



## **FIRST-TIME HOME BUYER (FTHB) ASSISTANCE PROGRAM**

The First-Time Home Buyer (FTHB) Assistance Program is designed to assist low- to moderate- income families purchase and occupy a home within the City of Ashland. Assistance is available for down payment & closing cost assistance up to \$5,000 in the form of a zero percent (0%) interest forgivable loan with a term of five (5) years. This program is funded through the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG).

The City of Ashland considers applicants without regard to race, color, religious preference, gender, handicap, gender identity, marital status, familial status, sexual orientation or national origin. (Ordinance 29-2013).

Individuals should contact Community & Economic Development at 606-327-2030 to request accommodation(s) or alternative formats as required under the Americans with Disabilities Act (ADA). Please allow five days to process.

### **APPLICANT PROCESS AND PROJECT SELECTION**

The application process consists of completion of the application form, credit check, an office interview and completion of homebuyer education course.

### **DEFINITION OF ELIGIBLE FIRST-TIME HOME BUYER (FTHB)**

An eligible first-time home buyer means a household who:

- Meets the income eligibility requirements below;
- Has not owned a home for three (3) years prior to application to the FTHB program; and
- Is not currently on the title to any real property.

A first-time home buyer may also include a displaced home-maker or single parent.



- Displace home-maker is defined as an adult who has not worked fulltime, full year in labor force for a number of years, but during such years worked primarily to care for his/her home and family, and who is unemployed and experiencing difficulty in obtaining or upgrading employment.
- Single Parent is defined as an individual who is unmarried or legally separated from a spouse and who has one or more minor children in their care and custody, or who is pregnant.

### **ACCEPTANCE GUIDELINES ARE BASED ON THE FOLLOWING CRITERIA**

- None of the applicants have owned real estate in the past three years;
- Applicants demonstrate an ability to pay with a two-year history of stable employment;
- An acceptable credit history which includes a good record of paying rent and utilities;
- Bankruptcies must have been discharged for at least 2 years;
- None of the applicants owes Federal, state or local tax debts; and
- Total taxable gross household income cannot exceed the Federal income limits (taxable gross income is defined as income from all taxable sources, before deductions, projected forward for the next 12 months for all household members 18 and older).

2018 Maximum Income Guidelines	
Persons in Household	Maximum Household Income
1	\$30,750
2	\$35,150
3	\$39,550
4	\$43,900
5	\$47,450
6	\$50,950
7	\$54,450
8	\$57,950

(\*\*\*subject to change each program year\*\*\*)

## **APPLICANT REQUIREMENTS**

To be eligible for participation in the First Time Home Buyer Assistance Program, applicants must meet and/or comply with all of the following Program criteria:

### **APPLICANT INVESTMENT**

*Applicants must have a minimum cash investment of \$500 of the down payment required.*

### **HOME BUYER EDUCATION COURSE**

Applicant(s) must complete a pre-purchase counseling program approved by the City prior to submitting an application.

The homebuyer education class may cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; and loan servicing.

Only graduates of a completed home buyer education course are eligible for the FTHB.

### **LENDER PRE-APPROVAL**

Applicants must furnish a pre-approval letter from the lender.

- Lender must be registered with the City and adhere to City policies and procedures, as outlined in this chapter.

### **INTEREST RATE**

The rate of interest shall be fixed (not an adjustable rate mortgage- ARM) and shall not exceed 2.1% above the current market rate.

### **POST COUNSELING**

Applicants are strongly encouraged to complete a post counseling session after purchasing their home with a HUD approved housing counseling agency of their choice.

## **ASSETS**

Applicants may not hold more than \$5,000 in non-pension savings, investment property, or any other form of account (i.e. CD, money market, mutual fund, stocks, bonds, etc.). Any amount in excess of \$5,000 shall be used by the applicant to pay down the principal.

Gifts from family or friends will also be used \$1.00 for \$1.00 in reducing City's contribution, under this Program.

