



**RESOLUTION 2011-847**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL  
OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,  
APPROVING AND ADOPTING THE TOWN OF CAMP VERDE  
HOUSING REHABILITATION PROGRAM GUIDELINES, AS REVISED.**

**Whereas**, the Mayor and Common Council of the Town of Camp Verde is desirous of undertaking attainable housing development activities; and

**Whereas**, the Mayor and Common Council of the Town of Camp Verde approved and adopted the amended Housing Rehabilitation Program Guidelines (HRPG) on May 28, 2008, as recommended by the Housing Commission; and

**Whereas**, the 2008 HRPG met the requirements of the State of Arizona Department of Housing; and

**Whereas**, the State of Arizona Department of Housing administers the State Housing Fund Program and the Town has applied for and plans to continue to apply for State Housing Funds to develop attainable housing projects; and

**Whereas**, the State Housing Fund requires that State Housing Funds benefit low-income households; and

**Whereas**, a recipient of State Housing Funds is required to comply with program guidelines, State and Federal Statutes and regulations; and

**NOW THEREFORE, BE IT RESOLVED THAT THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE** approves and adopts the 2011 Housing Rehabilitation Program Guidelines as Revised , and that the Mayor and Common Council of the Town of Camp Verde will comply with all State Housing Fund Program Guidelines, State and Federal Statutes and regulations applicable to the State Housing Fund Program (HOME program and/or State Housing Trust Fund).

Bob Burnside, Mayor 6-22-11

Attest:

Deborah Barber, Town Clerk

Approved as to form:

Town Attorney



Town of Camp Verde  
Housing Rehabilitation Program Guidelines

*June 2011*

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## INTRODUCTION

As implied by its title, the Housing Rehabilitation Program provides for one of our most basic human needs, housing. The preservation and development of adequate and affordable housing are fundamental concerns of Camp Verde elected and appointed public officials and our residents. The Camp Verde Housing Strategy identifies housing quality and affordability as two of Camp Verde's most compelling housing needs.

Historically, Camp Verde has provided housing rehabilitation projects through Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME), and Housing Trust Funds (HTF). These projects have resulted in improvements to approximately 50 owner-occupied homes located within the Town limits of Camp Verde. Funding awards also permitted the development of innovative projects such as the Mobile Home Replacement Program that replaced twenty substandard units throughout Camp Verde.

In 1998, the Mayor and Council of the Camp Verde used \$295,750 of CDBG funds as seed money to fund a Revolving Loan Fund Program (RLF). The RLF provides a means in which the Rehabilitation Program could continue to provide housing-related services on an on-going basis.

To ensure the success of this program Camp Verde approached the Arizona Department of Housing for assistance to develop RLF Program Guidelines and to prepare a strategy that addressed current and future housing needs.

## MISSION

The decision to develop guidelines for the Housing Rehabilitation Program (Program) is a culmination of prior programs, as well as current and future housing needs of the Town of Camp Verde. The mission of the Housing Rehabilitation Program is to provide continuing assistance in the areas of housing, housing maintenance, and financial management through various avenues such as funding, technical assistance, and educational opportunities. The mission will assist Camp Verde's low to moderate-income families regardless of race, color, religion, sex, handicap, familial status, or national origin to improve their standard of living by acquiring housing that is safe, decent and affordable.

A proactive approach involving continuing research and establishing a source of various funding sources will ensure the success of this mission.

## NEED

Incorporated in 1986, Camp Verde is a small rural community located in the scenic Verde Valley of Yavapai County, Arizona. Community involvement with the development of the General Plan gives credence to the residents' desire to retain Camp Verde's "small town" rural western character. Residents hope to direct future growth in such a manner as to avoid many of the larger metropolitan concerns such as high crime rates, pollution, etc., through the development of comprehensive plans and programs to ensure open space and to maintain our identity.

Substantial growth occurred with an astonishing 63.26% increase in population between 1980 and 1990, and another 51.4% between 1990 and 2000. The growth rate has remained high at an estimated 14% through 2005. The most recent 2005 Department of Economic Security (DES) Population Technical Advisory Committee (POPTAC) figure estimates a Camp Verde population of 10,730, well above prior population projections. Camp Verde currently represents 5.6% of the population of Yavapai County.

Camp Verde and Yavapai County have a significantly higher percentage of households earning under \$15,000 per year than the state as a whole. The state has 15% of its households in this income range, while Camp Verde is at 18.2% and Yavapai County is at 17.1%. People within this income range are often challenged to find adequate housing due to the lack of housing choices and availability. The persons most likely to live in poverty in Camp Verde are those between the ages of 25 and 34. Within this segment of the population, 14.0% of persons live below the poverty level. Perhaps the most remarkable in regards to this age group is that this segment of the population is the most likely to be gainfully employed. This segment is also the most likely to have children under five years of age. More than one in four children in Camp Verde lives below the poverty level.

A survey conducted by Town staff in September 1998 indicated that 27% of the housing stock is substandard and in need of either rehabilitation or replacement. This condition is due primarily to the fact that the majority of the housing stock was constructed before the adoption of the Uniform Building Code (UBC) in 1994. Within the Town Site Area, 32% or 162 structures of the 508 structures surveyed need rehabilitation and 13% or 66 structures need complete replacement. The cost of new home construction is often less than the cost to purchase existing housing and make required improvements. It is evident that the availability of safe, decent and affordable housing for the Camp Verde low to moderate-income population is critically deficient and continuing to decline.

## GOALS

The goals on which the Housing Rehabilitation Program (Program) should focus have been identified as the following:

- 1) The primary goal of the Program is to assist very low, low, and moderate-income homeowners in improving their standard of living through housing rehabilitation. The Program will provide the opportunity for safe, decent and affordable housing.
- 2) Improve and preserve the quality and appearance of the housing stock and the overall environment in the community.
- 3) Make accessible various funding sources such as repayable loans, conditional deferred payment loans, forgivable loans, or a combination of loans.

## OBJECTIVES

The following objectives will ensure that Program goals are met, as well as provide benchmarks in which to determine the progress of the Program.

- 1) Secure a variety of funding sources to allow the implementation of a comprehensive housing rehabilitation program to bring all eligible properties into compliance with all adopted Town codes.
- 2) Provide technical assistance that shall encompass the following:
  - a. Home ownership responsibilities
  - b. Financial management to include budgeting to provide for items such as home maintenance, property taxes and insurance, as well as address savings needs for the client's long term goals
  - c. Energy conservation
  - d. Home and property maintenance
  - e. Counseling services to include coordination of and referrals to various sources and agencies that will address issues such as loan funding, job skill training, credit counseling, etc.
- 3) Encourage collaboration between the Town, Camp Verde Unified School District, Yavapai College, Yavapai-Apache Tribe and the Camp Verde Adult Reading Program, as well as suggesting the use of alternative learning sites.
- 4) Bring code enforcement activities in conjunction with rehabilitation services as an educational process to remove health and environmental hazards, and promote cleanliness and pride of ownership.
- 5) Develop and offer continually revolving funding resources and programs that facilitate the means to rehabilitate homes that will maintain their value and preserve neighborhoods that are safe, pleasant and attractive.
- 6) Develop partnerships with local builders, businesses, Habit for Humanity, manufactured housing dealers and/or industry representatives to create incentives for participation in the Housing Rehabilitation and Replacements Programs.
- 7) Provide referral services to various agencies offering assistance in the area of housing for those who do not qualify for assistance within the program guidelines.

## TOOLS

Goals and objectives can be properly implemented and accomplished by having the following available:

- 1) Properly trained rehabilitation services personnel to provide assistance from initial contact through completion of the work and loan services.
- 2) Properly trained code enforcement officials to serve as a liaison for all available programs, as well as beautification/environmental tasks.

- 3) Funds from a variety of sources, primarily: Housing and Urban Development (HUD), CDBG, HOME, Camp Verde Revolving Loan Fund, Rural Development Administration (RDA), etc. Any rehabilitation project may have one or any combination of funds/components to accomplish the goal of providing safe, decent, and affordable housing. Note: Any and all funds are subject to availability and conditions described by the funding source. Additional funds not described may become available from time-to-time and will be disbursed as prescribed by the funding source.

