

RESOLUTION NO. 256-19

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA
APPROVING THE PRIMARY LOAN GUIDELINES IN CONJUNCTION WITH THE
CALHOME MOBILEHOME OWNERSHIP PROGRAM GUIDELINES**

WHEREAS, the City submitted an application to the California Department of Housing and Community Development CalHome Program on February 28, 2023; and

WHEREAS, the California Department of Housing and Community Development awarded the City a CalHome grant of \$139,593 for a First Time Homebuyer Mortgage Assistance program; and

WHEREAS, the City entered into a Standard Agreement for the implementation of the program on February 12, 2024; and

WHEREAS, Primary lenders were unable to approve financing with the City's CalHome Program as the secondary source of financing; and

WHEREAS, In the Fiscal Year 2025-2026 budget, the City Council approved an allocation of \$192,000 to establish a Primary Loan Program to be implemented in conjunction with the CalHome Mobilehome Ownership Program.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ARCATA AS FOLLOWS:

1. The Primary Loan Guidelines attached hereto as Exhibit 1 are adopted;
2. The City Manager is authorized to take actions necessary to establish and enact these guidelines;
3. The City Manager is authorized to expend funds in connection with the adoption of these Guidelines;

DATED: December 17, 2025

ATTEST:

APPROVED:

City Clerk, City of Arcata

Mayor, City of Arcata

Clerk's Certificate

I hereby certify that the foregoing is a true and correct copy of Resolution No. 256-19, passed and adopted at a regular meeting of the City Council of the City of Arcata, Humboldt County, California held on the 17th day of December, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

City Clerk, City of Arcata



City of Arcata

First Time Homebuyer Mortgage Assistance For Mobilehomes



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1. GENERAL

1.1. PROGRAM OVERVIEW

- A. The City of Arcata (“City”) will administer a homebuyer assistance program (“Program”) by providing financing in the form of a primary loan in conjunction with the Cal Home Mobilehome Ownership Program. The Primary Loan Program is designed to provide assistance to eligible homebuyers in purchasing mobilehomes (also referred to as “housing units” herein) located within the boundaries of the City.
- B. The Program provides financing in the form of a primary loan with amortized monthly payments at a 3% interest rate. The primary loan in conjunction with the Cal Home’s secondary loan will be used toward the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by the City of Arcata.

1.2. PROGRAM OUTREACH AND MARKETING

- A. All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach, and access to the Program. The City will ensure that all persons, including those qualified individuals with disabilities, have access to the Program.
- B. Fair Housing Lender and Accessibility logos will be placed on all outreach materials produced by the City. Flyers or other outreach materials will be distributed in the Program-eligible area and will be provided to any local social service agencies. The Program will include homebuyer orientation classes to help educate homebuyers about the home-buying process and future responsibilities.
- C. The City will track the demographic characteristics of a) all persons submitting applications and b) all persons receiving assistance. The City will regularly conduct a characteristic analysis comparison of the Program’s eligible area compared to the demographic characteristics of the population served by the Program and provide an explanation of any underserved segments of the population. U.S. Census or American Community Survey data will be used to obtain demographic data for comparison purposes. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Fair housing marketing efforts will be adjusted based on the comparison analysis to ensure protected classes are reasonably represented in the Program.
- D. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The City will take appropriate steps to ensure effective communication with disabled housing applicants, residents, and members of the public.

1.3. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented consistent with the City’s commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity on the basis of their religion or religious affiliation, age, race, color, creed, gender, gender identity, gender expression, sexual orientation, marital status, familial status (children), physical or mental disability, medical condition, genetic information, national origin, citizenship, primary language, immigration status (except where prohibited by federal law), ancestry, source of income, or other arbitrary cause.

The City shall comply with all applicable state and federal laws, rules, guidelines, and regulations that pertain to nondiscrimination and fair housing. Such laws include, without limitation, the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.); the Americans with Disabilities Act of 1990; the Fair Housing Act; the Fair Housing Amendments Act of 1988; the California Fair Employment and Housing Act; the Unruh Civil Rights Act; Government Code section 11135; Section 504 of the Rehabilitation Act of 1973; and all regulations promulgated pursuant to those statutes.