## **CREDITWORTHINESS**

Applicants must meet the underwriting criteria (i.e. creditworthiness, debt to income ratios, employment) of the lender that will finance the first lien mortgage to purchase the property.

## **RATIOS**

The housing cost ratios shall be no more than 41% of the applicant's gross monthly income.

This percentage includes PITI (which is the loan principal, interest, property taxes and insurance) plus estimated utility expense of \$150.00.

The applicant's total outstanding debt ratio shall not exceed 55% of their gross monthly income. This percentage includes the cost of PITI, utilities and any other monthly debt.

## **PRINCIPAL RESIDENCE**

Applicants must agree to occupy the home to be purchased under this Program as their principal residence for the required period of 5 years.

## **REQUIRED DOCUMENTS**

- Recent bank statements for all accounts
- Proof of all current income for all family members
- Pre-approval lender qualification letter and proof of completed home buyer training course

## **APPRAISAL REQUIREMENTS**

The property value will be determined by one or more of the following methods as established by HUD:

### **ESTIMATES OF VALUE (COMPARABLE SALES)**

The City may use estimates of value based on sale prices for comparable properties in the immediate neighborhood (within the prior six months). Project files must contain the estimate of value and document the basis for the value estimates.

### **APPRAISALS**

Appraisals, prepared by a state licensed fee appraiser may be used. Project file must document the appraised value and the appraisal approach used.

## **APPRAISAL GUIDELINES AND PROCUREMENT PROCEDURE**

An appraisal that meets either the Urban Redevelopment Authority (URA) appraisal requirements of 49 CFR 24.103 or one of the other appraisal options specified below:

Should an appraisal be required the following three options may be used:

- Option 1

An appraisal meeting the URA appraisal requirements of 49 CFR 24.103;

- Option 2

An appraisal meeting the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP);

- Option 3

An appraisal meeting the requirements of the Federal Housing Administration (FHA) or a Government-Sponsored Enterprise (GSE)

### **ANTI-DISPLACEMENT/RELOCATION POLICY**

It is not anticipated that the implementation of the City's FTHB Program will result in the displacement of any persons, households, or families. However, if relocation becomes necessary due to lead abatement and/or substantial rehabilitation, the activity will be carried out in compliance with City's relocation plan.

### **UNIFORM RELOCATION ASSISTANCE (URA) AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970**

The Federal Urban Revitalization Act (URA) and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or SFOO Program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

### **SECTION 104(D) OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974**

Section 104(d) requires each contractor (City), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

## **CANCELLATION BY OWNER/GRANTEE**

Any applicant who cancels an application while it is in process shall not be eligible for reconsideration of the application for a two (2) year period.

Applications canceled by the housing program due to ineligibility or other reasons shall not be subject to this provision.

The City's financial commitment under the FTHB Program will be valid for 90 consecutive calendar days, starting with the first working day after preliminary approval.

Applicants who do not have an acceptable earnest money contract with a seller within the 90 consecutive days will be cancelled.

## **CONTRACTOR DEBARMENT & SUSPENSION REQUIREMENTS**

Pursuant to 24 CFR, Part 5, all Federally funded subrecipient/contractors are required to verify that they and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the City are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. The City must check the Excluded Parties Listing System at [sam.gov](http://sam.gov), print and maintain evidence of the search results. In the event that the search results indicate a prior or current debarment or suspension of the contractor, include the printout in the application.

The City will not award any Federal housing funds to contractors that are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from the covered transaction.

## **DISPUTE RESOLUTION AND APPEALS**

Any applicant denied assistance from the City's housing programs has the right to appeal. The appeal must be made in writing to the Director of the Community & Economic Development.

If the Director disapproves an application pursuant to the authority granted to the Director, the applicant shall have the right to appeal to City of Ashland Commission.

## **DEFAULT AND FORECLOSURE**

In the event that the applicant fails to adhere to the conditions and restrictions contained within the written agreement between the applicant and the City of Ashland, the City of Ashland reserves the right to terminate the individual's participation in the FTHB program and/or demand full repayment of the loan.