## SECTION I - PROGRAM SUMMARY

### ELIGIBLE BENEFICIARIES

- ✓ Beneficiaries shall not have an annual household income that exceeds 80% of the area median income adjusted by family size. The household must be income eligible at the time the rehabilitation commitment is made to the homeowner. Income will be determined and verified per CDBG/HOME guidelines.
- ✓ The Program shall assist any income-qualified person, elderly, handicap, single head of household, and families with children, within the designated area regardless of race, color, religion, sex, handicap, familial status or national origin.
- ✓ The property must be owner-occupied for at least twelve (12) months prior to rehabilitation and the owners must certify that the property is their primary and only residence.
- ✓ The successful applicant will have the ability to repay the mortgage(s) and maintain property insurance and taxes at all times. This will be verified through a credit report and direct contact with the mortgage holder, utility companies, banks, etc.
- ✓ In cases where there is no repayment capacity due to limited income, the applicant may be eligible to receive a conditional deferred payment or forgivable loan. However, the applicant must continue to demonstrate the capacity to keep current property taxes, which will likely increase due to improvements, and maintain insurance at all times.
- ✓ The personal assets of the applicant, excluding furnishings and two automobiles, may not exceed \$15,000 (home is not included in personal asset total). If this amount is exceeded, the applicant shall contribute the surplus to the rehabilitation project thus reducing the Town's contribution dollar for dollar. The asset value will be determined and verified per CDBG/HOME guidelines.

### INELIGIBLE BENEFICIARIES

- ✓ Applicants whose loan-to-value and or debt ratio exceed Program limits are not eligible until those issues are brought into compliance. Every effort will be made to provide referrals and assistance to the applicant to bring ratios into compliance. Once loan-to-value and or debt ratio meet program limits, the applicant may then reapply for acceptance into the Program.

- ✓ Applicants who have excessive derogatory credit history may be ineligible. Every effort will be made to provide referrals and assistance to the applicant to mitigate credit problems. An applicant may reapply after one year of showing that he or she has made timely payments in an attempt to mitigate derogatory credit or other issues.

#### PRIOR DENIAL

Before submitting a Housing Rehabilitation Loan Application to the Town of Camp Verde, applicants must first make application to and be denied a loan by a lending institution. Evidence of a recent loan denial (within six months) must be submitted with the loan application.

#### ELIGIBLE ACTIVITIES

- ✓ **Reconstruction:** when the cost to rehabilitate the existing housing unit is in excess of the unit's resale value, including proposed improvements, the reconstruction option is eligible. [For example, a unit worth \$50,000 that requires \$30,000 to rehabilitate results in an \$80,000 mortgage. However, the \$30,000 investment to bring the home to minimum standards did not increase the home's value, resulting in an \$80,000 mortgage on a home that can be sold for \$50,000.]

Reconstruction is eligible to the extent that the replacement unit will be situated on the same property as the existing unit and the replacement unit is substantially the same as the existing unit, except when a larger or smaller unit is necessary to comply with property standards, zoning, or ordinances. Reconstruction includes replacement of existing mobile homes or manufactured housing. The unit being replaced must be demolished and removed from the property receiving assistance.

- ✓ **Refinancing:** is eligible only IF the refinancing will result in a lower overall housing cost than would result from any other combination of loans. Refinancing will be considered only in conjunction with a rehabilitation project and if funding is available.

#### ELIGIBLE PROPERTIES

- ✓ Eligible properties must be located within the incorporated limits of the Town of Camp Verde.
- ✓ Properties must be located outside of floodway and floodplain areas that require hydrology studies and additional construction to mitigate potential flooding and/or flood damage.
- ✓ The property must be owner-occupied for at least 12 months, and beneficiary must certify that the property is and will continue to be occupied as their principal and only residence throughout the loan period.
- ✓ The home must be suitable for rehabilitation under the time and monetary constraints of the Program.

- ✓ The maximum level of Rehabilitation Assistance shall not exceed the Federal Housing Administration (FHA) 203(b) insuring limits for Yavapai County, either prior to or after rehabilitation. The post rehabilitation value will be determined by taking the assessed value of the property prior to rehabilitation and adding the amount of rehabilitation funds contributed to the project for a total post-rehabilitation value. Each case file will document the basis for value estimates.
- ✓ Funds will not be granted for a property with the potential for repossession, pending judgments or bankruptcy. Eligibility will be based solely on the ability of the homeowner to pay, rather than the current balance on the first mortgage, except that the dollar amount put into the property added to the existing mortgage amount cannot exceed the current resale value of the property.

### ELIGIBLE PROPERTY TYPES

The following property types are eligible:

- 1) Single-family housing units
- 2) Condominium housing units
- 3) Manufactured Housing only if the completed unit will be:
  - a. Placed on a permanent foundation and connected to permanent utility hookups.
  - b. Is located on land that is held in a fee-simple title, or a long-term ground lease with a term of at least 99 years.
  - c. Meets construction standards in Federal Manufacture Home Construction and Safety Standards (24 CFR 3280), if manufactured after June 15, 1976.

### INELIGIBLE PROPERTIES

Ineligible properties are those that do not meet the aforementioned eligibility requirements.

### ELIGIBLE FORMS OF OWNERSHIP

- ✓ Fee Simple title to the subject property, or
- ✓ A 99-year leasehold on the property

### INCOME LIMITS

Income eligibility for loans, grants or Conditional Deferred Payment Loans (CDPL) is as follows:

**CDBG:** up to 80% of Area Median Income

**HOME:** up to 80% of Area Median Income

## TYPES OF RESOURCES

One of the goals of the Program is to achieve a continual source of financial resources and programs as a means to rehabilitate homes. To achieve this goal, Camp Verde provides the following loan resources:

### ✓ **Repayable Loans**

Repayable loans are made available to applicants with repayment ability. Repayment ability is determined through underwriting. (See Section II) All loans must be repaid over a period of ten (10), fifteen (15), or twenty (20) years, depending upon repayment ability, and will bear simple interest ranging from 0% to 3% at an annual rate. There is no pre-payment penalty. Loan repayment terms are specified in the promissory note. Loan funds are secured by a deed of trust.

Interest rates shall be based on the HUD Low and Moderate Income Limits for Yavapai County, adjusted per family size as follows:

- 70% to 80% of Area Median Income (AMI) shall pay not less than 3%
- 60% to 69% of AMI shall pay not less than 2%
- 50% to 59% of AMI shall pay not less than 1%
- Less than 50% of AMI shall receive 0 % interest rate loans

### ✓ **Conditional Deferred Payment and Forgivable Loans (CDPL)**

Depending upon the availability of funds, the CDPL are made available to applicants with no repayment ability. Repayment ability is determined through underwriting. (See Section II.) CDPL are secured by a deed of trust and promissory note, both of which are released at the end of fifteen (15) years and one month, provided the loan recipient has satisfied all loan conditions. The CDPL bears no interest.

### ✓ **Combinations of Loan Resources**

In the event limited repayment ability is evidenced by loan underwriting (See Section II), a combination of amortizing and CDPL resources may be made available.

#### Minimum & Maximum Loan Amounts

The minimum loan amount is \$5,000 and the maximum loan amount is \$100,000. When less than \$5,000 in rehabilitation is needed, Camp Verde will utilize the CDPL option. Projects that exceed the maximum loan amount are deemed ineligible for the Program. However, the Council may elect to make revisions to the minimum/maximum amounts from time-to-time. Program revisions are approved by Council Resolution. Exceptions to the Maximum Allowed

The **maximum investment** for each project is stipulated under each grant program from which the funding is expended. This maximum might change with each funding source or year. However, under no circumstance will the maximum per unit investment exceed that which is determined by the 221(d)3 limits based on the number of bedrooms, nor can the after-rehabilitation value exceed 95% of the FHA 203(b) insuring limits for single family properties.

**Conflicts of Interest** In accordance with Town policy and State and Federal guidelines, employees at all levels shall be free from any interest, influence, or relationship that might conflict or appear to conflict with the best interest of the Town. The existence of an actual or potential conflict of interest depends on specific facts applied to either Town policy and or state laws governing conflicts of interest. In any uncertain situation, the employee should protect him or herself by immediately discussing the matter fully and frankly with the appropriate supervisor. Where there is any further doubt concerning conflict, the specific facts should be noted in writing and sent to the Town Manager for resolution. The continuing requirement to disclose serves to inform the Town, and at the same time, protects the employee from the harmful effects of any subsequent revelation of activities, associations or interests that might constitute a prohibited conflict of interest.

## SECTION II - APPLICATION PROCESSING

### BRIEFING

Briefing meetings are held at times and locations convenient and accessible to the general public. Potential applicants that have conflicts with scheduled briefings may request an individual briefing. Individual briefings will be scheduled only for those with work schedule conflicts, or those requesting a reasonable accommodation. Less than 10% of Camp Verde's population is non-English speaking. Thus, briefings, advertisements, etc. are unavailable in a language other than English. An interpreter may be made available if the applicant so requests. When a potential applicant is married or will otherwise have a co-applicant, both the applicant and co-applicant are encouraged to attend the briefing. Potential applicants are requested not to bring children to the briefing. Childcare is not provided.

