

RESOLUTION No. 2007-108-615

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, APPROVING THE REVISED HOUSING REHABILITATION AND HOMEOWNERSHIP PROGRAM POLICIES ATTACHED HERETO AS EXHIBIT A; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City has embarked upon a program of community improvement through, among other means, the rehabilitation of its housing stock funded by, and through, various funding sources, and

WHEREAS, it is desirable to improve the levels of efficiency and accountability in the administration of such programs, and

WHEREAS, to those ends, the Department of Community Development developed policies intended to govern the processes of both the Housing Rehabilitation and the Homeownership Assistance Programs, and

WHEREAS, the original policies were approved by the City Council at its December 13, 2006, meeting pursuant to Resolution No. 2006-159-505, and

WHEREAS, since implementing both of the Programs, the Community Development staff has determined that certain revisions should be made to the policies to further improve the efficiencies and accountabilities with respect thereto, and

WHEREAS, the Department of Community Development has offered various amendments and recommends that the Amended Housing Program Policies and Procedures Manual, attached hereto as Exhibit A, be adopted as the official expression of the policies of the City concerning same,

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AS FOLLOWS:

Section 1. ADOPTION OF REPRESENTATIONS: The foregoing Whereas paragraphs are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2. APPROVAL: The City Council of the City of Miami Gardens, hereby approves and adopts the revised Housing Rehabilitation and Homeownership Program Policies attached hereto as Exhibit A for the purposes therein expressed.

Section 3. EFFECTIVE DATE: This Resolution shall take effect immediately upon its final passage.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON JULY 11, 2007.

ATTEST:


RONETTA TAYLOR, CMC, CITY CLERK


SHIRLEY GIBSON, MAYOR

Prepared by JAMES C. BRADY, ESQ.
Assistant City Attorney

SPONSORED BY: DR. DANNY O. CREW, CITY MANAGER

MOVED BY: Vice Mayor Braynon
SECONDED BY: Councilman Campbell

VOTE: 6-0

Mayor Shirley Gibson	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)
Vice Mayor Oscar Braynon, II	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)
Councilman Melvin L. Bratton	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)
Councilman Aaron Campbell	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)
Councilman André Williams	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)
Councilwoman Sharon Pritchett	<input type="checkbox"/> (Yes)	<input type="checkbox"/> (No) Not present
Councilwoman Barbara Watson	<input checked="" type="checkbox"/> (Yes)	<input type="checkbox"/> (No)

City of Miami Gardens

1515-200 NW 167th Street
Miami Gardens, Florida 33169



Mayor Shirley Gibson
Vice Mayor Oscar Braynon II
Councilman Melvin L. Bratton
Councilman Aaron Campbell Jr.
Councilwoman Sharon Pritchett
Councilwoman Barbara Watson
Councilman André Williams

Agenda Cover Page

Date: July 11, 2007

Fiscal Impact: No **X** Yes

(If yes, explain in Staff Summary)

Funding Source: **CDBG**

Contract/P.O. Requirement: Yes No **X**

Sponsor Name/Department: Community Development

Public hearing

Ordinance

1st Reading

Advertising requirement:

Quasi-Judicial

Resolution **X**

2nd Reading

Yes **X** No

RFP/RFQ/Bid # N/A

Title

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, APPROVING THE REVISED HOUSING REHABILITATION AND HOMEOWNERSHIP PROGRAM POLICIES ATTACHED HERETO AS EXHIBIT A; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING AN EFFECTIVE DATE.

Staff Summary

Background

In an effort to ensure a desirable level of efficiency and accountability in the administration of the City's housing programs, the Department of Community Development developed policies that would serve to govern the processes of both the *Housing Rehabilitation* and *Homeownership Assistance* programs. The original policies were approved by City Council at their December 13, 2006 meeting (resolution # 2006-159-505). Since implementing both of these programs, Community Development staff has determined that certain changes should be made to the policies. Key policy amendments include clarity on the generation of the scope of work, elaboration of the contractor selection process, clarification of the procedure for performing the underwriting and processing of the loans, and a change in the program limits for the Disaster Recovery Program from \$15,000 to \$20,000. The revised policies would be effective immediately and are available for review by the general public upon request.

**J-8) CONSENT AGENDA
RESOLUTION
REVISED HOUSING
REHABILITATION AND**

Recommendation

City staff recommends the approval of the resolution amending the Housing Rehabilitation and Homeownership Program Policies.

CITY OF MIAMI GARDENS

*Department of
Community Development*



**HOUSING PROGRAM
POLICY AND PROCEDURES
MANUAL**

Effective 12-1-2006

Revised 12/07/2006

Contents

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2. General Policy
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 - 3.2. Replacement Homes Program
 - 3.3. Homeownership Assistance Program
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5. Replacement Homes Program Procedures
6. Homeownership Assistance Program Procedures
7. Emergency Rehabilitation Program
8. Single Family Rehabilitation And Replacement Home Inspections
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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. **Director:** City of Miami Gardens Department of Community Development Director or his/her designee.
3. **Dwelling Unit:** An independent living unit containing, at a minimum, a bathroom, kitchen or kitchenette and a living area/bedroom.
4. **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.
5. **Grant:** An outright gift of cash requiring no repayment.
6. **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.
7. **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.
8. **Income:** The gross amounts received from all sources by every person residing in the dwelling including wages, pension, social security, interest, rent, dividends etc.
9. **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).
10. **Investor-Owned:** The owner of a residential property who does not live in the structure.

- 11. Loan:** An advance of funds which must be repaid or may be forgiven, and is secured by a mortgage on the property.
- 12. Owner-occupant:** The title holder to a residential property whose primary living unit is located in the structure.
- 13. 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.
- 14. Single Family Dwelling:** A property with one to four dwelling 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 our City's most economically disadvantaged residents by carrying out a wide range of community development activities directed toward neighborhood revitalization, economic development, improved community facilities and services, and assisting those least likely to benefit from the economic growth and prosperity projected for the City of Miami Gardens.

All Housing Programs of the Department of Community Development are designed to fulfill the Department's goal of providing safe and decent housing to all residents of this great City. The policies enumerated here were pulled from Federal and State Statutes and Regulations governing the programs we manage, 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 affordable housing funds. The following Statutes and Regulations govern the program and is the source of the policies in this document.

2.2.1. HOME Program:

Federal Statute: Title 42 - The Public Health and Welfare; Chapter 130 - National Affordable Housing; Subchapter ii - Investment in Affordable Housing. Title 42, Sections 202-290

Regulations: 24 CFR Part 92

2.2.2. CDBG Program:

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

Regulations: 24 CFR 570

2.2.3. SHIP Program:

Florida Statute: Chapter 420.907

Regulations: Florida Housing Finance Corporation Rule Chapter 67-37

2.3. ELIGIBLE PROPERTIES

2.3.1. All properties assisted by this department must be in the corporate limits of the City of Miami Gardens.

2.3.2. 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 investigation may be required to ensure that assistance can be provided.

2.3.3. The property must conform to the requirements of the City of Miami Gardens Zoning Ordinance.

2.4. MAXIMUM ASSISTANCE

The maximum assistance to be provided to applicants for all Housing Programs 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.

2.5. SECURITY

All financial assistance provided to residents must be secured by a mortgage lien on the property. The term of the lien shall be based on the Housing Policy, as approved by the City Council for the period in question.

2.6. UNDERWRITING GUIDELINES

Loans will be underwritten using standard industry risk assessment tools that evaluate the ability and willingness of the applicant to make payments on this loan, if any, and all other obligations. In addition, applicants and the property will be underwritten for program eligibility based on the source of funds being used for the program.

Funds available for the Housing Programs can be from the Community Development Block Grant program (CDBG), the Home Investment Partnership program (HOME), American Dream Down payment Initiative (ADDI), the State Housing Initiative Program (SHIP) and SURTAX from Miami-Dade County.

2.7 APPRAISALS

All loans originated by the Department of Community Development must incorporate one of the methods below to indicate the property value.

2.7.1. Rehabilitation Program: the Market Value of the property used will be that as determined by the Miami-Dade County Property Appraiser.

2.7.2. Replacement and Homeownership Programs: appraisals by a licensed professional appraiser will be required.

Deleted: In situations where the use of this value results in a higher than the maximum Loan-to-Value ratio for the program, an appraisal or a Value Estimator using technology from an established secondary market company will be required. ¶

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2.8 TOTAL 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 lesser of the market value as determined above (7) or the purchase price.

The following is the maximum Total (or Combined) Loan to Value Ratios (CLTV):

2.8.1. Housing Rehabilitation	150%
2.8.2. Replacement Homes	125%
2.8.3. 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.

