

CITY OF MIAMI GARDENS

Department of Community Development



HOUSING PROGRAM POLICY AND PROCEDURES MANUAL

Effective March 26, 2008

Contents

1. Definitions

2. General Policy
 - 2.1 Introduction
 - 2.2 Statutes and Regulations
 - 2.3 Eligible Properties
 - 2.4 Maximum Assistance
 - 2.5 Maximum Household Income
 - 2.6 Security
 - 2.7 Underwriting Guidelines
 - 2.8 Property Value Assessment
 - 2.9 Combined Loan to Value
 - 2.10 Contractor Selection
 - 2.11 Specification of Work
 - 2.12 Conflicts of Interest
 - 2.13 Disbursements
 - 2.14 Escrow for Taxes and Insurances
 - 2.15 Fees
 - 2.16 Loan Approvals
 - 2.17 Right to Refuse
 - 2.18 Appeals Process
 - 2.19 Exceptions to Policy
 - 2.20 Additions and Conversions
 - 2.21 Sweat Equity
 - 2.22 Permits and Licenses
 - 2.23 Other Federal Requirements
 - 2.24 Waiting Lists
 - 2.25 Subordination Policy

3. Program Summaries
 - 3.1. Housing Rehabilitation Program
 - 3.1.1. Emergency Rehabilitation
 - 3.1.2. Disaster Loan Program
 - 3.2. Replacement Homes Program
 - 3.3. Homeownership Assistance Program

SECTION 1: DEFINITIONS

1. **Decent, Safe and Sanitary Housing:** A dwelling unit or building meeting Federal Occupancy Standards as defined in 24 CFR 882.109 and CFR 882.405
2. **Default:** the failure to make required payments on a financial loan secured by a mortgage debt.
3. **Deferred Payment Loan:** funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met.
4. **Director:** City of Miami Gardens Department of Community Development Director or his/her designee.
5. **Dwelling Unit:** An independent living unit containing, at a minimum, a bathroom, kitchen or kitchenette and a living area/bedroom.
6. **Emergency Condition:** A condition that represents an eminent physical danger to anyone in the household. Examples of an Emergency Condition may include, but is not limited to, a roof collapse or faulty electrical wiring providing a risk of fire.
7. **Foreclosure:** the legal action by a mortgage holder to require repayment of a Loan through the sale of the subject property.
8. **Forgivable Loan:** a loan with no repayment obligation if program requirements are met for a specified period of time.
9. **Grant:** An outright gift of cash requiring no repayment.
10. **Hazardous Condition:** A code violation that is an immediate, serious threat to the health and/or safety of the occupant(s) of a dwelling unit.
11. **Household:** Immediate members of a family living together who may be expected to contribute to the income of the household for a substantial period of the term of the loan. Household may also include unmarried adults living in the same unit as the applicant if they are expected to contribute to the income of the household for a substantial period of the term of the loan.

- 12. Income:** The gross amounts received from all sources by every person residing in the dwelling including wages, pension, social security, interest, rent, dividends etc.
- 13. Income Limits:** The maximum amounts that can be earned to qualify for a specific assistance category, based on family size (those actually living in the dwelling unit). Derived from a percentage of the median income for Miami as determined by the Department of Housing and Urban Development (See Appendix for current limits).
- 14. Investor-Owned:** The title holder of a residential property who does not live at the property but owns it for investment purposes.
- 15. Loan:** An advance of funds which must be repaid or may be forgiven, and is secured by a mortgage on the property.
- 16. Owner-occupant:** The title holder to a residential property which is their official primary residence that they occupy.
- 17. Rehabilitation:** repairs or improvements which are needed for safe and sanitary habitation, correction of code violations or building violations.
- 18. Replacement Homes:** A home that is built when the rehabilitation repairs required to bring the home the Housing Quality Standards exceed the program limitations. The existing house is then demolished and a new home is built.
- 19. Single Family Dwelling:** A property with one to four units, including town homes, twin homes and condominiums.