### PRIOR DENIAL

Prior to submitting a housing rehabilitation loan application to the Town, applicants must first make application to and be denied a loan by a lending institution. Evidence of recent loan denial, within six (6) months, must be submitted with the loan application.

### ASSISTANCE WITH COMPLETION OF APPLICATION

The Program Administrator (Administrator) will review each application for completeness and provide additional guidance as necessary. Incomplete applications will be placed in a pending file, and will not be further processed until the applicant provides required information and or documentation.

Applicants with disabilities or those requiring assistance with application completion must contact the Administrator at least five (5) days in advance of scheduled meetings or briefings.

## ACCEPTANCE OF APPLICATION

Applications are accepted on a periodical basis, as advertised. The Administrator mails or makes available program applications to eligible beneficiaries. Potential applicants are required to attend a briefing meeting that explains the parameters of the Program, prior to receiving a program application.

The program application is accompanied by a brief explanation of the program and a list of materials and supporting documentation that must be brought to the Administrator for application submittal. During the briefing meeting, the applicant may schedule an appointment with the Administrator for application submittal or to review the application for completeness and to receive additional guidance if needed.

Incomplete applications will be placed in a pending file, and will not be further processed until the applicant provides required information and or documentation.

## ELIGIBILITY DETERMINATION

The Administrator will review each application to determine eligibility based on eligibility requirements.

### ELIGIBILITY REQUIREMENTS:

1. Residential unit located within the Town limits or in a targeted area of Camp Verde that is owned and occupied by a full-time, permanent resident. Evidence will include a limited title search, Motor Vehicle Department (MVD) Title (for manufactured housing), and certification of principal residency.
2. Applicants must have a verifiable income as indicated by the State of Arizona – State Housing Fund program income limits for very low-, low-, and moderate-income families. (Limits are updated annually.)
3. The current owner must have occupied the residence for at least one (1) year prior to program entry.
4. Households apply for funding must meet one of the following criteria:
  - a) Elderly (62 years of age or older)
  - b) Disabled (a legally recognized physical/mental/emotional condition that limits the performance of daily living skills)
  - c) Have minor children (17 and under) that are related to the head of household that is living in the residence.
5. Residential unit must be feasible for rehabilitation within the parameters of the Program. Evidence will be based on preliminary inspections by the Building Official.
6. Applicant must:

- a. Provide evidence that the applicant has owned and occupied the residence for at least one year prior to entrance into the Program.
  - b. Provide evidence of verifiable income, bank statements, etc.
  - c. Provide evidence that utilities, taxes, and homeowner's insurance payments are current.
7. Have the ability to repay (see Loan Underwriting) and loan qualification if funded with Revolving Loan Fund monies:
- a. 70 to 80% of AMI, capable of repaying 100% of the loan amount at 3% interest.
  - b. 60 to 69% of AMI, capable of repaying 100% of the loan amount at 2% interest.
  - c. 50 to 59% of AMI, capable of repaying 100% of the loan amount at 1% interest.
  - d. Less than 50% of AMI, capable of repaying 100% of the loan amount at 0% interest.

#### INELIGIBLE ELEMENTS

1. Properties with non-conforming zoning; properties located in the 100-year flood zone or flood fringe;
2. Properties with open, unresolved building code or compliance issues.
3. Homeowners that are unwilling to follow the Program Guidelines.
4. Properties in which the lender refuses to permit additional liens on the property or that refuse to allow improvements to the financed structure.
5. Properties that are in imminent danger of foreclosure due to past due payments, delinquent property taxes, or judgments.
6. Mobile homes that were constructed before June 1976 are not eligible to receive housing rehabilitation monies, but are eligible for the replacement program.
7. Homes of historical values may only be eligible upon favorable review by the State Historic Preservation Office (SHPO). Some elements required by SHPO may not be eligible with the limited funding in the Program.

*Note: Properties rehabilitated through this program must be free of any encumbrances, such as liens and/or judgments. Properties may be encumbered by a mortgage in first position so long as a financial institution or other such mortgage company holds that mortgage. A mortgage held by an individual or private lender is not eligible. However, there must be sufficient equity to justify placing the Town's lien in second position.*

#### DEBT COUNSELING

Once selected for participation in the Program (deemed program eligible), the applicant and co-applicant must attend debt counseling provided by a qualified agency. The qualified debt counseling agency provides counseling at times and locations convenient to the general public. The debt-counseling agency will provide the applicant and co-applicant with a certificate of completion that must be delivered to the Administrator for inclusion in the loan application package.

## LOAN UNDERWRITING

Upon receipt of a completed loan application, including the Debt Counseling Certificate and all supporting documentation, the Administrator will complete project underwriting.

Prior to obtaining credit reports, the Administrator will analyze the ability of the applicant to repay the requested loan amount. This analysis will be performed utilizing the individual loan underwriting report that reflects the Program's established "debt-to-income" and "monthly housing cost-to-income" ratios. (The Arizona Department of Housing maximum "debt-to-income" ratio is 41% of gross income, and the maximum "monthly housing cost-to-income" ratio is 33% of gross income, as per FY 2008 Program Summary and Application Guide.)

The loan-to-value ratio should not exceed 100% of the after rehabilitation value of the home and property. (For more information on how to calculate the post rehabilitation value, please see Section I – Program Elements under Eligible Properties.)

Once repayment ability is evidenced, the Administrator will obtain credit reports. Credit reports will be analyzed by the Administrator and reviewed against the acceptability criteria of the Town. While the acceptability criteria of the Rehabilitation Program are more flexible than those of private lending institutions, the criteria reflect the necessity of establishing a continuing source of housing rehabilitation funding.

Basic underwriting concepts will be explained during the applicant briefing. Potential applicants will be asked to self-evaluate their ability to participate in the Program before requesting an application package. A self-evaluation worksheet will be provided to each briefing participant. Each participant will have the opportunity to prepare the self-evaluation at the direction of the briefing presenter.

If an applicant does not meet underwriting criteria, a Loan Committee package, including negative recommendation, will be prepared for presentation at the next scheduled Loan Committee meeting. The package will follow a proscribed format and will be provided to the Loan Committee at least three days in advance of the next Loan Committee meeting. The Administrator will make package presentation to the Loan Committee.

## LOAN COMMITTEE MEMBERSHIP

The Loan Committee Membership shall be comprised of one (1) Council member and two (2) Town staff.

## PRESENTATION TO THE LOAN COMMITTEE

All applications, whether resulting in positive or negative recommendation, will be presented to the Loan Committee.

Loan Committee meetings will follow a standard agenda and will take place as needed when loan applications are pending. It is the responsibility of the Loan Committee to review each loan package, attend Loan Committee meetings, and request additional information, when appropriate.

The Administrator will submit a Loan Committee package that includes an identification number, rehabilitation items, estimated cost of rehabilitation, the underwriting worksheet, which includes all relevant financial information, and a recommendation for loan classification. The Loan Committee may also review the supporting documentation.

In the event, the Loan Committee requires additional information, the Administrator will follow up to ensure information and or documentation is made available. A special meeting may be held or loan approval and classification may be delayed until the next regularly scheduled Loan Committee meeting.

#### LOAN APPROVAL OR DENIAL

Final decision for approval or disapproval of each loan application, as well as approval of loan classification, interest rate and type, rests with the Loan Committee. In the event an application is approved by the Loan Committee with a classification other than that recommended by the Administrator, the loan application will be delayed until all other loans appropriately classified have been made. This policy will apply only when the Town has limited loan fund parameters (i.e. 100% repayment ability at a specified interest rate). Applications delayed due to loan classification will be re-presented, with priority, when the fund is accepting loans with the applicable classification.

#### NOTIFICATION TO APPLICANT

It is the responsibility of the Administrator to inform the applicant of the Loan Committee decision. The Administrator will notify the applicant within five (5) business days with written correspondence that explains the Loan Committee decision and the next steps.

#### LOAN CLOSING

Upon approval of a loan application and classification, and applicant notification and acceptance, the Administrator will prepare instructions to the selected Title Company. The Title Company will draft loan documents based on the instructions of the Administrator and will schedule a loan closing with the applicant.

The Title Company will handle all aspects of the closing process, including closing scheduling, document preparation and document recordation. The closing will follow a standardized process that complies with Town requirements. The Town will provide a closing checklist to the Title Company to ensure compliance.

