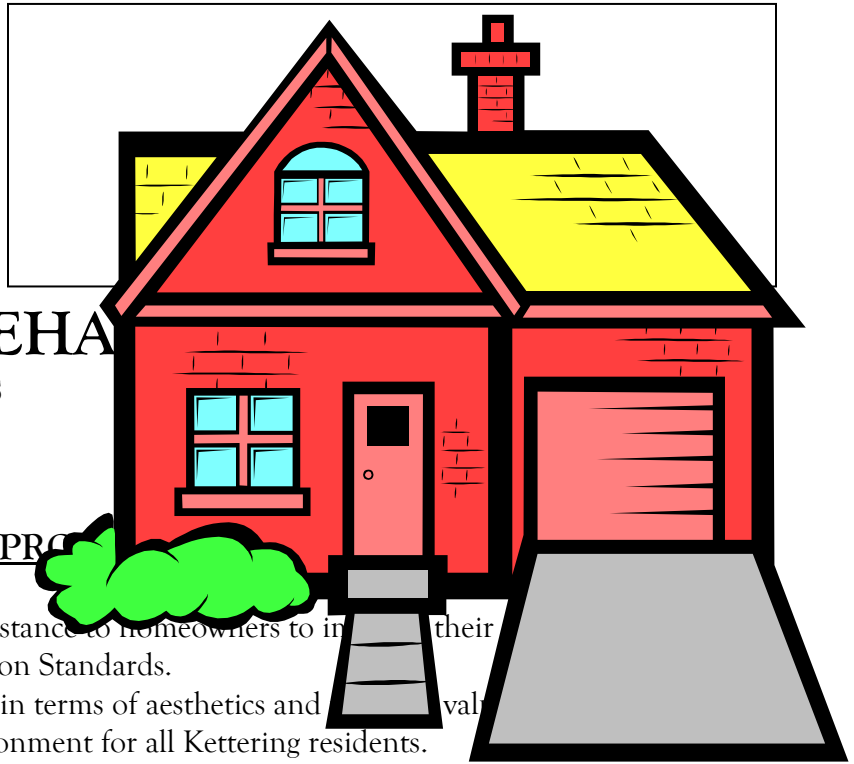


# 2012

CITY OF KETTERING

## HOUSING REHA

PROGRAM GUIDELINES



### SECTION I: OBJECTIVES OF PROGRAM

- A. Provide financial and technical assistance to homeowners to improve their properties to meet the Kettering Housing Rehabilitation Standards.
- B. Preserve the existing housing stock in terms of aesthetics and property value.
- C. Provide a safe, sanitary living environment for all Kettering residents.
- D. Eliminate existing or potential blighting influences and their 'spill-over effect' to adjacent properties and neighborhoods.
- E. Encourage an increased sense of responsibility with regard to property maintenance.

### SECTION II: APPLICANT ELIGIBILITY

- A. Applicants must be the owner and occupant of a single-family detached residential property.
- B. The applicant must be the fee simple owner of record; agree to use the property in a lawful manner with regard to occupancy, zoning ordinance, and the property maintenance code; be legally competent; maintain the structure and premises in a decent, safe and sanitary condition pursuant to applicable codes and ordinances; and pay all insurance and property taxes annually.
- C. The applicant, must have total household annual income less than or equal to 80% of the median income level for the Dayton, OH MSA, adjusted annually as reported by the U.S. Department of Housing and Urban Development as part of the income eligibility criteria for participation in the Section 8 Housing Program. Current program income limits are attached and made a part of these guidelines in Attachment A. Items included in annual income are described in Attachment B.
- D. The following will be included in calculating total household income: actual income from assets, if total assets are \$5,000 or less. If assets are more than \$5,000, the greater of actual income from assets or total assets times passbook rate are counted as earned income. Assets are herein defined in Attachment C.
- E. Applicants may not seek assistance from the City if they received a home repair loan previously and if the loan has not been completely repaid. This provision does not apply to properties in which there is a bona fide emergency condition.