2.9. CONTRACTOR SELECTION

2.9.1. Contractor's wanting to participate in the City's Housing Programs must first submit an eligibility application to the City's Procurement Department. Upon the Procurement Department's review and approval of the application, the contractor will be placed on the Department's list of approved contractors. This list will be utilized by the Department when seeking bids on either Housing Rehabilitation or Replacement Home projects. The list will also be made available to City residents on our website. The contractors will be responsible for updating their insurance and licensing information as required.

All eligible contractors will be invited to a Pre-Bid meeting held by the City appointed Inspector. At this meeting, the contractors will be provided with a Scope of Work Report that will detail the work to be completed for the particular project. They will be given a timeframe in which they must present their Bid Estimates to the Department in a sealed envelope. These estimates will be made per line item and will include 25% for overhead and profit.

The Department will require a minimum of 3 bids per project. The Department will review the estimates and rank them by bid amount. All bids that fall within 10% of the Office Estimate are eligible for selection. The homeowner will make the final Contractor selection.

Contractors will only be awarded a maximum of two projects at the same time. Therefore, if two contracts have been awarded to a single contractor and the work is in progress, until those projects are completed, they will not be awarded any additional contracts. Those contractors will still be allowed to participate in the bidding process and the determination of whether an exception can be made will be left up to the Director. The decision will be based on the current project activity and the level of accomplishment and satisfaction from prior contracts.

If the Department finds that a contractor fails to meet its obligations with the homeowner and/or the City, and does not remedy the situation, the contractor

will be removed from the list and will be denied from participating in the City's Housing Programs.

2.10. SCOPE OF WORK

2.10.1. All Rehabilitation and Replacement loans will require a Scope of Work Report, which will include the estimated costs and will be completed by an independent inspection firm. The Report will outline in detail the work to be performed for the project and in some instances indicate why the repair must be made. The Scope of Work Report will be reviewed with the applicant prior to it being submitted to contractors for bidding. The version of the Report provided to the contractors as part of the bidding package will not include any costs. (In emergency situations, where the structure has been deemed as unsafe by the City's building official, this requirement may be waived by the Director.)

A copy of the Scope of Work Report will be provided to the City's Building Department for their review and to assist with the process of expediting the permit process. The cost of the Scope of Work Report will be charged to the loan directly.

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In cases where consultants are used, the Manager from the City's Building Department Inspection Unit will be required to review and either reject or accept the Report done by the consultant.

2.11. MAXIMUM HOUSEHOLD INCOME

2.11.1. For loans funded using CDBG or HOME, the maximum household income for all rehabilitation, replacement and homeownership loans is 80% of the median household income adjusted for family size, based on the most recent figures from the US Department of Housing and Urban Development and approved by Florida Housing Finance Corporation.

2.11.2. For loans funded using SHIP, the income limit can be as high as 120%, however, approval of the Loan Program Manager is required to ensure that the total grants or loans funded at the various income levels are within the statutory ratios.

Annual Household Gross Income is as defined by Florida Statutes Chapter 420.9071 which is attached as Appendix 2A and incorporated in this policy. Also refer to Determining Annual Income: Appendix 2B as provided by the SHIP program.

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. 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.

2.13. DISBURSEMENTS

Funds will be drawn in accordance with the payout schedule agreed to by the applicant, the contractor and the Inspection Unit. The Department will be responsible for ensuring that payments are made in accordance with the Scope of Work Report, all applicable Department of Community Development and City of Miami Gardens' procurement and contracting policies.

All payments requested (invoices) by a contractor are to be submitted to and approved by the Director of the Community Development Department or his/her designee. Those invoices will then be forwarded to the City's finance department for review and processing of payment. At no time are invoices to be submitted directly to the finance department. Moreover, the finance department will not process any payments that have not been reviewed and approved by the Director or his/her designee.

2.14 ESCROW, REAL ESTATE TAXES, INSURANCE, RESERVES

The City of Miami Gardens will escrow for real estate taxes, homeowners' hazard and/or flood insurance, if the City's loan will be the first mortgage or if the first mortgage lender does not escrow for taxes and insurances. In situations where the homeowner has shown the ability to make such payments over a considerable amount of time, an exception to this policy may be granted.

For all other loans, the City will require annual proof of payment of real estate taxes, homeowner's association dues, if applicable, and renewals of insurance policies. In all cases, applicants will be required to add the City of Miami Gardens as additional insured on all insurance policies. All properties located in flood zones must have flood insurance.

2.15 FEES

The City shall charge applicable loan closing costs which will be passed along to the applicant and made part of the loan. Such fees may include title search and commitment, appraisal, credit report and any other third party fees that the City may incur 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 Rehabilitation loan is vested in the City Manager.

2.17 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.

2.18 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.

2.19 SWEAT EQUITY

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

2.20 PERMITS, LICENSES AND LICENSES

The City of Miami Gardens will not issue a Notice to Proceed on any job unless all applicable licenses and proof of insurance, including workers compensation, have been presented to the Building Department Inspection Unit. In addition, the loan will not be disbursed unless a proper permit is filed with the City for the work to be performed.

All contractors working with the Housing Rehabilitation and the Replacement Home Programs 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.

2.21 OTHER FEDERAL REQUIREMENTS

2.21.1 ENVIRONMENTAL

All rehabilitation work will be done in accordance with Federal and State environmental regulations. With respect to any assistance using HOME or 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.

2.21.2. FEDERAL REGULATIONS

When Federal funds are used, the assistance provided will be in accordance with all other Federal requirements regarding the use of CDBG or HOME 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.

2.22. ESTABLISHMENT OF WAITING LIST

2.22.1. The availability of funds for all Housing Programs will be advertised in a newspaper of general circulation that services ethnic and diverse neighborhoods within the City. The advertising will run for at least 30 days before the beginning of the application period. All programs will also be made public by posting notifications in City Hall and on the City of Miami Gardens website.

2.22.2. An application period of not 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 from all applicants meeting program eligibility criteria, subject to funding availability. Applicants will be funded on a first-come, first-ready basis with priority given to the elderly and disabled homeowners. Applicants not funded will be put on a Waiting List and will receive priority in the next funding cycle.

2.22.3 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.

| 2.22.4 An applicant can only be allowed priority, irrespective of the Waiting List, upon petitioning to the Assistant City Manager responsible for the Community Development Department and on the submission of proof of imminent danger to the health and safety of the residents. Upon approval of the petition, the applicant will receive assistance subject to the availability of funds.

| 2.22.5 All applicants with Code Violations pertaining to home repair and without any liens will be given priority. Applicants with City Code Violations must be approved in conjunction with the City Attorney's Office.

SECTION 3: PROGRAM SUMMARY

3.1 HOUSING REHABILITATION PROGRAM

Program Description:

The program provides 0% interest loans to homeowners in the City of Miami Gardens on a first-come, first-served, first-ready basis to repair their properties. Homeowners select their contractors based on a comprehensive selection process that will require at minimum three bids. The work required is determined by a contracted inspector and a contractor is selected to complete the work and paid upon completion of the work, with written approval by the homeowner and proof of approved permits, if required.

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Source of Funding: CDGB or SHIP

Maximum Assistance: \$35,000

Eligible Rehabilitations: All repairs necessary to bring the house to a decent, safe and sanitary condition. The following are the eligible trade areas: Plumbing, Electrical, Roofing Mechanical and Structural.

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 \$250,000.00; 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, 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.

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Loan Terms:

Funding will be provided as a zero percent (0%) non-amortizing 5 year deferred loan. The entire principal and accrued interest will be forgiven at the end of the term if all requirements are met.

Underwriting Ratios:

CLTV of 150% (Combined Loan to Value ratio)

Deleted: 60% Total debt to income ratio. ¶

Security: The loan will be secured by a second 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 any amount is to be paid towards the outstanding balance on such refinancing.

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.

- 3.1.1. EMERGENCY REHABILITATION PROGRAM: The Department will provide a loan for the intent to remedy an Emergency Condition with the same terms as the Rehabilitation Program.

Source of Funding: CDGB or SHIP

Maximum Assistance: \$15,000

Eligibility Requirements: Rehabilitation Program eligibility and criteria would apply.

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

- Prioritization to the applicant
- Limited Documentation
- Waiver of Three Bid Requirement
- Expedited Permitting Process

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- 3.1.2. DISASTER LOAN PROGRAM: The Department will provide a loan with the same terms as the Rehabilitation Program for the intent to remedy any damages caused by the 2005 Hurricanes.

Source of Funding: CDBG through Miami-Dade OCED

Maximum Assistance: \$20,000

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Eligibility Requirements: Rehabilitation Program criteria apply. Additionally, repairs must remedy damages caused by the 2005 Hurricanes.

The repairs are limited to roof, windows and hurricane mitigation. Exceptions to this can be presented to the Director and final approval will come from the City Manger.

