

COUNTY OF LASSEN  
HOUSING REHABILITATION PROGRAM  
POLICIES AND GUIDELINES



Revised and Adopted November 18, 2008

## TABLE OF CONTENTS

I.	PROGRAM OBJECTIVES	4
II.	PROGRAM ADMINISTRATION	4
III.	APPLICANT ELIGIBILITY	4
	A. General (Conflict of Interest)	4
	B. Applicants	4
	C. Income Eligibility	5
	D. Occupancy	5
	E. Fair Housing	6
	F. Temporary Relocation	6
IV.	PROPERTY ELIGIBILITY	6
	A. Unit Characteristics	6
	B. Location	6
	C. Condition	6
	D. Allowable Improvements	7
	E. Lead-Based Paint	8
V.	FINANCING	8
	A. Owner-Occupant	8
	B. Owner-Investor	13
VI.	RESIDENCY REQUIREMENTS	18
	A. Owner-Occupant	18
	B. Owner-Investor	19
VII.	LIMITATION AGREEMENT	20
	A. Owner-Occupant	20
	B. Owner-Investor	21
VIII.	LOAN TERMS AND CONDITIONS	21
	A. General Lending Criteria and Procedures	21
	B. Maximum Loan or Grant Funding Available	22
	C. Required Loan Security	22
	D. Transfer of Title	22
	E. Closing Costs	22
	F. Other General Conditions to be Met	23
	G. Debt to Income Ratios	23
	H. Loan to Value	23
IX.	SYSTEM FOR APPLICANT SELECTION	23
	A. Application Processing	23
	B. Application Rating	24
	C. Application Selection	24
	D. Loan Closing	24

X.	LOAN COMMITTEE	25
	A. Purpose	25
	B. Composition	25
	C. Term	25
	D. Meetings	25
	E. Action	25
XI.	GENERAL CONTRACTING PROCEDURES AND REQUIREMENTS	25
	A. Competitive Bidding Process	25
	B. Parties to the Construction Contract	26
	C. Contractor List	26
	D. Down Payments	26
	E. Progress Payments	26
	F. Final Payment	27
	G. General Contract Conditions	27
XII.	INSURANCE	27
	A. Fire Insurance	27
	B. Flood Insurance	28
XIII.	DELINQUENCIES, DEFAULTS AND FORECLOSURES	28
	A. Policy	28
	B. Procedure	28
XIV.	REPAIR CALLBACKS	30
XV.	PROGRAM COMPLAINTS AND APPEAL PROCEDURE	30
	A. Appeals Board	30
XVI.	GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR	31
XVII.	AMENDMENTS	31
XVIII.	EXCEPTIONS	31
XIX.	ATTACHMENTS	31
	A. Rent Limitation And Tenancy Schedule Agreement	32
	B. Annual Household Income Definition	35
	C. Residential Anti-Displacement And Temporary Relocation Plan	37
	D. Loan Servicing Policies And Procedures	47
	E. Lead-Based Paint Hazard Control Policies And Procedures	51

I. PROGRAM OBJECTIVES

The basic objective of Lassen County's Housing Rehabilitation Program is to improve the housing of lower income persons in a manner that conserves the existing housing stock and contributes to neighborhood revitalization and preservation. To fulfill this objective, the County concentrates financial rehabilitation assistance in designated target areas, and limits such assistance to projects where the principal beneficiary's income ranges are from low to extremely low.

II. PROGRAM ADMINISTRATION

This program is administered by Lassen County's Economic Development and Housing Division's (ED/H) staff.

The Housing Rehabilitation Program is funded by state grant funds awarded to the County of Lassen by the California Department of Housing and Community Development (HCD) through the Community Development Block Grant (CDBG) Program.

The ED/H staff is responsible to execute all program activities in compliance with the adopted policies, procedures, and applicable HCD regulations.

All policies contained herein become effective on the date of adoption by the Lassen County Board of Supervisors.

III. APPLICANT ELIGIBILITY

A. General (Conflict of Interest)

1. No member of the Lassen County Board of Supervisors and no other official, employee, or agent of the County government who exercises policy, decision-making functions, or responsibilities in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program, unless the application for assistance has been reviewed and approved according to applicable HCD guidelines. This ineligibility shall continue for one year after an individual's relationship with the County ends.
2. A contractor with a vested interest in the property cannot bid on rehabilitation jobs.
3. The option of self-help participation will not be available under this program.

B. Applicants

Qualification of applicants is determined by the ED/H staff according to the following guidelines:

1. Native American - To be eligible, the applicant must be included on their organizations adopted list of members. An eligible Native American will be either categorized as an owner-occupant or owner-investor applicant.
2. Owner-Occupant - To be eligible, the applicant must be the owner and occupant of the structure to be rehabilitated. Applicants must certify that the home is not being offered for sale, is their primary residence, and qualifies under the income eligibility.
3. Owner-Investor - To be eligible, the applicant must be the owner of the structure to be rehabilitated. Applicant must certify that the tenant's and/or the owner-investor qualify under the income eligibility.

#### C. Income Eligibility

Applicants (or tenants) must have gross annual incomes at or below the applicable low-income limits established by HCD for the target area(s) in which rehabilitation is to occur. The applicable low-income limits for determining program eligibility are published by HCD in the federal register and are updated annually.

The low income limit shall mean the cumulative gross annual income of all the applicants (or tenants) whom occupy or own the dwelling unit to be rehabilitated that does not exceed 80% of the area median income, adjusted for family size, as established by HCD. The applicants (or tenants) household gross annual income (for the purpose of determining program eligibility) shall be calculated according to the HCD regulation identified in 24 CFR 5.609.

1. Owner-Occupant - To be eligible, household income must be equal to, or less than, the applicable HCD income guidelines. The owner will be required to provide income documentation (see Attachment B).
2. Owner-Investor - There are no restrictions on the income of the owner-investor unless the owner-investor is a member of the Targeted Income Group (TIG) and is interested in qualifying for an amortized or deferred payment loan (see V.B.2). To be eligible, household income must be equal to, or less than, the applicable HCD income guidelines. The owner will be required to provide income documentation (see Attachment B).
3. Tenant - If a rental is currently occupied, the tenant's household income must be equal to, or less than, the applicable HCD income guidelines. The tenant will be required to provide income documentation (see Attachment B).

#### D. Occupancy

No unit to be rehabilitated will be eligible if it is currently occupied by an HCD ineligible household. To prevent owners from evicting ineligible tenants before

applying for the program, the owner must certify that no tenant has been forced to move without cause during the previous six months.

E. Fair Housing

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

F. Temporary Relocation

Tenants will be informed of their eligibility for temporary relocation benefits if occupancy during rehabilitation constitutes a danger to the health and safety of a tenant or public danger or is otherwise undesirable because of the nature of the project. Relocated tenants will receive increased housing costs, payment for moving and related expenses and appropriate advisory services, as detailed in the County of Lassen's Residential Anti-Displacement and Relocation Assistance Plan. Temporary relocation benefits will be provided by the owner of the property (see Attachment C).

Owner-occupants are not eligible for temporary relocation benefits as detailed in the County of Lassen's Residential Anti-Displacement and Relocation Assistance Plan (see Attachment C).

IV. PROPERTY ELIGIBILITY

A. Unit Characteristics

Both owner-occupied and rental residential properties are eligible for rehabilitation financing. Eligible dwellings include: single-family homes, duplexes, mobile homes on a permanent foundation, and apartment units.

B. Location

To ensure the highest impact for the project, the target area(s) will be selected at the time the application for funding is made. Public input will be sought in determining the specific target area(s), and such input will be consistent with the County's Citizen Participation Plan. The program jurisdiction is County-wide.

C. Condition

Rehabilitation financing will be available to eligible property owners in a rehabilitation target area only when a reasonable expenditure of funds will enable a

residential unit to be brought up to Uniform Building Code. Priority will be given to the elimination of health and safety violations.

#### D. Allowable Improvements

The goal of Lassen County's Rehabilitation Program is to remove serious deficiencies so that the assisted unit is brought into reasonable compliance with the standards of the Uniform Building Code.

All improvements must be physically attached to the property and permanent in nature. General property improvements, Priority IV items, should be limited to 15% of the rehabilitation loan amount. Luxury items are not permitted. Physical improvements to the dwelling will be made based on priority and must fall in one of the following priority categories in order to be eligible. All conditions described in Priorities I thru III must be addressed before Priority IV (Allowable, Additional Improvements) can be considered. Specific examples of each Priority are listed below, but are not limited to:

##### 1. Priority I - Code Violations

- a. Electrical wiring, fixtures or systems
- b. Heating, venting and air-conditioning
- c. Roofs, porches, walls and structural load bearing walls
- d. Foundations
- e. Plumbing
- f. Health and safety items
- g. Miscellaneous code violations

##### 2. Priority II - Accessibility Improvements

- a. Widening of doors
- b. Installation of ramps
- c. Roll-in showers
- d. Grab bars and permanently attached physical-assist apparatus
- e. Specialty plumbing fixtures
- f. Lowering of light switches
- g. Other permanently attached fixtures determined to be of assistance in removing architectural barriers

##### 3. Priority III - Efficient Energy Systems

- a. Solar/Wind technology
- b. Electronic power-controlling devices
- c. Geo-thermal exchange heating and cooling systems

4. Priority IV - Allowable, Additional Improvements

- a. Refinishing or replacement of kitchen or bathroom cabinets
- b. Countertop replacement
- c. Flooring
- d. Disposal, refrigerator, stove and dishwasher
- e. Door replacement and trim improvements
- f. Wallpaper - if used to address wall imperfections
- g. Wood/tile flooring - if comparable in cost to vinyl or carpet

5. Luxury Items - The following are **not allowed**:

- a. Flooring such as tile, hard wood floors, etc. that exceeds the comparable cost of vinyl or carpet
- b. Hot tubs, whirlpool baths, steam showers
- c. Patios or decks
- d. Installation of fireplaces
- e. Window treatments other than standard grade mini-blinds
- f. Carports or garages
- g. Items above standard grade or in excess of approved specifications

E. Lead-Based Paint

The use of lead-based paint is strictly prohibited in the Housing Rehabilitation Program. Notification concerning the dangers of lead-based paint will be distributed to the occupants of all homes to be rehabilitated, and signed documentation of the receipt of such information will be made part of the official case file. All exposed surfaces (walls, ceilings, floors, etc.) in all homes built prior to 1978 to be rehabilitated will be inspected for the presence of defective surfaces with previously applied lead-based paint. All defective surfaces (cracking, peeling, etc.) will be addressed during the rehabilitation process. Should lead-based paint be found, coverage, removal or other corrective action will be taken in accordance with HUD Regulation 24 CFR Part 35 and will be conducted in a manner that avoids further diffusion of lead particles throughout the residence. A further description of relevant procedures is contained in Appendix E.

V. FINANCING

A. Owner-Occupant

1. Limits

A minimum of 51% of the monies available in the Housing Rehabilitation Revolving Loan fund each year for the Housing Rehabilitation Program will be distributed as revolving loan accounts. An eligible owner-occupant may qualify for the full cost of the rehabilitation work needed to comply with Uniform

Building Code standards with a maximum loan amount of **\$100,000** in CDBG funds. Except in the following cases:

- a. For lead based paint abatement activities and efficient energy systems there is an opportunity to apply for additional money above the allotted maximum loan amount.

Total indebtedness against the property will not exceed 80% of the estimated after rehabilitation value. Additional rehabilitation costs may be supplemented with personal financing, with other loan or grant programs, and/or with other sources of leverage.

## 2. Types of Financing and Terms

### a. *Zero Percent, Ten Year Deferred Payment Loan (DPL)*

A 0% interest bearing loan, secured by a deed of trust, with no payback required until the owner-occupant sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, or 10 years, whichever occurs first. Payments may be made voluntarily on a DPL.

After the loan term of 10 years expires, the owner-occupant has the option for the loan to be extended in intervals of 10 years, indefinitely. Once the first 10 years expires and the owner-occupant decides to extend the loan, the owner will be required to re-qualify under the extremely low income limits. After recertification of income a new 10 year note will be issued. The loan will become due and payable anytime after the first 10 years if the owner-occupant no longer qualifies under this income classification. If this occurs the loan will have a payback period of 10 years.

Loans over \$50,000 may qualify for a 20 year term.

This loan is available for TIG owner-occupants meeting the “extremely low income” limits (30% and below) of the County’s median income.

The owner-occupant also agrees to comply with standard restrictions (i.e., Maintenance Agreement for the life of the loan).

### b. *Twenty Year Term, One Percent, Ten Year Deferred Payment Loan (DPL)*

A 1% interest bearing loan, secured by a deed of trust, with no payback required during the first 10 years. After the first 10 years of deferred payments the loan will then have a payback period of 10 years. Payments may be made voluntarily during the first 10 years. The loan will become due and payable when the owner-occupant sells or transfers title or discontinues

residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 20 years.

This loan is available for TIG owner-occupants meeting the “very low income” limits (50% and below) of the County’s median income.

The owner-occupant also agrees to comply with standard restrictions (i.e., Maintenance Agreement for the life of the loan).

*c. Twenty Year Term, Two Percent, Ten Year Deferred Payment Loan (DPL)*

A 2% interest bearing loan, secured by a deed of trust, with no payback required during the first 10 years. After the first 10 years of deferred payments the loan will then have a payback period of 10 years. Payments may be made voluntarily during the first 10 years. The loan will become due and payable when the owner-occupant sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 20 years.

This loan is available for TIG owner-occupants meeting the “lower income” limits (60% and below) of the County’s median income.

The owner-occupant also agrees to comply with standard restrictions (i.e., Maintenance Agreement for the life of the loan).

*d. Three Percent, Twenty Year Term Amortized Loan*

A 3% below market interest rate loan, secured by a deed of trust, with the first year of the loan term having interest free deferred payments. After the first year the loan will then have a payback period of 19 years. Payments may be made voluntarily during the first year. The loan will become due and payable when the owner-occupant sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 29 years.

This loan is available for a TIG owner-occupants meeting the “low income” limits (80% and below) of the County’s median income.

The owner-occupant also agrees to comply with standard restrictions (i.e., Maintenance Agreement for the life of the loan).

*e. Grants*

- i. Grants are limited to any activities necessary for the repair and installation of sewer/water systems, where existing systems have failed, with a maximum amount of **\$10,000** per household.
- ii. Grants are also available to senior citizens and/or disabled persons for accessibility improvements. The maximum grant amount is **\$10,000** per household.
- iii. If the project is above the maximum grant amount the owner-occupant has the option to finance up to **\$10,000** of the total project cost in a grant, and the remaining amount may be financed with an amortized or deferred payment loan. The specific loan type and terms will be based on income qualification.
- iv. Grants will also be available to Eligible Native American Residents.—The maximum grant amount is **\$100,000** per household. The grant amount shall not exceed the value of the home.
- v. Grants may be available for any activities necessary for removal of environmental hazards. These hazards may include but are not limited to lead-based paint mitigation, asbestos, mold, and chemical contamination. Total grant amounts for the activities will be determined on an individual needs basis.
- vi. Grants will only be offered as funds are available.

