



**RESIDENTIAL REHABILITATION  
PROGRAM GUIDELINES**

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Administered by:

**The City of Corona**  
**Housing and Homeless Solutions Division**  
<https://www.coronaca.gov/departments/city-managers-office/housing/programs>

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## **I. GENERAL PROVISIONS**

### **A. Purpose of Program**

The primary objective of the Residential Rehabilitation Program (RRP or Program) is to provide Applicants with financial assistance necessary to rehabilitate and preserve affordable housing owned and occupied by low- and moderate income households in the City of Corona (City). These objectives will be met through the correction of building code violations and completion of general property improvements.

### **B. Program Funding Source**

The primary funding sources for the Program include Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds provided to the City from the U.S. Department of Housing and Urban Development (HUD).

### **C. CDBG and HOME Funds for Improvements**

In accordance with the HOME regulation 24 CFR 92.505(a), funds shall be utilized to bring owner-occupied properties up to the City's Rehabilitation Property Standards (Exhibit A) and for eligible soft costs such as City Staff and consultant project delivery costs, appraisals, credit reports, permit fees, inspection services, application processing, escrow fees, and loan portfolio management.

### **D. Equal Opportunity**

Applicants will not be discriminated against on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, or any other arbitrary basis. In addition, applicants may not discriminate in the use, occupancy, and awarding of contracts with respect to the property to be rehabilitated with the assistance of an RRP loan or grant.

### **E. Relocation**

Relocation is not contemplated as a part of this rehabilitation activity, however if an unanticipated event occurs which requires temporary relocation, such relocation shall be performed in compliance with the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 and Section 104(d) and may be paid for using program funds.

### **F. Applicability of Federal, State, and Local Regulations/Authority to Administer**

While all rehabilitation loans or grants are subject to the requirements of these Guidelines, there may be additional special provisions and limitations depending on changing requirements of the funding source. Consequently, additional requirements not shown in these Guidelines may apply and, thus, the City Manager (Manager) or their designee may amend these Guidelines from time to time to reflect changes in the requirements of the funding sources for this Program.

The City Manager (or designee)\_ shall have authority to modify eligibility requirements and loan or grant limits at their discretion to address critical home improvement needs. The City Manager (or designee)\_may also approve the subordination of the City's program loan lien position in the event that a borrower refinances a prior-recorded loan to improve their mortgage terms. Subordination requests involving cash-out financing will be denied unless the borrower demonstrates a financial hardship.

## II. PROGRAM ASSISTANCE

### A. RRP Assistance

A maximum \$50,000 forgivable loan per owner-occupied dwelling unit is available to eligible households (RRP Loan).

A maximum \$50,000 grant is available to eligible households that own and occupy a mobilehome (as defined in California Health and Safety Code § 18008<sup>1</sup>) or a manufactured home (as defined in California Health and Safety Code § 17007<sup>2</sup>).

**Note:** The City Manager (or designee) may increase the RRP assistance level on a case-by-case basis when necessary to address critical housing needs. An example of a critical housing need is when additional funding is necessary to address all of the repairs necessary to bring an entire dwelling unit up to the City's Rehabilitation Property Standards, as required by the HOME program regulations.

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<sup>1</sup> "Mobilehome" – Health and Safety Code § 18008 - means a structure that was constructed prior to June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected onsite, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation system when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Mobilehome" includes any structure that meets all the requirements of this paragraph and complies with the state standards for mobilehomes in effect at the time of construction.

<sup>2</sup> "Manufactured home" - Health and Safety Code § 17007 - means a structure that was constructed on or after June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected on site, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Manufactured home" includes any structure that meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification and complies with the standards established under the National Manufactured Housing Construction and Safety Act of 1974.

## B. Forgivable Loan Terms and Obligations

Term: Twenty (20) years

Interest Rate: Zero percent (0%) interest

Repayment: No monthly payments. Loan forgiveness of  $\frac{1}{4}$  of the principal balance is effective upon the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, and 20<sup>th</sup> anniversary of the recordation of the City's Deed of Trust. To qualify for forgiveness, Applicants must continuously reside in the dwelling for the length of the loan. The unpaid principal balance is payable upon the earlier of:

1. The sale, conveyance, transfer, lease, rental, hypothecation (agreeing to use the dwelling unit as collateral in exchange for another loan) of the Property, or any part thereof, or any interest therein, or divestment of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the City being first had and obtained; or
2. Failure to make any payments due under the Note; or
3. Failure to perform any obligation under the Deed of Trust securing the Note, or any other Deed of Trust encumbering the Property.

Participant may pre-pay the RRP Loan at any time without penalty. All payments received on account of the Note shall be applied to reduction of the principal balance.

The RRP Loan is not assumable except under the limited circumstances listed below. The following allowable assumptions shall not be construed as a transfer and do not affect loan forgiveness:

1. The transfer of the Property to the surviving joint tenant by devise, descent or operation of the law, on the death of a joint tenant;
2. A transfer of the Property where the spouse becomes an owner of the Property;
3. A transfer of the Property resulting from a decree of dissolution of marriage, legal separation or from an incidental property settlement agreement by which the spouse becomes an owner of the Property;
4. A transfer to an intervivos trust in which the Borrower is and remains the beneficiary and occupant of the Property.

Security: The City's assistance will be in the form of a secured mortgage recorded no lower than a third Deed of Trust.

Loan to Value: The total indebtedness on eligible properties may not exceed one hundred and twenty-five percent (125%) of the value of the property as determined by City Staff.

### **III. HOUSEHOLD/PROPERTY SELECTION & ELIGIBILITY**

Income-qualified Applicants shall receive assistance on a first-come, first-served basis subsequent to the submittal of a complete application inclusive of all required documentation (see Exhibit B). Eligibility is determined based on the criteria below.

