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REGULATIONS OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CALIFORNIA CODE OF REGULATIONS, TITLE 25 DIVISION 1, CHAPTER 7 SUBCHAPTER 13. MOBILE HOME PARK REHABILITATION AND RESIDENT OWNERSHIP PROGRAM

HCD INFORMATION ONLY

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25 CCR § 8000

§ 8000. Scope and Authority.

These regulations establish the Mobilehome Park Rehabilitation and Purchase Fund and the policies and procedures for the allocation and use of financial assistance from the Mobilehome Park Purchase Fund consistent with the objectives and requirements of the statutes. The department may provide financing from the fund for the following types of program loans:
(a) conversion loans, pursuant to Section 8006;
(b) blanket loans, pursuant to Section 8008; and
(c) individual loans, pursuant to Section 8010.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 50780, 50781, 50783 and 50784, Health and Safety Code.

HISTORY

1. New Subchapter 13 (Sections 8000-8032, not consecutive) filed 11-25-85; effective upon filing pursuant to Government Code Section 11346.2(d) (Register 85, No. 48).
2. Amendment of subchapter heading, section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
3. Change without regulatory effect amending section filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8000, 25 CA ADC § 8000

25 CCR § 8002

§ 8002. Definitions.

In addition to the definitions found in Section 50781 and Chapter 2 (commencing with Section 50050) of the Health and Safety Code, the following terms and definitions shall apply to this subchapter.
"Affordable housing costs" means that the housing costs for a low-income resident shall not exceed 30% of that resident's monthly gross income unless the department approves an amount exceeding this standard based on one or more of the following conditions which provide overriding and special reasons for exceeding this goal:
(a) the project would be financially infeasible without housing costs in excess of this standard due to factors such as lenders' more stringent underwriting requirements for park conversions, lack of adequate financial assistance, unique factors which limit project rental income, exceptional conversion costs beyond the control of the residents, or other similar extraordinary factors approved by the department; or

(b) a satisfactory credit record has been maintained by the household, and the household has demonstrated an ability to sustain the proposed housing expense; or the department determines that the eligible household can assume such greater responsibility based on an analysis of future anticipated income or reduction in debt. If the 30% of income standard cannot be achieved, under no circumstances shall the housing costs of a low-income resident exceed the greater of 40% of the resident's gross monthly income or the resident's housing prior to the conversion.
"Code" means the California Health and Safety Code.
"Committee" means the committee designated by the director pursuant to Subchapter 1 (commencing with Section 6900) of Chapter 6.5 of this Part.
"Equity" means a cash contribution or interest in the property pledged as collateral, but does not include secured debt junior to the department's loan.
"Gross income" means all income as defined by Section 6914 of this Part received by a resident except that the value of net family assets shall be limited to the actual amount of income derived from those assets.
"Housing costs" means the housing cost of a purchaser as defined in Section 6920 of this Part.
"Individual interest" means an individual interest in a mobilehome park as defined in Section 50781 (f) of the Code.
"Loan Originator" means an entity approved by the department to underwrite or originate loans, or evaluate the eligibility of applicants for program assistance.
"Local public entity" has the same meaning as set forth in Section 50079 of the Code.
"Low-income resident" means a person or household who is a resident of the mobilehome park and who is a lower- income household as defined in Section 50079.5 of the Code and Subchapter 2 of Chapter 6.5 of this Part, with the exception that gross income shall be calculated pursuant to the definition in this subchapter.
"Mobilehome" means any of the following:
(a) a mobilehome as defined in Section 18008 of the Code.
(b) a manufactured home as defined in Section 18007 of the Code.
(c) a recreational vehicle as defined in Section 18010 of the Code.
(d) factory-built housing as defined in Section 19971 of the Code.
"Mobilehome park" means mobilehome park as defined in Section 50781(i) of the code.
"Mortgage lender" means a bank or trust company, mortgage banker, federal or state chartered savings and loan association, credit union or other financial institution, or a local public entity.
"Need for Assistance" means the amount of program assistance required to achieve affordable housing costs for low-income residents.
"Program" means the Mobilehome Park Rehabilitation and Purchase Fund.
"Project" means a mobilehome park which has received a loan commitment or loan pursuant to this subchapter.
"Qualified nonprofit housing sponsor" means a nonprofit housing sponsor as defined in Section 50781(k) of the Code.
"Rehabilitation" means substantial repairs and improvements to the project which are necessary to a) conform with legally authorized requirements of state or local government in order to receive approval to convert the park to resident ownership, b)

