

TOWN OF WINDHAM

HOUSING REHABILITATION PROGRAM

POLICIES AND PROCEDURES

Revised 2018

I. PURPOSE

The purpose of the Windham Rehabilitation Loan Program is to improve and to maintain the economic and physical environment of the Town of Windham, Vermont in order to enhance the quality of life for all Windham residents by providing decent, safe and sanitary housing, particularly for those of low and moderate income. This shall be accomplished by rehabilitation existing eligible structures to a condition, which meets or exceeds the State of Vermont Rental Housing Code standards.

II. GENERAL DESCRIPTION

The Town of Windham, Vermont, acting through the Citizen's Advisory Committee (CAC), will provide financial assistance to those applicants who reside in the Town of Windham as specified in the Housing Rehabilitation Program and who meet the eligibility criteria specified herein.

This program will be operated in accordance with all applicable rules and regulations of the Town of Windham and the Agency of Development and Community Affairs.

III. DESIGNATED AUTHORITY

- A. The Citizens Advisory Committee is the office designed as the approving officer.
- B. The Chairperson shall receive all applications for approval, on behalf of the applicant.
- C. The chairperson is the office designated to submit all applications for approval on behalf of the applicant.

IV. ELIGIBILITY REQUIREMENTS

- A. Residential properties and public buildings, excluding commercial enterprises located in the Town of Windham.

- B. Application for above property loans:

An applicant for a rehabilitation loan for residential property must be the owner of the property.

- C. Conditions applicable to all loans:

1. Applicant must evidence adequate capacity to repay the loan. Adequate capacity is evidenced through the determination of the applicant's financial status as specified in Section XII.

2. Applicant's record must not show a disregard for former obligations exhibited by bankruptcy, liens on property, delinquent taxes, etc. In case of bankruptcy, the applicant is expected to evidence the maintenance of a satisfactory credit rating for at least 2 years subsequent to the declaration of bankruptcy.
3. Applicant must not be in danger of losing ownership of his/her house. Examples of this include: (1) the homeowner being in the midst of bankruptcy, (2) a mortgage holder proceeding in court with an action for foreclosure, or (3) delinquent property taxes.
4. Applicants in owner-occupied structures whose income does not exceed the latest Section 8 of HUD Income Guidelines Lower Income Limits. (see [http:// www.huduser.org/porta/datasets/ili2/index_il2012.html](http://www.huduser.org/porta/datasets/ili2/index_il2012.html)) will be given highest priority for a rehabilitation loan.
5. All applications are subject to final approval of the CAC.
6. Loans are for rehabilitation related expenses only and may not be used to purchase property.
7. The amount of any loan cannot exceed the total amount of specified rehabilitation plus any other approved related costs.
8. Only one loan will be permitted on any one structure regardless of the number of dwelling units.
9. Principal and interest of the loans will be repaid in equal monthly installments.
10. Applicable costs, i.e. appraisals, title examination, credit report, closing costs, insurance, etc. will be borne by the applicant. With the approval of the CAC, these costs may be covered by the rehabilitation loan.
11. The CAC reserves the right to make exceptions to these guidelines after finding such action is necessary to implementing the Windham Housing Rehabilitation program.
12. Each application will be numbered as it is received according to date received by the CAC.
13. All loans will be secured by a lien by the Town of Windham.

ELIGIBILITY REQUIREMENTS FOR SELF-HELP PARTICIPATION

- A. Applicants must meet all requirements under Paragraph IV: ELIGIBILITY REQUIREMENTS.
- B. The rehabilitation specialist and the CAC to confirm suitability for self-help involvement will review applicants.
- C. Applicants must:
1. Demonstrate a basic knowledge of the structure of a house.
 2. Have a realistic plan for the proposed rehabilitation.
 3. Possess a familiarity with materials and tools.
 4. Exhibit initiative, commitment and responsibility for control of the proposed project.
- D. Applicants will work with the CAC in formulating a systematic approach to the project.

V. ELIGIBLE USE

CAC Rehabilitation Funds shall be used for those repairs and/or replacements which are necessary for basic standards of living and energy efficiency or to correct actual or incipient violations.