#### **A. Ownership**

The Applicant must be listed on the Grant Deed and ownership information shall be confirmed by a title search or a recent review of recorded ownership information pursuant to 24 CFR 92.254(c). The City shall verify ownership by obtaining a Policy of Insurance of Record Title (PIRT), American Land Title Association (ALTA), or other similar title search to confirm ownership. For the purposes of this program, a PIRT shall be sufficient because it provides the City with specific assurances against monetary loss, not to exceed \$150,000, as a result of any errors in the information provided. The information provided in a PIRT Schedule A includes the owner of record, legal description and monetary liens of record.

The form of homeownership shall be in fee simple title in a 1-unit dwelling or in a condominium unit, or as Registered Owner of a mobilehome unit.

For HOME-funded projects, §92.254(c) provides additional forms of homeownership specifically for residential rehabilitation projects as follows:

- Inherited property. Inherited property with multiple owners: Housing for which title has been passed to several individuals by inheritance, but not all heirs reside in the housing, sharing ownership with other nonresident heirs. (The occupant of the housing has a divided ownership interest.) The City may assist the owner-occupant if the occupant is low-income, occupies the housing as his or her principal residence, and pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).
- Life estate. The person who has the life estate has the right to live in the housing for the remainder of his or her life and does not pay rent. The City may assist the person holding the life estate if the person is low-income and occupies the housing as his or her principal residence.
- Inter vivos trust, also known as a living trust. A living trust is created during the lifetime of a person. A living trust is created when the owner of property conveys his or her property to a trust for his or her own benefit or for that of a third party (the beneficiaries). The trust holds legal title and the beneficiary holds equitable title. The person may name him or herself as the beneficiary. The trustee is under a fiduciary responsibility to hold and manage the trust assets for the beneficiary. The City may assist if all beneficiaries of the trust qualify as a low-income family and occupy the property as their principal residence (except that contingent beneficiaries, who receive no benefit from the trust nor have any control over the trust assets until the beneficiary is deceased, need not be low-income). The

trust must be valid and enforceable and ensure that each beneficiary has the legal right to occupy the property for the remainder of his or her life.

- Beneficiary deed. A beneficiary deed conveys an interest in real property, including any debt secured by a lien on real property, to a grantee beneficiary designated by the owner and that expressly states that the deed is effective on the death of the owner. Upon the death of the owner, the grantee beneficiary receives ownership in the property, subject to all conveyances, assignments, contracts, mortgages, deeds of trust, liens, security pledges, and other encumbrances made by the owner or to which the owner was subject during the owner's lifetime. The City may assist if the owner qualifies as low-income and the owner occupies the property as his or her principal residence.

**B. Property Title Condition**

For Loan-funded projects, the property title shall be free of mechanic's liens, tax liens, and other liens as determined by the City that may be detrimental to the security of the City's loan.

**C. Principal Residence**

The dwelling must be the Applicant's principal residence at the point of application and must remain the Applicant's principal residence for the duration of the loan. During the term of the RRP Loan, Applicant shall occupy the dwelling unit for at least ten (10) consecutive months out of each calendar year. The existing grant deed or deed of trust must list all current owners of the property. Property owners shall be construed to be any person(s) or legal entity that holds title to the property or mobile/manufactured housing unit being rehabilitated. If there are multiple owners, the signature of each title holder is required on all appropriate documents. The City will verify property ownership and require all persons currently on title to give written consent to all work proposed to be done on the dwelling, prior to contracting or initiating such work.

**D. Location**

The dwelling unit must be located within the City limits.

**E. Eligible Types of Structures (Dwelling Units)**

Single-family homes, condominiums, townhomes, mobilehomes, and manufactured housing are eligible for RRP assistance.

**F. Homeowner's Insurance**

The Applicant must maintain homeowner's insurance at the time of application. For loan funded projects, homeowner's insurance shall be in full force and effect for the duration of the loan term and the Applicant shall add the City of Corona as a loss payee

on the policy, as a condition of the loan.

#### **G. HOME Maximum Per-Unit Subsidy Limits and Underwriting**

For RRP Loans and grants using HOME Funds, the amount of HOME funds committed to the RRP Loan or grant may not exceed the HOME Maximum Per-Unit Subsidy Limit pursuant to 24 CFR 92.250(a). See Exhibit C for the current HOME Maximum Per-Unit Subsidy Limits.

Based on the \$50,000 RRP Loan or grant limits included in these Guidelines, the City complies with 24 CFR 92.250(a) at the program level and analysis on a project-by-project basis is not required unless the City Manager approves a higher loan or grant limit pursuant to their authority in Section F of these Guidelines.

Pursuant to 24 CFR 92.250(b)(3), a market analysis or evaluation of developer capacity is not required. HOME underwriting analysis is not required because RRP Loans are not amortizing.

#### **H. Household Income**

To determine household income for all Applicants, the City will use the Annual Income determination method as defined by HUD at 24 CFR Part 5.609. All persons on the title to the principal residence and all persons living in the principal residence are considered household members for the purposes of determining income eligibility unless it can be proven through evidence satisfactory to the City that a person on the title is not living in the principal residence. Pursuant to 24 CFR 92.203(b)(1), the value of the Applicant's principal residence shall be excluded from the calculation of net family assets, as defined in 24 CFR 5.603(d)(1) The City must calculate the annual income of the family by projecting the prevailing rate of income of the family for a 12 month period at the time the City determines that the family is income eligible. Pursuant to 24 CFR 92.203(d)(2), if more than six (6) months has elapsed between the City's income determination and the execution of agreements, the City must re-examine the family's income to confirm eligibility. The gross annual income for all household members cannot exceed 80 percent of area median income adjusted for household size as published annually by HUD.

