

ATTACHMENT "A"

**CITY OF COLUMBIA
HOUSING REHABILITATION ADMINISTRATIVE GUIDELINES**

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CHAPTER 1 GENERAL

The rules and regulations contained herein are to be used to administer the Housing Rehabilitation Programs of the City of Columbia, funded by Community Development Block Grant funds and HOME Investment Partnership Act funds.

The purpose of this program is three-fold:

- To bring houses into compliance with the City's minimum property maintenance standards and Housing Quality Standards (HQS)
- To preserve the housing stock and to keep houses from becoming substandard in the near future.
- To alleviate safety and health hazards, conserve energy, and prevent blight.

Revision of Contents

The rules and regulations contained herein will be subject to review and revision by the City Planning and Development Department, Community Development Division, or its designee, at any time such revisions are deemed necessary. If revisions are made to rules and regulations which substantially alter the administration of the program, said revisions shall be reviewed by the Loan and Grant Committee and referred to the City Council prior to implementation.

Loan and Grant Committee

The Loan and Grant Committee shall meet on an as needed basis, but not less than quarterly, to make decisions on loan applications and to review loan terms and requirements. Notices of meetings will be posted according to the City's policy of notification; however, meetings will be closed to the public when discussing confidential financial information of the applicants. Applicants may attend the meeting and participate during the time their application is discussed. Minutes of the meetings shall be recorded and copies of meeting agenda and minutes shall be maintained in the Planning and Development Department.

File Management

Files for the City's housing program shall be maintained in the City Planning Department as long as loans are active. Once loans have been satisfied and deeds of trust released, files shall be maintained for an additional five years on site in the City Department of Planning and Development. After the five-year period, files shall be maintained in the City storage facility, and storage records showing the location of files shall be maintained in the Planning Department. Individual project files shall be open to the public for review upon request, Except that any information deemed confidential (i.e., information regarding the income or debts of the applicant) shall be removed prior to review.

CHAPTER 2 DEFINITIONS

When used in context with the Housing Rehabilitation Administrative Guidelines, the terms defined below hold explicit intent:

City refers to the City of Columbia, Missouri.

Committee refers to the City's Loan and Grant Committee.

Community Development Coordinator refers to the person in charge of managing the Community Development Division, including general administrative duties for the CDBG and HOME program.

Community Development Block Grant Eligibility Area is a map showing census tracts where more than 51% of its residents are low to moderate income (according to the most current census data). See Attachment A.

Housing Rehabilitation Coordinator refers to the individual authorized by the City to perform the administrative duties of the City housing rehabilitation programs.

Housing Rehabilitation Specialist refers to the individual authorized by the City to perform inspections, prepare work-write-ups, and construction management for the City's Housing Rehabilitation Programs.

Housing Rehabilitation Standards is the minimum standard of measurement adopted by the City for the HOME program to determine that a unit is safe, decent and sanitary for human inhabitation following rehabilitation.

Loan and Grant Committee is a five-member committee appointed by the City Manager to review and make decisions on loan applications for the City's housing programs, to review and make decisions on loan terms and requirements, and all other duties as assigned by the Director of Planning, City Manager or City Council (see Loan and Grant Administrative Guidelines originally approved in June, 1975, and amended in June, 2002).

Low-to-Moderate Income (LMI) refers to income guidelines for families established by the Department of Housing and Urban Development.

Minimum Property Maintenance Standards is the minimum standard of measurement adopted by the City and used by the City to determine that a unit is safe, decent and sanitary for human inhabitation.

Neighborhood Response Team is an interdepartmental partnership between the Planning, Public Works, Health and Police Departments that uses field personnel to survey housing and property conditions in designated areas of the city. Staff works with homeowners and/or landlords to improve problem properties through technical assistance and financial support through the Planning Department's various programs. See Attachment A.

Owner-Occupied Property refers to property owned and occupied by the owner that is used for residential purposes.

Public Body refers to the City Council and/or assigns of the City, charged with the responsibility of administering housing programs under the HOME Investment Partnership Act and the Community Development Block Grant Programs.

Public Official refers to any elected or appointed official of the City, or any person employed either directly or indirectly, by the City.

**CHAPTER 3
LOAN AND GRANT COMMITTEE**

I. Scope and Purpose

The Loan and Grant Committee reviews and approves project funding amounts for applications received by the City for housing rehabilitation assistance under the Department of HUD's HOME and Community Development Block Grant (CDBG) Programs. The Committee reviews applications for grants and loans necessary for rehabilitation to bring houses into compliance with the City's Property Maintenance Code and other federally required property standards and to keep houses from becoming substandard in the near future.

The Committee shall also serve in an advisory capacity for the Community Development staff concerning its housing programs, including reviewing administrative guidelines for each program. The Loan and Grant Committee may also advise the City Council, City Manager or his designee and the Community Development Commission on matters pertaining to HOME and CDBG housing programs and activities to improve the effectiveness of the programs.

The Committee shall receive information on the status of active HOME and CDBG loans on a quarterly basis from staff of the Department of Planning and Development, and will recommend a course of action regarding defaulted loans in an annual report to the City Council.

II. Membership and Administration

The Committee shall consist of five members. Two members shall represent local housing lenders. Two members shall be involved in other aspects of community development, such as real estate, insurance, home building, or other related fields. One member shall be a current member of the City's Community Development Commission. All members shall be appointed by the City Manager and shall serve two-year terms. Members can be reappointed by the City Manager upon their willingness to serve and a good record of attendance. In order to have a good record of attendance, each member shall be required to attend at least sixty percent (60%) of the scheduled meetings during their period of appointment.

The Committee shall meet at least quarterly and may call other meetings as required. At their second quarterly meeting of each year, the Committee shall elect a chairperson, chairperson pro tem, and secretary to maintain a record of Committee decisions, recommendations, and other business in discharging its responsibilities.

Staff of the Department of Planning and Development shall provide support services to the Committee including, but not limited to, preparation of application packets for financial assistance, recording and transcribing of the minutes of the meeting, addressing questions or concerns raised by the Committee during its review of applications, and maintenance, custody and security of all applications and related documents.

III. Eligibility and Committee Actions

The decisions of the Committee shall be based on the applicant's ability to finance needed home improvements. Information provided to the Committee to assist them in reaching their decision shall include, but not be limited to, the following:

- A. The property inspection report prepared by the Housing Rehabilitation Specialist, including a cost estimate.

- B. The application.
- C. Verified income data, existing assets and debt, appraisal information, and other financial information pertinent to the applicant.
- D. Information on current income limits as published by the Department of Housing and Urban Development for the CDBG and HOME programs for Boone County, Missouri.
- E. A copy of a credit report for adult family members.
- F. Staff's recommendation.

