

City of Lancaster
Down Payment Assistance Program
Policies & Procedures

The City of Lancaster
Housing & Neighborhood Revitalization Department
44933 Fern Ave.
Lancaster, CA.93534

DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

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HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

Section I - Program Objectives

The Down Payment Assistance Program (“Program”) is a housing program designed to assist very low to lower income households to purchase a home within the city limits of Lancaster.

Section II - Eligible Activities

The City of Lancaster will use funds provided by the Department of Housing and Urban Development Community Development Block Grant (CDBG) Program to provide eligible applicants funds to be used for down payment assistance and/or closing costs.

The City of Lancaster will provide up to fifty percent (50%) of the down payment required for eligible applicants to purchase a home.

Section III - Ineligible Activities

Down payment assistance funds cannot be used for cash back, realtor’s commissions and/or buy down points.

Section IV – Home Buyer Applicant

A. Target Households

The households served will have income at or below 80% of the area median income as determined by the Department of Housing and Urban Development (HUD), (24CFR, 92.2(9)).

B. Income Limits

No approved applicant will have an income of more than 80% of the area median income as determined by HUD (24 CFR, 92.2(9)).

C Application Process

1. Each applicant must submit an application with the City of Lancaster. Incomplete applications will not be accepted.

- All forms within the application packet must be completely filled out
- All documents listed on the checklist must be turned in such as:

- ✚ Application - signed
- ✚ Real Estate Purchase Contract
- ✚ Appraisal Report on property
- ✚ Preliminary Title Report
- ✚ Income/mortgage analysis (lender document)
- ✚ Pre-approval letter (lender document)
- ✚ Good Faith Estimate (lender document)
- ✚ Proof of income for the previous 60 days
- ✚ Copy of checking and savings account for the last two (2) months.
- ✚ Copy of Last 4 pay stubs of all over 15 years if age
- ✚ Proof of Homeowners Insurance
- ✚ Last two years Federal Tax returns
- ✚ Pension and/or social security award letter
- ✚ Divorce decree if applicable
- ✚ Bankruptcy documents if applicable
- ✚ Credit report
- ✚ Driver's License/State ID of all over 18 years of age
- ✚ Race and Ethnic Data Reporting Form (OMB Approval No. 2502-0204)

2. Upon receipt of all the documents listed above, the Project Coordinator will need 15 business days to prepare to approve the applicant for the funding and closing of the loan.
3. During the 15 business days the Project Coordinator will make an appointment with your realtor or lender to inspect the home for:
 - Housing Quality Standards (HQS) Form HUD-52580 inspection
 - Lead-based paint inspection.
4. During the 15 business days the applicant will complete the required approved Home Buyer Class on finance and budgeting and submit a copy of certificate of completion. No online classes will be accepted. The classes can be taken from any of the following agency.
 - Los Angeles Neighborhood Housing Services (LANHS)
3926 Wilshire Avenue, Suite 200
Los Angeles, California 90010
Phone Number: (213) 381-2862

- Los Angeles Neighborhood Housing Services (LANHS)
11243 Glenoaks Boulevard, Suite 9
Pacoima, California
Phone Number: (818) 834-7858.

5. If the home passes all inspections and the applicant completes the required approved Home Buyer Class, the closing documents will be processed and a check will be issued to the title and/or escrow company for closing to take place.

6. The escrow company is responsible for submitting the following documents to the City of Lancaster following closing on the home:

- Settlement statements clearly indicating where the funds were used
- Lender affidavit (to be provided by the **Grant office** and signed by the lender regarding buyer/property qualifications).
- A copy of the recorded first trust deed and second trust deed
- Copy of the title policy on the first trust deed and second trust deed and any other accompanying closing documents.
- **Signed and notarized Promissory Note, Trust Deed and Notice of Default.**

7. The City of Lancaster reserves the right to postpone a scheduled closing date due to the following:

- Failed HQS
- Failed Lead-lead paint inspection
- Incomplete/missing paperwork
- Scheduling conflicts
- Falsification and/or alteration of documents
- Processing time for check request is not sufficient.

