



**CITY OF CLOVIS**

**OWNER-OCCUPIED  
MOBILE HOME REHABILITATION  
AND REPLACEMENT  
PROGRAM GUIDELINES**

**July 1, 2016**



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PROGRAM GUIDELINES**

The City of Clovis ("City") supports efforts to improve the City's mobile home housing stock. The Mobile Home Rehabilitation and Replacement Program ("Program") described in these guidelines is designed to encourage City residents and mobile home owners to improve/eliminate substandard and unsafe living conditions in their properties by accessing zero percent (0%) deferred loans of up to \$60,000 that are available from the Program. Applications for the City's Mobile Home Rehabilitation and Replacement Program can be obtained by calling the City of Clovis at (559) 324-2094, or picked up at the Clovis Planning and Development Services Department, 1033 Fifth Street, Clovis, CA.

The funding source used by the City for the Mobile Home Rehabilitation and Replacement Program is the State of California CalHome Program, funding through the California Department of Housing and Community Development (HCD).

**APPLICATION PROCESS**

**I. APPLICANT ELIGIBILITY**

**A. Conflict of Interest**

To the extent consistent with the State of California's conflict of interest laws as they apply to local government officials, employees and agents, the following rules shall apply regarding eligibility for this program. No member of the governing body of the City nor other official, employee, or agent of the City government who exercises policy or decision-making authority in connection with the planning and implementation of the Program shall directly or indirectly be eligible for this Program. This ineligibility shall continue for one year after an individual's relationship with the City ends.

**B. Residency Requirement**

Owner-occupants will be required to submit to the City at the time of loan application, and if approved for a loan, annually for the term of the loan, a statement of the unit's current and continued use as the owner's primary residence.

**C. Income**

To be eligible to participate in the City's program, gross household income must not exceed eighty percent (80%) of the area median income (AMI) for Fresno County, which is adjusted for household size and reported in the most current income guidelines published by HCD. The applicant's income combined with the income of all household members, related or non-related, aged 18 and older cannot exceed 80% of AMI. All persons in the residence are considered household members for the purpose of income eligibility.

**D. Fair Housing**

This policy will be implemented consistent with the City's commitment to fair housing practices. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (children), physical or mental disability, sexual orientation, or any other arbitrary cause. Individuals who believe they have been discriminated against in a housing-related action may contact the City of Clovis Housing Program Coordinator at (559) 324-2094, or the Fair Housing Council of Central California at (559) 244-2950.

**E. Temporary Relocation**

Owner-occupants generally are not eligible for temporary relocation benefits in conjunction with the Mobile Home Replacement Program.

**F. Race and Ethnicity**

Applicants will be requested to identify race and ethnicity at the time of submitting an application. All applications will be processed in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach, and access to the Program. No person shall be excluded or denied benefits on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation.

**G. Preferences**

The City will establish a waiting list for assistance and will provide assistance on a first-come, first-served basis. Preference will be given to households living in imminently unsafe conditions.

**II. PROPERTY ELIGIBILITY**

**A. Location**

To be eligible to participate in the City's Program, the property must be a mobile home residence located on a rented space within a mobile home park in the incorporated area of the City.

**B. Definition of Mobile Home**

"Mobile Homes", "Manufactured Homes", and "Park Trailers" as defined by Sections 18007, 18008, and 18009.3, respectively, of the California Health and Safety Code, and which are not on a permanent foundation, are eligible for this Program. "Recreational Vehicles" as defined by Section 18010 of the California Health and Safety Code are not eligible for this Program.

**C. Property Condition**

The goal of this Program is to eliminate substandard mobile home living conditions within the City. Rehabilitation work must eliminate health and safety hazards to occupants and the public.

**D. Title**

Applicants for mobile home rehabilitation/replacement loans must be registered owners of, and occupy the property as their primary residence, for which the loan is being made. All persons on the title must agree to sign a Security Agreement and Promissory Note to secure the loan for the replacement.

**E. Life Estates or Living Trusts**

Applicants who hold a Life Estate on property or property with title held by a Trust are eligible to participate in the City's Program provided one of the following criteria is met:

1. The beneficiary of the Life Estate or Trust occupies the mobile home;
2. The beneficiary's household income meets the income criteria for the Program;

3. Loan documents must be signed by the Trustee of the Trust and the person(s) who hold the remainder interest in a Life Estate;
4. The beneficiary agrees to the condition that the replacement loan is due and payable when any of the following occur:
  - a) *The property is sold or title is transferred to another person or entity; and/or*
  - b) *The beneficiary's Life Estate terminates or is rescinded; and/or*
  - c) *The City determines that the beneficiary is not complying with the terms of the Security Agreement or the Promissory Note.*