## **DOWN PAYMENT REQUIREMENTS**

An applicant must put down at least 50% of the down payment for conventional financing. 3.5% down is required for FHA financing. A minimum of \$500 of the down payment must be from the applicant's own funds. Beyond that, any additional funds over this requirement may be from a relative.

### **DOWN PAYMENT**

*The minimum amount of cash required from the buyer is \$500 of the down payment.*

The maximum amount of cash required by the buyer will vary according to the terms of the first mortgage, the price of the home to be purchased, the buyer's assets, the Lender's required down payment and the closing costs.

### **ELIGIBLE ACTIVITIES**

The following activities are eligible under CDBG:

- Direct homeownership assistance means: Up to 50% of required down payment; and/or
- Payment of reasonable closing costs.

## **INELIGIBLE COSTS**

- No taxes shall be paid with Community Development Block Grant funding.

## **HOME RESTRICTIONS**

- The house price will depend on what you can afford, but in no case, can it exceed \$128,000;
- The house must be located in The City of Ashland;
- The house must pass a City of Ashland housing Inspection; and
- You must be able to afford the property as determined by your counselor and mortgage lender.

The following property types may be included under the program:

- Traditional single-family housing that is owned fee simple (this housing may contain one to four dwelling units); or
- A condominium unit

## **INCOME QUALIFICATION AND VERIFICATION REQUIREMENTS**

### **APPLICATION INTAKE / SCREENING / DETERMINATION OF HOUSEHOLD ADJUSTED INCOME**

The City utilizes the 24 CFR Part V definition of Adjusted Gross Income.

In calculating adjusted gross income, the applicant's income and that of all other household members at the time of application shall be considered. The income of household members under eighteen (18) years of age will be excluded. The income of any persons who are paid caregivers of elderly or handicapped individuals will be excluded.

A household member is any person residing in the household at the time of application.

Income is defined as follows:

- The full amount before any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services;
- The net income from an operation of a business or profession, as calculated by averaging the net income as reported in their Federal Income Taxes for the past three years;
- Interest, dividends, and other net income of any type from the real or personal property (where the family assets are in excess of \$50,000, excluding property, adjusted gross income shall include the greater of the actual income derived from all assets or percentage of such assets based on the current passbook savings rate);
- The full amount of periodic payments received from social security, annuities, insurance policies, retirements funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
- Payment in lieu of earnings, such as unemployment, workers' compensation, severance pay, welfare assistance (NOTE: Such payments may be excluded by the lending institutions providing the first mortgage for purposes of underwriting, but shall be included in eligibility determinations for this Program);
- Periodic and determinable allowances, such as alimony and child support payment, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue;
- All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the family, spouse, or other person whose dependents are residing in the unit;
- Any earned income tax credit to the extent it exceeds income tax liability;
- Any other income that must be reported for Federal and State income tax purposes; and

- Gross Self-Employed income as reported on Schedule C, IRS 1040, will be adjusted to reflect deductions for necessary and reasonable business expense.
- The One CPD Income Eligibility Calculator is located at the following hyperlink: <https://www.onecpd.info/incomecalculator/>

**LIMITS OF ASSISTANCE**

The First Time Home Buyer Program maximum assistance for down payment and closing cost assistance is \$5,000.00 which will be in the form of a 0% interest forgivable loan with a term of 5 years.

Funds will be applied first to eligible closing cost.

**ALLOWABLE CLOSING COSTS**

A maximum amount of one (1%) percent origination fee or processing fee (based on 1% of the loan amount). Only one of these fees will be allowed to be charged to the buyer.