8. All files with no activity for 6 months will be automatically closed. If the applicant is still interested in the Down Payment Assistance Program, he/she must re-apply and submit all required paperwork once again.

D. Financing Requirements

The applicant must be able to qualify for a loan using: FHA, VA, or conventional financing. Applicants must qualify on their own credit (No co-signers). All co-applicants must be listed in the mortgage loan and on all Applicant documents.



The City of Lancaster will provide up to fifty percent (50%) of the down payment required for households that qualify. The Program funds cannot be used for, cash back, realtor's commissions and/or buy down points.

1. Deed of Trust

The loan will be secured by a Deed of Trust (will secure a position on title) which will be signed by the home owner(s) of the property. The Deed of Trust, notice of default/notice of sale and promissory note will be notarized, recorded and filed at the Los Angeles County Recorder's Office and a copy will be placed in the applicant's file.

2. Breach of Contract

Upon occurrences of any of the below stated items, the City of Lancaster and/or its assignee reserves the right to demand the loan due immediately if:

- Any actual or attempted transfer of the Deed of Trust, whether voluntary or involuntary, including by operation by law, or upon death of the undersigned of certain real property used to secure this note pursuant to the Deed of Trust.
- Any change in title of the secured property without prior approval of the City of Lancaster. These changes might be, but are not limited to: sale, lease, rent or abandonment of property
- The recipient no longer reside(s) at the secured property.

3. Payment

The loan must be repaid in full if the applicant sells, changes title, refinances, or moves within the first five years from the closing date.

4. Subordination Agreements

City of Lancaster will only subordinate under hardship reasons. Hardship reasons include, but are not limited to;

- Job loss
- Income reduced
- Refinancing will eliminate unreasonable fees
- Catastrophic events
- Drop in interest rate by one (1%) percent or more

To request the City of Lancaster to subordinate the homeowner must provide:

- Letter stating reasons of subordination
- Copy of Good Faith Estimate
- Letter from lender stating streamline refinance-no cash back, rate & term reduction loan only
- Copy of mortgage statement showing principal balance pay-off and interest rate.
- Loan amount cannot exceed current principal balance plus reasonable fees (per FHA guidelines)
- Drop in interest rate by one (1%) percent or more fixed rate-no ARMS's, buy downs, etc.)
- Income Analysis (MCAW) worksheet
- 1003 Application

The homeowner also has the option to pay off the City of Lancaster loan as part of the refinancing

Section V - Limitations of Down Payment Assistance Program

A. Availability of Funds

The Down Payment Assistance Program fiscal year begins July 1st of each year. Funds are processed and given on a first come, first served basis and/or depletion of funds.

B. Annual Income

The annual household income of applicants cannot exceed 80% of the area median income as determined by HUD. The annual gross income of the applicant's household shall be determined in accordance with the Code of Regulations 24 CFR 5.609 of the applicant's household.

Annual income is defined as the "gross" income of all household members 18 years of age or older, received during the last twelve (12) month period.

Annual income includes, but is not limited to:

- The full amount before any payroll deductions of wages
- Salaries
- Social Security
- Overtime pay
- Commissions
- Fees
- Tips
- Bonuses
- Other compensation for personal services



- Net income from the operation of a business or profession
- Other income
- Interest from bank accounts
- Rental income
- Profit from real estate sales
- Value of personal property

C. Debt Ratio Guidelines

- Front-End Ratio: The standard guideline is 31%. The front-end ratio is the gross income divided by the new PITI (principal, interest, taxes and insurance, Homeowners Association (HOA), mortgage payment).
- Back-end Ratio: The standard guideline is 43%. This is the gross income divided by the new PITI mortgage payment and also the minimum monthly payments from the applicant's liabilities. The typical debts used to determine the qualifying back-end ratios are the minimum required monthly payments on all the following:

- ✚ Auto loans
- ✚ Student loans
- ✚ Personal loans
- ✚ Charge cards
- ✚ Child Support
- ✚ Alimony
- ✚ Federal Tax Lien Repayment Schedules

Note: The standard ratio guidelines may change as per HUD guidelines.