VI. TERMS AND CONDITIONS UNDER WHICH REHABILITATION LOANS ARE MADE

The following are requirements with respect to terms and conditions to which an applicant must agree in order to obtain a rehabilitation loan:

1. Civil Rights - Comply with all Federal and State requirements to not discriminate upon the basis of race, color, creed, sex or national origin in sale, lease, rental, use or occupancy of the subject property.
2. Use of Proceeds - Use the loan proceeds only to pay for costs of service and materials necessary to carry out the rehabilitation work for which the loan was approved.
3. Completion of Work - Assure that the rehabilitation work shall be carried out promptly and efficiently through contract.
4. Contractors - Not award any contract for rehabilitation work to be paid for in whole or in part with the proceeds of the loan to any contractor who at the time, is ineligible

under the provisions of any applicable regulations or policies.

Contractors shall carry insurance as required by the Town of Windham and the State of Vermont and liability insurance at minimum of \$100,000/\$300,000/\$50,000.

5. Inspection - Permit inspection by the CAC of the rehabilitation work and a final inspection prior to final payment.
6. Records - Keep such records as may be required by the CAC and Town of Windham with respect to the rehabilitation work.
7. Bonus, Commission or Fee - Not pay any bonus, commission, or fee for the purpose of obtaining the approval of the loan application or any other approval or concurrence required to complete the rehabilitation work financed in whole or in part with the rehabilitation loan.
8. Bids for Construction Work - The Homeowner will obtain at least two competitive bids from owner-selected contractors.
9. Preservation of the Security - Maintain the property in a decent, safe and sanitary manner during the term of the loan.
10. Hazard Insurance - Maintain hazard insurance, including flood hazard insurance where applicable, on the property, and on the policy name the Town of Windham as a mortgagee.
11. Transfer of the Property - Not sell or transfer the property without repaying the entire loan, unless written consent of the Town of Windham.

VII. REHABILITATION ASSISTANCE AMOUNTS

- A. When the Applicant has met all qualifications, he/she shall be entitled to receive Rehabilitation Assistance in the amount necessary to bring the property up to meet Minimum Property Standards. No applicant may receive more than one open rehabilitation assistance loan.

VIII. EMERGENCY REPAIRS

- A. The CAC shall have the authority to grant funds for Emergency Repairs on any structure which it determines to be feasible. Such funds shall be granted for the following reasons:
 1. Any act of nature resulting in critical damage to the structural condition.

2. To eliminate specific hazards to health and sanitation.
- B. The CAC shall review all applications for Emergency Repairs prior to approving a loan, and the decision of the review shall be final.
- C. The applicant must meet the eligibility requirements for the Rehabilitation Assistance to receive Emergency Repairs. The CAC shall have the authority to waive prior verification of eligibility in cases where an immediate danger to health, safety, or sanitation exists. The applicant shall be notified that in event the verification of eligibility should reveal the applicant does not fall within the requirements, he/she shall be required to make full restitution to the Town.
- D. Such Emergency Repairs shall not prejudice the rights of the applicant to make application for Rehabilitation Assistance loans.
- E. No applicant shall be entitled to more than one Emergency Repair Grant per occurrence.

IX. CONTINGENCY FUNDS

At the discretion of the CAC, additional funding not to exceed ten percent (10%) of the original contract, may be utilized as a contingency fund to pay the of repair and/or replacement of actual or incipient code violations which were not observed and included in the original contract.

Example 1: Termite infestation and damage not discovered until repairs were begun.

Example 2: Collapsed sewer lines not discovered until rototilling was attempted.

X. LOAN PLANS AVAILABLE

Program eligibility will be determined by the following factors: income, expenses, family size, and the seriousness of safety, health and building code violations.

Application form will be completed by the homeowner with the assistance of the CAC and analyzed by the CAC to determine the applicant's disposable income. Disposable income represents cash availability after all living expenses as well as short and long term obligations are deducted from net income.

A. Plan 1. Indefinite Deferred Payment Loan

This Plan is offered to elderly, handicapped and hardship applicants in owner-occupied structures.