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3.2 REPLACEMENT HOMES PROGRAM

Program Description:

The Replacement Homes Program is designed to address substandard and dilapidated housing units that the cost of repairs needed cannot be addressed through the Housing Rehabilitation Program. It involves the demolition and reconstruction 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 120% (for SHIP funds) or 80% (for CDBG funds) 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 deferred 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:

60% Total Debt to Income Ratio

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

Security: The loan will be secured by a second mortgage 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 the amount that has to be paid on such refinancing.

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 of Miami Gardens will share in the gain realized by the borrower under the following terms:

- i. 0 to 3 years – 100% of both the City’s loan balance and shared appreciation (gain).
- ii. 3 – 30 years – On the 3rd year, City receives 100% of the loan balance and 85% of the shared appreciation (gain) and the borrower receives 15%.
- iii. Thereafter, the borrower receives an additional 5% of the shared appreciation (gain) reducing the City’s share by the same percentage

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.

- 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
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.

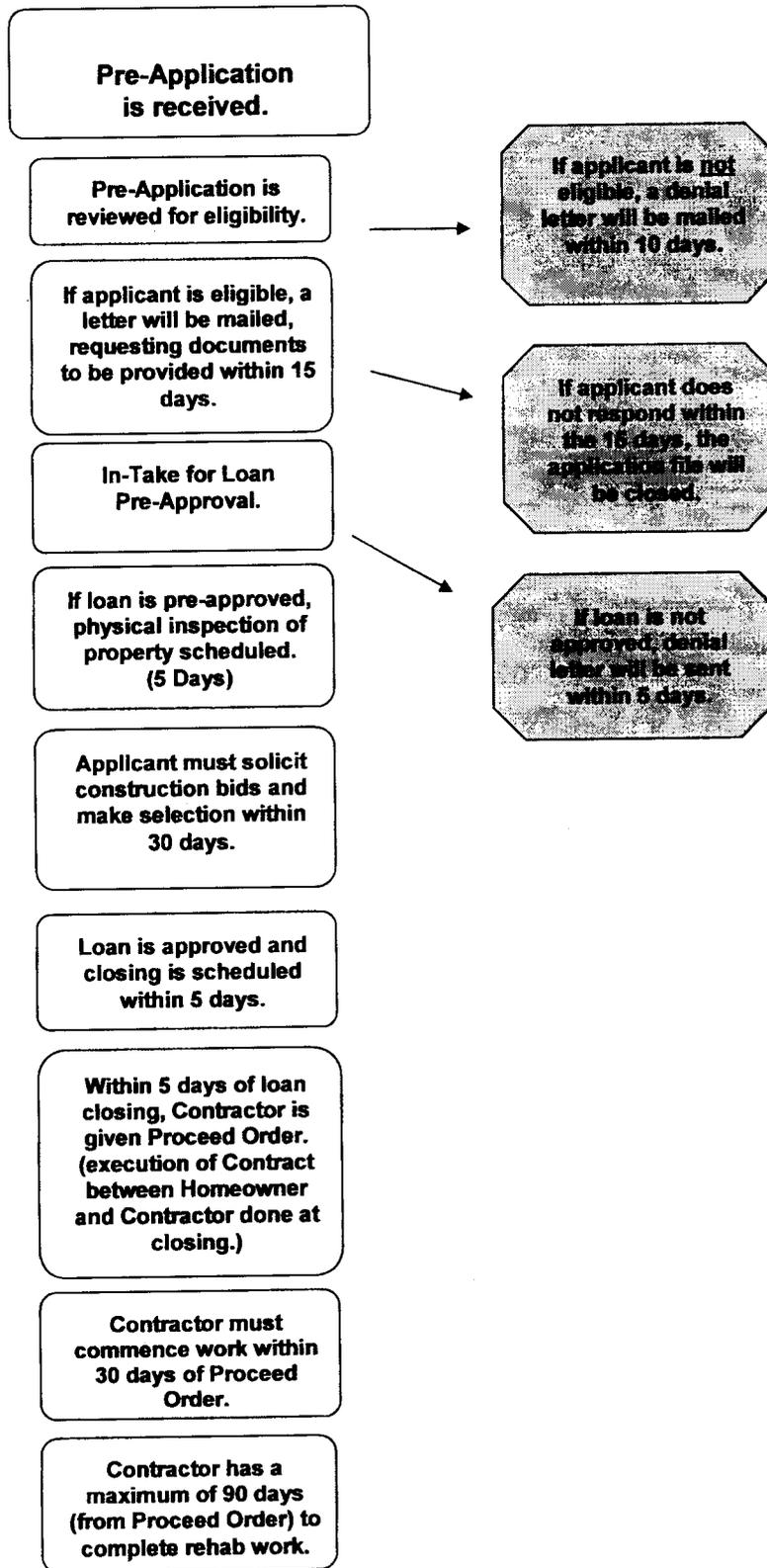
In the case of refinances, the City Manager or his designee will determine the amount that has to be paid back based on the funding source.

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 to 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. Thereafter, the borrower receives an additional 5% of the shared appreciation (gain) reducing the City's share by the same percentage

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.



PROCEDURES (Department Use Only)

SECTION 4: HOUSING REHABILITATION PROGRAM

4.1 PROGRAM OBJECTIVES

The objectives of the program are as follows:

- a. To prevent moderately declining neighborhoods in the City from further deterioration by providing assistance for rehabilitation.
- b. To provide safe and decent housing to residents of the community by rehabilitating owner-occupied single unit properties.
- c. To encourage interest in preservation in the broader neighborhood through our rehabilitation activities.
- d. To partner with contractors and the construction industry in providing access to jobs in the neighborhoods by encouraging the hiring of neighborhood residents.

4.2 MAXIMUM ASSISTANCE

- a. The Loan Amount for the applicant will be determined by the sum of the cost of the rehabilitation and all loan related costs paid to third parties.
- b. The Loan Amount, as determined in 4.2(a) above, cannot be more than the maximum loan amount for the program as established by the Housing Policy in effect for the applicable year.

4.3 ELIGIBLE REHABILITATION COSTS

- a. The actual cost of rehabilitation necessary to bring the property to the decent sanitary standard, i.e. correct health and safety violations.
- b. The actual cost of rehabilitation necessary to bring the property to Florida Building Code, i.e. correct code violations.
- c. The cost of rehabilitation to correct or remove incipient violations including all physical conditions of the property which, if not repaired, would deteriorate into actual violations of the decent, safe, and sanitary standard of the Florida Building Code within two years.
- d. The cost of building permits and related fees required to carry out the proposed rehabilitation work, including but not limited to architectural and engineering fees.
- e. For Disaster Loan Program, damages being repaired must have been caused by the 2005 Hurricanes and those repairs are limited to roof, windows and hurricane mitigation.

Deleted: related dry wall work.

4.4 INELIGIBLE COSTS

- a. Work so extensive as to be equivalent to new construction or reconstruction of the property. (This does not exclude gut rehabilitation of a property if necessary to meet the Florida Building Code provided it can be accomplished within the maximum amount established under the program)
- b. General property improvement for cosmetic reasons.
- c. The repair or construction of swimming pools is an ineligible cost, however, the cost to fill in or eliminate them from the property is an eligible cost.
- d. Materials, fixtures, equipment or landscaping of a type or quality which substantially exceeds that customarily used in Miami Gardens for properties of the same general type as the property to be rehabilitated.
- e. Purchase, installation or repair of furnishings.
- f. Cost of acquiring the property to be rehabilitated.
- g. Any reimbursement for work done prior to approval of the financial assistance or contracted for, either verbally or in writing, prior to the approval of assistance.
- h. Payment of any lien or judgment against the property including back taxes. However, the cost of one annual property insurance premium can be paid out of the loan proceeds with evidence that homeowner can continue to maintain the insurance coverage.

4.5 SELECTING HOMEOWNERS

- a. The availability of rehabilitation funds will be advertised in a newspaper of general circulation that services ethnic and diverse neighborhoods within the City. When advertising SHIP funded activities, the advertising will run at least 30 days before committing any funds.
- b. An application period of not less than two weeks will be established for the receipt of applications.
- c. All applications received will be logged in the order received.
- d. Applications will be processed on a first-come, first-served basis from all applicants meeting program eligibility criteria, subject to funding availability.
- e. Applicants will be funded on a first-come, first-ready, first-served basis.
- f. Priority will be given to
 - i. Elderly and disabled residents
 - ii. Applicants with code violations pertaining to home repair.

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- iii. Applicants with repairs that pose eminent danger to members of the household
- iv. Applicants residing in one of the twelve (12) target areas identified in the City's Comprehensive Plan.
- g. Applicants not funded will be put on a waiting list and will receive priority in the next funding cycle.

4.6 UNDERWRITING

4.6.1 REQUIRED DOCUMENTATION:

The applicant's application package must contain sufficient information for the City to reach an informed decision about the loan. Extra importance must be placed on documents that ensure that the loan meets programmatic guidelines.

