

RESOLUTION NO. 4376

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD
AUTHORIZING THE CITY MANAGER TO EXECUTE A MEMORANDUM OF
UNDERSTANDING (MOU) WITH THE COUNTY OF MONTEREY RELATED TO
APPLYING FOR NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDING**

WHEREAS, the State Department of Housing and Community Development (HCD) issued a Notice of Funding for FY 2009-10 for the Neighborhood Stabilization Program (NSP), a special allocation of Community Development Block Grant (CDBG) funding to provide emergency assistance to all states and certain local governments to purchase foreclosed or abandoned homes; and

WHEREAS, HCD has calculated and allocated to Monterey County (the "County") and designated Cities of Gonzales, Greenfield, King City, Marina, Seaside and Soledad (the "Cities") an amount of approximately \$4.8 million (detailed allocation of City/County NSP funds shown in Attachment A of the attached MOU). The City of Soledad has been designated the an amount of \$355,835; and

WHEREAS, HCD will only accept grant applications of a minimum of \$1 million, those designated cities will allocations under this amount will need to apply cooperatively; and

WHEREAS, the City of Soledad recognizes that its allocation is insufficient to apply directly for these funds, and

WHEREAS, in order to apply for all the NSP funding allocated, the County and the designated Cities are interested in entering into a MOU, authorizing the County as the Lead Agency to submit a cooperative application; and

WHEREAS, if awarded, the City of Soledad recognizes that the County will be the direct grant recipient of the NSP funds and shall execute the State NSP grant standard agreement; and

WHEREAS, the Counties and the Cities will establish a Steering Committee consisting of one staff person each from the County and the Cities to assist with the program administration of the City-County Cooperative NSP Program.

NOW THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Soledad that the Council approves a Memorandum of Understanding, attached hereto as "Exhibit A", with the County as part of a cooperative application to access NSP funding provided to HCD by the U.S. Department of Housing and Urban Development (HUD) as part of the Federal Housing Economic Recovery Act of 2008 (HERA). The City Manager, or designee thereof, is hereby authorized and directed to take all actions necessary for the completion and execution of said Memorandum of Understanding and any and all amendments thereto.

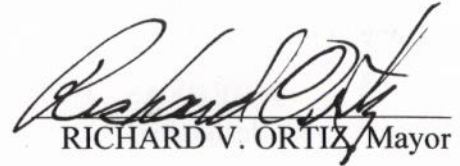
PASSED AND ADOPTED at the City Council of the City of Soledad at a regular meeting duly held on the 3rd day of June 2009 by the following vote:

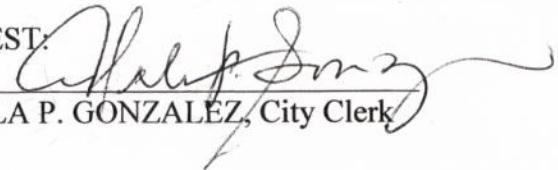
AYES, and in favor thereof, Councilmembers: Richard J. Perez, Juan Saavedra, Patricia Stephens, Mayor Pro Tem Martha Camacho, Mayor Richard Ortiz

NOES, Councilmembers: None

ABSENT, Councilmembers: None

ABSTAIN, Councilmembers: None


RICHARD V. ORTIZ, Mayor

ATTEST: 
ADELA P. GONZALEZ, City Clerk

NSP MEMORANDUM OF UNDERSTANDING

Neighborhood Stabilization Program - Monterey County Jurisdictions

This NSP Memorandum of Understanding ("MOU") is entered into as of June 8, 2009, by and among Monterey County, a political subdivision of the State of California (the "County"), the City of Gonzales, a municipal corporation ("Gonzales"), the City of Greenfield, a municipal corporation ("Greenfield"), the City of Seaside, a municipal corporation ("Seaside"), the City of Marina, a municipal corporation ("Marina"), the City of King City, a municipal corporation ("King City"), the City of Soledad, a municipal corporation ("Soledad") (Gonzales, Greenfield, Seaside, Marina, King City and Soledad are individually referred to herein as a "City" and collectively as the "Cities"), with reference to the following facts:

A. The Housing and Economic Recovery Act of 2008 ("HERA") was signed into law on July 30, 2008. HERA included a special allocation of Community Development Block Grant ("CDBG") funds, to establish the Neighborhood Stabilization Program ("NSP") to provide targeted emergency assistance to state and local governments to acquire and redevelop abandoned and foreclosed properties.

B. The State of California (the "State") received an allocation of \$101,550,055 in NSP funds to be utilized throughout the state, targeted to areas with the greatest need based on: (1) the number and percentage of home foreclosures; (2) the number and percentage of homes financed by a subprime mortgage related loan; and (3) by the number and percentage of homes in default or delinquent.

C. The California Department of Housing and Community Development ("HCD") prepared and submitted to the United States Department of Housing and Urban Development ("HUD") a Substantial Amendment to the State's 2008-2009 Annual Plan Update of the 2005-2010 Consolidated Plan (the "State NSP Plan"). Pursuant to the State NSP Plan, the County and the Cities have each been identified as eligible for an allocation of funds under "Tier 2" of the State NSP Plan. "Tier 2" jurisdictions have individually been identified as eligible for an allocation of less than \$1,000,000 and are required to enter into a joint agreement with contiguous cities and/or their county in order to be eligible for a joint or cumulative allocation of at least \$1,000,000 from the State.

D. Pursuant to the State NSP Plan, HCD has calculated an allocation to the County and each of the Cities the amounts of NSP funds shown in Attachment A to this MOU, for a total allocation of County/City NSP Funds in the amount of Two Million One Hundred Forty Thousand Seven Hundred Fourteen Dollars (\$2,140,714) (the "County/City NSP Funds").

E. HERA requires that NSP funds go to those communities with the greatest needs based on HUD's identified three factors described in Recital B above. The

County has prepared a map showing the areas of greatest need in the County and identifying "NSP Priority Target Areas" (the "County NSP Map"). The County NSP Map is attached hereto as Attachment B.

F. The Cities and the County are entering into this MOU in order for the Cities and the County to access the County/City NSP Funds pursuant to the State NSP Plan, and to provide for efficient and effective program administration of a County-wide NSP program (the "County NSP Program").

G. The activities contemplated by this MOU are exempt from the California Environmental Quality Act under Class 26 Categorical Exemption (Acquisition of Housing for Housing Assistance Programs) and Class 1 Categorized Exemption (repair of existing public or private structures).

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in this MOU, the County and the Cities agree as follows:

AGREEMENT

1. Joint Application. The County and the Cities agree to make a joint grant application to HCD for the County/City NSP Funds in the total amount of Two Million One Hundred Forty Thousand Seven Hundred Fourteen Dollars (\$2,140,714) (the "Joint Application"). If the County or any of the Cities are eligible to apply for additional NSP funds which become available through the State NSP Plan, the County will also apply for such funds pursuant to this MOU.

2. Lead Entity. The County shall be the lead entity and prepare and submit the Joint Application to HCD. If the application is approved, the County shall be the direct grant recipient and shall execute the State NSP grant standard agreement. The County shall administer the NSP grant on behalf of the County and the Cities in compliance with NSP, CDBG and State requirements and pursuant to the Joint Application. The County shall be responsible for ensuring that NSP requirements (such as program income or grant closeout) are complied with after grant closeout and will receive and retain all administrative funds allowed under the State NSP program. Any program income from the County NSP Program shall belong to and be administered by the County for NSP eligible activities, even if it is generated from activities undertaken within or by a City.