meet reasonable and minimum property standards established by a lender for the project, and c) alleviate all substandard conditions which violate the Mobilehome Parks Act, Section 18200, et. seq., of the Code.
"Resident" means an individual or household who actually resides in a mobilehome park as that person's principal residence.
"Resident organization" means an organization of mobilehome park residents which has all of the following characteristics:
(a) is a legally recognized entity;
(b) is able to enter into a contract;
(c) is capable of suing or being sued;
(d) may include residents from more than one park; and
(e) has as members no less than two-thirds of the residents from each park that is represented by the organization.
"Resident ownership" means the ownership of an interest in a mobilehome park by a resident organization, which entitles the resident organization to regulate the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests by residents in a mobilehome park, or both.
"Rural area" means an area as defined in Section 50199.21 of the Code.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 18008, 18007, 18010, 18200, et. seq., 19971, 50050-50105, 50406, 50780, 50781, 50782, 50783, 50784, 50785, 50786 and 50786.5, Health and Safety Code; and Sections 6900 et seq., Title 25, Administrative Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Amendment of definition of "Rural area" filed 7-11-2005; operative 8-10-2005 (Register 2005, No. 28).
3. Change without regulatory effect amending definition of "Program" filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8002, 25 CA ADC § 8002

§ 8004. General Provisions.

(a) The department shall make loans to eligible borrowers for eligible projects pursuant to this subchapter. Program loans shall be subject to terms and conditions which meet the requirements of the Code and this subchapter. Loans shall be secured by the best available security. In all cases, the term of any loan shall not exceed the lesser of either the term of the ownership interest or the economic life of the property, but no more than 40 years. Program loans shall bear interest at the rate of three percent (3%) simple interest per annum, unless the Department finds that a lower interest rate is necessary and will not jeopardize the financial stability of the Fund. Monthly payments shall be required for all loans unless an alternative repayment schedule is approved pursuant to subsection (d). The department may assess late fees or penalties for late payments not to exceed more than 5% of the scheduled payment. Loans provided pursuant to this subchapter shall not be assumable by another borrower, except where the department determines that an assumption by another eligible borrower is necessary to prevent a financial loss. The terms of assumption may be different than originally underwritten and offer the greatest opportunity for full repayment as determined by the department.

(b) In order to be eligible to apply for assistance pursuant to this subchapter, a project must be a mobilehome park in which at least one low income household is a resident. Parks to be acquired by nonprofit housing sponsors and local public entities must have the support of at least two-thirds of the residents living in the park in order to be eligible to apply for program funding. In a resident owned park, the resident organization must have the support of at least 2/3rds of the residents at the time of application, and 2/3rds of the residents must participate as members of the resident organization at the time of funding. The park upon completion of the conversion must meet the minimum standards of the Mobilehome Parks Act. Eligible Projects costs may include conventionally constructed dwellings and nonresidential structures provided that such structures and the underlying land are used by the resident organization as common recreational facilities, office or storage space, or which generate revenue for the benefit of all residents of the park, or which serve other purposes available to all residents of the park.

(c) The department shall establish maximum limits on the amount of funds which may be committed to a project pursuant to this subchapter. The maximum loan limit for any single project shall be based upon factors such as the amount of funds available, anticipated program revenue, the required rural set-aside, and the size of anticipated or pending loan applications. The limitation on commitment size will be specified in each request for proposals and approved by the Director when it is issued for this program.

(d) The department may consider requests for alternative repayment schedules for program loans from applicants and borrowers. Such requests shall propose the repayment schedule desired and provide evidence that an alternative schedule is necessary for the financial feasibility of the project and/or to achieve affordable housing costs. The department may approve the request, in whole or in part, if the need is demonstrated and the program's security interest will be adequately protected through the alternative schedule. The decision to approve an alternative repayment schedule

shall be within the sole discretion of the department. All loan applications for conversion or blanket loans that request an alternate repayment schedule shall be reviewed by the committee prior to the director's approval.
(e) Program funds may not be used to facilitate the purchase of a park by a qualified nonprofit corporation or a local public entity from a public entity that acquired the park prior to the commitment of the loan from the program.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 18200, et. seq. 50406, 50406.2, 50783, 50784 and 50786, Health and Safety Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Amendment of subsections (a) and (d) filed 7-11-2005; operative 8-10-2005 (Register 2005, No. 28).
3. Change without regulatory effect amending subsection (a) filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8004, 25 CA ADC § 8004

25 CCR § 8006

§ 8006. Conversion Loans.