2. PROGRAM PROCESS

2.1. PRE-APPLICATION AND APPLICATION PROCESS

- A. The City maintains a waiting list of applicants. Each applicant seeking to be added to the waiting list shall complete a pre-application form, which asks for sufficient information concerning income, employment, assets, and credit history to establish preliminary eligibility for Program participation. The City will accept pre-applications on a first-come, first-served basis. Pre-applications will be deemed complete only if all information is complete and submitted in the format requested, with the bottom signed and dated.
- B. The City may stop accepting new applications at such a time when the number of persons qualified to receive assistance exceeds the number that can reasonably be expected to secure funding through the Program. Applicants on the waiting list will be helped on a first come first served basis.
- C. If the City encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that cannot be resolved to the satisfaction of the City, the City reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.

2.2. HOME PURCHASE PROCESS

- A. The applicant selects an eligible housing unit (see Section 4) on which to make a purchase offer. As a part of making an offer, the applicant shall include the following provisions in the Purchase and Sale Agreement or as separate disclosures:

1. Homebuyer has no power of eminent domain and therefore will not acquire the property if negotiations fail to result in an amicable agreement.
 2. The homebuyer's estimate of the fair market value of the housing unit must be finally determined by a State-licensed appraiser.
 3. The housing unit will be subject to inspection by the City and/or a qualified home inspector hired by the applicant. The housing unit must comply with California state law and current codes at the time of construction and local health and safety standards.
 4. All housing units built prior to January 1, 1978, will require a lead paint disclosure to be signed by both the seller and potential homeowner.
 5. The housing unit must be either currently owner-occupied, newly constructed, or vacant for three months prior to acceptance of a purchase offer. Since the sale would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance.
 6. The Purchase and Sale Agreement is contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval.
 7. A Notice to Sellers of Existing Homes.
- B. The applicant will submit an executed Purchase and Sale Agreement (California Association of Realtors standard form) and any required disclosures to the City.
- C. The applicant, applicant's lender, on the applicant's behalf, or the City provide the following documents:
- Notice of Eligibility and signed Income Certification
 - Primary Lender Commitment
 - Purchase and Sale Agreement and any amendments/addendums (if not previously provided)
 - Program disclosure statements
 - City loan application – must be signed and dated
 - Loan transmittal summary (FNMA 1008) or underwriting equivalent
 - Good Faith Estimate
 - Fair Lending Notice
 - Lead Based Paint Disclosures and Certifications
 - Environmental Review
 - Other loan disclosures: Acquisition Notice to Seller and Arms-Length Disclosure
 - Current income and asset verifications

- Homebuyer education certificate
- Loan approval – standards conditions acceptable
- Flood Insurance Rate Map status
- Loan rate lock (if applicable)
- Appraisal (must contain photos)
- Home inspection report, including Lead Based Paint, if applicable
- Pest report
- Preliminary title report
- Credit report
- Rental verification (if requested)
- Estimated settlement statement
- Proof of funds for applicant contribution
- Escrow Instructions to Title

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

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

- D. Based on the difference between the applicant’s primary loan plus downpayment and the purchase price of the home, the City calculates the maximum loan amount and prepares a report summarizing the proposed transaction.
- E. The City submits this report and a recommendation to the City’s Loan Advisory Committee for approval or denial, including the reasons for the recommendation and any conditions associated with a recommended approval. Once the Loan Advisory Committee determines the applicant’s approval or denial, the City provides written notification to the applicant of approval or denial with reason and, if denied, information on appeal procedures.
- F. When primary lender requirements and any City conditions of approval are met, the City provides required closing instructions and loan documents to the title company responsible for the transaction. Loan documents must be fully executed by both the borrower and the City (when applicable) prior to Program funds being deposited into escrow.

3. APPLICANT QUALIFICATION

3.1. INCOME REQUIREMENTS

All applicants must certify that they meet the household income eligibility requirements for the Program and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the adjusted median income for Humboldt County as published by HCD, and available at: <https://www.hcd.ca.gov/grants-and-funding/income-limits> (Official State Income Limits).

