

**COMMERCE CITY HOUSING AUTHORITY
ADMINISTRATIVE PLAN
FOR THE
HOME REHABILITATION LOAN PROGRAM**



GOALS AND OBJECTIVES:

Loans of 3 ½% to 5% are made available for the rehabilitation of deteriorating owner-occupied residential properties. The primary objectives of this program are:

- Provide loans only to income eligible households.
- Provide loans only for the following improvements:
 - Roofing/Fascia/Soffits/Gutters & Down Spouts
 - Electrical
 - Plumbing
 - Heating/Furnace
 - Windows
 - Siding/Painting
 - Foundation Repairs
 - Emergency Repairs (Within the items listed above)

Housing Quality Standards: All projects must be brought up to HQS standards as per the state's policies. This may include other items that are not currently listed, i.e., adequate locks on all outside doors and windows and tripping hazards such as; flooring, loose tile, vinyl, etc.

Lead based paint testing and abatement, asbestos testing and abatement, if necessary, are generally considered to be part of owner's expense. Any properties that were built before 1978 may have to be tested for LBP or asbestos if a surface will be disturbed in the course of the rehabilitation of the property.

I. GENERAL REQUIREMENTS

A. APPLICABLE TO HOME REHAB LOANS

It is the policy of the Commerce City Housing Authority that all real estate loans comply with applicable State and Federal laws including disclosure regulations and all provisions of the Fair Housing Act.

Unless otherwise provided in this Administrative Plan, the interest rates, fees, and terms for any rehab loan offered by the Commerce City Housing Authority shall be determined by the Authority Board of Directors from time to time. Such rates, fees, and terms shall comply with Federal and State laws or regulations as are applicable to the loans offered by the Commerce City Housing Authority.

Final approval and disbursement of loan proceeds on any rehab loan are subject to the completion and receipt of the following:

- Credit report
- Verification of mortgagee title insurance
- Certificate of taxes due
- Proof of extended coverage and fire insurance with the Commerce City Housing Authority designated as loss payee or additional insured
- Copy of assessed valuation from the County of Adams County
- Verification of employment, or pay stub (if applicable)
- Lien waivers for labor or materials (if applicable)
- Proof of owner occupied residency in incorporated Commerce City

Applicant(s) will be responsible for all costs and expenses incurred. Such costs and expenses, may include:

- Loan processing fees
- Credit check fee
- Title insurance
- Hazard insurance (if applicable)
- Real estate market analysis report
- Testing and abatement for lead based paint & asbestos

No rehab loans will be made if:

- The real estate proposed for the loan is located outside the city of Commerce City, Colorado
- The real estate offered is a time share or other form of interval ownership in real estate
- The real estate is not owner occupied

The home must be permanently attached to a permanent poured footing with foundation walls constructed in accordance with the ordinances of the City of Commerce City. If the home is a manufactured housing unit, it must be permanently installed on an engineered permanent foundation in accordance with the ordinances of the City of Commerce City in order to be eligible. A mobile home, or similar unit that is not permanently attached to a foundation, is not eligible for a rehab loan. The ordinances of the City of Commerce City specify that no mobile home shall be permanently attached to a foundation.

<u>Debt Ratio/Loan Amount</u>	<u>Require Loan Approval</u>
- 45% or less	Board of Commissioners
- 46% ratio or greater	Board of Commissioners

The names of the applicant(s) and the address of the property for which the rehab loan is being made for shall be given to the Authority Board of Commissioners at the time loan approval is requested. The Commerce City Housing Authority Board of Commissioners are bound by the General Program Standards concerning confidentiality and authorization as stated in the Administrative Plan under section III. General Program Standards of the Commerce City Housing Authority; Item F.

II. GENERAL GUIDELINES

A. APPLICANT ELIGIBILITY

Any individual(s) who has owned the property for at least one year prior to the date of application with the following stipulations:

1. Conflict of Interest: No member of the Commerce City Housing Authority and no other official, employee, or agent of the City Government who exercises policy, decision making functions or responsibilities in connection with the planning and implementation of the Housing Rehabilitation Program shall directly or indirectly be eligible for this program as specifically detailed in Paragraph 24 of the State contract. This prohibition shall continue for one year after the individual's relationship with the City ends.

2. Income Eligibility: Loans shall be made only to owners who fall within the income guidelines in the following tables:

This represents HUD income guidelines, which are updated annually.

Household Size	Max Income/Year (80% Median)	Max Income/Year (50% Median)
1	\$42,950	\$26,850
2	\$49,100	\$30,700
3	\$55,250	\$34,550
4	\$61,350	\$38,350
5	\$66,300	\$41,450
6	\$71,200	\$44,500
7	\$76,100	\$47,600
8	\$81,000	\$50,650

3. Credit Rating: Average to good credit rating with no history of bankruptcies within the past two years.

4. Credit Factors: All credit decisions shall be based only on an applicant(s) ability to repay the loan. This decision will include a review of the applicant(s) credit rating applicant's current monthly debt to income ratio, using the Fair Isaac Scoring System. Action on loans shall not be based on, or influenced by race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age of the applicant(s).