Disposable family income must show inability to repay a loan at any time. Upon sale of the property or transfer of the title, all loan funds must be repaid to the Town.

B. Plan 2. Time Deferred Payment Loan

Loan payments may be deferred, based on current debt information, to a point in time when adequate debt relief can be anticipated. The deferral time cannot exceed five years.

The loan payment and interest will be determined as in Plan 3.

C. Plan 3. INSTALLMENT LOAN

An applicant will be reviewed to determine disposable income and subsequently an appropriate interest rate from 0% to 8%.

XI. RECEIPT OF APPLICATIONS

The CAC will consider applications on a "first come - first served" basis.

XII. APPLICANTS EVALUATION CRITERIA

In order to make determinations with respect to an applicant's income and to eligibility for the type and amount of a rehabilitation loan, an applicant is identified as an owner-occupant. The applicant will be considered the owner if he or she is the "owner of record" on the books at the Town Clerk's Office.

An applicant's income is established on an annual basis at the time of applying for a rehabilitation loan and shall include, but not be limited to the following elements:

1. The applicant's gross earnings that includes wages and salaries, overtime pay, commissions, fees, tips and bonuses.
2. Spouses'/Partner's earnings and earnings of all other members of the family who substantially contribute to the maintenance of the household and where the recipient of such income may reasonably be expected to continue as a member of the household for a substantial portion of the term of the loan. Excluded is the income of an adult family member 18 to 22 years of age who actively furthering his/her education. Also excluded is the income of an adult member, other than the applicant and spouse, who does not have an ownership interest in the property, but included are funds contributed or paid to the family on a regular basis by an excluded adult family member. If ownership of the property rests in more than one person, the applicant is each owner and applicable family members. The applicant's income, therefore, is the

sum of the family incomes of all applicants.

3. Other income regularly received by the applicant or applicable family members as identified in #2. above from any other source including:
 - a. Interest and dividends;
 - b. 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;
 - c. Payments in lieu of earnings, such as unemployment and disability compensation and severance pay;
 - d. Public assistance exclusive of the amount specifically designated for shelter and utilities;
 - e. Periodic and determinable allowance, such as alimony and child support payments;
4. Net income from real estate including the property to be rehabilitated based upon:
 - a. Gross rental income, less:
 - b. On the basis of an average of experience for one or more years, expenditures for mortgage, principal and interest, mortgage insurance, real estate taxes, and special assessments, maintenance and repairs, heating and utilities, gross rent and other case expenditures for the property, such as advertising vacancies.
5. Any other business income.

Adjustments shall also be made to the income to allow for extraordinary expenditures such as: medical expenses, child care, day care, elder care, etc.

XIII. REVOLVING FUND

All principal and interest payments will be reinvested in the revolving fund account which will provide additional rehabilitation loans in the Town of Windham.

XIV. OUTLINE OF CITIZENS ADVISORY COMMITTEE FUNCTION

Below is an abbreviated outline of the specific services that will be provided by the members of the CAC in connection with the processing of loan applications:

1. Interview and advise applicant of general rehabilitation objectives, the purpose and meaning of rehabilitation standards, and the availability and benefits of a rehabilitation loan.
2. Inspect property.

3. Prepare with the property owner the rehabilitation application.
4. Oversee the cost estimate of the rehabilitation work.
5. Coordinate loan payments with the applicant.
6. Advise applicant of terms and conditions under which the loan is to be made.
7. Applicant must obtain a minimum of two bids from contractors.
8. Assist applicant in selecting acceptable contractor.
9. Make periodic inspections of rehabilitation work and request progress payments.
10. Make final inspection of completed rehabilitation work.
11. Obtain final acceptance from homeowner.
12. Obtain from contractor: guarantee of work, release of liens from the general contractor, subcontractors and suppliers prior to final payment for rehabilitation work.
13. Coordinate final payment to contractor for completed rehabilitation work.

XV. CHANGES, WAIVERS, AND/OR CONFLICTS

The Select Board or the Citizen's Advisory Committee shall have the right to change, modify, or revoke all or any part of this plan by a majority vote of the Board provided an acceptable alternate Rehabilitation Program is approved.