3. NSP Activities. Pursuant to HERA and the State NSP Plan, eligible NSP activities may include the following:

a) The establishment of financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties, including

such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low and moderate income homebuyers;

b) The purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

c) The establishment of land banks for homes that have been foreclosed upon;

d) The demolition of blighted structures; and

e) The redevelopment of demolished or vacant properties.

The Joint Application will request funds for all eligible NSP activities to provide maximum flexibility; however, the priority activity for use of the County/City NSP Funds shall be to establish a revolving loan pool to provide loans to private and nonprofit entities ("NSP Loans") to acquire and rehabilitate foreclosed residential properties ("NSP Properties") for sale to low and moderate income individuals and families (incomes at or below 120% of area median income in Monterey County, as published by HUD). NSP Loans shall be due in full (or in part, with a loan to the new homebuyer in the amount of the NSP funds that are not repaid) when properties are sold, after rehabilitation, to eligible homebuyers following completion of rehabilitation. The County and Cities may utilize non-NSP funds from other County and City housing programs to provide loans to eligible homebuyers to purchase NSP Properties. Initially, County/City NSP Funds shall be expended in the NSP Priority Target Areas identified in the County NSP Map. If additional NSP funds become available, and as initial NSP Loans are repaid, County/City NSP Funds in the Revolving Loan Pool may be expended in other areas of the County and Cities in accordance with NSP and State requirements.

4. Steering Committee. The County and the City shall establish a steering committee consisting of one staff person from the County and from each of the Cities, if able to participate, to review and recommend to the County implementation guidelines for the County NSP Program following approval of the Joint Application by the State. The Steering Committee will meet periodically to review implementation of the County NSP Program.

5. Subrecipients. The County intends to issue a Request for Proposals for development partners ("NSP Contractors") to assist in implementation of the County NSP Program. The County anticipates entering into agreements with one or more selected NSP Contractors pursuant to which the NSP Contractors will utilize NSP Loans to acquire foreclosed properties, rehabilitate them, and sell or rent them to low and moderate income households in compliance with NSP requirements and the Joint application. Pursuant to 24 CFR 570.501(b), the County and the Cities are subject to the same requirements regarding subrecipients, including execution of a written

agreement as described in 24 CFR 503, before any NSP funds are disbursed to a subrecipient. It is not anticipated that any Cities will be subrecipients of County/City NSP Funds.

6. City Assistance. The Cities shall assist in implementation of the County NSP Program by using best efforts to coordinate existing City housing programs with the County NSP Program, in order to provide City financial assistance for the rehabilitation of NSP Properties within their jurisdictions and to expedite and facilitate the issuance of permits and approvals necessary for the rehabilitation of NSP Properties. The Cities shall also coordinate City homebuyer assistance programs with the County NSP Program to assist eligible low and moderate income individuals and families in the purchase of rehabilitated NSP Properties.

7. Fair Housing. The County shall take all actions necessary to assure compliance with the certification required by section 104(b) of Title 1 of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 109 of Title I of the Housing and Community Development Act of 1974, and other applicable laws. The County will ensure that the NSP funds will not be used for activities in, or in support of, any cooperating unit of general local government that does not affirmatively further fair housing within its own jurisdiction or that impedes the County's actions to comply with its fair housing certification.

8. Citizen Participation. The County and the Cities each agree that they will meet the citizen participation requirements for their jurisdiction in order to submit the Joint Application in a timely manner.

9. Required Certifications. By executing this MOU, the County and each of the Cities certify that they have adopted and are enforcing:

a) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdictions against any individuals engaged in non-violent civil rights demonstrations; and

b) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location, which is the subject of such non-violent civil rights demonstrations within jurisdictions.

10. State NSP Requirements. This MOU covers State NSP requirements as set forth in the State of California Guidance on Joint Agreements for the Neighborhood Stabilization Program, published by HCD.

11. Term of Agreement. This MOU shall remain in effect until the County/City NSP Funds and program income received are expended and the funded activities completed. The County and the Cities agree that they will not unilaterally or collectively terminate or withdraw from this MOU while it remains in effect

12. Amendments. No amendment or variation of the terms of this MOU shall be valid unless made in writing, and approved and signed by the parties to this MOU. This MOU supersedes any oral promises, representations, or other agreements with respect to the subject matter of this MOU.

13. Approval of Agreement. By execution of this MOU, the signatories of the County and each of the Cities certify and represent that this MOU has been authorized by its governing body.

IN WITNESS WHEREOF, the County and the Cities have executed this MOU by their chief administrative officer, as of the date first written above.

	<p>MONTEREY COUNTY, a political subdivision of the State of California</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GONZALES, a municipal corporation.</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GREENFIELD, a municipal corporation .</p> <p>By: _____ Its: _____</p>
	<p>CITY OF SEASIDE, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF MARINA, a municipal corporation</p> <p>By: _____ Its: _____</p>


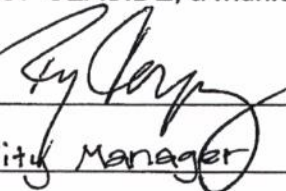
IN WITNESS WHEREOF, the County and the Cities have executed this MOU by their chief administrative officer, as of the date first written above.

	<p>MONTEREY COUNTY, a political subdivision of the State of California</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GONZALES, a municipal corporation</p> <p>By: _____ Its: <u>City Manager & Executive Director</u></p>
	<p>CITY OF GREENFIELD, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF SEASIDE, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF MARINA, a municipal corporation</p> <p>By: _____ Its: _____</p>

IN WITNESS WHEREOF, the County and the Cities have executed this MOU by their chief administrative officer, as of the date first written above.

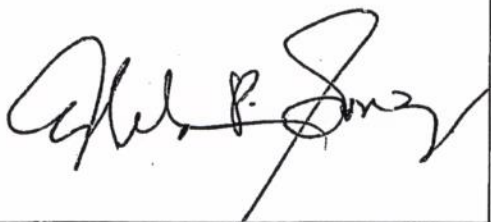
	<p>MONTEREY COUNTY, a political subdivision of the State of California</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GONZALES, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GREENFIELD, a municipal corporation</p> <p>By: _____ Its: <u>City Manager</u></p>
	<p>CITY OF SEASIDE, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF MARINA, a municipal corporation</p> <p>By: _____ Its: _____</p>

IN WITNESS WHEREOF, the County and the Cities have executed this MOU by their chief administrative officer, as of the date first written above.

	<p>MONTEREY COUNTY, a political subdivision of the State of California</p> <p>By: </p> <p>Its: _____</p>
	<p>CITY OF GONZALES, a municipal corporation</p> <p>By: _____</p> <p>Its: _____</p>
	<p>CITY OF GREENFIELD, a municipal corporation</p> <p>By: _____</p> <p>Its: _____</p>
	<p>CITY OF SEASIDE, a municipal corporation</p> <p>By: </p> <p>Its: <u>city manager</u></p>
	<p>CITY OF MARINA, a municipal corporation</p> <p>By: _____</p> <p>Its: _____</p>

IN WITNESS WHEREOF, the County and the Cities have executed this MOU by their chief administrative officer, as of the date first written above.