#### RANKING SYSTEM

In the event that no pending applicants have repayment ability and available resources are limited, the Town will utilize a ranking system to ensure that the neediest of Camp Verde residents are served.

Applications will be taken during specified periods only and applicants will be ranked according to the following schedule. An eligibility list will be maintained. The highest scoring applicants will be served first with the Conditional Deferred Payment Loan.

The ranking system is as follows:

25	points	Equal to or below very, very low-income level (30% of AMI)
20	points	Equal to or below very low-income level (50% of AMI)
20	points	Single head of household with dependent children
15	points	Pre-1970 mobile home
10	points	Pre-1976 mobile home
10	points	Handicapped family member
10	points	Elderly applicant or spouse

#### REAPPLICATION

Applicants who have been deemed program ineligible are eligible to reapply at any time they can show that the circumstance(s), which resulted in the ineligible status, have been mitigated.

#### GRIEVANCE PROCEDURE

In the event of a disagreement between any of the parties involved in the Housing Rehabilitation Program, namely; contractor, homeowner, housing staff, suppliers, or other interested parties, regarding any process of the Program including, but not limited to the Procurement, Bid Process, Bid Award, Payment Schedule, Change Orders, Workmanship, and Warranties, a formal grievance procedure must be followed. Steps and periods are described as follows:

- 1) Informal verbal complaints may be addressed to the Administrator. The Administrator will attempt an immediate resolution.
- 2) If the resolution is not satisfactory, the complaint shall be submitted to the Administrator in writing. The Administrator will contact the complainant and attempt to resolve the problem. The Administrator will provide a written response to the complainant within 10 working days.
- 3) If this resolution is not satisfactory, the complainant shall prepare and submit the complaint to the Town Manager, who will schedule a meeting with the Administrator to review the findings. The Town Manager shall provide a written response to the complainant within 10 working days. The Town Manager's decision is to be considered FINAL.
- 4) The Administrator will assist in providing the proper 504 or Americans with Disabilities Act (ADA) procedure(s) for all complaints regarding alleged discrimination.
- 5) The approval or rejection by the Loan Committee on all loan applications is **final**. Loan Committee decisions are **NOT** subject to appeal.

These guidelines do not preclude the complainant from appealing to other parties they deem necessary, i.e., Town Council, the funding agency, Arizona Registrar of Contractors, or Trade/Licensing. SECTION III - Rehabilitation Process

## PROPERTY INSURANCE AND TAXES

The homeowner must provide proof that the home is insured and that property tax payments are current. When repayment is required, taxes and insurance payments shall be impounded and included in the mortgage payment. These payments will be also included in the debt assessment and determination of ability to repay the loan amount.

## WORK WRITE-UP

Town staff prepares the work write-up. Staff is experienced in the construction, drafting and inspection fields and is required to keep abreast of the latest code requirements, construction methods, materials, and preservation. The finished product shall complement the surrounding area. Although a standard set of forms is used to complete the Work Write-Up, the work and materials will be individually tailored for each dwelling unit.

The Administrator is responsible for reviewing the accuracy of the Work Write-Up as it applies to Program guidelines. The Work Write-Up will call for items that meet code as per the Rehabilitation Standards, but may specify quality, sizes, location, etc. Materials specifications in the Work Write-Up may not be changed or altered without prior written approval by the Building Inspector and Housing Director.

### Allowable Work Items

HOME and Program Guidelines require that an entire unit be brought up to local code and building standards and such improvements are eligible under this program. The preliminary inspection ensures that the home meet Housing Quality Standards (HQS). The following must be taken into consideration when determining the priority of items for inclusion in the work write-up (Scope of Work):

1. The age and physical condition of the building
2. The goal of the Program (revitalization or direct benefit).
3. Available funds
4. Value of unit after rehabilitation.

The following levels are utilized to determine priorities for the Housing Rehabilitation Program:

- Level 1: Initial inspection reports shall include the following and must be repaired or replaced:
  - ✓ Lead Based Paint Assessment on properties built prior to 1978
  - ✓ Hazardous Materials
  - ✓ Health and Safety Hazards

- ✓ Stable and Weather-tight Roof
- ✓ Electrical System – the unit must have a minimum 100-amp electrical service with no unsafe conditions
- ✓ Plumbing – water heater and all plumbing pipes and fixtures shall be in working order
- ✓ Heating and Cooling Systems – must be adequate and safe with a reasonable (10-year) useful life
- ✓ Egress in accordance with local health and safety codes
- ✓ Trip Hazard
- Level 2: Items that must be included in the inspection report and *shall* be repaired or replaced as funds permit and shall receive priority in work to be completed:
  - ✓ Structural soundness and integrity, including rotted or deteriorating materials and those impacted by termites and/or other wood-boring insects.
  - ✓ Siting of the structure and its relationship to water penetration that may impact structural integrity
  - ✓ Appropriate kitchen facilities including a sink and means of cooling and heating food to healthful standards.
  - ✓ If the structure has an attached garage, appropriately rated firewall between garage and living areas.
- Level 3: Items that must be included in the inspection reports and *MAY* be repaired or replaced, as funds permit:
  - ✓ Debris that may be a fire hazard
  - ✓ All existing exposed surfaces painted or sealed and not presenting a health or safety hazard
  - ✓ Cabinetry
  - ✓ Finished flooring
  - ✓ Repair and replacement of doors and windows not presenting a health or safety hazard

## COMPLIANCE WITH CODES AND ORDINANCES

In addition to loan qualification, borrowers must agree pursuant to the Town Code, to rid their property of junk, debris, weeds and other exterior conditions as identified by Town staff to be in non-compliance. To facilitate the removal of these items, the Town may provide dumpsters using available resources such as CDBG, or local civic, faith-based and charitable organizations. Conditions must be satisfactorily corrected prior to acceptance into the Program.

## ENERGY EFFICIENCY GUIDELINES

The bid specifications will be written to include energy efficiency measures and shall include: 1) SEER rating 14 on all high-efficiency Energy Star HAVAC units, including programmable thermostats; 2) R-30 insulation on the roof and in the walls; 3) dual pane Low E Energy Star windows; 4) insulated metal frame exterior doors; 5) low VOC paint; 6) solar water heaters; 7) low-flow water fixtures; 8) compact fluorescent bulbs; 9) Energy Star appliances; and 10) mitigation of structural air leakage. The Administrator will also recommend light shades for shingles and exterior paint. The Technician will be required to discuss energy efficiency measures with the homeowner to ensure that the homeowner is knowledgeable in operating the appliances installed as a component of the project. Further, the Administrator will provide energy efficiency information from APS, the local electric service provider.

## COST ESTIMATES

The Building Official is responsible for the preparation of a cost estimate for each job. In addition to the experience and training previously mentioned under Work Write-Up, staff must also keep abreast of the economic conditions in our area with regard to the construction trade including the availability of qualified contractors, and materials and labor costs.

The Building Official shall prepare a cost estimate for each individual dwelling based on scope of work and technical specifications as determined in the Work Write-Up. The cost estimate will include all costs for materials and labor as well as costs for permits, clean up, overhead and profit.

## CONTRACTOR SELECTION AND COMMUNICATION

The Town of Camp Verde has a formal bid process for the Housing Rehabilitation Program. During the initial interview, the homeowner(s) is made aware of each step of the process, the details for each step and the approximate period between such steps. Example below:

- Approximately two weeks from approval of application, the Building Official will schedule an appointment for a detailed inspection.
- After the inspection and work write up are complete, consultation will be scheduled with homeowner to approve specifications and plans and to reiterate the Program requirements and allowable and non-allowable items, warranties, etc.
- Upon approval of specifications and plans from homeowner, the Town's and/or granting agency's bid requirements will be met.

- Contractors from a pre-qualified list may be used if permitted in requirements of applicable funding program(s).
- During the Request for Proposals (RFP) period, the contractor(s) inspects the home before bid submission.
- Formal sealed bids will be opened within the time specified in the RFP. Staff, contractor, homeowners and any other interested persons may attend. Attendance is documented.
- The Administrator verifies that contractors are not on the HUD de-barred list, and are licensed and or bonded with the Registrar of Contractors. All information submitted by the contractor will be verified by the Administrator before the award.
- Conference with homeowner for bid award. Town staff will recommend the lowest, most responsive bid. The homeowner may request a higher bid if the dollar difference between the low bid and the selected contractor is paid by the homeowner and deposited in the program account prior to the start of construction.
- The Program may advertise more than one dwelling for bid at a time, depending on the project description. The sealed bid process will remain the same for the individual homes.
- The Program has adopted the procurement and grievance procedures as outlined in the CDBG Administration Handbook and the Town of Camp Verde Procedures and Operations Guide, Financial Operations Section, and any amendments or additions to the same. The Handbook is available to all contractors, homeowners, or any interested persons.
- The Program does not permit the homeowner to perform any scope of the work. The intent of this restriction is to avoid any question or misinterpretations of warranty items and workmanship warranty in future "call-back" notices. The Contractor is responsible for any damages, theft or materials, etc. at the subject property until the project is completed. Therefore, any labor provided by other than those for which the contractor is responsible is not allowed. There may be exceptions to this section, i.e. volunteer work that is to be supplied as leverage. The Administrator must approve these exceptions.