- F. It shall be required and the responsibility of the homeowner to secure property homeowners' insurance equal to or exceeding the appraised value of the property after rehabilitation. A copy of the insurance endorsement shall be provided prior to or at the loan settlement.
- G. Applicant shall owe no delinquent property taxes.

### **SECTION III: PROPERTY ELIGIBILITY**

- A. Must be a single unit, owner occupied residential structure.
- B. Properties occupied by low and moderate -income households, as described on Attachment A Income Guidelines, will be eligible for assistance throughout the City of Kettering.
- C. A Property must have an after rehabilitation appraised value no greater than February 2008 Section 203(b) limits, \$206,150 or less.
- D. A property may not receive assistance more than once in 10 years, unless the assistance to the property was not comprehensive in scope or the requested repair was not addressed in the original project. This provision does not apply to properties in which there is a bona fide emergency condition
- E. The principal amount of the loan, in addition to all other mortgage liens, may not exceed the after rehabilitation appraised value of the property.

### **SECTION IV: TERMS AND AMOUNT OF LOAN**

- A. Because of significant health issues, HUD regulations require that homes built prior to 1978 and involved in rehabilitation undergo testing for lead-based paint hazards. Projects with up to \$4,999 of federal funding require testing of only painted surfaces to be disturbed. Projects with \$5,000 or more of federal funding may require the entire property to be assessed for lead hazards. All lead hazards discovered must be controlled or abated as a condition of the City's involvement. The amount of federal funds involved and the nature of the lead hazards will require different rules to be enforced. Emergency repairs and some other circumstances may allow the project to be exempt of the lead rules. The city will pay the cost of initial testing and, as necessary, clearance testing of projects involving lead paint.
- B. The maximum amount of a loan is the lesser of \$50,000, or the amount that when added to all existing mortgage debt equals no more than 95% of the after rehabilitation appraised value of the home. The terms of the loan will be determined based on the type of work required, amount of the loan, and the capacity of the property owner to repay the loan. If the house cannot be rehabilitated within the established maximum loan amount, the applicant will be notified in writing of their ineligibility and will be provided information regarding potential funding sources.
- C. Funds are available for emergency repairs to eliminate specific and immediate hazards to health and safety. The applicant must meet the home ownership requirement and income limits of the City of Kettering's Housing Rehabilitation Program. (See Attachment D - Emergency Grant Procedures.)
- D. For all Low Interest Loans, the applicant shall willingly execute a Mortgage Lien Agreement in addition to a Promissory Note for the entire loan amount using the rehabilitated property as collateral. These documents shall be recorded with the Montgomery County Recorder,

Dayton, Montgomery County, Ohio. The loan shall become due and payable in monthly installments on the day as provided for in the promissory note

- E. It is generally expected that the assisted household will pay no more than 35% of their adjusted gross income on housing costs. The adjusted gross income is derived by deducting monthly housing expenses (i.e., mortgage payment(s); hazard insurance; real estate taxes and utility payments) from the actual gross monthly income.

## **SECTION V: TYPE OF ASSISTANCE AVAILABLE**

The interest rate will be based strictly on the household's total annual income. Attachment A provides the maximum income eligibility criteria for each category of loans.

Each qualified property owner may receive a loan from one of the following categories:

### **A. Low Interest Loan:**

The standard term for a low interest rate loan is 120 months. Under special circumstances, terms may be extended to up to 240 months.

#### **0% Interest:**

Persons with incomes below 50% of the median income may qualify for a 0% interest rate. A 0% interest rate would require the property owner to make monthly payments on the principal.

#### **1% Interest:**

Households with incomes between 51% and 80% of median income may qualify for a 1% interest rate. A 1% interest rate would require the property owner to make monthly payments on the principal and interest.

### **B. Deferred Loans:**

Residents 65 or older and/or persons with disabilities, who have an income below 80% of the median income level, may qualify for a deferred loan based on their capacity to repay. No repayment schedule will be made that will exceed 41% of household income for all debts. A deferred loan is when no repayment is required until the property title is transferred or the homeowner no longer resides in the home as a principal residence. The homeowner is responsible only for the costs associated in the repair of their home. No interest charge is levied.

