



**State of California
Department of Housing and Community Development**

**ReCoverCA Single Family Reconstruction
Policies and Procedures**

Version: v1.0

Overview

1. Purpose: To establish the policies and procedures for the administration of the 2021 ReCoverCA Single Family Reconstruction Program.
2. Applies to: All HCD employees, individuals and organizations representing HCD while administering the 2021 ReCoverCA Single Family Reconstruction Program and all applicants of the Program.
3. Originator: ReCoverCA Housing Programs Federal Recovery Branch
Division of Federal Financial Assistance

Version	Approved By	Effective Date
v 1.0	Stacy Rodgers, Section Chief	1/17/24

Version Policy

Version history is tracked in the table below, with notes regarding version changes. The dates of each publication are also tracked in the table.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

ReCoverCA Single Family Reconstruction Program Policies and Procedures Version History

Version Number	Date Revised	Key Revisions
V1		Initial Draft

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1. Program Overview and Purpose

In response to the qualified presidentially declared disaster DR-4610 in 2021, the California Department of Housing and Community Development (HCD) developed the ReCoverCA Housing Program for Single Family Reconstruction (SFR Program) to assist eligible homeowners located in the Department of Housing and Urban Development (HUD) identified Most Impacted and Distressed (MID) county, which is limited to Plumas County, with the Reconstruction of their disaster-damaged residences while incorporating wildfire mitigation measures. The total funds available to award to eligible Applicants is approximately \$12.7 million. Additional funding is available for Mitigation Retrofits on homes that were not damaged or destroyed in the disaster. See the ReCoverCA Housing Program for Single Family Mitigation Retrofits (SFM Program) Policies and Procedures for more information.

1.1 Purpose

The purpose of this document is to outline the governing policies and procedures of the SFR Program. As periodic updates are made to these policies and procedures, new versions will be posted on the HCD disaster recovery [website](#).

2. Program Description

The SFR Program provides assistance for two purposes:

- 1) reconstruction of LMI owner-occupied single-family homes that were destroyed or damaged by the qualifying event, and
- 2) reconstruction of single-family homes destroyed/damaged by the qualifying event, to be rebuilt as affordable single-family rentals.

Only Owner-Occupants are of Low to Moderate Income (at/below 80% of AMI) who intend to continue primary residency and Landlords willing to rent properties as affordable single-family homes are eligible for Program funds. Additionally, only properties that have major or severe damage are eligible for reconstruction. HCD equates **Major or Severe Damage** in this context with the FEMA Substantial Damage definition of a structure that has sustained damage greater than 50 percent of its pre-disaster value. Higher damage levels typically correlate with higher levels of unmet need.

2.1 Program Timeline

The 2021 Program is scheduled to launch in February 2024 and will award eligible Projects until all funds allocated to the Program are exhausted or on July 1, 2026, whichever comes first. This timeline is subject to revision based on recovery needs and funding availability.

Timeframes	
Applications Open	February 2024
Application Deadline	July 1, 2025
All Eligible Projects Awarded	July 1, 2026
All Awarded Projects Completed	July 1, 2028
HCD/HUD Grant Closeout	February 2030

2.2 National Objective

All CDBG-DR Programs must meet a National Objective. All housing activities for the Program must meet either the Low- to Moderate-Income (LMI) or Urgent Need (UN) National Objective criteria related to disaster recovery. The Program aims for 100% of funds to be used towards the LMI national objective by requiring all beneficiaries to be LMI households.

2.3 Tie Back to the Disaster

Eligible properties must have sustained damage as a direct result of the qualifying disasters in 2021 (DR-4610). The Program must verify that:

1. Damage occurred and reconstruction is needed;
2. Damage was related to the qualifying disaster(s); and
3. The property is located in Plumas County.

Sources to verify impact from the disaster include FEMA or SBA award letters, damage inspection, private insurance data, and/or county records. Information provided by FEMA is used to verify levels of disaster related damage.

NOTE: A FEMA award does not guarantee Program eligibility. If there is information discovered that contradicts the FEMA award, the Program reserves the right to request additional documentation.

2.4 Eligible and Ineligible Costs

The following costs may be paid by the program:

- Repair, reconstruction, or replacement of eligible single-family residences including Manufactured Housing Units (MHUs) and Mobile homes
- Use of program standard materials
- Use of program standard construction plans
- Application fee for Wildfire Prepared Home designation

The following costs are ineligible for payment using Program funds:

- Mortgage payoffs
- SBA home or business loan payoffs
- Repair, reconstruction, or replacement of
 - Detached structures including garages, sheds, and accessory dwelling units (ADUs)
 - Multifamily units including condominiums, duplexes, triplexes, and fourplexes
 - Second homes unless rebuilt as an affordable single-family rental unit
- Compensation payments
- New home purchases
- Construction outside of the footprint of an existing structure, except as allowed to replace an MHU formerly located in a Manufactured Housing Community that did not reopen after disaster
- Partial or incomplete repair or reconstruction
- Repair or replacement of personal property or building contents
- Repair or replacement of luxury or non-critical items, such as swimming pools and security systems
- Landscaping packages outside of local code and Wildfire Prepared Home designation requirements
- Additional decks, patios or covered or enclosed porches in excess of entry and egress requirements
- Reconstruction or rehabilitation activities for homeowners that do not comply with the required environmental stop-work order
- Any activities that do not comply with local, state, and federal laws or regulations.
- Assistance for flood repairs to homeowners whose home was in a flood hazard zone, previously received federal flood disaster assistance and failed to maintain the required flood insurance

2.5 Eligible County

To be eligible for the Program, properties must be located within the HUD-designated Most Impacted and Distressed (MID) county, which is limited to Plumas County.

3. Program Assistance

The maximum amount of assistance available for reconstruction of a damaged structure is \$500,000 after applying any Duplication of Benefits (DOB) reductions. All assistance will be provided in the form of a grant.

Funding for all Reconstruction projects may come from two sources:

1. Applicant contribution to cover amounts that exceed the maximum grant amount and/or DOB, which must be placed in a Program-managed Escrow account; and/or
2. Grant funds. Escrow funds must be exhausted first before the Program can begin disbursing Grant funds.

4. Roles and Responsibilities

4.1 California Department of Homes and Community Development (HCD)

HCD's Federal Recovery Branch is responsible for Program development and oversees its delivery at the state level. HCD has procured qualified vendors to perform full scale Program implementation. HCD provides oversight, monitoring, and quality assurance/quality control (QA/QC) on all work performed by the vendors.

4.2 Homeowner Assistance Program Management (HAPM) Vendor (Case Management)

The Homeowner Assistance Program Management (HAPM) vendor is responsible for marketing, distribution, and implementation of the Program, including the application process, overseeing intake, completing eligibility and benefit determinations, providing case management through the process, QA/QC to ensure Program compliance and prevent fraud, waste, and abuse, and serving as a liaison between Applicants and the Construction Management vendor.

4.3 Construction Management (CM) Vendor

The Construction Management (CM) vendor performs or causes to be performed the housing Reconstruction work under the Program. The CM is responsible for completing initial home inspections and Environmental reviews, determining costs to Reconstruct (generating the ECR), developing the construction Scope of Work for all approved projects directly or through general contractors, developing plans for Reconstruction projects, monitoring progress and closeout on all construction progress, as well as overseeing the draw request process.

5. Reconstruction and Mitigation

5.1 Reconstruction

Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner (ie. Site-built homes rebuilt as site-built, mobile homes and MHUs replaced with MHUs). Rehabilitation is permissible when the total cost of Rehabilitation does not exceed \$100,000. A reconstructed property must not increase the number of dwellings on site, although the number of rooms may increase or decrease. The Program offers twelve new home designs in varying square footage configurations for two, three and four-bedroom homes. The Program will reconstruct homes using the [Minimum Architectural and Design Standards](#) defined by the Program and does not offer customized home designs.

5.1.1 Mobile Homes and Manufactured Housing Units (MHUs)

Mobile Homes and MHUs are eligible if they meet eligibility criteria including that the property must have experienced Major or Severe damage in which case replacement will be completed of their mobile home or MHU. To be considered for Rehabilitation, the cost to rehabilitate the mobile home or MHU must be less than \$10,000 based on the Program Scope of Work and the unit must be a 2012 model or newer.

There will be an exception to allow new construction only in the case of a mobile home unit located in a mobile home park where the park is permanently closed due to the disaster.

5.2 Mitigation

All projects will incorporate wildfire mitigation measures including the use of ignition-resistance building materials and the creation of defensible space, reducing risk from future wildfire disasters, consistent with California's Chapter 7A WUI Building Code and to achieve [Wildfire Prepared Home](#) designation.

6. General Requirements

The Program requires the following:

Applicant Eligibility	Applicant meets Applicant Eligibility Criteria
Property Eligibility	Property meets Property Eligibility Criteria
Environmental Review	The property must pass a federally required environmental review. Once an application is submitted, no construction may continue or begin until the environmental review is complete and any necessary scope for environmental remediation and monitoring of the required environmental remediation is included in the final estimate.
Housing Counseling	Applicant participates in at least one housing counseling session led by a CDBG-DR funded housing counselor prior to the Applicant's Key Turnover. (Program can grant a waiver on a case-by-case basis).
Requirements	All projects must comply with all applicable federal, state, and local codes and requirements
Certifications	Applicant agrees to program certifications
Closeout and Monitoring	Applicant complies with the closeout and monitoring requirements during the 2-year monitoring period for owner-occupants and during the applicable affordability period (range of 5-15 years) for Landlords.

6.1 Program Certifications

An Award through the Program requires the homeowner to certify that they understand and agree to all the terms and requirements of the Program including the following:

Program Award	Details the total cost to Reconstruct the home, the total DOB amount, and the final Program Award amount.
Escrow Agreement	Enter into an escrow agreement (if applicable) and deposit all required funding to cover any Funding Gaps between the Program Award amount and total cost to Reconstruct the home
Construction Agreement	Enter into a construction agreement with CM for the Rehabilitation, Reconstruction or Replacement of the home.
NEPA	Comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR Part 58 and stop all Reconstruction work upon submitting an application until environmental clearance is received by the Program.
Restrictive Covenant	<p>Owner-Occupant Applicants: Sign a restrictive covenant and comply with the 2-year deed restriction which requires the Applicant to occupy the Reconstructed home as their primary residence for two (2) years following the date of receipt of the certificate of occupancy.</p> <p>Landlord Applicants: Sign a restrictive covenant and comply with the 5-15-year deed restriction, which requires the Landlord rent out the property to LMI tenants for the applicable affordability period.</p>
Flood Insurance	Obtain and maintain Flood Insurance in perpetuity if the property is located in a FEMA Special Flood Hazard Area.
Subrogation/Assignment Agreement	Comply with the Subrogation and/or Assignment Agreement, in which the Applicant agrees to immediately notify and remit to the Program any additional funds they may receive from potentially duplicative sources.
Ownership	Certify they still own the damaged property and they have not received notices of default or seizure that may affect the title of the damaged property and their obligation to immediately notify the Program if they receive such notices.

6.2 Applicant Responsibilities

The Applicant is responsible for meeting all program requirements. The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation.

Additionally, the Program, in its sole discretion, has the authority to deny any application if the Applicant, or any party associated with the Applicant, becomes verbally or physically abusive or threatening in any way, whether in writing, in person or telephonically, to any Program or HCD staff or associate.

Finally, all Applicants must agree to the following during the construction process and after the completion of construction activities:

Applicant Responsibilities During Construction
Ownership The Applicant agrees not to transfer or cause to transfer title to the property or any interest in the property during construction.
Access to Property The Applicant must arrange access to the property for the General Contractors (GC) providing construction services. If reasonable and timely access is restricted or denied to a GC who is making a good faith effort to perform required work, the award may be terminated.
Personal Property Upon acceptance of the Grant Award Acknowledgment, if the Applicant is currently living on the property, they have approximately 30 calendar days to move all personal property out of the damaged property, at their own expense, until key turnover. The final vacate date will be provided to the Applicant at CM construction contract signing meeting. Exceptions to these policies can be made on a case-by-case basis for Applicants only. Tenants are required to temporarily relocate from the property during construction, without exception. The Program can cover certain costs associated with tenant relocation (See Section 15.9 Temporary Relocation of Impacted Tenants for details). The Program is not responsible for lost or damaged belongings of the Applicant and/or household members that have occurred during construction.
Reasonable Space During the construction phase the Applicant must not interfere in work areas and make a reasonable effort to stay away from the construction zone.
Cooperation The Applicant shall comply with the terms of all Program agreements, as

applicable, and shall cooperate with the Program, its officials, employees, assigns, agents, contractors, consultants, and Construction Manager, including their assigns, employees, subconsultants and subcontractors (collectively, the "Assistance Providers") with respect to the Construction Work.

In the event any household member unreasonably interferes with the Work or an inspection in any manner, the Contractor shall deliver a written notice to the Applicant and the Program, ordering the Applicant to cease any activity causing the interference. If the Applicant does not cease the activities specified in the notice within three (3) calendar days, Applicant may be prohibited from participating in the Program and may be required to reimburse Program funds to HCD for all Work performed on the Property by Contractor.

Applicant Responsibilities After Construction Completion

Ownership

The Applicant agrees not to transfer or cause to transfer title to the property or any interest in the property until the 2-year compliance period has ended for owner-occupants and the applicable 5–15-year affordability period for Landlord-Applicants, and the Applicant has been notified that the file has been closed out. Early transfer of property will, under most circumstances, constitute a breach of program requirements and require the Applicant to repay all or part of the grant amount. In rare and limited circumstances based on the Program's demonstrable hardship process, early transfer may be allowed by the Program.

Occupancy

The Owner-Occupant Applicant must continue to occupy the home as their primary residence for a period of 2-years after Program reconstruction is complete, effective upon receipt of the certificate of occupancy.

Affordability

Landlord-Applicants will be subject to an affordability period which will be determined by the amount of Program subsidy. The Affordability period ranges from 5-15 years. See Section 16.1.1 for more information on the rental affordability period and the subsidy amounts.

Insurance

For homes in designated flood areas, the Applicant must acquire and maintain flood insurance coverage on the property in perpetuity after Program reconstruction is complete. This obligation is also required to be passed on to subsequent owners of the property. Applicants who fail to maintain flood insurance when required and in perpetuity are at risk of being ineligible for future federal assistance with disaster relief funding from any federal agency.

Taxes

The Applicant must remain current on all property taxes on the subject property after Program reconstruction is complete during the affordability and monitoring periods outlined in the Applicant's Grant Agreement.

6.3 Demonstrable Hardship Determination

A demonstrable hardship is defined as a substantial or unexpected change in a household's situation that prohibits or severely affects their ability to provide and maintain a minimal standard of living or necessities, such as food, housing, clothing, and transportation, causing economic distress well beyond mere inconvenience.

The demonstrable hardship must be severe, involuntary, and unexpected, and not generally for the same reasons shared with other households affected by the disaster.

Examples of a demonstrable hardship may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. However, no single event automatically defines a demonstrable hardship.

HCD considers each Applicant's overall situation if a demonstrable hardship is claimed, and documentation can be provided showing the cause and any other factors relevant to the issue of demonstrable hardship.

A demonstrable hardship must have occurred after the disaster and must be documented with objective documentable evidence.

Hardship determinations may be considered for Program exceptions, on a case-by-case basis, to include, but not limited to, additional assistance with funding, timelines for application and/or construction completion and residency requirements as it pertains to compliance and monitoring periods.

Hardship determinations are made at the sole discretion of the Program and are final.

Re-Verification of DOB – All DOB funding must be accounted for prior to the homeowner receiving an award. Homeowners with a duplication must sign an affidavit affirming they have all DOB funding on hand and must place it in an escrow account held by the Program for use during construction. DOB checks are completed prior to the final award determination and will be completed again as part of ongoing compliance efforts after the completion of a project.

7. Eligibility Criteria

The following are eligibility threshold requirements, which must be met for an Applicant to be eligible to participate in the Program and receive assistance. Program eligibility does not guarantee assistance.

7.1 Basic Eligibility Requirements

Applicants must meet through legal documentation ALL the following threshold criteria for the Program:

Basic Eligibility Criteria
<p>Public Benefit Applicant must be a U.S. Citizen or a qualified alien to receive federal public benefits as detailed in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.</p>
<p>Ownership and Occupancy Owner-Occupant-Applicant must demonstrate that they owned and occupied the damaged home as their primary residence at the time of the qualifying disaster (Second Homes, vacation homes, and rental properties are not eligible for assistance for owner-occupants).</p> <p>Landlord-Applicants must demonstrate they owned the unit at the time of the qualifying disaster. Landlord-Applicants need not be LMI themselves, and the Applicant may have occupied the qualifying unit as a primary residence at the time of the disaster.</p>
<p>Property Tax Status Applicant must be current on property taxes or have an approved payment plan or tax exemption.</p>
<p>Authority to Apply to Program Applicant(s) must have legal authority (owner/co-owner/power of attorney) to complete an application, provide certifications and accept their Grant Award Acknowledgment. If one or more of the current owners of the property does not consent to fill out an application, the Program cannot provide assistance to this property.</p>
<p>Access to Property Applicant must allow access to the damaged property for all necessary Program staff.</p>
<p>Income</p> <ul style="list-style-type: none">• Owner-Occupants: Applicant household income may not exceed 80% of Area Median Income. 100% of Program funding will go to assisting LMI beneficiaries.• Landlord Applicants: Must agree to rent the property, for the agreed upon affordability period, to tenants with total household incomes at or below 80% AMI.<ul style="list-style-type: none">○ The maximum rent to be charged shall be the Multifamily Tax Subsidy Projects (MTSP) Regular Income Rent Limits, effective at the time of lease up, published for Plumas County at 80% Area Median Income (AMI), inclusive of utilities and based on bedroom count of the reconstructed home. If the reconstructed home

receives a federal or state project-based rental subsidy, the tenant shall pay as contribution toward rent not more than 30 percent of the household's adjusted income. Then the maximum rent (i.e. tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.