At a minimum all files must have the following documents:

- a. City of Miami Gardens Pre-Application (Appendix 4A)
- b. Scope of Work (Appendix 4B)
- c. Property Market Value from County Appraiser's web site (Appendix 4C)
- d. Verification of Household Income
- e. Verification of Household Assets
- f. Verification of Mortgage/Rent
- g. Credit Report
- h. Credit explanations (If delinquencies within the last one-year)
- i. Proof of ownership (Deed)
- j. Proof of Insurance
- k. Proof of current property taxes
- l. Copies of identification for all applicants
- m. Copies of birth certificates for all minors
- n. Additional documentation may be required based on the employment situation or property type or apparent environmental hazard.

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Documents must be no more than 90 days old on the date the loan is closed.

4.6.2 CREDIT:

The selection of applicants will not be made solely on credit, however, the interest of the City will be protected by ensuring that applicants have the

willingness and ability to make all other monthly obligations, especially, housing payments. Such willingness to make all monthly obligations must be determined by reviewing the number and severity of delinquencies within the last 12 months.

- a. All judgments, collections and profit and loss write-offs within the last 12 months must be satisfactorily explained.
- b. All bankruptcies must be discharged for at least 12 months.
- c. The absence of a credit profile will not disqualify any applicant from receiving assistance.
- d. Credit scores will not be used for making decisions on credit profile of applicants.

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4.6.3 RATIOS:

~~The ability of the applicant to make all monthly obligations will be measured by the percentage of their monthly income spent on housing payments as well as the percentage spent on all monthly obligations, including housing.~~

Comment [e1]: Ratios will not be calculated for Housing Rehabilitation/Emergency/Disaster Housing Programs. Neither of these programs will required repayment.

~~The percentage of the applicant's housing payments (mortgage, insurance, taxes and homeowner association dues) as compared to income shall not be more than forty percent (40%). And the percentage of the applicant's total monthly obligations (housing payment and all other debts) as compared to income must not be more than sixty percent (60%). This percentage may be higher under the following conditions:~~

- a. ~~The applicant has consistently made such higher payments over the last 12 months without any delinquencies.~~
- b. ~~The applicant is a senior citizen (over 62 years) or disabled and on fixed income.~~

4.6.4 COLLATERAL:

The value of the property cannot be more than the amount established by the Department of Community Development Housing Policy for the applicable program year.

In addition, the Combined Loan to Value ratio (CLTV) percentage of all existing mortgages on the property including the rehabilitation loan as compared to the value of the property, cannot be more than 150%.

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Deleted: However, in cases where an appraisal is not available and the County Appraiser's Market Value is used, the CLTV can be more than 150%.

4.6.5 ASSETS:

The interest from all interest earning assets must be added to the income of the household. The total of liquid assets of applicants, with the exception of funds in a retirement account cannot be more than \$10,000. The City will expect applicants with liquid assets in excess of \$10,000 to

use the excess liquid asset in the rehabilitation of the property. Any shortfall will then be covered using funds from the program.

4.6.6 INCOME:

Income must be derived for the household according to SHIP and HUD guidelines as enumerated in Section 2.

Applicants must establish long-term, stable income from employment or other sources. The Loan Program Manager must verify the applicant's employment for two full years that precede the loan application, using the preferable method which is a third party completed verification of employment. If the income can not be determined through this method, alternatives such as paystubs and W-2's can be utilized individually or jointly.

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4.7 PROCESSING

4.7.1 PRE-INTAKE

- a. Review Pre-Application (Appendix 4A) to ensure that the property is in the City of Miami Gardens, that no taxes are delinquent, that the property market value does not exceed program limit, that the existing mortgages do not exceed the CLTV maximum and that the income denoted on the pre-application is within the income limits. Use the property information as obtained from the Miami-Dade Property Appraiser's website. (Appendix 4C)
- b. If applicant does not qualify based on the above criteria (Appendix 4D), they will receive a denial form letter. The denial letter will be sent to the applicant within ten (10) working days of the submittal of the pre-application. The Department of Community Development will strive to identify and refer the applicant to other available programs that are not funded by the City of Miami Gardens.
- c. If applicant does qualify based on the criteria in 4.7.1(a), they will receive a pre-qualification letter. The pre-qualification letter will be sent to the applicant within ten (10) working days of the submittal of the pre-application. The letter will either instruct the applicant to schedule an intake appointment in order to proceed with the loan application process or will advise that they have been placed on a waiting list and will be contacted in the order received and in consideration of funding availability.
- d. The intake must be scheduled within five (5) business days from the date of the letter. Applicants should allocate about one and half hours for an intake interview.

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4.7.2. INTAKE

- a. Complete all the information on a blank Fannie Mae 1003 (Appendix 4E) Denote as N/A if information does not pertain to the applicant.
- b. Make sure that the applicant signs the application.
- c. Loan officer or intake specialist must sign the application after the applicant signs.
- d. Collect all documents from applicant checking off the documents on the checklist (Appendix 4F) as it is handed over to you.
- e. Review all the documents while the applicant is with you to ensure that you have the correct documents.
- f. In addition to the 1003, the applicant must sign a 4506 IRS Form, a Conflict of Interest Disclosure, an Affidavit of Understanding, an Authorization to Release Information Form and Employment and Deposit Verification Forms.
- g. Prepare a Missing Documents Form(Appendix 4G) for the applicant establishing a deadline and keep a copy in the applicant's file. The deadline is calculated as five (5) business days from the Intake Date, exceptions will be made upon Staff's discretion.

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4.7.3 INPUT LOAN INFORMATION

- a. Input the information into the designated tracking log immediately after the intake.
- b. Ensure that all the pertinent information is completed.
- c. Send out Employment and Deposit Verification Forms per HUD guidelines. (Print verifications from the system). For other non applicant members of the household use blank verification forms. (Appendix 4H)

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4.7.4 ASSIGN LOAN NUMBER

Assign Loan Number will include digits such as follows:

- a. Program Year
- b. Funding Source (CDBG, SHIP, HOME)
- c. Program (Rehabilitation, Replacements, Homeownership, Disaster, and Emergency.)
- d. Sequential Number from start of program

4.7.5 REVIEW ALL DOCUMENTS – PROCESSING AND UNDERWRITING

- a. Review all documents presented within five(5) business days of intake.
- b. Ensure that the applicant has ownership interest in the property. Check that the addresses on the various documents presented are the same and reflects the property address.
- c. Calculate the total Loan To Value to make certain that the Combined Loan To Value does not exceed 150%.
- d. Calculate income per figures provided on Employment Verification Form. If not available, use pay stubs or available income documents as per HUD/SHIP guidelines.
- e. Calculate income from assets utilizing information provided on the Verification of Deposit. Otherwise, manually calculate from the bank statements provided.
- f. Verify the County Recorders Website and search for existing mortgages related to the applicant's property. This is done as a preliminary measure of calculating the Combined Loan to Value.
- f. Assure that all household members are documented in the file, this includes their income, assets and address confirmation.

4.7.6 LOAN DATA INPUT

- a. Input loan information into the Finance Tracking Sheet. (Appendix 4I)
- b. Request a Contract number from the Procurement Department.

4.8 **TITLE WORK**

- 4.8.1. Initiate Requisition for Title Work Purchase Order.
- 4.8.2. Upon Purchase Order being approved, request an Ownership and Encumbrance report from the designated Title Work provider.
- 4.8.3. Retain a copy of the request for the file as well as the payment documentation for this service.
- 4.8.4. Loan Program Manager will review report upon receipt for total encumbrances and to confirm property ownership.

4.9 INSPECTION

- 4.9.1. If title work is received and found with no exceptions, requisition for inspection can be initiated.
- 4.9.2. Request for Initial Inspection should contain all the pertinent information completed as listed on the order form. (Appendix 4J)
- 4.9.3. Retain a copy of the request for the file as well as the payment documentation for this service.
- 4.9.5. From the Inspection a Scope of Work will be provided with 10 business days from being ordered. The Scope of Work will be reviewed by staff.
- 4.9.6. Once finalized, a copy the Scope of Work is sent to the homeowner and copies are also sent to all the City approved General Contractors to schedule appointments with the homeowners and present them with their estimates.
- 4.9.6. The homeowner has thirty (30) days to collect a minimum of three (3) responsible estimates and present them to the Department.
- 4.9.7. The Department will review the estimates to confirm that they are responsible and the contractor with the lowest estimate will be selected.
- 4.9.8. The homeowner will be advised of the selection.