Pursuant to 24 CFR 92.203(b)(1)(i), the City must determine annual income by examining at least two (2) months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.

The current HUD-published Income Limits may be found in Exhibit E.

#### **I. Creditworthiness for Loan and Grant**

Applicants must be creditworthy in order to qualify. An Applicant will not be considered creditworthy if any of the following apply:

- The Applicant's credit report shows one (1) or more thirty (30)-day late payments on any mortgage secured against the property to be rehabilitated within the previous

twelve (12) months.

- The Applicant's gross monthly income is less than all their monthly revolving debt including the mortgage payment.
- The Applicant has filed bankruptcy within the past two (2) years.
- The Applicant is not current on all property taxes. A deferment of property taxes or property tax payment plan is acceptable as long as all required installment payments are current.
- The Applicant is not current on all mortgage payments. A deferment of the mortgage payment plan is acceptable as long as all required installment payments are current.
- The property has a reverse mortgage.
- The property to be rehabilitated has judgments (i.e., creditor liens, etc.) mechanics liens, and other liens that would jeopardize the security of the City's Loan.

**J. Improvements**

In order to qualify and to be eligible, no work shall commence prior to:

- Application approval;
- Full execution of RRP Loan or Grant Agreement;
- Full execution of a Construction Agreement;
- Issuance of a Notice to Proceed by the City.

**K. Conflict of Interest**

No member of the governing body of the City and any other official, employee, or agent of the City Government who exercises policy, decision-making functions or responsibilities in connection with planning and implementation of the program shall be directly or indirectly eligible for RRP assistance. This restriction shall continue for two (2) years after an individual's relation with the City ends.

**L. Fraudulent Application**

If an Applicant knowingly makes a misstatement or omission in any statement, document or application in connection with the Applicant's application for RRP assistance, as determined at the sole discretion of the City, the Applicant shall be prohibited from applying for RRP assistance for a period of three (3) years from the date the City notifies the Applicant of its discovery of such misstatement or omission. In addition to the disqualification from the RRP, the Applicant may be subject to both civil and criminal prosecution and a demand for immediate repayment of any funds disbursed to the Applicant under the RRP.

## **IV. RESALE/SUBORDINATIONS/REFINANCES**

### **A. Resale Amount**

The property shall not be sold for less than the sum of the existing liens, encumbrances, and interest, including property tax liability.

### **B. Refinancing to Reduce Monthly Payments**

Refinancing of a first mortgage is allowed for the purpose of reducing monthly payments on the first mortgage loan due to lower interest rates. In no case, shall the amount of the new first mortgage exceed the then outstanding balance of the original first mortgage plus non-recurring closing costs (*not to exceed 4% of the new first mortgage loan amount*) associated with the refinance. The new first mortgage shall be a 15-30 year term with a fixed interest rate loan. Under these circumstances only, a request for subordination of the City's second Deed of Trust may be reviewed and approved by City Staff.

### **C. Withdrawal of Equity – City Loan Pay-Off Required**

The withdrawal of equity from the property for any reason will require the immediate repayment of the City's Loan. This includes the withdrawal of equity (i.e., obtaining additional loans against the property senior to the City's Loan such as a first mortgage) for all purposes including, but not limited to: (1) revolving credit debt; (2) refinance or payoff of a third deed of trust or other form of lien junior to the City's Deed of Trust; or (3) new first mortgage that includes mortgage payment arrearages. Subordination requests involving cash-out financing will be denied unless the borrower demonstrates a financial hardship.

## V. HAZARD TESTING REQUIREMENTS

### A. Lead-Based Paint Evaluation and Requirements for Pre-1978 Units

As part of the program application, owners are provided with information about the dangers of lead-based paint. Evidence of receipt of this information is maintained in the project file. The lead-based paint requirements can have a significant impact on the final scope of work. If the housing unit in question was built prior to January 1, 1978, the lead-based paint requirements apply. Based on the amount of the rehabilitation hard costs, different levels of action are required on the part of the City, as shown in the following table:

	<\$5,000	\$5,000-\$25,000	>\$25,000
<b>Approach to Lead Hazard Evaluation and Reduction</b>	Do no harm	Identify and control lead hazards	Identify and abate lead hazards
<b>Notification</b>	Yes	Yes	Yes
<b>Lead Hazard Evaluation</b>	Paint testing of surfaces to be disturbed by rehabilitation	Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment	Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment
<b>Lead Hazard Reduction</b>	Repair surfaces disturbed during rehabilitation, use lead-safe work practices, clearance test of work site upon completion.	Interim controls, lead-safe work practices, clearance test of unit upon completion	Complete abatement, lead-safe work practices, clearance test of unit upon completion

Any required lead-based paint inspections (initial and clearance) will be performed by a qualified lead-based paint testing firm. The cost of initial testing and clearance will be paid by the City. In the event that an initial clearance test fails, it will be the contractor's responsibility to pay for supplemental clearance tests. The contractor engaged to encapsulate and/or stabilize lead-based paint will not be paid until evidence of a lead-based paint clearance is presented to the City. Lead-based paint inspection reports and risk assessments (as applicable) will be provided to the owner and made available to contractors as an appendix to the Work Description.

### B. Radon

Pursuant to 24 CFR Part 58 addressing National Environmental Policy Act reviews, all properties shall be tested for the presence of Radon Gas at the City's expense. The EPA recommends taking action to reduce Radon Gas levels if they are measured at 4 pCi/L or higher. In the event that Radon Gas levels exceed the threshold, a copy of the Radon Gas testing report will be attached to the Work Description so that appropriate mitigation measures are carried out as part of the rehabilitation project.