(a) Conversion loans from the fund shall provide short term financing for conversion costs to resident organizations, qualified nonprofit housing sponsors, and local public entities. Conversion loans shall not exceed any of the following:
(1) To the extent possible, 50 percent of the conversion costs for the project. However, the loan may be up to 95 percent of the approved conversion costs attributable to the percentage of lower income households in the park when approved by the department.
(2) the maximum loan amount established in each request for proposals pursuant to Section 8004(c).
In addition, the total debt secured in a senior position to the department's loan plus the department's loan shall not exceed 115% of the value of the collateral securing the loan. The amount of any item of conversion cost shall be subject to department approval based on its necessity, reasonableness, eligibility, and impact on the financial feasibility and security of the project. The loans shall have a maximum term of three years. Borrowers shall make monthly payments of interest only during the loan term unless an alternative repayment term has been approved pursuant to Section 8004(d) and shall repay the loans upon the recordation of permanent financing documents to complete the conversion of the project.

(b) Conversion loans shall provide only supplemental interim financing for conversion costs directly related to the conversion and shall be prorated or limited pursuant to subdivision (a). Conversion loans may be used for conversion costs including, but not limited to, the following items to the extent approved by the department:
(1) the acquisition cost of the mobilehome park;
(2) loan origination, appraisal, inspection, and other related financing costs;
(3) title and escrow fees, recording fees, and other related closing costs;
(4) engineering, legal and other professional fees;
(5) expenditures required to obtain governmental approvals;
(6) relocation costs pursuant to Section 8020;
(7) rehabilitation costs; and
(8) contingency funds.
(c) Conversion loans to local public entities shall comply with the following requirements in addition to those requirements in subdivision (a) and (b):
(1) Program commitments to local public entities must be made prior to the acquisition of the park:
(2) At the time of funding the park to be acquired must have at least 30% low income residents;
(3) Residents participation must be ensured by either resident representation on the Board of Directors of the entity that acquires permanent ownership of the park or by representation on a permanent resident advisory board.
(4) Where a park is acquired by a local public entity for transfer to a nonprofit sponsor or resident organization, the transfer must occur within 3 years or the loan must be repaid in full to the department. An additional 3 years may be granted upon a determination by the department that a good faith effort to transfer the park has been made.
(5) Where loans are made to a qualifying nonprofit housing sponsor or a local public entity, a regulatory agreement which regulates occupancy, rents and park operations shall be recorded.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50781(b), 50783, 50784, 50785(a)(5) and 50786(c), Health and Safety Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Change without regulatory effect amending subsection (a)(2) filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8006, 25 CA ADC § 8006

25 CCR § 8008

§ 8008. Blanket Loans.

(a) Blanket loans from the fund shall provide long term permanent financing to resident organizations, qualified nonprofit housing sponsors and local public entities for the purpose of achieving affordable housing costs for low-income residents.
The loans shall not exceed any of the following:
(1) To the extent possible, 50 percent of the conversion costs attributable to low-income spaces. The department may approve loan amounts up to 95 percent of the approved conversion costs attributable to the percentage of lower income households in the park. The department may grant the higher loan amounts only if the project applicants demonstrate that no other funds are available and the project would not otherwise be feasible.
(2) the aggregate need for assistance of low-income residents who possess the tenancy rights of Sections 798.12 of the Civil Code. The amount approved for a blanket loan, as a percentage of the total project cost, shall not exceed the percentage of park residents who are low income.
(3) the loan limit established pursuant to Section 8004(c).
Projects receiving blanket loans shall have department-approved programs of assistance for low-income residents. A program of assistance shall establish the financial mechanism used by a resident organization to direct the benefits of a blanket loan to low-income residents, which may include, but is not limited to rent skewing and internal loans. The amount of any item eligible for funding with a blanket loan shall be subject to department approval based on its necessity, reasonableness, eligibility, and impact on the financial feasibility and security of the project.
Blanket loans shall not have terms in excess of 40 years. The loans shall have monthly payments amortized over the term of the loan unless an alternative repayment schedule has been approved pursuant to Section 8004 (d). In addition, the total debt secured in a senior position to the department's loan plus the department's loan shall not exceed 115% of the value of the collateral.
(b) Blanket loans may provide funds to eligible borrowers for the following eligible costs, to be prorated or limited to pursuant to subdivision (a):
(1) to repay a conversion loan or replace interim or short-term financing that was used to acquire or rehabilitate the park. For purposes of this subchapter, "short-term" means not over three years;
(2) to pay, to the extent approved by the department, any costs eligible for conversion loans listed in subdivision 8006(b);
(3) to establish operating reserves;
(4) to provide long-term financing for a project;
(5) to supplement other public or private financing;
(6) to enable low-income residents to obtain individual interests; or
(7) to enable low-income residents to remain in the project.
(8) subject to Section 50784(h) of the Code, program funding may be used to finance the cost of relocating the residents of a mobilehome park to a more suitable site within the same jurisdiction.