### C. Low Interest/Deferred Combination Loans:

Single-Family property owners who lack sufficient capacity to make monthly payments at the time of the loan closing may qualify for a partially deferred loan. A partially deferred loan is when a payment on a portion of the loan (up to 80%) is postponed. The amount of the loan to be deferred will be based on the ability to pay. The deferred portion of the loan will not accrue interest or require any regular monthly payments. The principal balance of the loan becomes due when the title is transferred or the homeowner no longer resides in the home as a principal residence.

The minimum monthly payment on a partially deferred loan is \$25.

### D. Grant Assistance

#### Lead Based Paint

If lead based paint remediation/abatement is required, the property owner may receive up to a \$5,000 grant to help offset those costs, as long as the lead work is a part of other rehabilitation activities.

An additional \$7,000 grant may be available for homes in which a child under the age of six, spends significant time. This grant does not have to involve other rehabilitation activities. No more than actual costs incurred for the lead work will be granted. Funds are available through the Partnership with Montgomery County as well as through the City of Kettering's CDBG and HOME programs.

#### Handicapped Accessibility Assistance or Home Improvements

If a family member has physical limitations that require removal of architectural barriers as indicated in a written request from a physician, physical therapist, or other health provider, then the property owner is eligible to receive up to \$5,000 in the form of a grant to offset those costs. This grant does not have to involve other rehabilitation activities.

#### Emergency Assistance

If a health or safety emergency exists the property owner may be eligible to receive up to \$5,000 in the form of a grant. See Attachment D for details.

#### Weatherization and Conservation Grants

Participants in the Weatherization and Conservation program may receive up to a \$7,000 grant to be used for energy efficiency and water conservation. Improvements may include wall and attic insulation, window and door replacement, modification or replacement of heating and cooling equipment and the sealing of air leaks. Prior to assistance, participants must receive an energy audit administered by the City and the activities must address identified needs. This grant does not have to involve other rehabilitation activities.

## SECTION VI: ELIGIBLE ACTIVITIES

The City of Kettering offers five types of rehabilitation loans: (1) Comprehensive, (2) Exterior/Energy Efficiency, (3) Plumbing, (4) Residential Accessibility, and (5) Emergency/Minor Repair. In addition to loans, emergency repair grants may be available to low (50% or less of the median income level) households. Due to the fact that financial resources are limited, availability of individual programs cannot be guaranteed.

- A. Comprehensive Rehabilitation will follow the City of Kettering Housing Rehabilitation Standards and repairs listed in the chart below in “Priorities A,B,C,D, E.” Financial assistance is provided in order to remove health and safety hazards, increase energy efficiency, improve accessibility for senior citizens and handicapped individuals, and/or correct violations to the City of Kettering Property Maintenance Code. No more than 40% of the loaned amount can be used for “non-essential” improvements.
- B. Exterior /Energy Efficiency Repairs – will allow homeowners to make improvements to increase the efficient use of energy in structures through such means as installation of storm doors and replacement windows, siding, roofing, wall and attic insulation, conversion modification or replacement of heating and cooling equipment.
- C. Plumbing Repair - will allow homeowner to make improvements to increase the efficient use of water through such means as water-savings faucets and showerheads and the repair of water leaks.
- D. Residential Accessibility- will allow improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or disabled persons.
- E. Emergency Repair – are designed to address immediate health and safety hazards in the home.

The following is a list of example home repairs by the importance of items to be addressed:

<b>A. <u>Priority One</u> <i>Health &amp; Safety</i></b>	<b>B. <u>Priority Two</u> <i>Code Violations</i></b>	<b>C. <u>Priority Three</u> <i>Energy Efficiency / Conservation</i></b>	<b>D. <u>Priority Four</u> <i>Incipient Code Violation</i></b>	<b>E. <u>Priority Five*</u> <i>General Improvements</i></b>
<ol style="list-style-type: none"> <li>1. Heating - furnace replacement</li> <li>2. Electrical - service upgrade</li> <li>3. Plumbing</li> <li>4. Roof</li> <li>5. Gutters &amp; downspouts</li> <li>6. Lead-based paint</li> <li>7. Smoke detectors</li> <li>8. Severe basement moisture</li> </ol>	<ol style="list-style-type: none"> <li>1. Deteriorating paint (exterior &amp; interior)</li> <li>2. Exterior steps/handrails, service walk</li> <li>3. Drainage problems that result from overgrown or lack of ground cover</li> <li>4. Bathroom repairs</li> <li>5. Kitchen repairs</li> </ol>	<ol style="list-style-type: none"> <li>1. Energy- related               <ol style="list-style-type: none"> <li>a. Insulation/attic</li> <li>b. Exterior doors or storm doors</li> <li>c. Windows in disrepair</li> <li>d. furnace replacement</li> <li>e. water leaks repaired</li> </ol> </li> </ol>	Components that have an expected life span less than the term of the loan ()	<ol style="list-style-type: none"> <li>1. Driveways</li> <li>2. Outbuilding repairs</li> <li>3. Carpet</li> <li>4. Painting</li> </ol>

\*Note: Items listed in Priority Five, "General Improvements," and other improvements that do not affect the principal structure will only be financed if code violations are being addressed in the main dwelling. The cost to repair items listed in this category cannot exceed 40% of the total rehab costs.

## **SECTION VII: PROGRAM PROCEDURES**

Applications may be submitted throughout the year for all programs contained herein. If funding is not available, applicant may be placed on a wait list or offered other alternatives. All income documentation information is required to be no older than six months at the time of the loan closing.

A pre-application form or phone interview will be made available to provide preliminary eligibility screening. Potentially eligible applicants will be invited to set up an appointment to complete the full application document or mailed an application packet.

Applications must be complete with appropriate documentation attached (copy of homeowner's insurance policy, property deed, tax and utility payments, current pay stubs, and a copy of the most recent year's Federal Income Tax Returns) and verification forms forwarded as directed. The completed application is to be filed at:

City of Kettering Government Center  
Attention: Housing Rehabilitation Loan Program  
3600 Shroyer Road  
Kettering, Ohio 45429

## **SECTION VIII: CONTRACTOR SELECTION**

The City of Kettering provides technical assistance to each participating homeowner. After the homeowner has approved the work specifications, then the homeowner will select a contractor to complete the work. The four choices for contractor selection follow:

- A. Owner Hires One General Contractor (generally used option)
- B. Owner Hires Specialty Contractor(s) and/or a General Contractor

A general contractor, who manages and coordinates his work plus that of any subcontractors that he hires and supervises, completes most housing rehabilitation projects financed by the City of Kettering. This is the preferred method for the Kettering Housing Rehabilitation Program. There are some housing rehabilitation projects that require a specialty contractor.

The following procedures will apply to all housing rehabilitation projects:

**STEP 1:** The City will draft specifications for review and approval by the homeowner. Every project to be accomplished with financing through the Housing Rehabilitation Program will be defined and/or described. Once approved by the homeowner, the City will prepare bid documents that the homeowner can use to secure bids. Homeowners must make every attempt to **secure a minimum of three bids for every project.**

**STEP 2:** The homeowner chooses several contractors to invite to provide bids. The City requires every contractor to have insurance, proper licensing, and understanding of local codes. For the convenience of homeowners, the City maintains a list of contractors qualified for Housing Rehabilitation projects. The City does not recommend or guarantee any contractor on the list. Homeowners will secure bids from contractors on the list and may secure bids from qualified contractors that are not on the list. Before the contract is awarded, the contractor will have to provide proof of insurance and his/her tax identification number. It is the homeowner's responsibility to check references and judge whether or not the contractor will provide satisfactory work.

**STEP 3:** Bids from contractors are to be secured by the homeowner within 21 days (three weeks) from the date the bid forms are accepted from the Housing Rehabilitation Construction Specialist. It is important that the time requirement be met. Without an adequate number of bids on the specified due date, the project may have to be re-bid, which will extend the project by another three weeks. Homeowners are advised to clearly communicate to contractors that they expect them to inspect the site as soon as possible and emphasize that their bids be returned by the due date.