### **C. Asbestos**

Certain aspects of rehabilitation work on dwelling units such as demolition or removal of materials may necessitate testing for, and potential abatement of, certain Asbestos Containing Materials (ACM). The cost of initial testing and clearance will be paid by the City. In the event that an initial clearance test fails, it will be the contractor's responsibility to pay for supplemental clearance tests.

## **VI. REHABILITATION PROCESS**

### **A. Initial Inspection**

An initial inspection shall be conducted by City Staff or a qualified consultant to determine the current conditions of the property. Any conditions that do not meet the City's Rehabilitation Property Standards (Exhibit A) and incipient deficiencies shall be noted and photographed.

### **B. Work Write-Up**

A work write-up shall be prepared by City Staff or a qualified consultant to include rehabilitation work items necessary to address all conditions that do not meet the City's Rehabilitation Property Standards. Pursuant to 24 CFR 92.251(b)(1), for projects assisted with HOME funds, the property must meet these standards upon project completion. The work write-up shall be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the City's Rehabilitation Property Standards, in accordance with 24 CFR 92.251(b)(2).

### **C. Cost Estimate**

Based on the work write-up, the City's rehabilitation consultant shall prepare a written cost estimate in compliance with 24 CFR 92.251(b)(3) to assist in determining the reasonableness of bids received from contractors. The cost estimate shall be reviewed and approved by City Staff prior to bidding.

### **D. Bidding, Contractor Eligibility, and Contract Award**

1. Applicants may NOT perform repairs themselves. All work must be performed by contractors meeting the requirements of paragraph 2, below and subject to a written construction agreement between the Applicant and the contractor (Construction Agreement). The Construction Agreement shall set forth a work schedule and budget approved by the Applicant and the City. The work write-up shall be used by the Applicant to solicit not less than three (3) bids from eligible contractors. Of the bids submitted by the Applicant to the City, the Applicant shall award the contract to the qualified contractor whose bid is the lowest in price, provided that the costs are reasonable in comparison to the cost estimate generated prior to bidding. Acceptability of line item bids shall be determined based on a deviation that is not greater than or less than 20% of the line item estimate. The contractor entering the Construction Agreement shall attend a pre-construction meeting with the City prior to the commencement of the work. The City provides technical assistance and support to the Applicant during the bidding process.
2. The City will accept letters of interest from qualified contractors and will make those contractors known to homeowners upon request. Applicants may select their own contractors as long as they satisfy the requirements set forth below. Eligible contractors will submit the following documentation to the City:
  - A photocopy of their current license from the State of California Contractors

State License Board indicating the classification ("B" for general and "C" for specialized work). Prior to the execution of each construction contract, City Staff shall confirm the validity of the contractor's license by accessing the California State Licensing Board website at <http://www.cslb.ca.gov/>. Contractors with invalid licenses or pending complaints will not be permitted to participate in the Program.

- Certificate of insurance for general liability and automobile insurance in an amount not less than one million dollars (\$1,000,000) naming the City as an additional insured, and a copy of the additional insured endorsement.
  - Evidence of current workers' compensation coverage.
  - Copy of their current City Business License.
3. Quarterly reviews of the interested contractor list shall be conducted by the Program Consultant to determine that the listed contractors are licensed, perform quality work, maintain adequate insurance coverage and are not suspended or debarred from participation on federally-assisted projects.

Prior to the execution of each Construction Agreement, City Staff shall verify that the contractor's company name and all listed personnel are not included in HUD's most recent list of contractors debarred from participating in federally funded projects by accessing the System for Award Management website at [www.sam.gov](http://www.sam.gov).

Contractors that do not meet the requirements above shall be removed from the interested contractor list. Contractors who fail to perform quality work or follow program requirements shall be removed from the list and shall be ineligible to participate in future RRP projects.

#### **E. Notice to Proceed**

A Notice to Proceed shall be issued three (3) days subsequent to the execution of loan documents or a grant agreement and the Construction Agreement or subsequent to the recordation of the Deed of Trust for RRP Loan projects, whichever is later. HOME regulations require projects to be completed within four (4) years of the date of execution of the Construction Agreement. However, most rehabilitation projects should be completed within six (6) months.

#### **F. Progress Inspections**

Pursuant to 24 CFR 92.251(b)(3), progress inspections shall be conducted by City Staff or qualified consultants during the rehabilitation process prior to approval of any 95% progress payments to ensure that work is completed in compliance with the Rehabilitation Property Standards and the Construction Agreement. The work write-up incorporated into the Contractor Agreement shall be used to guide the inspection of the work. Payment shall be made in the amount of 95% of the value of work items satisfactorily completed. Satisfactory completion of the work shall include the submittal of signed-off permits (as required for certain work items) and the submittal of written warranties for material and workmanship, including manufacturer's warranties for

products installed. A 5% retention shall be withheld until 35 calendar days subsequent to the recordation of a Notice of Completion with the County of Riverside.

#### **G. Change Orders**

Change orders shall be considered and approved by the Program Consultant and City Staff on an as-needed basis for documented unforeseen circumstances or to meet program objectives in the sole and absolute discretion of the City. A cost analysis shall be performed of any change order that would add additional scope and cost to the contract. This analysis shall be performed to establish cost reasonableness. The contractor shall furnish information on the cost of materials, overhead and profit so that the City may determine the reasonableness of the proposed change order.