SECTION 2: GENERAL POLICY

2.1. INTRODUCTION

The City of Miami Gardens Department of Community Development utilizes the grant funds it receives from the federal and state government sources to aid in the development of a viable urban community. The primary objective of this department is to provide decent housing, a suitable living environment and the expansion of economic opportunities for the neediest persons in our community.

The Department serves the City's very low, low and moderate income residents by carrying out a wide range of community development housing activities such as Homeownership Assistance, Housing Rehabilitation and Emergency Housing Rehabilitation.

All housing programs carried out by the Department of Community Development are designed to fulfill the Department's goal of providing safe and decent housing to the residents of this great City. The policies specified here were compiled from Federal and State Statutes and Regulations governing these programs, as well as industry practices that ensure prudent and efficient use of limited government resources for the benefit of the residents of the City of Miami Gardens.

2.2. STATUTES AND REGULATIONS

The Housing Rehabilitation Program utilizes Federal and State funds. The following Statutes and Regulations govern the program and are the source of the policies in this document.

2.2.1. CDBG Program :(Community Development Block Grant)

Federal Statute: Title 1- The Housing and Community Development Act of 1974. [42 U.S.C.-5301](#)

Regulations: [24 CFR 570](#)

2.2.2. SHIP Program: (State Housing Initiative Partnership)

Florida Statute: [Chapter 420.907](#)

Regulations: Florida Housing Finance Corporation Rule [Chapter 67-37](#)

2.3. ELIGIBLE PROPERTIES

All properties assisted by this department must fall within the corporate limits of the City of Miami Gardens.

The property shall not consist of more than four (4) residential units. However, most of the programs are limited to one (1) residential unit. For properties with

more than one unit, further verification may be required to ensure that assistance can be provided and can require additional documentation and a revision of the established terms.

The property must conform to the requirements of the City of Miami Gardens Planning and Zoning Requirements.

2.4. MAXIMUM ASSISTANCE

The maximum assistance to be provided to applicants shall be governed by the Housing Policy approved by the City Council for the period in question and established each fiscal year in accordance with the Community Development Budget.

If the majority of the bids accepted for a project exceed the maximum assistance provided by a program, the Department will make every effort to identify items that are not of immediate or dire need of repair. The Department, at its discretion, will remove items from the Specification of Work Report that are not essential in making the home safe, decent and sanitary nor do they affect the health and safety of the homeowner.

Exception to the maximum amount of assistance will be allowable when issues arise out of the applicants, contractors and/or Department's control. These are usually items that are caused by unforeseen circumstances or required by the building department at the time of permitting.

The authority to approve exceptions to the maximum assistance amount will rest with the City Manager and/or his designee and shall be noted on the Loan Approval Memo.

2.6. SECURITY

All financial assistance shall be subject to recapture requirements as described in the Housing Policy for the individual programs carried out by the Department. All assistance will be provided in the form of deferred payment loans and/or forgivable loans and terms will be based on the Housing Policy, as approved by the City Council for the period in question.

2.7. UNDERWRITING GUIDELINES

Loans will be underwritten to assess the applicant and property eligibility as well as the level of risk being undertaken by the City and the funding sources.

Funds available for the Housing Programs can be from the Community Development Block Grant program (CDBG), Miami-Dade County Office of Community and Economic Development (OCED) and the State Housing Initiative Program (SHIP) and therefore their regulations, policies and guidelines have been incorporated into these policies.

2.8 PROPERTY VALUE ASSESSMENT

The Department of Community Development must determine the property value for all homes receiving assistance. The criteria will vary by program however the Maximum Property Value for participation in the housing programs shall be governed by the Housing Policies as approved by the City Council for the period in question and as established each fiscal year.

Rehabilitation Program: the Market Value of the property as determined by the Miami-Dade County Property Appraiser.

Homeownership Program: The values as determined by a licensed professional appraiser.

2.9 COMBINED LOAN TO VALUE (MAXIMUM)

This is the sum of all loans on the property as a percentage of the value of the property. The value of the property is the market value as determined above (2.7).

The following are the maximum Combined Loan to Value Ratios (CLTV) per Housing Program:

Housing Rehabilitation	150%
Replacement Homes	125%
Homeownership Assistance	105%

Loans with Combined Loan-to-Value Ratios (CLTV) above the maximum can only be originated with an exception request as noted in Section 17.