**STEP 4:** All bids must be written on a line item basis; that is, for each item on the specifications, the contractor must state the price of that item, including materials, installation and finishwork. Contractors will provide two (2) copies of their bids: one sealed bid delivered to the homeowner and a second delivered to the City's Rehabilitation Construction Specialist.

**STEP 5:** The homeowner and City's Rehabilitation Construction Specialist will meet to open and review the bids. The lowest bid will be evaluated, however, if the project is financed through a loan, the homeowner may select any qualified contractor whose bid is within 15% of the

Rehabilitation Specialist's cost estimate. A note from the homeowner describing why the lowest qualifying bid was not chosen may be required. When the project is financed through a grant, the lowest qualifying bid will be automatically chosen, unless a reasonable disqualification can be produced. Bids submitted for projects involving both a grant and a loan shall be chosen based on the larger portion (grant or loan) of the project.

**STEP 6:** A preconstruction conference is held at the applicant's home. The meeting will include the contractor(s), the homeowner, and City staff. The purpose of the meeting is to review the details of the improvements, i.e. exact materials, methods to be used, and time schedule. The general contractor must identify all subcontractors that will be involved in the rehabilitation.

**STEP 7:** The contractor is required to begin the rehabilitation project within 45 days of receiving the Notice to Proceed and complete the project within 70 days of the Notice to Proceed. It is the homeowner's responsibility to have the work area cleared of personal possessions that might get in the way of the contractor. It is the homeowner's responsibility to provide oversight as the construction is completed.

**STEP 8:** It should be noted that there is a penalty to the contractor for not completing the project in a timely manner. The homeowner should make note of any weather or supply chain problems that would allow the contractor's time of performance to be extended. The contractor is subject to a penalty of two percent (2%) of the total contract sum for each week, or part thereof, of delay and/or removal from the project if the contractor fails to complete the work within the time provided.

## **SECTION IX: LOAN CLOSING PROCEDURES**

- A. Closing Costs: A title search and a real estate appraisal are required for any loan assistance that exceeds \$5,000. The appraisal requirement may be waived if one has been completed within the last year. Both the appraisal and title review maybe accomplished in house for assistance less than \$5,000.
- B. Other Advanced Funds: There are some housing rehabilitation projects that require diagnosis testing, such as an engineering study regarding the floodplain, video of clogged sewer lines, furnace blower testing, etc.
- C. Contingency Fund Set-aside: The contractor's bid does not include extra funding for tasks not listed in the specifications. When rehabilitating an existing home, it is not unusual to discover unexpected additional problems once the work area is opened up. Examples would be termite damage, rotted underlayment or previous work that is not in compliance with codes and current health and safety standards. Therefore, after a discussion with the homeowner, the loan amount might include a contingency amount. These funds are NOT for extra carpeting or paint, but instead are only for unforeseen tasks that MUST be completed as a pre-requisite to the work items specified. The funds will not be dispersed without a written change order signed by both the homeowner and the City's Housing Rehabilitation Construction Specialist.
- D. Upon the successful completion of the preconstruction conference, title search and real estate appraisal, the City will arrange for completion of the loan documents. The loan closing will be held at the Kettering Government Center, 3600 Shroyer Road, Kettering, Ohio, unless other special arrangements have been made. Both the mortgage note and construction contract will be signed at the loan closing by the homeowner.
- E. The borrower will be responsible for paying the recording fees. These fees can be paid by cash or check at the time of closing.
- F. The homeowner has a three-day (3 business days) right of rescission in which he may cancel the loan.

## **SECTION X: ADDITIONAL REQUIREMENTS**

The applicant qualification process will not extend beyond applicant eligibility determination in which, in the opinion of the City, housing conditions are substandard and/or unsanitary. The City must be able to have access to all rooms and be able to see all wall and floor surfaces. There must be no accumulation of trash, animal feces, garbage, or excess amounts of debris accumulated within the showing unit or on the property. The homeowner must correct existing conditions and/or violations within two months from date of eligibility to participate in the rehabilitation program or the application will be placed on hold until such conditions are improved.