7.1.1 Co-Applicants

All property owners who will be living in the Reconstructed property must be designated as Co-Applicants on the application. Properties held in a trust will be reviewed on a case-by-case basis depending on the terms of the trust. If the Applicant wishes to exclude property owners from the Application, the excluded owner must agree to this in writing and demonstrate via documentation that they will not occupy the property. All non-Applicant owners of the property must sign the Owner Consent Form.

7.2 Required Documents

All household members qualifying for the Program based on the threshold criteria are required to submit the documentation in the table below at minimum. The Program will allow the use of third-party data sources that may verify any eligible criteria, if applicable.

Eligibility Requirement:	Required Document(s):	Applies to:
Public Benefit	<ul style="list-style-type: none"> • California REAL ID issued by Department of Motor Vehicles; • Passport; • Birth Certificate; • Alien Registration Card; or • Naturalization/Citizenship Certificate 	<ul style="list-style-type: none"> • All Applicants • Co-Applicants
Income	<ul style="list-style-type: none"> • Income Certification Form • Most recent filed IRS 1040 tax form; <ul style="list-style-type: none"> ○ If most recent income tax return is not available, one of the following is acceptable: • Wages <ul style="list-style-type: none"> ○ 3 paystubs from the most recent 90-day period prior to the date of the application, they do not need to be consecutive unless the pay frequency is monthly; • Retirement/Social Security <ul style="list-style-type: none"> ○ Current social security benefits letter (including benefits paid to minors) ○ Current pension/retirement benefit letter (if applicable), or prior year 1099; 	<ul style="list-style-type: none"> • Owner-Occupant Applicants • Co-Applicants • Household Members over age 18

	<ul style="list-style-type: none"> ○ Current annuity payment letter (if applicable), or prior year 1099. ● Self-Employment income: <ul style="list-style-type: none"> ○ Most recent tax return (1040 or 1040A); or ○ Current year profit and loss statements; ● Rental Income <ul style="list-style-type: none"> ○ Current lease agreements(s); or ● Unemployment Benefits: <ul style="list-style-type: none"> ○ current benefit letter with gross benefit amount (notes: program personnel may contact employers for verification) ● Court Ordered Alimony/Spousal Maintenance: <ul style="list-style-type: none"> ○ Copy of court order documentation ● Taxable Interest and Dividends (including amounts received by, or on behalf of minors): <ul style="list-style-type: none"> ○ Most recent statement or prior year 1099 ● Documentation for other less common types of income that may be taxable at the federal level and will be assessed by the Program based on the type of income reported. 	
Ownership: Stick-Built Homes	<ul style="list-style-type: none"> ● Property tax bill (County or State); ● Deed; ● Title report; ● Court order affidavit/succession; ● FEMA (IA) award letter; ● SBA award letter; or ● Recent mortgage statement. 	<ul style="list-style-type: none"> ● All Applicants
Ownership: MHUs/Mobile homes	<ul style="list-style-type: none"> ● Certificate of Title from HCD; ● County tax assessment for the structure; ● Recorded lease agreement ● Bill of Sale 	<ul style="list-style-type: none"> ● All Applicants ● Co-Applicants
Primary Residence	<ul style="list-style-type: none"> ● Property tax exemption; ● Filed IRS 1040 tax returns; ● Voter registration card prior to date of disaster; ● FEMA (IA) award letter; or ● SBA award letter <ul style="list-style-type: none"> ● NOTE: Landlord Applicants will be required to provide additional documentation to establish their current primary residence is a different 	<ul style="list-style-type: none"> ● Owner-Occupant Applicants ● Co-Applicants

	property than the rental property being applied for.	
Occupancy	<ul style="list-style-type: none"> Valid driver's license from time of disaster with damaged address accompanied by bank or credit card statement sent to damaged residence in the preceding or month of disaster Voter registration records submitted with driver's license. Current insurance policy covers personal property in the home effective at time of disaster. Copy of electric, gas, cable, or cell phone bill. The utility bill mailing address must match the property address and the address at which utilities are provided. Letter from electric, gas, cable, or cell phone company confirming service provided in the preceding or month of disaster. The utility bill mailing address must match the disaster effected address and the address at which utilities are provided. NOTE: incidental services such as propane tank bills are not considered utility bills and may not be used to establish occupancy. 	<ul style="list-style-type: none"> Owner-Applicants
Proof of Current Property Tax	<ul style="list-style-type: none"> Paid property tax bill; Property tax deferral; Property tax exemption; or Property tax payment plan 	<ul style="list-style-type: none"> All Applicants Co-Applicants
Duplication of Benefits (DOB)	<ul style="list-style-type: none"> FEMA Award letter SBA loan Insurance payments Lawsuit settlements State Supplemental Grant Program assistance In-Kind Donations 	<ul style="list-style-type: none"> All Applicants Co-Applicants

Under certain circumstances, the Program may request additional documentation to determine an Applicant's eligibility or to confirm meeting Program requirements.

7.3 Property Eligibility

Properties must meet through legal documentation ALL the following threshold criteria for the Program:

Property Eligibility Criteria

<p>Tieback to the Disaster Damage to the property was the result of the qualifying event.</p>
<p>Location Location of the damaged property is in the HUD designated MID area impacted by the eligible federally declared disaster, which is limited to Plumas County.</p>
<p>Damage Level Properties must have sustained damage greater than 50% of pre-disaster value. CalFIRE Damage Inspection Specialist (DINS) report categorizes this level of damage as “destroyed” and will be used to verify property eligibility. Properties not appearing in the DINS report must be verified by the program at initial inspection as a total loss, or damaged to such an extent that repair is not feasible.</p>
<p>Structure Type The property must be a single-family dwelling, such as stick-built, modular, mobile home (i.e., not a condominium, duplex, fourplex, or other multi-owner property). The property must be correctly permitted and permissible for the zoning area or local development standard.</p> <p>Ineligible Structure Type Ineligible structure types include condominiums, accessory (appurtenant) detached structures, container homes, recreational vehicles, houseboats, camper trailers, and multi-unit dwellings.</p>

7.3.1 Homeowners Associations (HOA)

The Program will not deviate from Program designs to build custom homes to comply with HOA requirements. Minor fixtures such as color and trim can be altered at Applicant request, but the Program will not make any changes to the original floorplans or facades to comply with HOA aesthetic regulations.

If the HOA requires a larger stick built or MHU than what the Program has previously verified the Applicant is eligible for, the Applicant will be required to pay the price difference between the larger and smaller models to be eligible for that model. This will be treated as an additional homeowner obligation, like when the Program requires Applicants to pay additional funds for projects whose award exceeds the grant cap.

7.4 Model Eligibility Policy

Floorplan Assignment Process – Determining Unit Size and Type

Case Management will verify previous structure type, bedroom count, and conditioned square footage using third-party data such as commercial real estate databases, county records, or previous building permits.

The CM will then provide Applicants with a list of eligible floorplans, based on the conditioned square footage of their damaged property, number of current household members, Occupancy Standards are outlined in the section below labeled “Occupancy Standards” and comply with the [HUD Occupancy Standards](#).

7.5 Occupancy Standards

The following occupancy standards determine an Applicant’s eligible reconstruction floorplan(s):

Occupancy Standards	
Head of Household	1 BR for head of household and their spouse/partner.
Children under age 12	1 BR for every two children under age 12
Children over age 12	1 BR for each child over age 12
Multi-Generational Adults*	1 BR for a multi-generational member or other adults. *A multigenerational household is one that contains three or more parent-child generations; for example, the householder, child of householder (either biological, stepchild, or adopted child), and grandchildren of householder. A householder with a parent or parent-in-law of the householder and a child of the householder may also be a multigenerational household.
Live-in Aides	1 BR for approved live-in aides
Other Situations	<ul style="list-style-type: none"> • Absent due to placement in a foster home are also counted when determining unit size counted. • Adult children on active military duty and permanently institutionalized family members are not included in the bedroom count.

The Program may grant exceptions to the occupancy standards when justified by the age, sex, health, disability, or relationship of household members or other personal circumstances. Reasons may include the need for an additional bedroom due to disability or health conditions (e.g., for medical equipment).

7.6 Ownership Requirements

The Applicant must have been the owner of the property at the time of the qualifying event. The Program establishes ownership by matching the owner’s name on the application with property tax records at the time of the disaster. The Applicant must also be the current owner of the property and be current on property taxes. The Program establishes current ownership by matching the owner’s name on the application with

current property tax records. Owner-Occupant Applicants must have occupied the home as their primary residence at the time of the disaster.

The Program will conduct third-party data searches to verify Program requirements.

7.6.1 Joint Ownership

If there are other owners of a property who are not on the application, the Applicant must submit a Co-Owner Consent form, signed by all owners of the property who are not on the application, which gives each co-owner’s consent for the effect of the damaged property up to demolishing and reconstructing the property if the Applicant qualifies to receive assistance.

7.6.2 Special Circumstances Related to Type of Ownership on Leased Land

Stick-built homes on leased land

Applicants with Stick-built homes on leased land must document that they: were the owner of the structure at the time of the disaster and had the repair responsibility for the home. Owner-occupants also must document that they currently have a valid lease with enough time left to cover the duration of the project and the 2-year compliance period for Owner-Occupants or the 5–15-year affordability period for Landlords.

Mobile homes or MHU’s on leased land

Applicants with mobile homes or MHUs on leased land must document that they owned the structure and had a valid lease on the land at the time of the qualifying event.

Required Documentation

The Applicant must show that they meet the criteria for their specific type of ownership by providing the following documents as required for each:

Stick Built Home on leased land	Mobile Home or MHU on leased land
One (1) document is required: <ul style="list-style-type: none">• Property tax records that show the Applicant owned the structure at the time of the disaster and currently• Signed lease for the land showing that the Applicant is the owner of the structure and is responsible for repairs to the damaged structure; and• Insurance Policy naming the Applicant as the insured	One (1) document is required: <ul style="list-style-type: none">• Certificate of Title from California HCD• County tax assessment for the structure• Recorded lease agreement• Bill of Sale and proof of payment

The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation at any point during the application process. Additional documents related to ownership of both Stick-built, mobile home, and MHU structure types are reviewed on a case-by-case basis and in conjunction with unit size and type determinations.

The Program will conduct third-party data searches to verify Program requirements.

7.6.3 Trust

Properties held in a trust are reviewed on a case-by-case basis depending on the terms of the trust. The following documents are required for Program’s review:

Document	Required Information	Applies to
Trust Agreement, all amendments	<ul style="list-style-type: none"> • Name of Trust • TIN, EIN, or SNN • Date of Trust Creation • Date of Amendment(s) • Property Address • Name of all trustees 	<ul style="list-style-type: none"> • Applicant(s) • Co-Applicant(s) • Co-Owner(s) • Trustor(s) • Grantor(s) • Trustee(s)

Foreclosure

Applicants whose homes are in pending litigation for foreclosure, are in foreclosure or have been foreclosed upon since the disaster are not eligible for the Program. The Applicant is not excluded from re-applying to the Program if the Applicant can provide documentation showing the pending litigation or foreclosure has been resolved and the Applicant retains ownership.

Non-compliant with FEMA regulations

The National Flood Insurance Reform Act of 1994 (NFIRA), Public Law 103-325 as amended, contains certain provisions regarding the purchase and maintenance of flood insurance to qualify for Federal assistance.

Applicants who received Federal flood disaster assistance that was conditioned on obtaining flood insurance under Federal law, but who did not obtain and maintain the insurance, are not eligible for Federal disaster assistance under this Program.

Death of an Eligible Applicant

When the Program is notified of the passing of an Applicant, the HAPM will work with the heirs/successors/estate administrators as applicable to complete a new eligibility review of the application.

Should the passing of an eligible Applicant require that construction work stops, the CM

will immediately weatherize the damaged property in a manner that protects the property, preserves any partially completed work, and avoids any adverse effects of stopping construction activities.

Successors of the Applicant must provide a death certificate and provide documentation to substantiate new ownership of the damaged property, for example: will, probate documents, and/or court orders to start the new eligibility review process.

After the passing of an Applicant, the application will be reviewed in accordance with the following specific scenarios listed in the table below:

<p>Death after Application and prior to the acceptance of the Grant Award Acknowledgement:</p>	<p>If an eligible Applicant passes away after an application is submitted, but before construction begins, the eligible Applicant’s heir/successor may be deemed eligible to receive assistance through the program if:</p> <ol style="list-style-type: none"> 1. The heir/successor can demonstrate current ownership of the damaged property via one of the accepted methods outlined in this section; and 2. The heir/successor meets all other eligibility requirements. 3. If no eligible heir is identified, the application will be closed.
<p>Death after accepting the Grant Award Amount Acknowledgement:</p>	<p>If an eligible Applicant passes away after the acceptance of the Grant Award Acknowledgment but before construction completion, the Program will complete construction of the property per the agreed upon specifications of the original applicant. The heir may not request changes to the property that were not approved by the Program and original Applicant.</p> <ol style="list-style-type: none"> 1. All disbursement and construction activities will continue while the Program verifies and/or completes the following: <ul style="list-style-type: none"> • Receives the death certificate and confirms the death of the Applicant occurred after acceptance of the Grant Award Acknowledgment. • Receives a court order providing the name of the approved heir or successor of the Estate of the deceased Applicant. • Amends the existing application to add the name of the heir or successor of the Estate as the representative of the estate who will then accept the Grant Award Acknowledgment to assume all obligations and authorize rights for the terms of the Application, Application Certifications, and the Grant Award Acknowledgment. • Obtains a new signed covenant from the Applicant (heir or successor) and reconveys the prior covenant. • Obtains proof of title transfer from the heir or successor. 2. If the heir/successor of Owner-Occupied Applicants does not intend to occupy the reconstructed home as their primary

	residence for the term of the covenant or rent the property to LMI tenants (Landlord Applicants), the heir/successor will be subject to the recapture policy detailed in Section 16 herein.
<p style="text-align: center;">Death after construction is complete:</p>	<ol style="list-style-type: none"> 1. For Owner-Occupied homes, if the death of an applicant is verified during the compliance and monitoring period and the applicant was living in the home: Upon verification of the death and proof of successor ownership the program will release the Covenant and the remainder of the monitoring period will be waived. 2. For Rental properties, if the death of an Applicant is verified after the 5th year of the affordability period: Upon verification of the death and proof of successor ownership, the Program will release the Covenant and the remainder of the affordability period will be waived. If the death of an Applicant is verified within the first 5 years of the affordability period, the heir/successor will be subject to the recapture policy detailed in Section 16 if they do not comply with the terms of the covenant.

7.7 Occupancy and Primary Residency

7.7.1 Occupancy Requirements

If the Applicant is an Owner-Occupant, they must have owned and occupied the property at the time of the disaster and at least sixty (60) days preceding the date of the disaster as their primary residence. Vacation homes, and investment properties are not eligible for assistance under the Program. Second homes are not eligible for assistance unless the second home is reconstructed and rented out to LMI tenants (See Program Description and Affordability sections) as part of the Program’s Single Family Rental activity.

If Applicant is a Landlord, they are not required to have occupied the property as their primary residence at the time of the disaster, but they must rent the reconstructed property to LMI tenants for the required affordability term.

In determining if the Owner-Occupant occupied the damaged property as their primary residence, the Program evaluates the application as a whole; no one document can be regarded as a conclusive determinant of primary residence status if information presented in other application documents or application circumstances reference more than one address or location.

The Program confirms primary residence status by verifying the Applicant’s property tax homeowner exemptions at the time of the disaster. If the tax records from the time of the disaster have established ownership in the Applicant’s name and show the County has granted the Applicant a primary residence homeowner property tax exemption, the property is considered their primary residence. The Program can also accept the address

shown on the Applicant's filed federal tax returns (IRS Form 1040) from the disaster year to substantiate primary residence status at the damaged property. Finally, the Program can accept an approval letter from FEMA or SBA as proof of primary residence as an Applicant would have had to prove primary residency for FEMA or SBA making them eligible for the Program as well. FEMA or SBA approval does not guarantee final eligibility for this Program.

In the absence of the primary residence homeowner property tax exemptions, FEMA or SBA approval letters or filed federal returns, the Program may accept one or more of the documents listed in the Required Documents table for Occupancy in Section 7.2 to verify the Applicant occupied the damaged property as their primary residence at the time of the disaster. In all cases, the name and address on the documentation must match the name and damaged address on the Application and be dated prior to the date of the disaster.

NOTE: Incidental services such as propane tank bills are not considered utility bills and may not be used to establish occupancy.

The Program may require the Applicant to provide additional documentation or affidavits to explain any discrepancies at any point during the application process. The Program, after review of applicable occupancy supporting documents, decides on primary residence eligibility based on known circumstances and available information at the time of processing the application.

7.7.2 Special Circumstances Related to Type of Occupancy

The following exceptions apply under special circumstances related to occupancy for Owner-Occupants as it relates to the occupancy requirements:

Exceptions to Occupancy
Active-duty military personnel Active-duty military personnel who own a disaster damaged home in Plumas County and were assigned to duty away from their home at the time of the disaster are eligible to apply to the program
Homeowners incapacitated due to illness Homeowners incapacitated due to illness who own a disaster damaged home in a Plumas County and are or were incapacitated and therefore unable to occupy the damaged home at the time of the disaster event are eligible to apply to the Program. If the homeowner is currently incapacitated and unable to handle their own affairs, the application must include legal documents for the person designated to act on their behalf.
Homeowners who were incarcerated during the disaster

Homeowners who own a disaster damaged home in Plumas County who were incarcerated at the time of the disaster or at the time of application are eligible to apply for the Program. The damaged home could not have been used as a rental property at the time of the disaster or currently be in use as a rental property.