3. Determining Eligibility

- a. Every TIG owner-occupant who is determined to be eligible for the Housing Rehabilitation Program may receive an amortized or deferred payment loan. The specific conditions of the loan are based on the owner-occupant's annual income.
- b. Every TIG owner-occupant who is determined eligible for the Housing Rehabilitation Program may receive a grant that is subject to a limitation agreement. The conditions of this agreement shall be based on the amount of housing rehabilitation funds provided for the property.
- c. Grants are available for improvements to the dwelling to remove architectural barriers that restrict mobility and accessibility for owner-occupant households

that include elderly or physically disabled persons. The necessity for such improvements shall be supported by appropriate written notification from the applicant's physician, referring social service agency, or a similar outside authority familiar with the applicant's living situation. Receipt of Social Security Disability or Supplemental Security Income can also be used as verification of disability. Applicants must also qualify under the following criteria:

- i. Senior Citizen - at least 62 years old with an income less than 80% of the County's area median income.
- ii. Handicapped - only for handicap modifications to a house with one or more physically handicapped occupants who would function more independently if such modifications were installed. Income must be less than 80% of the County's area median income.

#### 4. Maintenance Agreement

An owner-occupant who participates in the Housing Rehabilitation Program must maintain the property at post rehabilitation conditions for the life of the loan. A recorded maintenance agreement will be kept on file and should the property not be maintained accordingly, excluding normal wear and tear, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

#### 5. Repayment Agreement

An owner-occupant who participates in the Housing Rehabilitation Program and qualifies under the "extremely low" (30% and below) income limits of the County's median income will be required to sign a repayment agreement. This agreement will be recorded and kept on file. Should the conditions of the agreement not be met, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

#### 6. Loan Agreement

An owner-occupant who participates in the Housing Rehabilitation Program and qualifies for a loan will be required to sign a loan agreement. This agreement will be kept on file and should the conditions not be met, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

#### 7. Limitation Agreement

An owner-occupant who participates in the Housing Rehabilitation Program and receives a grant will be required to sign a Limitation Agreement. This agreement will be recorded and kept on file. Should the conditions not be met, the grant will

become due and payable, and if necessary foreclosure proceedings will be instituted.

## 8. Terms

Compliance - Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted.

## B. Owner-Investor

### 1. Limits

A minimum of 51% of the monies available in the Housing Rehabilitation Revolving Loan Fund each year for the Housing Rehabilitation Program will be distributed as revolving loan accounts. An eligible owner-occupant may qualify for the full cost of the rehabilitation work needed to comply with Uniform Building Code standards with a maximum loan amount of **\$100,000** in CDBG funds. Except in the following cases:

- a. For lead based paint abatement activities and efficient energy systems there is an opportunity to apply for additional money above the allotted maximum loan amount.

Total indebtedness against the property will not exceed 80% of the estimated after rehabilitation value. Additional rehabilitation costs may be supplemented with personal financing, with other loan or grant programs, and/or with other sources of leverage.

### 2. Types of Terms and Financing

#### a. *Three Percent, Twenty Year Term Amortized Loan*

A 3% below market interest rate loan, secured by a deed of trust, with a payback period of 20 years. The loan will become due and payable when the owner-investor sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term.

This loan is available for owner-investor's meeting the "median income" limits (above 80%) of the County's median income.

The owner-investor also agrees to comply with standard investor restrictions (i.e., Maintenance Agreement and a recorded Rent Limitation Agreement for the life of the loan).

*b. Three Percent, Twenty Year Term Amortized Loan*

A 3% below market interest rate loan, secured by a deed of trust, with the first year of the loan term having interest free deferred payments. After the first year the loan will then have a payback period of 19 years. Payments may be made voluntarily during the first year. The loan will become due and payable when the owner-investor sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 29 years.

This loan is available for a TIG owner-investor meeting the “low income” limits (80% and below) of the County’s median income.

The TIG owner-investor also agrees to comply with standard investor restrictions (i.e., Maintenance Agreement and a recorded Rent Limitation Agreement for the life of the loan).

*c. Twenty Year Term, Two Percent, Ten Year Deferred Payment Loan (DPL)*

A 2% interest bearing loan, secured by a deed of trust, with no payback required during the first 10 years. After the first 10 years of deferred payments the loan will then have a payback period of 10 years. Payments may be made voluntarily during the first 10 years. The loan will become due and payable when the owner-investor sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 20 years.

This loan is available for a TIG owner-investor meeting the “lower income” limits (60% and below) of the County’s median income.

The TIG owner-investor also agrees to comply with standard investor restrictions (i.e., Maintenance Agreement and a recorded Rent Limitation Agreement for the life of the loan).

*d. Twenty Year Term, One Percent, Ten Year Deferred Payment Loan (DPL)*

A 1% interest bearing loan, secured by a deed of trust, with no payback required during the first 10 years. After the first 10 years of deferred payments the loan will then have a payback period of 10 years. Payments may be made voluntarily during the first 10 years. The loan will become due and payable when the owner-investor sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 30 year term, with the above requirements holding true and the exception of a payback period of 20 years.

This loan is available for a TIG owner-investor meeting the “very low income” limits (50% and below) of the County’s median income.

The TIG owner-investor also agrees to comply with standard investor restrictions (i.e., Maintenance Agreement and a recorded Rent Limitation Agreement for the life of the loan).

*e. Twenty Year Term, Zero Percent, Ten Year Deferred Payment Loan (DPL)*

A 0% interest bearing loan, secured by a deed of trust, with no payback required during the first 10 years. After the first 10 years of deferred payments the loan will then have a payback period of 10 years. Payments may be made voluntarily during the first 10 years. The loan will become due and payable when the owner-investor sells or transfers title or discontinues residence in the dwelling, unless sold or transferred to a TIG household, for the life of the loan.

Loans over \$50,000 may qualify for a 20 year term.

This loan is available for a TIG owner-investor meeting the “extremely low income” limits (30% and below) of the County’s median income.

The TIG owner-investor also agrees to comply with standard investor restrictions (i.e., Maintenance Agreement and a recorded Rent Limitation Agreement for the life of the loan).

*f. Grants*

- i. Grants are limited to any activities necessary for the repair and installation of sewer/water systems, where existing systems have failed, with a maximum amount of **\$10,000** per household.

- ii. Grants are also available to senior citizens and/or disabled persons for accessibility improvements. The maximum grant amount is **\$10,000** per household.
- iii. If the project is above the maximum grant amount the owner-investor has the option to finance up to **\$10,000** of the total project cost in a grant, and the remaining amount may be financed with an amortized or deferred payment loan. The specific loan type and terms will be based on income qualification.
- iv. Grants will also be available to Eligible Native American Residents.—The maximum grant amount is **\$100,000** per household. The grant amount shall not exceed the value of the home.
- v. Grants may be available for any activities necessary for removal of environmental hazards. These hazards may include but are not limited to lead-based paint mitigation, asbestos, mold, and chemical contamination. Total grant amounts for the activities will be determined on an individual needs basis.
- vi. Grants will only be offered as funds are available.

### 3. Determining Eligibility

- a. Every Non-TIG owner-investor who is determined to be eligible for the Housing Rehabilitation Program may receive an amortized loan.
- b. Every TIG owner-investor who is determined to be eligible for the Housing Rehabilitation Program may receive an amortized or deferred payment loan. The specific type and conditions of the loan are based on the owner-investor's annual income.
- c. Every TIG owner-investor who is determined to be eligible for the Housing Rehabilitation Program may receive a grant that is subject to a limitation agreement. The conditions of this agreement shall be based on the amount of housing rehabilitation funds provided for the property.
- d. Grants may be available for improvements to the dwelling to remove architectural barriers that restrict mobility and accessibility for the owner-investor's tenant households that include elderly or physically disabled persons. The necessity for such improvements shall be supported by appropriate written notification from the tenant's physician, referring social service agency, or a similar outside authority familiar with the tenant's living situation. Receipt of Social Security Disability or Supplemental Security Income can also be used as verification of disability. Tenants must also qualify under the following criteria:

- i. Senior Citizen - The tenant must be at least 62 years old with an income less than 80% of the County's area median income.
- ii. Handicapped - only for handicap modifications to a house with one or more physically handicapped occupants who would function more independently if such modifications were installed. The tenant's income must be less than 80% of the County's area median income.

#### 4. Rent Limitation Agreement (RLA)

An owner-investor who elects to rehabilitate a rental unit with the program's financing must sign an RLA, which will be recorded (see Attachment A). This agreement will specify:

- a. In no instance shall rents exceed HUD's Fair Market Rent (FMR) schedule while the RLA is in effect.
- b. *Base Rent - Vacant Unit*

If the house is vacant, rent charges shall not exceed 30% of the 80% County's area median income for the appropriate household size in that unit. Owner-investors shall affirmatively seek TIG households by contacting the local housing authority. Where such contact does not result in eligible TIG tenants, the owner-investor shall contact the County for guidance.

- c. *Base Rent - Occupied Unit*

If the house is occupied, rent charges shall not exceed 30% of the existing tenants' household income; or, where, before rehabilitation, rents already exceed 30% of the existing tenants' income, no rent increases shall be allowed over the monthly rent and estimated average utility costs.

- d. In every case of a proposed rent increase, the tenants affected by such increase shall receive written notice of the amount of increase at least 60 days prior to the proposed date of increase.

#### 5. Maintenance Agreement

An owner-investor who participates in the Housing Rehabilitation Program must maintain the property at post rehabilitation conditions for the life of the loan. A recorded maintenance agreement will be kept on file and should the property not be maintained accordingly, excluding normal wear and tear, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

6. Repayment Agreement

An owner-investor who participates in the Housing Rehabilitation Program and qualifies under the “extremely low” (30% and below) income limits of the County’s median income will be required to sign a repayment agreement. This agreement will be recorded and kept on file. Should the conditions of the agreement not be met, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

7. Loan Agreement

An owner-investor who participates in the Housing Rehabilitation Program and qualifies for a loan will be required to sign a loan agreement. This agreement will be kept on file and should the conditions not be met, the loan will become due and payable, and if necessary foreclosure proceedings will be instituted.

8. Limitation Agreement

An owner-investor who participates in the Housing Rehabilitation Program and receives a grant will be required to sign a Limitation Agreement. This agreement will be recorded and kept on file. Should the conditions not be met, the grant will become due and payable, and if necessary foreclosure proceedings will be instituted.

9. Terms

- a. Adherence to the Rental Limitation Agreement will be for the life of the loan from the date of Notice of Completion of rehabilitation.
- b. Compliance - Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted.

VI. RESIDENCY REQUIREMENTS

A. Owner-Occupant

1. Owner-occupants will be required to submit to the County by January 1<sup>st</sup> of each year for the life of the loan:
  - a. Proof of occupancy in the form of a copy of a current utility bill.
  - b. Statement of unit's continued use as a residence.
  - c. Declaration that other title holders do not reside on the premises.

2. In the event that an owner-occupant sells, transfers title, or discontinues residence in the rehabilitated or purchased property for any reason, the loan is due and payable.
  - a. If the owner-occupant dies, and if the heir to the property lives in the house and is income eligible, the heir may be permitted, upon approval of Lassen County to assume the loan at the rate and terms the heir qualifies for under current Program Policies and Guidelines.
  - b. If the owner-occupant dies and the heir is not income eligible, the loan is due and payable.
3. If an owner-occupant wants to convert the rehabilitated property to a rental unit, the owner must notify the County in advance. If the County approves the conversion of an owner-occupied unit to a rental, the owner will be required to comply with the provisions of the owner-investor guidelines, including rent limitation provisions and financing arrangements.
4. If an owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.

B. Owner-Investor

1. Owner-investors will be required to submit to the County upon change of occupancy in tenants to recertify the Rental Limitation Agreement:
  - a. A written list of the new current occupants' name and monthly rents.
  - b. Proof of tenant's income.
2. If an owner-investor sells or transfers title of the rehabilitated property for any reason, the loan is due and payable.
3. An owner-investor may convert a rental property to his or her personal residence if all conditions below exist:
  - a. He or she can prove that the previous tenant was not evicted without cause.
  - b. He or she is income eligible.
  - c. He or she requests approval from the County.
4. If an owner-investor converts a rental property, rehabilitated with program funds, to his or her personal residence, but he or she is not income eligible, the loan is due and payable.

5. If an owner wants to convert the rehabilitated property to any commercial or non-residential use, the loan is due and payable.

VII. LIMITATION AGREEMENT

The Limitation Agreement is required for all Housing Rehabilitation Program grant assisted units. This agreement will be recorded with a first or second deed of trust, in the form of a forgivable loan, against the property as security. The agreement will contain a period of affordability, this is the time period that an applicant shall not sell, transfer title, or discontinue use as a primary residence in the rehabilitated property. The affordability requirements will be based on the amount of housing rehabilitation funds provided for the property and are set forth below:

<u>Housing Rehabilitation Funds Provided</u>	<u>Affordability Period</u>
\$90,001 - \$100,000	5 Year Limitation Agreement
\$70,001 - \$90,000	4 Year Limitation Agreement
\$50,001 - \$70,000	3 Year Limitation Agreement
\$30,001 - \$50,000	2 Year Limitation Agreement
\$10,001 - \$30,000	1 Year Limitation Agreement
\$ 0 - \$10,000	No Limitation Agreement

If an applicant meets the requirements of the affordability period, the agreement will expire and a reconveyance will be issued from Lassen County.

If an applicant fails to meet the requirements of the affordability period, the grant shall be due and payable in full.

A. Owner-Occupant

1. Owner-occupants will be required to submit to the County by January 1<sup>st</sup> of each year for the life of the limitation agreement:
  - a. Proof of occupancy in the form of a copy of a current utility bill.
  - b. Statement of unit's continued use as primary residence.
2. In the event that an owner-occupant sells, transfers title, or discontinues residence in the rehabilitated property for any reason, during the affordability period, the grant is due and payable.
3. If an owner-occupant wants to convert the rehabilitated property to a rental unit, during the limitation agreement, the owner must notify the County in advance. If the County approves the conversion of an owner-occupied unit to a rental, the owner will be required to comply with the provisions of the limitation agreement's affordability period and the owner-investor guidelines, including rent limitation provisions and financing arrangements.

4. An owner-occupant may not convert the rehabilitated property to any commercial or non-residential use during the affordability period.
- B. Owner-Investor
1. Owner-investors will be required to submit to the County upon change of occupancy in tenants to recertify the Rental Limitation Agreement:
    - a. A written list of the new current occupants' name and monthly rents.
    - b. Proof of tenant's income.
  2. If an owner-investor sells or transfers title of the rehabilitated property for any reason, during the affordability period, the grant is due and payable.
  3. An owner-investor may convert a rental property to his or her personal residence if all conditions below exist:
    - a. He or she can prove that the previous tenant was not evicted without cause.
    - b. He or she is income eligible.
    - c. He or she requests approval from the County.
  4. If an owner-investor converts a rental property, rehabilitated with program funds, to his or her personal residence, but he or she is not income eligible, during the affordability period, the grant is due and payable.
  5. An owner-investor may not convert the rehabilitated property to any commercial or non-residential use during the affordability period.