(9) to pay developer fees for qualified nonprofit housing sponsors, not to exceed tax credit limits if the project receives federal tax credits, or if the project does not receive tax credits, five percent of total project cost or $100,000, whichever is greater.
(c) Nonprofit Housing Sponsors shall comply with the following requirements in addition to those in subdivision a and b:
(1) The parks must have at least 30% low income residents at the time of funding.
(2) Parks that are acquired by a nonprofit housing sponsors shall ensure resident participation by either having resident representation on their Board or by establishment of a permanent resident advisory board.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50784 and 50785(a)(5), Health and Safety Code; and Sections 798.12 and 799.45(b), Civil Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Change without regulatory effect amending subsection (a)(3) filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8008, 25 CA ADC § 8008

25 CCR § 8010

§ 8010. Individual Loans.

Individual loans from the fund shall provide long term permanent financing to low-income residents for the purposes of acquiring an individual interest and achieving affordable housing costs. In order to be eligible for an individual loan, a low-income resident must possess the tenancy rights of Section 798.12 of the Civil Code, or have entered into one or more agreements to rent and occupy a park space and mobilehome prior to project application. The loans shall not exceed any of the following:
(1) To the extent possible, 50 percent of the acquisition cost of the individual interests including nonrecurring closing costs,
(2) the need for assistance or
(3) the maximum loan amount established pursuant to Section 8004(c). However, the loan amount may be approved for up to 95 percent of the approved acquisition costs of the individual interest in the park if the lower income resident can demonstrate that no other funding is available and the purchase would not otherwise be feasible. In addition,

borrowers of individual loans shall possess no less than 5 percent equity in the collateral securing the loan. For the purposes of this section, equity does not include secured debt junior to the department's loan. The amount of any item eligible for funding with an individual loan shall be subject to departmental approval based on its necessity, reasonableness, eligibility and impact on the financial feasibility and security of the project. Individual loans shall not have terms in excess of 40 years. The loans shall have monthly payments amortized over the term of the loan unless an alternative repayment schedule has been approved pursuant to Section 8004(d).
Where a local public entity acquires a park and applies for program assistance for the purchase of individual interests, the program may make individual loans when a simple majority of households residing in the park actually purchase, or have opened escrow to purchase, interests or spaces in the park.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50781, 50784 and 50786.5, Health and Safety Code; and Sections 798.12 and 799.45 (b), Civil Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Change without regulatory effect amending subsection (3) filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).
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25 CCR § 8010, 25 CA ADC § 8010

25 CCR § 8012

§ 8012. Applications for Loan Commitments.

(a) The department shall award loan commitments through the issuance of Notice of Availability of Funds (NOFA). The NOFA identify whether applications will be accepted on a competitive basis with a specified deadline and/or on an over-the-counter basis. The department will determine which method will best implement the goals and purposes of the program. Applicants may submit applications for loan commitments only in response to a NOFA issued by the department. A single application shall be submitted for a commitment for all program loans desired for the project.
(b) Department forms shall be used for applications which shall include the following.
(1) evidence of the eligibility of the applicants, project, and all activities;
(2) a description of the project and how the program funds will be used;
(3) a detailed plan and scheduled for implementing and administering the project;
(4) a detailed financial plan for the project which identifies the anticipated sources of all financing and the proposed specific uses for program funds;