B. PROPERTY ELIGIBILITY

1. Properties must be located within the incorporated boundaries of Commerce City.
2. Properties must be owner-occupied.
3. Properties must be in need of repair.

C. TYPES OF IMPROVEMENTS

The following priorities are hereby identified to determine improvements to be undertaken on each property:

1. Repairs as follows as prioritized by the Construction Management Team:
 - Roofing/Fascia/Soffits/Gutters/Down Spouts
 - Electrical
 - Plumbing
 - Heating/Furnace
 - Windows
 - Siding/Painting
 - Foundation Repairs
 - Emergency Repairs (Within the items listed above)

Only these items can be undertaken if the costs do not exceed the \$20,000 loan limit.

Housing Quality Standards: All projects must be brought up to HQS standards as per the state's policies. This may include other items that are not currently listed, i.e., adequate locks on all outside doors and windows and tripping hazards such as; flooring, loose tile, vinyl, etc.

Lead based paint testing and abatement, asbestos testing and abatement, if necessary, are generally considered to be part of owner's expense. Any properties that were built before 1978 may have to be tested for lead based paint or asbestos if a surface will be disturbed in the course of the rehabilitation of the property.

D. SELECTION CRITERIA

Applications will be processed and reviewed on a first-come, first-served basis except for the following priorities:

1.
 - a. Urgent Need: Applications demonstrating an urgent need involving health or safety items will be considered first.
 - b. Elderly and Low Income: Elderly and low-income (at or below 50% of the median) families/individuals will be given priority.
2. Decision Making Body: Commerce City Housing Authority Board Members will take action on each application at their regularly scheduled monthly meetings or at a loan committee meeting as authorized at the regular monthly meeting.

E. LOAN STRUCTURE

1. Loan Limit: No loans will exceed \$20,000 per dwelling unit including a 20% contingency. (note; not to include lead based paint testing and abatement or asbestos testing or abatement.)

2. Limits Based on Value: Maximum 90% combined loan to value. Should the first mortgage, any liens and the proposed loan amount total more than a reasonable amount as determined by the Commerce City Housing Authority Board, a market analysis will be obtained from a local realtor to ensure a 10% equity remains after all debt. The applicant(s) will pay any realtor costs incurred to obtain said market analysis.

3. Terms of Loan: Applicant(s) will pay all loan costs. The maximum terms of any loan shall not exceed twenty (20) years. However, the terms of each loan shall be determined on a case-by-case basis according to the applicant's ability to repay the loan. All loans shall be due and payable in full in the event of the death of the applicant(s) or upon the cessation of occupancy of the property by the applicant(s).

4. Interest Rate: The standard interest rate shall be 3 ½% - 5% APR. Interest will accrue on the entire loan amount effective the date of loan closing. A risk-based credit scoring system, including the Fair Isaac Scoring System will be used to determine the interest rate, i.e. if there are no slow pays, delinquencies, or past history of bankruptcy a lower interest rate will be used.

5. Repayment Terms and Conditions: The terms and conditions for the repayment of the loan will be determined by the Authority or its Loan Committee on an individual basis based on the applicant's ability to repay. In some instances, a partial amount of the loan as determined by the Authority or its Loan Committee, may be deferred until the sale, transfer, cessation of occupancy, or death of the applicants(s) of the property for which the loan was made at which time the entire unpaid balance, including interest, will become due and payable. Monthly payments will begin the month following the date of loan closing. All loans, in full or in part, may be prepaid without penalty.

SAMPLE MONTHLY PRINCIPAL AND INTEREST PAYMENTS									
Amortization Period	5 Years			10 Years			20 Years		
	3.5%	4.0%	5.0%	3.5%	4.0%	5.0%	3.5%	4.0%	5.0%
Principal \$20,000	364.00	\$368.40	\$377.60	\$197.80	\$202.60	\$212.20	\$116.00	\$121.00	\$132.00
\$22,000	\$400.40	\$405.24	\$415.36	\$217.58	\$222.86	\$233.42	\$127.60	\$133.32	\$145.20

6. Tax and Insurance Escrow: An escrow account will be set up with the Authority for both taxes and insurance on any loans where there does not already exist an escrow mechanism in place.
7. Security: Loans will be secured by a first or second Deed of Trust. No third liens will be considered or approved.
8. Loan Fees: Customary closing costs associated with said loan will be added to and incorporated into the loan. Any other various fees and/or costs will be paid in advance by the applicant up to a maximum of \$150.00.