## VIII. LOAN TERMS AND CONDITIONS

All loans and grants must be approved by the Loan Committee. In order to obtain program financing, applicants must meet all property and eligibility guidelines required by the Program Guidelines and Procedures that are in effect at the time of loan approval. Applicants will be provided written notification of approval or denial. Reason for denial will be provided to the applicant in writing. For further detail of Lassen County's Loan Servicing Policies and Procedures please see Attachment D.

### A. General Lending Criteria and Procedures

General lending criteria that will be used to assist in evaluating the applications of eligible property owners for financial assistance will include:

1. The ability and willingness of an applicant to repay a loan, as well as all existing liabilities, as evidenced by such criteria as income, credit history, necessary monthly expenses, and stability of income sources.
2. The economic feasibility of property rehabilitation such that a reasonable expenditure of funds will enable the correction of all major health and/or safety related items, with the rehabilitated property providing adequate collateral for a loan that is secured with a deed of trust.

**B. Maximum Loan or Grant Funding Available**

The determination of loan amounts will be based on the cost of the required rehabilitation improvements, the applicant's income and repayment capacity, and the amount of financing available from other sources.

Repairs financed with grant and loan funds shall, with the Loan Committee's approval, be subject to the following per unit amounts:

Grants:	\$10,000*
Loans:	\$100,000**

\*Additional amounts are available to owner-occupants and owner-investors. See sections V.A.2.e.v and V.B.2.f.v.

\*\*Additional amounts are available to owner-occupants and owner-investors. See sections V.A.1 and V.B.1 for the terms.

**C. Required Loan Security**

A first or second deed of trust may be approved as security for a loan. Total liens of records against the property may not exceed 80% of the after rehabilitation value as determined by Loan Committee based upon the estimate proved by the ED/H staff.

**D. Transfer of Title**

All loans become immediately repayable in full when there is any transfer of title to the property, other than to a surviving spouse. At its option, the County may permit the same or revised terms if income criteria are met by the new property owners.

**E. Closing Costs**

Closing costs incurred during the processing of loan application will normally be paid by the applicant out of loan proceeds. These costs, which may vary among applications, may include: credit report fees, appraisal fee, title insurance fee, lot book report fee, escrow fee, and recording fee.

F. Other General Conditions to be Met

Agreement from the property owner to make his/her property available during reasonable hours to the contractor for the performance of rehabilitation work in accordance with contract terms and specifications, and to the County for construction monitoring and inspections.

Agreement from the property owner to provide proof of being paid up to date in their current taxes and required fire and personal liability insurance.

Agreement from the property owner to provide proof of having sufficient insurance to cover any increased value in the property as a result of rehabilitation, with the County of Lassen as a named insured.

G. Debt to Income Ratios

Housing costs include mortgage loans, property tax, and insurance. Obligations to income include housing costs and other monthly debts.

1. If income is under 80% of the County's area median, the ratios are:

Housing Costs to Income	33%
Obligations to Income	41%

2. If income is under 50% of the County's area median, the ratios are:

Housing Costs to Income	29%
Obligations to Income	41%

H. Loan to Value

Total debt must not exceed 80% of property value after rehabilitation. The resulting value of the property appraisal is checked against the outstanding loan balances obtained from the mortgage verifications. The maximum of 80% loaned is to provide a cushion to ensure that in the event of sale or foreclosure the rehabilitation program funds can be recovered.

IX. SYSTEM FOR APPLICANT SELECTION

A. Application Processing

The ED/H staff shall gather any necessary financial information to determine applicant eligibility and repayment ability. An application will consist of:

1. A form containing financial and household information regarding the property owner.

2. A form containing necessary tenant income and household information when rental properties are involved. Tenant income will be verified by use of one or more of the following forms:
  - a. Request for verification of employment
  - b. Verification of public assistance
  - c. Income tax information (1040's, etc.)
  - d. Benefit letters for sources of public assistance or pensions
  - e. Copies of recent benefit checks
3. Credit evaluations and income, employment, and mortgage verifications as obtained by the ED/H staff.
4. A preliminary work write-up and cost estimate of required rehabilitation work as prepared by the ED/H staff.
5. Title Report and Appraisal/Estimate of value

B. Application Rating

Housing located in the unincorporated areas of Lassen County will be given priority over housing in Susanville.

C. Application Selection

All grant and loan applications determined by the ED/H staff to be eligible will be brought before the Loan Committee for approval, conditional approval, or denial; as funds become available.

Emergency loans may be approved by the ED/H staff when the applicant is clearly eligible, and when in the opinion of the ED/H staff existing housing conditions pose a hazard to the health and safety of the applicant. After the loan is approved by the ED/H staff the application will then be taken to the loan committee for approval, conditional approval, or denial.

D. Loan Closing

A loan applicant will have up to three days, after the Loan Committee approval, to accept the offered terms and conditions. At the end of this period, the ED/H staff may rescind the loan commitment.

In the case of amortized loans, deferred payment loans, and grants, the ED/H staff shall execute all necessary loan documents and recordations. Documents for amortized and deferred payment loans will be prepared by the designated title company with which the County has an agreement. The ED/H staff will provide for the execution of these documents.

X. LOAN COMMITTEE

A. Purpose

The function of the Lassen County Loan Committee will be to review and to act on by approving, conditionally approving, or denying applications recommended by the ED/H staff for financing. The Committee shall review applications in terms of the following: eligibility, compliance with all program requirements, and consistency of staff recommendations regarding loan terms and type(s) of assistance to be provided. The Committee will also review the proposed loan package, and if appropriate, recommend changes in loan terms and type(s) of assistance to be provided.

B. Composition

The Committee as appointed by the Community Development Director, or designee, shall consist of three to five members. The members may include the County Auditor, Treasurer, a local Real Estate Professional, and a Local Banker.

C. Term

The Committee members shall be appointed for one year terms and may be reappointed.

D. Meetings

The Loan Committee shall meet periodically to review and act on applications. A quorum shall exist and all minutes shall be recorded. A quorum is a simple majority of the full Committee.

E. Action

Action of the Loan Committee shall be by majority vote.

XI. GENERAL CONTRACTING PROCEDURES AND REQUIREMENTS

A. Competitive Bidding Process

Contracting for rehabilitation work will be done on a competitive basis.

B. Parties to the Construction Contract

The contract for rehabilitation will be between the property owner and the contractor, with Lassen County designated as the owner's representative over the life of the contract. Acting as the property owner's representative, the ED/H staff will assist the property owner in obtaining bids and subsequently recommend and approve one bid to the owner, i.e., the lowest responsible and responsive bid.

C. Contractor List

All interested contractors should submit their information to the ED/H staff to be approved. The ED/H staff will maintain a list of all interested approved contractors, who will be kept informed of all upcoming bid proposals. All contractors and subcontractors must have a valid California Contractor's License and shall not be listed on the Federal Excluded Parties List.

To the maximum extent feasible, the rehabilitation program shall make every attempt to utilize local, small and minority contractors.

D. Down Payments

Due to the nature of the Housing Rehabilitation Program, the ED/H staff shall not allow a down payment to be paid to the contractor.

E. Progress Payments

Where warranted by the size of the job and depending upon the contractor's credit line and number of jobs in progress, progress payments tied to the completion of various stages of rehabilitation work will be authorized. The number of payments to be made will be specified in the construction contract. Authorization of progress payments will require:

1. Inspection of the property by Lassen County to ensure that the work being billed is in compliance with the construction contract and local building code standards. If the work is found to be in substantial non-compliance, the payment amount will be delayed until compliance has been achieved.
2. Following an inspection sign-off by the County's Building Division, and written approval by the ED/H staff, of the contractor's invoice and all work being billed, the payment amount will be calculated according to the contract provisions governing holdbacks. The payment check will be made out to the contractor.
3. In exchange for the payment lien releases will be signed by all designated parties. The ED/H staff will retain this acknowledgment in the rehabilitation files.

#### F. Final Payment

Final payment (10% retention) is processed in the same general manner as progress payments. Authorization of a final payment will require:

1. Inspection of the property by Lassen County to ensure that the work being billed is in compliance with the construction contract and local building code standards. If the work is found to be in substantial non-compliance, the payment amount will be delayed until compliance has been achieved.
2. Following a final inspection sign-off by the County's Building Division, and written approval by the ED/H staff, of the contractor's invoice and all work being billed, a Notice of Completion will be recorded by the County on the property.
3. The payment amount will be calculated according to the contract provisions, and the final payment will then be processed. The payment check will be made out to the contractor. In exchange for the payment lien releases will be signed by all designated parties. The ED/H staff will retain this acknowledgment in the rehabilitation files.

#### G. General Contract Conditions

All change orders to the contract specifications require the signature of the Building Inspector and the ED/H staff.

When there are disputes between the contractor and the property owner over contract specifications, job scope, or adequacy of performance, the ED/H staff and Building Inspector will make the final determination of contract requirements; the ED/H staff will have the authority to release final payment where there is substantial compliance with the contract.

## XII. INSURANCE

#### A. Fire Insurance

The applicant shall maintain fire insurance on the property for the duration of the loan. This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the County of Lassen as loss payee for the amount of the loan. A binder shall be provided to the County.

In the event the applicant fails to make the fire insurance premium payments in a timely fashion, the County at its option may make such payments for a period not to exceed 60 days. The County may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the County make any payments, it may, in its sole discretion, add such payments to the

principal amount that the applicant is obligated to repay the County under this program.

B. Flood Insurance

In areas designated by HUD as flood prone, the owner is required to maintain flood insurance in an amount adequate to secure the Rehabilitation Loan. This policy must designate the County of Lassen as loss payee. The premium may be paid by the rehabilitation loan for up to one year.

XIII. DELINQUENCIES, DEFAULTS AND FORECLOSURES

A. Policy

The ED/H staff acknowledges that circumstances beyond a borrower's control may temporarily limit his/her repayment ability. The County desires to be flexible enough so that in cases of death of a family member, loss of job, divorce or major illness – the loan terms may be modified.

While Lassen County, in this policy, outlines a system that can accommodate crises that restrict borrower repayment ability, it should in no way be misunderstood. Loans provided by the Housing Rehabilitation Program must be repaid. The County is willing to pursue all legal means to ensure the repayment of a delinquent loan.

B. Procedure

1. Thirty (30) Day Delinquencies

The County shall send the borrower a letter seven days before the thirty day delinquency date noting the amount that will be delinquent plus late charges. This letter shall be followed by a telephone call reminding the borrower of the loan amount and due date. If there is no response by the thirty day due date the borrower will be reported to all three credit bureau agencies as being thirty days delinquent.

2. Sixty (60) Day Delinquencies

The County shall send the borrower a registered letter seven days before the sixty day delinquency date noting the amount delinquent plus late charges. In this letter, a date and time shall be set for a meeting between the borrower and the ED/H staff. At this meeting the following will be discussed:

- a. Reasons for delinquency
- b. Any changes in the borrower's health, family circumstances or financial status that limits their repayment ability

- c. Amount in arrears

At the conclusion of this meeting, the following will be determined:

- a. How and when the amount in arrears will be paid
- b. If financial counseling is needed
- c. If personal emergency (loss of job, loss of spouse or co-borrower, serious illness) has restricted repayment ability

If there is no response by the sixty day due date the borrower will be reported to all three credit bureau agencies as being sixty days delinquent.

### 3. Ninety (90) Day Delinquencies

The County shall send the borrower a registered letter seven days before the ninety day delinquency date noting the amount delinquent plus late charges. In this letter, a date and time shall be set for a meeting between the borrower and the Loan Committee. The ED/H staff will refer the loan to the Loan Committee for immediate action. If the borrower cannot afford to pay the full monthly installment due to an emergency, the Loan Committee may exercise one or more of the following options:

- a. Extend the time of payment or otherwise alter the terms of any of the indebtedness.
- b. Accept additional security therefore of any kind, including trust deeds or mortgages.
- c. Alter, substitute or release any property securing the indebtedness.

If there is no response by the ninety day due date the borrower will be reported to all three credit bureau agencies as being ninety days delinquent.

### 4. Foreclosures

If the borrower does not appear for the 60 day delinquency meeting, and does not contact the ED/H staff to reschedule the meeting within 10 days of missing the meeting then staff shall immediately begin foreclosure proceedings.

Any borrower that participates in the Housing Rehabilitation Loan Program and then becomes 90 days delinquent within two years of renegotiating their loan terms shall be subject to immediate foreclosure.

#### XIV. REPAIR CALLBACKS

In the event that a contractor must be called back to make corrections on rehabilitation work items that are not covered by the one year warranty, the County has the option to cover the costs through the current CDBG revolving loan fund.

#### XV. PROGRAM COMPLAINTS AND APPEAL PROCEDURE

Initial complaints concerning the CDBG Program should be made to the ED/H staff. If unresolved in this manner, the applicant may submit a written appeal to the Appeals Board. The appeal must detail the problem and the actions desired by the applicant to resolve the issue(s). The Appeals Board will hold a hearing that pertains to the submitted appeal. The hearing will be closed to the public unless the applicant waives his/her right to a private hearing. All applicants will be provided with a written response from the Appeals Board within fifteen (15) working days of the hearing.

If the applicant is not satisfied with the Appeal Board's decision, a request for an appeal may be filed with the Board of Supervisors. This request must be submitted to the Board of Supervisors within fifteen (15) working days following notification of the Appeals Board's decision. If the applicant is not satisfied with the Board of Supervisor's decision, a final written appeal may be filed with HCD within one year after denial or the filing of the rehabilitation's Notice of Completion.

##### A. Appeals Board

###### 1. Purpose

The function of the Lassen County Appeals Board will be to review and act on complaints or appeals. The Appeals Board may recommend that reconsideration be given to the applicant by the ED/H staff.

###### 2. Composition

The Appeals Board shall constitute as the County Administration Officer, County Counsel, and the Community Development Director.

###### 3. Term

The Appeals Board members shall be appointed for one year terms and may be reappointed.

###### 4. Meetings

The Appeals Board members shall meet periodically to review and act on appeals. A quorum shall exist and all minutes shall be recorded. A quorum is a simple majority of the full Board.

5. Action

Action of the Appeals Board shall be by majority vote.

XVI. GRIEVANCES BETWEEN PARTICIPANTS AND CONSTRUCTION CONTRACTOR

Contracts signed by the contractor and the participant will include the following clause, which provides a procedure for resolution of grievances:

“Any controversy arising out of or relating to this Contract, or the breach thereof, shall be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator shall have the final authority to order work performed, to order the payment from one party to another, and to order who shall bear the costs of arbitration. Costs to initiate arbitration shall be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding shall be entitled to recover from all other attorney's fees and costs of arbitration.”