Other special circumstances related to occupancy at the time of the disaster are reviewed on a case-by-case basis and may be subject to additional documentation requirements as deemed necessary by the Program, in its sole discretion.

7.7.3 Unmet Housing Need Since the Disaster

If an Applicant purchased a stick-built home or MHU on private property after the qualifying disaster, the Applicant no longer has an unmet housing need and is not eligible for Program assistance. If an Owner-Occupant purchased a MHU on leased land/renting a park space and the unit is substandard (not suitable for habitation), the Applicant can submit an appeal to receive an exception to this policy that must include:

1. A hardship letter that includes an agreement to decommission the substandard unit upon occupancy of the new unit;
2. Evidence of land to place the new unit; and,
3. Documentation that the unit is substandard via a red tag inspection, code enforcement report, or home inspection provided by a professional third-party inspector citing health and safety code violations.

7.8 Affordability and Rent Standards for Rental Properties

Single Family rental homes reconstructed through this Program must be deed restricted as affordable for LMI households for 5-15 years, depending on the amount of Program subsidy. See Section 16.1.2 Deed Restrictions and Restrictive Covenants for Landlords for a table that illustrates the affordability period based on the amount of subsidy.

The maximum rent to be charged shall be the Multifamily Tax Subsidy Projects (MTSP) Regular Income Rent Limits, effective at the time of lease up, published for Plumas County at 80% Area Median Income (AMI), inclusive of utilities and based on bedroom count of the reconstructed home.

If the reconstructed home receives a federal or state project-based rental subsidy, the tenant shall pay as contribution toward rent not more than 30 percent of the household's adjusted income. Then, the maximum rent (i.e. tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.

7.9 Income Eligibility

The Single-Family Reconstruction Program is open to 1) LMI homeowners and 2) landlords who agree to rent to LMI households located in the MID area. Single family

landlords need not be LMI themselves, however, tenants of rental properties are required to qualify as LMI households.

To be recognized as Low-to-Moderate Income (LMI), a household's Modified AGI cannot exceed 80% of Area Median Income (AMI), adjusted for family size for the county in which their primary residence is located, as published annually by HUD. HUD's Income limits are published on their [website](#).

Owner-Occupant Applicants and Landlord tenants will be screened for income eligibility through submission of specific required income documentation or third-party data sources. Income eligibility is verified during the Program application process for Owner-Occupant Applicants and is valid for twelve (12) months from the date Program eligibility is determined.

Landlords must advertise and select an LMI tenant and submit the tenant income documentation and draft rental agreement to the Program for income eligibility verification within ninety (90) days from receipt of the certificate of occupancy. Landlords must receive a letter from the Program stating the selected tenant is income qualified and a Program Lease Rider before executing the rental agreement and Rider with the tenant.

A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. Household members are all persons (minors and adults) who are living in the damaged home.

The Program determines LMI status by using a modified HUD definition of Adjusted Gross Income (AGI) ("Modified AGI") established in 24 CFR 570.3(1)(iii) at the time assistance is provided for the individual, family, and household. The Modified AGI definition, as reviewed by HUD on October 12, 2022, allows the Program to not count negative income reported on Part 1 of Schedule 1 on the Internal Revenue Service (IRS) Form 1040 ("tax return") towards the Applicant's annual household income. The Program will re-calculate the AGI using zero for Schedule 1, Part 1 income. The Program collects income information for all Applicants and household members who are 18 years of age or older.

All household members over the age of 18, if required to file, must provide a copy of their previous year's filed tax return or tax return transcript, for the Modified AGI of the household to be calculated. There may be situations where a household member may have had no obligation to file a tax return, have not yet filed, or filed an extension. In that case, the household member will be required to submit current documentation that reflects their current income. Acceptable documentation is shown in the table below:

Income Source	Form of Documentation
Wages	<ul style="list-style-type: none"> • 3 paystubs from the most recent 90-day period prior to the date of application; paystubs do not need to be consecutive unless the pay frequency is monthly.
Self-employment/ Business Income	<ul style="list-style-type: none"> • Current year-to-date profit and loss statement
Taxable Dividend and Interest Income (including amounts received by, or on behalf of minors)	<ul style="list-style-type: none"> • Most recent statement; or • Prior year 1099
Unemployment Benefits	<ul style="list-style-type: none"> • Current benefit letter with gross benefit amount.
Social Security and Supplemental Security Income (SSI)	<ul style="list-style-type: none"> • Current Social Security Benefits letter (including benefits paid to minors)
Trust Income	<ul style="list-style-type: none"> • Most recent 1041 K-1
Retirement (Pension, IRA, 401(k), Annuity)	<ul style="list-style-type: none"> • Current pension/retirement benefit letter (if applicable) or prior year 1099. • Current Annuity payment letter (if applicable) or prior year 1099
Rental Income	<ul style="list-style-type: none"> • Current lease agreement(s)
Court Ordered Alimony/Spousal Maintenance	<ul style="list-style-type: none"> • Copy of court order documentation

Special circumstances related to Household Income and their requirements are described in the table below:

Special Circumstances related to Household Income
<p>Household Member has either no obligation to file a tax return, has not yet filed, or has an extension: The household member is required to submit current documentation that reflects their current income. Acceptable forms of documentation can be found in the table above.</p>
<p>Household Income has changed significantly since the most recently filed tax return: The Applicant will need to fill out an Income Recertification Form. A pay raise, job loss, overtime, family size or composition would all be considered a significant change. If the updated household income changes the LMI status (LMI, non-LMI, above 120%), the Program will require a more recent tax return or may allow the Applicant to provide additional information such as pay stubs or other proof of income to verify the change if a more recent tax return is not available. Acceptable supporting documentation is listed in the table above. The Income Recertification Form is current for one year from the date the Applicant signs it. A new Household Income Certification Form will also be required if the Applicant's income determination changes at all prior to the Program Award.</p>
<p>Applicants did not accept Grant Award Acknowledgement within 12 months:</p>

Applicants will be required to recertify their income via the Income Recertification Form.
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Household Members with Zero Income:
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Applicants will be required to complete the Zero Income Certification.
--

Applicant expects to receive income from new sources:
--

Applicants must report income from other sources as part of the income eligibility review.
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8. Terms of Assistance

8.1 Eligible Award Cap

For Owner-Occupants and Landlord-Applicants, the maximum Program award cap for Reconstruction is \$500,000 per damaged structure after applying any duplication of benefits reductions. Applicants may submit up to four (4) applications for their damaged primary residence and/or damaged rental properties.

8.2 Housing Counseling Requirement

Applicants to the Program are required to participate in the ReCoverCA Housing Counseling Program as a condition for receiving an award. Applicants must complete at least one housing counseling session led by a Program-funded housing counseling organization. The housing counseling session must be completed prior to the Applicant's Key Turnover. All housing counseling deferral requests must be made in writing using a form provided by the Program.

9. Duplication of Benefits

9.1 Summary of DOB

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance.

Duplication occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

DOB Analysts will perform the first level of review for all potential duplication of benefits (DOB) during preliminary eligibility determinations. As part of this review, the DOB Analyst evaluates all benefits reported by the Applicant during the application collection process for accuracy, coordinates with private insurance providers and other organizations to verify benefits received and performs a search of third-party data sources to identify potential DOB that was unreported by the Applicant.

An Applicant's total DOB amount received will impact the Program grant amount available to them. The total DOB amount is deducted from the total cost of

Reconstruction, as determined by the Scope of Work (SOW), which may leave a gap in the funding amount.

In accordance with the Stafford Act, the Program will use the following framework to ensure that any funds provided by the Program are non-duplicative:

1. Assess the Applicant's total need for assistance prior to any assistance being provided,
2. Identify all assistance received or available,
3. Exclude non-duplicative assistance amounts,
4. Identify total DOB Amount,
5. Determine the Program cap (if applicable), and
6. Determine a Final Program Award.
7. Reassess Unmet Need, if necessary

The Program will conduct a duplication of benefits analysis prior to an award being made to an Applicant. If it is later determined or revealed that the Applicant has received additional assistance or did not disclose all assistance received, the award will be reduced or modified to account for the additional funds received. If the Applicant knowingly did not disclose all provided assistance, the award can be rescinded, and the Applicant deemed ineligible for the Program.

9.2 DOB Process

The duplication of benefits process involves a two-tiered verification process:

DOB Analysis:

The initial review is completed by the DOB analyst who confirms all datasets are obtained and reviewed including government (FEMA, SBA), private insurance, legal disaster-related settlements, and any other assistance types.

If the DOB analyst is unable to confirm the total assistance received, the application shall be returned to the Case Manager for Applicant correspondence to request needed documentation, and necessary updates.

After verifying total assistance received, the Analyst will determine whether the Applicant rejected any assistance they were eligible to receive and support their findings with documentation. After the DOB Analyst has confirmed the total assistance received, the analyst submits to the DOB reviewer.

DOB Review:

The secondary review is completed by the DOB reviewer. Within the secondary review, the DOB reviewer shall perform a review of all assistance types. Additionally, the DOB reviewer is responsible for confirming all assistance has been identified and accurately reflected within the Application Portal. If the DOB reviewer discovers any discrepancies

with the supporting documentation from the analyst or additional assistance, the application is returned to the DOB analyst for updates.

9.3 Calculating Total Assistance: Sources of Funding

Total assistance includes any disaster-related resources such as cash, lawsuit settlements, insurance proceeds, grants, and subsidized loans received by or available to an Applicant, including awards under local, state, or federal Programs, and from private or nonprofit charity organizations for damage and Rehabilitation of the primary residence. At a minimum, each Applicant will include a review of the following assistance types:

FEMA

FEMA Individual Assistance (IA) may have been received by Program Applicants for home repairs. If the assistance received was FEMA IA for home repairs, the amount will be considered a DOB. FEMA IA will be determined and verified by the Program through the FEMA IA NEMIS (National Emergency Management Information System) database. If the Applicant can document the FEMA IA amount received was for the purpose of home repair, the Program will use the documentation provided by the Applicant to adjust the FEMA IA amount. The documentation provided by the Applicant must come from FEMA and reflect the Applicant's name, damaged property address, and FEMA Registration Number.

SBA

The Small Business Administration provides disaster assistance loans for home repairs. Such loans are considered a DOB for federally funded repair/Reconstruction Programs. If the Applicant has executed loan documentation with the SBA and has legal control over the loan funds for home repairs, this amount may be considered a DOB.

The full amount of the SBA loan available to the Applicant for reconstruction assistance will be included in the DOB calculation unless all or a portion of the loan is declined or cancelled. This is to allow Applicants with open SBA loans or balances to close them and then not include any balances going forward. Often an Applicant may have accepted an SBA loan but not used it or only used a portion that was advanced in hopes of repairing but then stopped because the loan was either insufficient for their needs or debt repayment became a hardship due to delays for additional assistance. Case Managers may need to assist Applicants in contacting the SBA to close their loans that remain open. An SBA loan is considered available to the Applicant when it is accepted, meaning that the borrower has signed a note or other loan document that allows the lender to advance loan proceeds, and has not been subsequently cancelled as provided for in 84 FR 28836 V.B.2(ii).

Insurance

All property insurance settlement amounts for loss to dwellings are considered a DOB. Private insurance includes, but is not limited to, homeowners, fire, wind and hail, National Flood Insurance Program (NFIP), Increased Cost of Compliance (ICC), and Additional Living Expense (ALE) coverages.

However, if property insurance benefits are paid in a lump sum, the Applicant must provide documentation that delineates benefits received for contents and personal property, loss of buildings (detached garage), or other expenses (allowable living expenses), if applicable. This documented amount will then be excluded from DOB calculations.

A Proof of Loss Statement with line-item detail is required to be submitted to the Program to determine duplicative assistance. It is also determined that the line item for the “recoverable depreciation allowable” amount in an insurance claim is deducted as a DOB, unless otherwise documented by the homeowner and the insurance company.

Insurance proceeds taken by a mortgage company as a forced mortgage payoff or paydown do not count as a duplication of benefits. Applicants are required to provide documentation to the Program that the mortgage payoff was not voluntary. Insurance proceeds will be determined and verified by the Program by contacting the insurance company and verifying proceeds. If the Program is unable to obtain a response from the insurance company within three attempts to do so, the Program may consider using the amount self-reported by the Applicant, though all other documentation in the file must support the self-reported amount.

Lawsuit Settlements

Funds received from the PG&E Fire Victims Trust settlement and from the Southern California Edison settlement, are not considered DOB for the Program per HUD. Other lawsuit settlement funds will be evaluated for DOB applicability as more information becomes available.

Legal fees that were paid by the Applicant to successfully obtain insurance proceeds are considered exclusions to the homeowner and are not included as part of their DOB. Homeowners need to provide evidence of payment and a judgment or settlement document demonstrating the homeowner’s success in the legal action. All other legal fees that a homeowner may have paid out of any disaster assistance proceeds are deducted as part of their DOB if the assistance funding used was intended for Reconstruction of the damaged residence.

Other Funding

Any funding received for the same purpose as the grant funding must be disclosed by the Applicant and accounted for and evaluated by the Program for DOB. For example, funding provided by a non-profit organization to assist Applicants in Rehabilitating or Reconstructing their home must be reported in the application process and verified by the Program.

- **State Supplemental Grant Program (SSGP)** for Real Property. SSGP provides grant assistance for homeowners to repair, replace, or rebuild their home which

serves as the same purpose as the Program funds. SSGP may provide funds to Applicants to repair, relocate, or relevel their mobile home after a disaster event. The awarded amount verified by the Program for the purpose of housing real property is considered a DOB.

- **In-Kind Donations.** In-kind donations are non-cash contributions, such as donations of professional services, use of construction equipment, or contributions of building materials that the Applicant may have received for their recovery efforts which serve the same needs as the Program Funds. The value of qualified in-kind donations is not counted as a duplicative amount, but rather may be subtracted from the Applicant’s total need amount due to those donations lowering the Applicant’s unmet need entering the Program. Contributions of materials or labor for non-eligible items will not be subtracted from the Applicant’s total need.

Availability of Resources Included in Total Assistance:

Federal regulations require the Program to consider all funds “available” to Applicants when calculating assistance, not just funds received. The applicable Federal Register Notice (84 FR 28836) states that funds are “available” to an Applicant if they (1) would have received them by acting in a reasonable manner, or in other words, by taking the same practical steps toward funding recovery as would disaster survivors faced with the same situation but not eligible to receive CDBG-DR assistance; or (2) has received the assistance and has legal control over it. Available assistance includes reasonably anticipated assistance that has been awarded and accepted but has not yet been received. Applicants are expected to seek insurance or other assistance to which they are legally entitled and to behave reasonably when negotiating payments to which they may be entitled.

9.4 Calculating Total Assistance: Non-Duplicative Assistance and Exclusions

Not all assistance received by an Applicant is considered a duplication of benefit for housing Reconstruction. Therefore, there are types of assistance received by an Applicant which will not constitute a duplication of benefits, referred to as non-duplicative or exclusions.

Sources Not Considered Duplicative:

Sources Not Considered Duplicative
Personal assets: Checking or savings, excluding the insurance proceeds and/or disaster assistance for repairs deposited into the Applicant’s account.
Retirement accounts
Credit cards or lines of credit
Commercial and/or Private loans
Temporary housing
Fire Victim Trust compensation settlement amounts

Social Services Block Grant (SSBG) funding
Other sources considered non-duplicative or for a different purpose as defined by the Program

The Program will allow for reductions of duplication of benefit totals if the Applicant can prove that the use or control of the funds meet certain criteria. Eligible repair exclusion credits will be provided for all documented and properly completed work based on unit pricing and labor costs established by the Program. In accordance with 84 FR 28336, the Program may exclude for duplication of benefits purposes “assistance that was:

- Provided for a different purpose;
- Provided for the same purpose (eligible activity), but for a different, allowable use (cost);
- Not available to the Applicant;
- A private loan not guaranteed by SBA; or
- Any other asset or line of credit available to the Applicant.

84 FR 28336 also states that declined or cancelled subsidized loans (loans other than private loans) are not a DOB. Each of these categories is further described below.

Funds Provided for a Different Purpose:

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB. The Federal Register defines three general categories for which homeowners generally receive assistance: (1) replacement housing; (2) repair assistance; or (3) interim (temporary housing) so any funding received for purposes other than those three may not be considered DOB.

Funds for the Same Purpose but for a Different Allowable Use

Funds received for the same purpose as funds provided under the Program but used by the Applicant for a different allowable cost may be excluded from the final award calculation. In these circumstances, if the Applicant can document that the funds received were used for a different but eligible use, then the funds are not duplicative. Eligible forms of documentation may include but are not limited to receipts or paid invoices, demonstrating that funding was spent for a different eligible use. The Program will review documentation submitted on a case-by-case basis.

Funds not Available to the Applicant

Funds that are not available to an Applicant may also be excluded from the final award calculation. Funds are not available to the person or entity if the person does not have legal control of the funds when they are received and are used for a nonduplicative purpose. For example, if a homeowner’s mortgage requires any insurance proceeds to

be applied to reduce the loan balance, then the bank/mortgage holder (not the homeowner) has legal control over those funds.

Therefore, the homeowner is legally obligated to use insurance proceeds for that purpose and does not have a choice in using them for any other purpose, such as to Rehabilitate or Reconstruct the house. Under these circumstances, insurance proceeds are not considered duplicative.

Conversely, if a disaster-affected homeowner chooses to apply insurance proceeds to reduce an existing mortgage, or requests that the lender demand payment, insurance proceeds may be considered duplicative and reduce the amount of disaster assistance available.

