



## **MOBILE HOME REPLACEMENT PROGRAM GUIDELINES**

### **PROGRAM OVERVIEW**

The City of Fresno's Mobile Home Replacement Program (MHRP) expands upon the existing Mobile Home Repair Program (MRP) to address a critical gap in housing assistance for residents living in obsolete or irreparable mobile homes. Many of these homes, particularly those constructed prior to 1980, cannot be adequately served under the current repair program.

The MHRP leverages existing MRP infrastructure, including outreach, intake, application processing, approval workflows, and post-installation oversight, to ensure efficient administration and homeowner support.

### **FINANCIAL ASSISTANCE**

- Support is provided to low-income families, earning up to 80% Area Median Income (AMI) or lower.
- Assistance is provided as a 15-Year Forgivable Deferred Payment Loan for up to \$100,000 or 40% of the total replacement cost, whichever is lower.
- The loan requires no monthly payments and is forgiven in full after 15 years if owner-occupancy requirements are met.
- Repayment is required if the property is sold, transferred, refinanced with cash-out, or ceases to be owner-occupied during the affordability period.

### **PROGRAM GOALS**

The Mobile Home Replacement Program will:

- Replace irreparable mobile homes with safe, code-compliant, energy-efficient units
- Reduce long-term maintenance costs and risk of displacement
- Support low- and moderate-income households currently occupying unsafe or obsolete housing
- Promote housing equity and sustainability in underserved communities
- Maximize the value of public investment by reducing repeat repair costs

This program is distinct from repair efforts and is designed specifically for mobile homes that cannot be practically restored through conventional rehabilitation. It signals a strategic advancement in Fresno's housing initiatives.

### **THRESHOLD ELIGIBILITY REQUIREMENTS**

The following are threshold requirements for program eligibility:

1. **Location:**

- Replacement units must be installed on the same lot as the original unit within a licensed mobile home park located inside Fresno city limits (excluding County islands).
- Installation must be on a permissible foundation system (as defined below under “Permissible Foundations”). Mobile homes in mobile home parks are typically on foundation systems and not a fixture to real property recorded with the County.

2. **Ownership and Occupancy:**

- The applicant must both own and occupy the existing mobile home within the last three years.
- Unit must have a valid California Insignia, HUD label, or Decal number.

3. **Income:**

- Household income at the time of application must not exceed 80% of the Area Median Income (AMI), as published annually by HCD.

## **OUTREACH AND MARKETING**

All outreach and marketing shall comply with State and Federal fair housing and fair lending laws. No person shall be excluded, denied benefits, or discriminated against on the basis of age, ancestry, color, creed, physical or mental disability, marital or familial status, medical condition, national origin, race, religion, gender, or sexual orientation. The City will ensure program accessibility for persons with disabilities and provide reasonable accommodations as needed.

## **PERMISSIBLE FOUNDATIONS**

Concrete slabs of either 4” or 6” thickness, secured with metal tie-down straps to the steel beams and slab at manufacturer-specified intervals.

Concrete runners (longitudinal footing strips along beams, marriage line, and perimeter) with mortared/reinforced block skirting.

Perimeter wall foundations with ribbons (poured wall replacing block skirting with Horizontal footing for supports and strapping)

## **APPLICATION PROCESS**

1. Education Requirement

Applicants must complete an 8-hour HUD-approved homebuyer education course. Certificates must be dated within six months of the anticipated installation date.

2. Pre-Application Coordination

The applicant must engage a City-approved lender or mortgage broker to assess eligibility and funding capacity.

### 3. Inspection & Verification

City staff and a certified inspector will schedule an inspection with the homeowner to verify irreparable structural conditions on the existing mobile home.

### 4. City will coordinate the bidding process for the proposed new mobile home purchase.

- Vendor quotes and HUD certification of the proposed unit are required

### 5. Submission of Application Package

A complete application packet must be submitted by the applicant's lender or mortgage broker and must include:

- Application
- Pre-approval Letter
- Eligibility Worksheet
- Household composition form
- Credit Report
- Ownership and income verification

### 6. City's Eligibility Review

- Applications are processed on a first-come, first-served basis and may take up to 30 days.
- City will confirm the household size
- Analyze income and asset verification documentation
- Credit Report
- Inspection Report
- Title report
- Title Cert and Registration Card issued by HCD

### 7. Purchase contract and Open Escrow

- Purchase Contract: The vendor will be responsible for preparing and executing the purchase contract.
- Escrow: The title company will manage the purchase transaction and related documentation.
- City Oversight: While the vendor and title company will handle their respective components, the City will oversee the entire process to ensure compliance with program requirements and timelines.

