

AGENDA REQUEST FORM

**Return completed form and complete agenda item to the Clerk of the Board
Yakima County Commissioners' Office, Room 232**

Prepared by:
Keri Larson

Department: Public Services

Requested Agenda Date: 02/23/2021

Presenting: Lisa Freund

Document Title:

Board of County Commissioners Record Assigned
BOCC Agreement

#

032 - 2021

Yakima County, WA

APPROVED FOR AGENDA:

Consent Regular

Board of County Commissioners Determined

Homeowner Agreement with Jose I. & Karla M. Hernandez, property owner(s), for the HOME Rehabilitation Loan Program, Project No. HM19-006

Action Requested: *Check Applicable Box*

PASS RESOLUTION EXECUTE or AMEND **AGREEMENT CONTRACT** or GRANT

ISSUE PROCLAMATION PASS ORDINANCE OTHER _____

Describe Fiscal Impact:

This project is fully funded by HOME Investment Partnership Program federal funds and/or local 2060 grant funds. Contract amount is \$58,665.60

Background Information:

The purpose of this document is to allow the HOME Rehabilitation Loan Program to commit funds in a federal management system. This allows Yakima County to draw down the allocated funds on a reimbursement basis.


Summary & Recommendation:

Execute Homeowner Agreement with Jose I. & Karla M. Hernandez, property owner(s), residing at 2507 Band Wagon Ln. Yakima, WA 98903, for the HOME Rehabilitation Loan Program, Project No. HM19-006

Motion:

Department Head/ Elected Official

AGREEMENT Attached Is Approved as to Form
Corporate Counsel Initial



Signature

Late Agenda Requests Require BOCC Chairman Signature:



032 - 2021

**HOMEOWNER AGREEMENT (HOME)
YAKIMA COUNTY REHABILITATION LOAN PROGRAM**

Yakima County, WA

Form 27

THIS HOMEOWNER AGREEMENT ("Agreement") is made this 4th day of February 2021, between the **Yakima County, Department of Public Services**, ("County") and Jose I. Hernandez and Karla M. Hernandez ("Homeowner; or Homeowners, as applicable").

The County, as the Lead Agency in collaboration with the Yakima County HOME Consortium, receives funds from the U.S. Department of Housing Urban Development (HUD) to administer the HOME Investment Partnership program. As part of this program, a component program assists low and moderate-income homeowners who meet qualifications for an owner-occupied home rehabilitation loan program. This program will offer a loan to qualifying homeowners at zero (0) % interest whose income is 80% less than of the County median, per HUD guidelines and as confirmed by the County. The funds are to be used to renovate eligible owner-occupied homes under this rehabilitation home loan program.

Project property is located at 2507 Band Wagon Ln., Yakima, WA 98903 Yakima County, Washington and more particularly described as follows:

Parcel #: 181206-13419

Legal Description:

The West 10 feet of the East 25 feet of Lot 3, Block 17, AND the East 85 feet of the West 135 feet of the North half of Block 17, all in AHTANUM CITY, recorded in Volume "D" of Plats, Page 28, records of Yakima County, Washington; TOGETHER WITH vacated streets and alleys accruing thereto. ALSO KNOWN AS Parcel F of Survey, recorded under Auditor's File Number 7562266, records of Yakima County, Washington. Situated in Yakima County, State of Washington.

AGREEMENT: Project: HM19-006

END OF AGREEMENT: This agreement will end three years from last dated signature on the Project Completion Certification.

In consideration of the mutual promises herein, the Homeowner and County agree as follows:

1. **Income Requirements.** The current household income of the Homeowner from all sources does not exceed 80% of the Area Median Income for Yakima County, Washington, as based on HUD program criteria, as determined by Yakima County.
2. **Property Requirements.**
 - a) The ownership of the property being rehabilitated meets the HUD definition of "homeownership", and is a fee simple ownership interest in a qualifying single-family residence that may include mobile or manufactured homes, duplexes or condominium units; or a lease-hold interest in such properties that is not less than a term of 99 years.

