Emergency Repair Program

CITY OF COVINGTON
2009-2010 PROGRAM GUIDELINES

I. PROGRAM SUMMARY

The Emergency Home Repair Program is a program of the City of Covington's Housing Development Department that assists low-income owner-occupants of single family homes, anywhere in the City, in need of an emergency repair. Funds are available in the form of a forgivable loan, zero-interest, deferred payment loan, or combination of forgivable/deferred payment loan, based on household eligibility. There are no closing costs charged to the homeowner.

The purpose of the program is to assist eligible homeowners with emergency repairs to safeguard against imminent danger to human life, health or safety or to protect their property from further structural damage when the household has inadequate income to access other forms of assistance or make payments on conventional home improvement loans.

II. REQUIREMENTS

1. Borrower Qualifications:

a. Income: The applicant's annual "family" income must not exceed 50% of the area median income, as determined by the U.S. Department of Housing and Urban Development. "Family" size will include all people occupying the property as their permanent residence, whether related or not.

These income limits, adjusted for household size, effective March 19, 2009, are listed below.

Persons in Household	Maximum Income
1	$24,200
2	$27,700
3	$31,150
4	$34,600
5	$37,350
6	$40,150
7	$42,900
8	$45,650

Household income will be determined using the Part 5 definition of annual income as defined by the U.S. Department of Housing and Urban Development, which is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. Income inclusion and exclusions and asset information is detailed in Attachment 1. The total household income must be reasonably sufficient to cover the household monthly debts, including recurring debts, normal living expenses, and property maintenance.

b. Good Standing: Pursuant to Order/Resolution O/R 0-11-06, applicants and affiliated persons and/or entities for this program must not have made or filed pending adverse claims against the City in the form of settlement demands and/or lawsuits; nor shall they be delinquent in their obligations to pay loans, fines, liens, or other obligations owed to the City of Covington ("the City"). No person or entity will be denied federal public or assisted housing agency benefits or programs administered by the City as a result of this policy.

2. **Property Qualifications**: In order to qualify for assistance under the Program, the property must meet the following criteria:

   a. **Only owner-occupied** single family dwellings within the City of Covington are permitted.

   b. **Principal Residence:** The home must be, and remain for the term of the loan agreement, the principal residence of the borrower.

   c. **Ownership Status:** The borrower must have fee simple title to the property **no less than 24 months** prior to the date of the application for assistance. Homes purchased on private contracts usually do not meet this requirement.

   d. **Eligible Repairs:** All repairs under this program must be emergency in nature, i.e., imminent danger to human life, health or safety, or to protect the property from further severe structural damage.

   e. **Zoning**: The home must be in compliance with applicable zoning regulations.

   f. **Manufactured Housing**: In order to qualify for assistance, manufactured housing to be rehabilitated must be situated on a permanent foundation and be connected to permanent utility hookups. If produced after June 15, 1976, the home must meet property standards established under 24 CFR 3280. If produced before June 15, 1976, the home must comply with applicable City of Covington Codes.

      To receive the maximum benefit of $10,000, applicants must hold fee simple title to the building lot on which the home is located.

3. **Eligible Use of Funds:** Emergency Repair Program funds are used only to pay contractors directly for construction services contracted by the Housing Development Department and approved by the applicant under the terms of the deferred loan. Additionally, funds may be used, as needed, to pay for other costs related to the completion of the Emergency Repair Program process or construction process. These costs may include title reports, structural engineering costs or other related costs. If required, these costs will be added to the total benefit amount.

4. **Federal Regulations:** For activities funded through the Federal Community Development Block Grant Program, loans are subject to requirements outlined in 24 CFR Part 570.

5. **Relocation**: When the presence of lead-based paint in the home is detected and the areas needing repair or being disturbed are determined to have lead-based paint, it may be necessary for the Borrower to move for a period of time while the lead-based paint is being addressed. Home-owners, particularly small children, are typically not allowed to remain in the residence during this type of work.

6. **Conflict of Interest**: A conflict of interest exists if an applicant is an employee, agent, consultant, officer, elected or appointed official to the City of Covington, and if the applicant;
   a. Exercises or has exercised any functions or responsibilities with respect to funds for this program, or
   b. Participates in the decision making process related to funds for this program, or
   c. Is in a position to gain inside information with regard to program activities.

   If a conflict of interest exists, the applicant may not obtain assistance under this program. If there is any doubt of the conflict of interest, a written waiver may be obtained from the City of Covington.