Applicants are not required to appear before the Committee during its deliberations; however, they may request a personal interview while his/her/their application is under consideration.

IV. Committee Records

The record of the Committee's deliberations, decisions and recommendations are public information, but information related to the applicant's personal situation, including their financial data, is considered confidential and shall not be available for public scrutiny.

CHAPTER 4 **ELIGIBILITY REQUIREMENTS**

This chapter sets forth eligibility requirements as to the property and the applicant for program assistance and information pertaining to the effect this assistance may have on recipients of public assistance and other welfare benefits.

Targeted Area

The Emergency Repair Program and the Owner-occupied Housing Rehabilitation Program provide assistance to eligible owner-occupants who reside within the Columbia city limits; however, this Owner-Occupied Housing Rehabilitation Program gives preference to owners who reside within the Community Development Block Grant eligibility area (Attachment A), with added preference for those in the Neighborhood Response Team Area (NRT) (Attachment A). The Code Deficiency Abatement Program restricts participation to eligible owner-occupants within the NRT area.

Minimum Property Maintenance Standards

To participate in any of the City's housing programs, the property must contain violations to the City of Columbia minimum property maintenance standards and/or Housing Rehabilitation Standards; however the types of violations are different. The Code Deficiency Abatement program is limited to the repair of exterior code violations, while the Housing Rehabilitation Program addresses both interior and exterior violations. The Emergency Repair Program addresses only violations which pose an immediate health or safety risk to the owner-occupants. In order to qualify for the City's Owner Occupied Housing Rehabilitation Program, the minimum project cost is \$1,000.

Property Ownership

To participate in the City's housing programs, the applicant must reside in the property to be rehabilitated and own, have part ownership in, or hold a life estate to the subject property. The property owner must have hazard insurance on the property in a sufficient amount to cover existing liens, including the potential rehabilitation loan, or be willing to increase their coverage once the rehabilitation project is complete. Ownership includes holding all or part of the legal title to the property. If the property is owned by more than one individual, all owners must sign required legal documents relating to the rehabilitation project, including, but not limited to, the deed of trust and rehabilitation contract, even if they do not reside in the property to be rehabilitated. Prior to processing an application for an individual who holds a life estate to the property, the Community Development Division must request an opinion from its counsel that necessary conditions are satisfied, and a copy of the legal opinion will be retained in the project file.

Asset Limitation

a. Owner Occupied Housing Rehabilitation Program and Code Deficiency Abatement Program. For the Owner Occupied Housing Rehabilitation Program and Code Deficiency Abatement Program, rehabilitation loans are intended for cases where homeowners have no other means of financing repairs and improvements that must be made to their homes. Loans shall not be made to homeowners with more than \$50,000 of identifiable resources readily available to the project, and the City shall document the assets available to homeowners. "Readily available to the project" is defined as:

- Cash resources, including checking and savings accounts, stocks, bonds, mutual funds. If cash value can be obtained within one year without substantial penalty, then CDs, 401Ks and IRAs are also counted as assets. Loans taken against 401Ks are not defined as assets.

- Business assets held by sole proprietors, limited liability companies or partnerships, but not corporations.
- Real property will not be counted as an asset if the property is the applicant's primary residence or if the property provides the primary source of household income.

b. Emergency Repair Program. Asset limitations for applicants in the emergency repair program are based on the family's median family income (see below):

51-60% MFI	limited to \$5,000 per family member
31-50% MFI	limited to \$7,500 per family member
Less than 30% MFI	limited to \$10,000 per family member

Income Limitation

Participation in the Owner Occupied Housing Rehabilitation program and Code Deficiency Abatement Program is limited to families whose gross annual income is less than 80% of the City's median family income. Participation in the Emergency Repair Program is limited to families whose gross annual income is less than 60% of the City's median family income.

Dependent students may qualify under the following circumstances: If they are:

- over the age of 23, or
- a veteran, or
- a ward of the Court, or
- a graduate student with a B.A. or B.S. degree

If none of the above apply, we would count the entire family's income for the purpose of determining eligibility, whether or not the parent(s) will reside in the home to be rehabilitated.

Each applicant household must meet the income limitations in place at the time their application is processed (see Chapter 5). For the emergency repair program and the code deficiency abatement program, eligibility is determined at the time the application is received. For the Owner Occupied Housing Rehabilitation Program, the application is processed when the applicant's name reaches the top of the waiting list. Applicants will be notified if they meet or exceed income limitations as soon as possible after the income verification is complete.

Public Assistance and Other Benefits Affected by Rehabilitation Grants and Loans

Under certain circumstances, the eligibility of a person receiving public assistance and other welfare benefits may be affected by a rehabilitation loan. Many states include the value of homes in asset limitations for persons receiving old age assistance, aid to the blind, aid to permanently and totally disabled, aid to families with dependent children and other benefits. Before processing applications for a rehabilitation loan for these families, the Housing Rehabilitation Coordinator should ascertain whether a recipient could lose their aid as a result of receiving a rehabilitation loan.

Because the relationships involved are based on local regulation or law, the Housing Rehabilitation Coordinator may wish to discuss this problem with the appropriate local or State welfare agency. When a rehabilitation loan may cause discontinuance of public assistance to a recipient, the loan should be made only if the applicant directs the Community Development Division to proceed, after receiving prior knowledge of possible consequences and despite those consequences.

Other Requirements

In order to qualify for assistance, owner-applicants must be current on their mortgage payments and property taxes at the time their application is processed. Additionally, property cannot be located entirely within the 100-year floodplain or on land known to be the site of previous dumping of toxic or hazardous wastes.

Owner-applicants participating in the Owner Occupied Housing Rehabilitation program shall attend the one-day home maintenance class offered quarterly by the City of Columbia, or a similar home maintenance class approved by the City, prior to receiving any assistance from the program. This class shall be offered free of charge to applicants. Owner-applicants shall receive a \$500 grant for successful completion of this class with an additional \$500 grant if they attend a financial management class approved by City staff; these amounts shall be deducted from their rehab loan amount.

Repeat Applications

Housing Rehabilitation Program:

Repeat applications on the same property will be allowed in situations where the city-funded rehabilitation was completed more than 20 years prior to submission of a follow-up application. In this instance, applicants shall be treated as first time applicants. Total housing assistance provided by the City shall not exceed the maximum funding allowed by the program at the time their follow-up application is submitted; for example, if a homeowner has an existing Rehabilitation loan with the City in the amount of \$6,000, they are currently eligible for \$29,000 in additional assistance (lead and nonlead) rather than the \$35,000 maximum allowed for other first time applicants. All other program requirements will remain the same.

Repeat applications from the same owner-applicant for a different property will be accepted only if the debt from the first property has been repaid. In this situation, owner-applicants will be treated as first-time applicants.