D. Credit Report

Applicant will provide a credit report for all applicants older than 18 years of age. The participants FICO (Fair Isaac Company) score must be 550 or higher.

Section VI - Property and Occupancy

A. Geographic Boundaries

The Community Development Block Grant (CDBG) Down Payment Assistance Loans are provided to eligible applicants for homes located within the city limits of Lancaster.

B. Eligible Properties_CFR Part 982.628:

- The unit is a single dwelling unit in a cooperative or condominium.
- Purchase of home where family will not own fee title to the real property, buy only if:
 1. The home is located on a permanent foundation; and
 2. The family has the right to occupy the home site for at least forty years.

C. Qualifications of properties CFR Part 982.628 4

- The homes must past minimum Housing Quality Standards (HQS) and Lead Based Paint Inspections.

D. Inspections

- Housing Quality Standards (HQS) Form HUD-52580
- The Projects Coordinator will only inspect the property twice. If the property fails the first inspection, a second inspection will be provided. No additional inspections will be given. Any failed items on the inspection requiring a licensed profession must be repaired by contractor and/or professional with a license.
- A copy of the inspection results will be mailed out to the applicants.
- Lead Based Paint Inspection

Section VII – Federal Requirements

A. Lead Disclosure

The Project Coordinator will be responsible for discussing lead paint issues and providing the applicant with a “Protect Your Family From Lead in Your Home” booklet. The applicant will sign a form verifying they have received and discussed the lead information.

B. Fair Housing Equal Opportunity

The City of Lancaster will do all business in accordance with the Equal Opportunity Federal Fair Housing Law (Title III of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974).



The City of Lancaster is an equal opportunity provider. The City of Lancaster also promotes women and minority owned contractors to participate in the Down Payment Assistance Program.

Section VIII - File Requirements

The Project Coordinator will keep in the files, at minimum, all required documents which verify compliance with policy requirements such as, but not limited to:

- Applicant information
- Copies of proof of income
- Copies of income taxes
- Copy of Real Estate Purchase Contract
- Copy of appraisal on property
- Coy of preliminary title report
- Copy of verification of homeowner's insurance
- Copy of settlement statements
- Copy of lender affidavits
- Copy of trust deeds
- Copy of promissory note
- Copy of notice of default
- HQS and Lead Based inspections
- Certificate of Completion of Homebuyer Course
- Application interviews
- Applicant's correspondence

Section IX - Complaint and Mediation Procedures

In the event that any dispute(s) among the City of Lancaster and the Applicant arises out of or in connection with provisions of the Down Payment Assistance Program, either one, or both, the City and Participant shall either resolve the dispute or shall seek a resolution of the dispute pursuant to binding arbitration pursuant to Title 9 of the California Code of Civil Procedure. The arbitration shall be conducted by an office of the American Arbitration Association located within the County of Los Angeles. The City of Lancaster and the Participant agree that the arbitration decision shall be binding in any court of competent jurisdiction and the losing party in the arbitration shall pay the cost of arbitration and the prevailing party's attorneys' fees and other reasonable expenses.

Section X – Policy Modifications

The City of Lancaster shall have the authority to make modifications to this policy as necessary for the continued implementation of the Down Payment Assistance program,

including but not limited to: 1) policy revisions necessary to do a change in the design of the Down Payment Assistance program; and 2) policy changes necessary due to the revisions in the rules and regulations of CDBG monies

Section XI. – Program Outreach and Marketing

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

- A. The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program’s eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.
- B. The City will work closely with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.
- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The City should take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

Section X- Monitoring

The Projects Coordinator will check the Down Payment Assistance Program files once a year to monitor continued home ownership compliance. The City of Lancaster has the option to contact new owner and Mortgage Company to request for reimbursement of funds if our lien has not been properly released.