F. CONSTRUCTION PROCEDURES

1. Construction Management Team: Construction management for all Commerce City Housing Rehab loans shall either be through the Commerce City Housing Authority, or shall be contracted with Adams County Community Outreach through their Home Rehabilitation Program.
2. Commencement of Construction: Construction must commence within 30 days of loan approval. Otherwise the Authority will have the right to cancel the loan approval automatically.
3. Term of Construction Period: On any project the maximum length of the construction loan shall be three (3) months unless otherwise approved by the Authority prior to loan closing. In special circumstances, the applicant can request an extension from the Authority Board of Commissioners. The granting or denial of any such request is a matter solely within the discretion of the Authority Board of Commissioners.
4. Contractor Bidding and Selection Procedure: Contracts over \$2,000 will be required to be competitively bid. Bids will be evaluated on the basis of a) price, b) the contractor's ability to complete the project in a timely and workmanlike manner, c) the most responsive and responsible bids, d) the agency's project cost determination. The applicant shall have the right to select the most responsive and responsible bid provided that the contractor has been approved by the construction management team.
5. Construction Contract: The construction contract(s) for improvements will be let by the property owner and will be between the property owner and the contractor(s). All contract and other written agreements must be on the forms which are provided to the owner by the Commerce City Housing Authority or must be submitted to the Commerce City Housing Authority for approval prior to said contract becoming binding on the owner. In addition, contractors are required to furnish proof of workers compensation or insurance to the Authority and owner.
6. Change Orders: Any change orders requiring an increase in the original approved subsidy amount not to exceed the approved loan limits

or time extension, will require approve by the Authority Board of Commissioners.

7. Inspections: The Construction Management Team may perform compliance inspections, as necessary, to monitor the progress of work. No disbursements will be made without an inspection by the Construction Management Team, and City Building Inspector. A final inspection will be performed before final payment is disbursed.

8. Acceptance of Work: The Commerce City Housing Authority shall have no involvement in, nor responsibility for, the resolution of any disputes between the owner and contractor.

9. Release of Liens and Warranties: Final payment shall be made only after receipt of release of liens, including releases from all subcontractors and suppliers and a copy of each warranty.

III. GENERAL PROGRAM STANDARDS OF THE COMMERCE CITY HOUSING AUTHORITY

- A. Conflict Of Interest:** (Reference Commerce City Housing Authority Bylaws latest revision. Article V Conflicts of Interests Section 1) No Commissioner or employee of the CCHA shall have any direct financial interest in any contract or proposed contract for materials, products or services to be furnished or used in connection with any project owned or operated by the authority. For purposes of this section, “financial interest” shall mean a substantial interest held by a Commissioner or employee of the Authority, which is:
1. an ownership interest in a business;
 2. a creditor interest in an insolvent business;
 3. an employment or prospective employment for which negotiations have begun;
 4. an ownership interest in real or personal property;
 5. a loan or other debt interest; or
 6. a directorship or officership in a business.

No Commissioner or employee of the Authority shall acquire any interest, direct or indirect, in any project of the Authority, or in any property included or planned to be included in any project. To the degree Commissioner or employee of the Authority has a pre-existing ownership interest, immediately disclose the same in writing to the Authority, and such disclosure shall be entered upon the minutes of the Authority.

To the extent this Article conflicts with or is less stringent than, the provisions of the Colorado Revised statues, and in particular, Section 29-4-207, C.R.S., the provision of the Revised Statues shall prevail.

- B. Non-Discrimination:** The Commerce City Housing Authority assures non-discrimination in the selection of rehabilitation loan recipients, and further assures that no eligible person will be denied equal opportunity for housing or participation in the Home Rehabilitation Loan Program, on the basis of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. Commerce City Housing Authority complies with the Revolving Loan Fund (RLF) Policies established by the Colorado Division of Housing.
- C. Affirmative Marketing And Outreach:** Marketing and Outreach efforts shall be undertaken in such a manner as to affirmatively reach a broad spectrum of income eligible families, including minority families and families with disabled persons, through press releases to local papers and community newsletters, as well as metro-wide papers, church and social service groups, and radio and television stations.
- D. Special Accommodations:** Accommodations for persons with disabilities can be made, with adequate notice, for persons who wish to make application at the CCHA office.
- E. Grievance Procedure:** Complaints and grievances shall be submitted in writing and addressed to the Commerce City Housing Authority. A written response will be made in 30 days. In the event of a dispute, interpretations and recommendations by the designated program representative from HUD will be final and absolute.
- F. Confidentiality And Authorization:** The Commerce City Housing Authority assures each applicant/client that their circumstances will be treated as totally confidential and that NO information about them will be discussed with anyone not directly involved in the efforts to improve their housing situation unless required by law. The authorization is to give Commerce City Housing Authority the right to discuss any information related to the personal circumstances that may be necessary in an attempt to improve the housing situation and to release and/or obtain credit, financial, employment and other information to and/or from other agencies or financial institutions when disclosing this information is essential to the improvement of the housing situation. This is a written consent on the appropriate forms, which gives the housing counselor permission to verify any information deemed necessary to expedite the improvement of the housing situation.