: CAL-HOME REUSE ACCOUNT PLAN PROCEDURE

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

1.0 GENERAL

1.1 Program Overview

County of Tuolumne (the “Sponsor”) has or plans to enter into a contractual relationship with the California Department of Housing and Community Development (“HCD”) to administer a CalHOME-funded first-time homebuyer program (the “Program”). The Program is designed to provide assistance to eligible homebuyers in purchasing homes (also referred to herein as “housing units”) located within the boundaries of the Affiliate’s service area, including eligible Counties and Cities. The Program provides gap financing in the form of deferred payment, second-priority loans to be used toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by County of Tuolumne, Community Development Department, (the “Program Operator”)

1.2 Program Outreach and Marketing

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

- A. The Equal Opportunity Lender and Accessibility logos will be placed on all outreach materials produced by the Program Operator. Flyers or other outreach materials will be widely distributed in the Program-eligible area and will be provided to local social service agencies. The Program may sponsor homebuyer orientation meetings to help educate homebuyers about the home-buying process and future responsibilities.
- B. The Program Operator will track the demographic characteristics of:
 - a) All persons submitting applications; AND
 - b) All persons receiving assistance.

U.S. Census or American Community Survey data will be used to obtain demographic data for comparison purposes. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. If possible, Fair Housing marketing efforts will be adjusted based on the comparison analysis to ensure protected classes are reasonably reached by the Program’s outreach materials.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

- C. The Program Operator will work with the primary lender to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. The Program Operator will encourage its homebuyers to participate in the Program.

1.3 Non-Discrimination Requirements

The Program will be implemented consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of their religion or religious preference, age, race, color, creed, gender, sexual orientation, marital status, familial status, physical or mental disability, nationality, origin, ancestry, or any other arbitrary cause.

1.4 Housing Loan Review Committee

Participation in the Housing Loan Review Committee consists of qualified representatives from the Board of Supervisors, banking/lending institutions, non-profit organizations, the real estate industry, and the Community Development Department.

The Housing Loan Review Committee will review each loan request and may approve or deny the request.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

2.0 PROGRAM PROCESS

2.1 Application Process

- A. The Program Operator will accept applications during designated application acceptance periods. Each applicant shall complete an application form, which asks for sufficient information concerning income, employment, assets, and credit history to establish preliminary eligibility for Program participation. Applications will be deemed complete only if:
1. All information is complete and submitted in the format requested.
 2. The application and any additional and necessary forms are signed and dated.
 3. A primary lender's pre-qualification letter is attached to the application.
- B. The Program Operator may stop accepting new applications to the Program at such time as when the number of persons qualified to receive assistance exceeds the number that can reasonably be expected to secure funding through the Program.
- C. If the applicant meets the minimum criteria specified in these guidelines, their Program eligibility will be confirmed. Applicants may be required to provide additional and/or more recent documentation to confirm continued Program eligibility. If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that cannot be resolved to the satisfaction of the Program Operator, the Program Operator reserves the right to deny assistance to the household. In this case, the applicant(s) may reapply to the program after one year from the date of denial. If the misrepresentation was intentional, the applicant(s) are restricted from reapplying to the Program permanently.
- D. Once the applicant's Program eligibility is confirmed, they may be invited to a briefing regarding participation in the Program. At the briefing, the homebuyer is given a preliminary eligibility letter for the Program along with instructions on proceeding in compliance with the Program regulations. The preliminary eligibility letter is based on information submitted by the applicant and is not an approval of a sponsor's loan. Final eligibility for the Program is determined after the applicant submits all the required documentation associated with a home

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

purchase. The Program Operator and Housing Loan Review Committee will evaluate the complete package at that time, including, if necessary, a re-evaluation of income.

- E. If, at any time, it appears the potential homebuyer cannot participate in the Sponsors homebuying process or the Program, the reservation of funds will expire so that other applicants may be given an opportunity to participate in the Program.

2.2 Home Purchase Process

- A. The Program Operator and the applicant agree to, an eligible housing unit (see Section 4) to purchase. As part of the home-buying process, the applicant shall include the following provisions in the Purchase and Sale Agreement.