## **HOUSEHOLD ELIGIBILITY**

### **• Income Verification**

Income eligibility is based on the gross amount of income of all adult household members anticipated to be received during the next 12-month period. Annual household income may not exceed 80% of the Area Median Income (AMI) as determined by the State. Prior year's tax returns do not determine anticipated

income; current pay stubs should be used (3 months). It should be assumed that the current circumstances will continue for the next 12 months, even if it is not clear that the amount of income received currently will continue in the coming year, unless there is evidence to the contrary. When obtaining income verification documentation, it is also important to consider any potential or future changes. Gross income from all sources must be used. This includes:

- Overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions).
- If an upcoming raise is shown on the Verification of Employment, it must be calculated as current income.
- Wages from a second job.
- The regular amount of periodic payments received from Social Security, Supplemental Security Income (SSI), annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts. These amounts should not be grossed up.
- Payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation, and severance pay.
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the home.
- Asset income is included if total assets exceed \$5,000 (greater of actual income or 2.5% of asset value).

Income qualification for self-employed persons is based on prior year income tax returns. Net income plus depreciation from the operation of a business or profession will be used. Any withdrawal of cash or assets from the operation of a business will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

Income averaging is permitted only when the owners are seasonal employees with fluctuating incomes and have provided supporting documentation.

**State Income Limits 2025**

Number of Persons in Household:		1	2	3	4	5	6	7	8
Fresno County Area Median Income: \$93,900	Acutely Low	9850	11300	12700	14100	15250	16350	17500	18600
	Extremely Low	19750	22550	26650	32150	37650	43150	48650	54150
	Very Low Income	32900	37600	42300	46950	50750	54500	58250	62000
	Low Income	52600	60100	67600	75100	81150	87150	93150	99150
	<b>Median Income</b>	65750	75100	84500	<b>93900</b>	101400	108900	116450	123950
	Moderate Income	78900	90150	101450	112700	121700	130750	139750	148750

- **Ownership & Residency verification**
  - Unit must be the owner-occupant resident
  - Owner must have been a resident of the current unit within the last three years
  - New mobile home must be used as the owner's primary residence.
  
- **Household Composition**
  - Based on tax returns, affidavits, birth certificates, and other verifiable records.
  - Income from household members 18 and over will be included as household income, and they must certify that they occupy the home and provide income information.
  - Foster children, unborn children, or individuals seeking custody are excluded from the household count.

## **MOBILE HOMES ELIGIBILITY**

Eligible mobile homes must:

- Be located within Fresno city limits (excluding county islands)
- Be located in a licensed mobile home park
- Have been built prior to 1980
- Have failed inspection for structural, health, or safety deficiencies
- Be owner-occupied
- Be replaced with a HUD code-compliant manufactured unit

Energy-efficient and weatherized replacement models are preferred

## **ELIGIBLE COSTS**

Up to \$100,000 or 40% of the total replacement cost, whichever is lower, in Program funding may be used to cover:

- Cost of a new HUD Code manufactured home
- Transportation and installation of a new mobile home
- Demolition and removal of the existing unit
- Site preparation and utility hookups
- Building code compliance and permit fees
- Non-recurring loan closing costs (e.g., title registration, escrow fees, inspections)

## **INELIGIBLE COSTS**

- Payoff of consumer debts or liens
- Personal loans or refinancing
- Cosmetic repairs to salvageable units
- Temporary relocation expenses
- Luxury upgrades (e.g., granite, marble, pools, sheds, appliances not built-in, upgraded carpets)

## **UNDERWRITING REQUIREMENTS**

### **CREDIT REQUIREMENTS**

- No collection activity or delinquent accounts at the time the application packet is submitted to the City for review
- No unpaid liens or judgments at the time the application packet is submitted
- Bankruptcy must be discharged at least three years prior to the application for financing

### **TITLE REPORT**

- Title report reviewed for ownership, occupancy, and existing liens

### **CASH OUT**

- Any cash out of escrow to the homeowner is not allowed. This is to ensure that the program funds are spent only toward the amount required to pay for actual replacement cost and non-recurring closing costs.