	<p>MONTEREY COUNTY, a political subdivision of the State of California</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GONZALES, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF GREENFIELD, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF SEASIDE, a municipal corporation</p> <p>By: _____ Its: _____</p>
	<p>CITY OF MARINA, a municipal corporation</p> <p>By: _____ Its: CITY MANAGER</p>

	CITY OF KING CITY, a municipal corporation By: _____ Its: _____
	CITY OF SOLEDAD, a municipal corporation By: Adela P. Gonzalez Its: City Manager

	<p>CITY OF KING CITY, a municipal corporation</p> <p>By: _____</p> <p>Its: _____</p>
	<p>CITY OF SOLEDAD, a municipal corporation</p> <p>By: _____</p> <p>Its: _____</p>

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

ATTACHMENT A
NSP Allocations

ATTACHMENT A

Neighborhood Stabilization Program - Monterey County Jurisdictions

NSP ALLOCATIONS

County	\$846,041 (unincorporated areas and cities not named below)
Gonzales	\$106,332
Greenfield	\$311,749
King City	\$148,221
Marina	\$117,278
Seaside	\$255,258
Soledad	<u>\$355,835</u>
TOTAL FOR ACTIVITY & ACTIVITY DELIVERY	\$2,033,678
5% GENERAL ADMINISTRATIVE TO COUNTY	\$ 107,036
TOTAL APPLICATION	\$2,140,714

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

ATTACHMENT B
Maps of County Showing Initial
NSP Priority Target Areas

ATTACHMENT B

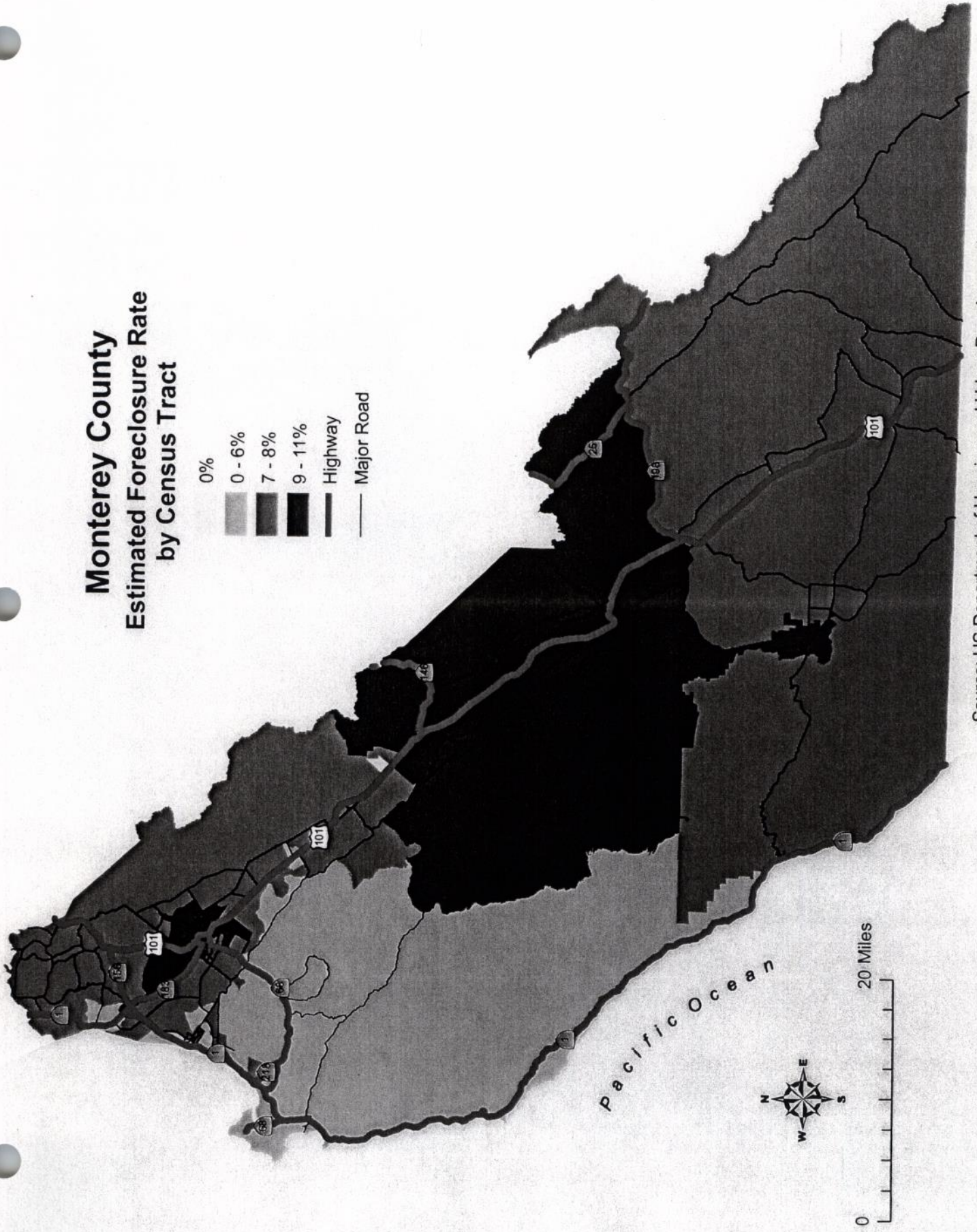
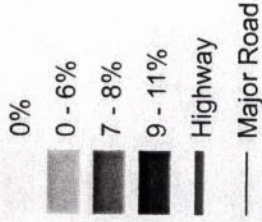
Neighborhood Stabilization Program - Monterey County Jurisdictions

MAPS OF COUNTY SHOWING INITIAL NSP PRIORITY TARGET AREAS

1. Estimated Foreclosure Rate by Census Tract
2. Estimated High Cost Loan Rate by Census Tract
3. 18 Month Predicted Foreclosure Rate

