

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

Operations Branch / NOFA Award Section
2020 W. El Camino Avenue, Suite 400, 95833
P. O. Box 952054
Sacramento, CA 95833
(916) 263-2771 / FAX (916) 263-2764
www.hcd.ca.gov



January 6, 2016

Mobilehome Park Rehabilitation and Resident Ownership Program (MPRROP)**Implementing the New
Mobilehome Park Rehabilitation and Purchase Fund (MPRPF)****GUIDELINES IMPLEMENTING SECTION 50784.7 OF
THE CALIFORNIA HEALTH AND SAFETY CODE****SECTION I. PURPOSE AND SCOPE**

The purpose of these guidelines is to implement AB 225 which added Section 50784.7 to the Health and Safety Code, relating to mobilehomes allowing Qualified Nonprofit Housing Sponsors or Resident Organizations to use Mobilehome Park Rehabilitation and Purchase Funds to provide low-cost loans to low-income homeowners in need of repairs or accessibility related upgrades to their mobilehomes. The low-cost loans are to be provided in connection with an MPRROP-funded acquisition or conversion by Qualified Nonprofit Housing Sponsors or Resident Organizations.

SECTION II. DEFINITIONS

In addition to the definitions found in Section 50781 of the Health and Safety Code, unless the context otherwise requires, the following definitions shall apply to these guidelines.

- a. "Rehabilitation" means, in addition to the definition in Section 50096 of the Health and Safety Code, repairs and improvements to a manufactured home necessary to correct any condition causing the home to be substandard pursuant to Section 1704 of Title 25, California Code of Regulations, or to alleviate all substandard conditions which violate the Mobilehome Parks Act, Section 18200, et. seq., of the Code.
- b. "Blanket Rehab Assistance Loan" means a loan made by the Department to Resident Organizations or qualified Nonprofit Housing Sponsors that have previously received or been approved for a loan or loans pursuant to Section 50783, 50784, or 50784.5 of the California Health and Safety Code for the purpose of assisting homeowners within a park proposed for a completed acquisition or conversion.

- c. "Homeowner Rehab Assistance" means the assistance given as individual loans, or other forms of assistance to qualified mobilehome owners from a Blanket Rehab Assistance Loan that was provided to a Resident Organization or a Qualified Nonprofit Housing Sponsor.

SECTION III. BLANKET REHAB ASSISTANCE LOAN – APPLICANT’S ELIGIBIITY

- a. The applicant Resident Organization or Qualified Nonprofit Housing Sponsor must meet the definition of "Resident Organization" or "Qualified Nonprofit Housing Sponsor" specified in Section 50781 of the Health and Safety Code.
- b. The applicant Resident Organization or Qualified Nonprofit Housing Sponsor must demonstrate sufficient organizational stability and capacity to manage a portfolio of individual loans over an extended time period. This capacity may be demonstrated by substantial successful experience in managing a portfolio of individual loans or through other means acceptable to the Department, which may include contracting with an entity, consultant, or local jurisdiction with experience in managing loan portfolios. Such entities would include non-profits or Community Development Financial Institutions, CDFI.
- c. The Resident Organization or Qualified Nonprofit Housing Sponsor may not be in breach or default under any other Department programs.
- d. The Resident Organization or Qualified Nonprofit Housing Sponsor will use the Blanket Rehab Assistance Loan funds for the purpose of assisting low income homeowners to make needed repairs or accessibility-related upgrades to their mobilehomes.

SECTION IV. BLANKET REHAB ASSISTANCE LOAN – AWARDEES RESPONSIBILITIES

The Resident Organization or Qualified Nonprofit Housing Sponsor that received a Blanket Rehab Assistance Loan (Awardee) must use the funds received from the Blanket Rehab Assistance loan as individual loans or other forms of assistance to qualified homeowners:

- a. The Awardee will be responsible for distributing the funds obtained to the most in need lower-income residents as determined by the process approved in the written plan described in subsection (c).
- b. Awardees who have not originated or managed a portfolio of individual loans in the past three years will be considered to lack experience and must contract with an entity, consultant, or local jurisdiction with experience in originating and managing loan portfolios to provide guidance in originating and servicing the individual owner rehab assistance.