2.10 CONTRACTOR SELECTION

Contractor's wanting to participate in the City's Housing Programs must be approved through the City's Procurement Department. Any party who has been suspended or debarred by U.S. HUD or any other Federal Executive Branch Agency and is listed on the Current Exclusion List will not accepted to participate in the program.

The Department will maintain a current listing of approved contractors that will be utilized to seek bids for the Housing Programs. The list will also be made available to City residents on the Department's website. The contractors will be responsible for updating their insurance and licensing information as required.

All eligible contractors will be invited to attend Pre-Bid meetings held by a City appointed Inspector at the applicants' homes. At the meetings, contractors will be provided with the approved Specification of Work Report that will detail the work to be completed for that particular project. Contractors will be given a deadline to submit their bids. All bids should be presented in a sealed envelope labeled with the project name and address.

A minimum of 3 responsible bids will be required per project. If less than 3 bids are received, the Specifications of Work Report could be amended and re-sent to all contractors who originally attended the Pre-Bid meeting. In the event that the project is re-bid and 3 bids are not received, the Department will notate the file to show the attempts and proceed with the bids received. (In an emergency situation where a condition is deemed as unsafe by either the Inspector or the City's building official, this requirement may be waived by the Director.)

Upon the expiration of the established Bid Deadline, the bids will be reviewed and itemized on a Bid Result Report. Award shall be based on the information submitted only. The lowest responsible and responsive bidder will be selected.

If any bids fall within 10% of the lowest bid, the homeowner will be given the opportunity to choose between those low bidders. The Bid Result Report will be kept in the Loan File and copies will be made available upon request.

Contractors will be awarded a maximum of two projects concurrently. Therefore, if a contractor has two active contracts, they will not be awarded any additional contracts. Contractors are encouraged to participate in the bidding process regardless of the number of projects awarded.

The authority to approve an exception to the Two-Contract Policy will rest with the Department Director and the file will be documented justifying the reason for the exception. Reasons for an exception can be related to higher than reasonable costs, contract status, the work capacity previously displayed and the level of accomplishment and satisfaction with prior contracts.

If the Department finds that a contractor fails to meet his/her obligations with the homeowner and/or the City, and does not remedy the situation as stipulated by the Department, the contractor will be removed from the list and not be allowed to participate in the City's Housing Programs.

If the lowest responsive and responsible bidder has not previously performed like services for the City of Miami Gardens, the City reserves the right of awarding only one contract during a trial period or until such time that Department staff can determine that the bidder will perform to the City's complete satisfaction. Approval of exceptions to this policy rest with the Department Director and must be documented for the file.

2.11. SPECIFICATION OF WORK

All Rehabilitation and Replacement loans will require an inspection of the home to be carried out by an approved and licensed inspector contracted by the Department. The cost of the inspection and the preparation of the Specification of Work Report will be paid from the loan proceeds.

The Inspector will meet with the homeowner and inspect the residence, looking for health, safety and Housing Quality Standards (HQS), as well as Florida Building Code violations as well as local code violations.

The Inspector will prepare a Specification of Work Report that will be reviewed and approved by the homeowner prior to it being released to the contractors.

The Inspector will schedule and invite all approved contractors on the Department's Approved Contractor list to a Pre-Bid Meeting. The inspector will conduct the meeting by reviewing the Specification of Work Report and answering any questions or addressing concerns.

After the Pre-Bid Meeting, the Inspector will provide the Department with a Specification of Work Report as provided to the contractors and a Specification of Work Report with his cost estimates. He will also provide pictures to reference the items on the Report.

The Building Department will be provided with a copy of the Specification of Work Report for their review and to facilitate the expediting of the applicable building permits.

2.12. CONFLICTS OF INTEREST

No loans will be made to City of Miami Gardens employees or their immediate relatives without the express written permission of the City Manager and/or the funding source if required. Full disclosure on the part of the applicant will be required at the time of application. Failure to disclose said relationship will result in an immediate rejection of the loan and/or will require full repayment of the loan including interest accrued at the maximum interest rate allowed.