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<#>Provide Building Inspection Unit with property information from the Miami-Dade County Property Appraiser's web site. ¶

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4.10 LOAN APPROVAL RECOMMENDATION MEMO

- 4.10.1 Loan Program Manager will prepare a Loan Approval Recommendation Memo for the Director's and City Manager's approval. (Appendix 4K)
- 4.10.2 The amount to be approved should include the rehabilitation estimate, the title cost, the inspection cost, credit report cost, recording fees and any other fees being collected from the loan proceeds.
- 4.10.3. Memo must be completed only after receipt of all verifications and recalculation of the household income if applicable. Use HUD's Income Determination website and print the findings for the file. (Appendix 4L) HUD Income Calculator

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4.11. REQUEST HUD ENVIRONMENTAL REVIEW

- 4.11.1. Request Environmental by e-mail to the assigned person.
- 4.11.2. Property Information from County Appraiser's website
- 4.11.3. Signed Application for assistance (FNMA Form 1003 Appendix 4E)
- 4.11.4. Scope of Work Write-Up (Appendix 4B)
- 4.11.5. Proof of Flood Insurance (if property is in a flood zone)
- 4.11.6. First two pages of the property appraisal's report (if available)

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4.12. PREPARE SHIP CERTIFICATION (Appendix 4P) and AWARD LETTER (Appendix 4Q), if applicable.

- 4.12.1. This will take place after all eligible bids are received and approved by the Director and City Manager.
- 4.12.2. The loan amount listed should be a sum of the bid amount and any and all closing costs associated with the loan.
- 4.12.3. Request applicant sign SHIP Income certification or mail income certification to applicant with a self-addressed stamped envelope. All mailed income certifications must be notarized.
- 4.12.4. Upon receipt of SHIP income certification, submit to SHIP Administrator (Loan Program Manager) for signature.
- 4.12.5. Print Commitment Letter (or use award letter) and mail to applicant and all interested parties

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4.13. PREPARE CLOSING PAPERS

- 4.13.1. Contact the Applicant and Contractor to schedule closing.
- 4.13.2. Prepare closing documents using closing checklist (Appendix 4R) to ensure that all required documents are printed.
- 4.13.3. Review the documents to ensure that (i) name, (ii) address of the property, (iii) closing date, and (iv) terms are correct with no spelling errors.
- 4.13.4. Put signature tabs on all pages requiring applicant and co-applicant signatures.
- 4.13.5. Request check from Finance for Recording Fees and Taxes.

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4.14. CLOSE LOAN

- 4.14.1. Ensure that the applicant and co-applicant sign all required pages.
- 4.14.2. Record Mortgage at the County Recorder's Office.
- 4.14.3. The Mortgage must be recorded prior to any payments being made other than the initial closing costs.
- 4.14.4. Mortgage should be taken to County Recorder's office with a pre-stamped envelope for return of the Recorded Document.
- 4.14.5. After the 3 Day Right of Rescission period has elapsed, have contractor sign the Contractor-Homeowner Agreement and the Notice of Commencement.

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4.15. POST CLOSING

- 4.15.1 Create tickler file to track for the return of the original mortgage from the County Recorder's office.
- 4.15.2 Original Note and Mortgage should be kept separate from loan file, preferably in a fire proof cabinet.
- 4.15.3 Copy of the Note and Mortgage should be kept in the loan file for review and audit purposes.
- 4.15.4 Loan File will be kept in the office until:
 - a. the loan is paid off in its entirety
 - b. the loan has matured and the mortgage is satisfied.
 - c. the original recorded satisfaction is received back from the County Recorder's Office.
 - i. Original Satisfaction and Mortgage should be sent back to the borrower marked paid.
 - ii. Copy of Satisfaction should be placed in the file and the file sent to storage.

4.16 PAYMENT PROCESSING (INVOICES SUBMITTED BY CONTRACTORS)

- 4.16.1. Prior to commencement of the rehabilitation work on the approved property by the selected contractor, the Department would have received a copy of the estimated work schedule along with payment time lines. The original of this document is to be submitted to the homeowner.
- 4.16.2. In order to submit payment requests, the contractor is to obtain the approval of the homeowner to ensure that work for payment being requested is satisfactory. The contractor may also be required to obtain the building department approval if an inspection is required for the work that has been completed up to that point.
- 4.16.3. Upon obtaining the necessary approvals, the contractor will submit invoices to the Community Development Department for payment approval.
- 4.16.4. The Director or his/her designee will approve the invoice utilizing the Contractor Payment Request form (Appendix 4S) and will forward the invoice along with this form to the City's Finance Department. The Finance Department will then process the invoice for payment in accordance with their established internal procedures.

SECTION 5: REPLACEMENT HOME PROGRAM

5.1 PROGRAM OBJECTIVES

The objectives of the program are as follows:

- a. To prevent moderately declining neighborhoods in the City from further deterioration by replacing dilapidated homes.
- b. To provide safe and decent housing to residents of the community.
- c. To encourage interest in preservation in the broader neighborhood through our replacement home activities.
- d. To partner with contractors and the construction industry in providing access to jobs in the neighborhoods by encouraging the hiring of neighborhood residents.

5.2 MAXIMUM ASSISTANCE

- 5.2.1. The Loan Amount for the applicant will be determined by the hard and soft cost of the new construction and all loan related costs paid to third parties.
- 5.2.2. The Loan Amount, as determined in 4.2(a) above, cannot be more than the maximum loan amount for the program as established by the Housing Policy in effect for the applicable year.

5.3 ELIGIBLE COSTS

- a. All hard and soft costs associated with the construction of the replacement home, will be an eligible cost.
- b. All costs associated with the demolition of the property and the preparation of the lot for the new replacement home will be an eligible cost.

5.4 INELIGIBLE COSTS

- a. Materials, fixtures, equipment or landscaping of a type or quality which substantially exceeds that customarily used in Miami Gardens for properties of the same general type as the property to be replaced.
- b. The repair or construction of swimming pools is an ineligible cost; however, the cost to fill in or eliminate them from the property is an eligible cost.
- c. Purchase, installation or repair of furnishings.
- d. Cost of acquiring the property to be replaced.
- e. Any reimbursement for work done prior to approval of the financial assistance or contracted for, either verbally or in writing, prior to the approval of assistance.

- f. Payment of any lien or judgment against the property including back taxes. However, the cost of an annual property insurance premium can be paid out of the loan proceeds.

5.5 SELECTING HOMEOWNERS

- a. The availability of rehabilitation funds will be advertised in a newspaper of general circulation that services ethnic and diverse neighborhoods within the City. The advertising will run for at least 30 days before the beginning of the application period. The availability of rehabilitation funds may also be made public by posting notifications in City Hall and on the City of Miami Gardens website.
- b. An application period of not less than two weeks will be established for the receipt of applications.
- c. All applications received will be logged in the order it was received.
- d. Applications will be processed on a first-come, first served basis from all applicants meeting program eligibility criteria, subject to funding availability.
- e. Applicants not funded will be put on a waiting list and will receive priority in the next funding cycle.

5.6 UNDERWRITING

Applications for replacement home will be underwritten using the criteria established in Section 4.6.

5.7 PROCESSING

Replacement home applications will be processed as enumerated in Section 4.7.

SECTION 6: HOMEOWNERSHIP ASSISTANCE PROGRAM

6.1 PROGRAM OBJECTIVES

The objectives of the program are as follows:

- a. To provide assistance to First-Time Homebuyers in purchasing properties in the City of Miami Gardens.
- b. To increase the homeownership rates in the City thereby bringing stability in our neighborhoods.
- c. To increase the wealth of our residents through the building of equity as homeowners.
- d. To partner with the financial sector in bringing investments in our community.

6.2 MAXIMUM ASSISTANCE:

- a. The Maximum Assistance to be provided under this program is as established by the Housing Policy in effect.

6.3 ELIGIBLE COSTS

- a. All down payment and closing costs associated with the purchase of a single family home, condominium or a co-operative in the City of Miami Gardens. However, the applicant must contribute at least five hundred dollars (\$500.00) of his or her own funds to the down payment or closing costs associated with the purchase.
- b. Rehabilitation costs can be made part of the purchase transaction, however, the funds must be escrowed by the first mortgage lender and a certificate of completion provided to the City upon the completion of the rehabilitation.

6.4 INELIGIBLE COSTS

- a. If rehabilitation is financed with the purchase, the following will not be an eligible cost:
 - i. Materials, fixtures, equipment or landscaping of a type or quality which substantially exceeds that customarily used in Miami Gardens for properties of the same general type as the property to be replaced.
 - ii. The repair or construction of swimming pools is an ineligible cost, however, the cost to fill in or eliminate them from the property is an eligible cost.
- b. Closing costs that are predatory and not customary to a purchase transaction.

- c. Cost of acquiring furnishings as part of the purchase transaction.