Source: U.S. Department of Housing and Urban Development

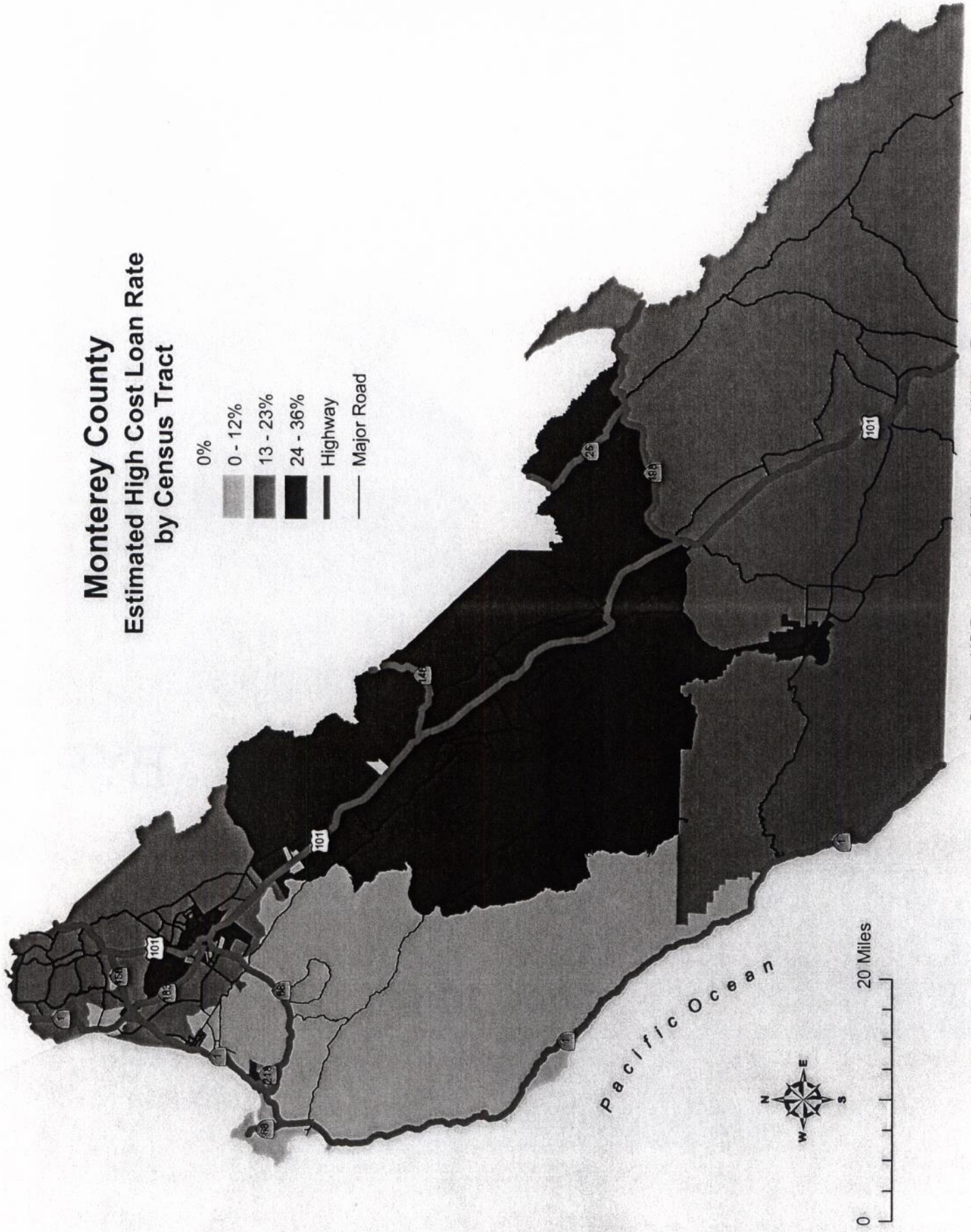
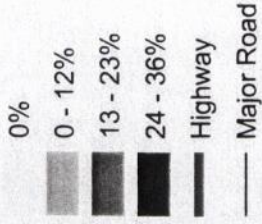
Monterey County Estimated Foreclosure Rate by Census Tract



Source: US Department of Housing and Urban Development

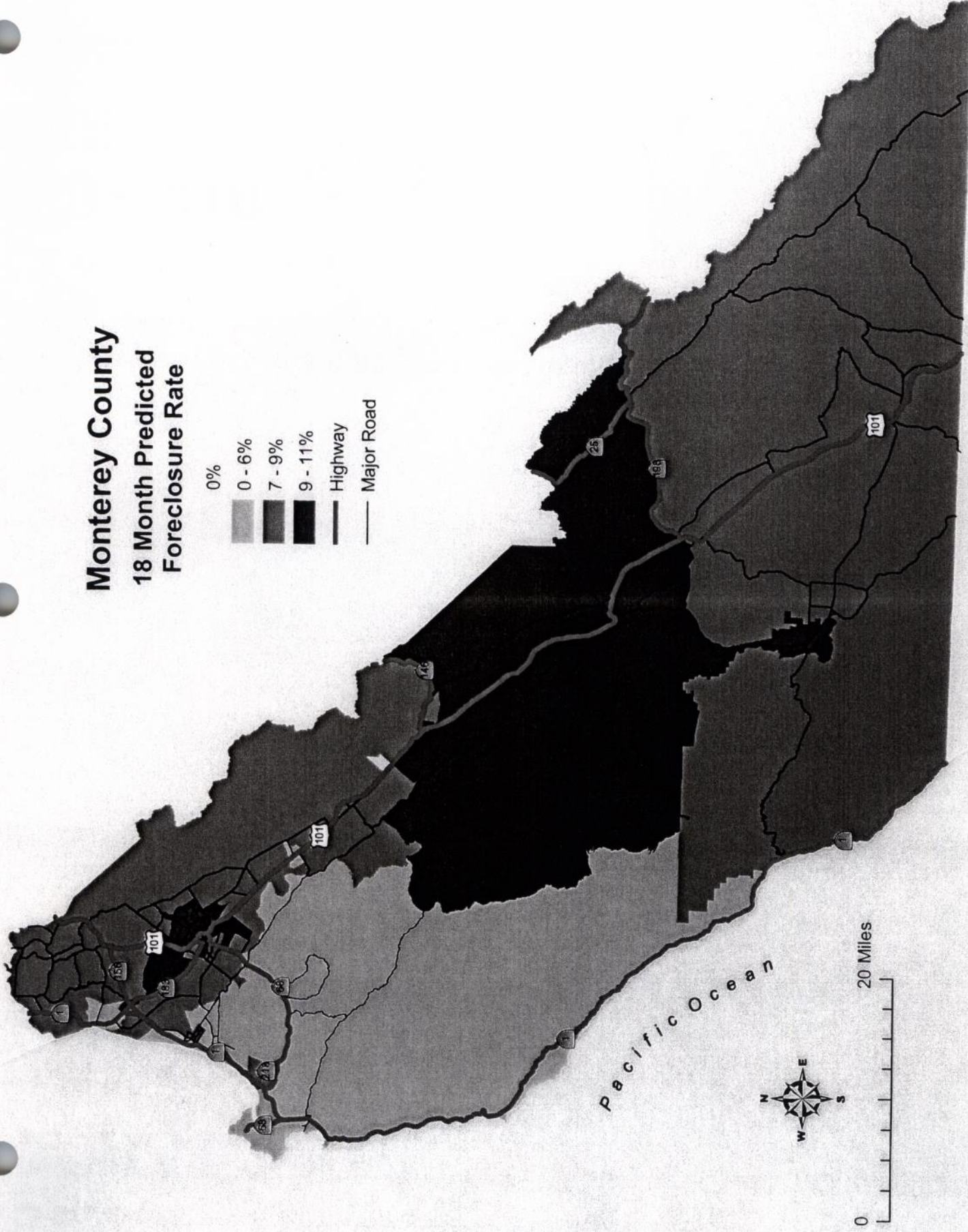
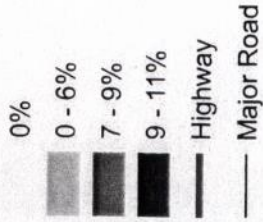
Monterey County