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

3.2. ELIGIBILITY REQUIREMENTS

Eligible applicants must be first-time homebuyers, which is defined as not having owned a home during the last three-year period before the purchase of a home with the Program assistance except that the following individual or individuals may not be excluded from consideration as a First-Time Homebuyer under this definition:

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

The City will review applicant-provided information, three years of federal tax returns, credit report, and current and previous residence ownership information to verify there is no record of property ownership in the previous three years. Eligibility must be established for each member of the applicant's household over the age of 18.

Non-occupying co-borrowers or co-owners are not allowed.

3.3. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

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

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

The City shall follow federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, which contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

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

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

3.4. CREDIT SCORE

Approval for the Program will be based on the credit evaluation performed by the City of Arcata or an independent third-party. To qualify for a loan under this program, an applicant's Credit History Report shall have a score of no less than 620. A Credit History Report with a score of less than 620 may be eligible for a loan with approval of the City of Arcata's Loan Advisory Committees. Full payment through escrow of any accounts in collections or with a "charge off" status, excluding medical charges, will be a condition of the City's loan approval. The Program loan may not be used toward these payments.

3.5. HOMEBUYER EDUCATION

As this program is in conjunction with the CalHome Program, all participants are required to attend a City-approved homebuyer education class, as outlined with the Cal Home Secondary Loan guidelines.

3.6. MINIMUM CONTRIBUTION

Program participants must contribute a minimum down payment of one percent 1% of the purchase price but may contribute more if desired. The participant's contribution may be used toward closing costs. Seller credits, lender credits, and/or agent credits may not be counted toward the participant's minimum contribution. However, gift funds, if sourced appropriately, are acceptable.

Eligible households must document that they have the funds necessary for down payment.

3.7. INCOME QUALIFICATION PROCESS

A. Qualifying income will be determined as defined in 24 Code of Federal Regulations (CFR), Part 5.

B. DEFINITIONS:

- *Asset* means a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. It is the income earned (e.g. interest on a savings account), not the asset value, which is counted in household income.
- *Asset cash value* means the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The asset cash value (rather than the market value) of an item is counted as an asset.
- *Household* means one or more persons who will occupy a housing unit. Non-related live-in caretakers paid from an outside source, unborn children, and foster children do not count in household size determination. Children are counted in household size determination only if they reside with the household at least fifty percent of the time.
- *Household income* is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions in 24 CFR, Part 5, §5.609 for further guidance on the types of income to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. The household's projected ability to pay, rather than past earnings, will be used when calculating income.

C. Income will be verified by reviewing and documenting tax returns, copies of pay stubs or other wage receipts, subsidy award letters or checks, banking and investment statements, and, if necessary, third-party verification of employment forms sent to employers. Other documentation necessary to

confirm or calculate a household's income or assets may be required if deemed necessary by the City. All documentation shall be dated within six months prior to loan closing, kept in the applicant file, and held in strict confidence.

- D. There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income. The most current HUD passbook rate is 0.45% and will be used for imputed income on assets over \$5,000. Assets used for down payment and deposited into an escrow account may be removed from consideration in income calculation.
- E. Income verification may not be more than six months old at the time of loan funding (i.e. loan closing). Applicants who were qualified more than six months before their funding date must be re-qualified prior to loan funding.

4. HOUSING UNIT ELIGIBILITY

4.1. LOCATION AND CHARACTERISTICS

- A. Housing units to be purchased must be located at a licensed mobilehome park within the boundaries of the City of Arcata.
- B. Housing unit types eligible for the Program are new or previously owned manufactured homes in a mobilehome park with a valid operating permit. Manufactured homes on a permanent foundation system and on real property to be owned by the applicant are considered a single-family residence, and are not eligible for this program.
- C. Housing units to be purchased must be manufactured after 1976. The year 1976 marks the implementation of the National Manufactured Housing Construction and Safety Standards (HUD Code)
- D. All housing units must be in compliance with State and local codes and ordinances in effect at the time of construction or substantial rehabilitation.
- E. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City of Arcata as loss payee.
- F. The housing unit must be owner-occupied, vacant, or a unit occupied by the borrower. Tenant-occupied properties are ineligible.

4.2. MAXIMUM PURCHASE PRICE

The maximum allowable purchase price for eligible housing units shall not be higher than 100% of the current median sales price, as listed by county, and as posted at the California Association of Realtors website at

<https://www.car.org/en/marketdata/data/countysalesactivity> The maximum purchase price will generally be adjusted annually but may be adjusted as frequently as monthly to accommodate rapidly changing market conditions.