However, if a mortgage requires insurance proceeds to be used for the repairing of the property, those proceeds must be considered as assistance for the same purpose as the CDBG-DR Program funds.

A homeowner does not need to possess cash assistance to be considered as being in legal control over receiving benefits for a particular purpose.

Private Loans

Unlike SBA loans (or any other subsidized loan or Federal loan guarantee Program that helps after a major disaster or emergency), private loans not guaranteed by SBA need not be considered duplicative assistance. Private loans are loans that are not provided by or guaranteed by a governmental entity, and that require the Applicant to repay the full amount of the loan under typical commercial lending terms. Since private loans are not provided under a government Program, they do not need to be considered as potentially duplicative assistance.

Other Assets or Lines of Credit

Other assets or lines of credit available to a homeowner or a business owner need not be included in the award calculation. This includes, but is not limited to checking or savings accounts, stocks, bonds, mutual funds, pension or retirement benefits, credit cards, mortgages or lines of credit, and life insurance. Please note that these items may be held in the name of an individual or in the name of a business.

Declined or Cancelled Subsidized Loans

Declined loan amounts are loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the Applicant, meaning the Applicant never signed loan documents to receive the loan proceeds. Declined subsidized loans are not to be included in the calculation of DOB. The Program will attempt to verify declined loan amounts using third-party data or through correspondence from the lender. If the Program cannot ascertain whether the Applicant declined the loan,

the loan may still be excluded from DOB calculation if the Applicant provides a written certification stating that the Applicant did not accept the subsidized loan.

Cancelled loans are loans (or portions of loans) that were initially accepted, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the Applicant. The cancelled loan amount is the amount that is no longer available. The loan cancellation may be due to default on the borrower, agreement by both parties to cancel the undisbursed portion of the loan, or expiration of the term for which the loan was available for disbursement. To document that a subsidized loan is cancelled, the Applicant must provide either: written communication from the lender confirming the loan is cancelled and no longer available to the Applicant; or a legally binding agreement between HCD and the Applicant that indicates the period of availability of the loan has passed and the Applicant agrees not to take actions to reinstate the loan or draw any additional undisbursed loan amounts.

NOTE: Only the accepted amount of the cancelled loan will be considered a DOB.

Debris removal

State and local partners have assisted many Applicants with debris removal. This assistance is a cost that is billed to the homeowner. Insurance proceeds received specifically for debris removal are excluded as a duplication of benefits if the lot has already been cleared as determined by the initial inspection. If the homeowner has spent non-insurance proceed DOB to remove debris and can demonstrate the expense via invoice or receipts, and the Program verifies that the work has been completed, the expense of that debris removal will be deducted from the Applicant's total DOB obligation.

9.5 Calculating Total Assistance: Other Allowable Uses

In some cases, when an Applicant can demonstrate that they used disaster assistance funds for a different allowable use, this would allow for an adjustment or exclusion from DOB. Applicants must provide documentation for allowable activities to be excluded from potential duplication of benefit:

No Receipts Provided:	If the Applicant is unable to provide receipts as required in this policy to demonstrate other, allowable disaster related uses of funds already received, the full amount of housing Reconstruction assistance previously received must be deducted from the amount of funding for which the Applicant would otherwise be eligible.
Partial Receipts Provided:	If partial receipts are provided by the Applicant documenting that only a portion of the housing Reconstruction assistance previously received was used as intended, the amount received

	not supported by receipts must be deducted from the amount of funding for which the Applicant would otherwise be eligible.
All Receipts Provided:	<p>If receipts are provided by the Applicant documenting that the full amount of housing</p> <p>Reconstruction assistance previously received was used as intended, and as required in this policy to demonstrate other, allowable disaster related uses of funds already received, no deduction is made from the award amount for which the Applicant is eligible.</p>

Temporary Housing Assistance

Allowable uses include temporary housing costs such as dwelling rent, hotel stays, RV-related expenses associated with dwelling in the RV, and applicable utilities that occurred because of temporary displacement from the primary residence due to the disaster. Eligible temporary displacement is from the time of the event until the date of the verification letter. Evacuation costs are not eligible for duplication of benefits exclusion.

Temporary housing expenses can be excluded from the potential duplication of benefits amount. When a homeowner receives insurance funds as compensation for the loss of their home as a result of the disaster and those funds, where not explicitly restricted by insurance for use towards interim housing, are used for interim housing costs, (e.g., buying a trailer to live in, on-site, until their home could be rebuilt) such funds are not counted as DOB as those funds are funds for a different purpose under HUD’s duplication of benefits requirements.

Temporary Housing Expenses

Insurance funds, FEMA and other non-FEMA benefits received as a lump sum that is not itemized in a policy or a summary of benefits notification and spent by an Applicant on temporary housing expenses from the date of the disaster, which can be documented by the Program, can be deducted from the DOB total. If sufficient documentation for these expenses is provided the DOB will be reduced by that amount.

There may be situations, due to the shortage of available and affordable housing, where Applicants spent their benefits including but not limited to insurance, FEMA repair or replacement fundings, or non-FEMA benefits on temporary housing. Under these situations and with appropriate documentation, the Program will allow these expenses to be used only as a credit against DOB. Eligible Temporary Housing Exclusion Expenses, as well as documentation required may include but are not limited to:

Temporary Housing Exclusion Expenses	Documentation Required
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Non-luxury personally owned Recreational Vehicle (RV) and/or Vehicle (Capped at \$40,000 and receipt/bill of sale required)	Receipts, Bill of sale, or Title, if applicable
Trailer Rental or Purchase	Receipts or Title, if applicable
RV or trailer Rent	Receipts, lease or rental agreements
Dwelling Unit Rent	Receipts, lease or rental agreements
Hotel or Short-Term Rental	Receipts or rental agreement
Temporary Housing-Related Utilities	Self-Affidavit for up to 60-days Food and other personal items are ineligible for DOB Exclusions
Other Temporary Housing Arrangements on a case-by-case basis review	Proof of Payment for Other Temporary Living Arrangements including bank statements or credit card purchases

Repair Costs

Applicants may have begun Rehabilitating or Reconstructing their damaged residence with funding received from insurance, SBA and/or FEMA. Inspections completed by the Program will be used to determine the value of completed repairs which may be used to exclude an Applicant's DOB. Additionally, any qualified temporary stabilization expenses that cannot be verified by a current on-site estimation will be considered on a case-by-case basis with proof of documentation such as receipts.

Theft, Vandalism, or Contractor Fraud

If an Applicant is a victim of theft, vandalism, or contractor fraud, the amount paid for the materials or for work or to the contractor may be excluded from duplication of benefit if properly documented. The Applicant would have had to have filed a formal complaint with a government authority (e.g., California Contractor's State License Board, a consumer protection agency, or police department) setting forth in detail the cause and amount of fraud in sufficient form to be verifiable and affirmed through enforcement follow-up.

Scenarios that may result in a reduction of DOB include:

Scenarios that may result in a reduction of DOB
The contractor or workers were paid, but no work was performed.
The contractor or workers were paid, but only partial work was performed, and the work was never completed.
The contractor or workers were paid and did perform the work, but it is sub-standard or shoddy and must be corrected.
The homeowner paid the contractor or workers for materials that were never delivered to the home, used in the home, or disappeared from the work site.
The homeowner procured materials that were onsite, and they were stolen from the property by a contractor, workers, or others engaging in theft.

Materials on the worksite were vandalized.
Installed materials (i.e., completed work) were vandalized.
Installed materials may have been stolen from homes.

This procedure is intended to assist homeowners who have experienced any of the scenarios described above or any similar scenario not listed by providing relief related to lost money that would otherwise be considered a duplication of benefit. The homeowner must prove any contractor fraud, bad workmanship, vandalism, or theft. If proven, the homeowner's duplication of benefit can be reduced, and the Program can provide scope to cover the completion of the Applicant's home repairs, 84 FR 28841: IV.E. Reassess Unmet Need When Necessary.

Homeowners will have to prove that they have filed a formal complaint with law enforcement, the California Contractor's Licensing Board, or the Attorney General or that they have filed a civil action in a California court. The intent of the contractor fraud policy and procedure is to consider all relevant evidence a homeowner can provide to make a reasonable determination of whether the duplication of benefit amount should be reduced. It is a totality of circumstances that will support this justification.

A homeowner's engagement or indication that he or she will be engaging in litigation related to fraud, workmanship, vandalism, or theft does not preclude the Applicant from obtaining a duplication of benefit reduction. The Applicant will sign a Subrogation agreement at grant execution that requires the Applicant to return any portion of funds that he or she may later receive related exclusively to repairs of the home for which the Program may provide. Therefore, the existence of a lawsuit is not grounds for denying this DOB reduction analysis.

The first step in this process is for the Program to collect some basic information from the homeowner. This information will be filled in on the Contractor Fraud/Theft/Vandalism Example worksheet.

- Name of the contractor(s) or workers to whom funds were paid
- Amount paid to each contractor or worker alleged to have stolen funds, failed to complete work that had been paid for, or completed shoddy work that must be re-done
- If theft or vandalism, the date on which the theft or vandalism of materials/work occurred
- The name of any police department, regulatory agency, or court with which a formal complaint was filed
- The date the formal complaint was filed and the item or case number of the report
- Brief description of the alleged incidents

To demonstrate contractor or builder fraud and/or theft or vandalism for consideration of a duplication of benefit reduction, the Applicant must provide the following:

Type of Fraud/Theft	Criteria/Evidence	Notes
Contractor Fraud	Either a contract with a contractor to perform repairs to the damaged property or evidence of payment(s) made to contractor or builder demonstrating the attempt to Reconstruct or Rehabilitate the damaged property as well as proof that the Reconstruction and/or Rehabilitation were not completed.	Proof of payment can be in the form of cancelled checks, paid invoices, or paid receipts. Bank statements or credit card statements that contain proof of payment through checks or other means of electronic transfer may also be used.
	Evidence that a formal complaint was filed against the contractor or builder accused of fraudulent practices with the proper law enforcement officials or a state regulatory agency or court (civil complaints)	A complaint must have been filed within 1 year of the discovery of the fraudulent activity of the contractor/builder. The Applicant must provide the case or item number or report number and the name of the law enforcement or regulatory agency with which it was filed. If a civil action was filed, the Applicant must provide the name of the court where the action was filed and the docket number of the case
Theft/Vandalism	Proof (i.e., paid receipts, photos, filed complaint) that property of the Applicant's damaged home was stolen or vandalized	Proof of payment such as a canceled check, receipts, bank statements or credit card statements is also required.
	Evidence that a formal complaint of theft or vandalism was filed with the proper law enforcement officials or a state regulatory agency or court (civil complaints).	The Applicant will also be expected to provide the case or item number or report number and the name of the law enforcement or regulatory agency with which it was filed.

Mortgage Forced Payment (involuntary payoff/paydown)

If an Applicant's mortgage company placed a force payment on insurance proceeds, the insurance amount paid to satisfy a force payment is not a duplication of benefit. The

Applicant would have to provide the document proving that the mortgage company did not release the insurance proceeds in the amount of the outstanding mortgage amount.

Additionally, if an Applicant can provide evidence from recorded Deed of Trust that includes a property insurance section within the Uniform Covenants that the borrower and lender will adhere to as follows:

- In the event of a loss, if the restoration or repair was not economically feasible or;
- The mortgage lender's security would be lessened; and
- The lender demands insurance proceeds to be applied to the mortgage amount secured whether or not then due, with the excess (if any) paid to borrower.

Due to the sharp economic impact placed on the Most Impacted and Distressed (MID) counties as result of the wildfire, local town and counties home value assessments have taken a sharp decline since before the wildfires. These economic circumstances further provide evidence that some mortgage lenders security interest would have become affected shortly after the wildfires. Under these situations and with appropriate documentation, the Program will allow these involuntary payments with insurance funds consideration on a case-by-case basis to be used only as an Exclusion to DOB.

Legal Fees

Legal fees that were paid in successfully obtaining insurance proceeds will be credited to the Applicant and will not be deducted as part of the Applicant's duplication of benefits. Applicants will need to provide evidence of payment.

Tax Filing

Tax filings related to losses to the home do not affect funding assistance awards and are not considered duplication of benefits. Applicants should consult their personal tax advisor about any tax-related matter.

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9.6 Scope of Work Reduction to Address DOB Gap

Homeowners eligible for an award that also have a Program calculated DOB gap may elect to take a scope reduction and/or provide funding to close the DOB Gap. If the homeowner elects to take a scope reduction, the Program will assist the Applicant with choosing options for reducing their scope. The cost differential between the home for which an Applicant qualifies and the lower priced home they select will be used as an adjustment to any DOB Gap and/or award cap coverage.

A Scope of Work Reduction lets the Program select specific items in an Applicant's SOW for exclusion from the project or allows an Applicant to select a smaller footprint altogether. The items that are excluded, or the square footage that was excluded will be considered the part of the Applicant's "total need" which has been met by the Applicant's DOB. The Program will consider the remaining items in the SOW as "unmet need" that is eligible for CDBG-DR assistance.

Rules for SOW Reduction:

1. Scope reductions may be offered to Applicants whose SOW is above award cap and/or that have DOB Gap.
2. Only the items listed below may be selected for exclusion from an Applicant's SOW. The Program has determined that these items will have the lowest acceptable impact to the quality of the structure post-rebuild.
3. All items flagged for SOW reduction must be recorded on the Applicant's final SOW with their full Xactimate line-item costs highlighted.
4. If an Applicant selects a smaller floorplan, the cost difference between the larger and the smaller floorplan, as calculated by comparing the models' "Box Price" lists, must be recorded on the Applicant's Homeowner Selection Form.
5. The Applicant is still required to provide DOB funds if the reduction is not greater than the Applicant's DOB assistance.

Items allowed for SOW exclusion:

- Garage
- Program approved alternative finish materials
- Selection of alternative/smaller floorplan
- Additional scope exclusions or changes can be considered on a case-by-case basis.

9.7 Repayment of Excess DOB

Section 312(b)(1) of the Stafford Act requires the Program to ensure that Applicants agree to repay all duplicative assistance received before, during or after the home is Rehabilitated or Reconstructed. As part of the Program application and certifications,

each Applicant must sign a subrogation agreement agreeing to repay any assistance later received for the same purpose for which the Program funds were provided. Any assistance determined to be duplicative must be deducted from the Program's calculation of the Applicant's total award prior to issuing an award.

If after the award is made, the Applicant is deemed to have received duplicative assistance over the total award amount (excess DOB), the Applicant will receive a Duplication of Benefit Notification and be required to pay the Program in accordance with the recapture policy (See Section 15.6).

Applicants deemed ineligible for failure to resolve excess DOB will be mailed an Ineligibility Determination letter. The Ineligibility Determination letter notifies the Applicant of the reason for ineligibility and outlines the process to appeal the decision.

9.8 Sample DOB Calculation

DOB Calculation Step	Example Given
1. Identify Applicant's Total Need for Reconstruction	\$250,000
2. Identify Total Assistance	\$25,000 (FEMA) + \$75,000 (Insurance) = \$100,000 total DOB
3. Identify Non-Duplicative Amounts <i>Examples of Non-Duplicative Amounts:</i> <ul style="list-style-type: none"> • Amounts used for a different purpose, or same purpose, different allowable use • Declined and cancelled subsidized loan balances <i>Assistance received for the same purpose as the CDBG-DR Grant can be excluded by expenses incurred by the property owner if there are verifiable receipts, invoices, pictures, and other relevant documentation confirming the expenses.</i>	\$15,000 (Insurance for landscaping) + \$25,000 (Insurance for debris removal) = \$40,000 non-duplicative amount
4. Identify Total DOB Amount (Line 2 minus Line 3)	\$60,000
5. Calculate Maximum Award (Line 1 minus Line 4)	\$190,000
6. Program Award Cap (if applicable)	\$550,000

<p>7. Final Award (Amount in line 5, up to the Program cap amount in line 6. The award amount is the Program cap amount if amount in line 5 is greater than the amount in line 6.)</p>	<p>\$190,000</p>
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9.9 Subrogation – Repayment of Duplicative Assistance

The Applicant and HCD will enter into a Subrogation agreement at acceptance of the Grant Award Acknowledgement which gives HCD the right to collect any additional assistance or insurance payouts the Applicant receives for the applicable disaster related events (DOB) after the Applicant has accepted their Grant Award Acknowledgment and entered a CM construction contract for Grant funds. All available duplicative funding must be reported to the Program and accounted for, regardless of when it was received by the Applicant.

Upon additional benefits being received, the Program recalculates the award and provides instructions if the Applicant must remit duplicative amounts to the Program. DOB reviews are conducted again prior to closing out of the project file. Any DOB amount identified during these reviews must be repaid to HCD.

9.10 Escrow

The amount that is the homeowner’s responsibility must be remitted to the Program and placed into a Program-managed escrow account, prior to entering a construction contract with CM. The funds from the escrow account are disbursed first and once all funds from the account have been fully disbursed, the grant funding is disbursed.

10. Pre-award Procedures

10.1 Application Outreach

HCD is committed to affirmatively furthering fair housing and ensures accessibility through established affirmative marketing and outreach activities.

HAPM is tasked with implementing a detailed outreach plan to ensure that outreach and communications efforts reach eligible survivors from all racial, ethnic, national origin, religious, familial status, persons with disabilities, and gender groups and that they are given the opportunity to apply for funding to assist with Reconstruction of their primary residence that sustained damages due to the disasters. HCD oversees the HAPM’s efforts in developing and implementing the Outreach Plan and participates in outreach and marketing activities as needed. Because the Program prioritizes LMI homeowners and beneficiaries, it is critical that the outreach activities reach LMI individuals. Outreach activities may include door-to-door canvassing, and special efforts to communicate with hard-to-reach populations such as seniors or persons with severe disabilities.