Please see exhibits for sample forms of agreements, contracts and other documents. These include the Application, Privacy Act Statement, Bid Proposal, Bid Advertisement, Bid Opening Form, Contract, Notice to Proceed, Lead Based Paint Notification, Promissory Note, Notice of Opportunity to Rescind Transaction, Authorization to Disburse Funds, Inspection and disbursement orders, Certification of Final Inspection and Disposition of Funds. These forms apply to all government-funded projects. Additional forms may be necessary depending on what other sources of funds may require for documentation.

A check list is maintained in each individual file noting all documents and additional documentation such as income verification, property tax statement, title report, title insurance, affidavit of Affixture, etc. This checklist will reflect the type of documents included in each file and will note those that do not apply as "N/A". Each file will contain a Deed of Trust and Promissory Note.

## PRE-CONSTRUCTION CONFERENCE

A pre-bid conference with the homeowner will take place before bid advertisements. Once the homeowner agrees and understands the scope of work to be performed, the work that will NOT be done, period for construction, temporary housing, etc., the project will be let for bid.

The Administrator will hold a pre-construction conference at the property with the Building Official, successful contractor and homeowner present. This provides an opportunity to answer questions regarding the work and perhaps prevent misunderstandings between the parties involved.

## RELOCATION EXPENSES

As funds and funding parameters permit, relocation expenses for the family might be eligible. Expenses include the cost of housing during the construction period. The homeowner is responsible for meals and expenses related to the storage of household items. Relocation expenses will be included in the maximum total amount allowable for a rehabilitation or replacement project. For example, if it costs \$1,500 for the family to stay in a motel for two weeks, that amount will be included in the total allowable amount for the project, as well as the loan amount.

## PROPERTY INSPECTIONS

The Building Official shall ensure that all work complies with the applicable building codes and will perform inspections during the course of construction. The Building Official is required to be certified in his/her field and additional training is provided on a continuing basis.

The Administrator will also conduct inspections to monitor progress, identify problems that may need to be addressed, and to ensure compliance with HUD requirements and non-code items. All staff is experienced in their respective inspection fields.

## CHANGE ORDERS

A change order may be requested by the contractor for circumstances that were not included in the original work write-up due to unforeseen safety or code violations. The contractor must have written approval from the Building Official, Administrator, and the homeowner before undertaking any change order work. The homeowner(s) must approve all changes to the contract or other problems encountered during the rehabilitation work.

## PAYMENTS AND WARRANTIES

The Building Official will inspect the job to determine percentage of work in place and certify the same.

The Administrator will determine the amount of draw eligible to ensure the minimum ten-percent (10%) retention and approve payment. The Administrator will submit a check request to the Finance Department, with attached documentation. The Finance Department will approve payment and issue a check for the requested amount. The check will be given to the Administrator for disbursement. The Administrator will copy the check for file documentation and will release it to the contractor.

Final payment including retained funds will not be released until the Building Official has certified completion of the work and the Town is in receipt of all required lien waivers and warranties.

#### CASE MANAGEMENT AND TRACKING

The Administrator is responsible for reporting procedures and for the maintenance of all case files. The Administrator is also responsible for all performance reports to Arizona Department of Housing including contractor profiles (minority, handicap, etc.) and for the maintenance of a current log of all properties that have participated in the Rehabilitation Program.

The Administrator is responsible for the contact and counseling of families regarding violations of conditions of the RLF or CDPL. The Administrator may, upon review of the violation(s) find that the family's situation merits close consideration. In situations where the family's income has been drastically reduced due to death or serious illness in the family, the Administrator may, with Town Manager's approval, grant a moratorium on the RLF or CDPL for a period not to exceed 90 days per calendar year. Payments will be deferred until the end of the contract/affordability period. See Loan Servicing, Section V, for additional information.

#### METHOD FOR DETERMINING AFTER-REHABILITATION VALUE

The FHA 203(b) insuring limits are utilized when determining the after-rehabilitation value. This value cannot exceed 95% of the limit and is determined by adding the full cash value and the cost of the rehabilitation.

### SECTION IV - MARKETING

#### GENERAL

It is recommended that a comprehensive housing study/marketing plan be conducted at least every five to ten years to determine and physically locate and evaluate each dwelling unit in targeted areas. The results of the study will provide the Town with the information necessary to assess existing programs and services and implement new programs as needed.

Camp Verde's Housing Rehabilitation Program is founded on the premise of helping those who wish to help themselves. Thus, participants in the program are voluntary. As staffing permits, the Administrator will make every possible effort to inform and promote program awareness to every segment of the community. Marketing efforts may include the development of flyers and advertisements that may be placed in strategic locations throughout the community, i.e. Town bulletin boards, the post office, local businesses, the Senior Center and the Head Start Center. Local newspaper advertisements, notices and/or articles may also be utilized.

In an effort to control costs, staff may develop all promotional materials and perform other marketing tasks. The Administrator will be responsible for ensuring that all marketing costs are within the approved budgeted amount. The Administrator is also responsible for the translation and review for accuracy and clearness of the contents of any marketing materials. All marketing material will include fair housing and non-discrimination statements.

#### PROGRAM PARTNERS

Program Partners, such as the debt-counseling agency will provide basic information regarding the program during debt counseling sessions. Local lending institutions may provide referrals to the Program when loan applications are deemed ineligible.

#### CONTRACTORS

The Housing Program follows the procedures for procurement and contracting as established in the Procurement and Contracting handbook distributed by the Arizona Department of Housing, CDBG Program. This handbook and any updating information/additions to the same are kept by the Administrator and are available for review and reference by any interested persons.

It is standard procedure to advertise for rehabilitation bids in the local newspaper(s) and other contractors' journals that are distributed to the surrounding areas. Contractors are also notified by mail, telephone or in person of any jobs that may be let out for bid. It is also common to refer to the yellow pages to invite companies to submit proposals.

Every effort is made to obtain a minimum of three bids for each project. Minority, small business, and women owned firms (using MBE, WBE, etc.) are encouraged to bid on all projects.

The successful contractor must provide insurance and/or bonds, be appropriately licensed by the State for each specified project, and hold a current Town business license.

#### GENERAL PUBLIC

The Town of Camp Verde makes every effort to promote program awareness to the general public through various means, including flyers, contacting agencies that serve the low to moderate income population, and contacting the media. The Program is also available for review and public comments at scheduled public hearings held before application intake.

### **SECTION V - LOAN SERVICING**

The Town will contract with a loan-servicing agency (Title Company) to provide services on behalf of the Town.

#### PAYMENTS

All loan payments shall be made to the loan-servicing agency selected by the Town. Loan payments are due on the first day of each month, regardless of loan closing date.

## STATEMENTS & LIEN RELEASE

The servicing agency will prepare and mail monthly payment coupons and or invoices, send payments to the Town, send IRS interest and loan forgiveness information, calculate late payments and send late payment statements and collection notices, and notify major credit reporting agencies of late payments, delinquencies and defaults.

Upon receipt of the final payment, the Title Company shall prepare lien release documents for signing and forward the documents to the Town of Camp Verde. The Administrator shall secure the necessary signatures and prepare any related project close out reports and forward the release to the client for filing. The lien release shall meet statutory requirements regarding timelines, etc.

## LATE CHARGES

Late charges are applied to all payments received by the loan-servicing agency after the 15th of the month. A standard late charge equal to four percent (4%) of the monthly payment amount will be assessed on all late payments.

## COLLECTIONS

The Arizona Revised Statutes will govern all collection activities. The Town Attorney will oversee and approve all actions relating to collection.

All payments will be due and payable on the first day of each month. Notices will be sent to clients whose payments are more than ten (10) days delinquent. Follow-up notices will be sent every ten (10) days until payment is received. If the client becomes two payments due, the Administrator will initiate personal contact to ascertain the reason for the delinquency. After attempting resolution, the Administrator will schedule a meeting with the Town Manager to discuss the reasons for the late payments. The Administrator may recommend a resolution, however the Manager will make the final determination.