4.3. INSPECTION REQUIREMENTS

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

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

- A. Applicants must obtain a pest inspection report prepared by a qualified pest inspection company at their own cost. The pest report will identify any deficiencies that need to be corrected. Section 1 items must be cleared.
- B. Applicants must obtain a home inspection report prepared by a certified and independent third-party home inspector. The inspection should include electrical, wiring, plumbing, roofing, insulation, and structural features. All reported deficiencies that pose immediate health and safety hazard or code violation must be corrected as a condition to funding of a Program loan. The City and Department will not be held liable for any misrepresentation, false claims, or information contained in the inspection report.

The City maintains the right to deny the loan due to the condition of the Property. All health and safety construction or repairs must be complete at the close of escrow and ready to occupy. Escrow holdbacks for construction and repairs are not allowed.

A “general home inspection” performed by a certified and independent third-party home inspector is required for all properties purchased with a Primary Loan. The inspection should include electrical, wiring, plumbing, roofing, insulation, and structural features. The inspection report may not be more than ninety (90) days old. All reported deficiencies that pose immediate health and safety hazard or code violation must be corrected as a funding condition of the Primary Loan. The City and Department will not be held liable for any misrepresentation, false claims, or information contained in the inspection report. The City maintains the right to deny the loan due to the condition of the Property.

- C. Upon completion of all work required by the City, appraiser, pest inspector, and/or certified housing inspector, a final inspection will be conducted prior to the close of escrow.

4.4. APPRAISED VALUE

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

The appraisal shall use the sales of comparable properties approach to determine value. Comparable sales used to estimate value should have occurred within the prior six months. The appraisal value must be equal to or greater than the contracted purchase price of the property.

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

5. PRIMARY LOAN

5.1. MAXIMUM ASSISTANCE AMOUNT

The amount of direct Program assistance shall not exceed 64% of the purchase price of the mobilehome. When considered with other available financing and assistance, the Program assistance will only be in the amount necessary to ensure affordable monthly mortgage payments and enable the borrower to purchase the home.

5.2. CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, title report and title insurance, title updates, and/or related costs will be included in the Cal Home Program secondary loan. The maximum amount of closing costs will be 5% of the purchase price or the total of non-recurring closing costs, whichever is less. Closing costs paid by the seller and/or lender (including through lender credits) will not be eligible for inclusion in the Program's closing costs calculation.

The City will charge a processing and underwriting fee of \$600.

5.3. QUALIFYING RATIOS

The actual amount of a participant's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.7. Each borrower shall receive only the subsidy needed to allow them to purchase the mobilehome while keeping their housing costs affordable.

The City will use the front-end ratio to determine if the amount of the proposed primary loan is acceptable. The front-end ratio includes all housing costs (mortgage, space rent, insurance, and taxes). The maximum front end ratio will be 40% and the maximum back-end ratio (including all other consumer debt payments) shall be 45% per the Cal Home secondary loan guidelines.

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Other factors—such as credit history, income stability, amount of down payment, and size of loan—may influence the decision to approve or disapprove a particular loan.

5.4. IMPOUND ACCOUNT

The City will require an impound account be set up with the primary loan for payment of taxes and insurance.

5.5. LOAN TERMS

All Program assistance shall be made in the form of a 20-year amortized loan with monthly payments at three percent (3%) interest. The Program loan shall be recorded in first position ahead of the Cal Home secondary loan. Any other liens shall be subordinate unless an exception is granted by the Loan Advisory Committee.

Program loans are not assumable. The loan may be refinanced or restructured.

5.6. INTEREST RATE

The Program loan shall be a fully amortized loan at 3% interest.

5.7. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100% of the sales price plus a maximum of up to 5% of the sales price to cover actual closing costs. The combined loan-to-value ratio must include all subordinate financing and remain within the CalHome limits, as outlined in the CalHome Loan Guidelines, and subordination is only permitted when there is no cash-out and the resulting Combined loan-to-value ratio complies with the limits established in the CalHome NOFA.