- c. The Awardee shall establish and submit to the Department for written approval a detailed written plan describing how funds obtained will be directed and how the funds will be used to assist the homeowners to make repairs and accessibility related upgrades. The written plan should include at a minimum how the Awardee will determine which homes are in need of greatest repair, the extent and cost of the repairs needed, the underwriting guidelines including assistance approval and denial protocols, and procedures related to privacy of applicants, any past or future claims against Awardee, and appeal procedures for Awardee decisions. The following should be addressed in the plan:
1. Awardee shall determine the rehabilitation work to be performed on the mobile home by conducting an initial property inspection.
 2. Awardee shall ensure that the rehabilitation work funded pursuant to the program guidelines shall be performed in a competent, professional manner at the lowest reasonable cost consistent with market conditions.
 3. All repair work related to health and safety conditions will meet the applicable standards. The priority will be the elimination of health and safety hazards. Replacement materials will be of similar grade and quality to the original construction. Substantial upgrades such as granite countertops, travertine tile or premium carpet are not permitted. The homeowner may pay the difference.
 4. Eligible costs include: (i) Cost of rehabilitation of the mobile home as defined in Section II herein; (ii). Cost of building permits and other related government fees; (iii). Cost of an appraisal, architectural, engineering, and other consultant services that are directly related to the rehabilitation of the property; (iv). Non-recurring loan closing costs.
 5. Awardee shall ensure that all general contractors and subcontractors selected by the homeowner/borrower are licensed by the Contractors State License Board and that they maintain Workers' Compensation and Employer Liability Insurance to the extent required by State Law. The contractor selected shall complete the work in accordance with a construction contract executed between the contractor and the borrower and approved by the Awardee. The homeowner may be allowed to do his or her own work if he or she has a valid California Contractor's License.
 6. Awardee shall monitor the rehabilitation for compliance with the construction contract and establish practices to insure that payments to the contractor are properly disbursed on behalf of the homeowner.
 7. The homeowner/borrower will not be required to pay any costs for the assistance such as application fees, loan processing or document fees. These costs are incurred by the Awardee and reimbursed from the Blanket Rehab Assistance Loan to the Awardee. Other costs such as inspections, haul away, disposal bins, architects fees, permit fee, can be included in the loan.

- a. The Awardee shall submit to the Department their template Homeowner Rehab Assistance documents and procedures for securing the loan made to the mobilehome owner.
- b. All aspects of providing the owner rehab assistance must meet all State statutory requirements including the California Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) or indicate an exception from complying with these requirements.
- c. The Awardee will keep a copy or cause a copy to be maintained of each applicant's file that will contain, at a minimum, the documents used to determine the applicant's eligibility and need.

SECTION V. BLANKET REHAB ASSISTANCE LOAN – TERMS AND REQUIREMENTS

All of the following shall apply to the Blanket Rehab Loans provided to Resident Organizations or Qualified Nonprofit Housing Sponsors:

- a. The Blanket Rehab Assistance Loans shall be for a term of no more than 40 years and shall bear interest at a rate of 3 percent per annum. The Applicant may request a lower interest rate providing the justification for the request. The Department may grant the request for a lower interest rate if a lower interest rate is necessary and will not jeopardize the financial stability of the fund.
- b. The Department may establish flexible repayment terms for the Blanket Rehab Assistance Loans provided the terms do not represent an unacceptable risk to the security of the Fund.
- c. The Blanket Rehab Assistance Loans shall be for the amount necessary to assist the low income homeowners within the park to make needed repairs or accessibility-related upgrades to their mobilehomes while maintaining the monthly housing costs of low income residents at an affordable level.
- d. The Department shall obtain the best available security for the Blanket Rehab Assistance Loans made pursuant to this section. As a minimum, the security will include a promissory note and deed of trust recorded or referenced in a recorded document on the mobilehome park in the office of the County recorder of the County in which the mobilehome park is located.

SECTION VI. HOMEOWNER ELIGIBILITY

The determination of the homeowner's eligibility for homeowner rehabilitation assistance shall include:

- a. The determination that the household's gross income is less than or equal to the Department's low-income limits for the applicable county and household size.
- b. The household is a resident of the park, is the owner of the mobilehome, and possesses the rights of tenancy under the Mobilehome Residency Law (Civil Code Sections 798 – 799.11) or possesses the rights of ownership in a subdivision, cooperative or condominium for mobilehomes.

SECTION VII. REPORTING REQUIREMENTS

The Department retains the right to actively monitor the activities of the Resident Organization or Qualified Nonprofit Housing Sponsor to verify statutory and regulatory compliance for the rehabilitation loans. The Department will provide prior notification to the Resident Organization or Qualified Nonprofit Housing Sponsor when the Department is scheduling a visit to review applicant files and monitor performance of the loan origination work.