Up to \$5,000 in Service Delivery Costs associated with the processing and approval of the application including, but not limited to:

- Amortization Schedule fee
- Buyer’s portion of the attorney’s fee associated with the transaction
- Credit Report fee
- Courier fee
- Photograph fee
- Mortgagee’s title fee/City’s title policy
- Escrow fees
- Recording fees
- HUD Homeownership Counseling application review fees
- Mortgage Insurance Premium fee
- TREC Re-Inspection fee
- Title fees
- Appraisal fees

**INELIGIBLE CLOSING COST**

- Prepaid taxes or any other City, State, Federal Tax
- Restrictions Fee
- Good Funds Cost (except if buyer requests table funding)

**PROHIBITED CLOSING COSTS**

These costs may not be charged to the buyer/borrower, by the Lender, under any circumstances

- Funding Fees
- Tax Service Fee
- Warehousing Fee
- Underwriting Fee
- Loan Discount Fee
- Mortgage Broker Fee
- Wire Transfer Fee
- Mortgage Insurance Application Fe

**PROHIBITED CLOSINGS (CONTINUED)**

- Assumption Fee
- Commitment Fee
- Lender's Rate Lock-In Fee
- Abstract or Title Search Fee
- Title Examination Fee
- Notary Fee
- Intangible Tax
- Wholesale Lender's Cost
- Applicants are not allowed to pay for the Realtor's sales commission or any closing costs required by FHA that the sellers normally pay.
- Applicants are not allowed to negotiate to pay any amount of the seller's closing costs
- Any other cost not specifically mentioned in Allowable Closing Costs and Prepaid Sections

**ALLOWABLE PREPAID**

(Items to be deposited into the escrow account prior to closing)

- Interest due on closing date
- Hazard Insurance for first year
- Flood Insurance (when applicable)
- Escrow items (insurance, etc.) excluding real estate taxes
- Mortgage Insurance payment in escrow

### **DOWN PAYMENT**

*The minimum amount of cash required from the buyer is \$500 of the down payment cost at closing.*

The maximum amount of cash required by the buyer will vary according to the terms of the first mortgage, the price of the home to be purchased, the buyer's assets, the Lender's required down payment and the closing costs.

- A first mortgage requirement of a down payment in excess of 5% of the purchase price of the home is prohibited.

### **LOCATION AND CHARACTERISTICS**

#### **UNIT TYPES**

Property to be purchased must be a single family property located in Ashland, Kentucky.

#### **HABITABILITY**

The property must comply with Section R304 (Minimum Room Areas) of the International Residential Code as adopted by the City.

Generally accepted HUD occupancy guidelines will determine the number of bedrooms required for a particular size of qualifying household.

#### **CODE REQUIREMENTS ON COMPLETION**

The property to be purchased must pass a residential inspection conducted by the City of Ashland Code Enforcement to ensure compliance with City Property Codes and Standards at no cost to applicant. Additionally, the applicant may hire a licensed Real Estate Inspector that is paid for by the applicant for an optional additional inspection. All required inspections must be completed prior to closing.

New construction must also comply with the International Energy Conservation Code, as adopted by the City, which meets or exceeds HUD's Model Energy Code requirements.

### **LOAN TO VALUE**

The combined loan-to-value ratio for a City's First Time Homebuyers Program shall not exceed 105 percent.

### **LONG-TERM AFFORDABILITY**

Under the regulations the period of affordability in years for homeownership assistance is based on the amount of CDBG and HOME funds that are in the project (unit) and are as follows:

<u>CDBG FUNDS PROVIDED</u>	<u>AFFORDABILITY PERIOD</u>
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Up to \$5,000	5 Years
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<u>HOME FUNDS PROVIDED</u>	<u>AFFORDABILITY PERIOD</u>
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Less than \$15,000.00	5 Years
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\$15,000 – \$40,000.00	10 Years
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More than \$40,000.00	15 Years
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Long-term affordability requirements will be reserved as part of a restrictive covenant running with the deed. Affordability requirements are triggered if the home is no longer your primary residence, and/or if the home is sold during the affordability period.

## **NON-DISCRIMINATION REQUIREMENTS**

The City's Housing Programs will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City housing program or activity funded in whole or in part with Federal funds on the basis of his or her religion or, race, gender identity, familial status (children), disability, or national origin.

## **NOTIFICATIONS AND DISCLOSURES REQUIREMENT**

Each homeowner or homebuyer must be given the necessary disclosures for the City Housing Program applied for.