Note: An owner-applicant may take advantage of the Code Deficiency Abatement Program and/or the Emergency Repair Program and still make application to the Housing Rehabilitation Program for additional improvements. They will be treated as first-time applicants for the Rehabilitation program; however, if the assistance from the other programs was provided within 36 months of the approval date for the Owner Occupied Housing Rehabilitation Program, the amount of assistance provided under the programs will be deducted from the maximum allowed; i.e. if an owner was approved for \$5,000 in emergency repair funds, they would only be eligible to receive \$30,000 in additional assistance from the Owner Occupied Housing Rehabilitation Program (\$20,000 for rehab; \$10,000 for lead). If assistance was provided more than 36 months prior to the approval of their application for the Owner Occupied Housing Rehabilitation Program, the amount of other assistance will not be deducted from the maximum allowed.

Emergency Repair Program: It is possible for owner-applicants to submit more than one application for this program. Additional repairs have to meet the City's definition of "emergency repair" and the maximum assistance available for combined applications is \$5,000 per house.

Code Deficiency Abatement Program: It is possible for owner-applicants to submit more than one application for this program, as long as the combined assistance for all applications does not exceed the maximum assistance available of \$5,000 per house.

CHAPTER 5 **LIMITATION OF LOANS**

This chapter sets forth the limitation on the amount of housing assistance available to any property; i.e., the maximum amount of CDBG/HOME funds that may be expended on any one house. This amount represents the actual amount of assistance that can be expended by the City on any given house rather than the total contract amount, which may involve additional funding sources. Assistance provided by the City's housing programs to owner-applicants shall generally be secured by deed of trust, and the City will hold a mortgage on the property until the promissory note(s) is/are satisfied. However, for the emergency repair program and code deficiency abatement program, loans are unsecured for loan amounts less than \$1,000.00.

Programs/Maximum Funding Amounts

Applicants may receive the following types of assistance at the discretion of the Director of Planning and Development and the City's Loan and Grant Committee:

Housing Rehabilitation Assistance: For houses that can be brought into conformance with the City of Columbia's Minimum Property Maintenance Standards/and the City's Housing Rehabilitation Standard for less than \$25,000/unit plus the cost of lead hazard reduction. Maximum funding is \$35,000 (\$25,000 for rehabilitation and lead hazard control activities; and \$10,000 for any additional lead hazard control activities). Loans are amortized at one percent (1%) interest per annum where possible, but in hardship situations, the City may defer payments for up to five years. At the end of the initial five year period, the City will determine the value of the property; and any of the City's debt, when combined with superior liens, that exceeds the value of the property at this time will be forgiven over a subsequent five year period.

An exception to the maximum funding amount of \$25,000 for rehabilitation activities can be made in the following situations: (a) a non-lead home where the risk assessment identifies no painted surfaces of a home, interior or exterior, as containing lead paint, or (b) a home that will be lead-free at the completion of the rehab project – all painted surfaces identified in the risk assessment as containing lead paint will be abated as a part of the rehabilitation project. In these situations, the upper limit for rehabilitation activities can be increased to \$30/square foot as needed to address code deficiencies so that homes may be brought into conformance with City of Columbia's Minimum Property Maintenance Standards and the City's Housing Rehabilitation Standard, said projects not to exceed a maximum cost of \$35,000.

Emergency Housing Repair: For houses where an emergency situation dictates that applicants cannot wait until their name is reached on the Housing Rehabilitation waiting list and can be repaired with assistance from the City of \$5,000 or less. Maximum loan amount is \$4,500, with grant of \$500. Loans are amortized at one percent (1%) interest per annum where possible, but in hardship situations, the City may defer payments for up to five years. Grant amount can be increased up to a maximum of \$2,000 for costs associated with lead hazard reduction.

Code Deficiency Abatement Program: For houses where assistance is needed to make exterior repairs to correct cited or potential City Building Code deficiencies. Maximum assistance is \$5,000 (maximum loan amount of \$4,500, with grant of \$500. Grant amount may be increased to a maximum of \$2,000 for reduction of lead based paint hazards). Loans are amortized at one percent (1%) interest per annum where possible, but in hardship situations, the City may defer payments for up to five years. Grant amount can be increased up to a maximum of \$2,000 for costs associated with lead hazard reduction.

Housing Reconstruction: Where a house does not meet the above criteria and is infeasible to rehabilitate or repair, the house may be demolished and a new house rebuilt upon the same site. Up to \$25,000 can be provided in the form of a loan. Loans will be amortized if possible, but in hardship situations, repayment of loan may be deferred for up to five years. Any additional amounts required to build the house must be provided by the applicant. The cost of relocation during the reconstruction is covered by the homeowner.

Walk-away Policy: Should a project be determined infeasible for Rehabilitation due to a lack of funding or not meeting the eligibility criteria of any of the above-described programs, the City reserves the right to reject the owner's application.

CHAPTER 6 **APPLICANT'S INCOME**

This chapter sets forth city requirements with respect to household income limits that an owner-applicant must meet in order to participate in the City's housing programs.

Household Income

The income of a household includes the gross annual income of all family members in the home over the age of 18 who are expected to reside in the dwelling at least six months out of the year. The applicant's family includes the applicant and any other person or persons related by blood, adoption, legal guardianship, and/or marriage that share the same dwelling unit. If more than one family resides in a unit or where unrelated individuals are paying rent to the owner occupant, then each family or unrelated individual must qualify as being income eligible. If there are multiple owners of the property, the applicant is the owner-occupant and his/her family. The annual income of each household is established by projecting income for 12 months from the time applicant's name is reached on the waiting list and includes all sources of income included as Annual Income in the Census Long Form definition of income. Applicants are asked for proof of each source of income listed on their application. This may be accomplished through signing an authorization for a third-party verification, by submitting a certified copy of their latest tax information, or by other approved methods acceptable to HUD and the City's Community Development staff.

Income Limits

The amounts listed on Attachment B (Income Limits) are the maximum gross family incomes allowed per family size in order for the family to participate in any of the Community Development Division's housing programs. These income limits are subject to change on an annual basis based on the latest HUD published data. Questions concerning income calculations should be directed to the Housing Rehabilitation Coordinator.

Eligible Households

In order to be eligible, the income of the occupants of the house must meet the income eligibility criteria.

Participation in the emergency repair program will be limited to families whose gross annual income is less than 60% of the City of Columbia's median family income. Additionally, households spending less than 80% of their net income (take home pay) for necessary monthly obligations will be required to pursue other means of financing for the improvements. If owner's request for other financing is denied, the City Community Development staff will approve the request for City financing, but said assistance will be provided in the form of an amortized loan, with regular monthly payments, the amount of which will be determined based on owner's current financial situation.