(5) the qualifications of the parties implementing and administering the project;
(6) evidence or a certification of compliance with relevant state and local laws and ordinances, or a detailed description of how and when compliance will be achieved;
(7) evidence signed by a representative of the local government that the project complements the implementation of a local housing program to preserve or increase the supply of housing for persons and families of low and moderate income, and will be consistent with local zoning and land use policies upon completion.
(8) evidence that the resident organization has site control which means the right or ability to obtain possession of the mobilehome park for a period of not less than 15 years. Such evidence includes, but is not limited to, an executed contract to purchase, an executed irrevocable option agreement, or a written agreement from the property owner to convert the mobilehome park to resident ownership;
(9) a program of assistance for low-income residents if a blanket loan is requested;
(10) a statement concerning the potential for displacement of residents from the project and a plan to provide specific mitigation measures or relocation benefits consistent with Section 8020;
(11) a commitment from a loan originator selected by the applicant or a plan for selecting a loan originator to originate individual loans if the application is exclusively for such loans;
(12) written authorization from the applicant's governing boards in the form of a certified resolution to submit an application for a loan commitment;
(13) any commitments from the local public entity and/or other sources to provide financial and other assistance to the project; and
(14) other information required by the department to determine the eligibility of, evaluate the feasibility of, and rate the project.
(c) The department shall have sole discretion to approve or disapprove the adequacy of each item in the application based on the criteria for review in Section 8014. Where the department concludes that information is inadequate it may return applications for additional information or reject applications if it deems that the inadequacies cannot be cured within a reasonable time.
(d) The department shall condition any release of funds on completion of any items which are not completed at the time of application.
Note: Authority cited: Sections 50406(n) and 50786, Health and Safety Code.
Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

HISTORY

1. Amendment filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Amendment of subsections (a), (b)(12) and (b)(14) filed 7-11-2005; operative 8-10-2005 (Register 2005, No. 28).
3. Change without regulatory effect amending subsection (a) filed 10-13-2015 pursuant to section 100, title 1, California Code of Regulations (Register 2015, No. 42).

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25 CCR § 8012, 25 CA ADC § 8012

25 CCR § 8014

§ 8014. Review and Rating of Projects.

(a) The department shall rate applications and award funds based upon the following criteria:
(1) the extent to which the project achieves the goal of limiting housing costs for low-income residents to 30% of gross monthly income;
(2) the extent to which there will be no involuntary displacement from the project;
(3) the extent to which the project is prepared to convert based upon the speed and ease with which the project can be completed once funds are awarded;
(4) the capacity of the borrower, loan originator, consultants and other parties to complete the project and fulfill the requirements established for the program by this subchapter;
(5) the extent to which the proposed ownership structure provides long-term security of tenure.
(6) the extent to which the project complements local programs or plans to preserve or increase the supply of low and moderate income housing and mobilehome park spaces;
(7) the degree of support provided to the project by the residents, local government and other parties;
(8) the financial feasibility of the whole project, including the rents from all residents and their relationship to reasonable market rents, the total cost of conversion and operation, and other factors which relate to the security of the department's loans;
(9) the extent to which program funds will be used in the most efficient manner to assist the maximum number of low-income residents;
(10) the extent to which the project has the lowest possible costs given program requirements and local market conditions;
(11) the extent to which the project will receive below market financing and other assistance, including the value of administrative functions provided by a local public

entity pursuant to Section 8018(c). The department shall take into account the resources which are available to the local public entity when considering this factor;
(12) the allocation of funds throughout the State pursuant to Section 50785 of the Code; and
(13) the awarding of additional points for applications from resident owned parks.
(b) In the event that eligible applications are received requesting more funds than are available for award, the department will rank applications according to scores received pursuant to paragraph (a) of this section.
(c) In each request for proposals, the department shall allocate no less than 20% of the funds available for this program to rural areas. In the event that there is an inadequate number of rural project applications that are feasible based on the factors in subsection (a), the department may make additional awards to non-rural projects.
Note: Authority cited: Sections 50406 (n) and 50786 (a), Health and Safety Code. Reference: Sections 50406, 50406.2, 50780, 50785 and 50786, Health and Safety Code.