XVII. AMENDMENTS

Amendments to these guidelines may be made by Lassen County and submitted to HCD for approval.

XVIII. EXCEPTIONS

Exceptions to these guidelines will require Board of Supervisors and HCD approval.

XIX. ATTACHMENTS

The following documents are attached and form a part of these guidelines:

- A. Rent Limitation Agreement and Notary Acknowledgment
- B. Annual Household Income Definition and Income Limits
- C. Housing Rehabilitation Program Residential Anti-Displacement and Temporary Relocation Plan
- D. Loan Servicing Policies and Procedures
- E. Lead-Based Paint Hazard Control Policies and Procedures

Recording Requested By:

LASSEN COUNTY

When Recorded Mail to:

Lassen County Department of  
Community Development  
Economic Development/Housing Division  
707 Nevada Street, Ste 5  
Susanville, CA 96130

**RENT LIMITATION AND TENANCY SCHEDULE AGREEMENT**

This Rent Limitation and Tenancy Schedule Agreement is executed this day \_\_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (applicant) (hereinafter referred to as “Borrower”) in consideration of the receipt of a Lassen County Housing Rehabilitation Program \_\_\_\_\_ (type of loan) loan at \_\_\_\_\_% interest for \_\_\_\_\_ years for rehabilitation of real property located in the County of Lassen, State of California described as follows:

Borrower agrees to operate the property described in accordance with the following terms:

A. In no instance shall rents exceed the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) schedule while the Rent Limitation Agreement is in effect.

B. Base Rent

1. If the house is vacant, rent charges shall not exceed 30% of the 80% County’s area median income for the appropriate household size in that unit. Owner-investors shall affirmatively seek Target Income Group (TIG) households by contacting the local housing authority. Where such contact does not result in eligible TIG tenants, the owner-investor shall contact the County for guidance.
2. If the house is occupied, rent charges shall not exceed 30% of the existing tenant’s household income; or, where, before rehabilitation, rents already exceed 30% of the existing tenants’ income, no rent increases shall be allowed over the monthly rent and estimated average utility costs.

C. Terms

1. If financing is an amortized or deferred payment loan, adherence to these rent limitations will be for the life of the loan from the date of Notice of Completion of rehabilitation.

- D. Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted.
- E. In every case of a proposed rent increase, the tenant(s) affected by such increase shall receive written notice of the amount of increase at least 60 days prior to the proposed date of increase.
- F. Upon change of occupancy, the borrower shall provide the County with a written list of the new current occupants' name and monthly rents to certify the tenants under this agreement. The County may verify this information with the tenant.
- G. The rental agreement will be monitored by Lassen County, or their agent. In addition, compliance with the rental agreement may be monitored by representatives of the State of California.
- H. The conditions and restrictions affecting the real property subject of this agreement shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof, including agents, personal representatives, mortgagors, heirs, assignors and all successors in interest. Borrower agrees that reference to this agreement shall be inserted in any subsequent deeds and other legal instruments by which subject real property or any interest therein is conveyed.
- I. The provisions of this agreement are in addition to and do not alter, modify or set aside in any respect, any other instrument securing the loan.

I have read the above instructions and agree to the terms.

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name



**ANNUAL HOUSEHOLD INCOME DEFINITION**

A. For the purposes of determining eligibility in accordance with the U.S. Department of Housing and Community Development (HCD) income guidelines, Annual Income will include, for all members of the household:

1. Gross wages and salary before deductions.
2. Net money income from self-employment.
3. Cash income received from such sources as rental units, Social Security benefits, pensions, and periodic income from insurance policy annuities.
4. Periodic cash benefits from public assistance and other compensation, including AFDC, SSI, Worker's Compensation, State Disability Insurance and Unemployment benefits.
5. Interest earned on savings and investments.

B. Annual Income will not include:

1. Noncash income such as food stamps or vouchers received for the purpose of food or housing.
2. Capital gains or losses.
3. One time unearned income such as scholarship and fellowship grants; accident, health or casualty insurance proceeds; prizes or gifts; inheritances.
4. Payments designated specifically for medical or other costs, foster children or their non-disposable income.
5. Income from employment of children under the age of 18.
6. Payment for the care of foster children.

This is not meant to be a complete list. Lassen County will make the final decision in situations where the classification of income is not clear cut. Any exceptions or other deviations from this definition of annual income will be considered by the County.

**LASSEN COUNTY MEDIAN ANNUAL INCOME LIMITS – 2008\***

(Area Median Income – \$55,600)

# of Persons	Low Income (80%)	Lower Income (60%)	Very Low Income (50%)	Extremely Low Income (30%)
1 Person	\$31,150	\$23,340	\$19,450	\$11,700
2 Person	\$35,600	\$26,700	\$22,250	\$13,350
3 Person	\$40,050	\$30,000	\$25,000	\$15,050
4 Person	\$44,500	\$33,360	\$27,800	\$16,700
5 Person	\$48,050	\$36,000	\$30,000	\$18,050
6 Person	\$51,600	\$38,700	\$32,250	\$19,350
7 Person	\$55,200	\$41,340	\$34,450	\$20,700
8 Person	\$58,750	\$44,040	\$36,700	\$22,050

\* Income Limits are subject to change and are updated annually every spring.

**COUNTY OF LASSEN'S HOUSING REHABILITATION PROGRAM RESIDENTIAL  
ANTI-DISPLACEMENT AND TEMPORARY RELOCATION PLAN**

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, requires that Lassen County a grantee of Community Development Block Grant (CDBG) funds or Home Investment Partnership (HOME) funds to follow a written Residential Anti-Displacement and Relocation Assistance Plan for any activities which could lead to displacement of occupants whose property is receiving funds from these or any other federal funding source. Having been developed in response to both aforesaid federal legislations, this plan is intended to inform the public of the compliance from Lassen County with the requirements of federal regulations 24 CFR 570.606 under state recipient requirements and Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR 92 of the HOME federal regulations. This plan outlines reasonable steps, which the County will take to minimize displacement and ensure compliance with all applicable federal and state relocation requirements.

This plan affects rehabilitation activities funded by the U.S. Department of Housing and Urban Development (HUD) under the following program titles: HOME, CDBG, Urban Development Action Grant (UDAG), Special Purpose Grants, Section 108 Loan Guarantee Program, and such other grants that HUD may designate as applicable, that take place within the County limits.

Lassen County will provide permanent relocation benefits to all eligible “displaced” households either owner-occupied or rental occupied units that are permanently displaced by the Housing Rehabilitation Program. In addition, the County will replace all eligible occupied and vacant occupiable low income group dwelling units demolished or converted to a use other than low income group housing as a direct result of rehabilitation activities. This applies to all units assisted with funds provided under the Housing and Community Development Act of 1974, as amended, and as described in the Federal Regulations 24 CFR 570.496(a), Relocation, Displacement and Acquisition: Final Rule dated July 18, 1990 (Section 104(d)) and 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Regulations Final Rule and Notice (URA) dated March 2, 1989.

All County programs/projects will be implemented in ways consistent with the County’s commitment to Fair Housing. Participants will not be discriminated against on the basis of race, color, religion, age, ancestry, national origin, sex, familial status, or handicap. The County will provide equal relocation assistance available 1) to each targeted income group household displaced by the demolition or rehabilitation of housing or by the conversion of a targeted income group dwelling to another use as a direct result of assisted activities; and 2) to each separate class of targeted income group persons temporarily relocated as a direct result of activities funded by HUD programs.

A. Minimizing Permanent Displacement and Temporary Relocation Resulting from Housing Rehabilitation or Reconstruction Activities

Consistent with the goals and objectives of activities assisted under the Act, the County will take the following steps to minimize the displacement of persons from their homes during housing rehabilitation or reconstruction funded by HUD programs:

1. Provide proper notices with counseling and referral services to all tenants so that they understand their relocation rights and receive the proper benefits. When necessary, assist permanently displaced persons to find alternate housing in the neighborhood.
2. Stage rehabilitation of assisted households to allow owner-occupants and/or tenants to remain during minor rehabilitation.
3. Encourage owner-investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of the displaced tenants.
4. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
5. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation/displacement payments to households permanently displaced by assisted activities.

B. Lead-Based Paint Mitigation Which Causes Temporary Relocation

On September 15, 2000, the Final Rule for Lead-Based Paint Hazard Control went into effect. Among other things, it requires that federally-funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead-hazards. At no time should the tenant-occupants be present in work areas or designated adjacent areas while lead-hazard control activities are taking place in any dwelling unit interior, common area, or exterior. As such, occupants may not be allowed to remain in their units during the time that lead-based paint hazards are being created or treated. Once work that causes lead-hazards has been completed, and the unit passes clearance, the occupants can return. The tenant-occupants may not reoccupy a work area or adjacent area until post lead-hazard reduction clearance standards have been achieved and verified with laboratory results. The final rule allows for certain exceptions to the program:

1. The work will not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
2. The work is on exterior only and openings are sealed to prevent dust from entering the home, the work area is cleaned after the work is completed, and the residents have alternative lead free entry; or
3. The interior work will be completed in one period of less than 8-daytime hours and the

work site is contained to prevent the release of dust into other areas of the home; or

4. The interior work will be completed within five (5) calendar days, the work site is contained to prevent the release of dust, the worksite and areas within 10 feet of the worksite are cleaned at the end of each day to remove any visible dust and debris, and the residents have safe access to kitchen and bath and bedrooms.

If temporary relocation benefits are not provided because the County believes that the project meets one of the above criteria, then proper documentation must be provided in the rehabilitation project file to show compliance. It is up to the County to ensure that the owner-occupant or tenant in the project does not get impacted by lead-paint mitigation efforts. In most cases where lead-paint mitigation is taking place, occupants (tenants or owners) will be strongly encouraged to relocate even for just a few days until a final lead-clearance can be issued by a certified lead-based paint assessor. Occupants who are temporarily relocated because of lead-based paint mitigation are entitled to the same relocation benefits as those who are relocated because of substantial rehabilitation or reconstruction activities.

#### C. Temporary Relocation of Owner-Occupants

Owner-occupants are not allowed to stay in units which are hazardous environments during lead-based paint mitigation. When their home is having lead-based paint mitigation work done which will not make it safe to live in, then temporary relocation is required. In the same way, a unit requiring substantial rehabilitation (with or without lead-based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be required to relocate temporarily.

Owner-occupants will be encouraged to move in with family or friends during the course of rehabilitation, since they are voluntarily participating in the program, and no temporary relocation benefits will be provided to them. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will complete a Temporary Relocation Benefits Form to document that the owner-occupant understands that they must relocate during the course of construction.

#### D. Temporary Relocation of Residential Tenants

Tenants are not allowed to stay in units which are hazardous environments during lead-based paint mitigation. When their home is having lead-based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation benefits.

In the same way, a unit requiring substantial rehabilitation (with or without lead-based paint mitigation) that is judged to constitute a substantial danger to the health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, or which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be required to relocate temporarily.

The tenants will be eligible for temporary relocation benefits, which will be provided from the owner-investor applicant. The program administrator or construction supervisor will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. Tenants may move in with family and friends and still receive full or partial temporary assistance based on eligible costs that are incurred.

The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will ensure that each tenant occupied unit under the program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant occupied unit will have a Temporary Relocation Benefits Form completed for them. These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation benefits. A tenant receiving temporary relocation shall receive compensation for the following:

1. Increased housing costs (e.g. rent increase, security deposits);
2. Payment for moving and related expenses, as follows:
  - a. Transportation of the displaced persons and personal property within 50 miles, unless the County determines that farther relocation is justified;
  - b. Packing, crating, unpacking, and uncrating of personal property;
  - c. Storage of personal property, not to exceed 12 months, unless the County determines that a longer period is necessary;
  - d. Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
  - e. Insurance for the replacement value of personal property in connection with the move and necessary storage;
  - f. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
  - g. Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
  - h. Any costs of credit checks required to rent the replacement dwelling;

- i. Other moving expenses; as the County determines to be reasonable and necessary.
3. The following are ineligible expenses:
    - a. Interest on a loan to cover moving expenses; or
    - b. Personal injury; or
    - c. Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the County; or
    - d. Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

E. Rehabilitation Activities Requiring Permanent Displacement

The Lassen County Rehabilitation Program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff responsible for the rehabilitation program will consult with County legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If the Economic Development and Housing (ED/H) staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and benefit determination and implementation. If the ED/H staff does wish to do the permanent displacement activity then they will consult and follow the HUD Relocation Handbook 1378.

F. Rehabilitation Which Triggers Replacement Housing

If the Lassen County Rehabilitation Program assists a property where one or more units are eliminated then under Section 104 (d) of the Housing and Community Act of 1974, as amended, applies and the County is required to replace those lost units. An example of this would be a duplex unit which is converted into a single family unit. In all cases where rehabilitation activities will reduce the number of housing units in the jurisdiction, then the County must document that any lost units are replaced and any occupants of reduced units are given permanent relocation benefits. (This does not apply to reconstruction or replacement housing done under the Rehabilitation Program where the existing unit(s) is demolished and replaced with a structure equal in size without any loss in the number of units or bedrooms.)

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the County to provide funds for an activity that will directly result in such demolition or conversion, the County will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development (HCD) or the appropriate federal authority the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as targeted income group dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of the replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a targeted income group dwelling unit for at least 10 years from the date of initial occupancy; and,
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of targeted income group households in the jurisdiction.

The ED/H staff is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The County is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in Section 570.606, to any targeted income group displaced by the demolition of any dwelling unit or the conversion of a targeted income group dwelling unit to another use in connection with an assisted activity.

#### G. Record Keeping and Relocation Disclosures/Notifications

The County will maintain records of occupants of federally funded rehabilitated, reconstructed or demolished property from the start to completion of the project to demonstrate compliance with section 104(d), URA and applicable program regulations. Each rehabilitation project, which dictates temporary or permanent or replacement activities, will have a project description and documentation of assistance provided. (See sample forms in HUD Relocation Handbook 1378, Chapter 1, Appendix 11, form HUD-40054)

Appropriate advisory services will include reasonable advance written notice of (a) the date and approximate duration of the temporary relocation; (b) the address of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period; (c) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling.

Notices shall be written in plain, understandable primary language of the persons involved. Persons who are unable to read and understand the notice (e.g. illiterate, foreign language, or impaired vision or other disability) will be provided with appropriate

translation/communication. Each notice will indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help. The notices and process below is only for temporary relocation. If permanent relocation is involved then other sets of notice and noticing process and relocation benefits must be applied (See HUD relocation handbook 1378 for those forms and procedures). The Temporary Relocation Advisory Notices to be provided are as follows:

1. General Information Notice

As soon as feasible when an owner-investor is applying for federal financing for rehabilitation, reconstruction, or demolition, the tenant of a housing unit will be mailed or hand delivered a General Information Notice that the project has been proposed and that the tenant will be able to occupy his or her present house upon completion of rehabilitation. The tenant will be informed that the rent after rehabilitation will not exceed current rent or 30% of their average monthly gross household income. The tenant will be informed that if a temporary move is required, so that rehabilitation can be completed, suitable housing will be made available and reimbursement will be given for all reasonable extra expenses. The tenant will be cautioned that relocation assistance will not be provided if they move for personal reasons. See Appendix A for sample notice to be delivered personally or by certified mail.