Estimated High Cost Loan Rate by Census Tract



Source: US Department of Housing and Urban Development

Monterey County 18 Month Predicted Foreclosure Rate



Source: US Department of Housing and Urban Development

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

ATTACHMENT C
Program Description
Activity A: Financial Assistance

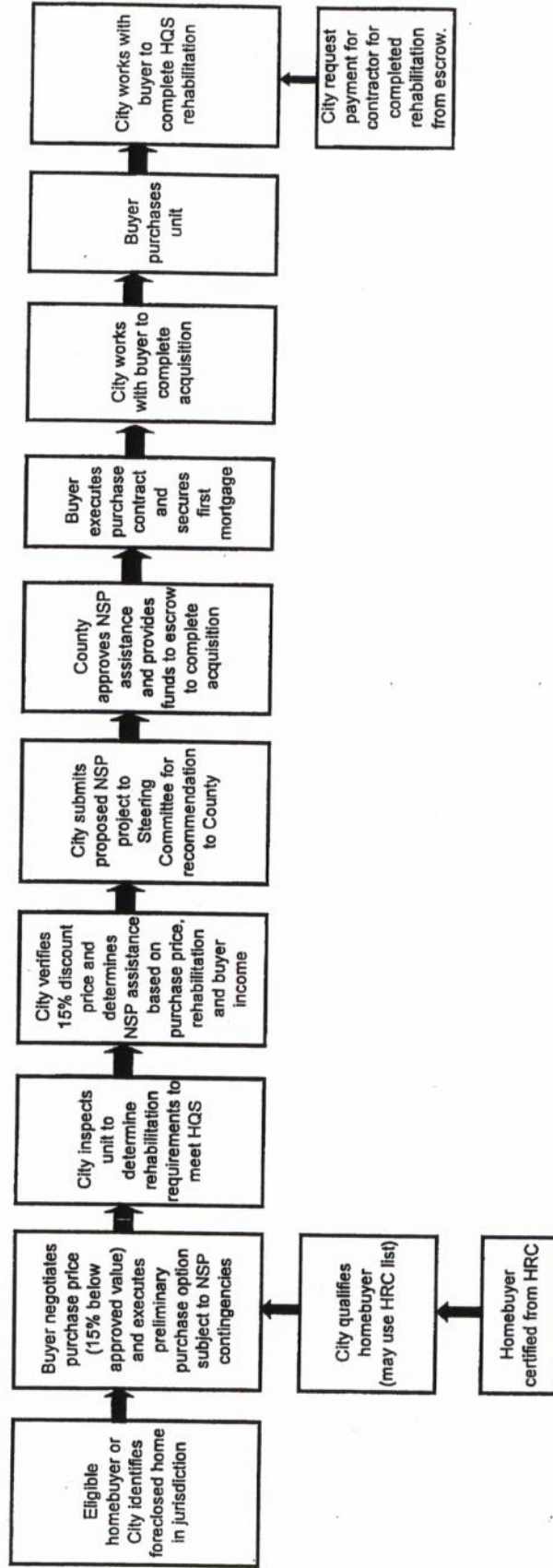
ATTACHMENT C

Neighborhood Stabilization Program - Monterey County Jurisdictions

PROGRAM DESCRIPTION

Activity A: Financial Assistance

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) Activity A¹ - Financial Assistance



¹ Steering Committee recommends approval of final Program Guidelines for this option from participating jurisdictions to Board of Supervisors at time of grant award acceptance

Neighborhood Stabilization Program (NSP) Financial Assistance

I) Description:

The NSP Financial Assistance activity provides separate (1) deferred payment second mortgage purchase loans to assist NSP eligible homebuyers with the purchase of NSP eligible foreclosed homes and also (2) loans for rehabilitation of the foreclosed homes after they are purchased.

II) Program Process

A) Homebuyer Selects Foreclosed Unit

- 1) Potential homebuyer identifies foreclosed and vacant home in an NSP targeted community.
- 2) City or County ("Jurisdiction") verifies that homebuyer meets NSP eligibility requirements, which includes eligibility determination based on income limits, required homebuyer education, and loan pre-approval by an approved lender (*see Eligible Homebuyers, Section III B*).

The Jurisdiction may use verification from the Housing Resource Center of Monterey County ("HRC") to determine eligibility.

- 3) Eligible homebuyer uses an NSP pre-approved offer form to make a preliminary offer which must be subject to the following contingencies:
 - (a) Sales price must be a minimum of 15% discount from current appraised market value;
 - (b) Inspection by Jurisdiction staff to verify that property meets NSP requirements including costs of rehabilitation.
- 4) Jurisdiction verifies that the selling price for the foreclosed home is a minimum 15% discount from the appraised market value conducted by a State certified appraiser.
- 5) Jurisdiction inspects selected home to determine if foreclosed unit meets NSP eligibility requirements and estimated rehabilitation costs which may not exceed the maximum targeted range for rehabilitation costs per unit¹. Jurisdiction may provide additional rehabilitation assistance out of non-NSP funds (*see Rehabilitation Standards, Section III C*).

B) NSP Purchase Assistance Loan

- 1) Jurisdiction determines purchase assistance needed by homebuyer to buy home based on buyer's capacity and maximum NSP purchase assistance (see *Financial Assistance, Section III D*). If homebuyer needs additional purchase assistance beyond maximum targeted range for NSP purchase assistance¹, Jurisdiction may provide additional purchase assistance from non-NSP funds.
- 2) Jurisdiction submits NSP purchase assistance request for homebuyer acquisition, preliminary rehabilitation cost estimate, and all required NSP documentation to verify compliance with program requirements to the Steering Committee who reviews request and makes recommendation to County for purchase assistance loan.
- 3) County reviews Steering Committee recommendation, approves NSP purchase assistance loan, and provides loan funds in escrow.
- 4) County sends Uniform Relocation Act ("URA") letter to owner of foreclosed home stating that this is a voluntary acquisition and completes any required National Environmental Policy Act ("NEPA") forms.
- 5) Homebuyer obtains a loan commitment from private lender.
- 6) Jurisdiction works with buyer to complete acquisition.

C) NSP Rehabilitation loans

- 1) Jurisdiction submits final rehabilitation scope of work and rehabilitation loan request along with other NSP required documentation to Steering Committee for recommendation to the County.
- 2) County reviews recommendation from Steering Committee and approves NSP rehabilitation loan and provides loan funds to escrow to be paid upon completion of rehabilitation.
- 3) Upon completion, Jurisdiction conducts inspection of rehabilitation and requests payment to vendor from escrow. Jurisdiction must submit a copy of the final inspection certificate and documentation that the work was completed along with their request for payment to County who will approve the release of funds from escrow.

III) Program Requirements

A) Eligible Properties to Acquire

- 1) The property must be a foreclosed unit, meaning the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transferred in lieu of foreclosure, in accordance with state or local law. Transfer must be complete, with no further opportunity for prior owner to reclaim property.
- 2) The property must be vacant (e.g. no tenants) at time of listing by lender and prior to the entry of a contract to purchase by the homebuyer.
- 3) The property can be any type of permanent residential dwelling unit, such as detached single family structures, townhouses, condominium units, and manufactured homes (where treated under state law as real estate, not personal property).
- 4) The property must have been constructed after 1978.
- 5) The property must be appraised by a state certified residential appraiser to determine market price.
- 6) The purchase price of the foreclosed or abandoned property must be at a minimum 15% discount from the current appraised value.
- 7) Properties must be located within NSP Priority Areas in unincorporated Monterey County of Monterey or in the Cities of Gonzales, Greenfield, King City, Marina, Seaside and Soledad.
- 8) Properties must conform to the local zoning code and not require a change in allowed use at the time they are acquired.

B) Eligible Homebuyers

- 1) Households whose incomes are at or below 120% of Area Median Income are eligible for this NSP program as defined by the California Department of Housing & Community Development ("HCD"). The following chart provides the current income limits.