#### **H. Final Inspection**

Subsequent to receipt of the contractor's final invoice, City Staff or qualified consultants shall visit the property to review the completed rehabilitation work with the Applicant to ensure that all contracted work has been completed in compliance with the Rehabilitation Property Standards and the Construction Agreement to the satisfaction of the City and the Applicant. Final photographs of the completed work shall be obtained and filed with the photographs from the initial inspection to show the conditions of the property before/after. The inspection shall result in a written certification by City Staff or qualified consultants that the property meets the City's Rehabilitation Property Standards and that all work was performed in accordance with the work write-up.

#### **I. HUD IDIS Responsibilities**

Upon completion of the rehabilitation work and receipt of the Escrow Closing Statement showing the total eligible project expenses paid, the Program Consultant shall enter the activity into IDIS, including setup details, completion data, and activity funding. The Program Consultant performs a review of the rehabilitation file to harvest the data necessary for IDIS. Subsequently, funds are drawn from HUD and the activity is marked complete.

IDIS Roles at the City of Corona:

Management Analyst: Management of RRP project escrow

Program Consultant: Activity Setup and Funding, Activity Accomplishments, Voucher Entry

Housing and Homeless Solutions Manager: IDIS Voucher Approval, Local IDIS Administrator

#### **J. Conflict Resolution**

City Staff and Program Consultants shall be available to Applicants and contractors to clarify understanding of the terms and conditions of the Construction Agreement. In the event that a mutually agreeable solution to a particular dispute cannot be reached, the

parties to the Construction Agreement shall follow the conditions outlined in the Construction Agreement concerning dispute resolution and termination.

## **VII. REQUIRED RECORDKEEPING AND FILES**

Files will be maintained to document the significant history of RRP activities for all projects. The City must maintain these files for a period not less than five (5) years following the recordation of the Notice of Completion or repayment of loan funds, whichever is later.

Project files shall include, at a minimum:

- The application and all supporting documentation related to income and owner-occupancy, and property information reports.
- Official correspondence and the Rehabilitation Environmental Review.
- Inspection reports, lead-based paint reports, before and after photographs, work descriptions, internal estimate, bid evaluation, contractor clearances, contractor insurance, contractor business license, contractor W-9, recorded Notice of Completion.
- RRP Loan or Grant Agreement, construction contract agreement, all loan/grant disbursement information including invoices, payment releases, lien releases, warranties, and copies of payment checks.
- Loan underwriting materials including the appraisal, title report, credit report, and all executed loan documents.
- Documentation on requests for demand, reconveyances, subordinations, and defaults.

The City will keep copies of all solicitations for bids, contracts, women- and minority-owned business lists, solicitation lists, documentation of affirmative actions taken, and copies of any forms submitted by the contractor pursuant to the reporting requirements for a period of five (5) years.

Original loan documents (i.e. Note and Deed of Trust or mobile home title) are to be maintained in a secure and fire resistant location. The City maintains and grants access to its borrower information only in accordance with its internal security standards which restricts access to program personnel, or in response to a required official audit. When a loan is paid in full or is about to be paid in full, these documents will be released to a licensed escrow company, or in certain circumstances, they will be reconveyed directly to the borrower by the City.

### **A. Specific HOME Program Recordkeeping Requirements:**

The HOME Program regulations at 24 CFR 92.508(a)(3) specify that the following records must be maintained within each project file, except as otherwise noted:

- A full description of each project assisted with HOME funds, including the location (address of each unit), form of HOME assistance, and the households assisted with HOME funds.
- The source and application of funds for each project, including supporting documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.; and records to document the

eligibility and permissibility of the project costs, including the documentation of the actual rehabilitation costs of each HOME-assisted unit. The City of Corona Finance Department shall maintain information on cancelled checks, payrolls and time and attendance records.

- Records demonstrating that each project meets the minimum per-unit subsidy amount of \$1,000, the maximum per-unit subsidy amount as published each year by HUD (Exhibit D).
- Records (e.g., inspection reports) demonstrating that each project meets the property standards of §92.251 at project completion.
- Records demonstrating that each family is income eligible in accordance with §92.203.
- Records demonstrating that the estimated value after rehabilitation for each homeownership housing project does not exceed 95 percent of the median purchase price for the area in accordance with §92.254(a)(2). The records must demonstrate how the estimated value was determined.
- Records (written agreements) demonstrating compliance with the written agreements requirements in §92.504.

## **VIII. PROGRAM DATABASE**

City Staff and consultant will operate the RRP using Neighborly Software supplied via the consultant's professional services agreement with the City. This software includes a project database containing the case number, name, address, telephone number, racial/ethnic data, census tract, block group, household size, household income, income level (i.e. very low, low, moderate), housing cost burden percentage, year built, application date, inspection date, Work Description approval date, expected post-rehabilitation value, loan funds awarded, grant funds awarded, project soft costs (i.e. title, credit, asbestos/lead-based paint testing), construction contract amount, contractor payment information, contract award date, notice to proceed date, final inspection date, recordation of Notice of Completion date, and project phase (i.e. pre-construction, construction, complete). Additional functionality provided includes the online program application, inspection and work write-up development, photographs, contractor portal, and internal program workflow approvals.

## **IX. LOAN DEFAULTS/CHARGE OFFS**

If the Applicant fails to comply with the general terms of the loan agreement, City Staff will consult with the Applicant to seek immediate remedy. If the default persists after adequate notice, per the Deed of Trust, City Staff will make a recommendation of foreclosure to the City Manager (or designee). The City Manager (or designee) will make the final determination whether to proceed with the foreclosure and shall notify the Applicant in writing of his or her decision.

A loan is considered a charge-off if it has been deemed uncollectible. Staff, in consultation with the City Attorney's office, shall make every effort to pursue the City's interest in the event of foreclosure, bankruptcy, or any scenario that involves the sale or transfer of the dwelling or the cessation of the borrower's occupancy of the dwelling. In the event that a loan becomes uncollectible, the status and disposition of the case must be accounted for in the loan database such that the loan is not reflected in the outstanding loan balance figures.

