February 28, 2019

Rachel Vanderveen, Deputy Director
City of San Jose
200 East Santa Clara Street, 12th Floor
San Jose, California 95112

RE: CalHome Program – Mortgage Assistance Monitoring Report for Standard Agreements 08-CalHome-4930 and 11-CalHome-8206

Dear Ms. Vanderveen:

On January 28, 2019, we met with your staff for a monitoring review of City of San Jose contracts' Standard Agreements. The purpose of the review was to determine whether the award Recipient had implemented and administered its CalHome contract according to the Standard Agreement requirements as well as Program Regulations.

At the exit interview the details of the enclosed monitoring report were reviewed with staff. No Level I concerns were identified in the monitoring report so no Recipient response is required. However, there were Level II and III Concerns that recommend corrective actions and/or guidance.

We would like to take this opportunity to thank you for the cooperation and assistance extended by staff during the monitoring visit. We wish you success in your continuing affordable housing programs.

If you have any questions, please do not hesitate to contact me at (916) 263-6437 or adeeb.alzanoon@hcd.ca.gov.

Sincerely,

Adeeb Alzanoon
Contract Management Representative

Enclosure

cc: Amy Chen, Sr. Development Officer, Korey Richardson, Development Officer, City of San Jose
LEVEL II CONCERNS

LEVEL II CONCERN: Items needed to be included in client files:

Income qualification utilizing the CalHome program income worksheet

End of Level II Concerns

LEVEL III CONCERNS

LEVEL III CONCERN: Client file technical assistance items:

1. Perform final income qualification check
2. Perform final credit check before closing

End of Level III Concerns
This report is divided into three sections:

1. Level I Concerns (non-compliance with published regulations or Standard Agreement) - corrective action should be implemented and evidence of correction provided to HCD within 30 days of the date of the accompanying cover letter;

2. Level II Concerns (non-compliance with Operations Handbook or Management Memos) – corrective action is recommended for optimal adherence to program policies;

3. Level III Concerns – (technical assistance and suggestions for program improvement) - best practices.

**LEVEL I CONCERNS:**

**LEVEL I CONCERN:** No Level 1 compliance issues

End of Level I Concerns