**F. Property Improvements**

1. *Eligible Improvements* – The goal of the City's Program is to improve the safety of the home, correct substandard conditions, provide improvements for persons with disabilities, and extend the useful life of the property. Within this context, improvements that improve energy efficiency are encouraged. All improvements must be physically attached to the property and permanent in nature. Per HCD CalHome Program requirements, repairs and improvements are limited to those necessary to correct any condition causing the home to be substandard pursuant to CCR, Title 25, Section 1606. Examples of eligible items include electrical repair or rewiring, plumbing repair, or replacement, water heater repair or replacement, heating and air conditioning system repair or replacement, window and door replacement and repair, repair of structurally significant damaged wood, and floor covering replacement. Non-functioning refrigerators and cook stoves may be replaced.
2. *Non-eligible Improvements* – Luxury items and person property are not permitted. Some examples of luxury items are patios and patio covers, porches, room additions that are for leisure, landscaping upgrades, hot-tubs, custom cabinets and high-end appliances. Personal property includes furniture and appliances that are not built-in.

**III. APPLICATION PROCEDURE**

**A. Application Forms**

Applicants may call the City and request an application packet to be mailed or schedule an appointment with a City representative to discuss in person the program and the application process. An application packet can also be picked up at the Clovis Planning and Development Services Department, 1033 Fifth Street, Clovis, CA. Only complete application packets will be accepted and evaluation for eligibility. A complete application packet consists of the following:

1. Application
2. Verification of income from all sources for all household members aged 18 and older
3. Tax returns for the previous two years

**B. Process**

The following is a list of procedures followed when applying for a rehabilitation or replacement loan:

1. *Application* – An application must be completed by all persons who hold title to the mobile home. This includes listing all household members, their income and asset information, and household bills including loan and utility payments. A credit report and title search will be run at this time to determine any outstanding debt and the registration and titling status of the mobile home. An appraisal may be ordered if necessary.
2. *Preliminary Approval* – A City representative will evaluate the application and all supporting documentation to determine if the applicant meets preliminary requirements for the loan program. Preliminary eligibility will be based on income, credit, and demonstrated need (existence of substandard conditions).
3. *Work Write-Up* – Preliminary approved applicants will have a thorough property inspection, conducted by a City representative (a qualified building/property inspector) to determine all necessary and eligible repair items. All items will be listed on a work write-up with their cost estimates as determined by the inspector. The inspector will base the estimate on current industry prices of material and wages for the type of work being completed.
4. *Property Appraisal* – After repair costs have been estimated, and appraisal of the property's after-rehab value will be made to determine the feasibility of rehabilitation with respect to the Program's loan-to-value (LTV) limit of one hundred percent (100%). The appraisal may be prepared by City staff using the sales of comparable properties approach to determine value. If comparable sales are not available, the appraisal shall be prepared by a State-licensed, residential property appraiser.
5. *Analysis of Feasibility of Rehabilitation* – If the cost of repairs to eliminate all substandard conditions has been identified in the work write-up falls within the 100% LTV restriction, and the repairs will extend the remaining useful life of the dwelling by at least twenty (20) years, and the cost of repairs is less than the cost of a comparable-sized replacement dwelling, the repair process as described in steps seven (7) through (9) below can proceed. If any of these conditions are not met, rehabilitation of the dwelling will be deemed infeasible and the property owner will be eligible for a replacement unit.
6. *Replacement of Dwelling* – The City shall maintain a list of available sources of used and/or new mobile homes that are suitable for use as replacement dwellings for this Program. Replacement dwellings will have a remaining life expectancy of at least 20 years. And will be transportable to Clovis. Replacement dwellings also must conform to the rules and regulations of the host mobile home park. The cost of a replacement dwelling, including transportation costs, hook-up fees, permit fees, the cost of demolition/removal of the existing mobile home, and the activity delivery costs cannot exceed sixty thousand dollars (\$60,000). A replacement dwelling will be subject to the approval of the applicant.
7. *Temporary relocation costs and storage costs are not eligible expenses in this Program and will be the responsibility of the homeowner.*

8. *Rehabilitation Construction Bids* – Based on the work write-up, all eligible contractors on the Program list of contractors will be invited to attend a pre-bid meeting at the property. The inspector will walk all contractors through the home, go over each item to be repaired, issue addendums (if necessary), and answer questions as needed. Only contractors attending the pre-bid meeting will be allowed to submit a bid. Bids shall be itemized based upon the itemization of the work write-up. Only sealed bids will be accepted, and the City will act as the clearinghouse for the purposes of accepting and opening sealed bids. If determined to be the lowest and best bidder, the contractor must meet the City's quality standards as described in section V.A of these guidelines.