All program participants will be required to sign a Conflict of Interest form.

2.13. DRAW REQUESTS

Upon execution of a Contractor/Homeowner Agreement, the Department will provide the Contractor with a Contractor Payment Request Form and a Draw Form. The Department will be responsible for ensuring that payments are made in accordance with the Specification of Work Report, and all applicable Department and City procurement and contracting policies.

To request a draw, both forms must be signed by the Contractor and Homeowner and presented to the Department of Community Development. Copy of the City of Miami Gardens Permit Card must accompany the Draw Requests. The Permit Card must show an approval for the specific trade being drawn and with the percentage of completion being drawn.

The City will retain 10% of all Draws until final inspection and project completion. If a Contractor fails to complete the project and does not comply with the Specification of Work, that Contractor will not have the Retainage released.

Upon completion of a project, a final inspection must be requested by the Contractor. The request must include a copy of the Final Draw Form and copy of all Permit cards with Final Approval from the Building Department Inspectors. The request is made by the Contractor and requested from the Department's independent inspector.

All Draw Requests must be approved by the Loan Program Manager and the Department Director. At no time are Draw Requests to be submitted directly to the Finance Department. The Finance Department will not process any Draw Requests that have not been reviewed and approved by the Director or his/her designee.

If a problem should arise between the Homeowner and the Contractor, it is the responsibility of those parties to resolve the issues. The Department may intercede in order to facilitate the progress of the project.

If the Homeowner does not receive satisfaction from the Contractor, the Department reserves the right to intervene on his/her behalf. The Department could withhold payment and/or retainer if deemed necessary.

Likewise, the Department reserves the right to intervene on the Contractor's behalf if the Homeowner is refraining from approving a Draw request without just reason. The Department could proceed to pay the Contractor for the work completed as required without the Homeowner's approval.

2.14 ESCROW FOR REAL ESTATE TAXES AND INSURANCES

For all housing related loans, the Homeowner is required to have a current Homeowner's Insurance Policy whereby the City of Miami Gardens must be listed as an additional insured. Properties being reported as located in a Flood Zone per Miami-Dade County will also be required to maintain Flood Insurance Coverage and list the City of Miami Gardens as an additional insured.

The City of Miami Gardens will escrow for real estate taxes, homeowners' and/or flood insurance, if the City's loan is in a first mortgage position or if the Department sees just cause to escrow for such payment. Just cause can be considered as default of real estate taxes or cancellation of insurance coverage for non-payment.

The Department will require annual proof of insurance coverage throughout the term of the mortgage.

The Department will perform an expected cost analysis to determine the amount to be escrowed and will provide the homeowner with payment terms.

In the case of overages, the homeowner will be given a choice to either receive the over collected funds or to allow the City to hold them for future payments.

2.15 FEES

The City will incur charges for services necessary in the delivery of providing assistance. These charges are passed along to the applicant and paid from the total loan proceeds. These services include, but are not limited to, loan underwriting fees, ownership and encumbrance reports, property inspections, credit reports and any other services required in the making of the loan.

2.16 LOAN APPROVALS

Loans will be recommended for approval after program eligibility and credit review of the application is completed. The Loan Program Manager will review the file and recommend approval of the loan to the Director based on the current policies for the program as approved by the City Council for the period in question.

Authority to commit the City to making a Housing loan is vested in the City Manager.

2.17 RIGHT TO REFUSE

The Department reserves the right to refuse assistance to any applicant on the basis of homeowner:

- failing to disclose information which negates their eligibility;
- unreasonableness;
- and homeowner uncooperativeness;
- Or any other reason as may be determined on a case-by-case basis.

2.18 DECISION APPEALS

The Department of Community Development will determine if an applicant is eligible or not to receive assistance for the program for which they have applied based on the guidelines contained herein and those set by the funding sources. The Department will notify applicants of the determination in writing. The applicant will have a period of five (5) days from the date of the letter to contact the Department to appeal the decision.

The appeal will only be accepted if based on evidence or belief that an error was made by the Department. The appeal cannot be made on the basis of the program guidelines since these rules, regulations and programmatic guidelines are pre-established by the funding sources and not the Department.