CHAPTER 7
TERMS AND CONDITIONS UNDER WHICH
REHABILITATION LOANS/GRANTS ARE MADE

This chapter sets forth city requirements with respect to terms and conditions to which an applicant must agree in order to obtain a rehabilitation loan/grant.

Rehabilitation Loan/Grant Conditions

The specific terms and conditions with respect to a rehabilitation loan and/or grant are incorporated in these rules and regulations. The applicant, by signing the application forms agrees to:

1. Civil Rights. Comply with all HUD requirements with respect to Title VI of the Civil Rights Act of 1964, to not discriminate upon the basis of race, color, creed, or national origin in sale, lease, rental, use or occupancy of the subject property.
2. Cancellation of Assistance. Return all loan proceeds with no right, interest or claim in the proceeds, if the loan is canceled before the rehabilitation work is started.
3. Use of Proceeds. Use loan proceeds only to pay for costs of services and materials necessary to carry out the rehabilitation work for which the loan was approved.
4. Completion of Work. Assure that the rehabilitation work shall be carried out promptly and efficiently, through written contract after prior approval by the City's Director of Planning and Development or the City's Loan and Grant Committee.
5. Ineligible Contractors. Not award any contract for rehabilitation work to be paid for in whole or in part with the proceeds of the loan and grant, to any contractor who, at the time, is ineligible under the provisions of any applicable regulations issued by the Secretary of Labor, United States Department of Labor, to receive an award of such contract.
6. Inspection. Consent to inspection of the property by the City or its designee. Inspection shall include the rehabilitation work and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work.
7. Records. Keep such records as may be required by the City with respect to the rehabilitation work.
8. Bonus, Commission, or Fee. Not pay any bonus, commission, or fee for the purpose of obtaining the city's approval of the loan application or any other approval or concurrence required by the City or its designee, to complete the rehabilitation work, financed in whole or in part with the rehabilitation loan.
9. Interest of the Public Body. Allow no member of the governing body of the City of Columbia, who exercises any functions or responsibilities in connection with the administration of the federally assisted project or program, and no other officer or employee of the Public Body who exercises such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of the grant, or in any contract entered into by that application, for the performance of work financed in whole or in part with the proceeds of a rehabilitation loan.

10. Interest of other local Public Officials. Allow no member of the governing body of the locality in which the property to be rehabilitated is situated, and no other public official of the locality who exercises any functions or responsibilities in connection with the administration of the federally assisted project or program, and no other officer or employee of the Public Body who exercises such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of this grant, or in any contract entered into by the applicant for the performance of work financed in whole or in part with the proceeds of the rehabilitation grant.
11. Trash and Junk. The loan recipient shall be required, where the Housing Rehabilitation Coordinator and/or Housing Rehabilitation Specialist deem it necessary, to clean up the premises of all trash, junk, abandoned autos, cut all tall weeds, grass, and vegetation, before any work is done on the recipient's home.
12. Lead-Based Paint Hazard Reduction: The loan recipient shall consent to the removal or reduction of lead based paint hazards as are determined by the lead-based paint risk assessor with whom the City contracts for services. The loan recipient shall consent to the procedures necessary to contain dust during the removal or reduction of lead-based paint hazards, including limiting occupancy of the house to areas outside of critical containment barriers set up by the rehabilitation or lead abatement contractor. If relocation is necessary as a part of lead reduction activities, grant funds will be used to relocate the owner of the property and his family for a period not to exceed 21 days. If relocation beyond the 21-day maximum is required, cost of additional relocation shall be covered by the owner-applicant, the general contractor, or the lead abatement contractor, depending on the specific circumstances surrounding the need for additional relocation assistance. For more detailed information on lead based paint hazard reduction, please refer to the lead-based paint procedures for each of the City's housing programs.
13. Home Maintenance/Financial Management Program: If needed, a loan recipient may be required to participate in a home maintenance and/or financial counseling seminars. Any cost for these seminars will be covered by the owner-applicant.
14. Repayment Provisions. The Loan and Grant Committee will closely review the applicant's ability to retire the debt incurred by rehabilitation, and, if possible, an amortization schedule will be established to require repayment of all or a portion of the debt in a manner that does not cost burden the owner-applicants. Any debt the applicants are unable to amortize will be deferred for five years with no interest. Both amortized and non-amortized debt will be secured by a note and deed of trust.

Because homeowners should not be burdened with more debt as a result of the rehabilitation than they could reasonably be expected to retire, in targeted neighborhoods, such as the Neighborhood Response Team (NRT) area, the Loan and Grant Committee, in its meeting of 4/2/02, approved a policy wherein in the Committee's initial review and approval of applications, they will forgive, over a 10-year period, any amount of housing debt (loans secured by the real property) above the after-Rehabilitation value of the house.

There will be a review of Rehabilitation files within five years after the date the owner-applicant executes loan documents for City rehabilitation assistance (somewhere between 3 to 5 years). At that time, an appraisal will be ordered at the direction and expense of the City. This appraisal will be used to determine loan-to-value ratio. The Loan and Grant Committee will re-evaluate the homeowner's financial situation and begin the process of restructuring the debt with the homeowner. The Committee, in its meeting of 4/2/02, approved a policy for projects in non-NRT areas, where housing debt (loans secured by the

Last Revised 10/02/2008

real property) which exceeds the after-rehabilitation value of the house will be forgiven over a five-year period.

If during the review process, it is determined that the homeowners are still cost-burdened, their loans will be deferred for another five years (or a lesser time as the Loan and Grant Committee determines based upon information shared during the review process). This review process will continue until such time as the remaining loan balance is structured for repayment. After the initial five-year review, city staff and/or the Loan and Grant Committee will decide whether another appraisal is necessary to complete the review process.

At any time when the Loan and Grant Committee determines that an individual or family is cost-burdened and their income and expenses are not expected to change significantly over time (i.e., elderly or disabled individuals who live on fixed incomes such as social security, retirement, or social security disability), the Loan and Grant Committee has the discretion to defer payments until title transfer.

Community Development staff shall have the authority to approve an extension of an amortized loan for an additional five-year period without the necessity of a review by the Loan and Grant Committee, but only in certain situations: (a) when the original amortized loan has been satisfied, and (b) where a family's income and expenses have not changed significantly since the original amortized loan was approved, and income and expenses are not likely to change significantly in the future (i.e., elderly and disabled individuals/families living on fixed incomes, such as social security, retirement, social security disability, etc.). Community Development staff will provide written reports of all staff-approved extensions to Loan and Grant Committee members during scheduled meetings.