6.5 SELECTING APPLICANTS

- 6.5.1. The availability of down payment and closing cost will be advertised in a newspaper of general circulation that services ethnic and diverse neighborhoods within the City. The advertising will run in accordance to funding source requirements, at least 30 days before the beginning of the application period. An application period of not less than two weeks will be established for the receipt of applications. All programs will also be made public by posting notifications in City Hall and on the City of Miami Gardens website.
 - a. All applications received will be logged in the order received.
 - b. Applications will be processed on a first-come, first served basis from all applicants meeting program eligibility criteria, subject to funding availability.
 - c. Applicants not funded will be put on a waiting list and will receive priority in the next funding cycle.

6.6 UNDERWRITING

Underwriting under the First-time Homebuyer program will be restricted to programmatic eligibility. Credit underwriting will be limited to the ability of the borrower to manage the housing payments and to over leveraging of the property.

6.7 REQUIRED DOCUMENTATION

The application package must contain sufficient information for the City to reach an informed decision about the loan. Extra importance must be placed on documents that ensure that the loan meets programmatic guidelines. It should be noted that applicants for this program should first work with a first mortgage lender (bank) of their choosing. The City of Miami Gardens will have identified approved lenders that are familiar with the City's program guidelines. The lender would then collect all of the required documents from the applicant and submit them to the Department of Community Development on the applicant's behalf.

At a minimum all files must have the following documents:

- i. Application for Down Payment Assistance (City of Miami Gardens form)
- ii. Application Form 1003- (handwritten or typed) signed by client
- iii. Good faith Estimate and Truth –in-Lending from First Mortgage lender
- iv. Credit Report
- v. Verification of Income and Employment

- vi. Verification of Down Payment or \$500.00.
- ~~vii. Most Current Income Tax Returns~~
- viii. IRS Form 4506
- ix. Last 3 Bank Statements (VOD) 6 months if using SHIP
- x. Verification of Rent
- xi. Sales Contract
- xii. Commitment letters from all other lenders
- xiii. Copy of Appraisal
- xiv. Certificate of Homeownership Training
- xv. Title Commitment Endorsement
- xvi. Loan Closing Protection Letter from Closing Agents
- xvii. Insurance Endorsed to City of Miami Gardens (hazard, flood, windstorm, if applicable)
- xviii. Certificate of Occupancy (if new construction)
- xix. Tax print-out of property

Credit documents must be no more than 90 days old on the date the loan is closed.

6.8 CREDIT

The selection of applicants will not be made solely on credit, however, the interest of the City will be protected by ensuring that applicants have the willingness and ability to make all other monthly obligations, especially, housing payments. Such willingness to make all monthly obligations must be determined by reviewing the number and severity of delinquencies within the last 12 months.

- a. All judgments, collections and profit and loss write-offs within the last 12 months must be satisfactorily explained.
- b. All bankruptcies must be discharged for at least 24 months.
- c. The absence of a credit profile will not disqualify any applicant from receiving assistance.
- d. Credit scores will not be used for making decisions on credit profile of applicants.

6.9 RATIOS

The ability of the applicant to make all monthly obligations will be measured by the percentage of their monthly income spent on housing payments as well as the percentage spent on all monthly obligations, including housing.

The percentage of the applicant's housing payments (mortgage, insurance, taxes and homeowner association dues) as compared to income should not be more than thirty percent (30%). And the percentage of the applicant's total monthly obligations (housing payment and all other debts) as compared to income must not be more than forty-five percent (45%).

This percentage may be higher if the first mortgage lender is willing to make loans at higher ratios. However, such first mortgage must meet Fannie Mae, Freddie Mac or FHA standards. Under no conditions will a loan be made at higher ratios when the first mortgage is a sub-prime loan.

6.10 COLLATERAL

The value of the property cannot be more than the maximum purchase price ~~for existing properties~~ as established by Florida Housing Finance Corporation and adopted by the City in the Housing Policy for the Community Development Department. (See Section 3)

In addition, the Combined Loan to Value ratio (CLTV), percentage of all existing mortgages on the property as compared to the value of the property, cannot be more than 105%.

6.11 ASSETS

The interest from all interest earning assets must be added to the income of the household. The total liquid assets of applicants, with the exception of funds in a retirement account cannot be more than \$10,000. The City will expect applicants with liquid assets in excess of \$10,000 to use the excess liquid asset as down payment. Any shortfall will then be covered using funds from the program.

6.12 INCOME

Income must be derived for the household according to SHIP and HUD guidelines as enumerated in Section 2.

Applicants must establish long-term, stable income from employment or other sources. The loan officer must verify the applicant's employment for two full years that preceded the loan application using W-2s. If the applicant has an employment history of less than two years and was previously in school or the military, the loan officer must obtain a copy of his or her diploma transcripts or discharge papers.

6.13 PROCESSING

The City of Miami Gardens expects that all Homeownership applications will be received from a lending institution or a non-profit organization. However, any application received in the Department, whatever the source, must be processed

and a letter sent to the borrower and all interested parties as to the disposition of the application.

6.13.1. REVIEW FOR COMPLETENESS

- a. Review the City of Miami Gardens Homeownership Application (Appendix 6A) to ensure that the property is in the City of Miami Gardens and the income denoted on the application is within the income limits.
- b. Make sure that the homebuyer application is signed by the applicant.
- c. Review all the documents submitted to ensure that you have all the correct documents.
- d. Prepare a missing documents letter, if applicable (Appendix 4G) with copies to applicant, first mortgage lender and non-profit organization, if applicable.

6.13.2. INPUT OF LOAN DATA

- a. Input the loan information into the designated loan system after the review.
- b. Ensure that all the pertinent information is complete.
- c. Do not forget to complete the tracking form.

6.13.3. REVIEW ALL DOCUMENTS – PROCESSING AND UNDERWRITING

- a. Review all documents presented. Check to ensure that the addresses on the various documents presented are the same and reflects the property address.
- b. Check to ensure that all the documents were dated within the last 90 days.
- c. Calculate income per pay stub or available income documents as per HUD/SHIP guidelines
- d. Send out Verifications as per HUD/SHIP guidelines including for other non-applicant members of the household.

6.13.4. ASSIGN LOAN NUMBER

Loan Number will include digits such as follows:

- a. Program Year
- b. Funding Source (CDBG, SHIP, HOME)
- c. Program (Rehabilitation, Replacements, Homeownership, Disaster, and Emergency.)
- d. Sequential Number from start of program

6.13.5. PREPARE LOAN APPROVAL RECOMMENDATION MEMO

Loan Approval Recommendation Memo will be prepared by the Loan Program Manager and the for the Director's signature. (Appendix 4K)

- a. Use the lesser of the amount of request from the lending institution, the maximum possible down payment amount necessary to achieve a 30% housing ratio or the maximum loan amount.
- b. The Loan Approval Recommendation Memo must be completed only after receipt of all verifications and re-calculation of the household income. Use HUD's Income Determination website and print the findings for the file. (Appendix 4L) HUD Income Calculator
- c. All parts of the Loan Approval Recommendation Memo must be completely filled out.

6.14 **REQUEST HUD ENVIRONMENTAL REVIEW**

Request Environmental by completing the Project information sheet (Appendix 4 Nii) with the following attachments:

- a. Property Information from County Appraiser's website
- b. Signed Application for assistance (FNMA Form 1003, Appendix 4E)
- c. Office Work Write-Up (Appendix 4B)
- d. Proof of flood insurance (if property is in a flood zone)
- e. First two pages of the property appraisal's report. If available, include the first two pages of the property appraisal's report.

6.15 **PREPARE SHIP CERTIFICATION (Appendix 4P) and AWARD LETTER (Appendix 4Q), if applicable.**

- 6.15.1. This takes place after receipt of bids from the inspection unit
- 6.15.2. Use the selected bid amount and add all closing cost as the loan amount.
- 6.15.3. Ask applicant to come and sign SHIP Income certification or mail income certification to applicant with a self-addressed stamped envelope. All mailed income certifications must be notarized.
- 6.15.4. Upon receipt of SHIP income certification, submit to SHIP Administrator for signature.
- 6.15.5. Print Commitment letter (or use award letter) and mail to applicant and all interested parties.

6.16. **REQUEST CLOSING DOCUMENTS FROM LENDER OR TITLE COMPANY**

The following documents must be requested:

- i. Title Commitment
- ii. Loan Closing Protection Letter from Closing Agents
- iii. Insurance Endorsed to City of Miami Gardens (Hazard, Flood, Windstorm, if applicable)
- iv. Certificate of Occupancy (if new construction)
- v. Preliminary HUD-1 Form

6.17 REQUEST CHECK

Loan Program Manager will send the Finance Department a Direct Payment Request Form seeking the loan closing check to be made payable to the Title Company. Attach:

- i. A copy of the signed Loan Approval Recommendation Memo
- ii. The IDIS number
- iii. A copy of the Environmental Clearance.
- iv. W-9 Form, if this is a new vendor

6.18 PREPARE CLOSING PAPERS

- 6.18.1. Contact the lending institution and/or the non-profit organization for a closing date.
- 6.18.2. Prepare closing documents using closing checklist (Appendix 4R) to ensure that all required documents are printed
- 6.18.3. Review the documents to ensure that (i) name, (ii) address of the property, (iii) closing date, and (iv) terms are correct with no spelling errors.
- 6.18.4. Put signature tabs to all pages requiring applicant and co-applicant signatures.
- 6.18.5. Include the Loan Closing Instruction Sheet (Appendix 6C)

6.19. POST-CLOSING REVIEW

- a. Ensure that the applicant and co-applicant signed all required pages.
- b. Ensure that no disbursement went to the homebuyer on the HUD-1 and that it was signed by the homebuyer.