When an account becomes 90 days past due and the client has refused or neglected to cooperate in a resolution, foreclosure proceedings as defined by Title 33, Chapter 6 of the Arizona Revised Statutes will begin.

## REPORTS

The loan-servicing agency provides reports to the Administrator regarding the status of individual loans and the status of all loans serviced on behalf of the Town. Town staff reviews these reports. Additional reports are prepared to track the status of the rehabilitation loan program.

## ANNUAL CERTIFICATIONS BY HOMEOWNER

The Administrator will also prepare and mail a certification to each borrower on an annual basis. The certification will include statements regarding continued occupancy as a principal residence, evidence that taxes and insurance remain current, and a statement regarding any new lien filings. The certification must be returned to the Town within 30 days.

## RECAPTURE

In the event a property is no longer owner-occupied, taxes and insurance are not current or additional lien filings have occurred, the Town must take action to recapture the outstanding loan amount. The Administrator will contact the borrower regarding any compliance concerns and will provide guidance to the borrower regarding steps the borrower must take to remedy non-compliance. Foreclosure proceedings may result from any violation of program requirements.

## DEFERRALS

Borrowers are responsible for contacting the Administrator to obtain a formal deferral of any loan payments. Initial contact may be made by phone, but must be followed up with written documentation supporting the request for deferral. Loan deferral shall be made only in the event of catastrophic illness, involuntary loss of employment, or death of the applicant, co-applicant, applicant spouse or primary household wage earner. There are no exceptions to this deferral policy. During the deferral period, the outstanding balance shall continue to accrue interest at the rate specified in the promissory note. Depending upon the circumstances leading to the borrower's request for deferral, the Town may offer to renegotiate the terms of the loan.

## CONSISTENTLY LATE

When borrowers make late payments more than three times, the borrower will be considered consistently late and the Administrator will contact the borrower and recommend the borrower attend additional debt counseling. In the event the borrower makes a fourth late payment, the Administrator will instruct the Title Company to begin reporting subsequent late payments to credit reporting agency.

## DELINQUENT

When borrowers are more than 30-days late and have not contacted the Administrator regarding a deferral, they are considered delinquent. In the case of delinquency, the Administrator will contact the borrower to assess the personal situation of the borrower. Initial contact will be made via phone and followed up with written correspondence prepared by the Administrator and signed by the Town Attorney. Written correspondence will specify the steps the borrower must take to bring the loan current and explain other options available to the borrower and the Town. Based on available options, the Administrator will work with the borrower to establish a plan to bring the payments current. The Administrator may also require the borrower obtain individual credit counseling to establish a plan or to further ensure the payment plan is followed. Loan terms may be renegotiated as part of a payment plan. The Title Company shall report all delinquencies to the credit reporting agencies.

## DEFAULT

When borrowers are more than 60-days late, have not contacted the Administrator regarding a deferral, and have not taken steps to implement a payment plan, they are considered in default. In the case of default, the Administrator will begin the process of renegotiating loan terms. Initial contact will be made via phone and followed up with written correspondence prepared by the Administrator and signed by the Town Attorney. Written correspondence will specify the steps the borrower must take to bring the loan current and explain other options available to the borrower and the Town. Based on available options, the Administrator will work with the borrower to establish a repayment plan to bring payments current. If the borrower fails to provide information necessary to renegotiate loan terms or is otherwise uncooperative, the Town Attorney will begin foreclosure proceedings. All borrowers classified as delinquent must attend additional debt counseling in order to renegotiate the terms of their loan.

## RENEGOTIATION AND RECLASSIFICATION

When renegotiation and/or reclassification are required, the application processing, underwriting, approval and closing processes shall be followed. The borrower must provide supporting documentation and additional information that enables the Administrator to underwrite the loan to current loan fund standards and borrower conditions. Renegotiated loan terms and classification will be brought to the Loan Committee for approval or denial in accordance with current Loan Committee processes and fund requirements. The renegotiation and reclassification process will be undertaken within ten (10) days of the request of referral and completed no later than 45 days from request or referral. During the renegotiation and reclassification process, the borrower is responsible for all payments unless a deferral has been granted.

## REFINANCING OF FIRST MORTGAGE (LOAN SUBORDINATION)

The Town will allow refinancing of first mortgages after acceptance of a rehabilitation loan only if the refinancing will result in a lower monthly housing payment. There is no penalty for pre-payment of housing rehabilitation loans; therefore homeowners are encouraged to repay the full amount of the rehabilitation loan if refinancing will not meet this condition.

## FORECLOSED OR RECAPTURED PROPERTIES

In the event that the ownership of a property reverts to the Town either through the foreclosure process or through other means, the Program will make every effort to sell the home to another qualified family that substantially meets the goals of the Rehabilitation Program. If the property was rehabilitated with HOME monies, a low- or very-low income family that can demonstrate the ability to maintain the home, taxes, and insurance will be selected and financed with a CDPL for a 15-year affordability period. If the home was rehabilitated with other funds that allow the Program to retain program income, every effort will be made to sell the home to an income-qualified family with repayment ability so that the Program might continue its long-term goal of sustaining itself, while improving living conditions and neighborhoods. If the home needs repairs, they will be funded with RLF monies prior to the sale of the home.

## HOME EQUITY LOANS AND LINES OF CREDIT

The Town will not subordinate the rehabilitation loan to any Home Equity Loan or Line of Credit.

## PROGRAM INCOME POLICIES AND PROCEDURES

### A. PROGRAM INCOME PROCEDURES

#### **Receipt of Funds:**

The Town maintains an interest bearing account into which all repayments are deposited. The client sends their monthly payments to the Title Company. The Title Company prepares a monthly statement related to the client that shows the principal payment and the interest and escrow payments, and forwards the check to the Town. To meet statutory requirements with regard to interest-bearing accounts, the Finance Department receives the check, receipts the funds and deposits them into the Town's General Fund Account, and then prepares a separate check to deposit into the interest-bearing Revolving Loan Fund account.

#### **Expenditures:**

All receipts are tracked and reports are prepared to submit to Council on a monthly basis. All expenditures must be made pursuant to the Town Code and the Town's financial policies and procedures (i.e. purchase orders, check requests, Manager/Council approval, etc.) in addition to funding source requirements.

When expenditures are required from the account, authorized staff prepares a withdrawal request and submits it to the bank. The bank then prepares a cashier's check made out to the Town. The check is deposited then into the Town's General Fund account and the associated expenditure is paid from the General Fund account.

Copies of receipts and expenditures documentation is filed in the associated client file in addition to that which is kept in the Finance Department.

### B. RETURN OF PROGRAM INCOME:

At various times, as grant funding cycles permit, the Town may receive monies from sources that do not permit program income, such as HOME monies. In cases where the funding source(s) do not permit the Town to retain program income in the Revolving Loan Fund Program and the assisted unit cannot or does not continue to serve an income/program-qualified family, the funds, upon the sale of the unit, will be returned to the appropriate funding source. The Deed of Trust documents prepared by the Title Company will indicate recapture requirements.

The Town requires the Title Company to prepare the payout check in the name of the funding source (i.e. State of Arizona Department of Housing). The Administrator will prepare associated close out reports and forward the check and any other project-related documents to the funding source upon receipt of a payout.

## SECTION VI - ORGANIZATION & PROGRAM PARTNERS

### ADMINISTRATIVE STRUCTURE

To ensure the Program is successfully implemented, the Town utilizes a variety of staff and contracted expertise. Staff and subcontractors are experienced in their respective fields and have varied roles and responsibilities throughout Program implementation.

### TOWN COUNCIL

The Town Council is responsible for approving Program parameters, amendments, and applications for funding to granting agencies.

### TOWN STAFF

The Town Manager, Program Administrator, Community Development staff, maintenance staff, and clerical staff have the following responsibilities:

**Town Manager** has ultimate responsibility for Town-related activities, including the housing rehabilitation loan program and all Town staff. Consequently, the Town Manager works closely with staff to ensure implementation of the housing rehabilitation program in accordance with Town and Program guidelines.

**Administrator** reviews monthly servicing agency reports and prepares a monthly report that states total dollars outstanding, remaining cash balance, undrawn obligations, expected repayments, and amount available for new loans. This monthly report serves as the basis for program operation. The Administrator also serves as the Program Administrator and is responsible for the application process, verification and presentation to the Loan Committee, as well as reporting to funding agencies and file documentation.