ATTACHMENT A

24 CFR Part 5 ANNUAL INCOME INCLUSIONS AND EXCLUSIONS

Part 5 Inclusions

This table presents the Part 5 income inclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 paragraph (b) (April 1, 1998)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall



	consist of: · the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus · the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

Part 5 exclusions

This table presents the Part 5 income exclusions as stated in the Code of Federal Regulations.

General Category	Statement from 24 CFR 5.609 paragraph (c) (April 1, 1998)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR5.403).
6. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
7. "Hostile Fire" Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Self-Sufficiency Program Income	<ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and

	<p>that are made solely to allow participation in a specific program.</p> <p>d. Amounts received under a resident service stipend (as defined in 24 CFR 5.609(c)(8)(iv)).</p> <p>e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.</p>
9. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation Payments	Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
13. Family Support Act Income	For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (43 U.S.C. 1437t), or any comparable federal, state or local law during the exclusion period.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> ▶ The value of the allotment made under the Food Stamp Act of 1977; ▶ Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior



companions);

- ▶ Payments received under the Alaskan Native Claims Settlement Act;
- ▶ Payments from the disposal of funds of the Grand River Band of Ottawa Indians;
- ▶ Payments from certain submarginal U.S. land held in trust for certain Indian tribes;
- ▶ Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs (includes any winter differentials given to the elderly);
- ▶ Payments received under the Main Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 9z Stat. 1785);
- ▶ The first \$2,000 of per capita shares received from judgements awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe;
- ▶ Amounts of scholarships funded under Title IV of the Higher Education act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, or veterans benefits;
- ▶ Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- ▶ Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- ▶ Earned income tax credit;
- ▶ The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and
- ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, State job training programs and career intern programs).

ATTACHMENT B

PART 5 ANNUAL INCOME NET FAMILY ASSET INCLUSIONS AND EXCLUSIONS

This table presents the Part 5 asset inclusions and exclusions as stated in the Code of Federal Regulations.

Statements from 24 CFR Part 5 - April 1, 1998

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

ATTACHMENT C

**DOWN PAYMENT ASSISTANCE PROGRAM
INCOME REQUIREMENTS**

Applicants whose total household income is 80% or less of the Los Angeles County Median Income Levels, as adjusted by family size, are qualified to receive a grant.

2015 Maximum Income Limits*

Household Size	@ 50%	@ 80%
One Person	\$0 - \$29,050	\$29,000 - \$46,500
Two Persons	\$0 - \$33,200	\$33,150 - \$53,150
Three Persons	\$0 - \$37,350	\$37,300 - \$59,800
Four Persons	\$0 - \$41,500	\$41,400 - \$66,400
Five Persons	\$0 - \$44,850	\$44,750 - \$71,750
Six Persons	\$0 - \$48,150	\$48,050 - \$77,050
Seven Persons	\$0 - \$51,150	\$51,350 - \$82,350
Eight Persons	\$0 - \$54,800	\$54,650 - \$87,650

Note: *These maximum income levels are adjusted annually based upon the latest data published by the Department of Housing and Urban Development.

In calculating gross income, all payments from all sources received by the applicant(s) and each additional member of the household who is not a minor and who share the same dwelling unit or share in the ownership of the unit, whether in cash or in kind, shall be considered pursuant to Section 6914 of Title 25 of the California Code of Regulations and as generally set forth below:

The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses; the net income from operation of a business or profession, or from rental of real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from business); interest and dividends; the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts; payment in lieu of earnings, such as employment and disability compensation, worker's compensation and severance pay; public assistance if the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of: The amount of the allowance or loan exclusive of the amount



specifically designated for shelter and utilities, plus the maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities; periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; all regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit.

Where the applicant household has net family assets in excess of \$5000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this Program, the following shall be considered net family assets: Cash savings, marketable securities, stocks, bonds, and other forms of capital investment, including tax exempt securities other than Individual Retirement or KEOGH plans; inheritance, lump-sum insurance payments, already received; settlements for personal or property damage already received; equity in real property other than household's full-time residence; and; equity in real property other than household's full-time residence; and other personal property which is readily convertible into cash, exclusive of the value of necessary items such as ordinary household effects, including furniture, fixtures, and automobiles used for personal use.