2.19 EXCEPTIONS TO POLICY

Exceptions to policy will be considered on a case-by-case basis. The Loan Program Manager must review such a request and make a recommendation to the Director for an approval or rejection citing reasons, which should include the policy from which the request is based and the reason for the exception. The decision to allow an exception must be based on the ability of the City to make

that exception and whether the granting of the exception will put the City's investment at risk. Final approval of cases where exceptions will be made lies with the City Manager.

In situations where the exception contradicts the Statutes or Regulations for the funding source, an exception should first be obtained from the funding source. Such exception requests should be in writing and a written response solicited and made part of the loan file.

2.20 ADDITIONS AND CONVERSIONS

It is not the policy of the City to finance additions to existing buildings or projects that change the Certificate of Occupancy. However, in overcrowding situations, an exception to this policy can be granted by the Director. In providing an exception, the Director will review the composition of the family to ensure that the family composition will remain the same in the foreseeable future; this also applies in the case of Accessory Dwelling Units.

2.21 SWEAT EQUITY

The City of Miami Gardens will not finance any rehabilitation in cases where the applicant performs the work.

2.22 PERMITS AND LICENSES

All Contractors are required to have all applicable licenses and insurance coverage, including workman's compensation. The Department will not make any disbursements unless the proper permits are filed and approved for the work being performed.

All contractors awarded with a Replacement Home Program contract will be required to add the City of Miami Gardens as an additional insured on all insurance policies.

License from the Department of Business and Professional Regulation or from Miami-Dade County for the particular trade area is required. It is the responsibility of the General Contractor to ensure that all sub-contractors are licensed and insured. The City will require Workers' Compensation Insurance and General Liability coverage of not less than one million dollars (\$1,000,000) in addition to the homeowner's liability insurance carried by the applicant.

2.23 OTHER FEDERAL REQUIREMENTS

2.23.1 ENVIRONMENTAL

All rehabilitation work will be done in accordance with Federal and State environmental regulations. With respect to any assistance using CDBG funds, an environmental review will be performed by the Department of Community Development and/or their assignee in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58. The cost of Environmental Reviews is considered an administrative expense and will be borne by the Department of Community Development.

2.23.2. FEDERAL REGULATIONS

When Federal funds are used, the assistance provided will be in accordance with all other Federal requirements regarding the use of CDBG funds. Such requirements will include but will not be limited to affirmative marketing, labor, displacements and relocations, lead-based paint, and any other requirement in force at the time of the processing of the assistance in accordance with 24 CFR 92 or 24 CFR 570.

2.24. ESTABLISHMENT OF WAITING LIST

The availability of funds for all Housing Programs will be advertised in a newspaper of general circulation within the City. The advertising will run at least 30 days before the beginning of the application period. In addition, all programs will be posted in City Hall and on the City of Miami Gardens website.

An application period of no less than two weeks will be established for the receipt of applications. All applications received will be logged in the order received. Applications will be processed on a first-come, first-served basis, first-ready from all applicants meeting program eligibility criteria, subject to funding availability with priority given to the elderly and disabled homeowners. Applicants not funded will remain on a Waiting List and will receive priority in the next funding cycle.

The Waiting List will be managed by the Loan Program Manager. It will only be opened for additional applications upon the approval of the Department Director or his/her designee.

An applicant can only be allowed priority, irrespective of the Waiting List, upon petitioning the Director of the Department of Community Development and on the submission of proof of imminent danger to the health and safety of the household

occupants. Upon approval of the petition, the applicant will receive assistance subject to the availability of funds and confirmation of eligibility.

2,25, SUBORDINATION POLICY

Subordination of a Housing Rehabilitation or Homeownership Assistance Loan (Program Loan) for the purpose of refinancing an existing debt that is in a superior lien position to the Program Loan may be allowed provided that all of the following conditions are met:

1. The proposed refinancing shall not result in an increase in debt in a superior position to the Program Loan; this includes any cash back to the Debtor.
2. The proposed refinancing shall not “wrap in” any other debt such as credit card balances.
3. The proposed refinancing terms are at market prevailing rates and fees, lowest available for the borrower’s risk category. Rate and/or monthly payment must be significantly enough lower than the existing rate and/or monthly payment amount to compensate for closing costs and fees.
4. The debtor is occupying the property as their primary residence.