III. LOAN TERMS

1. **Loan Terms:**
   A. **Maximum Loan Amount:** $10,000 for owner-occupied homes. Funds are available as follows:
      1. One-half of the funds set aside in the program year will be reserved for elderly or disabled households and provided in the form of a forgivable loan. The maximum amount of the forgivable loan per household is $2,500. If the home remains the principle residence of the borrower for five (5) years, the loan will be forgiven after the fifth year. If the required repairs exceed $2,500 (up to a maximum of $10,000) the balance of the

funds will be in the form of a zero interest, deferred payment loan. Payments will be deferred for thirty years.

2. Non-elderly and non-disabled households are eligible for a zero interest deferred payment loan of up to $10,000. Payments will be deferred for thirty years.

B. **Loan to Value Ratio:** 110% of fair market value. The Property Valuation Assessment (PVA) may be used in lieu of an appraisal. If total debt exceeds the fair market value, the City or homeowner may obtain a third party professional valuation of the property.

C. Repayment: For elderly and disabled households, no repayment of the forgivable loan is required as long as the property is owned and occupied by the applicant for a period of five years. Repayment of the funds, provided as a deferred loan, are not required prior to the maturity date of the loan as long as the property is owned and occupied by the applicant. Upon vacating the residence or transfer of deed, including moving and/or renting the property, the assistance becomes immediately due and payable.

D. Application Moratorium: Once an Emergency Repair Program deferred loan has been received:

- Borrower must wait five years after final disbursement before initiating another application.
- Borrower(s) aged 65 or older or handicapped borrower(s) must wait two years after final disbursement before initiating another application. If married, the eldest of the married couple must be at least 65 years of age.

IV. PROCEDURES

If you meet the general qualifications and wish to apply, please complete the Emergency Repair Program application and return it along with the required documentation to:

City of Covington
Housing Development Department
2300 Madison Avenue
Covington, KY 41014

If you have any questions about the program, please call the Housing Development Department at **(859) 292-2188 or TDD (800) 5495-1833 ext. 765** Monday through Friday between 8:00 a.m. and 4:30 p.m.

Adopted: 07/14/2009 (O/R-188-09)

City of Covington
EMERGENCY REPAIR PROGRAM

Attachment 1 - 24 CFR Part 5 Annual Income Inclusions

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 the operation of a business or profession.
3. Interest, dividends, and other net income of any kind from real or personal property. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all 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 amounts 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 amount (except for certain exclusions, listed in Attachment 2, number 14).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in Attachment 2, number 3).
6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:

   • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

   • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).

   If the welfare assistance 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:

   • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; ***plus***

   • the maximum amount that the welfare assistance agency could in fact 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 24 CFR 5.609 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 organizations or from persons not residing in the dwelling.
8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions.

HUD Guidebook HUD-1780-CPD, Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition, January, 2005

Attachment 2 – 24 CFR Part 5 Annual Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
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 (except as provided in Attachment 1, number 5 of Income Inclusions).
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 (as defined in 24 CFR 5.403).
6. Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. (a) Amounts received under training programs funded by HUD.

   (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set side for use under a Plan to Attain Self-Sufficiency (PASS).

   (c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.

   (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.

   (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption assistance payments in excess of $480 per adopted child.
14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
17. 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 any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.

Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;

- Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- Payments received under the Alaskan Native Claims Settlement Act;
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
- Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);
- The first $2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first $2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;
- 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;
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.);
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of crime against the applicant under the Victims of Crime Act; and
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

HUD Guidebook HUD-1780-CPD, Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition, January, 2005

ATTACHMENT 3

Part 5 Annual Income Net Family Asset Inclusions and Exclusions	
Inclusions 1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets. 2. Cash value of revocable trusts available to the applicant. 3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects. 4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. 5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty). 6. Retirement and pension funds. 7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy). 8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc. 9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments. 10. Mortgages or deeds of trust held by an applicant.	**Exclusions** 1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities. 2. Interest in Indian trust lands. 3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset. 4. Equity in cooperatives in which the family lives. 5. Assets not accessible to and that provide no income for the applicant.

Emergency Repair Program

CITY OF COVINGTON
2009-2010 APPLICATION

APPLICANT INFORMATION

Applicant Name: _____ SSN: _____

Property Address: _____ Zip Code: _____

Home Telephone #: _____ Other Telephone #: _____

Mailing Address: _____

Marital Status: ____ Married ____ Unmarried (single, divorced or widowed) ____ Separated

HEAD OF HOUSEHOLD

Ethnicity (Please Check Only One): ____ Hispanic or Latino ____ Not Hispanic or Latino

Race (Please Check One or More):
____ American Indian or Alaska Native
____ Black or African American
____ Native Hawaiian or Other Pacific Islander
____ Asian
____ White

Is the Head of Household Female? ____ Yes ____ No

Is the Head of Household Disabled? ____ Yes ____ No

Is the Spouse of the Head of Household Disabled? ____ Yes ____ No

How did you hear about the program?
____ Agency
____ City office
____ Magazine/Newspaper
____ Television
____ Website (other)
____ Associate/Friend/Relative
____ Flyer/Mailing
____ Radio
____ Website (city)
____ Other _____

HOUSEHOLD COMPOSITION

List the Head of Household and all persons living in property. Complete all fields for each person listed.