9. *Bid Review* – Once the bids have been submitted, the City will review the bids for reasonableness, competitiveness, and completeness. The City will use the cost estimates provided by the inspector to evaluate the proposals. If upon reviewing the bids, the lowest bid exceeds one hundred ten percent (110%) of the cost estimate, the City will re-examine the work write-up, and may require the applicant to get new bids. Once a contractor has been selected, the applicant and the contractor will enter into a contractual agreement based upon its bid and the repair items identified. If the need for replacement of unit arises, the cost of the replacement unit cannot exceed 110% of the rehabilitation cost estimate.

10. *Loan Advisory Committee* – The Loan Advisory Committee is made up of City staff, and makes the final determination of the applicant's eligibility and eligibility of repairs and improvements or replacement. The applicant will be notified in writing of the committee's decision.

11. *Underwriting Conditions* – Grounds for denial of a loan request include, but are not limited to, the following items:

a) *The City may deny a loan request if the applicant has any unexplained or unresolved delinquencies for lot rent payments in the twelve (12) months prior to applying for assistance.*

b) *The City may deny a loan request if the LTV ratio will exceed 100%. The LTV ratio is based on either an appraisal or on comparable units, taking into consideration the rehabilitated value of the subject property and any other debt already secured by the property. The City also includes the rehabilitation/replacement loan amount when determining the LTV ratio.*

c) *The City may deny a loan request if the application has filed bankruptcy in the past three (3) years.*

d) *The City may deny a loan request if the applicant has provided false or erroneous information, failed to complete the application process, or if there are any unresolved issues to the property's title at the time of applying for a loan from the City. Examples of title issues include, but are not limited to, persons named on the title who have not signed the loan application, person named on title that are deceased, judgments against the property for nonpayment of taxes of any kind, and mechanics liens filed against the property.*

#### IV. FINANCING

##### A. Loan Limits

Loans of up to \$60,000 are available for eligible program activities. Loan amounts will be determined by actual need/cost and LTV limitations. Total indebtedness against the property cannot exceed 100% of the after-rehab value of the property. The maximum loan to homeowners for rehabilitation or replacement shall not exceed the amount required to fund costs associated with eligible improvements and non-recurring closing costs.

**B. Term of Financing**

1. *Loan Term and Interest Rate* – The City’s loan has a twenty (20) year term at zero percent (0%) interest. There are no prepayment penalties.
  
2. *Deferred Loan Payments and Principal Forgiveness* – All mobile home rehabilitation and replacement loans will be a 20-year, deferred payment loan with a graduated principal forgiveness schedule as allowed by CalHome. No loan payments of principal or interest are required during the loan term unless there is a default of the loan terms. If a default event occurs during the deferral period, the entire loan principal is due and payable unless the City approves an exception. Upon sale or transfer of title, or when the property is no longer owner-occupied, the entire remaining loan principal is due and payable. At the end of the eleventh (11<sup>th</sup>) year of the loan and each year thereafter, ten percent (10%) of the loan principal is forgiven. At the end of the twenty-year term, no principal is due and the loan is completely forgiven, as follows:

End of Year #	Remaining Principal Balance (% of original loan)
1-10	100%
11	90%
12	80%
13	70%
14	60%
15	50%
16	40%
17	30%
18	20%
19	10%
20	0%

3. *Loan Transferability* – The City’s loan is not assumable by, or transferable to, any other party.

**C. Loan Conditions**

1. *Ownership, Occupancy, and Loan Default* – If the borrower does not continue to occupy and own the subject property, the loan will go into default and will be immediately due and payable. Other events that would cause the loan to be in default and immediately due and payable are the following:

- a) *The owner-occupant dies and there is no surviving spouse in the residence.*
- b) *There is a sale or transfer of any portion of any interest in the property that is not a City-approved exception.*
- c) *The information used to obtain the loan on the application or other loan-related documentation was fraudulent.*
- d) *The Life Estate expires.*
- e) *The property is converted to a commercial or non-residential use.*
- f) *Non-payment of space rent to the mobile home park owner.*
- g) *Failure to maintain the home in satisfactory condition.*
- h) *Relocation of the mobile home outside the City of Clovis for any reason other than closure of the host mobile home park.*

2. *Maintenance and Condition of Property* – The borrower must maintain the property in satisfactory condition throughout the life of the loan.

3. *Title to Property During Term of the Loan* – The City shall protect its security interests related to any loan to rehabilitate or replace any mobile home by making the necessary filings with HCD. After making necessary filings with HCD, the City shall be on title as the legal owner of the mobile home used to secure the loan and the borrower shall be the registered owner.