5.8. LOAN DOCUMENTS

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

- A. Loan Agreement
- B. Promissory Note
- C. Mobilehome/Manufactured Home Security Agreement
- D. Statutory lending notices (e.g., Truth in Lending disclosure)

Documents will be provided to the escrow company for the borrower to sign. The City's escrow instructions will specify that the Mobilehome/Manufactured Home Security Agreement and Request for Notice of Default are to be recorded with the Humboldt County Clerk-Recorder concurrently with any secondary lender's documents.

5.9. INSURANCE

At the time of escrow closing, the City shall be named as the Primary Mortgage on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit.

5.10. ESCROW PROCEDURES

The escrow/title company shall review the escrow instructions provided by the City to ensure all title and lien requirements are properly completed. Once the purchase contract is signed by the buyer, the escrow/title company shall order a title search through the California Department of Housing and Community Development (HCD) and then place a 120-day Moratorium on the home. Following closing, the escrow agent must verify that the City's lien is correctly recorded on the HCD Certificate of Title or related documentation. The City will specify in the escrow instructions as to what may show on the title, the amount of insurance or coverage required (all liens should be covered), and the designated loss payee. For this program, the City shall be listed as both the primary and secondary lender.

Cash out of escrow to the borrower is limited to the amount deposited into escrow by the borrower and not needed for any lender-required down payment. Excess cash over that described above shall be paid to the City, deposited into the City's Reuse Account, and credited as a principal reduction of the homebuyer's loan. Seller, lender, and/or agent credits that create a cash-back situation shall be considered excess cash.

6. PRIMARY LOAN REPAYMENT

6.1. LOAN PAYMENT

Borrowers will make monthly payments on the primary loan, which is amortized at a fixed interest rate of 3%. Each payment will include both interest and principal as well as impounded taxes and insurance. Borrowers may make extra payments towards their loan without penalty.

Program loan payments must be made to:

City of Arcata
Finance Department
736 F Street
Arcata CA 95521

or a third-party servicing provider as directed by the City.

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

6.2. DUE UPON SALE OR TRANSFER

In the event that a borrower sells, transfers title or discontinues primary residence in the purchased property for any reason, the balance of **all loans** (primary and secondary CalHome loan) are immediately due and payable to the City.

- A. If an owner converts the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.
- B. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment B on loan defaults for further information on property restrictions.
- C. The following transfers of interest shall not require the repayment of the City of Arcata's primary Loan:
 - a. Transfer to a surviving joint tenant by devise, descent, or operation of law on the death of a joint tenant;
 - b. A transfer, in which the transferee is a person who occupies or will occupy the property, which is:
 - i. A transfer where the spouse becomes an owner of the property;
 - ii. A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement by which the spouse becomes an owner of the property; or
 - iii. A transfer into an inter vivos trust in which the Borrower is and remains the beneficiary and occupant of the property

6.3. LOAN SERVICING

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

The City will be the receiver of loan payments and will maintain a financial record-keeping system to record payments and file statements on payment status. The City will accept loan payments from borrowers, and from borrowers making payments in full upon sale or transfer of the property. Payments shall be deposited and accounted for in the City's Reuse Account.

6.4. LOAN MONITORING

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

- A. Owner-occupancy
- B. Property tax payment

- C. Hazard insurance coverage
- D. Flood insurance coverage (if required)

7. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The City may make amendments to these Program Guidelines. Any changes shall be made in accordance with regulations, with minor and routine changes being approved by the City's Loan Advisory Committee. Major program changes shall be approved by the City Council. Changes shall then be sent to HCD for approval.

7.1. DEFINITION OF EXCEPTION

An exception is defined as any case to which a standard policy or procedure (as stated in the guidelines) does not apply, or in which an applicant is treated differently from others of the same class.

7.2. PROCEDURE FOR EXCEPTIONAL CIRCUMSTANCES

The City may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the City's recommended course of action and any written or verbal information supplied by the applicant.

The City's Loan Advisory Committee shall make a determination on the exception based on the recommendation of City staff.

8. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. The complaint or appeal must be made in writing and filed with the City within one year of the denial. The City will then schedule a meeting with the Loan Advisory Committee. The Committee's written response to the appeal will be made within thirty (30) working days of the applicant's filing. If the applicant is not satisfied with the Loan Advisory Committee's decision, a request for an appeal may be filed with the City Council within one year of the denial.