HISTORY

1. Amendment of subsections (a)(4)-(a)(5) and (a)(11)-(a)(12) and new subsection (a)(13) filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
2. Amendment of section heading and subsection (a), new subsection (b) and subsection relettering filed 7-11-2005; operative 8-10-2005 (Register 2005, No. 28).
This database is current through 12/25/15 Register 2015, No. 52
25 CCR § 8014, 25 CA ADC § 8014

25 CCR § 8016

§ 8016. Approval of Projects and Commitment of Funds.

(a) Program staff shall review applications for loan commitments and prepare recommendations based on the above factors. Applicants shall be notified of the staff recommendation and of the date and time that the committee will consider their applications.
(b) The committee shall evaluate applications and make recommendations to the director pursuant to Section 6904 of this Part.
(c) The director shall review the committee recommendations and approve, approve with amendments, or disapprove the applications. The director's decision shall be final. Written notification of the approval of an application shall constitute a conditional loan commitment from the fund.
(d) The department shall inform the applicant in writing of the director's decision. An approval shall set forth the terms and conditions, if any, placed on the approval.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

25 CCR § 8020

§ 8020. Displacement and Relocation.

(a) The project shall ensure that no resident is involuntarily displaced from the project without proper notice, assistance and compensation. A resident who is offered an opportunity to remain in the park after the conversion through continuation of the tenancy at generally the same terms as existed prior to conversion, shall not be considered involuntarily displaced.

(b) In all situations where a resident may be involuntarily displaced, the following shall apply:

(1) The project shall comply with the Mobilehome Residency Law, Section 798, et. seq., of the Civil Code.

(2) Where the park is converted pursuant to the Subdivision Map Act, Division 2 of Title 7 of the Government Code, the project shall comply with Section 66427.4 and Section 66427.5 of the Government Code. For the purposes of this section, the term preconversion rent as used within Government Code Section 66427.5 shall mean for public entity acquisitions those rents which were in effect at the time of the initiations of the negotiations; or for resident organization or nonprofit entity acquisitions those rents which were in effect at the time of the initial agreement for sale. For the purpose of calculating allowable rent levels which may be charged pursuant to Government Code Section 66427.5(d)(1), project sponsors may achieve market rents over the permissible four-year period through equal annual increases. The amounts of such equal annual increases are to be calculated based on the difference between the pre-conversion rents and market rents at the time of conversion. To the extent that the rent levels at the end of the fourth year lag behind market rents at that time, rents may be raised to current market levels in the fifth year.

(3) Where the park is converted to a limited-equity housing cooperative pursuant to Section 33007.5 of the Code, the project shall comply with Section 65863.7 of the Government Code.

(4) Where applicable, the project shall provide assistance and payments consistent with the requirements of the Relocation Act Section 7260, et. seq., of the Government Code and the relocation guidelines contained in Chapter 6 (commencing with Section 6000) of Part I of this Title.

(5) The project shall comply with all other applicable federal, state and local ordinances, laws or regulations which have requirements in excess of those of this section.

(c) Program funding may not be used to relieve a park owner of any responsibility for mitigating the impacts of a park closure on tenants.

Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 33007.5, 50406, 50780(b), 50784(h) and 50786(d)(2), Health and Safety Code; Section 798, et. seq., Civil Code; Sections 7260, et. seq., 65863.7 and 66427, Government Code; and Section 6000, et. seq., Title 25, Administrative Code.

HISTORY

1. Amendment of subsection (b)(2), new subsection (c) and amendment of Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).

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25 CCR § 8020, 25 CA ADC § 8020

25 CCR § 8022

§ 8022. Transaction Documents.

(a) Applicants shall submit all legal documents related to the conversion or operation of the project for department review and approval.
(b) The department shall prepare and execute standard loan agreements with applicants who receive loan commitments pursuant to Section 8016 (c). The standard agreement shall specify the terms and conditions which govern the loans and shall require the subsequent execution of conversion agreements, regulatory agreements, notes, and other instruments securing the department's interest.
(c) The department may enter into conversion agreements with borrowers who receive conversion loans and may required other entities who have a vested interest in the projects to be a party to the agreements. The conversion agreements shall specify the terms and conditions governing the use of conversion loan funds and the funding of blanket and individual loans.
(d) The department shall enter into regulatory agreements with borrowers who receive conversion or blanket loans and may require other entities who have a vested interest in the projects to be a party to the agreements. The regulatory agreements shall specify the terms and conditions governing the management and operations of the project and the program of assistance for low-income residents. For a qualifying nonprofit housing sponsor or local public entity, a regulatory agreement shall include but not be limited to provisions that regulate occupancy, rents, and park operations.
(e) Borrowers shall execute promissory notes and deeds of trust and/or other instruments securing state loans as required by the department. The form and content of these documents shall ensure that the loans are adequately secured.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code. Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