2. Notice of Non Displacement

As soon as feasible when the rehabilitation application has been approved, the tenant will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead-based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The tenant will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. See Appendix B for sample notice to be delivered personally or by certified mail.

3. Disclosure to Occupants of Temporary Relocation Benefits

This form is completed to document that the County is following its adopted temporary relocation plan for owner-occupants and tenants. See Appendix C for a copy of the disclosure form.

4. Other Relocation/Displacement Notices

The above three notices are required for temporary relocation. If the County is attempting to provide permanent displacement benefits then there are a number of other forms which are required. The ED/H staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced as a result of housing rehabilitation activities funded by CDBG or other federal programs.



**NOTICE OF NON-DISPLACEMENT**

    (Date)

Dear     (tenant)    :

On   (date)  , we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On   (date)  , the owner's request was approved, and the repairs will begin soon.

This is a notice of non-displacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable. The temporary relocation expenses will be provided by the property owner.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact     (name)    ,     (title)    , at   (telephone number)  ,     (address)    . Remember; do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

(Name)

(Title)

**DISCLOSURE TO OCCUPANT OF TEMPORARY RELOCATION BENEFITS**

*Top to be completed at time of loan application submittal or Home Visit*

Property Address: \_\_\_\_\_

\_\_\_ Rental Unit            \_\_\_ Owner/Occupied Unit

The rehabilitation loan specialist working on behalf of Lassen County \_\_\_\_\_ has explained the temporary relocation services and benefits available under the current rehabilitation program relocation plan.

I/we have been advised that Lassen County rehabilitation construction specialist will inform me if I need to be temporarily relocated and will to assist me with scheduling any necessary moves and answer any questions about assistance as needed.

Acknowledged:

\_\_\_\_\_  
Occupant Signature            Date                            Occupant Signature            Date

*Complete this at time of acceptance of Work Write Up with initials by occupant*

The rehabilitation construction specialist for Lassen County has explained the Rehabilitation Scope of Work for our house and I/we agree that it will:

- \_\_\_ Not require I/we to be relocated. **(If initialed then STOP here and sign bottom.)**
- \_\_\_ Yes, I/we need to be temporarily relocated. **(Complete rest of form if initialed.)**

Start date and duration of relocation:

- \_\_\_ Starting on or about \_\_\_\_\_ we will move for all or part of the rehabilitation project.
- \_\_\_ Approximate length of temporary relocation: \_\_\_\_\_ (number of days).

For temporary relocation, I/We elect to (check all that apply):

- \_\_\_ Relocate with friends and family.
- \_\_\_ Relocate into a suitable temporary housing unit identified by rehab specialist.
- \_\_\_ Relocate furnishings only into a temporary storage unit.
- \_\_\_ (Tenants) I/We have been told what our relocation benefits are and elect **NOT** to be reimbursed for any eligible relocation expenses.

\_\_\_ (Tenants) I/We have been told what our relocation benefits are and want to be reimbursed for:  
\_\_\_\_\_

\_\_\_ (Owner-Occupants) I/We have been told and understand that I/we are not eligible for relocation expenses.

By signing, occupant(s) acknowledge receipt of copy of this form:

\_\_\_\_\_  
Occupant Signature            Date                            Occupant Signature            Date

**LOAN SERVICING POLICIES AND PROCEDURES FOR THE COUNTY OF LASSEN**

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

A. Loan Repayments

The Lender will collect monthly payments from those borrowers who are obligated to do so under an Installment Note, which are amortized promissory notes.

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

For all notes the due date of the loan will be the 1<sup>st</sup> of every month. The borrower will have a 15 day grace period to pay the monthly amount before late charges will be incurred. After the 15<sup>th</sup> of every month a late charge of 10% of the payment amount will be added to the invoice.

B. Payment of Property Taxes and Insurance

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

When a property is located in a 100 year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance will be required at close of escrow. The Lender may check the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Lender encourages the Borrower to have impounded accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

C. Required Request for Notice of Default

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

D. Required Rent Limitation Agreement for Investor Properties

All owner-investor properties which receive loans from the Lender will be required to enter into a Rent Limitation Agreement (RLA) which restricts the tenants and the rents on the property for a fixed period of time, depending on the term of the loan and income qualification. The RLA will be recorded on title of the property and non-compliance with this agreement can lead to foreclosure action by the Lender. The RLA will be monitored annually to ensure that low income households occupy the assisted investor units and that the rents charged to those households is affordable. In some cases the units must be inspected annually to ensure that they are up to minimum health and safety standards. At the end of the designated affordability period, the Lender will release the Borrower from the RLA.

E. Annual Occupancy Restrictions and Certifications

On owner-occupant loans the Lender requires that the Borrower submits utility bills and/or other documentation annually to prove occupancy during the term of the loan. The specific loan terms are incorporated in the original note and deed of trust.

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

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

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-

occupant, subject to the approval of the Lender's Loan Committee.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on family size and household income, provided the heir is in the TIG. If the heir intends to occupy the property and is non-TIG, the balance of the loan is due and payable. If the heir intends to act as an owner-investor, the balance of the loan may be converted to an owner-investor interest rate and loan term and a RLA is signed and recorded on title. All such changes are subject to the review and approval of the Lender's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full. If the Borrower or new owner-investor requests that the existing loan be assumed and agrees to the current Lender rates and terms for owner-investor properties and the RLA, then the outstanding balance may be refinanced, subject to the review and approval of the Lender's Loan Committee.

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

#### G. Requests for Subordinations

When a Borrower wishes to refinance the property, they must request a subordination request to the Lender. The Lender will only subordinate their loan when there is no "cash out" as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the family with a lower interest rate and the total indebtedness on the property should not exceed 80% of the current market value.

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

#### H. Process for Loan Foreclosure

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

foreclosure.

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

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

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

**LEAD-BASED PAINT HAZARD CONTROL POLICIES AND PROCEDURES FOR  
THE COUNTY OF LASSEN**

I. INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) issued their lead-based paint regulations to protect adults and young children from lead-based paint hazards in housing built prior to 1978 that is financially assisted or sold by the Federal government. Children six and under are particularly vulnerable since lead-poisoning can cause significant injury, including permanent brain damage, reduced intelligence, and behavioral problems. A large percentage of children with lead-poisoning are in low-income families living in older homes with heavy concentrations of lead-based paint.

The most common source of lead-exposure is dust from deteriorated lead-based paint and lead-contaminated soil. Due to increased understanding of the harmful effects of lead-exposure on children and adults, federal lead-based paint requirements have become more stringent.

II. LASSEN COUNTY'S RESPONSIBILITIES

Lassen County is required to follow HUD's lead-based paint regulations as listed in 24 CFR 35 in implementing their activities. Essentially, the County is responsible to inform residents of the potentials of lead-based paint hazards in their home, evaluate the degree of lead-based paint hazards, mitigate these hazards, provide clearance on the rehabilitated areas affected by the lead-based paint work, and provide all appropriate notices.

III. SIGNIFICANT EXEMPTIONS (24 CFR 35.115)

A. Significant Exemptions

For a complete list of exemptions see 24 CFR Part 35.115. HUD's lead-based paint requirements do not apply to:

1. Dwellings completed on or after 1/1/78;
2. Housing exclusively for the elderly or person with disabilities, unless a child under age six resides (100 days or longer) or is expected to reside there;
3. Zero bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks;
4. Housing found by certified inspection to be free of lead-based paint;
5. Housing in which all lead-based paint has been properly identified, removed, and

cleared (this does not apply where enclosure or encapsulation has been used as a method of abatement);

6. Unoccupied reconstruction housing that will remain vacant until it is demolished to the foundation;
7. Non-residential property. Property or part of a property that will not be used for human residential habitation. Not exempt are common use areas, such as entryways, hallways, corridors, passageways, stairways or building exterior in a mixed-use building.
8. Rehabilitation that does not disturb a painted surface;
9. Emergency repair action, which are those needed to safeguard against imminent danger to human life, health or safety, or to protect property from further structural damage; and
10. Historical sites/dwellings may use interim controls instead of abatement, under certain conditions.

#### IV. WORKING SAFELY WITH LEAD (24 CFR 35.1350)

##### A. De Minimis Levels

HUD's lead-based paint regulations establish safe work practices which must be followed at all times. The exception to this rule is if the painted area to be affected falls within the de minimis levels. These are:

1. 20 sq. ft. (2 sq. meters) on exterior surfaces
2. 2 sq. ft. (0.2 sq. meters) in any one interior room or space, or
3. 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.

##### B. Safe Work Methods

The intent of safe work methods is to minimize the spread of leaded-paint dust, paint chips, and debris. The following are the major provisions in the safe work practice regulations:

1. Qualifications to Perform Safe Work Practices

Workers must be trained in safe work practices. For additional information on this training, go to: <http://www.leadlisting.org/>

## 2. Occupant Protection

The occupant and the environment must be protected from lead-contaminated or lead-containing materials during hazard reduction activities. The areas of concern are:

### *a. No Occupants at Worksite*

Occupants shall not be permitted to enter the worksite during hazard reduction activities until after hazard reduction work has been completed and clearance, if required, has been achieved.

### *b. Protection of Occupants Belongings*

The dwelling and worksite shall be secured against unauthorized entry, and occupants' belongings shall be protected from contamination during hazard reduction activities by relocating or covering and sealing them.

### *c. Temporary Relocation*

Occupants shall be temporarily relocated before and during hazard reduction activities to a suitable, decent, safe, and similarly accessible unit free of lead-based paint hazards, except if:

- i. Treatment will not disturb lead-based paint, dust-lead hazards or soil-lead hazards.
- ii. Interior - Treatment of the interior will be completed within one period in eight daytime hours, the site will be contained, and the work will not create other safety, health, or environmental hazards.
- iii. Building Exterior - The windows, doors, ventilation intakes and other openings near the worksite are sealed during hazard control work and cleaned afterward; and a lead free entry is provided.
- iv. Treatment will be completed within five calendar days; the work area is sealed; the area within 10 feet of the containment area is cleared of debris at the end of the day; occupants have safe access to sleeping areas, bathroom, and kitchen facilities; and treatment does not create other safety, health, or environmental hazards.

## 3. Worksite Preparation and Containment

The worksite for lead-hazard reduction activities must be prepared to prevent the release of leaded-dust and debris.

- a. Workers must use practices that minimize the spread of leaded-dust, paint chips, soil, and debris.
- b. Warning signs are required at each entry to a room where lead-hazard reduction activities are conducted when occupants are present, at the main and secondary entryways to a building from which occupants have been relocated, and at exterior worksites at a size and type readable from 20 feet (six meters) from the edge of the worksite. Signs will be in the occupants' primary language to the extent practicable.

#### 4. Prohibited Methods

The methods identified below may not be used at any time for work on surfaces known or suspected to contain lead-based paint.

- a. Open flame burning or torching.
- b. Machine sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control.
- c. Abrasive blasting or sandblasting without HEPA local exhaust control.
- d. Heat guns operating above 1,100 degrees Fahrenheit, or those that operate high enough to char the paint.
- e. Dry sanding or dry scraping.
- f. Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with regulations.

#### 5. Worksite Cleanup

Good cleanup is critical to passing clearance and leaving the unit safe for habitation. The worksite shall be cleaned using methods, products, and devices that are successful in cleaning lead-contaminated dust, such as vacuum cleaners with HEPA filters or equivalent equipment and household or lead specific detergents or equivalent products.

#### 6. Safe Work Practice Exemptions

- a. Safe work practices are not required if paint has been tested and found to be lead-free.
- b. Safe work practices are not required in houses completed after 1978.

7. Clearance (24 CFR 35.1340)

- a. Clearance is performed to determine whether the lead-hazard reduction process is complete and that no lead-dust or soil hazards remain in the areas of concern. The clearance report requires DHS Form 8552 (see Appendix D). A clearance examination involves a visual assessment, dust, and soil testing to determine if the unit is safe for occupancy. A certified inspector/risk assessor must perform clearance.
- b. The clearance examiner must prepare a clearance report in accordance with (24 CFR Part 35.1340) if lead-hazard reduction activities other than abatement are performed; the examiner must use DHS form 8552. If abatement is conducted, a certified supervisor or project designer must prepare an abatement report in accordance with 40 CFR 745.227(e) (10). Essentially, this requires DHS form 8551 (that was previously filled out) (see Appendix C) to be attached to the clearance form (DHS 8552). The clearance notice must also note if any each failed clearance.

V. LEAD-HAZARD EVALUATION (24 CFR 35.110 and 35.1320)

A. Lead-Hazard Evaluation

Lead-hazard evaluation methods involve an examination of a dwelling to check for lead-hazards for every activity. Evaluation methods include risk assessments, lead-hazard screenings, visual assessments, presumption of lead-based paint, and paint testing (see Appendix B). In California, the Department of Health Services (DHS) certifies workers/ supervisors/inspectors/risk assessors. Refer to the Department's website, for more information: [www.dhs.ca.gov/childlead/](http://www.dhs.ca.gov/childlead/). Below is a brief description of each evaluation method:

1. Risk Assessment

Risk assessment is a comprehensive investigation of a dwelling to identify lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. Risk assessment results are summarized in a written report with recommendations for actions. Risk assessments are conducted by inspectors/risk assessors certified by the DHS.

2. Lead-Hazard Screening

Lead-hazard screening is similar to a risk assessment. While the sampling is less extensive, the requirements are more stringent. If lead-based paint hazards are detected, a full risk assessment must then be conducted. Lead-hazard screens are conducted by certified risk assessors.

### 3. Visual Assessment

A visual assessment of deteriorated paint consists of a visual search for cracking, scaling, peeling, or chipped paint. A visual assessment does not require a notification of lead-hazard evaluation since the assessment does not evaluate lead-based paint and/or lead-hazards. However, if hazards are discovered and addressed, the contractor must still meet the hazard reduction activity notification requirement. Visual assessments are conducted those who have taken the HUD online test at: <http://www.hud.gov/offices/lead/training>

### 4. Presumption

Presumption is an administrative decision, and no formal training is required. It makes a determination of lead-based paint and/or lead-based paint hazards based on non-testing information and are an alternative to performing lead-hazard evaluation activities. In some cases, by presuming lead-based paint and/or lead-based paint hazards, hazard evaluations may not be required, but contractors must still conduct lead-hazard reduction activities as required.

### 5. Paint Testing

Paint testing entails testing painted surfaces to determine if they contain lead-based paint using methods such as an x-ray fluorescence (XRF) analyzer or laboratory analysis. Paint testing must be conducted by certified inspectors/risk assessors.