- Each homeowner must have read and signed the Disclosure Statement.

## **PRIORITY MORTGAGE LENDER REQUIREMENTS**

The owner(s) may supplement the City loan with private funds in order to make the activity financially feasible for rehabilitation.

If required project funds exceed the program limits, owner(s) may be required to obtain a mortgage for the additional amount in order to remain in the City's program.

- In this case the City will subordinate with an agreement from the lender to notify the City upon default and allow the City to cure the debt.
- The priority lien holder must be registered with the City and agree to accept the conditions noted in the lender registration form, to include no ARMS, interest-only mortgages, or other non-standard first mortgage products allowed. Interest rate on first lien may not exceed 2.1% above market rate.

## **PROPERTY VALUE REQUIREMENTS**

### PURCHASE PRICE LIMIT

The maximum purchase price may not exceed 95% of the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709 (b)).

**CURRENT PURCHASE PRICE LIMITS**

The current maximum purchase price is \$128,000.00, which is 67% of the average median purchase price for the area. The maximum purchase price will be adjusted periodically according to HUD purchase price limits.

**VERIFICATION REQUIREMENTS**

Verification of the following items of information relative to the application shall be made with the appropriate verification procedures:

- Applicant will provide verification of completion in a home ownership counseling course that is acceptable to the City.
- The applicant's income and asset information shall be verified as stated in HUD 24 CFR Part 5
- Applicant will provide a pre-qualification letter from a lending institution that will provide the first mortgage financing.
- Applicant will provide evidence of savings to pay for the required applicant investment.

The first mortgage loan obtained by the homebuyer has:

**HOMEBUYER PROPERTY QUALIFICATION**

**NET PROCEEDS EXAMPLE**

<b>Net Proceeds Example</b>		
Sales Price	\$	121,000
First Mortgage Pay-off	\$	93,500
Capital Improvements	\$	500
Cost of Sale	\$	8,415
Net Sale Proceeds	\$	18,585

If the City's loan balance is less than the net sales proceeds, then the remainder of proceeds sale shall accrue to the FTHB program participant.

<b>Net Proceeds w/Remainder Example</b>		
Sales Price	\$	121,000
First Mortgage Pay-off	\$	93,500
Capital Improvements	\$	500
Cost of Sale	\$	8,415
Net Sale Proceeds	\$	18,585
Balance on City Payable Loan	\$	4,200
Balance on City Deferred Loan	\$	6,900
Balance to Owner	\$	7,485

If the owner has made all payments on the loan during the loan term, then at the end of the loan term, the City shall discharge the lien and the balance of the deferred payment loan, if any, shall be forgiven.

Loan terms may extend beyond the required affordability period for the property.

In the case of property sales that occur after the affordability period, the City will require repayment only of the balance of the payable loan.

If the owner(s) dies within the loan term, the City shall forgive the balance of the loan upon presentation by the heirs to the City a valid death certificate.

### **PROPERTY SALE OPTIONS**

If the property is sold during five (5) year affordability period, for the deferred payment loan, there are two repayment options available for the applicants' selection:

- Option 1  
Zero percent (0%) interest with shared appreciation or
- Option 2

Three percent (3%) interest without shared appreciation for a term up to thirty (30) years.

- Repayment

In either case, the outstanding balance on the indebtedness must be repaid to the City if the property is sold, leased, transferred, or it ceases to be the principal residence of the borrower(s) within the five (5) year affordability period.

Repayment by the borrower is limited to Net Sale Proceeds less the City's Payable Loan.

In the event there are no Net Sale Proceeds then the balance shall be forgiven.

### **ANNUAL INSURANCE BINDER REQUIREMENT**

The City shall receive a copy of the Insurance Binder at the anniversary of the City's Loan origination each year.

- The City shall be named by the owner as a co-insured.

### **SUBSIDY LAYERING REVIEW**

A Subsidy Layering Analysis is required for any project in which HOME funds are combined with at least one other public source, including CDBG.