2009 MAXIMUM INCOME LIMITS

	Number of people in household							
	1	2	3	4	5	6	7	8
120% AMI	\$56,550	\$64,600	\$72,700	\$80,750	\$87,200	\$93,650	\$100,150	\$106,600
80% AMI	\$37,700	\$43,100	\$48,450	\$53,850	\$58,150	\$62,450	\$66,750	\$71,100

- 2) Households interested in purchasing an NSP eligible home must complete an eight (8) hour Homebuyer Education class by a HUD certified Housing Counseling agency. Note: The only HUD certified Housing Counseling Agency currently located in Monterey County is HRC.
- 3) Households interested in purchasing an NSP eligible home must become "pre-qualified" by a Department of Housing and Urban Development ("HUD") approved lender for their first mortgage loan.
- 4) Households interested in purchasing an NSP eligible home must complete an application and submit to the Jurisdiction where the foreclosed home is located along with pre-qualified lender letter and certificate of housing education completion.
- 5) Jurisdiction will verify eligibility of applicants based on income, education requirements and mortgage readiness. Income verification requirements are defined by HCD.
- 6) Homebuyers must agree to occupy the property as their primary residence during the affordability period (no renting).
- 7) A minimum of one percent (1%) of property purchase price is required as down payment from the homebuyer's own funds, regardless of any other assistance that may be provided (including possible Downpayment Assistance).

C) Rehabilitation Standards

- 1) The rehabilitated home must meet Housing Quality Standards (HQS) as defined in 24CFR 982.401 and encouraged to make cost effective energy improvements, such as an Energy Star hot water heater and/or stove.
- 2) The maximum targeted range for an NSP rehabilitation loan is \$15,000-\$20,000 ¹.
- 3) The rehabilitation will be subject to Davis Bacon and State Prevailing Wages.

D) Financial Assistance

- 1) NSP purchase assistance will only be made in the form of a soft second mortgage as gap financing.
- 2) The maximum targeted range for an NSP purchase assistance loan is \$50,000-\$60,000 ¹.
- 3) Any loan made with NSP funds will follow the continued affordability restrictions under the Recapture Method of the HOME program in 24 CFR 92.25. A home purchased or rehabilitated with an NSP loan must remain affordable for the entire affordability period based on HOME program requirements. At the end of the affordability period, the loan is forgiven.

Term of Affordability	
<u>NSP Purchase Assistance and Rehabilitation Loans</u>	
<u>Length of Affordability</u>	
Less than \$15,000	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

- 4) If an owner ceases to occupy the home financed with an NSP loan during the affordability period, the loan is due and payable in full immediately
- 5) The owner may sell the unit prior to the end of the affordability period at any price. In accordance with the HOME Recapture Method, the NSP loan is due and payable in full upon sale or transfer of title if sold prior to end of affordability period provided there are sufficient net proceeds.

- 6) The interest rate for all NSP loans is zero percent (0%) simple interest. NSP loans are deferred during the affordability period; no principle payments are required.
- 7) Local funds can be used to provide additional purchase assistance and rehabilitation loans for the homebuyer but cannot be combined with the NSP funds in a single loan.
- 8) As the Lead Agency, the County of Monterey will be the lender of all NSP loans for this cooperative program. Any loan proceeds paid early, prior to the end of the affordability period, will be treated as Program Income and addressed in the NSP Program Income Reuse Plan.

E) Other Program Requirements

- 1) **NSP Recordkeeping:** County will require all participating jurisdictions and contractors/vendors to provide NSP required documents and performance measures.
- 2) **NSP Targeted areas:** In accordance with NSP priority, emphasis and priority consideration will be given to those areas with the greatest need, as defined as those areas:
 - (a) with the greatest percentage of home foreclosures;
 - (b) with the highest percentage of homes financed by subprime mortgage related loans; and
 - (c) as identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.
- 3) **Timely Use and Expenditure of Funds:** The County and Cities will use the NSP funds within the timeframe required by HCD. In order to ensure that these funds are utilized within the required time period, if any of the funds targeted to any of the cities or for any activity have not been obligated within three (3) months of the grant receipt due to any delay, the Steering Committee will review and recommend to the County potential retargeting of these funds and any other program changes to ensure the NSP grant requirements are met within the required time periods.
- 4) **Non-discrimination requirements:** The NSP program will be implemented consistent with the County'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 funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual

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orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

- 5) **Conflict of interest requirements:** In accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the Steering Committee) and officers, employees, and agents of the Steering Committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the NSP program shall directly or indirectly be eligible for this NSP program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.

- 6) **Fair housing and program outreach requirements:** This program will be implemented consistent with the Monterey County's commitment to Fair Housing. All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the NSP program. The County will ensure that all persons, including those qualified individuals with handicaps have access to the NSP program.

Note:

- ¹ Targeted ranges for rehabilitation, purchase assistance and purchase price may be revised by recommendation of Steering Committee to County and County's approval, if needed, to effectively implement the NSP program within the grant timeframe.

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

ATTACHMENT D
Program Description
Activity B: Acquisition and
Rehabilitation

ATTACHMENT D

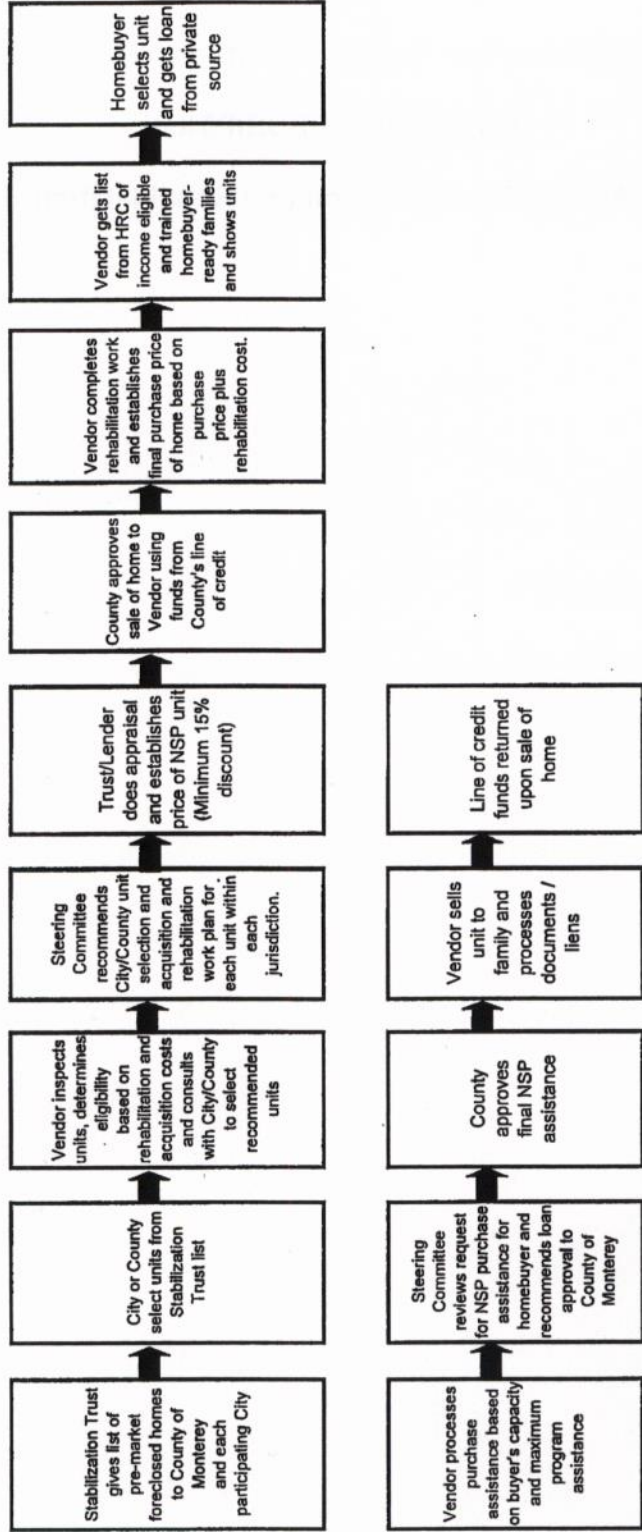
Neighborhood Stabilization Program - Monterey County Jurisdictions