HISTORY

1. Amendment of subsections (b)-(d) filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
This database is current through 12/25/15 Register 2015, No. 52
25 CCR § 8022, 25 CA ADC § 8022

25 CCR § 8024

§ 8024. Loan Origination and Servicing Agreements.

(a) The department shall require the project applicant to execute loan origination and/or servicing agreements with the loan originator specified by the project applicant and approved by the department. It shall be the responsibility of loan originators or loan servicers, where servicing responsibilities are not performed by the department, to do the following:
(1) accept and review applications for blanket and individual loans and verify information pertaining to the applications;
(2) determine each applicant's eligibility for assistance and his/her credit worthiness and ability to make any required payments;
(3) make recommendations to approve or deny each application, determine the amount of assistance and submit these recommendations to the department for approval;
(4) prepare all loan documents and make necessary arrangements to close the loans;
(5) submit loan packages, all documents determining assistance, including executed loan documents to the department subsequent to the close of escrow;
(6) transmit loan payments to the department according to a schedule established by the department;
(7) notify the department of defaults and delinquencies on program loans and loans which are senior to program loans; and
(8) enforce the terms of the notes and deeds of trust or other instruments securing repayment of the program loans.
(b) Loan originators and loan servicers shall report to the department and provide certifications to the department concerning their compliance with the terms and conditions of the origination and/or servicing agreement. The department shall periodically monitor the activities of loan originators or loan servicers to verify compliance.
(c) Prior to funding any loan the department shall review and approve the loan origination fees and any other fees proposed to be charged by the loan originator or loan servicer. The department may pay such fees to loan originators or loan servicers as provided in the origination and servicing agreement. Such fees shall not exceed the prevailing rate charged by the industry for comparable loans.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code.
Reference: Sections 50406, 50406.2 and 50786, Health and Safety Code.

HISTORY

1. Amendment filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
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25 CCR § 8024, 25 CA ADC § 8024

25 CCR § 8026

§ 8026. Blanket and Individual Loan Origination.

(a) Low-income residents who apply for individual loans or the benefit of blanket loans shall use forms and follow instructions approved by the department. Such applications shall include, but not be limited to, the following:
(1) evidence of eligibility for an individual loan or the benefit of a blanket loan;
(2) information on the income, debts and credit worthiness of the applicant;
(3) authorization to investigate and verify the information provided by the applicant;
(4) authorization for the loan originator, local public entity and department to share information in order to make decisions concerning action on the application; and
(5) a certification that the information provided by the applicant is true and accurate.
(b) Applications for individual assistance under blanket loans shall consist of separate applications from individual residents who will benefit from the blanket loan.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code.
Reference: Sections 50406 and 50786, Health and Safety Code.

HISTORY

1. Amendment filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
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25 CCR § 8026, 25 CA ADC § 8026

§ 8028. Disbursement of Loan Funds.

(a) The department shall disburse funds pursuant to the terms and conditions specified in the transaction documents with the departments.
(1) The department shall condition the disbursement of funds on the execution and recordation of those documents necessary to secure its financial and statutory interests, which may include, but are not limited to: promissory notes, deeds of trust, or regulatory agreements.
(2) The department may disburse funds directly to parties other than to signatories to the standard agreement if payments to those parties are specified in the standard agreement.
(3) The department may disburse funds prior to the borrower satisfying all of the conditions of Section 50786(d) of the Code if the funds will be held by a local public entity, mortgage lender or escrow company until conditions are met.
(4) Advance payments not exceeding 25% of the loan amount may be made if the department determines they are necessary to complete the project and if the State's interest and security are met.
(b) The department shall establish presale requirements for each project which must be met prior to the closing for a blanket or individual loans. The presale requirements may include additional requirements such as a higher, minimum percentage of sales if needed to protect the security of program loans. Where program loan funds are being used to purchase individual ownership interests, the minimum percentage of 67 percent (67%) of occupied spaces may be increased to 67 percent (67%) of all spaces in the park. Sales, for the purpose of calculating this percentage, shall include previously consummated sales, sales to be financed with program loans that are ready to close, and sales with other financing that will be consummated simultaneously with the closing of the program loans.
(c) The department may fund blanket loans and individual loans in escrow from the repayment of conversion loans for the project. The department may provide partial releases from the deed of trust and the regulatory agreement as individual loans are funded and recorded.
Note: Authority cited: Sections 50406(n) and 50786, Health and Safety Code.
Reference: Sections 50406, 50406.5 and 50786, Health and Safety Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
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25 CCR § 8028, 25 CA ADC § 8028