- b) The property being rehabilitated is a qualifying residence located within participating jurisdictions within Yakima County and is the primary residence of the Homeowners and shall remain so for the minimum period of affordability of 3 years.
 - c) Should the property that is being rehabilitated no longer be used as the primary residence of the Homeowner for the duration of the terms of the loan as specified in the Promissory Note, the Note shall immediately become due and payable in accordance with the terms and conditions of said Promissory Note. When the recapture requirement is triggered by a sale of the property (voluntary or involuntary) the amount recaptured cannot exceed the net proceeds of the sale, if any.
3. **Maximum After-Rehab House Value.** The “after-rehabilitation” property value of the property being rehabilitated is estimated to be \$ 90,200.00 which does not exceed 95% of the median purchase price for single family residences in Yakima County, Washington, which is currently established at the 2020 standard of \$219,000.
 4. **Purpose of Loan and Grant.** The Homeowner certifies that the remodeling work undertaken from the proceeds of the loan, and Homeowner contribution and other sources is to be for the purpose identified in this agreement and will accomplish the rehabilitation of the Property to meet the property standards identified in the Scope of Work (Bid Specifications), plans,(the “Work”), all applicable code requirements and in accordance with the rehabilitation standards identified in the Yakima County HOME consortium Rehabilitation Loan Program Policy Plan.
 5. **Loan Terms.** The owner/tenant-occupant must live in the unit for 36 months. This 36-month period will not begin until the rehabilitation process has been completed and accepted. If the unit is sold or changes title before the 36-month period is completed, the loan must be paid using prorated formula of total due/36 months for the monthly amount x months left to complete 36-month mark= dollar amount owed at time of sale. At the end of the 36-month period a loan reconveyance will be recorded in the auditor’s office. The 36-month loan term starts the date as signed off on the Project Completion Certification form. This loan is a zero interest, deferred, forgivable loan with conditions for reconveyance.
 6. **Loan and Grant Amount(s) and Source(s) of Funding.**
 - a) **Project Cost.** The County has determined that the cost of rehabilitation for this property is \$ 64,532.16. The total project cost includes an estimated \$ 5,866.56 for administration, project related soft costs, and project management for these improvements
 - b) \$58,665.60 is a **HOME Rehab loan**, as provided herein and subject to the Promissory Note and Deed of Trust executed herewith. The loan includes the hard costs for rehabilitation of the residence. The loan funds are to be used in accordance with HOME policies, plans and/or specifications approved by the County and the Homeowner.
 - c) \$4,399.92 of the cost of rehabilitation is a **HOME Rehab grant**, solely for this Rehabilitation Loan Program project. This grant includes the soft costs for rehabilitation of the residence. The grant funds are to be used in accordance with HOME policies, plans and/or specifications approved by the County and the Homeowner.

d) **\$1,466.64** of the cost of rehabilitation is a **2060 Local Recorded Fee grant as match dollars**, solely for this Rehabilitation Loan Program project. This grant may include either soft or hard costs depending the specific need of the project to ensure affordability and the feasibility in the underwriting process. The grant funds are to be used in accordance with HOME policies, plans and/or specifications approved by the County and the Homeowner.

e) The remainder of **\$0.00**, of any cost of rehabilitation over and above the amount provided under this program is the responsibility of the Homeowner as a contribution for any amounts that are over and above the total of **\$8,665.60** program contribution allowed under this Rehabilitation Loan Program guidelines. The Homeowner is responsible and hereby agrees, to pay as their personal contribution amount the sum of **\$0.00** to the county-approved remodeling contractor at the time their first invoice is presented for payment, and file a copy of the payment with HOME Administrator. To confirm their qualification under this provision the Homeowner must submit evidence satisfactory to the program administrator of the equity and capital, commitments for financing, and other available sources of funds necessary for completion of the work and confirmation of their ability to provide their share of funding.