## VI. LEAD-HAZARD REDUCTION METHODS (24 CFR 35.1330, 1325, and 1335)

### A. Lead-Hazard Reduction Methods

Lead-hazard reduction methods refer to specific types of treatment to address lead-based paint hazards. Nothing precludes contractors from conducting additional lead-hazard reduction methods beyond the minimum established for each activity. Lead-hazard reduction methods include:

#### 1. Interim Controls

Interim controls temporarily reduce exposure to lead-based paint hazards through repairs, painting, maintenance, special cleaning, occupant protection measures, clearance, and education programs. A detailed description of interim controls is in 24 CFR 35.1330. Interim control methods include, but are not limited to:

##### *a. Paint Stabilization*

Repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint and other material from the

surface to be treated, and applying a new protective coating or paint.

*b. Treatment for Friction and Impact Surfaces*

If lead-based paint is found and exceeds acceptable levels or is presumed, the conditions creating friction or impact with surfaces with lead-based paint such as those that rub, bind, or crush must be corrected. Examples of this work include hanging/binding doors, installing doorstops, or reworking windows.

*c. Safe Work Practices*

All interim controls shall incorporate the use of safe work practices.

*d. Treatment for Chewable Surfaces*

If a child under age six has chewed surfaces known to contain lead-based paint or if lead-based paint is presumed, these surfaces must be enclosed or coated, so they are impenetrable.

*e. Lead-Contaminated Dust Control*

All horizontal surfaces that are rough, pitted, or porous such as bare floors, stairs, window sills, and window troughs must be covered with a smooth, cleanable covering or coating such as metal coil stock, plastic, polyurethane, or linoleum. Carpeting must be vacuumed, or rugs must be removed and vacuumed on both sides. Vacuuming must be done using HEPA vacuums.

*f. Lead-Contaminated Soil Control*

If soil is lead-contaminated, interim controls that may be used include impermanent surface coverings such as gravel, bark, and sod as well as land use controls such as fencing, landscaping, and warning signs.

2. Standard Treatments (24 CFR 35.1335)

Under certain conditions, if lead-based paint is presumed, then the standard treatment method is triggered. Standard treatments apply to all applicable surfaces, including soil; to control lead-based paint hazards that may be present. These methods include:

*a. Paint Stabilization*

All deteriorated paint on exterior and interior surfaces must be stabilized through repairs, safe paint removal, and repainting. Or abatement may be performed.

*b. Smooth and Cleanable Horizontal Surfaces*

All horizontal surfaces that are rough, pitted, or porous such as bare floors, stairs, windowsills, and window troughs must be covered with a smooth, cleanable covering or coating such as metal coil stock, plastic, polyurethane, or linoleum.

*c. Correcting Dust-Generating Conditions*

All conditions that generate lead-contaminated dust such as those that rub, bind, or crush surfaces with lead-based paint must be corrected. Examples include re-hanging doors, installing doorstops, or reworking windows.

*d. Bare Residential Soil*

Soil is addressed using interim control methods including impermanent surface covering such as gravel, bark, and sod as well as land use controls such as fencing, landscaping, and warning signs.

*e. Safe Work Practices*

All standard treatments shall incorporate the use of safe work practices.

*f. Clearance*

A clearance examination shall be performed at the conclusion of lead-hazard reduction activities.

*g. Qualifications*

An individual performing standard treatment must meet the training and/or supervision requirements.

3. Abatement (24 CFR 35.1325)

Abatement permanently (for at least 20 years) removes lead-based paint and lead-based paint hazards by a variety of measures, including removing lead-based paint and its dust, encapsulating or enclosing the lead-based paint, replacing components containing lead-based paint, or removing or covering lead-contaminated soil. All abatement methods shall incorporate the use of safe work practices. Abatement shall then be conducted on all applicable surfaces, including soil, and completed when clearance is achieved.

4. Qualifications To Perform Lead Hazard Reduction
  - a. Paint Stabilization, Interim Controls, and Standard Treatments require certification as workers or supervisors.
  - b. Abatement must be conducted by certified workers and supervisors certified by California's Department of Health Services.

VII. FEDERAL REHABILITATION ASSISTANCE CATEGORIES (24 CFR 35.930)

A. Rehabilitation

Requirements in the regulations for rehabilitation activities are found in 24 CFR Part 35, Subpart J. Rehabilitation activities require lead-hazard evaluation and reduction activities to be carried out for all projects constructed prior to 1978. (See Appendixes A and J).

B. Rehabilitation Projects Less Than or Equal To \$5000 (see Appendix F)

Rehabilitation of residential property receiving an average of up to and including \$5,000 per unit in Rehabilitation Assistance are required to complete the following:

1. Lead Hazard Evaluation

Paint testing must be conducted to identify lead-based paint on all painted surfaces that will be disturbed or replaced.

- a. Lassen County may presume that lead-based paint exists on all painted surfaces that will be disturbed or replaced and skip paint testing.

2. Lead Hazard Reduction

Lassen County must repair all paint that will be disturbed during rehabilitation. If lead-based paint is detected or assumed, safe work practices must be used during rehabilitation.

3. Notice is required.

4. Clearance is required only for the work area.

C. Rehabilitation Projects: Over \$5,000 to \$25,000 Per Unit (see Appendix G)

1. Lead-Hazard Evaluation. There are two requirements for this evaluation:

a. *Paint Testing*

Paint testing must be conducted to identify lead-based paint on all painted surfaces that will be disturbed or replaced. *Interim controls are used* on lead-based paint hazards.

b. *Risk Assessment*

A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces.

c. There are four options in determining the hazards of lead-based paint:

- i. In lieu of paint testing, Lassen County is permitted to presume that lead-based paint hazards exist on all painted surfaces to be disturbed or replaced and *use interim controls*. A risk assessment is still required.
- ii. In lieu of paint testing, Lassen County is permitted to presume that lead-based paint hazards exist on all painted surfaces. The County must *perform standard treatments*. A risk assessment is not required.
- iii. When using interim controls, Lassen County is permitted to conduct paint testing on all non-intact paint surfaces. If no lead-based paint is detected, then no interim controls are required on that surface. A risk assessment is still required.
- iv. Lassen County is permitted to conduct a lead-hazard screen instead of a risk assessment. If the lead-hazard screen indicates that there is no lead-contamination, no lead-hazard reduction is required. If the lead-hazard screen indicates the presence of lead levels that exceed interior lead-dust standards, then a risk assessment must be conducted.

2. Lead Hazard Reduction

If lead-based paint or lead-based paint hazards are detected during the evaluations on interior surfaces in the dwelling units, and the common areas that service those units or on exterior surfaces to be disturbed by rehabilitation, interim controls must be implemented to reduce lead-based paint hazards. See section (VII.C.1.c) for exemptions.

3. Notice is required.
4. Clearance is required.

D. Rehabilitation Projects Over \$25,000 Per Unit (see Appendix H)

1. Lead-Hazard Evaluation. There are two requirements for this evaluation:

- a. Paint testing must be conducted to identify lead-based paint on deteriorated painted surfaces or surfaces that will be disturbed or replaced.
- b. A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces, or Lassen County may assume that lead-based paint hazards exist.
- c. There are three options in the Lead-Hazard Evaluation:
  - i. In lieu of paint testing, Lassen County is permitted to presume that lead-based paint hazards exist on all painted surfaces to be disturbed or replaced and abate these surfaces.
  - ii. In lieu of paint testing, Lassen County is permitted to assume that lead-based paint or lead-based paint hazards are present on all painted surfaces. Abatement is required on these surfaces. In such cases, evaluation is not required.
  - iii. Lassen County is permitted to conduct a lead-hazard screen instead of conducting a risk assessment. If the lead-hazard screen indicates that there is no lead contamination, no lead-hazard reduction is required. If the lead-hazard screen indicates that lead is present, then a risk assessment must be conducted.

2. Lead-Hazard Reduction

- a. If lead-based paint hazards are detected during the evaluations on interior surfaces in the dwelling units and the common areas that service those units or on exterior surfaces, including soil, to be disturbed by rehabilitation, *abatement* must be completed to permanently reduce lead-based paint hazards.
- b. If lead-based paint hazards are detected on the exterior surfaces that are not disturbed by rehabilitation during the risk assessment, *interim controls* may be completed instead of abatement to reduce these hazards.

3. Notice is required.

4. Clearance is required.

## VIII. CALCULATING THE LEVEL OF FEDERAL REHABILITATION ASSISTANCE (24 CFR 35.930)

### A. Federal Rehabilitation Assistance

The lead-hazard evaluation and reduction activities required for rehabilitation projects depend on the level of Federal Rehabilitation Assistance (FRA) projected for each project.

The FRA breaks up into three categories:

1. FRA of up to and including \$5,000 per unit,
2. FRA of more than \$5,000 per unit, up to and including \$25,000,
3. FRA of more than \$25,000 per unit.

The FRA is determined by comparing the per unit rehabilitation *hard costs* and the overall per unit *Federal Assistance*. The lower of these calculations is used as the FRA amount.

### B. Hard Costs

Rehabilitation hard costs are calculated using the actual costs associated with the physical development of a unit, regardless of the source of these funds. These do not include soft costs, such as administration, relocation, environmental review, and acquisition costs. Soft costs include financing fees, credit reports, title binders and insurance, recordation fees, transaction taxes, impact fees, legal and accounting fees, appraisals, and architectural and engineering fees.

### C. Federal Assistance

Federal assistance is determined by tabulating all federal funds provided to the project for housing assistance. This also includes funds from program income, but excludes funding such as low-income housing tax credit funds (LIHTC) or non-Federal Home Program match funds which are not consider housing assistance.

### D. Multiple Units

For determining which level is used in multiple family units to be rehabilitated, an average is used. See 24 CFR 35.915 and HUD's April 2001 Interpretive Guidance for specific details.

IX. INTENT: ABATEMENT, REHABILITATION, OR WEATHERIZATION?

A. Intent

Pursuant to a joint letter from HUD and the EPA, dated April 19, 2002, Lassen County has an additional option when rehabilitating dwellings in which lead-based paint may be present. This provision impacts dwellings below the \$25,000 Federal rehabilitation assistance category.

If a jurisdiction's "intent" is to rehabilitate or weatherize a dwelling without mitigating any lead-based paint hazards, then it is not required to perform interim controls in *the area to be rehabilitated*. *Intent* is shown in the work write up. If only rehabilitation aspects are included in the write up, then the intent is to rehabilitate and not mitigate lead-based paint hazards. However, "safe work" practices must still be used. If lead-based paint mitigation measures are included in the work write up, then the *intent* is to mitigate lead-based paint hazards, and all usual mitigation rules apply.

Additionally, if your intent is to abate lead-based paint hazards, then you must follow the abatement worker rules as indicated in the lead-based paint rehabilitation matrix, regardless of the hard cost level of your project.

X. DISCLOSURES AND NOTICES (24 CFR 35.92 and 24 CFR 35.125)

A. Disclosures

Notification is required on all rehabilitation activities, regardless of the level of assistance.

1. Lead-Hazard Information Pamphlet

Residents and purchasers of a residential property must receive a copy of the EPA/HUD/Consumer Product Safety Commission Lead-Hazard Information Pamphlet, "How to Protect your Family from Lead in Your Home." The County of Lassen will have the recipient acknowledge receipt of this pamphlet in writing and retain this acknowledgment in the rehabilitation files.

B. Notices

1. Paint Testing, Lead-Hazard Evaluation, Visual Assessment, or Presumption

When an evaluation results in findings of lead-based paint hazards or if a presumption of lead-based paint hazards is made, then contractors must provide to the residents and post notice no later than 15 days after the Lead Hazard Evaluation Report (DHS Form 8552) has been received. These notices shall be posted for four weeks.

## 2. Abatement

Provide the Abatement of Lead-Hazards Notification (DHS Form 8551) in conjunction with the Lead Hazard Evaluation Report (DHS Form 8552).

## 3. Clearance

Provide the Lead Hazard Evaluation Report (DHS Form 8552).

### a. Notice of Lead-Hazard Reduction Activity

When lead-hazard reduction activities have been completed (clearance has been achieved), a contractor must provide to the residents or post a notice of these lead-hazard reduction activities no later than 15 days after completion. The notices shall be updated if additional work is required. Any failed clearances must be described in the notice. These notices shall be posted for four weeks.

## 4. Availability of Notices

Notices of evaluation, presumption, and hazard reduction shall:

- a. Be of a size and type easily read by occupants.
- b. To the extent practicable, be made available upon request in a format accessible to persons with disabilities (e.g., Braille, large type, computer disk, audio tape).
- c. Be provided in the occupants' primary language or in the language of the occupants' contract or lease.
- d. Be provided to the occupants by posting and maintaining it in centrally located common areas and distributing it to any dwelling unit, if necessary, because the head of household is a person with a known disability.
- e. Be distributed to each occupied dwelling affected by the evaluation. If the notice is for a lead-hazard in a common area that is used by those in the dwelling unit, the occupants of the dwelling unit shall also receive notice.

## XI. RECORD KEEPING

### A. Record Keeping

Notices, evaluation, clearance and abatement reports will be kept at least three years and will be made available for the Department of Housing and Community Development's (HCD) review.

## 1. Record Keeping

Records will be kept for at least three years, but it is recommended by HCD that lead-based paint records be kept indefinitely. The following records will be kept:

- a. Information on age of property, age of children living at property, existing information on children's blood lead-levels, existing information on lead-based paint;
- b. Inspection report or documentation of visual assessment;
- c. Disclosure statement;
- d. Clearance report;
- e. All notifications;
- f. Documentation of required certifications or training; and
- g. Documentation indicating receipt of the pamphlet.

## XII. DEFINITIONS

1. Abatement - Any set of measures designed to permanently eliminate lead-based paint or lead-based paint hazards. Abatement includes the removal of lead-based paint and dust-lead hazards, the permanent enclosure or encapsulation of lead-based paint, the replacement of components or fixtures painted with lead-based paint, and the removal or permanent covering of soil-lead hazards.
2. Bare Soil - Soil or sand not covered by grass, sod, other live ground covers, wood chips, gravel, artificial turf, or similar covering.
3. Certified - DHS licensed or certified to perform such activities as risk assessment, lead-based paint inspection, or abatement supervision.
4. Chewable Surface - An interior or exterior surface painted with lead-based paint that a young child can mouth or chew. A chewable surface is the same as an "accessible surface" as defined in 42 U.S.C. 4851b (2). Hard metal substrates and other materials that cannot be dented by the bite of a young child are not considered chewable.
5. Clearance Examination - An activity conducted following lead-based paint hazard education activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards exist in the dwelling unit or worksite.