15. **Minimum Standard:** The loan recipient for the housing rehabilitation program must agree that the property to be improved will meet the City of Columbia's Minimum Property Maintenance Standards and HQS at the completion of the rehabilitation, while code deficiency abatement program funds must be utilized to improve all exterior code violations for which the owner-applicant has been/could be cited. Emergency repair program funds must address the emergency repair outlined in the owner-applicant's project file. Should the city have inadequate funds to fully address violations in accordance with each housing program's guidelines, and the owner wishes to continue with the project, the owner must have the ability to make up any shortfall to meet this standard. The owner is under no obligation to ensure that the property continues to meet these standards after a certificate of completion and certificate of acceptance have been executed, but owner is encouraged to maintain the house to this standard or better.
16. **Competitive Bid Proposals:** Competitive bid proposals will not be required for projects where it is apparent to program staff that the cost of the proposed work will be less than \$500. The Housing Rehabilitation Specialist will prepare a cost estimate to ensure that project cost is less than \$500. In these situations, Owner may select one contractor to submit a bid proposal and complete the work. On any project which exceeds \$500, competitive bids will be required.

Transfer of Debt (Owner Occupied Housing Rehabilitation Program)

1. Requests from agencies and homeowners for the transfer of debt from one property to another will be made to the staff of the Planning and Development Department. The process involved in such a request is set out in Policy Resolution 156-95A (PR 156-95A)

adopted by the City Council on August 21, 1995 (See copy which is attached as Attachment C.

2. Requests from individuals for the transfer of debt from one owner to another will also be made to the staff of the Planning and Development Department and will be reviewed on a case by case basis. Transfer of debt will be allowed in certain situations where the homeowner(s) to whom the original loan was made is/are deceased. Transfer of ownership may be made to an heir of the owner or may be sold by heirs to an unrelated individual under the following conditions: (1) The new owner must be deemed to be low to moderate income; i.e. meet HUD's income limits at the time of property transfer. (2) The new owner must reside in the home and plan to remain in the home for a minimum of two years. (3) The new owner must sign a deed of trust and promissory note for the full amount of the debt prior to the City approving the transfer. Said deed of trust will not be recorded until the transfer is complete and until the previous deed of trust has been released. The Loan and Grant Committee will determine how the mortgage will be structured based upon the financial situation of the new owner (i.e., amortized with regular monthly payments or deferred for a specified period of time).

Subordination Policy

The City's policy guidelines are as follows for approval/denial of subordination requests submitted by lenders on behalf of owners who have existing loans with the City's Community Development Division. Before processing subordination requests, written authorization shall be obtained from the owner allowing program staff to obtain information from or share information with the lender. This authorization shall be included in the owner's file.

Criterion #1: The loan-to-value ratio after a subordination request is executed should not exceed 100%. The City shall not subordinate in cases where the loan-to-value ratio is over 100% and the refinancing of the property will increase this disparity.

Criterion #2: Approval of subordination requests shall generally occur in situations where the owner is using new loan funds for improvements/repairs to the property. Community Development staff will initially provide the lender with a Statement of Intention to Subordinate. The actual subordination agreement will be provided after all improvements/repairs have been completed and said improvements/repairs have been verified by the Division's housing rehabilitation specialist.

Criterion #3: Approval of subordination requests shall generally occur in situations where no new loan funds are being drawn out and where refinancing is occurring in order for the owner to take advantage of a lower interest rate and/or shorter loan term, or in order to improve the chances of the existing owner to maintain their home ownership status; e.g. extending the length of the loan in order to lower monthly payments, etc.

Criterion #4: Approval of subordination requests shall generally occur in situations where an owner has substantial equity in their home and where total housing debt, including any new loans, is less than 80% of the property's value.

Criterion #5: Approval of subordination requests will be considered on a case-by-case basis when individual unforeseen circumstances occur where subordination would be beneficial to the owner and not detrimental to the City (e.g. new loan funds are being used to pay medical bills, cover an uninsured accidental loss, etc.).

Criterion #6: Subordination requests shall generally not be approved when new loan funds are being used to generate cash for unspecified purposes, to pay off credit card debt, to raise funds for business investment purposes, etc., unless total housing debt, including any new loans, is less than 80% of the property's value (see criterion #4).

Criterion #7: Subordination requests shall generally not be approved in situations where the financial position of the household is not benefited over the long term (i.e., in cases where monthly mortgage payments will increase over 10%, where the proposed interest rate is substantially higher than the existing rate (2 points or more), where the interest rate is substantially higher (more than 2%) than that being charged by local banks, and where the closing costs are substantially higher than normal refinancing costs).

CHAPTER 8 ELIGIBLE COSTS IN REHABILITATION LOANS

A rehabilitation loan shall cover rehabilitation costs necessary to make residential property conform to public standards for safe, decent, and sanitary housing as specifically required by the City's Housing Rehabilitation Standard or the City's minimum property maintenance standards, whichever is the highest standard. Rehabilitation funds shall be used to achieve economical and practical compliance with the above listed standards.

Eligible Costs

Loan funds are used for improvements deemed necessary by Community Development staff, including, but not limited to, one or more of the following: replacement of a roof, furnace repair or replacement, addressing lead-based paint hazards which have been identified by a risk assessor, including costs of temporary relocation, dust control and clearance testing; electrical and plumbing repairs; accessibility improvements; energy improvements (attic insulation, door and window replacement, etc.); installation of floor coverings; installation of kitchen and bathroom cabinetry; building permits and related fees.

Ineligible Costs

Except as otherwise provided in this section, a rehabilitation loan shall not provide funding for adding rooms, creating finished living space from unfinished areas (i.e., garages and basements), exterior improvements such as fencing and landscaping, replacement of items determined to be in good condition by rehabilitation staff (i.e., carpet, windows, etc.), and purchase and installation of appliances, such as refrigerators, stoves, window air conditioning units.

Work Write Up

The Housing Rehabilitation Specialist shall prepare a deficiency list and work write-up in accordance with the City's Minimum Property Standards and the City's Housing Rehabilitation Standards, to document the rehabilitation work to be financed with a rehabilitation loan. Additions may be included in the work write-up which are based upon the owner(s) wishes alone and not determined by Community Development staff as necessary to the project. These items shall be paid exclusively with the owner's funds as is outlined in the contract specifications.

Change Orders

The Community Development Coordinator, with the consent of the property owner, may approve change orders to the work write-up if the amount of the contract is not increased more than \$1,000. Changes in excess of \$1,000 must be approved by the Director of Planning and Development, with the consent of the property owner. All change orders shall be prepared by the Housing Rehabilitation Specialist and shall be signed by the property owner, or the designated representative of the property owner, a representative of the City Planning Department, and the contractor.