Subordination of the Program Loan will NOT be approved for any purpose other than to refinance debt that was secured by the subject property prior to or of the same date of the Program Loan.

The City of Miami Gardens will only allow one subordination approval during the course of the Program Loan.

The City of Miami Gardens reserves the right to deny any subordination request it deems not in it’s or the homeowner’s best interest.

The authority to approve subordination requests or exceptions to the City’s Loan Subordination Policy will rest with the City Manager or his/her designee.

SECTION 3: PROGRAM SUMMARY

3.1 HOUSING REHABILITATION PROGRAM

Program Description:

The program provides forgivable loans to low income homeowners in the City of Miami Gardens on a first-come, first-served, first-ready basis to make necessary repairs to their properties.

Source of Funding: CDGB or SHIP

Maximum Assistance: \$35,000

Eligible Rehabilitations: All repairs or improvements which are needed for decent, safe and sanitary habitation, correction of code violations or building violations.

Eligible Properties:

- Single family owner-occupied units in the City of Miami Gardens; and
- Property market value as determined by Miami-Dade County Property Appraiser cannot exceed \$300,000.00; and
- Condominiums and Townhomes are eligible provided that repairs are in conformity to the Association By-Laws.

Eligible Owners

- Households with income less or equal to 80% of median income adjusted for Household size. However, in the case of rehabilitation funded by SHIP funds, there will be instances where the maximum household income can be less or equal to 120% of median income adjusted for Household size. (See Section 10.2); and
- Must be current in their existing mortgage and real estate property taxes.
- Must have Homeowner's Insurance and Flood Insurance if required.

Loan Terms:

Funding for the Rehabilitation, Emergency and Disaster Recovery Programs will be provided as a zero percent (0%) non-amortizing 5 year forgivable loan. The entire principal and accrued interest, if any, will be forgiven at the end of the term if all requirements are met.

Underwriting Ratios:

CLTV of 150% (Combined Loan to Value ratio)

Security: The loan will be secured by a recording a mortgage lien on the property.

Restrictions: Principal and all accrued interest will be due on sale or transfer of the property prior to loan maturity.

In the case of a refinancing, the City Manager or his designee will determine whether the City will subordinate its position to allow for the refinance based on the City's Subordination Policy.

In the case of the death of the homeowner, the heirs can assume the indebtedness, provided they have been certified as income eligible by the City, and they must reside in the house as their primary residence. Otherwise, the total principal and all accrued interest will be due immediately.

- 3.1.1. EMERGENCY REHABILITATION PROGRAM:** The Department will provide a forgivable loan for the intent to remedy an Emergency Condition that are of eminent danger to the household members. The terms will be the same as those for the Rehabilitation Program.

Source of Funding: CDGB or SHIP

Maximum Assistance: \$15,000

Eligibility Requirements: Rehabilitation Program criteria apply.

Eligible Repairs:

- Major roof repairs and/or replacement where excessive amount of water is entering the home;
- Plumbing repairs in cases where water supply or drainage lines have ruptured and house is without running water;
- Septic Tank is overflowing or drain field has deteriorated;
- Electrical or gas repairs in electrical fire or gas hazard situations;
- Other emergencies as may be determined to be a health or safety hazard, on a case-by-case basis.

The Department would handle these cases in an expedited manner which would include

- Prioritization to the applicant
- Limited Documentation

- Waiver of the Three Bid Requirement
- Expedited Inspection Process

3.1.2. DISASTER RECOVERY PROGRAM: The Department will provide a forgivable loan to remedy any damages caused by the 2005 Hurricanes or to harden the home for impact from future hurricanes.

Source of Funding: CDBG through Miami-Dade County OCED

Maximum Assistance: \$35,000.00

Eligibility Requirements: Rehabilitation Program criteria apply. In addition, verification must be completed to determine whether the homeowner has received assistance from another source for the same items/damages to be addressed by the City's program.