## **X. LOAN DATABASE/CLOSING THE LOAN FILE**

In order to effectively manage RRP funds and to maintain an accurate record of all loan activity, an on-going loan database will be established to track loan funds from when they are first secured to when they are repaid (or charged off—in the event of default). The database will include, at a minimum, the borrower's name, address, Assessor's Parcel Number, loan amount, date of recordation of Deed of Trust, recordation number, date of recordation of Request for Notice, recordation number, and information pertaining to the following outcomes:

- Request(s) for Demand of Payoff;
- Reconveyances;
- Subordinations; and
- Default.

After a loan has been paid in full and the corresponding deed of trust has been reconveyed, the loan file will be closed. The loan database will be updated to reflect the status and disposition of the file. Additionally, City Staff should ensure that proceeds from the closed loan file's repayment are allocated to current project(s) as soon as possible and that revolving loan funds are expended prior to drawing on any current-year CDBG funds. Closed files will be maintained for a period not less than five (5) years.

## **XI. APPEALS**

If City Staff rejects an RRP Application due to non-eligibility, an Applicant may appeal the decision in writing to the City Manager (or designee) within ten (10) business days following receipt of the City's written notification. The City Manager (or designee) shall respond in writing within ten (10) business days following receipt of a written appeal with their final determination. The decision of the City Manager (or designee) shall be final.

## **XII. PROGRAM CHANGES**

At the discretion of the City Manager or their designee, the Program may be modified to ensure timely expenditures of program funds and to otherwise meet the intent of assisting households with incomes less than 80% of area median income adjusted for household size.

## Exhibit A – Rehabilitation Property Standards

City of Corona Residential Rehabilitation Program <b>REHABILITATION PROPERTY STANDARDS</b>
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The following Rehabilitation Property Standards set forth the requirements that the housing must meet upon project completion, including methods and materials to be used. These standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes.

### **HEALTH AND SAFETY**

Any potentially life threatening emergencies due to conditions affecting the foundation, structure, plumbing, electrical, weatherization, mechanical, or other major systems of the dwelling unit must be addressed immediately if the housing is occupied.

### **MAJOR SYSTEMS**

Major systems include: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. Upon project completion, each of the major systems shall have a remaining useful life for a minimum of five (5) years.

### **LEAD-BASED PAINT**

The rehabilitation work must result in compliance with the lead-based paint requirements at 24 CFR part 35, as applicable based on the dollar value of the rehabilitation hard costs. A lead based paint inspection report and risk assessment shall be required of any home built before 1978.

### **ACCESSIBILITY**

Pursuant to 24 CFR Part 8, no otherwise qualified individual with handicaps in the United States shall, solely by reason of his or her handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development. Pursuant to 28 CFR part 35 - Nondiscrimination on the Basis of Disability in State and Local Government Services, the City shall not discriminate on the basis of disability in the administration of the Residential Rehabilitation Program.

Properties occupied by a disabled household member(s) qualifies for services aimed at removing architectural barriers under this Program. In cases where it is not structurally or financially feasible to bring units into full compliance with Title 24 and Section 504, limited repairs or improvements increasing overall accessibility may be undertaken provided such repairs are conducted under a plan check, permit, and inspection process by the City's

Community Development Department.

Examples of eligible improvements that will alleviate architectural barriers include, but are not limited to:

- Grab bars
- Transitional floor coverings
- Bathtubs or showers
- Replacement of doorknobs with lever action handles
- Plumbing alteration or modifications
- Ramps
- Sliding doors
- Kitchen cabinet modifications
- Widening doorways and hallways
- Electrical switches and convenience outlet relocation
- Toilet alteration or modifications

### **DISASTER MITIGATION**

The housing must be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements.

### **STATE AND LOCAL CODES, ORDINANCES, AND ZONING REQUIREMENTS**

The housing must meet all applicable State and local codes, ordinances, and requirements. At a minimum, at the completion of each project, all known health and safety issues and all code violations shall be corrected. Every grant/loan made under the RRP shall be used to finance rehabilitation standards that address all health and safety issues and code violations, and no grant/loan can be approved which would permit a dwelling unit after rehabilitation to be out of compliance with applicable codes.

Pursuant to Section 15.04.020 of the Corona Municipal Code, subject to the particular additions, amendments and deletions set forth in Section 15.04.020, the City of Corona has adopted all the rules, regulations, provisions and conditions set forth in that certain document being marked and designated as 2022 California Building Code, Volumes 1 and 2, California Code of Regulations Title 24, Part 2, including Appendices H and I, and including any supplements, errata, and revisions made thereto, as the Building Code of the City of Corona.

Amendments:

- (1) Chapter 1 Division II as adopted and amended in Chapter 15.02 of the Corona Municipal Code.
- (2) Appendices A, B, C, D, E, F, G, J, K, L, M, N, O, and P are not adopted.

Grading requirements and permits shall be as required by Chapter 15.36 of the Corona Municipal Code.

One certified copy of the 2022 California Building Code is kept on file in the office of the Building Official of the City of Corona, and any and all references thereto, are adopted as the Building Code of the City of Corona, subject to the changes contained in Section

15.04.020 of the Corona Municipal Code. Each and all of the regulations, provisions, penalties, conditions and terms thereof are referred to, adopted and made a part of the Corona Municipal Code Section 15.04.020, as though fully set forth at length.

Additional information concerning construction standards are available at the City's Building Division website:

<https://www.coronaca.gov/departments/building-division/construction-standards>.