6. Common Area - A portion of a residential property that is available for use by occupants of more than one dwelling unit. Such an area may include, but is not limited to, hallways, stairways, laundry and recreational rooms, playgrounds, community centers, on-site day care facilities, garages and boundary fences.
7. Containment - The physical measures taken to ensure that dust and debris created or released during lead-based paint hazard reduction are not spread, blown or tracked from inside to outside of the worksite.
8. Dwelling Unit -
  - a. Single-family unit, including attached structures such as porches and stoops; or
  - b. Housing unit in a structure that contains more than one separate housing unit, and in which each such unit is used or occupied, or intended to be used or occupied, in whole or in part, as the home or separate living quarters of one or more persons.
9. Encapsulation - The application of a covering or coating that acts as a barrier between the lead-based paint and the environment. Encapsulation may be used as a method of abatement if it is designed and performed so as to be permanent.
10. Enclosure - The use of rigid, durable construction materials that are mechanically fastened to the substrate in order to act as a barrier between lead-based paint and the environment. Enclosure may be used as a method of abatement if it is designed to be permanent.
11. Evaluation - A risk assessment, a lead-hazard screen, a lead-based paint inspection, paint testing, or a combination of these to determine the presence of lead-based paint hazards or lead-based paint.
12. Federal Rehabilitation Assistance - The amount used to determine which rehabilitation category used to address lead-based paint hazards. This figure is calculated by taking the lower of the total federal assistance in a dwelling and the total hard costs to rehabilitate the dwelling.
13. Hazard Reduction - Measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls or abatement or a combination of the two.
14. HEPA Vacuum - A vacuum cleaner device with an included high-efficiency particulate air (HEPA) filter.
15. Housing for the Elderly - Retirement communities or similar types of housing reserved for households composed of one or more persons 62 years of age or more, or other age if recognized as elderly by a specific federal housing assistance program.

16. Impact Surface - An interior or exterior surface that is subject to damage by repeated sudden force, such as certain parts of door frames.
17. Interim Controls - A set of measures designed to reduce temporarily human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based paint maintenance activities, and the establishment and operation of management and resident education programs.
18. Lead-Based Paint - Paint or other surface coatings that contain lead equal to or exceeding 1.0 milligram per square centimeter or 0.5 percent by weight or 5,000 parts per million (ppm) by weight.
19. Lead-Based Paint Hazard - Any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.
20. Lead-Hazard Information Pamphlet - "How to Protect Your Child From Lead in Your Home." The HUD pamphlet is used to notice a resident who is about to participate in a lead-based paint activity.
21. Lead-Hazard Reduction Activity - The activity chosen to address the existence of lead-based paint and/or lead-based paint hazards.
22. Lead-Hazard Screen - A limited risk assessment activity that involves paint testing and dust sampling and analysis. If lead-hazards are found, then a full risk assessment is required.
23. Multifamily Property - A residential property containing five or more dwelling units.
24. Noticing - Notifying the occupants (or potential occupants) of a dwelling of lead-based paint related actions or history pertaining to that dwelling. This noticing may take the form of a pamphlet or posted notices regarding lead-based paint hazards found, treated, and cleared in a dwelling.
25. Paint Stabilization - Repairing any physical defect in the substrate of a painted surface that is causing paint deterioration, removing loose paint and other material from the surface to be treated, and applying a new protective coating or paint.
26. Paint Testing - The process of determining, by a certified lead-based paint inspector or risk assessor, the presence or the absence of lead-based paint on deteriorated paint surfaces or painted surfaces to be disturbed or replaced.
27. Permanent - An expected design life of at least 20 years.

28. Play Area - An area of frequent soil contact by children of less than 6 years of age, as indicated by the presence of play equipment (e.g. sandboxes, swing sets, sliding boards, etc.) or toys or other children's possessions, observations of play patterns, or information provided by parents, residents or property owners.
29. Presumption - An administrative decision to presume lead-based paint is present. At times, this presumption may not require a risk assessment.
30. Risk Assessment - An on-site investigation to determine the existence, nature, severity, and location of lead-based paint hazards; and the provision of a report by the individual or firm conducting the risk assessment explaining the results of the investigation and options for reducing lead-based paint hazards.
31. Risk Assessor/Inspector - This person performs risk assessments and clearance examinations. This person must take and pass the 40 hour Risk Assessor/Inspector class. DHS registration and testing is required.
32. Safe Work Practices - A system of working to remove lead-based paint that minimizes spreading lead-based paint dust and debris which would contaminate the workers and residents of a dwelling.
33. Single-Family Property - A residential property containing one through four dwelling units.
34. Single Room Occupancy (SRO) Housing - Housing consisting of zero-bedroom dwelling units that may contain food preparation or sanitary facilities or both (see zero-bedroom dwelling).
35. Soil-Lead Hazard - Bare soil on residential property that contains excessive amounts of lead.
36. Standard Treatments - A series of hazard reduction measures designed to reduce all lead-based paint hazards in a dwelling unit without the benefit of a risk assessment or other evaluation.
37. Substrate - The material directly beneath the painted surface out of which the components are constructed, including wood, drywall, plaster, concrete, brick or metal.
38. Supervisor - This person supervises certified and non-certified lead-based paint workers. This person must have taken and passed the 40 hour lead-based paint supervisor class. DHS registration and testing is required.
39. Visual Assessment - Looking for deteriorated paint, visible surface dust, debris and residue which may be a part of a risk assessment or clearance examination. A person must have taken the HUD visual assessment test on the web.

40. Worker - There are two types of workers, certified and non-certified.
- a. Certified - A person who has taken the DHS, 3-day, 24 hour certified lead-based paint certified worker class. While no DHS test is required, DHS registration is required. This person may work on any lead-based paint project, but only under supervision.
  - b. Non-Certified - A person who has taken the HUD 1 day, 8 hour “Work Safe” class. This worker may not work on abatement projects.
41. Zero-Bedroom Dwelling - Any residential dwelling in which the living areas are not separated from the sleeping area. The term includes efficiencies, studio apartments, dormitory or single room occupancy housing, military barracks, and rentals of individual rooms in residential dwellings (see single room occupancy (SRO)).

**CDBG LEAD-BASED PAINT CHECKLIST FOR REHABILITATION**

Applicant: \_\_\_\_\_ Date: \_\_\_\_\_ Address: \_\_\_\_\_

1. \_\_\_\_\_ If the house was completed prior to 1/1/78, go on to #2. If the house was completed on or after 1/1/78, **STOP**, you are done with your Lead-Based Paint (LBP). Provide proof of age. Use certificate of insurance, final sign off, or occupancy date.
2. \_\_\_\_\_ Does the dwelling meet any of the exemptions listed in Section III? If so, **STOP**, you are done w/your LBP requirements. Use LBP-#1 (see Appendix B) to document. If not, proceed to #3.  
List exemption: \_\_\_\_\_.
3. \_\_\_\_\_ Provide “How to Protect Your Family From Lead” pamphlet to recipients/occupants and retain proof of receipt. For tenants, use “Renter’s Lead-Based Paint Disclosure” form (see Appendix E). Use renter form, at a minimum; as long as the RLA is effective.
4. \_\_\_\_\_ Obtain work write up. **Intent Policy:** Any LBP hazards identified outside the work write up are subject to mitigation controls required by Federal Rehabilitation Assistance Categories (see section VII.B,C, & D), and must “work safe” on activities in work write up. Determine if a presumption strategy is beneficial for this dwelling (see Appendix I). If presuming LBP, notice using Notice of Presumption, CDBG form LBP-#1, and no risk assessment (RA) is required. If RA is opted for, go to #5.
5. \_\_\_\_\_ Procure Department of Health Services (DHS) certified risk assessor/inspector for the RA and obtain proof of certification. Note: may proceed with RA, or proceed with abbreviated evaluation, the Lead Hazard Screen (LHS). LHS is property-wide, not for one portion of the dwelling. If LHS results are negative for LBP, then may begin the rehabilitation with out LBP concerns. If the LHS results are positive for LBP, then must proceed with an RA. In either case, within 15 days, notice and retain copies of the appropriate notice. Use DHS form 8552 (see Appendix D).
6. \_\_\_\_\_ Address any relocation due to LBP work (see Attachment E).
7. \_\_\_\_\_ Procure rehabilitation contractor for work write up and use appropriate workers/supervisor (see Appendixes J, and F-H). At a minimum, must us “safe work” practices.
8. \_\_\_\_\_ For identified LBP hazards called out in the RA, procure DHS certified LBP contractor and determine which LBP mitigation method(s) are to be used in the home.
9. \_\_\_\_\_ Prior to work starting, notice and retain copy of DHS form 8551 (see Appendix C), Abatement of Lead Hazards Notification, which provides information about LBP work to be done.
10. \_\_\_\_\_ Have the rehabilitation and LBP work done and obtain proof of training (DHS certification for supervisor and all workers, work safe training, etc.). See Appendixes J, and F-H.
11. \_\_\_\_\_ Obtain a clearance report, using DHS form 8552, Lead Hazards Evaluation Report (and DHS form 8551, when clearing abatement projects). Clearance report cannot be done by the same business entity that performed any evaluated component. Obtain proof of DHS RA certification.
12. \_\_\_\_\_ Within 15 days of LBP hazard work being finalized, notice and retain copy of Notice of Hazard Reduction Activity. Use CDBG form LBP-#1.

**LEAD-BASED PAINT**  
**VISUAL ASSESMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM**

Form: LBP #1

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

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

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

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

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

<b>Section 6: Contact Information</b>	Organization:	
Contact Name:	Contact Signature:	
Date:	Address:	Phone:

**DHS FORM 8551**

## ABATEMENT OF LEAD HAZARDS NOTIFICATION

POST AT ALL ENTRANCES TO WORK AREA AND STRUCTURE

Work is being conducted to abate lead-based paint or lead hazards in or on this structure. For more information, please contact the individuals and/or agencies listed below.

### Section 1—Structure Where Abatement of Lead-Based Paint or Lead Hazards is Scheduled

Address (number, street; apartment number, if applicable)	City	County	ZIP code
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Type of structure (check one box only):

- Single family dwelling     
  Multi-family building     
  School, daycare, or other child-occupied facility  
 Other (specify) \_\_\_\_\_

### Section 2—Summary of Specific Work and Location(s) Where Lead-Based Paint or Lead Hazards Will Be Abated

- Description of work to be performed:     
  Interior     
  Exterior     
  Both interior and exterior  
 Type of abatement (check one box only):     
  Permanent (≥ 20 years)     
  Temporary (< 20 years)  
 Do any children reside on the premises?     
  Yes     
  No     
  Don't know

### Section 3

Projected starting date	Projected ending date
-------------------------	-----------------------

### Section 4—Restrictions on Entering Work Area

List specific times and/or dates residents are not allowed to enter work areas, if applicable.

**If you would like more information, please contact the following:**

### Section 5—Property Owner or Manager

Name		Telephone number (      )	
Address (number, street)	City	State	ZIP code

### Section 6—Individual Conducting Abatement (Supervisor or Company and Supervisor)

Name and company (if applicable)		Telephone number (      )		DHS certification number (if applicable)	
Address (number, street)	City	State	ZIP code		

### Section 7—Local Environmental Health Agency

Telephone number (      )
------------------------------

This form shall be mailed to:

Department of Health Services  
 Childhood Lead Poisoning Prevention Branch Reports  
 850 Marina Bay Parkway, Building P, 3rd Floor  
 Richmond, CA 94804-6403  
 FAX (510) 620-5656

Is this form a revision of a previously submitted abatement notification form?

Yes (Date of other form: \_\_\_\_\_)  
 No  
 Canceled project

# DHS FORM 8552

State of California - Health and Human Services Agency

California Department of Health Services

## LEAD HAZARD EVALUATION REPORT

### Section 1-Date of Lead Hazard Evaluation \_\_\_\_\_

### Section 2-Type of Lead Hazard Evaluation (Check one box only)

- Lead inspection     Risk assessment     Clearance inspection     Other (specify) \_\_\_\_\_

### Section 3-Structure Where Lead Hazard Evaluation Was Conducted

Address [number, street, apartment (if applicable)] \_\_\_\_\_ City \_\_\_\_\_ County \_\_\_\_\_ ZIP code \_\_\_\_\_

Construction date (year) of structure \_\_\_\_\_ Type of structure (check one box only)  
 Multi-unit building     Child-occupied facility     Single family dwelling  
 Other (specify) \_\_\_\_\_

### Section 4-Owner of Structure (if business/agency, list contact person)

Name \_\_\_\_\_ Telephone number (\_\_\_\_) \_\_\_\_\_

Address [number, street, apartment (if applicable)] \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_

### Section 5-Results of Lead Hazard Evaluation (Check one box only)

**No lead-based paint detected.**

A lead inspection was conducted following the procedures outlined in Title 17, California Code of Regulations, Division 1 Chapter 8. No lead-based paint was detected during this lead inspection. This structure is found to be lead-based paint free.

**No lead hazards detected**

Lead hazard evaluation was conducted following the procedures outlined in Title 17, California Code of Regulations Division 1, Chapter 8. No lead hazards were detected.

**Lead-based paint and/or lead hazards detected.**

Lead hazard evaluation was conducted following the procedures outlined in Title 17, California Code of Regulations Division 1, Chapter 8. Lead-based paint and/or lead hazards were detected.

### Section 6-Individual Conducting Lead Hazard Evaluation

Name \_\_\_\_\_ Telephone Number (\_\_\_\_) \_\_\_\_\_

Address [number, street, apartment (if applicable)] \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_

Brand name and serial number of any portable x-ray fluorescence (XRF) instrument used (if applicable) \_\_\_\_\_

DHS certification number \_\_\_\_\_ Signature **X** \_\_\_\_\_ Date \_\_\_\_\_

### Section 7-Attachments

- A. A foundation diagram or sketch of the structure indicating the specific locations of each lead hazard or presence of lead-based paint;
- B. Each testing method, device, and sampling procedure used;
- C. All data collected, including quality control data, laboratory results, including laboratory name, address, and phone number.

First copy and attachments retained by inspector

Second copy and attachments retained by owner

DHS 8552 (12/97)

Third copy only (no attachments) mailed or faxed to:

Childhood Lead Poisoning Prevention Branch  
Reports  
850 Marina Bay Parkway, Building P, Third Floor  
Richmond, CA 94804-6403  
Fax: (510) 620-5656

**APPENDIX E**

**RENTERS LEAD-BASED PAINT DISCLOSURE**

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

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead-exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Lessees must also receive a federally approved pamphlet on lead-poisoning.

**Lessor’s Disclosure**

- 1. Presence of lead-based paint and/or lead-based paint hazards (Check (a) or (b) below):
  - a.  Known lead-based paint and/or lead-based paint hazards are present in the housing (explain):  
\_\_\_\_\_
  - b.  Lessor has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- 2. Records and reports available to the lessor (Check (a) or (b) below):
  - a.  Lessor has provided the lessee with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents). \_\_\_\_\_
  - b.  Lessor has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Lessee’s Acknowledgment (initial)**

- 3.  Lessee has received copies of all information listed above.
- 4.  Lessee has received the pamphlet “Protect Your Family from Lead in Your Home.”