SECTION 7: EMERGENCY REHABILITATION PROGRAM

7.1 PROGRAM OBJECTIVES

The objectives of the program are as follows:

- 7.1.1. To provide immediate assistance to homeowners to prevent further Deterioration of the property
- 7.1.2. To provide a safe and decent housing to residents of the community by rehabilitating owner-occupied single unit properties.

7.2 MAXIMUM ASSISTANCE

- a. The Loan Amount for the applicant will be determined by the sum of the cost of the rehabilitation, a 10% contingency and all loan related costs paid to third parties.
- b. The Loan Amount, as determined in 4.2(a) above, cannot be more than the maximum loan amount for the program as established by the Housing Policy in effect for the applicable year. (\$15,000 for 2005-2006)

7.3 ELIGIBLE REHABILITATION

The following are the repairs that will be eligible for this program:

- A. Plumbing:
 - i. No running cold or hot water in the entire building.
 - ii. Sewage accumulation.
 - iii. Dangerously broken plumbing.
 - iv. House sewer obstructed.
 - v. Supply line obstructed.
- B. Central Heating and Cooling Systems
- C. Boiler defective and inoperative, missing.
- D. Gas burner defective and inoperative.
- E. Central AC defective and inoperable (when AC is medically necessary)
- F. Plastering:
 - Loose, bulging and in unkempt condition, in imminent danger of collapse
- G. Egress:
 - i. Doors and/or bulkheads broken and not secure.
 - ii. Stairs at entrance broken and causing hazard.
- H. Electrical:
 - i. Electricity not provided for entire building or visibly hazardous electrical defects.

- ii. Water leakage affecting electrical fixtures, creating fire hazard.

I. Roofing:

- i. Cornice defective and in danger of falling.
- ii. Parapet walls leaning or bulging, in danger of falling.
- iii. Rain leaders and gutters defective causing water to enter premises.
- iv. Roof leaking or open to elements.

J. Glazing:

Windows and skylights broken and missing, permitting the elements to enter premises, (windows must be out, not just cracked) "heating season only."

K. Other Hazardous Conditions:

Any documented unsafe condition

7.4 DECLARING EMERGENCY SITUATION

An Emergency Situation is declared by the Inspection Supervisor through a memo to the Loan Program Manager, showing the nature of the emergency and the cost to repair it.

7.5 COMPETITIVE BIDS

For an emergency loan, only one bid will be required. However, the Community Development Director will ensure that the bid is responsible and within 5% of the office estimate.

7.6 UNDERWRITING

7.6.1 REQUIRED DOCUMENTATION

Since this is an emergency situation, attempts must be made to collect just the minimum documents to decide on program eligibility. All other documents can be collected during the construction or at a later stage.

At a minimum all files must have the following documents:

- a. City of Miami Gardens Pre-Application (Appendix 4A)
- b. Scope of Work Write-Up with office estimate (Appendix 4B)
- c. Appraisal Report (if required), or Property Value from Appraiser's web site (Appendix 4C)
- d. Income Certification
- e. Credit Report
- f. Proof of ownership (Deed)
- g. Proof of payment of property taxes

- h. Copies of identification cards for all applicants
- i. Copies of birth certificates for all dependents
- j. Additional documentation may be required based on the employment situation or property type or apparent environmental hazard.

Credit documents must be no more than 90 days old on the date the loan is closed.

7.7 PROCESSING

7.7.1. PRE-INTAKE

- 7.7.1.1. Review Pre-application (Appendix 4A) to ensure that the property is in the City of Miami Gardens, no taxes are owed and the income denoted on the pre-application is within the income limits. Use the property information as obtained from the property appraiser's website. (Appendix 4C)
- 7.7.1.2 Complete a denial letter if applicant does not qualify based on the above. (Appendix 4D)
- 7.7.1.3 Schedule intake within 24 hours. Allocate not more than one and half hours for an intake and do not schedule more than 2 intakes in a day since you will have to input all the information in the Genesis program that day and will have to generate any missing information letters that same day.

7.7.2 INTAKE

- 7.7.2.1. Complete a Fannie Mae 1003 Application (Appendix 4E) Denote as N/A if information does not pertain to the applicant.
- 7.7.2.2. Make sure that the applicant signs the application.
- 7.7.2.3 Loan Program Manager must sign the application after the applicant signs.
- 7.7.2.4. Collect all documents from applicant checking off the documents received from the checklist (Appendix 4F).
- 7.7.2.5 Review all the documents while the applicant is with you to ensure that you have the correct documents.
- 7.7.2.6 Prepare a missing documents letter (Appendix 4G) for the applicant and keep a copy in the applicant's file.

7.7.3 INPUT TO LOAN SYSTEM

- 7.7.3.1. Input the information into the designated loan systems after the intake.
- 7.7.3.2. Ensure that all the pertinent information is completed.
- 7.7.3.3. Complete the tracking form.

7.7.4 REVIEW ALL DOCUMENTS

- 7.7.4.1. Review all documents presented. Ensure that the applicant has ownership interest in the property. Check to ensure that the addresses on the various documents presented are the same and reflects the property address.
- 7.7.4.2. Calculate income per pay stub or available income documents as per HUD/SHIP guidelines.
- 7.7.4.3 Send out Verifications as per HUD/SHIP guidelines including all other non-applicant members of the household.

7.7.5 ASSIGN LOAN NUMBER

Loan Number will include digits such as follows:

- a. Program Year
- b. Funding Source (CDBG, SHIP, HOME)
- c. Program (Rehabilitation, Replacements, Homeownership, Disaster, and Emergency.)
- d. Sequential Number from start of program

7.8 **REQUEST INSPECTION (if this has not been done)**

- 7.8.1 Complete the request for Inspection Form. (Appendix 4J)
- 7.8.2 Make sure that the amount stipulated on the request is the maximum amount less the closing cost.
- 7.8.3 Attach a copy of the property information from the county appraiser's web site.

7.9 **COMPLETE LOAN APPROVAL RECOMMENDATION MEMO**

Loan Program Manager will prepare the Loan Approval Recommendation Memo for Director's signature. Final loan approval is to be done by the City Manager.

Loan Approval Recommendation Memo should be prepared with the maximum possible loan amount if the rehabilitation estimate is not available. Otherwise use the rehabilitation estimate and add all applicable closing costs.

Loan Approval Recommendation Memo must be completed only after receipt of all verifications and re-calculation of the household income. Use HUD's Income Determination website and print the findings for the file. (Appendix 4L) HUD Income Calculator

All parts of the Loan Approval Recommendation Memo must be completed.

7.11 PREPARE SHIP CERTIFICATION (Appendix 4P) and AWARD LETTER (Appendix 4Q), if applicable.

- a. This takes place after receipt of bids from the City's Building Inspection Unit
- b. Use the selected bid amount and add all closing cost as the loan amount.
- c. Applicant must sign the SHIP Income certification or the income certification should be mailed to the applicant with a self-addressed stamped envelope. All mailed income certifications must be returned notarized.
- d. Upon receipt of the SHIP income certification, submit to SHIP Administrator (Loan Program Manager) for signature.
- e. Prepare and print Commitment letter (or use award letter) and send it to applicant and copies to all interested parties.

7.12 PREPARE CLOSING PAPERS

- a. Contact the applicant and Inspector to schedule closing
- b. Prepare closing papers using closing checklist (Appendix 4R) to ensure that all required documents are printed
- c. Review the documents to ensure that (i) name, (ii) address of the property, (iii) closing date, and (iv) term, are correct with no spelling errors.
- d. Put signature tabs on all pages requiring applicant and co-applicant signatures.

7.13 CLOSE LOAN

- a. Ensure that the applicant and co-applicant signs all required pages.
- b. Request check from Finance for Recording Fees and Taxes.
- c. Record Mortgage at the County Recorder's Office.
- d. The Mortgage must be recorded prior to any payments being made other than the initial closing costs.
- e. Mortgage should be taken to County Recorder's office with a pre-stamped envelope for return of the Recorded Document.
- f. After the 3 Day Right of Rescission period has elapsed, have contractor sign the Contractor-Homeowner Agreement and the Notice of Commencement.