1. The housing unit will be subject to inspection by Program Operator. Additional inspections may be requested by the Program Operator and/or the applicant. The housing unit must comply with California state law and current codes at the time of construction or purchase, in addition to local health and safety standards.
2. Excluding the applicant(s) and their household, the housing unit must be vacant prior to the close of escrow.
3. The Purchase and Sale Agreement is contingent upon the household and housing unit meeting Program eligibility requirements and receiving Program loan approval.

- B. The applicant(s) will submit an executive Purchase and Sale Agreement (California Association of Realtors standard form) and any required disclosures, and additionally required documentation to the Sponsor.

- C. The applicant(s) submits the following documents:

- | | |
|---|---|
| 1. Purchase & Sale Agreement and any amendments/addendums (<i>if not previously provided</i>) | 8. Homebuyer Education Certificate |
| 2. Program disclosure statements (<i>if applicable</i>) | 9. Loan approval – standard conditions acceptable |
| 3. Loan application – signed and dated | 10. Loan rate lock |
| 4. Loan transmittal summary – signed and dated | 11. Appraisal (<i>must contain photos</i>) |
| 5. Good Faith estimate | 12. Home inspection report (<i>If required</i>) |
| 6. Any other loan disclosures | 13. Pest report (<i>If required</i>) |
| 7. Current income and asset verifications | 14. Preliminary Title Report |
| | 15. Credit Report |
| | 16. Rental verification (<i>if requested</i>) |
| | 17. Estimated settlement statement |
| | 18. Proof of funds for applicant contribution (<i>if necessary</i>) |

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

After an initial review of the documents, the Program Operator will request any additional documents needed. Documents may be scanned and emailed, but any required originals shall be received before Program funds are committed to escrow.

Any significant discrepancies between these documents and/or the information the applicant submitted originally for application purposes will be required to be resolved to the satisfaction of the Program Operator. The Program Operator verifies applicant eligibility, housing unit, and loan eligibility, and the amount of assistance to be provided consistent with these guidelines.

- D. The Program Operator evaluates the applicant's finances to determine if the "gap" – the difference between what the applicant can afford to borrow from the primary lender plus any additional financing such as applicant contribution, WISH down payment assistance, and additional lenders, subtracted from the purchase price of the property. The Program Operator calculates the maximum loan amount and prepares a report summarizing the proposed transaction.
- E. The Program Operator submits a recommendation to the Housing Loan Committee for approval or denial, including the reasons for the recommendation and any conditions associated with the recommended approval.

After the Housing Loan Review Committee motion, the Program Operator provides written notification to the applicant of approval or denial with reason and, if denied, information on appeal procedures.

- F. When the primary lender, additional financing, and Sponsor requirements and conditions of approval are met, the Program Operator provides required closing instructions and loan documents to the title company responsible for the transaction. Loan documents must be fully executed by both the borrower and the Sponsor (when applicable) prior to Program funds being deposited into escrow.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

3.0 APPLICANT QUALIFICATION

3.1 Income Requirements

All applicants must certify they meet the household income eligibility requirements for the Program and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below the low-income limit for the County in which the home is located, adjusted for household size, as published by HCD, and available at the below address (Official State Income Limits).

<https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits>

See Section 3.7 for more information on the income qualification process.

3.2 First-Time Homebuyer Status

Eligible applicants must be first-time homebuyers. According to the most recent CalHOME Program Final Guidelines (*dated November 27, 2019*):

“First-Time Homebuyer” means a Borrower(s) who has not owned a home during the three-year period before the purchase of a home with CalHOME program assistance, except that the following individual or individuals may not be excluded from consideration as a First-Time Homebuyer under this definition:

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

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

- B) Not in compliance with state, local, or model building codes that cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

The Program Operator will review applicant-provided information, three years of federal tax returns, credit report, and landlord/rental verification(s) to verify there is no record of property ownership in the previous three years.

3.3 Citizenship Status

Only United States of America citizens and qualified aliens are eligible to receive loans through the Program.

3.4 Credit Score

The borrower's credit history will be reviewed by the Program Operator and documentation of such is maintained in the loan file. Applicants will be required to explain any derogatory items on their credit records. The Program Operator may request additional information from the applicant after a review of the credit history.

Full payment, prior to the opening of escrow, of any accounts in collections, will be a condition of the Affiliate's loan approval. Program funds may not be used toward these payments.

Additional requirements may be mandated by the Primary Lender.