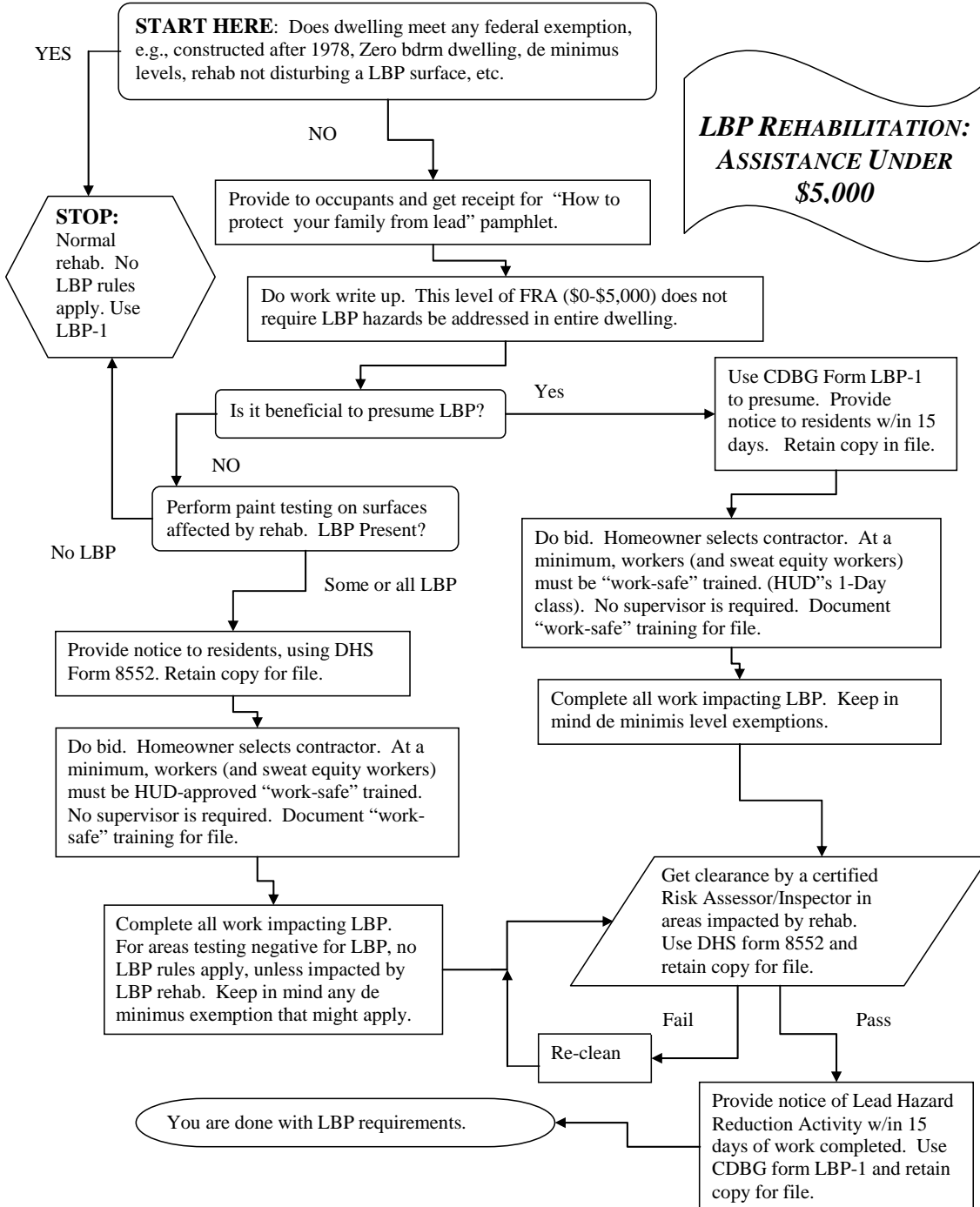
**Certification of Accuracy**

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

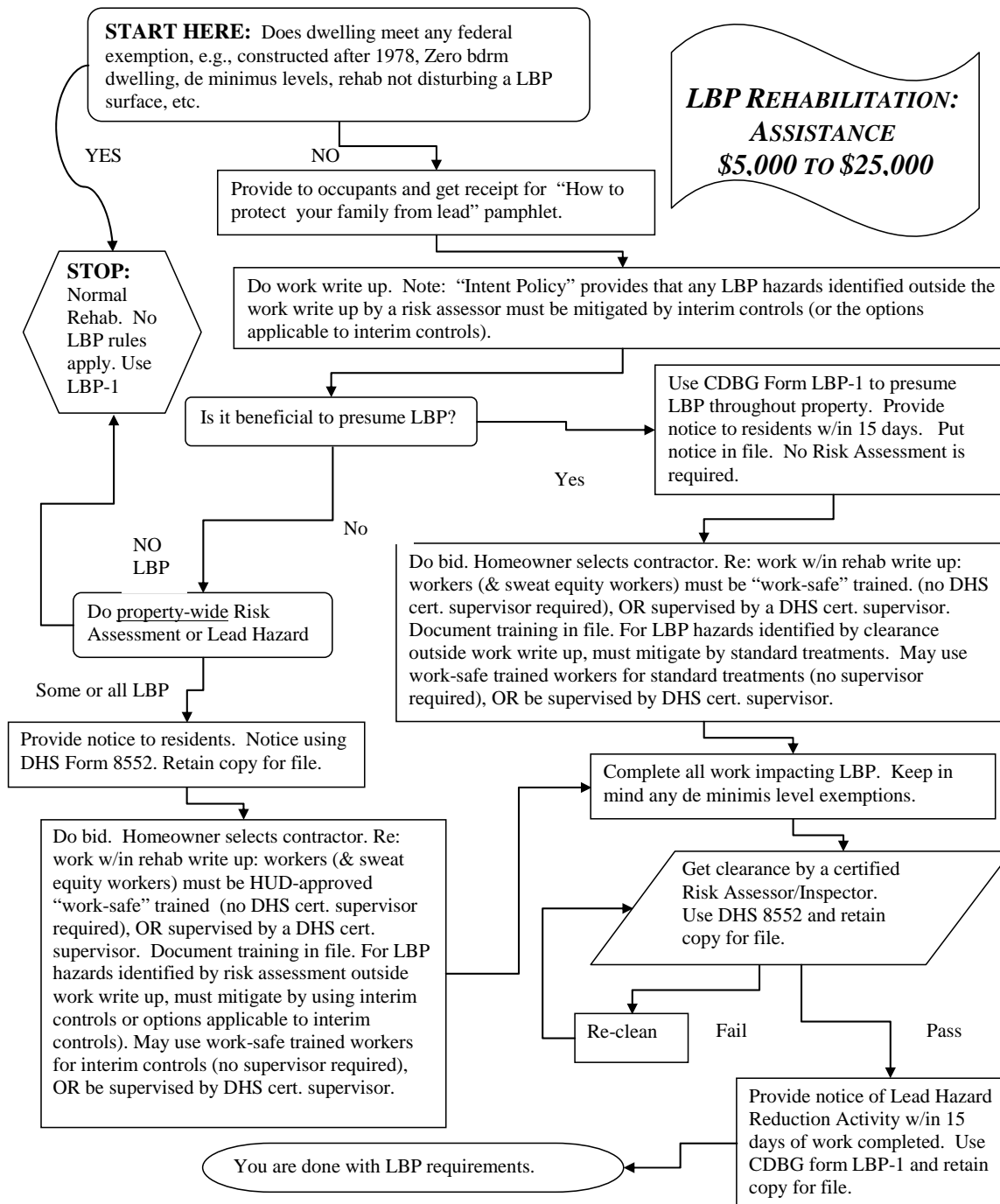
Lessor	Date	Lessor	Date
--------	------	--------	------

Lessee	Date	Lessee	Date
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**LEAD-BASED PAINT REHABILITATION ASSISTANCE UNDER \$5,000**

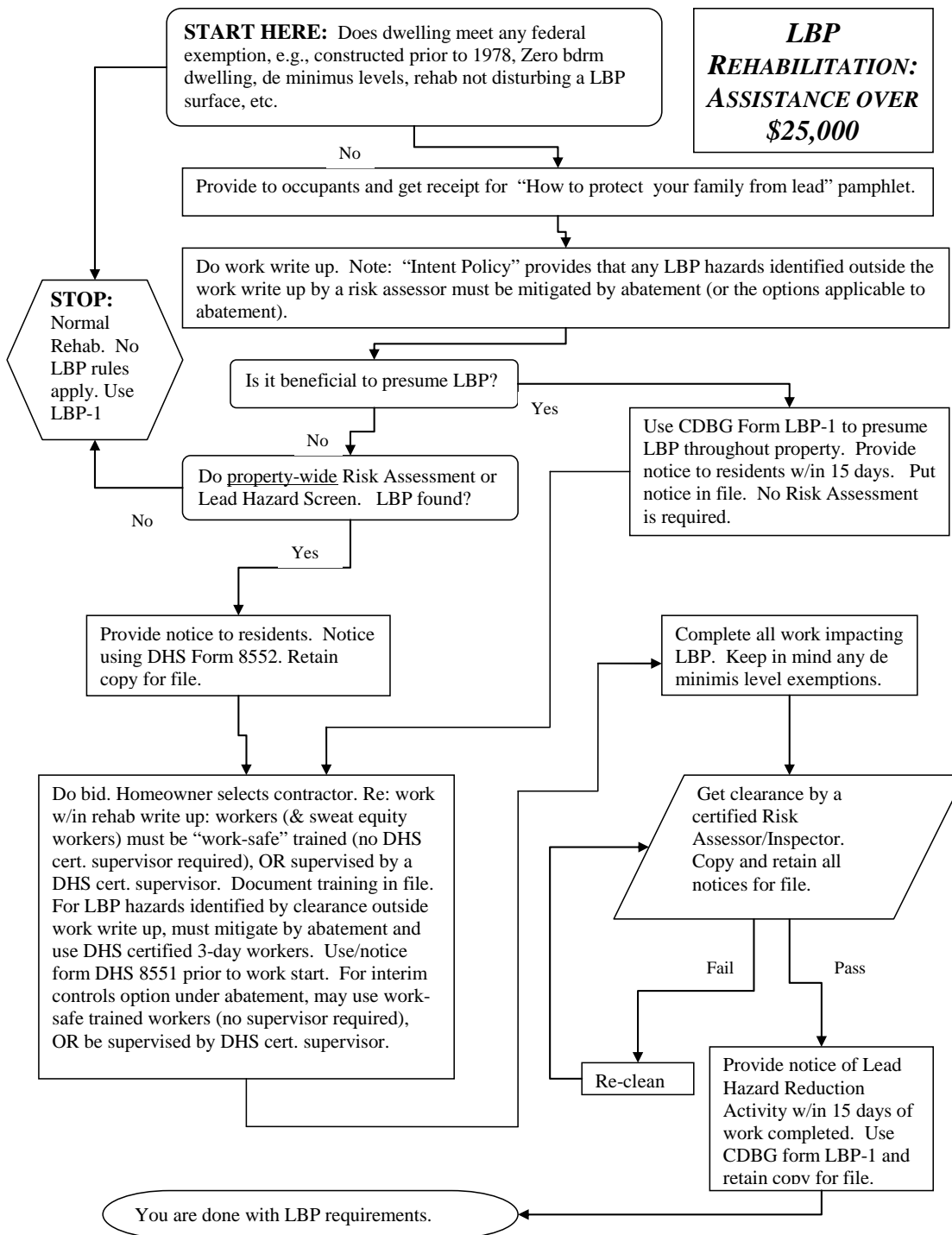


**LEAD-BASED PAINT REHABILITATION ASSISTANCE \$5,000 TO \$25,000**



Rev 6/24/04

**LEAD-BASED PAINT REHABILITATION ASSISTANCE OVER \$25,000**



**LBP REHABILITATION: ASSISTANCE OVER \$25,000**

**CDBG LEAD-BASED PAINT PRESUMPTIONS/OPTIONS**

<b><i>By Federal Rehabilitation Assistance Category</i></b>	
<b>\$0-\$5000</b>	In lieu of paint testing on surfaces to be disturbed by the rehabilitation, presume Lead-Based Paint (LBP) on all surfaces affected by rehabilitation. No Risk Assessment (RA) is required. Use safe work practices.
<b>Over \$5,000 to \$25,000</b>	In lieu of paint testing on surfaces to be disturbed by the rehabilitation, presume LBP on all surfaces affected by rehabilitation. RA is required. Use interim controls on hazards revealed by the RA or created by the rehabilitation.
<b>Over \$25,000</b>	In lieu of paint testing on surfaces to be disturbed by the rehabilitation, presume LBP on all surfaces affected by rehabilitation. RA is required. Abate all hazards revealed by the RA or created by the rehabilitation. On external areas not disturbed by the rehabilitation, may use interim controls.

<b><i>By Evaluation Type</i></b>	
<b>Lead-Hazard Screen</b>	When RA is required, may use this abbreviated version, lead hazard screen. If LBP hazards are found, then full RA is required.
<b>Paint Testing</b>	When paint stabilization or interim controls, may opt to do paint testing on all surfaces with non intact paint. If no LBP then stabilization/interim controls not required.

<b><i>By Mitigation Method</i></b>	
<b>Interim Controls</b>	When interim controls are required, may presume LBP or LBP hazards exist throughout property and then enact standard treatments on hazards. No RA is required.
<b>Abatement</b>	When abatement is required, may presume that LBP or LBP hazards are present throughout, and then abate hazards. No RA is required.

**CDBG LEAD-BASED PAINT HOUSING REHABILITATION MATRIX**

		0 → \$5,000	\$5,001 → \$25,000	\$25,001+	
<b>Lead Hazard Evaluation</b>	<b>Type</b>	Paint Testing on surfaces affected by rehabilitation			
		No RA Required	In addition to Paint Testing, Risk Assessment (RA)		
	<b>Cert. Required</b>	Department of Health Services (DHS) certified RA/Inspector			
<b>i. Notices/ Reports</b>		Lead-Based Paint (LBP) Pamphlet Renter’s LBP Disclosure Form, if applicable Paint testing/Risk Assessment: DHS form 8552 Presumption: CDBG LBP-#1 Hazard notification: DHS form 8551 prior to work start Clearance: DHS form 8552 LBP Hazard Reduction Activity: CDBG LBP-#1			
<b>Lead Hazard Reduction</b>	<b>ii.</b>	Safe work practices	Interim Controls	-Interior/Exterior paint disturbed by HR: Abatement -Exterior paint not disturbed by HR: Interim Controls	
		<b>Certificate Required</b>	<b>Worker</b>	-Workers (including sweat equity) must be “work safe” trained, and no supervisor required, or -Workers supervised by DHS certified Supervisor, or -Workers have taken DHS certified worker class.	See “Under \$5,000” category
	<b>Supervisor</b>			See above	See above
		Ext. w/Interim: Required			
<b>Clearance Required</b>		Yes, but only in the areas of rehab. Use DHS form 8552.	Yes. Use DHS form 8552. Certified Risk Assessor or Project Monitor on all clearances.		