NAME	RELATIONSHIP	SSN	AGE	ANNUAL INCOME
HEAD:				
SPOUSE:				

*Please use **PRINT** on application and supply signatures where indicated.

Please list your Emergency Home Repair request here:

_____

_____

_____

_____

_____

_____

_____

_____

The information provided within this application is true and complete to the best of my/our knowledge and belief. I/We consent to the disclosure of such information for purposes of verification related to my/our application for financial assistance. I/We understand that any willful misstatements will be grounds for disqualification. I/We hereby acknowledge receipt of the Emergency Home Repair Program Guidelines and agree to comply with procedures and requirements specified therein.

PENALTY FOR FALSE OR FRAUDULENT STATEMENT. U.S.C. Title 18, Sec 1001, provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years or both."

Applicant signature	Date
Co-applicant signature (Spouse)	Date
Adult Household Member signature	Date
Adult Household Member signature	Date

Required Documents (do not send originals):
Provide copies of most **current** documents that apply for each household member

- State or Federal identification (driver's license, state id, etc.)
- Deed to property (recorded)
- Homeowner's insurance binder/declaration page
- Federal income tax return
- Three (3) pay stubs from employer
- Benefit/Pension statement from agency (Social Security, Unemployment, Retirement, etc.)
- Public assistance (KTAP, TNAF, etc.)
- Other income (VA, Native Dividend, etc.)
- Three (3) months of bank statements (checking, savings, etc.)
- Mortgage statement
- Equity (rental property, capital investment)
- Cash value of stocks, bonds, treasury bills, certificates of deposit and money market accounts
- Retirement accounts (individual, Keogh)
- Life insurance (cash value of policy available to the individual only before death)
- Personal property (cash value of personal property held as investment i.e. gems, coins, cars, etc.)
- Lump sums (inheritances, capital gains, lottery winnings, insurance settlements, etc.)

Authorization to Release Information

To whom it May Concern:

1. I/we have applied for a deferred mortgage loan from the Housing Development Department within the City of Covington, KY (lender). As part of the application process, City of Covington, KY (lender) may verify information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program.

2. I/We authorize you to provide to City of Covington, KY (lender), and to any investor to whom City of Covington, KY (lender) may sell my/our mortgage, any and all information and documentation that they request. Such information includes, but is not limited to, employment history and income, bank, money market, and similar account balances, credit history, and copies of income tax returns.

3. City of Covington, KY (lender) or any investor that purchases the mortgage may address this authorization to any party named in the loan application.

4. A copy of this authorization may be accepted as an original.

5. Your prompt reply to City of Covington, KY (lender) or the investor that purchased the mortgage is appreciated.

NOTICE TO BORROWERS
This is notice to you as required by the Right to Financial Privacy Act of 1978 that HUD/FHA has a right of access to financial records held by financial institution in connection with the consideration of administration of assistance to you. Financial records involving your transaction will be available to HUD/FHA without further notice of authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.

Applicant signature	Social Security Number	Date
Co-applicant signature (Spouse)	Social Security Number	Date
Adult Household Member signature	Social Security Number	Date
Adult Household Member signature	Social Security Number	Date

*Members of the Household aged 18 years and older must provide signature.

"GOOD STANDING" CERTIFICATION FOR APPLICATIONS TO PARTICIPATE IN CITY PROGRAMS

Pursuant to Order/Resolution O/R 0-11-06, applicants and affiliated persons and/or entities for this program must not have made or filed pending adverse claims against the City in the form of settlement demands and/or lawsuits; nor shall they be delinquent in their obligations to pay loans, fines, liens, or other obligations owed to the City of Covington ("the City"). No person or entity will be denied federal public or assisted housing agency benefits or programs administered by the City as a result of this policy.

Any appeal of decision to reject an application because the applicant is not in "good standing" may be made to the City of Covington Board of City Commissioners ("the City Commission") within 30 days of the final action of city staff to deny the application. The applicant may appeal the City Commission's decision to the Kenton District Court within30 days of the final action of City Commission.

I have read this statement and acknowledge that I am currently in good standing with the City and I further acknowledge that the City may disallow or discontinue my participation in the **Emergency Repair Program** should I violate the requirements of Order/Resolution O/R 0-11-06.

Applicant signature Date

Witness Date

Co-applicant signature (Spouse) Date

Witness Date

Adult Household Member signature Date

Witness Date

Adult Household Member signature Date

Witness Date