The following shall not be considered as income: Casual, sporadic, or irregular gifts; amounts that are specifically for, or in reimbursement of, the cost of medical expenses; lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses; amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to veterans for use in meeting the costs of tuition, fees, books, and equipment; any amounts of such scholarships, or payments to veterans not used for the above purposes which are available for subsistence are to be included in income; special pay to a serviceman head of household away from home and exposed to hostile fire; relocation payments made pursuant to federal, state, or local relocation law; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household; payments received pursuant to participation in the following volunteer programs under the ACTION Agency: National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs, National Older American Volunteer Program for persons ages 60 and over which include Retired Senior Volunteer programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE).

Attachment D

SELLERS LEAD-BASED PAINT DISCLOSURE

**Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller’s possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller’s Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
 - (i) ___ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

 - (ii) ___ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the seller (check (i) or (ii) below):
 - (i) ___ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).

 - (ii) ___ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser’s Acknowledgment (initial)

- (c) ___ Purchaser has received copies of all information listed above.
- (d) ___ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.
- (e) ___ Purchaser has (check (i) or (ii) below):
 - (i) ___ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
 - (ii) ___ waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

Agent’s Acknowledgment (initial)

- (f) ___ Agent has informed the seller of the seller’s obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date



Attachment E

Down Payment Assistance Program

Sample Lead-Based Paint Contract Contingency Language

This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the tenth calendar-day after ratification. This ending date is: _____. [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in Your Home" for more information.)

This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report.

The Seller may, at the Seller's option, within _____ days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of the settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counteroffer, the Purchaser shall have _____ days to respond to the counter-offer or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

Seller Name: _____ Date: _____

Purchaser: _____ Date: _____

Property Address: _____

Attachment F

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

DECLARATION

This is to inform you that (name of buyers) _____ would like to purchase the property, located at (address) _____, if a satisfactory agreement can be reached. We are prepared to pay \$_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency, City of Lancaster will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the City of Lancaster will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:

_____. If you have any questions about this matter, please contact _____ at _____

Sincerely,

Title

Buyer

Date

Buyer

Date



Attachment G
LEAD-BASED PAINT
VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:	No LBP found or LBP exempt <input type="checkbox"/>		
Select one:	Visual Assessment <input type="checkbox"/>	Presumption <input type="checkbox"/>	Hazard Reduction <input type="checkbox"/>

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.

Visual Assessment Date: _____ Report Date: _____

Check if no deteriorated paint found

Attachment A: Summary where deteriorated paint was found. For multi-family housing, list at least the housing unit numbers and common areas and building components (including type of room or space, and the material underneath the paint).

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.

Date of Presumption Notice: _____

Lead-based paint is presumed to be present and/or Lead-based paint *hazards* are presumed to be present

Attachment B: Summary of Presumption: For multi-family housing, list at least the housing unit numbers and common areas, bare soil locations, dust-lead location, and or building components (including type of room or space, and the materials underneath the paint) of lead-based paint and/or hazards presumed to be present.

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.

Date of Hazard Reduction Notice: _____

Initial Hazard Reduction Notice? Yes No Start & Completion Dates: _____

If “No”, dates of previous Hazard Reduction Activity Notices: _____

Attachment C: Activity locations and types. For multi-family housing, list at least the housing unit numbers and common areas (for multifamily housing), bare soil locations, dust–lead locations, and/or building components (including type of room or space, and the material underneath the paint), and the types of lead-based paint hazard reduction activities performed at the location listed.

Attachment D: Location of building components with lead-based paint remaining in the rooms, spaces or areas where activities were conducted.

Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)

Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity

Printed Name: _____	Signature: _____	Date: _____
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Section 6: Contact Information	Organization: _____
Contact Name: _____	Contact Signature: _____
Date: _____	Address: _____ Phone: _____