### **ASBESTOS REMOVAL**

Removal of materials containing asbestos, if necessary, will be included as part of the property rehabilitation.

### **RADON GAS REMEDIATION**

Installation of a RADON reduction system in accordance with a test report recommendations and EPA guidelines will be included as part of the property rehabilitation. The EPA recommends taking action to reduce RADON levels if they are measured at 4 pCi/L or higher.

<b>ELIGIBLE IMPROVEMENTS</b>
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In addition to the above-noted improvements, program funds are available for rehabilitation improvements that are physically attached and permanent in nature as follows:

1. Repairs that remedy existing nonconforming uses such as garage conversions, additions, etc.
2. Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re-leveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures.
3. Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., re-pipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are damaged).
4. Weatherization and energy conservation items such as insulation, caulking, weather-stripping.
5. Fumigation and treatment of termites and pest control.
6. Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms.
7. Testing for the presence of lead-based paint, asbestos containing materials, radon gas, and associated control/abatement, as required.

### **INELIGIBLE IMPROVEMENTS**

- 1 Installation and/or repair of recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts.
- 2 New construction of luxury items such as burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops. Any freestanding appliances such as microwave ovens, refrigerators, dishwashers, and fans.
- 3 New construction of room additions or extensions.
- 4 Other items deemed ineligible by the City Manager or their designee.

### **PRIORITY OF IMPROVEMENTS**

Improvements will be approved and made to the property in the following order of importance:

1. All building code violations.
2. All violations related to health and safety standards.
3. Repair or replacement of major systems including but not limited to roof, electrical, plumbing, and air conditioning/heating systems.
4. Energy efficient items such as new dual glazed windows, insulation, energy efficient light fixtures.
5. Exterior and interior incipient deficiencies. An incipient deficiency exists if, at the time of inspection, it appears that the physical condition of an element in the structure may fail or deteriorate into an actual deficiency in the near future (within 5 years).
6. General property improvements.

### **STANDARDS FOR REHABILITATION OF HISTORIC PROPERTIES**

On historic structures included in the RRP, special requirements must be met under the National Environment Policy Act and the National Historic Preservation Act of 1966, as amended. RRP projects will be submitted for review to the State of California, Office of Historic Preservation, when a unit is more than 50 years old. In accordance with State Historic Preservation Office ("SHPO") guidance to the City of Corona, all mobile homes and any building less than 50 years in age will not be submitted for review. Under direction from SHPO, historic properties shall be rehabilitated in accordance with the most appropriate standards based on the age and architecture of the structure. The basic principle is to preserve the character of the exterior spaces and surfaces. This generally entails the submission of the Work Description to SHPO for review and comment.

## Exhibit B – Required Documents (Deliverables)

City of Corona Residential Rehabilitation Program <b>REQUIRED DOCUMENTS (DELIVERABLES)</b>
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All items listed in Exhibit B are required to determine the Applicant’s eligibility. Therefore, failure to provide said documents will render the Applicant non-eligible. All documents (except for RRP Application) must be copies of the original documents and will NOT be returned.

<b>APPLICATION MATERIALS</b>
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1. RRP Application - Household Information (pg. 2-5).
2. Exhibits A-P – Application Exhibits shall be completed, signed and dated (pg. 6-21).

<b>INCOME DOCUMENTATION</b>
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Applicant is required to submit all applicable items shown below to determine income eligibility for all adult household members:

1. Federal Income Tax Return: Copy of the most recent filed Federal Income Tax Return (signed) with all schedules, attachments, W-2s, 1099s, etc. For self-employed applicants, submit the last two (2) most recent filed and signed Federal Income Tax Returns with all schedules, attachments, W-2s, 1099s, etc.  
OR  
Complete Exhibit P, if Applicant was not required to file taxes.
2. Employment – Two (2) most recent consecutive months of paycheck stubs.
3. Social Security – Current year award letter showing the gross monthly Social Security payment amount.
4. Retirement/Pension – Current year’s award letter with copies of checks/stubs for two (2) most recent consecutive months.
5. Disability/Unemployment – Current year’s award letter; with copies of checks/stubs for the two (2) most recent consecutive months.
6. AFDC/Welfare/CALWORKS – Current year’s award letter; with copies of checks/stubs for the two (2) most recent consecutive months.
7. Asset Income – Two (2) months consecutive statements for all asset accounts (checking, savings, CDs, Annuities, trusts, stocks, bonds, life insurance policies, etc.
8. Rental Receipts – Copies of payments received from tenants.
9. Deposits – Copies of ALL check and cash deposits as shown within the two (2) most recent bank statements.

<b>OWNERSHIP AND IDENTIFICATION DOCUMENTS</b>
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1. Ownership – Grant Deed.
2. Insurance – Current Homeowners Insurance Policy.

3. Property Taxes - Tax bill and proof of payment.
4. Residency – Copy of a recent telephone, internet or cable bill.
5. Mortgage – Recent payment statements with current Loan balance.
6. Identification – Current Driver License or California ID card for all persons over the age of 18.
7. Birth Certificate – For any household member under the age of 18.

# Exhibit C – HOME Program Maximum Per-Unit Subsidy Limit

**SUPPLEMENTARY INFORMATION:**

**I. Background**

On January 6, 2025, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining final rule (HOME Final Rule) in the **Federal Register**, available at 90 FR 746. Consistent with the requirements of section 212(e) of the Cranston-Gonzalez National Affordable Housing Act (NAHA),<sup>1</sup> the HOME Final Rule states that HUD will publish its methodology for determining maximum per-unit dollar limits through a publication in the **Federal Register** with the opportunity for comment.<sup>2</sup> The HOME Final Rule, at 24 CFR 92.250(a), also requires HUD to determine the total amount of HOME funds that a participating jurisdiction may invest on a per-unit basis in affordable housing in accordance with NAHA and publish the maximum per-unit dollar limits for the area in which the housing is located annually.