3.5 Homebuyer Education

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with education and training can bring success to the Sponsor, Program Operator, the Program, and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had a homebuyer education have the ability to handle problems that occur with home ownership. All Program participants are required to attend a Sponsor-approved homebuyer education class. The homebuyer education class will cover the following topics: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; the impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include but are not limited to: one-on-one counseling between homebuyer, counselor, and family/individual and/or group workshops, informational sessions, and/or HUD approved online homebuyer education courses such as [https:// www.hometrek.org/](https://www.hometrek.org/) .

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

3.6 Minimum Contribution

The homebuyer will not be required to make a down payment. As their minimum contribution, Program participants must purchase one year of house insurance that meets the following minimum requirements:

1. Paid in full for one year
2. Maximum deductible of: \$1,000
3. Wildland Fire Coverage
4. Mortgagee Clause on Declaration Page

COUNTY OF TUOLUMNE
2 SOUTH GREEN STREET
SONORA, CA 95370

3.7 Income Qualification Process

A. Definitions

- 1) Asset – means a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. It is the income earned (e.g., interest on a savings account), not the asset value, which is counted in household income.
- 2) Asset Cash Value – means the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The asset cash value (rather than the market value) of an item is counted as an asset.
- 3) Household – means one or more persons who will occupy a housing unit. Non-related live-in caretakers paid from an outside source and foster children do not count in family size determination. Unborn children count in household-size determination, whereas children are counted only if they reside with the household at least fifty percent of the time.
- 4) Household Income – is the annual gross income of all household members that is projected to be received during the coming 12-month period and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions in Title 25, Section 6914, of the California Code of Regulations for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

- B. Projected household income will be used to determine whether the applicant is at or below the published HCD income limits. Income qualification criteria, as shown in the most recent CalHOME Operations Handbook, will be followed to independently determine and certify the household's annual gross income.
- C. The Program Operator will compare its calculation of household income to the income the primary lender used when qualifying the household, recognizing the primary lender is usually underwriting to FHA or conventional loan guidelines and may not calculate the household income or assets in the same way as the Program.
- D. Income will be verified by reviewing and documenting tax returns, copies of pay stubs, or other wage receipts, subsidy award letters, banking and investment statements, and if necessary, third-party verification of employment forms sent to employers. Other documentation necessary to confirm or calculate a household's income or assets may be required if deemed necessary by the Sponsor. All documentation should be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.
- E. There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income.
- F. Income verification may not be more than six months old at the time of loan funding (i.e. loan closing). Applicants who were qualified more than six months before their funding date must be re-qualified prior to loan funding.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

4.0 HOUSING UNIT ELIGIBILITY

4.1 Location and Characteristics

- A. Housing units to be purchased must be located within the Sponsors service area.
- B. Housing unit types eligible for the Program are new or previously owned single-family residences; twin-homes; condominiums; or manufactured homes on a single-family lot and placed on a permanent foundation system.
- C. All housing units must be in compliance with State and local codes and ordinances.
- D. Housing units located within a 100-year flood zone will not be allowed for funding under this program.
- E. Housing units must provide fire insurance adequate to cover the unit prior to funding the loan.

4.2 Maximum Purchase Price

The maximum allowable purchase price for eligible housing units shall be no higher than one-hundred percent (100%) of the current median sales price of a single-family home located within the same County, as established by the local Association of Realtors. The maximum purchase price will be adjusted as needed in order to accommodate a rapidly changing market.

4.3 Inspection Requirements

All eligible housing units must be safe and habitable prior to the close of escrow.

Once the applicant has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to ensure there are no health and safety hazards:

- A. New Construction
 - a. All new houses must be built according to Federal, California, County, and City (*as applicable*) requirements, must obtain appropriate building permits, and pass all required inspections in order to receive a Certificate of Occupancy.
- B. Recycled Construction
 - a. Prior to close of escrow, the homebuyer must provide proof of Section 1 clearance on the pest report for the property.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

- b. The Program Operator's construction inspector will conduct a home inspection report prepared by a certified home inspector. The certified housing inspector must conduct an inspection in compliance with California Business and Professions Code section 7195, et seq., which must include a walk through the housing unit, determine if it is structurally sound, and identify any code related and/or health and safety deficiencies that need to be corrected. A list of required repair items will be given to the applicant and their real estate agent to be negotiated with the Sponsor. *Only new construction and homes built within the previous twelve (12) months and not previously occupied are not subject to a pest and home inspection.*
- c. Upon completion of all work required by the Program Operator, appraiser, pest inspector, and/or certified housing inspector, a final inspection will be conducted prior to the close of escrow.