7.14 POST CLOSING

- a. Create tickler file to track for the return of the original mortgage from Miami-Dade County Recorder's office.
- b. Original Note and Mortgage should be kept separate from loan file, preferably in a first proof cabinet.
- c. Copy of the Note and Mortgage should be kept in the loan file for review and audit purposes.
- d. Loan File will be kept in the office until:
 1. the loan is paid off in its entirety
 2. the loan has matured and the mortgage is satisfied.
 3. the original recorded satisfaction is received back from the County Recorder's Office.
 - i. Original Satisfaction and Mortgage should be sent back to the borrower marked paid.
 - ii. Copy of Satisfaction should be placed in the file and sent to storage.

SECTION 9: APPENDIX**LIST OF APPENDICES**

NUMBER	DOCUMENT
2A	Florida Statutes Chapter 420.9071
2B	Determining Annual Income as provided by SHIP
4A	City of Miami Gardens Pre-Application
4B	Scope of Work Write-Up
4C	Property Information from Property Appraiser's Website
4D	Denial Letter
4E	Blank Residential Loan Application (FNMA Form 1003)
4F	Document Checklist
4G	Missing Documents Letter
4H	Verification of Employment
4I	Finance Tracking Sheet
4J	Request for Inspection Form
4K	Loan Approval Recommendation Memo
4L	HUD's Income Calculator
4M	2006 Income Limits Per Household Size
4Nii	Environmental Project Information Sheet
4O	Email Template for Title Request
4P	SHIP Income Certification Form
4Q	Award Letter and SHIP Award Letter
4R	Loan Closing Checklist
4S	Contractor Payment Request Form (Pending)
6A	City of Miami Gardens Homebuyer Application (Pending)
6C	Loan Closing Instruction Sheet (Pending)

Appendix 2A

420.9071 Definitions.--As used in ss. 420.907-420.9079, the term:

- (1) "Adjusted for family size" means adjusted in a manner that results in an income eligibility level that is lower for households having fewer than four people, or higher for households having more than four people, than the base income eligibility determined as provided in subsection (19), subsection (20), or subsection (28), based upon a formula established by the United States Department of Housing and Urban Development.
- (2) "Affordable" means that monthly rents or monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in subsection (19), subsection (20), or subsection (28). However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing, and housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark.
- (3) "Affordable housing advisory committee" means the committee appointed by the governing body of a county or eligible municipality for the purpose of recommending specific initiatives and incentives to encourage or facilitate affordable housing as provided in s. 420.9076.
- (4) "Annual gross income" means annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; annual income as reported under the census long form for the recent available decennial census; or adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes. Counties and eligible municipalities shall calculate income by annualizing verified sources of income for the household as the amount of income to be received in a household during the 12 months following the effective date of the determination..
- (5) "Award" means a loan, grant, or subsidy funded wholly or partially by the local housing assistance trust fund.
- (6) "Community-based organization" means a nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low income, low income, or moderate income within a designated area, which may include a municipality, a county, or more than one municipality or county, and maintains, through a minimum of one-third representation on the organization's governing board, accountability to housing

program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 C.F.R. part 92.2 and a community development corporation created pursuant to chapter 290 are examples of community-based organizations.

(7) "Corporation" means the Florida Housing Finance Corporation.

(8) "Eligible housing" means any real and personal property located within the county or the eligible municipality which is designed and intended for the primary purpose of providing decent, safe, and sanitary residential units that are designed to meet the standards of chapter 553 for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program.

(9) "Eligible municipality" means a municipality that is eligible for federal community development block grant entitlement moneys as an entitlement community identified in 24 C.F.R. s. 570, subpart D, Entitlement Grants, or a non-entitlement municipality that is receiving local housing distribution funds under an inter local agreement that provides for possession and administrative control of funds to be transferred to the non-entitlement municipality. An eligible municipality that defers its participation in community development block grants does not affect its eligibility for participation in the State Housing Initiatives Partnership Program.

(10) "Eligible person" or "eligible household" means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income according to the income limits adjusted to family size published annually by the United States Department of Housing and Urban Development based upon the annual gross income of the household.

(11) "Eligible sponsor" means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.

(12) "Grant" means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially assist in the construction, rehabilitation, or financing of eligible housing or to provide the cost of tenant or ownership qualifications without requirement for repayment as long as the condition of award is maintained.

(13) "Loan" means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially finance the acquisition, construction, or rehabilitation of eligible housing with requirement for repayment or provision for forgiveness of repayment if the condition of the award is maintained.

(14) "Local housing assistance plan" means a concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of ss. 420.907-420.9079 and corporation rule.

(15) "Local housing assistance strategies" means the housing construction, rehabilitation, repair, or finance program implemented by a participating county or eligible municipality with the local housing distribution or other funds deposited into the local housing assistance trust fund.

(16) "Local housing incentive strategies" means local regulatory reform or incentive programs to encourage or facilitate affordable housing production, which include at a minimum, assurance that permits as defined in s. 163.3164(7) and (8) for affordable housing projects are expedited to a greater degree than other projects; an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; and a schedule for implementing the incentive strategies. Local housing incentive strategies may also include other regulatory reforms, such as those enumerated in s. 420.9076 and adopted by the local governing body.

(17) "Local housing distributions" means the proceeds of the taxes collected under chapter 201 deposited into the Local Government Housing Trust Fund and distributed to counties and eligible municipalities participating in the State Housing Initiatives Partnership Program pursuant to s. 420.9073.

(18) "Local housing partnership" means the implementation of the local housing assistance plan in a manner that involves the applicable county or eligible municipality, lending institutions, housing builders and developers, real estate professionals, advocates for low-income persons, community-based housing and service organizations, and providers of professional services relating to affordable housing. The term includes initiatives to provide support services for housing program beneficiaries such as training to prepare persons for the responsibility of homeownership, counseling of tenants, and the establishing of support services such as day care, health care, and transportation.

(19) "Low-income person" or "low-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 80 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever amount is greatest. With respect to rental units, the low-income household's annual income at the time of initial occupancy may not exceed 80 percent of the area's median income adjusted for family size. While occupying the rental unit, a low-income household's annual income may increase to an amount not to exceed 140 percent of 80 percent of the area's median income adjusted for family size..

(20) "Moderate-income person" or "moderate-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 120 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the moderate-income household's annual income at the time of initial occupancy may not exceed 120 percent of the area's median income adjusted for family size. While occupying the rental unit, a moderate income household's annual income may increase to an amount not to exceed 140 percent of 120 percent of the area's median income adjusted for family size.

(21) "Personal property" means major appliances, including a freestanding refrigerator or stove, to be identified on the encumbering documents.

(22) "Plan amendment " means the addition or deletion of a local housing assistance strategy or local housing incentive strategy. Plan amendments must at all times maintain consistency with program requirements and must be submitted to the corporation for review pursuant to s. 420.9072(3). Technical or clarifying revisions may not be considered plan amendments but must be transmitted to the corporation for purposes of notification.

(23) "Population" means the latest official state estimate of population certified pursuant to s. 186.901 prior to the beginning of the state fiscal year.

(24) "Program income" means the proceeds derived from interest earned on or investment of the local housing distribution and other funds deposited into the local housing assistance trust fund, proceeds from loan repayments, recycled funds, and all other income derived from use of funds deposited in the local housing assistance trust fund. It does not include recaptured funds as defined in subsection (25).

(25) "Recaptured funds" means funds that are recouped by a county or eligible municipality in accordance with the recapture provisions of its local housing assistance plan pursuant to s. 420.9075(4)(g) from eligible persons or eligible sponsors who default on the terms of a grant award or loan award.

(26) "Rent subsidies" means ongoing monthly rental assistance. The term does not include initial assistance to tenants, such as grants or loans for security and utility deposits.

(27) "Sales price" or "value" means, in the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract. For eligible persons who are building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of

the date construction is to commence. The sales price of any unit must include the value of the land in order to qualify as eligible housing as defined in subsection (8). In the case of rehabilitation or emergency repair of an existing unit that does not create additional living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser. In the case of rehabilitation of an existing unit that includes the addition of new living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser, plus the cost of the improvements in either case.

(28) "Very-low-income person" or "very-low-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 50 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the very-low-income household's annual income at the time of initial occupancy may not exceed 50 percent of the area's median income adjusted for family size. While occupying the rental unit, a very-low-income household's annual income may increase to an amount not to exceed 140 percent of 50 percent of the area's median income adjusted for family size.
History.—s. 32, ch. 92-317; s. 12, ch. 93-181; s. 3, ch. 96-332; s. 1046, ch. 97-103; s. 34, ch. 97-167; s. 14, ch. 98-56; s. 14, ch. 2000-353.