The repairs must either address damages caused by the 2005 Hurricanes or provide improvement necessary to harden the home from future hurricanes. In addition, repairs will be made that address items failing to meet Housing Quality Standards, Florida Building Code requirements and any local code requirement.

3.2 REPLACEMENT HOME PROGRAM

Program Description:

The Replacement Homes Program is designed to address substandard and dilapidated housing units where the repairs needed cannot be addressed through the Housing Rehabilitation Program due to cost versus existing home value. This program involves the demolition of the existing home and the construction of a new 3 bedroom 2 bath house on the same lot.

Source of Funding: SHIP or CDBG, depending on Household income.

Maximum Assistance: \$150,000

Eligible Costs: All soft and hard costs relating to the construction of the new home are eligible. In addition, relocation, moving and storage charges can also be paid out of the loan proceeds.

Eligible Properties:

- Single family owner-occupied units in the City of Miami Gardens with major structural defects that cannot be rehabilitated; and
- Must be free and clear of all liens and mortgages, except City of Miami Gardens municipal liens; and

- Properties with first mortgages, will qualify for replacement only if
 - a. the Department is able to secure additional funding to pay off the first mortgage and the homeowner can afford the monthly payment associated with the new mortgage;
 - b. Or the first mortgage lender subordinates to the City.
- Condominiums and Townhomes are not eligible for this program.

Eligible Owners

- Households with income less or equal to 80% of median income adjusted for family size.
- Preference is given to elderly and disabled homeowners.
- Ability to afford their current monthly debt obligations.
- Must be current in their mortgage, insurance and taxes. However, one year insurance and taxes can be paid from the loan proceeds.

Loan Terms:

Funding will be provided as a zero to three percent (0 to 3 %) non-amortizing 30 year forgivable loan. Interest rate will be determined on income. The entire principal and accrued interest will be forgiven at the end of the term if all requirements are met.

1. Applicants with incomes less than 50% of median income will receive a zero percent (0%) amortizing loan with a term of thirty (30) years. Payment of principal and accrued interest at sale or rental of the property.
2. Applicants with incomes at fifty percent (50%) or higher but less than sixty percent (60%) of median income will receive a one percent (1%) fully amortizing loan with a term of thirty (30) years. Payment of principal and accrued interest at sale or rental of the property.
3. Applicants with incomes at sixty percent (60%) or higher but less than seventy percent (70%) of median income will receive a two percent (2%) fully amortizing loan with a term of thirty (30) years. Payment of principal and accrued interest at sale or rental of the property.
4. Applicants with incomes at seventy (70%) or higher but less or equal to eighty (80%) of median income will receive a three percent (3%) fully amortizing loan with a term of thirty (30) years. Payment of principal and accrued interest at sale or rental of the property.

5. Applicants with incomes at eighty percent (80%) or higher but less or equal to one hundred and twenty percent (120%) of median income will receive a three percent (3%) fully amortizing loan with a term of thirty (30) years. Payments of the loan will begin six (6) months from the issuance of a certificate of completion and occupancy of the home.

Underwriting Ratios:

150% CLTV (Combined Loan to Value ratio) if applicant has a first mortgage

Security: The loan will be secured by a mortgage lien on the property.

Restrictions: Principal and all accrued interest will be due on sale or transfer of the property prior to loan maturity. In the case of a refinancing, the City Manager or his designee will determine whether the City will subordinate its position to allow for the refinance based on the City's Subordination Policy.

In the case of the death of the homeowner, the heirs can assume the indebtedness, provided they are certified as income eligible by the City, and that they reside in the house as their primary residence. Otherwise, the total principal and all accrued interest will be due immediately.

In the case of sale or transfer of the unit, the City of Miami Gardens will share in the gain realized by the borrower under the following terms:

- i. 0 – 5 years – 100% of both the City's loan balance and shared appreciation (gain).
- ii. 6 – 10 years – On the 6th year, the City receives 100% of the loan balance and 85% of the shared appreciation (gain) and the borrower receives 15%.
- iii. 11 – 30 years – The City receives 100% of the loan balance and the borrower receives 100% of the appreciation (gain).