7. **Security.** The County agrees to make, and the Homeowner agrees to execute the Loan and/or Grant as provided herein. The Loan will be evidenced by a Promissory Note (the "Note") to be executed by Homeowner. The following security instruments and contracts are mandatory:

- a) As a security for the Note, the Homeowner shall make, execute and deliver to the County as Beneficiary, a Deed of Trust on the Property in form and substance satisfactory to the County in the full amount of the Loan. Additionally, as a condition of receiving funding under this program, the Homeowner agrees to comply with the following mandatory requirements:
- b) **Title and Fire Insurance.** The Homeowner shall, at Homeowner's expense, furnish the County with Mortgagee's ALTA Title Insurance Policy that is acceptable to the County and insuring the County in the amount of **\$ 58,665.60** and shall provide and maintain fire and extended coverage insurance on the Property in the amount **\$ 90,200** naming the County as the beneficiary and additional loss payee, as its interests may appear and requiring the County be given thirty (30) days prior notice of any cancellation or change or insurer thereof.

8. **Loan and Grant Proceeds.**

- a) Upon execution of the Note and recording of the Deed of Trust and other required security instruments and the satisfaction of any other conditions precedent applicable to the Loan and Grant disbursement, the Loan and Grant proceeds will be disbursed in accordance with this Agreement. The Homeowner acknowledges no right to the monies directly or as collateral for any other indebtedness other than to have the same disbursed in accordance with the terms of this agreement. The Loan and Grant will be disbursed in progress payments as required under this Agreement for Work on appropriate disbursement requests approved by the Homeowner and the County.
- b) All Disbursements shall be made upon certification of the percentage of Work completed and the cost thereof by the Contractor and by the Homeowner. Before making any disbursements, the County shall be entitled to receive a true and correct statement of all indebtedness incurred for the labor performed and materials ordered and/or delivered and shall have the right to inspect all records, books and accounts relating to the Work.

- c) Upon the Homeowner and the County's acceptance of the Work, the County, will approve progress payments and final payment to the contractor, withholding such sums as provided by the Contract until all the conditions of the Contract are met. The schedule of payments will be pursuant to the following schedule:
- i. Forty percent (40%) upon satisfactory completion of forty percent (40%) of the Work;
 - ii. An additional twenty percent (20%) upon satisfactory completion of sixty percent (60%) of the Work, and
 - iii. An additional twenty-five percent (25%) upon satisfactory completion of eighty-five percent (85%) of the Work, and
 - iv. The balance after satisfactory completion and receipt of:
 - A. A written acceptance of the work by the Homeowner;
 - B. A written lien waiver and warranty from the Contractor and all subcontractors and
 - C. Change Orders. All change orders shall be subject to approval by the County prior to execution by the Homeowner and the Contractor. If, as a result of the discovery of latent defects, or unforeseen conditions or health and safety hazards, it is necessary to make a change order or orders which exceed the contingency amount (i.e. ten percent (10%) of the original Contract price), the County has the right, at its option, and after consultation with the Homeowner, to reevaluate the scope of rehabilitation assistance to be provided and, in conjunction therewith, order the elimination or reduction of certain work items set forth in the work schedule or work write-up not related to bringing the property into substantial compliance with the minimum property standards, or increase the amount of the loan. **Conditions Precedent to the Obligation of the County to Provide Funds.**
9. **Property Standards.** At the time of project completion, this residence shall meet with all adopted applicable codes, ordinances, and rehabilitation standards in accordance with 24 CFR 92.251, as well as with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992, and implementing regulations at 24 CFR 35 Subpart J. And in accordance with the rehabilitation standards identified in the Yakima County HOME consortium Rehabilitation Loan Program Policy Plan. Available for review at the Yakima County Courthouse, 128 N. 2nd St., 4th Floor, Yakima, WA. 98901.
10. **Statement of Work.** The rehabilitation work to be undertaken with HOME Rehabilitation Loan Program assistance for this property is enumerated in the Scope of Work (the "Work"), attached as Attachment A in the project contract(s) and incorporated herein by this reference.
11. **Time for Completion.** The date for completion of the rehabilitation work shall be 365 days from the execution of this Agreement.
12. **Inspection of Work.** The County or its designees will have the right to inspect the work at all reasonable times for ascertaining whether the work is in accordance with the requirements of the Contract and applicable laws and codes. While the County and its designees, in order to protect its interest and the interest of the general public, will endeavor to bring to the attention of the Homeowner and the Contractor work which is not performed in accordance with the