## **SECTION XI: CONSTRUCTION PROCEDURES**

- A. Procedures for Starting Work:
  - 1. After the three-day right of rescission has expired, a Notice to Proceed order will be sent to all selected contractors, sub-contractors, and/or owners/contractor.
  - 2. The contractor is required to begin the rehabilitation project within 45 days of receiving the Notice to Proceed.

3. Contractors or owners/contractors must notify the City 24 hours before beginning construction, by phone, email, or postcard.
- B. The contractor ensures that all required permits are secured prior to commencing work. During construction, the City will conduct weekly inspections, and upon completion will conduct a final inspection.
- C. Change orders are discouraged. If a required change order to the original contract arises, then it can only be incorporated into the loan and paid for with contingency funding when approved by **BOTH** the homeowner and the City. Up to 10% of the original contract shall be incorporated into the loan for contingencies. If the full amount of the loan is not utilized for repairs, the remaining balance shall be used to pay down the loan principal. If necessary change orders exceed this contingency fund, then the homeowner can apply for an increased loan amount or pay the contractor directly for costs incurred.
- D. It is the homeowner's responsibility to monitor construction daily. The City will be monitoring construction at a minimum of once a week. The City shall attempt to mediate any dispute between the contractor and the homeowner. The possible reasons for disputes include, but are not limited to, the following:
  1. Interpretation of drawings or specifications
  2. The value of additional work or of work omitted
  3. The question of improper workmanship
  4. The question of improper materials.

The City will determine if all terms and conditions of the rehabilitation contract have been followed strictly. If the work has not been completed properly, the contractor will be ordered by the City to make the necessary corrections.

After the completion of the necessary corrections and approval by the City, if the homeowner is still not satisfied, he must contact the Better Business Bureau, Dayton, Ohio for their arbitration program as provided in the Owner/Contractor Agreement. The arbitration program is available to either a homeowner or a contractor. The party desiring such arbitration shall give written notice to the effect to the other party, specifying the specific issue that is to be arbitrated. A decision by the arbitrator shall be binding and conclusive upon the parties. Each party shall pay its own attorney fees, if any.

## **SECTION XII: PAYMENT PROCEDURES**

- A. When the contractor or owner is ready for payment, he/she shall submit an invoice for all completed items and arrange a time for the City to inspect the job site to verify all completed items. Completed work is defined as follows: (a) Work that, on a line-item basis, is completed to the homeowner's and City Inspector's satisfaction prior to receiving payment (ex: painting bathroom – the entire bathroom, all trim and doors), and (b) For work items that required a permit, the permit must be closed out. **The invoice must be submitted to the City one week before the Friday payment is expected.**
- B. The invoice shall be on a line item basis corresponding with the line items on the rehabilitation contract.
- C. The invoice must be approved, signed and dated by the homeowner, contractor and City's Construction Specialist.

- D. The contractor will be paid for **80%** of completed items until final payment, at which time all holdbacks will be released. If there is a dispute between the homeowner and contractor concerning improper workmanship or materials, the City of Kettering reserves the right to prepare and release the check if the City determines the work has been completed in a satisfactory manner.

Release of Checks:

1. Checks are issued on Fridays after 3:00 p.m.
2. All contractors will need to sign an Affidavit of Original Contractor in the presence of a notary before the check will be released. The contractor must list any subcontractor or supplier who has not been paid for completed work or material on this affidavit.
3. All contractors will sign a release of lien at the time of final payment.

**SECTION XIII: LOAN PAYMENTS**

- A. The borrower will direct all payments and inquiries regarding his or her loan to the City of Kettering Planning and Development Department. The City will service all aspects of the loan. Please note all correspondence and checks must be addressed: Housing Rehabilitation Loan Program.
- B. All payments are due on the first of the month. In the event that a monthly payment is not received by its due date then a late fee will be assessed pursuant to the loan documents.