Special outreach activities are directed to finding and communicating with LMI homeowners who may have had to temporarily relocate, such as elderly homeowners who may have gone to stay with family outside of the impacted area. This outreach plan also provides an overview of HCD's communications, goals, and strategies.

Marketing is conducted through widely available media outlets, which may include:

- Advertisement in local media outlets, including newspapers and broadcast media, that provide unique access for persons who are considered members of a protected class under the Fair Housing Act
- Coordination with public and/or non-profit organizations
- Outreach at government offices, churches, grocery stores, senior centers, etc.
- Use of social media when appropriate

Measures are taken to make sure the Program is accessible to persons who are considered members of a protected class under the Fair Housing Act by holding community meetings as well as all advisory meetings in buildings that are compliant with the Americans with Disabilities Act (ADA). Translation services are available for all community meetings as well as advisory services.

Program marketing materials are presented in English and Spanish and are developed to meet accessibility standards. In addition to marketing the Program during the launch and application intake period, outreach efforts are utilized during periods prior to specific Program updates to ensure that Program stakeholders are always informed and able to respond appropriately.

10.2 Application Process

10.2.1 Submitting an Application

The main method of submitting Applications is online via HCD's Application Portal for the Program. Applications may be submitted at [ReCoverCA | California Department of Housing and Community Development](#).

Reasonable accommodations are available to assist homeowners who do not have access to complete an online application. Hard copy applications are available for download at [ReCoverCA | California Department of Housing and Community Development](#) or by contacting the Program at (916) 202-1764 (the Program can accept collect calls).

Hard copy applications may be completed, signed, and submitted by email to ReCoverCA@hcd.ca.gov or fax to 916-263-2764. Applications can also be mailed to:

ReCoverCA Single Family Reconstruction Program
Department of Housing and Community Development
2020 W. El Camino Ave., Room #405

Sacramento, CA 95833

Program Case Managers are available to assist with completing an application via telephone and at outreach events. Mobile intake is also available to assist those in need. Mobile intake is when a Case Manager will go to the Applicant's residence, in the event the Applicant is unable to attend the physical center and/or does not have access to the internet.

Application deadline: Applications are accepted until July 1, 2025, or all funds are exhausted, whichever comes first. The Program reserves the right to extend the application deadline as necessary with reasonable notification to the public prior to the extension taking effect.

Once a person has completed and submitted an application, they become an Applicant to the Program. From that point forward, Applicants must abide by all Program policies and procedures outlined in this manual. The Applicant is assigned to a Case Manager, who is responsible for managing communications with the Applicant during the Program. An Applicant can communicate with the Case Manager to obtain updates on the application status.

10.2.2 Application Forms

All Applicant(s) and Co-Applicants must sign the following Program required application documents either electronically using DocuSign within the Application Portal or hard copy signed in **blue ink only**.

- Personal Information Release Authorization Form
- False or Misleading Statements
- Right of Entry (ROE) Authorization and Agreement
- Household Income Certification Form
- ReCoverCA Homeowner Grant Application Certifications
- Other Program-related documents, as needed

To submit required documentation electronically, Applicants must enter a valid email address for each household member 18 years of age or older. Documents that are manually signed must be signed in blue ink only to be accepted.

There may be multiple owners on title to the damaged residence who are not occupants of the household. All occupant and non-occupant owners on title must sign the Co-Owner Consent Form.

The Program is not liable for disputes arising between owner occupants and non-occupant owners.

10.2.3 Administrative and Voluntary Withdraw

During the application process, Applicants are required to respond to Program requests for information/materials in a timely fashion to complete the eligibility process. At no time should a Program request for additional information go unanswered beyond twenty-one (21) calendar days. If the Applicant needs an extension, clarification, or assistance, they must make that request within the (21) calendar day window. If the Applicant fails to provide the requested information/materials or fails to ask for an extension or assistance, their application will be administratively withdrawn.

If an Applicant becomes unresponsive, the application will be administratively withdrawn. "Unresponsive" is defined as the failure to answer or return three (3) consecutive phone calls, and failure to respond to one (1) written request within twenty-one (21) calendar days. Exceptions to the above may be approved by the Program on a case-by-case basis for clearance of title defects, death, or illness of a homeowner, or other circumstances beyond an Applicant's span of control.

Applicants may request to voluntarily withdraw from the Program at any time. Applicants must provide a request to withdraw in writing or by email to their Case Manager or to the Program. However, if an Applicant cannot or will not provide a written request to withdraw, a detailed case note may be used to support the Applicant's withdraw request. All Applicants who choose to withdraw will have the option to rescind their request to withdraw within thirty (30) calendar days. If the Applicant does not contact the Program to cancel their withdraw within thirty (30) calendar days, the application will be withdrawn. If an Applicant chooses to withdraw after construction has begun, the Applicant will be required to repay all Program funds expended on the Reconstruction of their home through a recapture process. A withdrawn application is final and not appealable. Once an application is withdrawn, a new application will be required if the Applicant wishes to participate in the Program again.

10.2.4 Limited English Proficiency (LEP)

Homeowners whose primary language is not English are provided vital Program documents (e.g., brochures and any relevant forms) as well as other tools for guidance translated to their native language. As a standard practice, Program documentation is translated into Spanish. Translation into other languages is completed upon request. Bilingual Case Managers are available to assist with translating documentation and providing communication with Applicants. By translating and providing Program documents in their native language, all homeowners are given reasonable opportunities to understand Program requirements.

10.2.5 Special Needs

In accordance with Section 504 of the Rehabilitation Act of 1973 requirements, necessary accommodations are made to ensure that eligible persons with special needs can successfully participate in the Program. These accommodations may include but are not limited to ensuring that all facilities are readily accessible by persons with disabilities, the

use of American sign language and braille, oral presentation of documents, and home visits by the Case Managers.

All Applicants are provided a Verification of Disability form, which offers options for commonly requested accommodations that may be requested without additional documentation. Additional accommodations can be made if necessary. An Applicant can establish their need for additional special accommodation by presentation of a mobility card, or presentation of proof of SSDI benefits.

10.2.6 Environmental Stop-Work Order

Homeowners that have begun Rehabilitation or Reconstruction work on their damaged property prior to the submittal of an application are required to stop work upon Program initial site inspection visit. The Program issues a stop-work notification to homeowners requiring an end to ongoing work, so that an environmental review can be conducted and finalized without having to redo Program work due to homeowner changes in the work environment. Homeowners that do not comply with the requirement to stop-work will be deemed ineligible for Program assistance unless the Homeowner needed to address a valid health and safety issue.

HUD rules and regulations that govern the environmental review process can be found at 24 C.F.R. part 58.

To be eligible for the Program, Applicants must comply with the environmental requirements which include:

- Stop all on-going construction activities at the time of application submission to the Program.
- Wait until the environmental clearance is completed prior to initiating Program approved work on the property.

11. Design Process

After the initial DOB verification is complete and Case Management determines that an Applicant is eligible for assistance, CM staff initiate the Design Process which consists of:

- Initial Home Inspection and Estimated Cost of Repair (ECR)
- Environmental Review
- Design Process

11.1 Initial Home Inspection

Prior to the initial home inspection, which is the first site visit by the CM, CM staff will consult the Applicant file for the following information:

- Damaged structure type (MHU, Stick-Built, or ineligible)
- Damaged structure characteristics (square footage, bedroom count, etc.)

- Applicant household size
- Verification of damage
- Work in Place Data (if any)
- Relevant DOB data

Also prior to the initial home inspection, the Case Manager contacts the Applicant to schedule an appointment for the initial home inspection, providing at least 72 hours advance notice. All communications and attempted communications are documented in the Program's Application Portal. The Applicant or someone designated to act on their behalf must be present during the initial home inspection and must be over the age of 18.

The initial home inspection is conducted by CM-contracted inspectors. Inspectors will visit the property and gather any necessary information to:

- Assess the property and what action would be needed to bring the house to HUD housing quality standards.
- If applicable, verify any work already completed for eligible DOB exclusions as reported to Case Management in the application process.
- Report to the Program all issues related to feasibility that they observe during their inspection.

Staff conducting the initial home inspection collect sufficient data to determine the feasibility for Reconstruction. The inspector verifies, upon request of the eligibility team, any information from the homeowner regarding damage as well as work that has been initiated or completed. The inspector also conducts a room-by-room inspection to identify any repairs needed to bring the home into compliance with construction specifications.

CM Home Inspectors will observe, and document needed repairs with notes and at a minimum of the following photos:

- Front elevation
- All other exterior elevations
- Interior photos of disaster damage
- Adjacent exposures (backyard, side yards, proximity of dwellings, and any outbuilding)
- Obvious environmental issues (such as hazardous trees threatening the construction site)

All federal regulations regarding lead-based paint, environmental review, housing quality standard, procurement, labor standards, etc., apply to this Program. If issues are identified within an application, an application may be required to undergo additional reviews, and this may take additional time to resolve.

11.2 Verification of Work in Place

Work in Place (WIP) refers to repair activities required because of the disaster that are already completed at the time of the Application. WIP items can be used to exclude DOB expenses and reduce the DOB funds an Applicant must provide to complete the project.

During the DOB Review, the Program DOB Team verifies that the completed repairs match the list of Program eligible activities and are consistent with damages caused by the disaster(s). The Applicant is charged with supplying backup information such as photographs and narratives to substantiate existing repairs at the time of inspection.

Items that are not eligible as Work in Place include, but are not limited to:

Items not Eligible as Work in Place
All special construction or materials above standard/economy grade
Small countertop appliances, including without limitation; coffee pots, toasters, and blenders
Trash compactors
Alarm/security systems
Sound/entertainment systems (e.g., in-wall speakers, wiring), wireless computer and communication systems, and cable television and telephone connections
Light fixtures beyond standard grade
Second kitchens in single family homes
Jetted tubs
Personal property, such as vehicles, furniture, and household goods and clothing
Repairs to non-attached buildings, such as pool houses, sheds, chicken coops, dog houses/kennels, beehives, and similar nonresidential appurtenances
Out buildings (e.g., sheds, gazebos, trash enclosures, and pool houses)
Detached garages/carports including those connected via a breezeway, unless the breezeway is integral to the roof
Exterior decks, and patios, unless to allow for egress on homes being elevated; materials limited to builder's grade composite decking and rail systems.
Irrigation systems, fountains, ponds, exterior showers, etc.
Swing sets/playground equipment
BBQ grills
Purchase of Generators or other similar backup systems
Portable heaters
Swimming pools, hot tubs, saunas, and associated equipment

If there is a question whether a repair was made or not made, the Program DOB Team will use information obtained by the CM Initial Inspection team from their inspection visit as the deciding factor on whether the item should be counted as WIP. If the Applicant lists

a repair but it is obvious to the Program DOB Team that the repair has not been completed, the Program DOB Team excludes that item from the WIP.

11.3 Estimated Cost of Repair (ECR)

An Estimated Cost of Repair (ECR) is prepared to document the line items and estimate the costs of repairs needed to bring the house back to HUD Housing Quality Standards of livability. To establish a basis for quantifying these materials and labor costs needed, the ECR uses unit- and quantity-based costs using Standard Grade Building Material costs and Minimum Architectural and Design Standards established prior to the start of the Program that are reflective of costs per region served.

Quantities and measurements taken during the initial home inspection are input into a construction estimating tool for all projects to ensure consistency throughout the Program.

Existing Rehabilitation or Reconstruction of detached structures such as garages, sheds, swimming pools, decks, or fencing are not included in the ECR as eligible construction activities. Demolition of detached structures may be included in ECR if the detached structure poses a possible health and safety risk or is a risk to a new structure due to proximity.

The ECR is then reviewed by the eligibility team to determine the Program approved construction activities.

11.4 Environmental Review

The National Environmental Policy Act of 1969 (NEPA), as amended, established the national policies, procedures, and regulations for protecting and enhancing environmental quality.

It requires the evaluation of environmental impacts of proposed federally funded projects and identification of any necessary mitigation measures to minimize or prevent adverse impacts. An environmental review is necessary for all HUD-assisted projects, including projects funded partially or in full by CDBG-DR, prior to any commitment of funds.

All Rehabilitation and Reconstruction projects undertaken with CDBG-DR funds and all activities related to that project are subject to the provisions of NEPA, as well as to the HUD environmental review regulations at 24 C.F.R. part 58.

The HUD environmental review process must be completed before any funds are committed and disbursed for Program-eligible activities. No work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. If work has already been started with non-HUD

funds, the Applicant will be required to stop existing work until the environmental review process is complete.

Furthermore, CEQA is the state's companion to NEPA. CEQA compliance is also required on all projects carried out, approved, or funded by a California public agency that may result in an adverse physical change in the environment, either directly or indirectly.

Documentation of CEQA compliance must be met along with the NEPA.

Environmental review must be concluded for each project prior to the commitment of any Program funding. A violation of this requirement may jeopardize federal funding to a project and disallow all costs that were incurred before the completion of the environmental review and HUD's approval for release of funds.

11.5 Design Activities

The design activities incorporate information gathered during the Initial Home Inspection and the Environmental Review to produce a Scope of Work.

The design activities consist of:

- Homeowner floorplan selection
- Design site visit
- Scope of Work Development

11.5.1 Homeowner Floorplan Selection

After the ECR is generated and Environmental Review is completed, Applicants will be invited to select the floorplan for which they are eligible. Applicants may select any floor plan equal to or smaller than the largest plan they qualify for.

CM will provide Program Applicants two floorplan options each for two (2)-bedroom, three (3)-bedroom, and four (4)-bedroom homes using a standardized plan set that can be built on most sites. In some instances, these "prototype" plan sets may be modified dimensionally to fit zoning and on-site code requirements. Narrow lot two story options are available on an as-needed basis. Additionally, CM will provide Program Applicants with one floorplan each for five (5)-bedroom and six (6) bedroom homes as required and determined by HCD. All floorplan options have three exterior elevation options and finishes options as follows:

- Four (4) options for exterior colors
- Four (4) options for interior wall colors
- Four (4) front door options
- Four (4) cabinet options
- Four (4) countertop options

- Four (4) flooring options
- Three (3) tile options, and
- Three (3) appliance options.

Applicant requests for material or finish upgrades will not be approved. When an Applicant property is unable to accommodate one of the floorplans provided, CM may provide specially modified or new floorplans subject to review and approval by HCD.

Based on the characteristics of the damaged home and square footage, the Case Manager/CM representative presents all allowable plan sets that meet the requirements for the standard home and include house plans with approximate square footage up to the damaged home square footage. The homeowner is permitted to select the model they prefer of these choices.

The homeowner may work with the Case Manager and Construction manager to adjust, if possible, to a plan that works in their circumstances. Applicants who choose accessibility features may work with the Case Manager to select standard features to support the accessibility request.

The Applicant is allotted reasonable time to review materials and make final selections, but all Applicants must select a floorplan and sign the Homeowner floorplan selection form agreeing to proceed with their selection to move forward in the Program. All home selections are final once signed and may not be changed at any point after signature, for any reason. If all Applicants do not sign the floorplan selection form within 7 calendar days, the application will be placed on hold and will not proceed.

If any household member is disabled and special accommodations are needed, Applicants can request special accommodations and Scope modifications. The cost of such modifications is reviewed for reasonableness and count towards the Applicant's award cap of \$500,000 per damaged structure for Reconstruction activities, however exceptions can be made for necessary special accommodations that increase an Applicant's scope of work above the grant award cap limit.

11.5.2 Design Site Visit

CM-contracted staff will visit the Applicant's home and conduct the following:

- Property survey
- Obtain elevation certificates (as needed)
- Geotechnical services with reports
- Assessment of Permitting Requirements
- Activities associated with inspections, repairs, and replacements to water wells and/or septic systems
- Any other inspections or tasks required to develop a site-specific scope of work

11.6 Scope of Work Development

CM assigns a general contractor to apply site-specific conditions to the Program's standard floorplan selected by the Applicant during the Homeowner's floorplan Selection meeting and produce a final plan set that will be used to obtain permits and build the new home. From this plan set, the CM produces a Scope of Work to determine the cost of building to that plan set.

All residential construction projects must comply with the California Building Standards Code under the California Code of Regulations, Title 24, and construction standards must meet or exceed all applicable requirements for housing or building construction. Housing construction codes for buildings in California follow federal and state laws, regulations, and adaptations for construction of single family and multifamily units.

Construction standards for HCD's housing projects can be referenced online at: <https://www.hcd.ca.gov/building-standards-hcd>. These include but are not limited to:

- Local Building Codes
- Wildland-Urban Interface (WUI) Area Building Codes
- CALGreen – California Green Building Standards Code

Additionally, all reconstructed homes will achieve [Wildfire Prepared Home](#) designation.

A Scope of Work (SOW) includes all eligible Reconstruction activities such as materials and labor, necessary environmental mitigation (as required), and eligible accessibility features.

Like the initial ECR, valuations are determined by inputting quantities and measurements into a construction estimating tool for all projects to ensure consistency throughout the Program. The estimating tool utilizes current construction costs with inclusion of regional or county adjustments as well as applicable taxes to account for pricing differences between regions.

The Program estimates the cost of Reconstruction in quantities using "Standard Grade" materials. Therefore, it is likely that the Program's assessment of the value of Reconstruction is lower than other assessments that the Applicant may have, whether from SBA, NFIP, a private contractor, or another third-party entity. Applicant requests for material or finish upgrades will not be approved.

The following items are NOT included in the SOW unless required to support Program wildfire mitigation/hardening efforts (non-exhaustive list):

- Purchase of tools and equipment

- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, or boat ramps (garages may be included when required by local codes)
- Replacement of special features, trims, and designer features that exceed basic livability requirements and features of standard grade homes such as sky lights, wainscoting, and wood paneling, jacuzzies, copper gutters and roofs (these items may be repaired if they present a health or safety hazard and will only be replaced with Program standard grade material)
- Repair or replacement of fencing, landscaping, or security systems unless required by local code or Wildfire Prepared Home designation
- Replacement of damaged Personal Property, including but not limited to Washing Machines, Dryers, Dishwashers, Window air conditioner units.