Manufactured Homes

The rehabilitation of manufactured homes constructed prior to 1980 will not be allowed. The rehabilitation of all other manufactured homes will not be allowed unless the home and lot are owned by the applicant and the home is permanently affixed to the lot with a permanent continuous poured concrete, cement block or equivalent permanent foundation.

CHAPTER 9
PROCESSING AND SUBMISSIONS FOR LOANS

This chapter contains an outline of the functions to be performed by the Housing Rehabilitation Coordinator in connection with a rehabilitation loan, and sets forth the rules and regulations to be followed by the Coordinator in preparing, processing, and approving or denying an application for a rehabilitation loan for aggrieved applicants.

Preparation of Form

Owner-applicants shall prepare and submit the Community Development Division's application form. Every space on the application shall be completed. Owner-applicants shall sign an authorization form which allows program staff to verify the information contained on their application. Applications for the housing rehabilitation program shall be evaluated on a quarterly basis based upon individual characteristics of the applicant and the condition and location of the applicant's home (see below). Applicants will be awarded a score subject to these criteria, and applications will be ranked in descending order, with the highest score to receive services first. If two applications receive the same score, then the applications will be processed in the order received.

Condition of house	Applicant will receive 0, 10 or 20 points based upon condition of the house (with 20 being the most severe)
Location of the house	Applicant will receive 20 points if located in the NRT area; 10 points if located in the CDBG eligibility area outside the NRT area
Family Characteristics	Applicant will receive 10 points if family member is disabled and 10 points if family member is elderly (over 62 years of age)

This rating system does not apply to the code deficiency abatement program or the emergency repair program; however, staff of the Community Development Division will process more critical emergencies (i.e. applicant's furnace is inoperable during winter months, etc.) in a more timely manner than other emergency projects (i.e. roof replacement).

Processing and Approval of Applications

For the emergency repair program and the code deficiency abatement program, applications are processed when they are received. For the Housing Rehabilitation program, the application is processed in accordance with the rating scale outlined above.

(a) The Housing Rehabilitation Coordinator verifies income information contained on the application form in order to confirm that the owner-applicant meets initial eligibility criteria. Owner-applicants will be notified as to whether they meet eligibility criteria as soon as possible after the verification process is complete.

(b) The City's Rehabilitation Specialist prepares a work write-up and cost estimate for eligible applicants, and a bid packet is assembled. Preparation of the work and cost estimate may include a structural inspection of the property by an outside inspection firm, a visual inspection for existing code deficiencies by the Housing Rehabilitation Specialist, a lead hazard evaluation by a

licensed risk assessor, other inspections deemed necessary by City staff, an environmental review of the project, including clearance through the Department of Natural Resources, and an appraisal. Once the work write-ups are complete, contractors selected by the owner-applicants will be asked to attend a formal walk-through for housing rehabilitation projects. For the emergency repair program and code deficiency abatement program, bid packets are mailed to selected contractors. For all programs, bids are received by City Community Development staff on behalf of the owner.

(c) Once bids are received and all documentation is complete, applications for the Emergency Repair Program and the Code Deficiency Abatement Program are presented to the Director of Planning for approval. Applications for the Housing Rehabilitation Program are presented to the Loan and Grant Committee at a scheduled meeting. The Committee reviews the applications, determines whether applicants meet eligibility requirements and approves or denies loan requests. The Housing Rehabilitation Coordinator notifies the applicants of the Committee's decision, and proceeds with the remainder of the functions in order to complete the rehabilitation work (i.e., scheduling a loan closing once the owner chooses their contractor). If the Committee denies an application for assistance, the Housing Rehabilitation Coordinator shall send a letter to the owner-applicant, citing the reasons for the denial.

Grant Cancellation

An approved rehabilitation loan may need to be canceled because the applicant has requested cancellation or is unwilling or unable to participate in the rehabilitation program, or for other reasons. To cancel an approved rehabilitation loan, the Housing Rehabilitation Coordinator shall prepare a letter outlining the reasons for canceling the loan and distribute the letter to the applicant. A copy of this letter will be maintained in the project file.

Appeal and Grievance Procedures

(1) Applicants who are not in agreement with a decision reached by the City's Loan and Grant Committee, relating to loan approval/denial, loan cancellation, or determination of loan amount may appeal said decision by filing a written appeal to the Loan and Grant Committee, c/o of the City Planning Department, within thirty (30) days of receiving notice of the Committee's decision. The Committee shall hold a hearing after due notice to the appellant within thirty (30) days of filing said notice of appeal. The Committee may affirm, reverse or modify its decision and notify the appellant in writing of its decision and the reasons thereof. After the hearing, the Committee's decision shall be the final procedure of the committee. The applicant may appeal the Committee's final decision to the City Manager. The City Manager, with the advice of the City Attorney, may reverse or uphold the decision of the Committee.

(2) Any person denied a loan by the Loan and Grant Committee who does not take exception with the findings, but who believes there are circumstances which, if known and considered, would establish extreme hardship and justify variance from the eligibility standards established herein may file an appeal with the Community Development Coordinator by filing within thirty (30) days of receiving notification of the Committee's decision. The Community Development Coordinator shall, depending upon the nature of the exception, forward such request to the Director of Planning and Development who's decision shall be final if the appeal involves an administrative request. Where the change involves a substantial change in a program rule, the request will be forwarded by the Department Director to the City Manager, as is appropriate. Should the appeal require Council action, the City Manager shall forward such appeal to the Council for action. The Housing Rehabilitation Coordinator shall provide guidance to any person needing assistance in filing an appeal.

(3) Grievances: The city may set a reasonable time limit for filing grievances. The city will not consider any grievance involving rehabilitation work in cases where:

- a. The certificate of acceptance was signed more than one year before the grievance process is initiated; and
- b. The aggrieved party has not documented efforts to have the contractor return to resolve the matter within the one-year guarantee period after the certificate of acceptance was signed.

(4) Right to Representation: A person has a right to be represented by legal counsel or other representative in connection with his or her appeal, but solely at the person's own expense.

(5) Right to Files by Persons making Appeals: The City will permit a person to inspect and copy all materials pertinent to her or his appeal, except materials that are classified as confidential. The City may, however, impose reasonable conditions on the person's right to inspect which are consistent with applicable laws, such as the cost of copying materials.

(6) Scope of Review of Appeal: In deciding an appeal from the Committee's decision, the City Manager and/or the City Council shall consider all pertinent justification and other material submitted by the person, and all other available information that is needed to ensure a fair and full determination of the appeal.