approved scope of work and applicable codes, it is understood and agreed that neither the County nor the Contractor's failure to perform the work in accordance with the contract standards or applicable building maintenance and building code provisions, policies and standards, or for the acts or omissions of the Homeowner, the Contractor, subcontractors, any of their agents or employees, or any others performing any work shall not create duty owed by the County or its agents for any damages or harm to the Homeowner or others and that may be attributable to the contractor or county's failure to act or any duty owed. The Homeowner shall take all steps necessary to assure that the County and its employees or agents are allowed access to examine and inspect the Work and all contracts, materials, equipment, payrolls, conditions of employment pertaining to the Work, including all relevant data and records, at any time determined by the County.

13. **Records.** The Homeowner agree to keep such records as may be required by HUD regarding the Work and agree to keep such records as may be required by HUD or the County. The Homeowner will, at any time during normal business hours, and as often as the Secretary of HUD or an authorized representative on behalf of the County, may deem necessary, permit the Secretary on behalf of the County to have full and free access to the Homeowner records with respect to the utilization of the proceeds of the Loan, and will permit the Secretary and/or County Officials, on behalf of the County, to audit, examine and make excerpts or transcripts from Homeowner's records and to review, inspect and make audits of all Work, contracts, invoices, materials, payrolls, records of personnel, conditions of employment, books of record and other documented data pertaining to the Loan and Work.
14. **Compliance with Applicable Laws and Requirements.** In the performance of this Agreement and the completion of the Work, the Homeowner shall comply, in all material respects with applicable Federal and State laws, orders, rules and regulations as determined by HUD and the County, or other agency having jurisdiction thereof, and the Homeowner shall defend, protect and save harmless the County, their officers and employees, from and against all claims, suits, and actions, liability, loss, damage and expense arising from any failure of the Homeowner or their architect, agent, contractor or subcontractors to comply with the same. Any such requirement which under the applicable federal grant Agreement, is required to be set forth in this Agreement is by this reference incorporated herein as though fully set forth at this point.
15. **Loan Document Fees.** The Homeowner shall execute at or prior to closing such documents, in form and content satisfactory to the County, as the County shall require, including but not limited to, the Note, the Deed of Trust, this Agreement and the Contract (collectively called "Loan Documents"). Loan Fees will be paid on behalf of the homeowner as part of the project soft costs.
16. **Cancellation of Commitment; Acceleration.**
 - a) At its option, the County reserves the right to cancel the Loan and terminate its obligation hereunder and under any other Loan Documents evidencing the Loan if, for a period of sixty (60) days from the date of execution of the Note, the Homeowner shall have failed or refused to cause the commencement of the Work, or if the Homeowner shall have failed or refused to complete the Work within a reasonable time as determined by the County, after commencing the Work. The County shall exercise this cancellation by sending written notice thereof to the

Homeowner at their mailing address set forth below. In the event of cancellation after the County has disbursed funds pursuant to paragraph (2) above, any amounts so disbursed shall become immediately due and payable. The County's failure to exercise this right of cancellation shall not be deemed a waiver thereof if the work remains incomplete.