12. Award Determination and Calculation

12.1 Award Determination

The Program determines the award amount by deducting all DOB received by the Applicant from the final SOW cost, not to exceed the Program award cap of \$500,000 for Reconstruction activities.

The cost of any construction activities which are already underway or complete by the Applicant are evaluated and if approved by Program is input into the Applicant's award calculation as a reduction to the DOB.

The award determination yields one of three results:

- Zero award – When the DOB (assistance already received) is equal to or greater than the final SOW cost.
- Grant award – SOW cost is greater than DOB but less than or equal to the grant cap of \$500,000 for Reconstruction activities.
- Grant Award + Gap – SOW cost is greater than DOB and greater than the Reconstruction grant cap. Applicants must provide funds to cover the difference between the award and the total SOW cost.

12.2 Award Calculation

Each award is calculated using the final scope of work cost for the eligible Reconstruction, less the amount of DOB, not to exceed the Program's maximum grant cap of \$500,000 per damaged property.

Therefore, to calculate the total eligible award, the Program uses the following process:

- 1) The Program determines an Applicant's total need by conducting structure and model eligibility review, an initial site inspection, and reviewing all damage documentation from the Applicant, FEMA, SBA, insurance reports, and other sources. The Program develops a final SOW to determine the total

- cost to Reconstruct the damaged property into a habitable structure (using standard materials and building practices).
- 2) The Program calculates the Applicant's total assistance received to date (DOB) by adding up funding from sources such as cash awards, insurance proceeds, grants and loans received by or available to each Applicant, including awards under local, state, or federal Programs, and from private or nonprofit organizations. The Program must include a review to determine whether the Applicant received FEMA, SBA, insurance, and any other major forms of assistance (i.e., state disaster assistance Programs) available to Applicants. For more information on what qualifies as DOB, see Section 9.
 - 3) The Program determines, in accordance with policy, how much of the total assistance received is considered a non-duplicative exclusion to DOB. Non-duplicative exclusions are funds that are either 1) provided for a different purpose, or 2) provided for the same purpose (eligible activity), but for a different, allowable use (cost). For more information on how DOB is calculated, see Section 9.
 - 4) The Program compares the DOB amount with the total need. If the total need is greater than the DOB amount, Program funds are applied to the gap up to \$500,000, as described above. If the DOB amount is greater than the total need, no Program funds are awarded.

12.2.1 Re-Verification of DOB

All DOB funding must be accounted for prior to the homeowner receiving an award. Homeowners with a duplication must sign an affidavit affirming they have all DOB funding on hand and must place it in an escrow account held by the Program for use during construction-verification checks are completed prior to the final award determination and will be completed again as part of ongoing compliance efforts after the completion of a project.

12.3 Escrow

The amount that is the homeowner's responsibility must be remitted to the Program and placed into a Program-managed escrow account, prior to entering a construction contract with CM. The funds from the escrow account are disbursed first and once all funds from the account have been fully disbursed, the grant funding is disbursed.

12.4 Pre-Award Verifications

Applicants are responsible for providing truthful, accurate, and complete information and documentation to the Program. However, prior to making an award, the Program is responsible for reviewing each Applicant file to verify all information is complete, Applicant eligibility is verified, and all benefit calculations are completed correctly.

The Case Manager conducts the initial eligibility review and award determination with verification by the HAPM and HCD.

12.5 Award Acknowledgment

After receiving a completed application (including all documents), determining the Applicant is eligible, completing a final SOW, and completing the award calculation, the Program makes the Grant Award Acknowledgement available for review on the Application Portal. The Program uses the Award Acknowledgment process to consult with Applicants, review and reaffirm Applicants understand and certify to adhere to Program requirements and accept the Grant Award Acknowledgment. In turn, the Grant Award Acknowledgment provides the Applicant with information about their potential eligible award, award calculation, funding the Applicant must remit, SOW, and the appeals process.

Once the final DOB and award amounts are determined, if an award is issued the Applicant will receive an Award Acknowledgement letter. The letter will indicate the total amount the Applicant is required to remit (“homeowner’s responsibility”), which may include: 1) all DOB, and/or 2) any amount over the Program grant cap. The letter will also provide the total award amount.

Applicants may accept their Award, request consultation, or appeal the determination.

Upon acceptance of the Award Acknowledgment, the Applicant will sign an escrow agreement (if applicable) and the applicable deed restriction. The deed restriction is recorded in the applicable County Recorder’s Office to satisfy the Program compliance requirement.

12.6 Zero-Award Letter

If an Applicant meets all eligibility requirements but has received funding from other sources above the documented need, a zero-award letter is issued stating that the Applicant met the eligibility criteria but did not qualify for an award.

The letter explains that the assistance previously received from other sources exceeds the amount of need. Should the Applicant disagree with the determination, they have the option to file an appeal. Information on how to submit an appeal is provided in the letter. See Section 15.1 for additional details.

12.7 Provisions of Funding

The Applicant does not receive direct funding of the award. The CM pays homebuilding contractors directly and the Program reimburses the CM, upon review and approval of invoices, from escrow funds first (if applicable), then from award funds.

12.8 Final File Review (Quality Assurance/Quality Control 1 + 2)

After the design process is completed, the HAPM team will conduct Quality Assurance/Quality Control 1 (QA/QC1) to ensure file completion and feasibility of the project before submitting the completed file to HCD. HCD Staff will conduct Quality

Assurance/Quality Control 2 (QA/QC2) before final approval to move into Grant Award Acknowledgement.

12.9 Grant Award Acknowledgement Letter

A Grant Award Acknowledgement letter is generated and posted to the Applicant's account and a notification email is sent to the Applicant once the following steps have been successfully completed:

- Application and all supporting documentation are signed and submitted.
- Applicant is determined to be eligible
- DOB analysis is completed
- Environmental review is completed
- New floorplan is selected, Property is inspected, and SOW is determined
- Award amount is determined

The Grant Award Acknowledgement letter provides the Applicant with information about their eligible award amount, any homeowner escrow required to eliminate gaps in funding, award calculation, SOW, and information about the appeals process.

In the Application Portal, the Applicant can opt to accept the award determination, appeal the award determination, or consult with their Case Manager on the calculation of their award amount.

When an Applicant is deemed ineligible, they receive a letter stating the reason and outlining the appeal process.

13. Post-Award Closing Process

During the Closing Process, the Applicant will accept the Grant Award Acknowledgement letter, sign the deed restriction, sign the escrow agreement and transfer any escrow funds (if applicable), and sign the construction contract.

13.1 Grant Award Acknowledgment and Escrow Agreement

Applicants must accept their Grant Award Acknowledgment before any grant funds are obligated to the Applicant. The Applicant has 30 days to review and accept their grant award.

Applicants who accept the Grant Award Acknowledgement must also sign a deed restriction. HAPM will record all deed restrictions in their applicable County Recorder's Office for the applicable period to satisfy Program compliance requirements.

If DOB funds and/or additional funds over the grant cap are required, the Applicant must sign an Escrow Agreement with HAPM and supply those funds to the Program managed

escrow account before the Applicant can execute a construction contract with CM and before construction can begin. The Case Manager will contact the Applicant and arrange transfer of Applicant's escrow funds. The Program only accepts cashier's checks, certified checks, money orders or wire transfers. Checks must be mailed to:

California Department of Housing and Community Development
2020 W El Camino Ave. Room 405
Sacramento, CA 95833

13.2 Transfer Escrow Funds

After accepting the Grant Award Acknowledgement, signing the deed restriction, and signing the escrow agreement, the Case Manager will contact the Applicant and arrange transfer of Applicant's escrow funds into a third-party account held by the HAPM services vendor. The Applicant is responsible for providing the escrow amount within a reasonable timeframe. Failure to do so could result in a hold status by the Program.

13.3 Construction Contract (Agreement)

The purpose of this ReCoverCA Construction Agreement ("Agreement") is to authorize the Reconstruction and mitigation of eligible primary residential structure(s) owned by Applicant pursuant to the California Department of Housing and Community Development ReCoverCA Housing Programs. In the Construction Agreement, the Applicant acknowledges their acceptance of the scope of work vacate date expectations, Grant Award amounts, and the terms and conditions which identify the Applicant responsibilities and the Construction Manager responsibilities. The Applicant must sign the construction agreement within 7 days of receipt to avoid being administratively withdrawn from the Program.

13.4 Notice to Proceed (NTP)

The CM issues a Notice to Proceed (NTP) for Reconstruction based on project requirements. The NTP is issued in writing using the appropriate form and is provided in a hard copy or a scanned version is e-mailed to the GC and then uploaded into the Applicant's file. The CM follows the procedures below for issuing an NTP:

Procedures for Issuing an NTP
Executed Documents and Agreements CM verifies with the Case Manager that all Program required agreements and documents have been fully executed and no additional documents are required from the Applicant.
CM Prepares NTP Package <ul style="list-style-type: none">• NTP Checklist and all supporting documents required for the subject property to ensure a complete package is on file prior to construction.• The CM works with the Applicant to execute the construction contract.
Execution of Construction Contract

Construction Contract is executed.

CM Verifies the following Administrative Requirements are Complete:

- Valid performance and payment bonds, as required, have been submitted to the Program
- All insurance policies are active, as required by contract
- Environmental review has been approved
- Utilities have been properly disconnected and retired
- GC has issued construction permits and permitted plans have been submitted to the Program
- Applicant and any occupants have moved out and a contents removal plan has been agreed upon between the GC and the Applicant
- GC holds all valid Contractor Registrations
- GC provided an overall bonding letter to the CM which verifies their bonding capacity (For Solution 1 projects with a SOW of more than \$100,000)

13.5 Relocation during Construction

Moving out of or continuing to live away from the property during construction is required and is the Applicant's responsibility at their own expense. Exceptions can be made on a case-by-case basis for Applicants only. Tenants are required to temporarily relocate from the property during construction, without exception. The Program can cover certain costs associated with tenant relocation (See Section 15.9 "Temporary Relocation of Impacted Tenants" below for more details).

14. Construction Process

The CM's responsibilities include maintaining and creating paperwork for assignments, overseeing contractor pre-construction meetings, and monitoring construction by conducting on site progress inspections.

14.1 Construction Monitoring, Progress, and Final Inspections

Building contractors are responsible for contacting the CM to request all onsite progress inspections as construction milestones (25%, 75%, 95%) are achieved. The CM conducts inspections to verify the work being invoiced has been performed in a workmanlike fashion in compliance with plans and scope of work. CM then drafts a progress interval inspection report to record the findings of the inspection.

When work is nearing completion, the building contractor notifies CM of a specific date when the job is ready for final 95% inspection, which guarantees that all work has been completed according to contract specifications. The CM will deliver copies of all building inspections and permits issued by the local building authorities. The Program CM verifies that the homeowner receives all warranties and instruction booklets for installed equipment.

14.2 Construction Monitoring

Construction work must start on each project within 30 days after permits and NTP are issued for the site. The CM may submit draw requests for payment at the following intervals:

Stick-built Draw Intervals	MHU Draw Intervals
<p>25% Substantially Complete Prior to vertical construction and dry-ins. Milestone includes demolition where necessary, slab pour where necessary/foundation installed, all rough sewerage, and electrical conduit</p>	<p>25% Substantially Complete Milestones include MHU ordered, and construction contract signed</p>
<p>75% Substantially Complete Prior to insulation and drywall. Milestone includes framing, roof, windows, and exterior siding installed.</p>	<p>75% Substantially Complete Milestones include written confirmation from the factory that the unit is ready</p>
<p>95% Substantially Complete Milestone includes all finished work, Certificate of Occupancy, and final signoff by Applicant on satisfactory completion of construction activities including all punch list items. House is complete at this point</p>	<p>95% Substantially Complete Milestone includes all finished work, Certificate of Occupancy, and final signoff by Applicant on satisfactory completion of construction activities including all punch list items</p>
<p>100% Retainage 5% retainage will be invoiced 45-days after construction completion and key turnover to Applicant</p>	<p>100% Retainage All finished work, Certificate of Occupancy, and final signoff by Applicant on satisfactory completion of construction activities including all punch list items. Also, a 5% retainage will be invoiced 45-days after construction completion and key turnover to Applicant</p>

14.3 Change Orders

Change orders may be necessary during Reconstruction projects. Change orders are requested when the initial agreed upon scope and/or pricing requires modification due to unforeseen conditions. The purpose of the change order is to communicate and record changes to the SOW, contract amount milestones, and/or contract time. Homeowner-initiated change orders are not accepted unless the change is related to an accessibility issue or building code changes that have developed since the development of the SOW.

All change orders must be supported by a cost reasonableness analysis and include:

- The reason the change is necessary
- The type and SOW needed

- The estimated cost
- The estimated number of days to complete

The change order request and all supporting documentation must be delivered to the CM for approval. The CM reviews all requests for change orders in accordance with all federal, state and Program environmental requirements, evaluates cost reasonableness and signs the change order. Then, the homeowner must sign the change order and if applicable, bring any additional funds over the grant award cap prior to the change order being approved by HCD.

No change order, regardless of whether there is a cost involved, shall be deemed approved until HCD has signed the change order request. Work completed without an approved change order is considered unauthorized and at the building contractor's expense.

The CM notifies the building contractor in writing of either approval or denial of the change order. The CM transfers the approved change order and all supporting documents to the Case Manager to recalculate the award amount, if needed. If the change results in a modification to the Grant Award amount, the Grant Award Acknowledgment is amended in addition to the construction agreement. Change orders that result in a modification to the grant amount requires HCD approval to modify the Grant Award Acknowledgment.

Costs included in approved change orders are invoiced on the final draw only.

14.4 Construction Warranty

In accordance with California Civil Code 900, a builder shall provide a homebuyer with a minimum one-year express written limited warranty covering the function, fit and finish of the following building components:

- Cabinets
- Mirrors
- Flooring
- Interior and Exterior Walls
- Countertops
- Paint Finishes
- Trim

Building contractors for all projects must provide all express warranties prior to the inspector signing a final inspection form. Photographs of the construction work are taken for documentation purposes.

Homeowners must be provided with a warranty information binder detailing building warranties as well as instruction booklets and information for warranted items beyond the scope of the building contractor such as appliances.

The homeowner must sign an acknowledgement form indicating that they have reviewed warranties with their building contractor.

15. General Program Policies

15.1 Program Appeals

Once the file reaches award acknowledgment, zero-award determination, or an ineligible status, the Applicant has the option to file an appeal for one of the following reasons:

- Program eligibility,
- Grant award calculation prior to the acceptance of the Grant Award Acknowledgment,
- Cost estimates for Reconstruction limited to measurements of the home and/or quantities of damaged materials only,
- Duplication of Benefits (DOB), and/or
- File closure.

An appeal for the award amount must be filed within thirty (30) calendar days of the date of the award determination letter or ineligibility letter. Applicants may not appeal policies that have been approved and incorporated by the Program, such as the process for assessing the value of materials eligible within the Program. Also, statutory, and regulatory requirements and standards may not be appealed.

Once the Program appeal has been submitted, the Program may request the Applicant to submit additional supporting documentation. Such supporting documentation may include, but not be limited to, Program eligibility documentation, property records, and/or correspondence from insurance companies, FEMA, or SBA.

Resolution of Program appeals are handled by conducting a thorough full file review of documentation provided to support appeal reason(s), and careful implementation of Program policies. This full file review may result in positive or negative changes to the eligibility status or an increase or decrease in the previous award amount.

Appeals must be submitted in writing, to the Program via System of Record, U.S. Mail, or email.

An appeal determination letter will be mailed to the Applicant after complete review of the file and supporting documentation. Notices will also be sent via email and the System of Record system.

15.2 Appeals Process

If the Applicant disagrees with an award determination made by the Program, they may file an appeal within 30 days from the date of receiving the award determination, zero award, or ineligibility letter.

To file an Appeal, the Applicant must provide any Program determination, zero award, or ineligibility letter and any new information or supporting documentation that was not available at the time of the initial appeal. Applicants must also provide a narrative describing, in detail, the reason(s) they are requesting a review of the appeal determination.

All Appeal Review Requests must be submitted in writing in one of three ways: By System of Record or:

By E-mail: ReCoverCA@hcd.ca.gov
By U.S. Mail: California Department of Housing and Community Development
ReCoverCA Housing Programs
2020 West El Camino, Ave. Suite 405
Sacramento, CA 95833

Within 5 business days of receiving the Appeal request, a Program Representative drafts an initial recommendation and provides it along with all appeal supporting documents to the Program Manager. The Program Manager will make a decision whether to approve or deny the appeal within 15 business days after receipt of the Appeal request. For requests that require additional levels of review and additional time, the Applicant will receive a notification of extension and estimated timeframe.

After review, if the Program Manager approves the Appeal request, the Program Manager will instruct Case Management on the changes to be made to the Applicant's file and a determination letter is mailed to the Applicant. If the Program Manager is unable to approve the request for reasons outside of the Program policies and procedures, the appeal request will go to the Program Appeal Review Panel for final review. Generally, the Appeal Review Panel will decide to approve or deny the appeal and issue a determination letter to the Applicant within 20-25 business days of receipt of the Appeal.

The Appeal Review Panel is comprised of 3 or 5 members. The Appeal Review Panel meets bi-weekly to review all outstanding appeal review requests that were not approved by the Program Manager for final determination.

Appeal requests that do not provide new information that was not available at the time of the Program award or eligibility determination will be rejected without going to the Appeal Review Panel.