4.4 APPRAISED VALUE

All eligible housing units must have values supported by an appraisal. Appraisals must be performed either by independent, state-licensed appraisers with the knowledge and experience necessary to evaluate the residential property.

Only the *sales of comparable properties* approach to valuation are acceptable. Comparable sales used to estimate value should have occurred within the prior six months. The appraisal value must be equal to or greater than the contracted purchase price of the property.

Cash transactions and oral agreements outside of escrow are prohibited. Any agreements between the buyer, seller, and/or real estate agent must be included in the purchase agreement and/or escrow instructions.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

5.0 PRIMARY LOAN

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

5.1 Loan Type and Term

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

5.2 Interest Rate

The interest rate of the primary loan (and type of loan) shall be a fixed interest rate determined by the primary lender. “Risk Rates” (an interest rate that reflects the primary lender’s loan risk) are not allowed under the CalHome Program.

5.3 Qualifying Ratios

- A. Front-End Ratio:** The front-end (housing) debt-to-income ratio shall be between 28% and 35% and is the percentage of a borrower’s gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, and mortgage insurance and HOA dues, if any.
- B. Back-End or “Debt-to-Income” Ratio (DTI):** The back end (total) debt-to-income ratio shall be between 28% and 45% and is the percentage of a borrower’s gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt, as well as child support and alimony payments.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

6.0 PROGRAM LOAN

6.1 Maximum Assistance Amount

Per the CalHOME Program Notice of Available Funding (NOFA) dated September 21, 2021, the maximum Loan amount by an award recipient to an eligible Borrower will be forty percent (40%) of the Borrower's purchase price for the property, up to a maximum of \$100,000. When using CalHOME reuse funds can be used to make loans in larger amounts than allowed by the NOFA but still required to comply with the loan-to-value (LTV) requirements.

6.2 Closing Costs

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

6.3 Subsidy Assistance

The Sponsor will not offer any subsidy assistance for the Program.

6.4 Loan Terms

All Program assistance shall be made in the form of a deferred payment (interest and principal) loan.

The Program loan's term shall be for First-Time Homebuyer Mortgage Assistance CalHOME program loans shall be 30 years with the following exception: when USDA, Rural Housing Service (RHS) 502 mortgage Loans are in first lien position, the term shall be the term of the 502 mortgages (30 to 38 years).

6.5 Interest Rate

The Program loan's interest rate shall be 1.5% simple interest and may even be different for seniors or other special needs groups, and/or involve forgiveness of interest over time to incent longevity in the home. Loans to borrowers participating in a sweat-equity program offered by a A nonprofit housing organization shall bear a 0% simple interest rate.

6.6 Combined Loan-to-Value Ratio

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent (100%) of the sales price plus a maximum of up to five percent (5%) of the sales price to cover actual closing costs.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

6.7 Subordinate Financing

Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program's maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

6.8 Loan Documents

The borrower(s) shall sign, at a minimum, the following documents:

- B. Loan Agreement
- C. Promissory Note
- D. Deed of Trust
- E. Statutory Lending Notices (e.g., Truth in Lending disclosure)
- F. Request for Notice of Default

The sponsor's escrow instructions will specify the Deed of Trust and Request for Notice of Default are to be recorded with the County Clerk/Recorder concurrently with the primary and subordinate lender's documents.

6.9 Insurance

At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of title insurance naming the Sponsor as insured is also required.

6.10 Escrow Procedures

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

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

7.0 PROGRAM LOAN REPAYMENT

7.1 Loan Payment

A. Borrowers may make voluntary payments and may begin making payments at any time.

B. Program loan payments must be made to:

County of Tuolumne
Attn: Office of Revenue Recovery
2 South Green Street
Sonora, CA 95370

C. The Sponsor may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.2 Due Upon Sale or Transfer

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the balance of the Program loan is immediately due and payable to the Sponsor.

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

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

C. The loan will be in default if the borrower fails to maintain the property in good repair, free from code violations, etc., and required fire or flood insurance or fails to pay property taxes. See Attachment B on loan defaults for further information on property restrictions.