**SECTION XIV: PROPERTY TRANSFERRED/REFINANCED**

- A. If the home is sold, the title is transferred or the applicants no longer occupy the home as a principal residence prior to the full loan repayment, the remaining loan amount is immediately due and payable to the City of Kettering.
- B. The City may subordinate its interest in the property in accordance with the City of Kettering's Housing Rehabilitation Program and First-Time Homebuyers Program Subordination Policy (Attachment F). All requests for subordination of the City's mortgage must be made by the homeowner AND at least ten business days prior to the closing.

Federal legislation and regulations establish the rules affecting this Housing Rehabilitation Program. Because the program is designed to benefit low- and moderate-income persons, eligible program participants must not exceed the U.S. Department of Housing and Urban Development (HUD) Income Limits. These income limits are established annually. The City of Kettering uses the most up-to-date income limits and therefore will begin using the FY 2012 limits immediately when HUD posts them.

2012 INCOME GUIDELINES				
Household Size	50% Median (very low income)	80% Median (Moderate Income)	120% Median (NSP Income)	
1	\$22,200	\$35,500	\$53,280	
2	\$25,350	\$40,550	\$ 60,840	
3	\$28,500	\$45,600	\$ 68,400	
4	\$31,650	\$450,650	\$ 74,960	
5	\$34,200	\$54,750	\$ 82,080	
6	\$36,750	\$58,800	\$ 88,200	
7	\$39,250	\$62,850	\$94,200	
8	\$41,800	\$66,900	\$100,320	

Annual income is the total income from all sources, including any anticipated income to be received within the next 12-month period, of the person(s) residing in the household.

***Annual income includes:***

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or professional may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursed in cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment.
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
6. Public Assistance. If the Public Assistance (welfare) payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:
  - a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities.
  - b. The maximum amount that the Welfare Assistance agency could allow the Family for shelter and utilities. If the Family's Welfare Assistance is reduced from the standard of

need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
8. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse or other person whose dependents are residing in the unit (but see paragraph (7) under Income Exclusions).
9. Any earned income tax credit to the extent it exceeds income tax liability.

***Income exclusions are:***

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments for the care of foster children.
3. Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (5) of Income Inclusion).
4. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of Medical Expenses for any Family member.
5. Income of a live-in aide.
6. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that are available for subsistence are to be included in income.
7. The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.
8. Special one-time grants of public funding such as:
  - a. Amounts received under training programs funded by HUD.
  - b. Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
  - c. Amounts received by a participant in other publicly-assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special

equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program.

9. Temporary, non-reoccurring or sporadic income (including gifts).
10. Amounts specifically excluded by any other Federal Statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. The following is a list of types of income that qualify for that exclusion:
  - a. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (43 U.S.C. 4636); Note: This conflicts with URA regulations but has not been changed in Part 813.
  - b. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017(b)).
  - c. Payments to volunteers under the Domestic Volunteer Service Act of 1973 (42 U.S.A.C. 5044(g), 5058).
  - d. Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a)).
  - e. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259(e)).
  - f. Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)).
  - g. Payments received under programs funded in whole or in part under the Job Training Partnership Act (49 U.S.C. 1552(b)).
  - h. Income derived from the disposition of funds of the Grand River Band of Ottawa Indians (Pub. L. 94-540, 90 Stat. 2503-2504).
  - i. The first 2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117).
  - j. Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs, that are made available to cover the costs of tuition fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087UU).
  - k. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f)).

***A. ASSETS INCLUDE:***

1. The greater of either the average over the last 30 days or current amounts in savings and checking accounts.
2. Stocks, bonds, savings certificates, money market funds and other investment accounts.
3. Equity in real property, other than the one you currently occupy, or other capital investments. Equity is the estimated current market value of the asset less the unpaid balances on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. The cash value of trusts that are available to the household.
5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in a penalty.
6. Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
7. Assets, which, although owned by more than one person, allow unrestricted access by the applicant.
8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements and other claims.
9. Personal Property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Cash value of life insurance policies.
11. Assets disposed of for less than fair market value during two years preceding certification or recertification.