15.3 Exceptions Panel

The HCD Exceptions Panel (Exceptions Panel) is responsible for reviewing Applicant eligibility and exceptions in accordance with the approved HCD Exceptions and Eligibility Policy and Form. Program and eligibility determinations can be requested by Program

staff (e.g., Case Management, Construction Management, etc.) and members of HCD staff, when necessary. The Exceptions Panel shall convene biweekly or monthly to review issues and recommendations submitted by Program staff. Determinations made by the Exceptions Panel shall be presented to the HCD Housing Programs, Disaster Recovery Branch Section Manager for final approval or denial.

The Exceptions Panel is responsible for addressing the following:

Eligibility issues	On a case-by-case basis, the Exceptions Panel will make eligibility determinations when Policies & Procedures do not clearly describe how to proceed with an Applicant's file.
Implementation issues	The Exceptions Panel will develop Program clarifications and/or guidance when implementation issues arise.

The Exceptions Panel does not replace the Appeals Process. In cases where a determination made by the Exceptions Panel requires a change to the Program's Policies and Procedures, an interim policy guidance memorandum or policy manual revision will be created.

15.4 Section 504 Coordination Complaints and Grievances

Section 504 of the Rehabilitation Act of 1973 is the anti-discrimination law that protects the rights of qualified individuals with disabilities to equal opportunity in Programs and activities which receive federal funds.

It is the policy of HCD, and therefore its contractors, to fully comply with the requirements of the Americans with Disabilities Act (ADA), the Rehabilitation Act of 1973, and the California Fair Employment and Housing Act (FEHA) and state and federal laws related to the rights of persons with disabilities.

All individuals, a class of individuals, or their representative alleging discrimination have the right to submit a verbal or written complaint or grievance on the basis of the following protected category: race, color, religion, ancestry, physical or mental disability, medical condition, genetic information, sex, sexual orientation, marital status, age, gender, gender identify, gender expression, military status or veteran status regarding services, activities, facilities, or benefits provided by the Program.

Any individual who believes they have been discriminated against by any facet of an HCD Program or activity may file a verbal or written complaint or grievance with HCD by contacting HCD's designated Section 504 coordinator at:

California Department of Housing and Community Development EEO Office –
 Attention ADA Coordinator
 2020 West El Camino, Ave. Suite 630
 Sacramento CA 95833

Email: EEO-Office@hcd.ca.gov
Phone: (916) 263-3635

15.5 Construction Grievances

Applicants may submit grievances with their contractor for work that does not meet the terms of the established homebuilding contractor standards and workmanship. The Applicants can present their grievance to the Program and the state to contest the work that is being or has been performed.

To be valid, the grievance must:

- Be filed in writing,
- Be relevant to the approved SOW, and
- Provide a detailed explanation of the grievance and its basis.

Construction Grievances must be submitted in writing, which may include mail, fax and/or email. The mailing address is listed below:

Department of Housing and Community Development
CDBG-DR Program- Construction Grievances
P.O. Box 952054
Sacramento, CA 94252-2054
Attn: ReCoverCA Housing Program's Manager, Suite 200

15.6 Grant Recapture Policy (Subrogation)

To address any potential future DOB, Applicants must, as a requirement for participating in this Program, agree to enter into a signed Subrogation agreement to repay any assistance later received for the same purpose as the Program funds. If, after an award, a re-assessment of need occurs and the Applicant receives an increased award, then the Applicant shall be required to sign a revised Subrogation agreement that reflects the new amount of any assistance received post award that is for the same purpose as Program funds. An Applicant may be required to repay all, or a portion of the assistance received from the Program. The reasons for grant recapture include, but are not limited to:

- Providing false or misleading information to the Program.
- Withdrawal from the Program prior to completion of the project must be in writing or email. A new application will be required if the Applicant wishes to participate again, provided the application period is still open.
- Construction is not completed due to non-cooperation by homeowner(s).
- Non-compliance with the approved SOW in a manner that would make the home ineligible (i.e., did not comply with lead paint abatement requirements).
- Failure to report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other DOB received after award.

15.7 Anti-Fraud, Waste, and Abuse

During the application process, Applicant(s) sign a fraud acknowledgement statement, asserting and affirming under penalty of perjury that all information in their application, as well as documents provided and executed in conjunction with the Program are true to the best of their knowledge. Applicant(s) certify that all damages claimed in connection with an application were a direct result of the disaster(s), and that all insurance proceeds and other funds received from governmental agencies as compensation for damages as a result of the disaster(s) have been disclosed. Further, Applicant(s) acknowledge that they may be prosecuted by Federal, State and/or local authorities in the event of false, misleading and/or incomplete statements and/or documents. Applicant(s) agree to repay Program funds in the event Applicant(s) make or file false, misleading and/or incomplete statements and/or documents.

The Program has established procedures for verifying the accuracy of information provided by Program Applicants. Internal processing steps are taken to identify discrepancies in information provided by third parties that may be indicative of fraud, waste, and abuse. These steps are conducted systematically, utilizing standardized research methodologies and flag identification processes for consistency and equitable treatment across relevant sources.

The Program also verifies the accuracy of information provided by its vendors. As part of the state procurement process, contractors are required to complete a vendor background questionnaire and to report pertinent information relating to the contractor and/or its key personnel. Prior to contract execution, company background checks are conducted, and channels are established with other agencies to verify and validate those that will be providing services on behalf of the Program. Processing steps including multiple levels of quality assurance and quality control reviews are conducted to validate vendor provided application information used in an Applicant's eligibility and award determination as well as during the construction process.

The fraud acknowledgement signed by Applicant(s) during the application process includes a notice of the danger of fraud and scams perpetrated by unscrupulous individuals, contractors, and businesses. Anyone wishing to report suspicious or fraudulent activity may contact the Program via email at ReCoverCA@hcd.ca.gov or via phone at (916) 263-6461.

Applicants who are victims of theft, vandalism, or contractor fraud will also need to file a formal complaint with a government authority such as a law enforcement agency, the California Contractor's Licensing Board, or the Attorney General. Additionally, a civil action filed in a California court detailing the cause and amount of fraud in sufficient form can suffice and may be reviewed by HCD when making a final determination of consideration for unmet needs assistance.

The Program has procedures in place to address a homeowner's unmet assistance needs because of fraud, waste, or abuse by a contractor. If proven, the homeowner's Duplication of Benefit can be reduced, and the Program can provide scope to cover the Applicant's unmet needs to complete home repairs.

15.8 Referral to HUD Inspector General

Program staff have an obligation to promptly report misconduct, fraud, waste, abuse, or mismanagement directly to the Office of Inspector General (OIG) in the administration of, or participation in, disaster recovery Programs. This includes irregularities, misrepresentations, and bribery overtures (attempts or solicitations included).

Program staff must also refer cases to OIG when they have questions about the truthfulness or accuracy of any application or supporting documentation, data, or information (including tax return information) provided by Applicants and/or Applicants' representatives, during participation in the Program.

15.9 Temporary Relocation of Impacted Tenants

The Program is voluntary and not subject to the Uniform Relocation Act (URA) requirements for Owner-Occupant Applicants. However, URA would be applicable to tenants that currently occupy a property at the time the Homeowner has applied for the Program. Displacement due to a disaster does not trigger URA so if there were tenants that were displaced by the disaster, URA is not applicable to those tenants. However, if a property awarded funding through the Program has a tenant(s) currently present and legally occupying, the tenant(s) might meet the URA definition of "displaced" and be entitled to receive temporary URA Relocation benefits.

Reimbursement is available for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation of eligible tenants, including the cost of moving to and from temporarily occupied housing and any increase in monthly rent or utility costs at temporary housing. These costs will be reviewed for cost reasonableness and initially be paid by the Uniform relocation vendor procured by HCD.

16. Construction Closeout, Applicant Compliance, and Monitoring

After completion of construction, the CM conducts a final site visit to validate that all activities detailed in the SOW are complete and in accordance with all Program requirements and state and local building codes. The CM confirms that all work has been accepted by the local building inspector and that no required certificate of occupancy has been issued. At this time, the CM completes a final inspection form, signed by the homeowner and the building contractor, indicating that all construction activities are complete and satisfactory. This final inspection and signoff are included with the Applicant's file. The CM also verifies that the Applicant's file includes:

- All required permits and building inspection reports

- Final Program inspection
- Certificate of occupancy
- All environmental reports and remediation details
- Construction warranties and any associated material or product warranties
- Ensure all construction change orders processed

Additionally, the Case Manager performs a closeout reconciliation of the Applicant file, ensuring that the following documents have been collected:

- Proof of ownership and occupancy at the time of closeout
- Escrow refund documentation (if applicable)
- Update DOB verification
- If in flood zone, proof of flood insurance at time of closeout

16.1 Compliance and Monitoring

16.1.1 Deed Restrictions and Restrictive Covenants for Owner-Occupants

To safeguard the CDBG-DR investment in the property, HCD requires a deed restriction on properties funded through the Program. The deed restriction or restrictive covenant remains in effect for a period of two years following the date of receipt of the certificate of occupancy of the reconstructed structure. For the length of the deed restriction or restrictive covenant, the property must remain as the primary residence of the Owner-Occupants to whom the reconstruction grant was made. Selling the property, using it as a second home, converting it into rental property, or otherwise changing the owner of its record will result in non-compliance. The deed restriction is recorded after the Applicant signs the Award Acknowledgment and is filed in the applicable County Recorder's Office in the County Property Record for Stick-built homes and/or on the Title of the MHU.

The deed restriction is monitored annually by the Program and/or HCD staff. For the entire length of the deed restriction period (2-years), the property **cannot**:

- Be sold,
- Be used as a second home, or
- Be converted into a rental property.

If within the first 12-month monitoring period, Applicants fail to comply with the requirements of the deed restriction, the Applicant is responsible for repaying the **total award** amount back to HCD. If within 13-24 months of the monitoring period, Applicants fail to comply with the requirements of the deed restriction, the Applicant is responsible for repaying **fifty percent (50%)** of the total award amount back to HCD. If the Applicant complies, at or on the beginning of the 25th month of the compliance and monitoring period, the deed restriction, i.e., lien on the property, is released and the total award amount is forgiven. Accordingly, all Applicants must be able to comply with the Program requirements. Exceptions to this policy may include documented active-duty military

relocation, deployment or incapacity of eligible owner/occupant. All exceptions to compliance with Program requirements are considered on a case-by-case basis.

If the death of an applicant is verified during the compliance and monitoring period and the applicant was living in the home: Upon verification of the death and proof of successor ownership the program will release the Covenant and the remainder of the monitoring period will be waived.

16.1.2 Deed Restrictions and Restrictive Covenants for Landlord-Applicants

Landlord Applicants participating in the Program will receive a deed restricted unit with an affordability period determined by the amount of subsidy provided and will be required to complete an annual compliance questionnaire to demonstrate compliance during each year of the agreed upon compliance period as per the Grant Agreement.

Single Family rental homes reconstructed through this Program must be deed restricted as affordable units for LMI households for 5-15 years in accordance with the affordability period table provided below.

The maximum rent to be charged shall be the Multifamily Tax Subsidy Projects (MTSP) Regular Income Rent Limits, <https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits> effective at the time of lease up, published for Plumas County at 80% Area Median Income (AMI), inclusive of utilities and based on bedroom count of the reconstructed home.

If the reconstructed home receives a federal or state project-based rental subsidy, the tenant shall pay as contribution toward rent not more than 30 percent of the household's adjusted income. Then, the maximum rent (i.e. tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.

The affordability period increases in steps with additional project subsidy, as detailed in the table below:

Affordability Period	Maximum Subsidy
Year 5 (Minimum)	\$367,450
Year 6	\$380,940
Year 7	\$394,430
Year 8	\$407,920
Year 9	\$ 421,410
Year 10	\$434,900
Year 11	\$ 448,390
Year 12	\$461,880

Year 13	\$ 475,370
Year 14	\$488,860
Year 15	\$ 500,000 (Maximum)

The applicable deed restriction is monitored annually by the Program and/or HCD staff. The property must remain affordable to LMI tenants for the entire length of the deed restriction period. If Applicants fail to comply with the requirements of the deed restriction, the Applicant is subject to repay the grant. Repayment requirements are reduced by fifty percent (50%) halfway through the affordability period after year five (5) and reduce incrementally thereafter. See example repayment schedule below:

Affordability Period	Date of Compliance Breach	Amount of Repayment Due to HCD
5 Years	Year 1 – 5	100%
6 Years	Year 1 – 5	100%
	Year 5 – 5.5	50%
	Year 5.5 – 6	10%
7 Years	Year 1 – 5	100%
	Year 5 – 6	50%
	Year 6 – 7	10%
8 Years	Year 1 – 5	100%
	Year 5 – 6.5	50%
	Year 6.5 – 8	10%
9 Years	Year 1 – 5	100%
	Year 5 – 7	50%
	Year 7 – 9	10%
10 Years	Year 1 – 5	100%
	Year 5 – 7.5	50%
	Year 7.5 – 10	10%
11 Years	Year 1 – 5	100%
	Year 5 – 8	50%
	Year 8 – 11	10%
12 Years	Year 1 – 5	100%
	Year 5 – 8.5	50%
	Year 8.5 – 12	10%
13 Years	Year 1 – 5	100%
	Year 5 – 9	50%
	Year 9 – 13	10%
14 Years	Year 1 – 5	100%
	Year 5 – 9.5	50%
	Year 9.5 – 14	10%
15 Years	Year 1 – 5	100%

	Year 5 – 10	50%
	Year 10 – 15	10%

Exceptions to this policy may include documented active-duty military relocation or deployment, as well as death or incapacity of eligible owner/occupant. All exceptions to compliance with Program requirements are considered on a case-by-case basis.

16.1.3 Insurance

If the property is Reconstructed in a Special Flood Hazard Area, the Applicant is required to maintain flood insurance in perpetuity. This obligation is also passed on to subsequent owners of the property. Applicants who fail to maintain flood insurance when required in perpetuity risk being ineligible for future disaster relief.

16.1.4 Staff Organization

Case Management monitors Applicant compliance with Program requirements and deed restrictions for the applicable compliance period on behalf of HCD. Any compliance activities that remain at the end of the vendor’s contract with the state will be transitioned to HCD staff.

16.2 Compliance Questionnaire for Owner-Occupants

Prior to the end of the 12-month compliance period, a Compliance Questionnaire is mailed to the Applicant, at the damaged address or new MHU location. This letter lists all the required documentation needed to confirm compliance with the Grant funds. Applicants are required to complete and return the questionnaire and any required supporting documentation within 30 calendar days of receipt. A checklist is completed once all the required documentation is submitted by the Applicant.

- If the documentation determines the Applicant to be compliant, the file is flagged for review at the 2-year compliance due date.
- If the documentation is not sufficient, the file is determined non-compliant, and is processed to recapture the grant award.

Prior to the end of the 2-year compliance period, a second Compliance Questionnaire is mailed to the Applicant, at the damaged address or new MHU location. This questionnaire lists all the required documentation needed to confirm compliance with the Grant funds, for the final 12-month period. Applicants are required to complete and return the questionnaire and any supporting documentation within 30 calendar days of receipt.

A checklist is completed once all the required documentation is submitted by the Applicant.

- If the documentation determines the Applicant to be compliant, the file is determined compliant and closed.

- If the documentation is not sufficient, the file is determined non-compliant, and is processed through the Grant Recovery Process, to recapture ½ of the grant award. See the Affordability Table in the Deed Restrictions and Restrictive Covenants for Landlord-Applicants section.

16.3 Compliance Questionnaire for Landlord Applicants

The Program will ensure long-term compliance by monitoring program requirements for the agreed upon affordability period as per the signed Grant Agreement. A completed Compliance Questionnaire will be required for every 12-months of the affordability period to demonstrate annual compliance as per the signed Grant Agreement. The process is outlined below:

A Compliance Questionnaire is mailed to the Applicant's primary residence at the beginning of the affordability period, which begins when the rental agreement commences.. This letter lists all the required documentation needed to confirm compliance with the Grant funds. Applicants are required to complete and return the questionnaire and any required supporting documentation within 30 calendar days of receipt. A checklist is completed once all the required documentation is submitted by the Applicant.

- If the documentation determines the Applicant to be compliant, the file is flagged for review at the next upcoming compliance due date.
- If the documentation is not sufficient, the file is determined non-compliant, and is processed to recapture the grant award.

This process will be repeated every 12 months during the established affordability period as outlined in the signed Grant Agreement.

17. Program Closeout

Program closeout is when all applicable administrative and Programmatic requirements are completed. In general, a Program is ready for closeout when the following conditions are met:

- All eligible activities were completed.
- Documentation that National Objective was met
- All Program funds were expended in full, or all remaining funds are planned to be returned to HUD
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable)
- Any special conditions of the Program were met
- All audit and monitoring issues affecting the Program were resolved

At this time, CDBG-DR specific guidance from HUD on Program closeout has not yet been produced. Final Program closeout may be adjusted to meet the closeout criteria set forth by HUD in a future federal register or through other official means.

Within 90 days of the execution date of the Closeout Certification, HCD submits to HUD a copy of the final performance and evaluation report described in 24 C.F.R. part 91 as well as Federal Financial Report SF-425 or a financial report that meets the criteria in 24 C.F.R. part 570.489(d).

18. Records Management

As outlined in the CDBG-DR Grants Administration Manual, records are maintained in accordance with 24 C.F.R. part 570.490, in reference to 2 C.F.R. part 200. Records are kept to document compliance with Program requirements, with federal, state, and local regulations, and to facilitate audit review by HUD. CDBG-DR records, including Program documents, are subject to the Freedom of Information Act (FOIA) and California Public Records Act (PRA).