**II. Methodology for Determining Maximum Per-Unit Subsidy Limits for the HOME Program**

Through this notice for comment, HUD is identifying and implementing a methodology for the annual determination of the maximum per-unit subsidy limit.

On May 29, 2024, HUD published the HOME Investment Partnerships Program: Program Updates and Streamlining proposed rule (HOME Proposed Rule) in the **Federal Register**, available at 89 FR 46618. In the HOME

Proposed Rule, HUD proposed to establish the maximum per-unit subsidy limit as 270 percent of the basic mortgage limitations for section 234 of the National Housing Act (12 U.S.C. 1715y) for condominium housing. In the HOME Final Rule, HUD responded to public comments on this proposal, which were generally supportive. For a summary of the comments and HUD's response, see the HOME Final Rule at 90 FR 802.

Following the publication of the HOME Final Rule, HUD reconsidered the public comments and assessed the impact of implementing the maximum per-unit subsidy limit as 270 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing. This would have constituted an increase from 240 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing that has been the basis for the maximum per-unit subsidy limits since the publication of Notice CPD-15-003: Interim Policy on Maximum Per-Unit Subsidy Limits for the HOME Program in 2015. Based on this review, HUD determined that permitting increased spending on HOME projects with higher per-unit costs would result in fewer affordable housing units. Accordingly, through this notice for comment, HUD is establishing the maximum per-unit subsidy limit for the HOME program as 240 percent of the basic mortgage limitations for section 234 of the National Housing Act for condominium housing. HUD believes that maintaining its existing

policy is consistent with the statute and will not negatively impact the production of affordable housing.

HUD is requesting comments from industry stakeholders and other interested persons on the practicability and appropriateness of this maximum per-unit subsidy limit methodology. Public comment in response to this notice for comment provides HUD with the opportunity to perform a higher level of review of current development and construction costs, evaluate ongoing changes in costs due to changes in building codes and industry practices, determine whether different eligible activities (*i.e.*, homeownership versus rental) should have different methodologies, and consider and respond to comments in the implementation of a revised maximum per-unit subsidy limit methodology. HUD will consider the comments it receives in response to this notice for comment when it considers making changes to the maximum per unit subsidy limit methodology or amount in the future.

**III. Maximum Per-Unit Subsidy Limits for the HOME Program**

Consistent with the HOME Final Rule codified at 24 CFR 92.250 and this notice for comment, HUD is establishing the maximum per-unit subsidy limit for the HOME program as 240 percent of the basic mortgage limitations for section 234 of the National Housing Act's condominium housing limit for elevator-type projects.<sup>3</sup> The maximum per-unit subsidy limits are as follows:

Bedrooms	2025 Section 234 Elevator Statutory Limit	2025 HOME Maximum Per Unit Subsidy Limit
0 .....	\$78,191	\$187,658
1 .....	89,634	215,122
2 .....	108,998	261,595
3 .....	141,008	338,419
4 .....	154,782	371,477

HUD intends to issue updated maximum per-unit subsidy limits using this methodology annually. HUD may revise this methodology through the issuance of a future publication for comment in the **Federal Register**.

constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this notice for comment is categorically excluded from environmental review

under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

**Ronald J. Kurtz,**  
Assistant Secretary for Community Planning and Development.

[FR Doc. 2026-06926 Filed 4-9-26; 8:45 am]

## Exhibit D – HOME After-Rehabilitation Property Value Limits

City of Corona PY 2026-2027

### HOME Program 95 Percent Homeownership Value Limit Analysis per 24 CFR 92.254

Prepared: April 14, 2026

According to the HOME Investment Partnerships (HOME) program regulations, HOME-assisted ownership housing must be modest housing with a maximum purchase price (for homeownership programs) or after-rehabilitation property value (for rehabilitation programs) that does not exceed 95 percent of the median purchase price for the area as published by HUD or as determined by the Participating Jurisdiction in accordance with 24 CFR 92.254(a)(2)(iv).

The current HUD-published value for existing 1-unit homes in Riverside County is lower than the median existing single family residential purchase prices in City of Corona and serves as a barrier to program participation.

In accordance with the procedures delineated at 24 CFR 92.254(a)(2)(iv), an analysis was performed to establish a local 95 percent of the median area purchase price limit for existing single-family housing.

Based on data derived from ParcelQuest Appraise covering a 3-month period between January 14, 2026, and April 14, 2026, the following 95 percent of median purchase price limit was determined:

Housing Type	Number of Sales	Median Price	95% of Median Price
Single Family - 1-Unit	286	\$785,000	<b>\$745,750</b>

The 95% of Median Price value shown in the table above will allow the City to use HOME funds to assist program participants in a manner consistent with HOME program requirements. For any other Housing Type not listed above, the City will use the current effective values published by HUD. This analysis is submitted with the 2026-2027 Annual Action Plan in accord with 24 CFR 92.254(a)(2)(iv).

**Attached:** Single Family – 1-Unit Housing Sales Data

**Exhibit E – HOME Income Limits**

**2026 Maximum Gross Annual Income Limits Effective June 1, 2026**

<b>Number in Household</b>	<b>Income Limit</b>
1	\$68,900
2	\$78,750
3	\$88,600
4	\$98,400
5	\$106,300
6	\$114,150
7	\$122,050
8	\$129,900

\*Based on 2026 Median Family Income for the Riverside – San Bernardino Metropolitan Area.