3.3 HOMEOWNERSHIP ASSISTANCE PROGRAM

Program Description:

The Homeownership Assistance will provide a modest level of subsidy that could be leveraged against other programs within the County to increase homeownership opportunities to assist low-to-moderate income first time homebuyers

The City of Miami Gardens underwrites the loan based on the first mortgage lender's commitment.

Source of Funding: CDBG or SHIP depending on applicant characteristics.

Maximum Assistance: The lesser of \$20,000 or the amount necessary for credit underwriting.

Eligible Properties:

- Single family unit in the City of Miami Gardens; and
- Sales price cannot exceed the median sales price as established by Florida Housing Finance Corporation; and
- The property to be purchased must meet Housing Quality Standards (24 CFR 982.401.); and
- All repairs to bring the property to Housing Quality Standards must be completed prior to closing or be made as part of the purchase. (Repair escrow will be required)

Eligible Buyers:

- Households with incomes less or equal to 80% of median income adjusted for family size with CDBG Funding or 120% of median income with SHIP Funding, provided funding is available.
- Ability to afford a monthly payment based on the income and debt.
- Contribute at least \$500.00 of personal funds towards the purchase of the home.
- Must not have owned a home in the last 3 years. Exceptions will be made to single parents who are displaced homemakers.
- The homebuyer must attend and complete a Homebuyer Counseling Course.
- Credit acceptable to the first mortgage lender. However, the City of Miami Gardens reserves the right to reject any application based on credit.

Loan Terms:

- The first \$10,000 of assistance will be provided in the form of a zero percent (0%) non-amortizing 30 year deferred payment loan. The balance to be forgiven at maturity provided that the participant has continued living in the residence and has not transferred ownership to any other entity.
- Any additional assistance, up to \$10,000, will be provided as a zero percent (0%) 30 year loan, repayable in 360 equal monthly payments.

- Full repayment of all the assistance is required if the home is not the primary residence of the participant or if the participant transfers ownership of property to any other entity.

Underwriting Ratios:

- 30% - Total Housing to Income ratio unless the first mortgage lender approves ratios more than 30%.
- 45% - Total Debt to Income ratio
- CLTV of 105% (Combined Loan to Value Ratio)

First Mortgage Restrictions

The City of Miami Gardens will only provide down payment and closing cost assistance on first mortgages that meet each of the following terms:

1. The term of the loan must be 40 years or less
2. The interest rate must be fixed
3. No adjusted rate mortgages
4. No pre-payment penalties
5. Loan must be full documentation only. No stated income and/or assets loans
6. The total percentage charged for Discount, Origination and Broker fees cannot exceed 2 points
7. All other lending fees (example: application fees, processing fees, tax service fees, administration fees, etc) must be reasonable. However, they cannot exceed \$500 or 0.5% of the loan amount, whichever is greater

Security: Mortgage Lien on the Property. The City will take a subordinate position based on financing and additional subsidy.

Restrictions: The applicant must reside in the house at all times. The loan will be due at maturity, sale or transfer of the property or if it ceases to be the residence of the applicant.

In the case of a refinancing, the City Manager or his designee will determine whether the City will subordinate its position to allow for the refinance based on the City's Subordination Policy.

In the case of the death of the homeowner, the heirs can assume the indebtedness, provided they have been certified as income eligible by the City, and that they reside in the house as their primary residence. Otherwise, the total principal and all accrued interest will be due immediately.

In the case of sale or transfer of the unit, the City will share in the appreciation/gain realized by the borrower according to the following schedule:

- i. 0 – 5 years – 100% of both the City's loan balance and shared appreciation (gain).
- iii. 6 – 10 years – On the 6th year, the City receives 100% of the loan balance and 85% of the shared appreciation (gain) and the borrower receives 15%.
- iii. 11 – 30 years – The City receives 100% of the loan balance and the borrower receives 100% of the appreciation (gain).

The above gain sharing proposal will terminate in the case of foreclosure; however, the City will require lenders to provide us a right of first refusal to purchase the loan at a negotiated price.