18.1 Administrative Records

Administrative records, kept in electronic format, are files that apply to the overall administration of the CDBG-DR funded Program. They include the following:

- Personnel file,
- Property management files
- General Program files
- Legal files
- Financial records
- Project/Applicant files

18.2 Personally Identifiable Information (PII)

Personally, Identifiable Information (PII) is information that can be used to distinguish or trace individual's identities. Examples of PII include names, addresses, income verification documents, disability status, employment status, etc. which can be linked or is linkable to a specific Applicant and/or beneficiary of CDBG-DR Programs. As the Program receives direct applications from homeowners requesting assistance, the Program keeps all PII information for the duration of the project, in the system of record.

If records containing PII are subject to the Freedom of Information Act or California Public Records Act requests, such records shall only be released in accordance with state and federal law. PII records are only stored as long as is necessary, in accordance with record retention requirements at 2 C.F.R. part 200.333 and 24 C.F.R. part 570.502(a)(7).

18.3 File Security

The Program has adequate procedures and systems in place to collect and process Applicant provided information, while providing assurances that any Personally Identifiable Information (PII) is handled properly and sufficiently protected.

In no case shall an Applicant's PII or file information be released to another party without written consent of the Applicant. In addition, CDBG-DR personnel are not permitted access to any file where there could be a potential or perceived conflict of interest.

18.4 Record Retention

HCD maintains Program and project-related documents, including financial records, supporting documents, statistical records, and other pertinent records. These records are maintained for a minimum period of five years from the closeout of HUD's grant with HCD. All subgrantees and contractors for the Program are also subject to this policy and all financial and Program files are maintained accordingly. Records are maintained to document compliance with Program requirements and federal, state, and local regulations and to facilitate an audit review by HUD. Records are maintained in accordance with 24 C.F.R. part 570.3, which states they must be maintained for a period of 5 years following the closeout of HUD's grant with the state. Proper records management ensures that:

- The state complies with all requirements concerning records and records management practices under Federal and state regulations.
- The state has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements and community expectations.
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner based on HUD Handbook 2225.6, Records Disposition Schedules, and HUD Handbook 2228.2.

18.5 Applicant Files

All Applicant files are maintained for the duration of five years after HCD's grant closeout with HUD, within the System of Record.

Applicants are subject to audit and further review throughout their participation in the Program and up to five years after project completion. Applicants must provide additional documentation in support of their applications as requested by the State, its representatives or agents, HUD, HUD OIG, or the California Legislative Auditor. Failure to comply with these requests may result in recapture of funds.

18.6 Fair Housing / Civil Rights

HCD follows policies and procedures for compliance with Affirmatively Furthering Fair Housing (AFFH) requirements during the planning and implementation of all Program activities. Such policies and procedures involve a review that includes an assessment of the demographics of the proposed housing project area, socioeconomic characteristics, environmental hazards or concerns, and other factors material to the AFFH determination.

Programs are required to comply with all relevant fair housing laws, including the federal Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. These laws prohibit discrimination in housing and federally assisted Programs on the bases of race, color, national origin, religion, sex, disability, and familial status. The federal obligation to affirmatively further fair housing stems from the Fair Housing Act. State fair housing laws, including the California Fair Employment and Housing Act, are also required for Fair Housing compliance.

18.7 Section 3

For projects that have more than \$200,000 of federal funding for construction activities, Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents. Section 3 eligible residents are low- and very low-income persons, particularly those who live or reside in public, or government assisted housing.

In accordance with Section 3, construction contractors using CDBG funding for housing Rehabilitation or to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the project area. Section 3 compliance actions include:

- Prepare and utilize a Section 3 Plan
- Designate a Section 3 Coordinator
- Take affirmative steps to follow the Section 3 Plan and document those efforts
- Include the Section 3 Clause and the Contractor Certification of Efforts to

Fully Comply with Employment and Training Provision of Section 3 in any bid packets for contracts on projects. Notify all bidders that adherence to the State's Section 3 Plan is required for contracts and sub-contracts in excess of \$100,000.

The CM vendor is responsible for compliance with Section 3, not individual homeowners.

19. Definitions

Abuse - The excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use to abuse one's position or authority. "Abuse" does not necessarily lead to an allegation of "fraud," but it could, depending on the circumstances.

Affirmatively Furthering Fair Housing (AFFH) - AFFH is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. HUD's AFFH rule provides an effective planning approach to aid Program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Additionally, the Program follows California AFFH rules as applicable per California Government Code 65583 and 65583.2; and Division 1 of Title 2, Chapter 15 commencing section 8899.50.

Affordability Period – the length of time a Landlord Applicant must maintain affordable rent and income restrictions on the reconstructed property in accordance with the policies and procedures herein.

Applicant - An Owner-Occupant(s) or single-family Landlord who owns a damaged property and has applied for Program assistance.

Application Portal – online web portal for the Applicant to submit their application as well as send or receive documents securely. Also sometimes known as the "System of Record."

Area Median Income (AMI) - Calculated annual limits based on HUD-estimated median household income with adjustments based on household size used for demonstrating low-to-moderate income beneficiaries in the Programs.

California Department of Forestry and Fire Protection (CAL Fire) – the department responsible for fire protection throughout California as well as various other emergency services in 36 of the State's 58 counties.

California Environmental Quality Act (CEQA) – Requires state and local government agencies to inform decision makers and the public about the potential environmental impacts of proposed projects, and to reduce those environmental impacts to the extent feasible.

California State Office of Historic Preservation (OHP) - responsible for administering federally and state mandated historic preservation Programs to further the identification, evaluation, registration, and protection of California's irreplaceable archaeological and

historical resources under the direction of the State Historic Preservation Officer (SHPO), a gubernatorial appointee, and the State Historical Resources Commission.

Construction Manager (CM)- Refers to the Full-service Construction Management and Delivery Services vendor procured by the Program.

Co-Applicant - An adult co-owner of the damaged property. For Owner-Applicants, a Co-Applicant must also be a household member of the damaged property. CoApplicants have decision-making authority over the application.

Damage Assessment - The process used to verify that damage at a property can reasonably be attributed to the qualified disaster event(s) and the quantification of damages that results in the dollar value and scope of repairs necessary to repair the structure. The Damage Assessment is conducted at the application stage of the Program to determine if the Applicant's property has sustained damage from an eligible disaster and still has outstanding repairs or Reconstruction that still needs to be completed.

Demolition - Clearance and proper disposal of dilapidated buildings and improvements.

Disability - For the purposes of the Program, consistent with federal law under the Social Security Act, as amended, 42 U.S.C. § 423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12102(1)-(3), and in accordance with HUD regulations at 24 C.F.R. §§5.403, 891.505.

Disaster Recovery Grant Reporting System (DRGR) - The Disaster Recovery Grant Reporting system was developed by HUD's Office of Community Planning and Development for the CDBG Disaster Recovery Program and other special appropriations. Data from the system is used by HUD staff to review activities funded under these Programs and for required quarterly reports to Congress.

Duplication of Benefits (DOB) - The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other Program or from insurance or any other source. A duplication of benefits occurs when an Applicant receives financial assistance from multiple sources and the total amount of the assistance exceeds the remaining eligible need for a specific recovery purpose.

Environmental Protection Agency (EPA) - The Environmental Protection Agency protects people and the environment from significant health risks, sponsors and conducts research, and develops and enforces environmental regulations.

Environmental Review - All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Escrow - Account where an Applicant's funds are deposited, held, and expended prior to Program funds for Applicants who have a homeowner responsibility to complete their Reconstruction project.

Estimated Cost of Repair (ECR) – an initial line-item estimate of the cost to repair damages to an Applicant's property, or to Reconstruct the property if necessary.

Federal Register - The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each appropriation of disaster funding.

FEMA Substantial Damage – A structure that has sustained damage greater than 50 percent of its pre-disaster value.

Fire Hazard Severity Zones (FHSZ) – Geographical areas designated pursuant to State Codes. FHSZ are assigned a fire hazard level based on the factors that influence fire likelihood and fire behavior. Factors considered to determine FHSZ are climate, fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, topography, and typical fire weather for the area. See also

Wildland- Urban Interface (WUI) Area and Wildland-Urban Interface Area Building Codes are defined below.

Floodplain - FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- "100-year floodplain" — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- "500-year floodplain" — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Foreclosure – The action of taking possession of a mortgaged property when the mortgagor fails to keep up with their mortgage payments.

Fraud - An illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or another valuable commodity). Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny. – each with its own specific legal definition and required criteria that can result in severe penalties and a criminal record.

Grant Award Acknowledgment (Award Acknowledgement) - final step in the application process where the homeowner reviews their award amount and calculation and then can either accept the amount and reaffirm their understanding and certification of compliance with all provisions of the award funding or, reject the and request to appeal their grant award amount.

Green Building Standards – guidelines for creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle from siting to design, construction, operation, maintenance, renovation, and demolition. The goal of green building standards is to make efficient use of land, materials, energy, and water while generating minimal waste and providing a healthy indoor environment for occupants.

Household - A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other.

HCD - California Department of Housing and Community Development HUD - (U.S. Department of Housing and Urban Development) - A Federal agency providing a variety of resources that can help state and local governments and other HUD-funded departments, agencies, or organizations prepare for and recover from disasters. For some Presidentially declared disasters, Congress may make an appropriation via the CDBG-DR Program, which provides funding to State, Tribal, and local entities for housing, economic development, infrastructure, public services, planning, resilience, and mitigation Programs and projects.

Income - Annual household income as defined by the Internal Revenue Service Adjusted Gross Income.

Landlord – A person or non-profit organization that owns and rents real estate to another party in return for payment.

Lead-Based Paint - Paint or other surface coatings that contain lead equal to or more than 1.0 milligrams per square centimeter or more than .05 percent by weight.

Lead-Based Paint Hazard - Any condition that causes exposure to lead from dust lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects as established by the proper Federal agency.

Limited English Proficiency (LEP) - A designation for persons that are unable to communicate effectively in English because their primary language is not English, and they have not developed fluency in the English language. An LEP person may have difficulty speaking or reading English and benefits from an interpreter who translates to and from the person's primary language. A LEP person may also need documents

written in English translated into his or her primary language so that person can understand important documents related to health and human services.

Low to Moderate Income (LMI) Household - A household has low or moderate income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each county or metropolitan statistical area.

Low to Moderate Income National Objective - Activities that benefit households with income that does not exceed 80 percent of the area median income:

Very low: Household's annual income is up to 30% of the area median income, as determined by HUD, adjusted for household size

Low: Household's annual income is between 31% and 50% of the area median income, as determined by HUD, adjusted for household size

Moderate: Household's annual income is between 51% and 80% of the area median income, as determined by HUD, adjusted for household size

Major/Severe damages - \$8,000 or more of FEMA inspected real property damage, caused by the qualified disaster.

Manufactured Housing Unit (MHU) - Also known as a Manufactured Home as defined by 24 C.F.R. part 3280 (HUD-Code). A Manufactured Home is a structure that is transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The structure must be designed for occupancy as a principal residence by a single family. All Manufactured Homes must have a HUD Certification Label affixed and must meet the requirements of HUD-Code for Manufactured Homes as set by the National Manufactured Housing and Construction Safety Standards Act of 1974, and HUD Code Standards 24 C.F.R. part 3280 & 3282. The MHU must be built to meet local and regional building codes.

Mitigation – the implementation of various measures designed to minimize the destructive effects a wildfire has on property. Some measures are designed to modify the defensible area surrounding a home that puts the structure at risk from destruction by wildfire.

Modular Housing - A home built-in section in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently affixed to one site.

Mobile home - As detailed in Chapter 2.5 of the California Civil Code, civil code 798.3 defines a Mobile home (one word) as a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Section 35790 of the Vehicle Code. Mobile home includes a manufactured home, as defined in Section 18007 of the Health and Safety Code, and a mobile home, as defined in Section 18008 of the Health and Safety Code, but except as provided in subdivision (b), does not include a recreational vehicle, as defined in Section 799.29 of this code and Section 18010 of the Health and Safety Code or a commercial coach as defined in Section 18001.8 of the Health and Safety Code. A mobile home is a factory-built home that was built before June 15, 1976, and not built to a uniform construction code.

Modified Adjusted Gross Income (AGI) – The annual income resulting from the recalculation of AGI (Line 11 of the Form 1040) by not counting negative income or losses reported Schedule 1, Part 1 Additional Income on the Applicant’s Internal Revenue Service (IRS) Form 1040 Tax Return, alternatively, the Program will use zero (“0”) for any negative income or losses.

Most Impacted and Distressed - HUD-defined areas of greatest impact from a disaster. The most impacted and distressed areas as defined in the Federal Register Notices governing the appropriations funding this Program from the DR-4610 are Plumas County.

National Environmental Policy Act (NEPA) - Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Objective - the authorizing statute of the HUD CDBG Program requires that each activity funded, except for Program administration and planning activities, must meet one of three national objectives. The three national objectives are:

1. Benefit to low- and moderate-income persons.
2. Aid in the prevention or elimination of slum or blight; and
3. Meet a need having a particular urgency (referred to as urgent need).

Occupational Safety and Health Administration (OSHA) - Ensures safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education, and assistance.

Exclusion – Assistance received by an Applicant which will not constitute a duplication of benefits, referred to as non-duplicative or exclusion.

Owner-Occupant – person meeting criteria of having an ownership interest in a property while also occupying that same property as their primary residence.

Owner-Occupied Unit – Housing unit meeting the criteria of having someone with an ownership interest in the property also occupying that same property as their primary residence.

Personally Identifiable Information (PII) - Information that can be used to distinguish or trace an individual's identity, such as name, and social security number, alone, or when combined with other personal and identifying information which is linked or linkable to a specific individual, such as date, place of birth, mother's maiden name, etc.

Primary Residence - The owner's principal place of residence, not a secondary or vacation home.

Primary Residence Homeowners' Property Tax Exemption - property tax exemption granted by subdivision (k) of Section 3 of Article XIII of the California Constitution providing for an exemption in assessed value on any property owned and occupied as the owner's principal place of residence.

Program Lease Rider – The legal document that sets forth terms and conditions required of Landlord and Tenant as a result of receiving the Grant Award. It is issued with the letter verifying tenant income eligibility and shall be made part of the rental agreement between the Landlord and Tenant.

Property Ownership - Holding an instrument, including a deed, mortgage, or other agreement that has been recorded with the county, city, state, or appropriate local authority.

Qualifying Disaster – A presidentially declared, major disaster for which HCD has been awarded CDBG-DR funding from HUD pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. In some cases, if California state funding becomes available for the Program, those funds may be administered for Governor declared disasters as well or may be paired with CDBG-DR and carried out in conjunction with the CDBG-DR funding.

Reconstruction - Possible demolition and re-building of a Stick-built or modular housing unit on the same lot in substantially the same footprint and manner using Standard Grade Building Materials only. The number of units on the lot may not increase and the total square footage of the original structure may not be substantially exceeded; In some cases, the square footage may be reduced and in no case shall a Reconstruction exceed the largest floorplan offered by the Program the Applicant is eligible for based on household size. For example, if a 2-person household originally had a 3000 square foot home, the largest Reconstructed home eligible for Program funds would be the largest 2- or 3-bedroom floorplan and Standard Grade finishes offered by the Program. The Program does not Reconstruct custom homes.

Scope of Work (SOW) - A documented line item by line-item estimate of the damages observed during an onsite visit to a homeowner's property that quantifies the materials and labor necessary to repair observed damages. The SOW is completed by the Construction Manager (CM) during the design process of Applicant homes.

Second Home - Properties that served as secondary/vacation homes at the time of the disaster, or following the disaster, are not eligible for repair assistance or housing incentives. A second home is defined as a home that is not the primary residence of the owner at the time of the disaster or at the time of application for assistance.

Senior- an individual who is at least 62 years of age as of Program application date.

Standard Grade Building Materials – non-customized materials that meet building code requirements.

State Historic Preservation Officer (SHPO) - responsible for the operation and management of the Office of Historic Preservation, as well as long range preservation planning.

Stick-built home - A home that has been built on-site using traditional construction materials and methods.

Subrogation - Repayment of duplicative assistance. In the context of a disaster recovery grant, a homeowner must enter into a Subrogation agreement where the funding agency (HCD) obtains the right to collect any additional disaster recovery funding, insurance payouts, or other funding determined to be duplicate assistance that the homeowner receives for disaster damages after HCD has expended disaster recovery funds for the benefit of the homeowner.

Tenant – a person or persons renting and inhabiting a room or a dwelling unit from a Landlord.

Tier I Environmental Review - A broad evaluation encompassing geographical areas or neighborhoods often with similar environmental characteristics.

Tier II Environmental Review - An evaluation conducted of site-specific conditions to determine if the proposed construction action has a significant impact on the environment based on Review Topics from 24 C.F.R. part 58.

Uniform Relocation Act (URA): The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) is a federal law that establishes minimum standards for federally funded Programs and projects that require the acquisition of

real property (real estate) or displace persons from their homes, businesses, or farms.

Urgent Need National Objective - Represents an urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and the recipient cannot finance the activities on their own because other funding sources are not available.

Waste - A thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Program to the detriment or potential detriment of the Program. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud,” but it could, depending on the circumstances.

Wildland-Urban Interface (WUI) Area: Geographical area identified by the state as a “Fire Hazard Severity Zone” or designated to be at a significant risk from wildfires where structures and other human development meets or intermingles with wildland or vegetative fuels.

Wildland-Urban Interface Area Building Codes - Building codes applicable in WUI areas that are specifically designed to mitigate the risks from wildfire to life and property. The standards within a WUI area building code varies according to the scope that a community is willing to adopt and enforce.

Water supply: approved water sources and adequate water supply.

Fire protection: automatic sprinkler system, spark arresters, and propane tank storage.

Work in Place (WIP) - refers to repair activities already completed at the time of the initial inspection.

Work Order – Refers to the assignment of a file to Construction Management to begin Preconstruction Activities.