(7) Determination and Notification after Appeal: Within thirty days after the receipt of all information submitted by a person in support of an appeal, the Loan and Grant Committee shall make a written determination on the appeal, including an explanation of the basis on which the decision was made, and furnish the person a copy. The City official(s) conducting the appeal determination shall not have been directly involved in the action appealed. If the relief requested is not granted, upon additional request, the City shall advise the person of her or his right to seek Department of Housing and Urban Development review of the City's written determination of the appeal. A person has 45 days after she or he receives the City's written determination of their appeal to file a review appeal with the Department of Housing and Urban Development.

CHAPTER 10 FINANCIAL MANAGEMENT

This chapter sets out the duties and responsibilities of Department of Planning and Development staff with regard to the financial management of the city's housing programs.

(1) The Housing Rehabilitation Specialist and Housing Rehabilitation Coordinator shall approve and present requests for progress and final payments to the Director of Planning for review prior to payment from the CDBG/HOME account. When additional owner funds are required, the Owner's funds must be paid out before any City funds are utilized. Once the owner pays the amount determined to be his/her portion of the project cost, and this is documented by the City, the remaining balance owed to contractor will be paid by the City. The City's Housing Rehabilitation Specialist shall inspect each project under contract not less than once per week until each project is completed.

(2) Upon request, a written progress report concerning the Community Development Division's housing programs and/or a financial statement shall be provided to the City's Loan and Grant Committee, the City Manager, or the City Council.

(3) The Housing Rehabilitation Coordinator shall be responsible for keeping a running balance of rehabilitation funds authorized, obligated, and expended in the rehabilitation programs. Balances kept by the Rehabilitation Coordinator shall be reconciled with the City's Financial Management Office not less than quarterly.

(4) The Housing Rehabilitation Coordinator shall maintain project files, including legal paperwork and financial information on check requests and disbursements.

(5) Partial payment shall be made when a progress payment request form has been submitted by the contractor. Said form must be signed by the city's inspector and the owner.

(6) Not more than 92.5% of final contract shall be paid out to a contractor unless the following information has been filed with the City: a certificate of completion signed by the Housing Rehabilitation Specialist; a certificate of acceptance signed by the property owner, notarized lien waivers have been provided by the general contractor, subcontractor, and all material suppliers, lead-based paint clearance standards have been met (if applicable), and all warranties have been provided by the contractor. If a homeowner refuses to sign a certificate of acceptance, the Housing Rehabilitation Coordinator should apply the following procedure:

- a. Request a written list of the items not completed to the owner's satisfaction. Upon receipt of a deficiency list from an owner, the Housing Rehabilitation Specialist shall re-inspect the property in accordance with the list as well as the terms of the contract.
- b. If the Housing Rehabilitation Coordinator does not receive a deficiency list within 10 days, the Community Development Division will consider the matter closed after a determination that the contractor has fulfilled the terms of the contract. Whether or not the Housing Rehabilitation Coordinator receives a list from the owner, the Housing Rehabilitation Specialist must review the contractor's work to determine if the contractor has fulfilled all of the terms of the contract. A report of each inspection shall be provided to the City's Housing Rehabilitation Coordinator.

- c. When the contractor has addressed all reasonable requests of the owner and the house meets the City's minimum property maintenance standards and HQS, and the terms of the contract have been fulfilled, the Housing Rehabilitation Coordinator should again present the certificate of acceptance to the owner(s) for their signature.
- d. If the owner still refuses to sign, the Housing Rehabilitation Coordinator shall request a final list of deficiencies from the owner to present to the Community Development Coordinator.
- e. When the Community Development Coordinator determines that the work is complete, terms of the contract fulfilled, reasonable requests by the owner addressed, and the house meets the city's property maintenance standards and Housing Rehabilitation Standard, the certificate of completion may be signed by the Community Development Coordinator. Any further complaints by the owner should be placed in the file.

CHAPTER 11 **CONTRACTOR SELECTION**

Qualified Contractor List

The Housing Rehabilitation Coordinator and Housing Rehabilitation Specialist will develop a qualified contractor list containing the names of all contractors meeting the eligibility requirements. The Housing Rehabilitation Coordinator will solicit new contractors by advertisement or newspaper at least one time per year and through other methods. Minority- and female-owned contractors will be solicited directly. The Housing Rehabilitation Specialist shall have the responsibility of interviewing prospective contractors and will consult with the Housing Rehabilitation Coordinator to determine if said contractors are qualified to participate in the Community Development Division's housing programs.

Contractor Qualifications

In order to qualify for the list, contractors must meet the following requirements:

- Must fill out the contractor application form.
- Must carry Worker's Compensation Insurance for all employees as required by the State of Missouri.
- Must carry liability insurance at the minimum amount of \$500,000.
- If undertaking lead abatement activities, the general contractor must have a current supervisor's license and abatement contractor's license from the Missouri Department of Health.
- Must have completed a one-day safe work practices training before undertaking any job disturbing lead painted surfaces.
- If undertaking electrical, plumbing or HVAC work, must be licensed by the city.
- Must have good credit with the appropriate materials suppliers, including credit references.
- Must be able to supply the tools and materials necessary to complete each job.
- Must have completed at least three jobs of the size and complexity requested to be completed.
- References must be provided for at least three jobs completed.

Non-performing Contractors

Contractors who consistently exhibit poor workmanship or do not return to complete contract requirements will be eliminated from the contractor list. Contractors who do not complete their contracts within an allotted time period will not be eligible to submit bids for additional projects until they are in compliance within the appropriate contract time period. Contractors that do not honor the warranty provisions of their contract will be eliminated from the contractor list. Based upon the

severity of any breach of contract, the city will take appropriate legal action or attempt to mediate contract disputes as is deemed appropriate by Community Development staff.

Contractor Selection

Contractors will be asked to submit an itemized bid containing a firm amount for each item on the work write-up. Community Development staff will receive sealed bids on a specified date and time. If at least three bids are received at that time, late bids will not be accepted. If less than three bids are received, with the exception of bids for the Emergency Repair Program, bids will remain unopened to allow for late bids until 24 hours have elapsed, at which time, all bids will be opened. For the Emergency Repair Program, bids will be opened immediately. Homeowners are responsible for selecting the contractor who will perform their work. Owners may select any contractor submitting a bid within 10% of the rehabilitation specialist's cost estimate. For emergency repair projects less than \$500, owners may select any contractor that has been pre-qualified by the City to conduct the needed emergency repair work or alternatively may submit a proposal from a qualified contractor of their own choosing. If more than three bids are submitted, the second lowest bid shall be substituted for the cost estimate. If three bids are submitted, the owner may select the lowest bid regardless of the inspector's cost estimate. In all cases, the owner may still select their contractor of choice, provided that the owner covers costs that exceed 10% above the amount of the inspector's estimate.