The City does not have to perform a subsidy layering analysis if any of the subsidy layering evaluations listed below has been conducted:

- Those produced by HUD when another source of funding is provided by HUD, and HUD conducts a subsidy layering review (e.g., the review conducted by the Office of Housing for Section 202/811 projects);
- Those produced by DHCR when tax credits are allocated to a project, and the state conducts an evaluation to determine whether there are excess tax subsidies; or
- Those produced by DHCR in accordance with the guidelines presented in HUD Notice CPD-98-01.

If any of these analyses have been conducted, PCB staff should obtain a copy of the analysis for the project file.

If none of these analyses have been conducted, PCB staff must analyze the project (and consult with the other public program agency) to determine the minimum total public subsidy required to achieve project feasibility. The analysis typically includes at least the following four elements:

### **COST ANALYSIS**

- Is the acquisition cost reasonably related to market value and is it an arms-length transaction?
- Are development costs (construction and soft costs) reasonable?

### **FEE ANALYSIS**

- Is the Builder's Overhead and Profit reasonable?
- Are the Developer's Fee and all other non-arms-length-party fees (e.g., the developer or a subsidiary also receives a marketing fee) reasonable?
- If tax credits are involved, are the syndication costs and fees reasonable (this analysis is usually done by the tax credit agency)?

### **EQUITY ANALYSIS**

- Is the amount of equity committed reasonable (considering loan to value and Working Capital)?
- Is the Return on Equity or Return on Investment reasonable?
- Is the return reasonable after considering any tax benefits?
- Are there any restrictions on distribution of cash flow to the investors, and are reasonable reserves assured?

### **GAP ANALYSIS**

- Are the total sources of funding, including all public sources and equity, disclosed?
- Is the amount of public funding proposed reasonable in that it covers the only gap after adjustments required by the cost and fee analysis above?

- The PJ should ensure that a copy of the evaluation done by the other funding entity is included in the PJ's project file.

*Regulatory reference: 24 CFR 92.250(b); see also CPD-98-01*

### **SUBSIDY LIMITS<sup>i</sup>**

Minimum HOME investment: The minimum amount of HOME funds is an average of \$1,000, multiplied by the number of HOME-assisted units in the project.

The minimum **only** relates to the HOME funds, and **not** to any other funds that might be used for project costs.

Maximum HOME investment: The maximum per-unit HOME subsidy limit varies by PJ. HUD determines the maximum amounts, which are based on the PJ's Section 221(d)(3) program limits for the metropolitan area, each year. An economist in a local HUD field office can provide these limits.

100 percent of the dollar limits for a Section 221(d)(3) nonprofit sponsor, elevator-type development, indexed for base PJ high cost areas, and adjusted for the number of bedrooms.

In some instances, the 221(d)(3) limit has already been increased to 210 percent of the base limit. If this is the case, HUD will allow, *upon request*, an increase in the per-unit subsidy amount on a program-wide basis. However, the absolute maximum subsidy limit that HUD will allow is 240 percent of the base 221(d)(3) limits.

### **SUBORDINATION REQUIREMENT**

The City's Housing Programs permit subordination of the City's loan to a first mortgage.

### **WAITING LIST**

The City maintains a waiting list of all prospective homebuyers who are approved for assistance. Grantee may waive this requirement at its sole discretion if Developer demonstrates conclusively that a waiting list serves no purpose,

because the number of homes available for sale exceeds the number of qualified buyers.

### **WAITING LIST PROCEDURES**

Priority for selecting a completed home will be determined by the date that a client's application for assistance was approved (that is, the client with the earlier date of approval shall have priority).

### **WRITTEN AGREEMENT**

A Written Agreement is required between the City and the Applicant/Home owner/Home buyer describing terms and conditions of the program/activity requirements.

### **VERIFICATION REQUIREMENTS**

Verification of the following items of information relative to the application shall be made with the appropriate verification procedures

- A title company in the form of a Commitment shall verify ownership in written form for Title Insurance.
- The applicant's income and asset information shall be verified as stated in HUD 24 CFR Part 5.
- Payment of property taxes will be verified thru the City Tax Office. No applications will be considered where delinquent property taxes exist.
- Upon determination that an applicant is eligible for assistance, the application will be inactivated until the delinquent taxes have been paid.