***B. ASSETS DO NOT INCLUDE:***

1. Necessary personal property, except as noted in A.9.
2. Interest in Indian trust lands.
3. Assets that are a part of an active business or farming operation.  
NOTE: Rental properties are considered personal assets held as an investment rather than business assets, unless real estate is the applicant's/tenant's main occupation.
4. Assets that are not accessible to the family and which provide no income for the family.
5. Vehicles especially equipped for the handicapped.
6. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

Where an immediate and life threatening danger exists, the City will conduct an inspection to determine the scope of the emergency and what needs to be done to resolve the problem. At the time of the inspection, the homeowner will be provided an application to complete. Proof of ownership and income verification must be returned with the completed application.

Upon approval of the application, three bids must be obtained for the required repair. The applicant must secure the bids from the contractor(s) of his choice who is (are) qualified to participate in the Housing Rehabilitation Program. The bids will be reviewed and the lowest and best bid will be approved.

Repairs must start within 30 days of approval and be completed within 60 days. Payment will be made directly to the contractor.

Emergency repair assistance will not prevent the homeowner from making application to the Housing Rehabilitation Loan Program to repair non-emergency items.

Emergency repairs include, but are not limited to, such items as:

- Plumbing
- Broken Windows
- Hot water tank replacement/repair
- Electrical
- Roof Patching
- Furnace replacement/repair

Grants are available for homeowners at or below 50% of the Area Median Income.

Because funds are limited, the number of applicants is often greater than the available budget. When multiple applications are received, each applicant will be ranked using the point system below to ensure the household with the greatest need is served first.

**CLIENT SELECTION PRIORITY SYSTEM**

<b><u>Household Income</u></b>	<b><u>Possible Points</u></b>
50% of Median	30
80% of Median	20
<b><u>Unit Condition</u></b>	<b><u>Possible Points</u></b>
Electrical does not meet Code	8
Heating System does not meet Code	8
Plumbing System does not meet Code	8
Structural System does not meet Code	8
Architectural Barrier Removal needed by applicant	4
Lead Base Paint present/presumed	4
<b><u>Unit Location</u></b>	<b><u>Possible Points</u></b>
Property situated within City of Kettering identified target neighborhood (but NOT in floodway)	10
<b>TOTAL</b>	<b>100</b>

**CITY OF KETTERING****HOUSING REHABILITATION AND  
FIRST-TIME HOMEBUYER  
SUBORDINATION POLICY**

Subordination will be considered only in circumstances relating to the needs of the Borrower.

The borrower shall provide, in writing, the request for subordination at least two weeks (ten business days) before the scheduled closing. The request for subordination must provide the following information: current value of the home; current balance of the mortgage; current mortgage rate and reason for the request. Each subordination request must meet the following conditions:

1. The refinancing of the first mortgage must be a tangible benefit to the borrower such as:
  - A) lower interest rate
  - B) removal or buyout of co-borrower from title (with court order or evidence that co-borrower no longer resides at property)
  - C) to convert from an ARM to a fixed rate
  - D) to eliminate future balloon obligation  
refinance from Interest Only or Payment Option ARM to a fully amortized product
  - E) shorten loan term to accelerate principal reduction
  - F) extend term to decrease payment
  
2. The amount of the refinanced loan shall be for the amount equal to and not exceeding the outstanding balance of the loan being refinanced plus reasonable and customary closing costs and fees, including:
  - A) Credit Reports - only the actual cost identified on the credit report(s) may be charged
  - B) Automated Underwriting Fees - The automated underwriting loan review fee cannot exceed the actual amount charged to the lender
  - C) Origination Fee - not to exceed 1% of the original principal amount of the mortgage excluding financed mortgage insurance or guarantee fees
  - D) \$150 transfer fee
  - E) \$150 tax service fee
  - F) .25% adverse market fee (conventional loans only)

Under no circumstances should the closing costs total more than 5% of the total loan amount.

3. The Mortgagor is performing and complying with all the terms and conditions outlined in the subject Promissory Note and Mortgage, including but not limited to timely loan payments, maintaining the mortgage premises in good repair and in compliance with all governmental requirements.

If the City agrees to consider the requested subordination, then copies of the loan agreement, HUD-1 and associated loan-closing documents must be reviewed by the City of Kettering Planning and Development Department and the Law Department for final determination.