### **PRIMARY LOAN REQUIREMENTS**

- Minimum 15-year fixed mortgage
- Interest rate must be at market rate or below-market interest rate
- Fixed-rate only. No ARMs, no balloon payments, and no deferred interest
- Title must be registered with the primary lender as a primary lien holder with the California Department of Housing and Community Development (HCD)
  - State requirements to add a new legal owner:
    - Statement to Encumber
    - Certificate of Title
    - Registration Card
- Property insurance covering all applicable perils for the full value of the home must be obtained prior to acquisition and maintained during the entire 15-year affordability period. The City of Fresno shall be named as a loss payee on the

insurance policy and proof of insurance must be provided and kept on file during the length of the affordability period. Failure to maintain adequate insurance for the length of the affordability period shall be considered an event of default for purposes of the City's loan.

## **CITY'S REPLACEMENT LOAN TERMS**

- Type: 15-Year Forgivable Deferred Payment Loan
- Interest: 0%
- Payments: No monthly payments are required
- Homeowner's contribution is not required
- Debt-To-Income (DTI) ratios are based on the primary lender's standards, with the following guidelines:
  - The top ratio may not exceed 35% unless an exception applies; the total ratio may not exceed 43%
- The amount of the City's Replacement assistance may not exceed the amount of the primary mortgage.
- Security:
  - Promissory Note and Security Agreement
  - Title registration naming the City as a junior lien holder with HCD
    - Statement of Lien
    - Certificate of Title
    - Registration Card
- Loan Forgiveness: If the Owner-Occupied requirement for a 15-year affordability period is satisfied, the loan is forgiven.  
Full repayment due upon:
  - Sale of property
  - Owner ceases to occupy as primary residence
  - Conveyance of the mobile or any right, title, or interest therein; whether legal, beneficial, or equitable; whether voluntary or involuntary, or by any other method of conveyance
  - Death of the owner within the fifteen-year affordability period
  - Cash-out refinance
- Prepayment is allowed with no penalties.
- Assumptions and assignments are NOT permitted.

### **Example Monthly Cost for Replacement Homes (2025)**

#### Double-Unit Replacement

- Total Cost: \$175,000
  - New home: \$127,000

- Site prep, demolition, installation, closing: \$48,000
- 1<sup>st</sup> Loan (60%): \$105,000
- 2<sup>nd</sup> Loan (40%): \$70,000
- Monthly Cost:
  - 1<sup>st</sup> Loan Payment (6.5%): \$665
  - Property Tax: \$183
  - Home Insurance: \$125
  - Land Rent Fee: \$300-\$600(varies by park)
- Total Monthly Housing Cost: \$1,323-\$1,573
- Income Context: For a 2-person household earning up to \$60,100/year (\$5,008/month, 80% AMI), and the Debt-to-Income (DTI) ratio is between 26% to 31%. DTI calculation:  $\$1,323/\$5,008 = 26\%$  which is within PLHA limits.

#### Single Unit Replacement

- Total Cost: \$110,150
  - New mobile home: \$73,000
  - Site prep, demolition, installation, closing: \$37,150
- 1<sup>st</sup> Loan (60%): \$66,090
- 2<sup>nd</sup> Loan (40%): \$44,060
- Monthly Cost:
  - 1<sup>st</sup> Loan Payment (6.5%): \$418
  - Property Tax: \$115
  - Home Insurance: \$125
  - Land Rental Cost: \$300-\$600 (varies by park)
- Total Monthly Housing Cost: \$1,008-\$1,258
- Income Context: For a 1-person household earning up to \$52,600/year (\$4,383/month, 80% AMI), and the Debt-to-Income (DTI) ratio is between 23% to 29%. DTI Calculation:  $\$1,008/\$4,383 = 23\%$  which is within PLHA limits

## **VENDOR BID PROCESS**

The Housing Program Supervisor (HPS) plays a central role in coordinating the mobile home replacement process. They will oversee the vendor purchase and bid processes, review inspection reports, and work closely with the property owner and participating vendors to obtain competitive quotes for the proposed mobile home purchase. Throughout, the HPS ensures that all activities align with program goals, meet resident needs, and comply with applicable regulatory guidelines.

## 1. Initiate Competitive Bid Process

- The HPS and property owner establish a timeline and outline the Residential Scope of Preferences.
- Minimum of three bids is encouraged to promote fair pricing and diverse vendor engagement.

## 2. Bid Invitation Package

- Invitations are emailed to participating vendors with:
  - Site photos and current mobile home layout
  - Inspection report indicating the condition of the home
  - Registration documents with dimensions and unit specifications
  - Description of the proposed unit under consideration
  - Deadline and contact information for clarifications

## 3. Schedule Bid Tour

- Bid tour occurs onsite at the designated residence with the property owner present.
- Vendors may conduct visual inspections, verify measurements, and address site limits.