- b) The entire principal amount of the Note, and any other amounts secured by the Deed of Trust, shall become due and payable, at the option of the County, upon the Homeowner's breach of, or failure to comply with, any covenant, agreement, term or condition contained in this Agreement or any of the Loan Documents or upon the occurrence of any of the following:
1. Failure to pay when due any sum owing hereunder, under the Note, or under any of the other Loan Documents, including this agreement;
 2. Failure to complete the Work within a reasonable time as determined by the County;
 3. Any failure of the Homeowner (owner occupied only) at any time to reside in the Property as the Homeowner primary residence;
 4. Any failure to pay or other default in any other indebtedness secured by the Property or any other indebtedness to the County;
 5. The appointment of a receiver or liquidator for the Homeowner or Homeowner property, the filing of any state or federal bankruptcy or insolvency petition by or against the Homeowner, or any assignment by the Homeowner for the benefit of the Homeowner creditors; or
 6. Any sale or transfer of Homeowner's interest, or the death of the Homeowner or their spouse or partner in an acknowledged relationship
17. **Limit of Liability.** All liability and obligation of the County arising pursuant to this Agreement and any payment to be made by the County pursuant to this Agreement shall be satisfied exclusively and solely from federal funds made available for such purpose, and no creditor or other person or entity of whatever nature shall have any recourse to the assets, credits, or services of the County by reason of any liability or obligation arising out of this Agreement, and neither this Agreement nor any Note, Loan or other documents hereunder shall constitute a debt or indebtedness of the County within the meaning of any constitutional, statutory, local or charter provision.
18. **Waiver of Personal Liability of Individuals.** No member or employee of the County shall be personally liable to the Homeowner or any successor in interest in the event of any default or breach by the County for any amount which may become due to the Homeowner or successor, or on any obligation under the terms of this Agreement.
19. **Notices and Demands.** Any notice or demand which either party hereto is required or desires to give to or make upon the other shall be in writing and shall be delivered or made by United States registered or certified mail, return receipt requested, postage repaid, addressed in the case of the County to:

Yakima County
Department of Public Services- Keri Larson
128 N. 2nd St.
Fourth Floor Courthouse
Yakima, WA 98901

And addressed in the case of the Homeowner to: **Jose I. Hernandez and Karla M. Hernandez, 2507 Band Wagon Ln., Yakima WA 98903**

Subject to the right of any such party to designate a different address by notice similarly given. Any notice or demand so sent shall be deemed to have been given or made when delivered as evidenced by the return receipt.

20. **Successor and Assigns.** The terms of this Agreement shall be binding upon the parties hereto, their respective successors and assigns; it being agreed; however, the Homeowner shall not assign or transfer any of their rights, duties, benefits, obligations, liabilities or responsibilities under this Agreement without the express written consent of the County.
21. **Amendment, Modification or Waiver.** No amendment, modification or waiver of any condition, provision or term of this Agreement shall be valid or of any effect unless made in writing, signed by the party or parties to be bound, or such party's or parties' duly authorized representative(s) and specifying with particularity the nature and extent of such amendment, modification or waiver. Any waiver by any party of any default of the other party shall not affect or impair any right arising from any subsequent default. Nothing herein shall limit the remedies or rights of the parties hereto under and pursuant to this Agreement.
22. **Severability.** Each provision of this Agreement is intended to be severable. If any provision of this Agreement or its application to any person or circumstance is held invalid, the remainder of this Agreement or the application of the provision to other persons or circumstances shall not be affected.

IN WITNESS THEROF, the County and Homeowner have executed this agreement as of the date and year last written below.

Agreement Number: **HOA- HM19-006**

Homeowner(s)

ⓧ Jose I Hernandez 2/4/21
Jose I. Hernandez Date

ⓧ Karla M Hernandez 2/4/21
Karla M. Hernandez Date

BY Jose I Hernandez
A.I.F.

Agreement Number: HOA-HM19-006

BOCC Agreement

032 - 2021

Yakima County, WA

BOARD OF COUNTY COMMISSIONERS

Ron Anderson, Chairman

Amanda McKinney, Commissioner

LaDon Linde, Commissioner

DATED FEB 23 2021

Attest:

Julie Lawrence, Clerk of the Board or

Linda Kay O'Hara, Deputy Clerk of the Board

Approved as to Form:



Deputy Prosecuting Attorney

**State of Washington
County of Yakima**

I certify that I know or have satisfactory evidence that Jose I. Hernandez
(name of person) is the person who appeared before me, and said person acknowledged
that (he) signed this instrument and acknowledged it to be (his) free and
voluntary act for the uses and purposes mentioned in the instrument.

Dated: this 4th day of February 2021

Norma L Carr
Signature of Notary

(Seal or stamp)

NOTARY PUBLIC
STATE OF WASHINGTON
NORMA L CARR
COMMISSION NO. 126285
MY COMMISSION EXPIRES
APRIL 6, 2023

Notary name printed or typed: NORMA L. CARR

Notary Public in and for the State of Washington
Residing at Grandview

My appointment expires: 4-6-2023