7.3 Loan Servicing

See Attachment B for loan servicing policies and procedures. All loans must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Plan will be pursued.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

The Program Operator will be the receiver of loan payments and will maintain a financial record-keeping system to record payments and file statements on payment status. The Sponsor will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. Payments shall be deposited and accounted for in the Sponsors Reuse Account. See Attachment C for the Sponsors Reuse Account Plan.

7.4 Loan Monitoring

The Program Operator will monitor borrowers and their housing units to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-Occupancy – Homeowner will be required to submit documentation, as determined by the Sponsor, as proof of occupancy.
- B. Property Tax Payment
- C. Current and active hazard insurance coverage as determined by the loan agreement.
- D. Good standing on Primary loans
- E. General upkeep of housing units and maintenance in good repair and free from code violations.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

8.0 EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Program Operator may make amendments to these Program Guidelines. Any changes shall be made in accordance with regulations and be approved by the Sponsor. Changes shall then be sent to HCD for approval.

8.1 Definition of Exception

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

8.2 Procedure for Exceptional Circumstances

- A. The Program Operator may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Affiliate's recommended course of action and any written or verbal information supplied by the applicant.
- B. The Affiliate's Housing Loan Review Committee shall make a determination of the exception based on the recommendation of the Program Operator.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

ATTACHMENT A: HOMEBUYER EDUCATION PLAN

The CalHOME Homebuyer Assistance Program homebuyer education will conform to the following guidelines:

1. All Program participants shall be required to attend a homebuyer education class that has been approved by the Sponsor and by HCD. The homebuyer education class must be a course offered by a HUD-approved homebuyer counseling agency.
2. Acceptable forms of housing counseling include in-person, phone, and/or internet, provided the client and counselor have an individualized dialogue, with guidance and advice tailored to client's needs. This includes creating a client budget, financial analysis, an action plan, and referrals to relevant resources such as down payment assistance programs or legal services
3. A copy of each borrower's certificate of completion must be placed into each homebuyer file maintained by the Program Operator.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

ATTACHMENT B: LOAN SERVICING PLAN

The County of Tuolumne (the “Lender”) has adopted these policies and procedures in order to secure its financial interest in properties that have been assisted with public funds through a. Secured loan to one or more individuals (“Borrower”). The Lender will, to the greatest extent possible, follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

A. Loan Tracking

All CalHOME loans will be referenced according to a specific CalHOME prefix to identify the funding source followed by the year funded, and a sequential tracking number (e. g. HFHTC – 2021 - 1). Tracking information will include the Borrower name, loan/reference number, and grant year. The Lender shall maintain separate entries to account for principal and interest accrued to each loan.

B. Loan Service Fees

Borrowers shall not be charged monthly service fees for loans. The CalHOME MAP program shall pay for loan servicing through the administrative service fee, the total of which shall be no more than 5% of the loan amount.

C. Payment on Loan

The Lender will collect monthly payments from those Borrowers with Notes which are amortized promissory notes. Late fees will be charged for payments received after the assigned monthly date.

For Notes which are deferred payment loans, the Lender will accept voluntary payment on the loan. Loan payments will be accrued interest first, then to impounds if applicable, and then to principal. The Borrower may repay the loan balance at any time with no penalty.

At Loan Maturity of a deferred payment loan, the Lender will collect the total amount due or may seek other repayment options as outlined in the CalHOME Promissory Note and approved by the Lender.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

D. Demand/Payoff

1. Upon receiving a Demand for Payoff Request, the Lender shall calculate the amount of principal and interest due and submit to the Lender for approval. Upon approval, the Lender will transmit the payoff amount to the requesting party.
2. Upon receipt of all due principal and interest, the Program Operator will reconvey the Deed of Trust.

E. Owner-Occupancy Monitoring

The Borrower shall submit to the Program Operator an Annual Compliance Report (Exhibit A). This report shall include the following:

- Certification of owner occupancy by the Borrower.
- Third party documentation showing the Borrower's residency such as a utility statement verifying the Borrower's residency address.
- Other information reasonably required by the Lender to demonstrate Borrower's owner occupancy of the Property as their principal place of residence.