**Building Official /Rehab Specialist** is responsible for all work write-ups, development of the scope of work description; cost estimates; onsite inspections to ensure compliance with all applicable laws; direct supervision of construction work; and final approval of completed construction work. The Building Official is also responsible for ensuring compliance with all applicable codes with initial and on-site inspections. Inspections shall also be conducted on an "as-needed basis", but no less than on an annual basis.

### LOAN COMMITTEE

In order to ensure equitable lending, the Town utilizes a three-member (at minimum) Loan Committee. The membership of the Loan Committee shall include one (1) Council members and two (2) staff members.

The Administrator will prepare an application package for the Loan Committee's consideration. It is the responsibility of the Loan Committee to review each loan package, attend Loan Committee meetings, and request additional information, when appropriate. Final decision for approval or disapproval of each loan application, as well as approval of loan classification (interest rate, deferred) rests with the Loan Committee.

The Loan Committee follows standard operating policies and procedures. These policies and procedures govern meeting agendas and the conduct of Loan Committee members.

## LENDING INSTITUTIONS

Because the Town accepts rehabilitation loan applications only from homeowners recently (within six months) denied a loan by a lending institution, the role of lending institutions is critical to the operation of the Program. The Administrator will work with lending institutions and homeowners to determine the reason(s) for loan denial. The Administrator may also refer creditworthy applicants to lending institutions.

## TITLE COMPANY

The Title Company will ensure all loan documentation is appropriately processed and recorded. The Town may utilize multiple title companies. The Title Company drafts loan documents based on the instructions by the Administrator and schedules loan closing with the applicants.

The Title Company also handles all aspects of the closing process, including closing scheduling, document preparation and document recordation. Each closing follows a standardized process that complies with Town requirements.

## LOAN SERVICING AGENCY

The loan servicing agency prepares and mails monthly payment coupons and or invoices, deposits payments into the Town Local Revolving Fund account, sends Internal Revenue Service (IRS) interest and loan forgiveness statements to borrowers, provides the IRS with required interest and loan forgiveness information, calculates late payments and sends late payment statements and collection notices, and notifies major credit reporting agencies of late payments, delinquencies and defaults.

The servicing agency also prepares and submits to the Administrator the reports necessary to ensure continued operation of the Program within the Program guidelines.

## DEBT COUNSELING AGENCY

Debt counseling will ensure that loan applicants understand the obligations they assume by participating in the housing rehabilitation program. The debt-counseling agency explains basic budgeting and loan concepts and provides additional guidance to loan applicants as may be necessary.

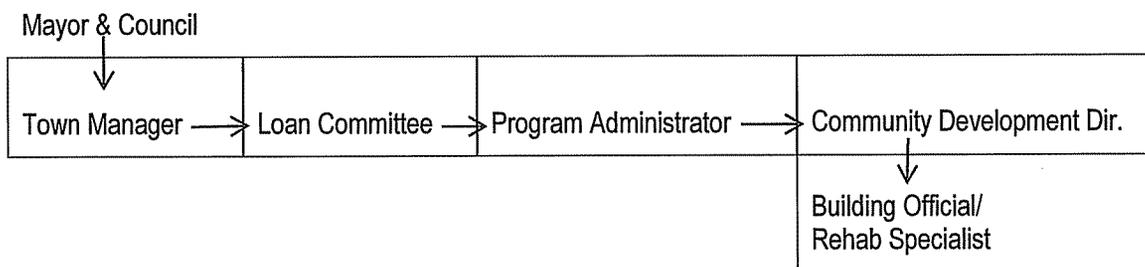
## CONTRACTORS

The Program adheres to the procurement procedures as established by the Town and or the Procurement and Contracting Handbook distributed by the Arizona Department of Housing, CDBG Program. The Administrator will verify contractor status with the HUD debarred list and the Arizona Registrar of Contractors. Contractors must be licensed in appropriate fields and hold a current Town business license.

The Town of Camp Verde has a formal bid process for the Program. During the initial interview, the participant is made aware of each step of this process and the approximately timeline involved. The homeowner will select the contractor; however, in most cases Town staff will recommend the lowest, most responsive bid. The homeowner may award a higher bid if the dollar difference between the low bid and the selected contractor is deposited by the homeowner into the Program account before the start of construction.

### ADMINISTRATIVE ORGANIZATIONAL CHART

The following diagram illustrates the relationship between the various staff, commissions, and committees with regard to the Housing Program:



### APPLICANTS AND LOAN RECIPIENTS

The success of the Housing Rehabilitation Program is dependent upon applicants and loan recipients undertaking their responsibilities at each stage of the Program.

### APPLICATION

Prior to requesting a loan application, the applicant must attend a briefing that is structured to provide an overview of the program and its requirements. If the applicant does not understand the Program and its requirements, it is the applicant's responsibility to ask questions or request clarification.

The applicant must complete the application and submit the required documentation. If the applicant is not able to complete the application or submit the required documentation, it is the responsibility of the applicant to request assistance or withdraw the application, as appropriate. If the Town requires additional information at any time during the application or loan process, the applicant must provide the requested information.

## BUDGETING AND DEBT COUNSELING

Upon acceptance into the Program, the applicant and co-applicant must attend budgeting and debt-counseling classes structured to ensure an understanding of the obligation that the applicant is assuming. The applicant and co-applicant must submit the debt-counseling certificate of completion to the Administrator for inclusion into the loan application. At minimum, the counseling will include assisting the homeowner(s) with preparing an actual household budget based on his or her current circumstances that will ensure the ability to sufficiently cover all expenses related to the household, including mortgage, taxes, insurance, and utilities.

## HOME MAINTENANCE EDUCATIONAL SERVICES

Upon completion of the project and prior to closing, Town maintenance staff will provide housing maintenance education to the homeowners. At minimum, the following information and checklists shall be provided to the homeowner:

### MONTHLY

- **Fire Extinguisher:** Check that it's fully charged; recharge or replace if needed.
- **Sink/Tub Stoppers and Drain Holes:** Clean out debris.
- **Garbage Disposal, if applicable:** Flush with hot water and baking soda.
- **Water Softener, if applicable:** Check water softener salt drum and replenish salt if necessary.
- **Forced-Air Heating System:** Change filters once a month.

### EVERY 2 MONTHS

- **Wall Furnace:** Clean grills.
- **Range Hood:** Clean grease filter.

### EVERY 3 MONTHS

- **Faucet:** Clean aerator.
- **Tub Drain Assembly:** Clean out debris; inspect rubber seal and replace if needed.

### EVERY 6 MONTHS

- **Smoke Detector:** Test batteries and replace if needed.
- **Toilet:** Check for leaks and water run-on.
- **Interior Caulking:** Inspect caulking around tubs, showers, and sinks; replace any if it is deteriorating.
- **Forced-Air Heating System:** Change semi-annually if user's manual recommends high efficiency pleated or HEPA-style filters.
- **Garbage Disposal, if applicable:** Tighten drain connections and fasteners.
- **Clothes Washer:** Clean water inlet filters; check hoses and replace them if they are leaking.
- **Clothes Dryer:** Vacuum lint from ducts and surrounding areas.
- **Wiring:** Check for frayed cords and wires; repair or replace them as needed.
- **Range Hood:** Clean fan blades and housing.

### EVERY SPRING

- **Roof:** Inspect roof surface, flashing, eaves, and soffits; repair as needed.
- **Gutters and Downspouts, if applicable:** Clean them out. Inspect and repair weak areas; check for proper drainage and make repairs if needed.

- **Siding:** Inspect and clean siding and repair/paint as needed.
- **Exterior Caulking:** Inspect caulking and replace any that is deteriorating.
- **Windowsills, Doorsills, and Thresholds:** Fill cracks, caulk edges, repaint; replace if needed.
- **Window and Door Screens:** Clean screening and repair or replace if needed; tighten or repair any loose or damaged frames and repaint if needed; replace broken, worn, or missing hardware; tighten and lubricate door hinges and closers.

#### EVERY FALL

- **Roof:** Inspect roof surface, flashing, eaves, and soffits; repair if needed.
- **Gutters and Downspouts:** Clean out. Inspect and repair weak points; check for proper slope.
- **Chimney or Stovepipe:** Clean flue (more frequently if needed); repair any cracks in flue or any loose or crumbling mortar.
- **Siding:** Inspect and clean siding and repair/paint as needed.
- **Exterior Caulking:** Inspect caulking and replace any that is deteriorating.
- **Storm Windows and Doors:** Replace any cracked or broken glass; tighten or repair any loose or damaged frames and repaint if needed. Replace damaged hardware; tighten and lubricate door hinges and closers.
- **Window and Door Weather Stripping:** Inspect and repair or replace if it is deteriorating or if it does not seal.
- **Thermostat:** Clean heat sensor, contact points, and contacts; check accuracy and replace thermostat if it is not functioning properly.
- **Outdoor Faucets:** If you live in an area with freezing winters, shut off valves to outdoor faucets. Open spigots and drain, store hoses.