A contractor is limited to two active contracts at a time through the housing rehabilitation program. If one contractor would receive a larger number of contracts than he/she could reasonably be expected to complete within a reasonable period of time, based upon the above criteria, the Committee retains the option of eliminating a bid for a particular property and to reconsider the remaining bids in accordance with the above listed rules. In all cases, the city reserves the right to reject any and all bids and reserves the right to eliminate bid items to meet the maximum loan amounts listed in Chapter 4. Additionally, the city shall reject any bid proposals that are 30% above or 30% below the cost estimate for the project.

Owner-Contractors

Owner-contractor projects are not allowed in the City's housing rehabilitation programs unless the owner-contractor qualifies in accordance with the criteria listed above. Eligible costs shall be limited to materials, labor; subcontractors hired, and documented soft costs solely attributable to the project. The owner shall not be reimbursed for the cost of his own labor, overhead, and profit. Owners bid for work must be within ten percent of the City's cost estimate. The owner's contracting firm must be incorporated as a business within the State of Missouri.

Time Frames for Contracts

The contract period for housing rehabilitation projects shall not exceed 90 days, except as approved by the City Loan and Grant Committee, and then shall not exceed 180 days without penalty to the contractor. Contract periods for the emergency repair program and code deficiency abatement program shall not exceed 15 and 30 days respectively. The contract period shall begin when Community Development staff provide contractor with the Notice to Proceed.

**CHAPTER 12
POLICY FOR LOAN REVIEWS, ANNUAL PORTFOLIO REVIEW
AND COLLECTION PROCEDURES**

Future Loan Review

Owner Occupied Housing Rehabilitation Program

City staff and the Loan and Grant Committee will closely review an applicant's ability to retire the debt incurred by rehabilitation. An applicant's gross and net income and their existing debt and normal non-discretionary living expenses will be examined in order to determine if establishing a payment is realistic in light of their current financial situation.

Payments shall not be established for homeowners if they are determined to be cost-burdened. Homeowners are cost-burdened if: (a) their family's annual gross income is less than 30% of the median income for Columbia, (b) the family's after-rehab housing costs (mortgage payment, utilities, property taxes and insurance) are more than 30% of their verified gross income, or (c) if they spend more than a certain percentage of their verified net income for consumer debt and normal non-discretionary living expenses as follows:

Below 50% of MFI, total debt above 40% income; or debt + expenses above 80% of net income

51- 60% MFI, debt + expenses must be above 85% net income

61- 80% MFI, debt + expenses must be above 90% of net income

These percentages shall be calculated by city staff and shall be included on the individual summary forms included in the applicant's file.

As needed, authorization will be received from applicants to pull a copy of their credit report prior to approval. Information contained in this report will be used to determine the applicant's credit worthiness. Loans will not be denied based upon the information contained in the report; however, the report may be used to determine whether a deferred loan would be more realistic based upon the family's credit information.

In situations where families, who are determined to be cost-burdened, have fixed incomes (social security, SSI disability, retirement, etc.), and where there is little likelihood of a substantial change in income for the foreseeable future (i.e., elderly or disabled), loans shall be deferred, with payment due upon sale or upon the residence no longer being the owner's primary residence.

A family may request a change in loan status if their situation changes (loss of job, divorce, death of family member, etc.). The request for change in loan status shall be reviewed by the Loan and Grant Committee within 30 days of submission by the homeowner. At a minimum, the homeowner shall be required to submit a letter explaining the change(s) in circumstances and documentation of their current financial situation, including a brief explanation of why they are no longer able to make amortized payments and why making a payment would be a hardship for the family.

In reviewing applications, City staff or the Loan and Grant Committee may determine that attendance in a financial management class or financial counseling may be beneficial for the family. Staff will maintain a list of various classes that are available locally and will provide this to homeowners upon their request or upon the recommendation of the Loan and Grant Committee. Participation shall not be mandatory for participation in the Owner Occupied Housing Rehabilitation Program; however, the City will offer a grant of \$500 to be applied to their rehabilitation costs for successful completion of the class.

Annual Portfolio Review:

Staff of the Department of Planning and Development will complete an annual review of the City's loan portfolio with regard to the City's housing programs (Community Development Block Grant and HOME Investment Partnership Program) and reconcile any differences between the records of the Finance Department and Department of Planning and Development. Staff will follow several procedures in order to obtain as much information as possible on active loan accounts in order to determine loans which may no longer be collectible ("defaulted" loans).

- Staff will contact property owners of all active loan accounts on an annual basis to receive an update of the status of their property. A simple survey will be mailed by first class mail to each homeowner, and follow-up contacts will be made as needed. Staff will include a stamped, self-addressed envelope for return of the survey.
- Beginning June 1, 2005, staff will record a *Request for Notice of Foreclosure Sale* for each deed of trust executed for the City's housing rehabilitation programs. Staff will also record a *Request for Notice of Foreclosure Sale* on all loans made prior to June 1, 2005 that are in a delinquent status.
- Staff will monitor local newspapers (Columbia Daily Tribune, Columbia Missourian, Boone County Journal) for pertinent information (deaths of homeowners, foreclosures, tax sale auctions, and estates that may have been opened). Should they find that any of the foregoing have occurred, staff of the Community Development Division or the City's Law Department will contact necessary agencies and departments (Boone County Probate Division, Boone County Collector's office, attorney's offices, etc.) to further investigate the situation.
- Staff may contract with a local title company to perform title searches on active loan accounts as staff or the Committee deems necessary.

Information gained during the above procedures will be provided to the Committee on at least a quarterly basis. The Committee shall make recommendations to the City Council on "defaulted" loans on an annual basis during their third quarter meeting if there is sufficient time or in a special meeting called for this purpose. Recommendations from the Committee to the City Council may include the following: pursuing foreclosure of an existing loan, writing off the loan, transferring the debt to an heir, etc.

Collection Procedures:

Planning Department staff will attempt to work with homeowners to bring their accounts current. Initially, staff (Administrative Assistant or Housing Rehab Coordinator) will make a personal contact (phone call or informal reminder letter) when the account becomes 30 days delinquent. Staff will send a letter (certified, return receipt requested) if payments become 60 days delinquent. Staff will also make contact with any homeowner who promises to make a payment and does not follow through at the specified time. Staff contact will be persistent.

Once loans become 90 days delinquent, if satisfactory arrangements have not been made, our file will be forwarded to the City's legal department for "further action." Initially, legal staff will draft a letter, indicating that legal remedies, up to and including referring accounts to a local collection agency or foreclosure, may be pursued unless the account is brought current or unless satisfactory payment arrangements have been made to bring the account current. Should accounts become 120 days delinquent, the City will pursue other legal means for collecting the monies owed, i.e. suing the property owner, with subsequent

garnishment of wages after receiving a judgment, etc. The City will only consider foreclosure as a last resort.

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