25 CCR § 8030

§ 8030. Monitoring and Reporting.

(a) The department shall, directly or through a third party, monitor the activities of borrowers and the progress of projects for the following purposes:
(1) to verify compliance with the terms and conditions of contracts and agreements;
(2) to ensure the success of the project; and
(3) to protect the security of program loans.
(b) The department shall require borrowers to provide periodic reports using a department-approved format which will provide the information necessary to fulfill the requirement of Section 50786 of the Code and all other requirements of the program.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code.
Reference: Sections 50406 and 50786, Health and Safety Code; and Section 7938, Title 25, Administrative Code.

HISTORY

1. Amendment of section and Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
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25 CCR § 8030, 25 CA ADC § 8030

25 CCR § 8032

§ 8032. Defaults, Workouts and Foreclosures.

(a) In the event of a breach or violation by the borrower of any of the provisions of the standard agreement, the regulatory agreement, the promissory note, or the deed of trust, or any other agreement pertaining or securing the MPROP loan, the department may give written notice to the borrower to cure the breach or violation within a period of not less than 30 days. If the breach or violation is not cured to the satisfaction of the department within the specified time period, the department, at its option, may declare a default under the relevant documents and may seek legal remedies for the default including the following:
(1) The department may accelerate all amounts, including outstanding principal and interest, due under the loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the department may proceed with a foreclosure in accordance with the provisions of the deed of trust and state law regarding foreclosures.
(2) The department may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to operate the park in accordance with program requirements.

(3) The department may seek such other remedies as may be available under the relevant agreement or any law.
(b) In the event that the breach or violation involves charging rent or other charges in excess of those permitted under the regulatory agreement, the department may demand the return or compensation of such excess rents or other charges to the affected households. In any action to enforce the provisions of the regulatory agreement, the department may seek as additional remedy, the repayment of such overcharges.
(c) Loan commitments may be cancelled by the department under any of the following conditions:
(1) the objectives and requirements of the program cannot be met;
(2) implementation cannot proceed in a timely fashion in accordance with the approved plans and schedules;
(3) special conditions have not been fulfilled within required time periods;
(4) the conversion has not commenced or been completed within three years of the date of loan approval;
(5) there has been a material change in the principals or management of the sponsor or project, which was not approved by the department.
Upon receipt of a notice of intent to cancel the loan from the department, the borrower shall have the right to appeal to the Director.
(d) The department may use amounts available in the fund for the purpose of curing, or avoiding, defaults on the terms of any loan or other obligation which jeopardize the fiscal integrity of the park or the integrity of any individual interest in a park. Such defaults include defaults or impending defaults in payments on mortgages, failures to pay taxes, or failures to maintain insurance or required operating reserves. The payment or advance of funds by the department pursuant to this subdivision shall be solely within the discretion of the department. All funds so advanced shall be part of and added to the loan and, upon demand, due and payable to the department.
Where it becomes necessary to use the fund for the purpose of assisting a project to avoid threatened defaults or foreclosures, the department shall take those actions necessary, including but not limited to, foreclosure or forced sale of the project property, to prevent similar occurrences and insure compliance with the terms of the applicable agreements.
Note: Authority cited: Sections 50406(n) and 50786(a), Health and Safety Code.
Reference: Section 50406, Health and Safety Code.

HISTORY

1. Amendment of section heading, repealer and new section, and amendment of Note filed 5-11-2001; operative 5-11-2001 pursuant to Government Code section 11343.4 (Register 2001, No. 19).
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25 CCR § 8032, 25 CA ADC § 8032