#### ANNUALLY

- **Septic Tank:** Have a professional check the tank (watch for backup throughout the year). It is recommended that the tank be pumped every year.
- **Main Cleanout Drain:** Have a "roofer" professional clean out the main line, particularly if there are mature trees in the yard whose roots could have cracked the pipe.
- **Water Heater:** Drain water until it is clear of sediment; test temperature pressure relief valve; clean burner and ports (gas heater).
- **HVAC System:** Have a professional tune up your heat/air conditioning system.

#### LOAN CLOSING

The applicant and co-applicant must attend the loan closing and provide all information required prior to and at the time of loan closing. The applicant and co-applicant must sign all documents requiring signature and pay any closing costs due at the time of closing.

#### LOAN PAYMENTS

The loan recipient(s) are responsible for loan payments, late charges, and filing of appropriate tax documents. If the loan recipient(s) are unable to make payments and wish to request deferral, they must contact the Administrator within the specified time period.

## COMPLIANCE WITH PROGRAM REQUIREMENTS

The applicant and co-applicant must certify on an annual basis that they continue to occupy the rehabilitated unit as their primary and only residence and that all taxes and homeowners insurance are current.

## SECTION VII

### REHABILITATION STANDARDS AND SPECIFICATIONS

- 1) The Town of Camp Verde has adopted all of its Town Codes as the Rehabilitation Standards. The scope of work must comply with all adopted International Code Council codes (ICC), as well as Town Building, Zoning, and Fire Department regulations, particularly if additions to the home are necessary.
- 2) Also included in the Rehabilitation Standards are Town adopted ordinances and codes including:
  - a. Zoning Ordinances - Setback requirements, illegal business operation, etc.
  - b. Health and Sanitation Codes, Article 10 of the Town Code - No violations of these codes will be allowed on rehabilitated property, i.e. junk cars, litter, fire hazards, etc.
- 3) Rehabilitation Standards may include exterior aesthetic work that is not necessary to the structural integrity of the home, but which will provide for curb appeal, increase the value of the property and surrounding properties, and will benefit the community as a whole. These may include items such as small porches for energy conservation, overhangs, and paint.
- 4) In addition, the State's Housing Rehabilitation Standards, energy conservation measures and abatement of hazardous materials (i.e. lead based paint) as prescribed by HUD are also included in the definition of minimum rehabilitation standards.
- 5) The following are examples of work that cannot be accomplished with program funds:
  - a. Items that exceed the quality of products as specified, i.e. upgraded carpet/tile
  - b. Luxury items not considered a necessity, i.e. fireplaces, swimming pools, connection to cable television, etc. However, many Camp Verde residents, particularly low to moderate-income families use wood burners to provide winter heat. This is primarily due to the lack of affordable energy sources available in our rural area. In a rehabilitation project in which a wood burner is already present, the wood burner will not be determined a "luxury fireplace". The existing wood burner must meet minimum safety and environmental standards. Thus, it is possible that wood burner repair or replacement will be considered in rehabilitation costs. A wood burner will NOT be added to a rehabilitation project where one is not present. Further, the installation of new wood burners must meet air quality standards.

- c. Additions for family rooms, recreation rooms, etc. (Bedroom additions will be considered based on family structure and over-crowding in existing house.)

## SECTION VIII

### DEFINITIONS

- 1) **Income:** All wages, financial assistance, SS, VA, DES, spousal support, child support, unemployment, and any other income from any source. Food stamps will not be considered as income. Income will be verified with the most recent tax returns, the last two paycheck stubs (four, if paid on a weekly basis) and a copy of bank statements covering the previous three months. If the applicant is retired or receives disability income, he/she will provide DES, SS or SSI verification forms. All court-ordered spousal and/or child support payments will be verified through the court.
- 2) **Family/Household:** All persons occupying the house including permanent extended family, i.e. elderly parents, single or minor/dependent children with children. In the case of more than one family per unit, every effort will be made to refer the non-owner to another agency to decrease overcrowding. If this is not possible, the property may become ineligible due to monetary constraints in providing the proper number of sleeping rooms. In any event, the income of all household members will be included.
- 3) **Homeownership:** means ownership in fee simple title or a 99-year leasehold interest in a one to four unit dwelling or in a condominium unit, ownership or membership in a cooperative or equivalent form of ownership approved by HUD. The ownership interest may be subject only to the restrictions on resale required under CFR 92.254(a); mortgages, deeds of trust, or other liens or instruments securing debt on the property as approved by the Town and/or Arizona Department of Housing; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.
- 4) **Housing:** includes stick-built homes, mobile and manufactured housing and manufactured housing lots.
- 5) **Decent, Safe and Sanitary Housing:** means housing which relates to the general health and safety of all occupants. Minimum standards include the following which must be adequate, or be repaired or replaced before consideration of any other work:
  - a. Removal of hazardous materials,
  - b. Health and safety hazards;
  - c. Stable and weather tight roof;
  - d. 100-amp electrical service with no unsafe conditions;
  - e. Plumbing (including hot water) must be in good working order and be safe and sanitary;

- f. Heating and cooling system must be adequate and safe with a reasonable (3-year) useful life; and
  - g. Egress in accordance with local health and safety codes.
- 6) **Very Low-income families:** means families whose annual incomes do not exceed 50 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low incomes.
  - 7) **Low-income neighborhoods:** means a neighborhood that has at least 51% of its households at or below 80 percent of median income for the area.
  - 8) **Low-income families:** means families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low incomes.
  - 9) **Moderate-income families:** means families whose incomes are 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low incomes.
  - 10) **Elderly:** means person(s) of 62 years of age or older, whose health is in a condition which may result in substantial limitations in at least one of the following areas of major life activity: substantial limitations in mobility, self-care, self-direction, or capacity for independent living.
  - 11) **Person with disabilities:** means a household composed of one or more persons (at least one of whom is an adult), who has a severe disability. A person is considered to have a severe disability if the person:
    - a. uses a wheelchair, or has used another special aid for six (6) months or longer;
    - b. is unable to perform one or more functional activities or needs assistance with an activity of daily living (ADL) or instrumental activity of daily living;
    - c. is prevented from working at a job or doing housework; or
    - d. has a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia, or mental retardation. Those persons less than 62 years of age and whom Medicare or SSI covers are also considered to have a severe disability.

- Functional activities include seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking.
- Activities of Daily Living (ADL) include getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting.
- Instrumental Activities of Daily Living (IADL) include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

**12) Program Income:** is income that is the direct result of a CDBG or HOME funded activity. The Revolving Loan Fund was established for the sole purpose of providing a continuing housing rehabilitation funding resource. All monies repaid to the RLF will be used only for housing-related purposes stated herein. All RLF monies will be deposited into a fund that is separate and independent from the Town's general fund, and will be used to continue the same activity(ies) which generated these resources.

- Program Income generated from HOME funded activities must be returned to the Arizona Department of Housing HOME program.

**13) Program Income Records:** Records of all program income received will include the source of the program income: CDBG/HOME contract number, activity number and other identifying information; amount and date of receipt; date of deposit and location of depository; date, amount and purpose of each expenditure; and interest earned (if any) records which include the date and amount of such interest earned, interest rate and the depository of such interest.

**14) Project:** means a site or an entire building (including a manufactured housing unit) that is to be assisted with CDBG or HOME funds. Project includes all the activities associated with the site and the building.

**15) Project Completion:** means that all necessary title transfer requirements and construction work have been performed and the project complies with the requirement; the final drawdown has been disbursed for the project; and a Project Completion Report has been submitted and processed in the Cash and Management Information System (CMI) as prescribed by HUD.

**16) Reconstruction:** means the rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be increased or decreased as a part of the reconstruction project, but the number of rooms per unit may be increased or decreased. The reconstructed housing must be substantially similar (i.e. single- or multi-family housing) to the original housing. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of this part.

**17) Revolving Loan Fund:** is defined as a separate and independent set of accounts, established for the specific purpose of funding housing rehabilitation loans.

- 18) **Single parent/head of household:** means an individual who is unmarried or legally separated from a spouse; and a) has one or more minor children for whom the individual has custody or joint custody; or b) is pregnant.
- 19) **Single family residence:** means a dwelling that is used to house no more than two adults and their children.