## 4. Bid Submission Requirements

- Vendors must include:
  - Itemized cost for replacement unit and associated fees (e.g., transportation, permits)
  - Timeline for site preparation, demolition, and installation
  - Licensing and insurance documentation
  - Proposed replacement unit specs, which must be equal to or smaller than the current home

## 5. Bid Review & Evaluation

- HPS reviews bids for:
  - Cost reasonableness
  - Project timeline feasibility
  - Unit quality and compliance
  - Vendor reputation and previous performance

## 6. Selection and Notification

- The owner selects the vendor with the best overall value, in consultation with the HPS
- All vendors are notified of the bid outcome
- Selected vendor receives written confirmation and next steps toward

purchasing

#### 7. Pre-Installation Coordination

- HPS calls to confirm deliverables, schedule, and responsibilities
- Required permits are secured before site prep begins

#### 8. Documentation and Recordkeeping

- All bid documents, selection validation, and vendor communications are logged
- Bid data may be used for future benchmarking and program improvement

### **VENDOR PAYMENTS**

The City will pay the vendor directly or through escrow. No funds will be distributed to the homeowner.

### **WARRANTIES**

Manufacturer warranties shall be provided to the owner by the vendor. An extended warranty is available at an additional cost.

### **INSURANCE LOSS PAYEE CLAUSE**

- City of Fresno  
Planning and Development Department  
Housing Finance Division  
2600 Fresno Street, Room 3065  
Fresno, California 93721  
Loan# MHRP- \_\_\_\_\_

### **LOAN REPAYMENT**

- Payments are voluntary during the deferral period. The owners can begin making voluntary payments at any time without penalty. The City will accept loan payments from the owners prepaying deferred loans, and from the owners making payments in full upon sale or transfer of the property.
- All loan payments are payable to the City and will be made to:  

City of Fresno  
Attn: Finance Department  
2600 Fresno Street  
Fresno, CA 93720
- Refinancing or subordination of the primary mortgage will be allowed only for:
  - The existing principal balance, and
  - Reasonable closing costsThe new primary loan must:
  - Be fully amortized

- Have no balloon payments
- No cash-out refinance (including payoff of other debts or credit accounts)

## **MONITORING**

The City will conduct annual monitoring during the 15-year affordability period or until the loan is fully paid. Owners must:

- Cooperate fully with City verification efforts of monitoring for a period of fifteen (15) years from the date of installation
- Homeowners must maintain the unit as their principal residence
- Provide active insurance proof
- Property taxes must not be in default

Non-compliance with the City's monitoring procedures may result in loan default.

## **CONFLICT OF INTEREST**

- To uphold the integrity of the Mobile Home Replacement Program and ensure full compliance with state and federal regulations: No elected or appointed official, employee, agent, consultant, or member of any governing body of the City of Fresno, and no member of their immediate family, may obtain any financial interest or benefit from the Mobile Home Replacement Program.
- This prohibition includes direct or indirect interests in contracts, subcontracts, or agreements funded by the program, both during their term of service and for one year following their departure.
- All vendors, contractors, and lenders participating in the program must disclose any potential conflicts of interest in writing to the City prior to execution of agreements.
- Any conflict of interest discovered after funding is awarded may result in loan cancellation, demand repayment, and/or disqualify the involved party from current and future participation.

## **RECAPTURE & REUSE OF FUNDS**

Program funds repaid to the City, whether due to sale, transfer, loan default, or other recapture events, will be treated as program income and must be used for eligible housing activities consistent with state requirements.

- Recaptured funds will be deposited into the City's Housing Mobile Home Program and reserved exclusively for affordable housing programs, including mobile home replacement, repair, or other housing rehabilitation activities serving low-income households.
- Any interest accrued on recapture and reuse of funds held in a local interest-bearing account will be treated as Program Income. Interest earnings will be

pooled with repaid loan principal amounts and reinvested for affordable housing programs.

- Program income will not be diverted to the City's General Fund or for non-housing purposes.
- The City will track, report, and monitor the use of recaptured funds in compliance with State reporting requirements and affordability standards.

## **APPEALS**

Applicants denied eligibility may submit a written appeal within 10 days to the Housing Finance Division Manager. If unresolved, appeals may escalate to the Planning & Development Department Director, whose decision is final.