PROGRAM DESCRIPTION

Activity B: Acquisition and Rehabilitation

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Activity B¹ - Acquisition and Rehabilitation



¹ Steering Committee recommends approval of final Program Guidelines for this option to Board of Supervisors at time of grant award acceptance

Neighborhood Stabilization Program (NSP) Acquisition and Rehabilitation

I) Description:

The NSP Acquisition and Rehabilitation activity provides for the acquisition, rehabilitation and sale of foreclosed homes to eligible homebuyers. It also provides deferred payment loans to assist NSP eligible homebuyers with the purchase of these homes.

II) Program Process

A) Acquisition:

- 1) County plans to obtain a Line of Credit or otherwise provide funding to acquire NSP eligible units.
- 2) County will contract with National Community Stabilization Trust and/or lenders ("Trust") to obtain a list of pre-market foreclosed homes in NSP targeted areas.
- 3) County will contract with an NSP Vendor to carry out some or all of the following activities: acquisition, rehabilitation and resale of NSP units to approved homebuyers.
- 4) The list of pre-marketed foreclosed homes will be reviewed with the City or County ("Jurisdiction") in which the homes are located and that Jurisdiction will select targeted units.
- 5) NSP Vendor inspects units for eligibility (*see Eligible Properties to Acquire, Section III A*) based on the rehabilitation standards (*see Rehabilitation Standards, Section III C*), consults with the Jurisdiction and writes up preliminary acquisition and rehabilitation work plan for each of the eligible units acceptable to the Jurisdiction.
- 6) Steering Committee reviews acquisition and rehabilitation work plan for each unit from the NSP Vendor and Jurisdiction for NSP program requirements, and if requirements are met, recommends acquisition and rehabilitation work plan for each unit to the County.
- 7) For those units selected, the Trust will work with the Lender to obtain the required appraisal and negotiate the sales price (minimum of 15% discount) in accordance with the NSP requirements.

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- 8) County sends Uniform Relocation Act ("URA") letter to owner of foreclosed home stating that this is a voluntary acquisition and completes any required National Environmental Policy Act ("NEPA") forms.
- 9) The Trust will assist the County in the acquisition process, to meet all NSP requirements.
- 10) Based upon recommendation(s) from the Steering Committee, the County approves acquisition of selected foreclosed homes.

B) Rehabilitation:

- 1) After units are acquired, the NSP Vendor will manage the rehabilitation of the home to meet the Housing Quality Standards (HQS) requirements and any approved rehabilitation work plan including costs to make the units homebuyer-ready.
- 2) Each unit will be inspected after rehabilitation is complete to ensure rehabilitation approved work plan is complete and NSP rehabilitation standards met (*see Rehabilitation Standards, Section III C*).
- 3) The final sales price of each unit will be established based on the purchase price plus rehabilitation costs.

C) Sale to Eligible Homebuyer

- 1) Interested participants must be certified as eligible for the program by the Housing Resource Center of Monterey County ("HRC") based on income limits, required homebuyer education, and loan pre-approval by an approved lender (*see Eligible Homebuyers, Section III B*).
- 2) HRC will provide list of eligible homebuyer-ready families to the NSP Vendor who will show NSP units to the families.
- 3) Homebuyer selects unit and secures a private loan.
- 4) NSP Vendor determines purchase assistance needed by homebuyer to buy home based on buyer's capacity and maximum targeted range for NSP purchase assistance¹ (*see Purchase Assistance, Section IIID*).
- 5) If homebuyer needs additional purchase assistance beyond maximum targeted range of purchase assistance¹, the NSP Vendor and homebuyer will seek additional non-NSP purchase assistance from the Jurisdiction where home is located, and/or any other sources available to the homebuyer.

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- 6) NSP Vendor submits a purchase assistance request for homebuyer along with required NSP documentation to verify compliance with program requirements to the Steering Committee who reviews request and makes recommendation to County for an NSP loan.
- 7) County considers Steering Committee recommendation and approves the NSP purchase assistance loan and provides loan funds to escrow.
- 8) NSP Vendor will assist in the sale of home to homebuyer and provides required NSP documentation to County.
- 9) Proceeds from sale of home back to NSP Program Account.

III) Program Requirements

A) Eligible Properties to Acquire

- 1) The property must be a foreclosed unit, meaning title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transferred in lieu of foreclosure, in accordance with state or local law. Transfer must be complete, with no further opportunity for prior owner to reclaim property.
- 2) The property must be vacant (e.g. no tenants) at time of listing by lender and prior to the entry of a contract to purchase by the NSP Vendor.
- 3) The property can be any type of permanent residential dwelling unit, such as detached single family structures, townhouses, condominium units, and manufactured homes (where treated under state law as real estate not personal property).
- 4) The property must have been constructed after 1978.
- 5) The property must be appraised by a state certified residential appraiser to determine market price.
- 6) The foreclosed or abandoned property must be acquired at a minimum 15% discount from the appraised value.
- 7) Properties must be located within NSP Priority Areas in unincorporated Monterey County and in the Cities of Gonzales, Greenfield, King City, Marina, Seaside and Soledad.

- 8) Properties must conform to the local zoning code and not require a change in use at the time they are acquired by the NPS Vendor.
- 9) In order to maximize the number of homes to be affordable to eligible homebuyers after rehabilitation, only foreclosed homes that can be acquired by the NSP Vendor at a maximum target range for purchase price range of \$225,000-\$250,000¹ to be considered for this program.
- 10) In order to maximize the number of homes to be acquired, the cost for rehabilitation of the property to meet the program's rehabilitation standards (*see Rehabilitation Standards, Section IIIC*) will be limited to a maximum target range for rehabilitation¹.

B) Eligible Homebuyers

- 1) Households whose incomes are at or below 120% of Area Median Income are eligible for this NSP program as defined by the California Department of Housing & Community Development ("HCD"). The following chart provides the current income limits.

2009 MAXIMUM INCOME LIMITS

		Number of people in household							
		1	2	3	4	5	6	7	8
120% AMI		\$56,550	\$64,600	\$72,700	\$80,750	\$87,200	\$93,650	\$100,150	\$106,600
80% AMI		\$37,700	\$43,100	\$48,450	\$53,850	\$58,150	\$62,450	\$66,750	\$71,100

- 2) Households interested in purchasing an NSP eligible home must complete an eight (8) hour Homebuyer Education class by a HUD certified Housing Counseling agency. Note: The only HUD certified Housing Counseling Agency currently located in Monterey County is HRC.
- 3) Households interested in purchasing an NSP eligible home must be "pre-qualified" by a HUD-approved lender for their first mortgage.
- 4) Households interested in purchasing an NSP eligible home must complete an application and submit to HRC.
- 5) HRC will verify eligibility of applicants based on income, education requirements and mortgage readiness. Income verification requirements are defined by HCD.