F. Property Taxes and Insurance Monitoring

An impound account for taxes and insurance is required.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain an impound account payment and the Lender is the Senior Lien Holder, the Lender may obtain a judgement for any amounts expended by the Lender under this section, and shall record a judgement lien against the property; or the Lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan.

The Borrower is required to carry hazard insurance (including flood insurance if the property is located within a 100-year floodplain) for the term of the loan. A certificate of insurance for hazard and flood (if applicable) with the Lender named as 'Loss Payee' will be required at close of escrow. The Program Operator will verify the insurance on an annual basis through its loan servicer.

If the Borrower fails to maintain proper hazard and flood insurance, the Lender shall obtain a judgement for any amounts expended by the Sponsor under this section and shall record a judgement lien against the property.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

G. Default/Foreclosure

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

When a senior lienholder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note. HOME funds may not be used for this purpose.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

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

H. Refinancing/Subordination

If the Borrower wishes to refinance any superior loans, the Borrower must submit to the Lender, a single written request for subordination and other documentation as outlined in the Subordination Terms and Conditions. Subordinations will be granted only under the following conditions:

The loan amount of the refinancing does not exceed the outstanding balance of the first

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

lender's loan plus non-recurring closing costs; and

- No cash out
- The loan terms of the refinancing must be of a fixed interest rate, fully amortized over the life of the loan, and may not contain any provisions for negative amortization, pre-payment penalty, balloon payment or changes in payments; and,
- The loan cannot contain provisions requiring the borrower to finance mortgage insurance.
- The loan must be at least for the period of time remaining on the CalHOME loan. It must mature concurrently with or after the CalHOME Loan; and
- The loan must have an Impound Account for taxes and insurance.
- The Lender must be named as additional Loss Payee on the hazard insurance.
- Upon receiving the property documentation from the refinance lender, the request will be considered by the Sponsor who will review the request. Upon approval, the escrow company will provide the proper subordination documents to the Sponsor for execution.
- The title company shall record a Request for Notice of Default for each lien senior to the Affiliate's loan.

I. Assumptions/Transfers

CalHOME First-Time Homebuyer loans are not assumable.

The following transfers of interest shall not require the repayment of the loan:

1. Transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant.
2. A transfer in which the transferee is a person who occupies or will occupy the property, which is:
 - a. A transfer where the spouse becomes an owner of the property.
 - b. A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - c. A transfer into an inter-vivos, or living trust, in which the homebuyer is and will remain the beneficiary and occupant of the property.

COUNTY OF TUOLUMNE HOMEBUYER PROGRAM GUIDELINES

ATTACHMENT C: CalHOME REUSE ACCOUNT PLAN

Title: CalHome Reuse Account Plan

Policy Addendum No: P10.1

Approved: October 26, 2021

Purpose: This policy must be approved according to the CalHome Program requirements of SecEon 7724. Reuse Account.

POLICY

County of Tuolumne will administer CalHOME funds via a reuse account, as detailed in the CalHOME guidelines below.

To summarize the following: CalHOME funds will be held in a separate bank account that will not be used for any other purposes. These funds will be tracked in an accounting system with appropriate backup to ensure that all funds are used for eligible activities only. Further verification to ensure appropriate use will be conducted regularly by staff and annual audit.

Section 7724. Reuse Account.

- (a) CalHOME recipients shall develop and employ a reuse account plan that has been submitted to and approved by the Department as addressing the following topics:
 - (1) Description of a tracking system to ensure the reuse of funds for eligible activities including;
 - (A) Loans to individual homeowners and homebuyers,
 - (B) CalHOME loan processing, housing rehabilitation processing, homebuyer education and other eligible activity delivery fees, and;
 - (C) Allowable 5% loan servicing fee.
- (b) All repayments of CalHOME Program loan principal and any CalHOME Program loan interest shall be deposited into a separately maintained reuse account.
- (c) Any interest earned on deposited CalHOME reuse funds must accrue to the CalHOME identified funds and be reused for CalHOME purposes.
- (d) Funds in the reuse account shall only be used by the Recipient for CalHOME Program eligible activities.
- (e) Recipients shall be required to enter into a long-term monitoring agreement with the Department allowing Department monitoring of reuse accounts for compliance with these regulations.

NOTE: Authority cited: Sections 50406(n) and 50650.2, Health and Safety Code. Reference: 50650.3(b), Health and Safety Code.