**V. REHABILITATION CONTRACTORS**

**A. Requirements**

The City of Clovis will advertise in the Clovis Business Journal, in both English and Spanish, a solicitation for Contractors to be placed on a list of eligible Program contractors. The following criteria must be met in order to be an approved rehabilitation contractor for the Program:

- 1. The contractor must hold a current and valid State of California General Contractor’s license.
- 2. The contractor must be in good standing with the State of California.
- 3. The contractor cannot be on the State or Federal Debarred Contractors list.
- 4. The contractor must have a City of Clovis business license.



5. The contractor must have current and valid General Liability and Workmen's Compensation Insurance.
6. The contractor must follow State regulations regarding prevailing wages.
7. The contractor must either personally possess or have the ability to hire someone who possesses a lead abatement license.
8. The contractor must provide a one-year warranty for their work.

**B. Procurement/Selection**

Once the applicant meets preliminary requirements for a rehabilitation loan, all contractors on the Program list of contractors will be invited to attend a pre-bid meeting at the applicant's home. The City will act as the clearinghouse for bid collection and opening. Once bids are opened, only complete bids will be considered. The lowest and best bidder will be awarded the project. All contractors who bid on the project will be notified as to whether they were selected to conduct the work.

**C. Construction Process**

After the contractor has been selected, the homeowner and the contractor will enter into a construction contract, which will identify the start and completion dates, description of the work, schedule of payments, bid, and other contractual items as necessary. The contractor will be responsible for making sure all required permits have been secured from HCD, depending on the type of work to be performed. The contractor will also be responsible for requesting required inspections from HCD for work being performed and for submitting the Notice of Completion at the end of the job.

**D. Inspections**

During construction and prior to each contractor's request for progress payment, the homeowner must approve of the completed work by signing the progress payment request. Next, the City's designated inspector will review the completed work and either authorize or deny the payment request. The inspector will authorize payment if the work completed agrees with the work write-up and if any required inspections and permits from HCD have been obtained and closed out. If the request is denied, the contractor must complete those items that have been determined to be incomplete, or unsatisfactory. Prior to issuing the final construction payment, the inspector will conduct a final inspection to ensure that all work is complete per the contract and the work write-up, that all permits have been received, and that the homeowner has signed a Homeowner Satisfaction Statement.

**E. Grievances Against Contractors**

Contracts signed by the contractor and the homeowner will include the following clause, which provides a procedure for the 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. 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."*

**VI. INSURANCE**

**A. Hazard Insurance**

Applicants must agree to maintain hazard and fire insurance on the property for the term of the City's loan. The insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the City as a Loss Payee for the amount of the City's loan. The applicant must provide a copy of the insurance policy to the City. In the event a borrower fails to make the insurance payment premium payments in a timely fashion, the City may, at its sole discretion, call the loan due and payable.

**B. Title Insurance**

The City shall request a Formal Title Search from HCD to establish the registration and titling status of the subject property prior to the close of escrow. A Notice of Escrow Opening will be also filed with HCD. This notice places a moratorium on the mobile home record preventing any changes to the title status of the mobile home until the escrow has closed.

**VII. 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 City has the option to cover the costs through a current funding source, if available.

**VIII. DEFAULT AND FORECLOSURE**

If a borrower defaults on a loan, and foreclosure proceedings are initiated, they shall be carried out in accordance with the requirements of California Health and Safety Code section 18000, et seq. and other related laws and regulations.

**IX. PROGRAM COMPLAINT AND APPEAL PROCEDURE**

Complaints by applicants, residents or property owners regarding the City's Program should be made to the City's Director of Community and Economic Development. The Director or a designee will investigate the complaint, prepare an analysis and recommendation and will schedule a discussion of the complaint with the Loan Review Committee. If the matter is not resolved to the satisfaction of the person filing the complaint, this person may submit a written appeal addressed to the City's Loan Review Committee. The Loan Review Committee will be convened within fifteen (15) days from the date the appeal is received unless a longer period of time is requested by the appellant. Within five (5) working days from the date the appeal is heard by Loan Review Committee, the City will mail a written response of the Committee's decision to the appellant. If the appellant is still not satisfied with the decision, they may appeal in writing to the Clovis City Manager following the same time line and procedures above. The decision of the City Manager will be final.

**X. AMENDMENTS**

Amendments to these guidelines may be made by the City whenever appropriate to improve Program effectiveness and to resolve problems. As part of the amendment adoption process, the City will review the policies of the funding source to ensure continuing compliance with published policies. Copies of amendments will be submitted to the CalHome Program Representative at HCD.

**XI. EXCEPTIONS**

Exceptions to these guidelines will require City Council and HCD approval.