- 6) Homebuyers must occupy the property as their primary residence.
- 7) A minimum of one percent (1%) of property purchase price is required as down payment by the homebuyer's own funds, regardless of any other assistance that may be provided (including possible Downpayment Assistance).

C) Rehabilitation Standards

- 1) The rehabilitated home must meet Housing Quality Standards (HQS) as defined in 24CFR 982.401. In addition, the scope of work may include cost effective energy efficiency improvements such as Energy Star hot water heaters and minor cosmetic improvements such as paint and carpeting/flooring replacement to improve the marketability of the foreclosed home.
- 2) The maximum target range for rehabilitation with NSP funds is \$15,000-\$20,000 ¹.
- 3) The rehabilitation will be subject to Davis Bacon and State Prevailing Wages.

D) Purchase Assistance

- 1) Purchase assistance will only be made in the form of a soft second mortgage as gap financing.
- 2) The maximum targeted range for an NSP purchase assistance loan is \$50,000-\$60,000 ¹.
- 3) Any loan made with NSP funds will follow the continued affordability restrictions under the Recapture Method of the HOME program in 24 CFR 92.254. A home purchased with an NSP purchase assistance loan must remain affordable for the entire affordability period based on HOME program requirements. At the end of the affordability period, the loan is forgiven.

Term of Affordability NSP Purchase Assistance Loan	
<u>Length of Affordability</u>	
Less than \$15,000	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

- 4) If an owner ceases to occupy the home during the affordability period, the loan is due and payable in full immediately.
- 5) The owner may sell the unit prior to the end of the affordability period at any price. In accordance with the HOME Recapture method, the NSP purchase assistance loan is due and payable in full on sale or transfer of title if sold prior to end of affordability period provided there are sufficient net proceeds.
- 6) The interest rate for all NSP purchase assistance loans is zero percent (0%) simple interest. NSP loans are deferred during the affordability period; no principle payments are required.
- 7) Local funds can be used to provide additional purchase assistance loans for the homebuyer but cannot be combined with NSP funds in a single loan.
- 8) As the Lead Agency, the County of Monterey will be the lender of all NSP loans under this cooperative program. Any loan proceeds paid early will be treated as Program Income and addressed in the NSP Program Income Reuse Plan.

E) Other Program Requirements

- 1) **NSP Recordkeeping:** County will require all contractors/vendors to provide NSP required documents and performance measures to the County.
- 2) **NSP Targeted areas:** In accordance with NSP priority, emphasis and consideration will be given to those areas with the greatest need, as defined as those areas:
 - (a) with the greatest percentage of home foreclosures;

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- (b) with the highest percentage of homes financed by subprime mortgage related loan; and
 - (c) as identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.
- 3) **Timely Use and Expenditure of Funds:** The County and Cities will use the NSP funds within the timeframe required by HCD. In order to ensure that these funds are utilized within the required time period, if any of the funds targeted to any of the cities or for any activity have not been obligated within three (3) months of the grant receipt due to any delay, the Steering Committee will review and recommend to the County potential retargeting of these funds and any other program changes to ensure the NSP grant requirements are met within the required time periods.
- 4) **Non-discrimination requirements:** The NSP program will be implemented consistent with the County'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 funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.
- 5) **Conflict of interest requirements:** In accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the Steering Committee) and officers, employees, and agents of the Steering Committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the NSP program shall directly or indirectly be eligible for this NSP program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body of the locality.
- 6) **Fair housing and program outreach requirements:** This program will be implemented consistent with the Monterey County's commitment to Fair Housing. All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the NSP program. The County will ensure that all persons, including those qualified individuals with handicaps have access to the NSP program.

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Note:

¹ Targeted ranges for rehabilitation, purchase assistance and purchase price may be revised by recommendation of Steering Committee to County and County's approval, if needed, to effectively implement the NSP program within the grant timeframe.

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

Resolution No. 09-268
Mo. Co. Board of Supervisors

**APPROVE RESOLUTION AND AUTHORIZE THE COUNTY ADMINISTRATIVE OFFICER
TO SIGN A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE CITIES OF
GONZALEZ, GREENFIELD, KING CITY, MARINA, SEASIDE, AND SOLEDAD RELATED
TO APPLYING FOR NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDING
AND IMPLEMENTING A NSP PROGRAM**

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No: 09 – 268

Approve Resolution and authorize the County Administrative)
Officer to sign a Memorandum of Understanding (MOU) with)
the Cities of Gonzales, Greenfield, King City, Marina, Seaside,)
and Soledad related to applying for Neighborhood Stabilization)
Program (NSP) funding and implementing a NSP Program.)

WHEREAS, the Federal Housing Economic Recovery Act of 2008 provided funding for addressing the national foreclosure crisis through the Neighborhood Stabilization Program (NSP);

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has provided NSP funds to the California Department of Housing and Community Development (HCD) to grant to qualified jurisdictions;

WHEREAS, HCD has allocated funding to certain jurisdictions based on impacts being experienced by those jurisdictions from the national foreclosure crisis;

WHEREAS, HCD has allocated NSP funding in the amount of \$2,140,714 to Monterey County and the Cities of Gonzales, Greenfield, King City, Marina, Seaside, and Soledad, none of which exceeds \$1,000,000;

WHEREAS, on April 30, 2009, HCD issued a Notice of Funding Availability (NOFA) for funding from the State of California Neighborhood Stabilization Program (NSP). The NOFA requires that applications meet the stated threshold of \$1,000,000 of funding per application;

WHEREAS, the County of Monterey and Cities of Gonzales, Greenfield, King City, Marina, Seaside, and Soledad have agreed to cooperate in an Application and designate the County of Monterey as the Applicant in order to meet the stated threshold of \$1,000,000 of funding per application; and

WHEREAS, the Cities of Gonzales, Greenfield, King City, Marina, Seaside and Soledad are each in the process of formalizing their participation through a Memorandum of Understanding and resolutions as necessary.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors does hereby:

1. Approve the Memorandum of Understanding (MOU) among the County of Monterey and the Cities of Gonzales, Greenfield, King City, Marina, Seaside, and Soledad to provide for the following:
 - a. Submission of an application to the State Department of Housing and Community Development (HCD) for Neighborhood Stabilization Program (NSP) funding;

- b. Implementation of an NSP program within the County of Monterey and the Cities of Gonzales, Greenfield, King City, Marina, Seaside, and Soledad; and
- c. Designation of the County of Monterey as the Applicant for the application and the implementation of the NSP program.

2. Direct the County Administrative Officer to sign the MOU.

PASSED AND ADOPTED on this 2nd day of June, 2009, upon motion of Supervisor Salinas, seconded by Supervisor Parker, by the following vote, to-wit:

AYES: Supervisors Armenta, Salinas, Calcagno, Parker, Potter

NOES: None

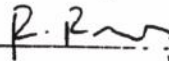
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 74 for the meeting on June 2, 2009.

Dated: June 4, 2009

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By



Deputy

NSP Memorandum of Understanding (MOU)
Neighborhood Stabilization Program – Monterey County Jurisdictions

Resolution No. 4376
City of Soledad

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD SUTHORIZING
THE CITY MANAGER TO EXECUTE A MEMORANDUM OF UNDERSATNDING EITH THE
COUNTY OF MONTEREY RELATED TO APPLLYING FOR NEIGHBORHOOD
STABILIZATION PROGRAM (NSP) FUNDING**