Eligible exceptions are

- Tax repayment agreement from the City's tax office or
- Verification of an eligible City tax exemption.
- The applicant must be current with any loans obtained through the Housing Programs Division.

### **ANNUAL MONITORING OF RESIDENCY REQUIREMENT**

Occupancy will be verified and reviewed by the submission of the following documents to the City:

- Proof of occupancy in the form of a current utility bill
- Statement of units continued primary residence
- Declaration that other title holders do not reside on premises
- Verification of current property taxes
- Verification of required home owners and other required insurance policies.

***COA established Ordinance 29-2013 (passed on 3/7/13)*** It is the policy of the City of Ashland to cooperate closely with the Kentucky Commission on Human Rights in order to safeguard all individuals within the city from discrimination because of his or her race, color, religion, sex, national origin, handicap, sexual orientation, gender identity, marital status, or familial status in connection with housing ; thereby to protect their interest in personal dignity and freedom from humiliation, to make available to the city their full productive capacities, to achieve a condition in which individuals of similar income levels have a like range of housing choices available to them regardless of their race, color, religion, sex, national origin, handicap, sexual orientation, gender identity, marital status, or familial status.

## **Other Federal Requirements**

### **Age Discrimination**

The prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR, Part 146, and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR, Part 8; <http://www.hud.gov/offices/ftheo/disabilities/sect504.cfm>

### **Aquifers**

The Safe Drinking Water Act of 1974, (42 U.S.C. Sec. 201, 300(f) et seq.), and (21 U.S.C. Sec. 349) as amended, particularly Section 1424 (e) (42 U.S.C. Sec. 300h-303(e))

### **Archeological**

The Reservoir Salvage Act of 1960 (16 U.S.C. Sec. 469 et seq.), particularly Section 3 (16 U.S.C. Sec. 469a-1), as amended by the Archeological and Historic Preservation Act of 1974;

### **Clean Air**

The Clean Air Act (41 U.S.C. Sec. 7401 et seq.) as amended, particularly Section 176(c) and (d) (42 U.S.C. Sec. 7506(c) and (d));

### **Coastal Zone Management**

The Coastal Zone Management Act of 1972, (16 U.S.C. Sec. 1451 et seq.) as amended, particularly Section 307(c) and (d) (16 U.S.C. Sec. 1456(c) and (d));

### **Conflict of Interest**

The City's Housing Programs contain Federal funds. In accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the City's Housing Programs shall directly or indirectly be eligible for the City's Housing Programs.

Exceptions to this policy can be made only after public disclosure and formal approval by the City Council and HUD.

### **Endangered Species**

The Endangered Species Act of 1973, (16 U.S.C. Sec. 1531 et seq.) as amended, particularly Section 7 (16 U.S.C. Sec. 1536));

**Environmental Review Procedures** or Title I Community Development Block Grant Programs, 24 CFR Part 58, as amended in 47 Fed. Reg. 15750 (April 12, 1982)

### **Equal Employment Opportunity**

The requirements of Executive Orders 1246 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR, Chapter 60.

<http://www.fedglobe.org/issues/hudpolicy.htm>

### **Equal Opportunity in Housing**

Executive Order 11063, as amended by Executive Order 12259, and 24 CFR part 107, Nondiscrimination and Equal Opportunity in Housing under Executive order 11063 or 24 CFR, Part 107 shall be a proper basis for the imposition of sanctions specified in 24 CFR 107.60;

[http://www.access.gpo.gov/nara/cfr/waisidx\\_00/24cfr107\\_00.html](http://www.access.gpo.gov/nara/cfr/waisidx_00/24cfr107_00.html)

### **Fair Housing Act**

The Fair Housing Act (42U.S.C. 3601-20) and implementing regulations at 24 CFR part 10; Executive Order 11063, as amended by Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1958-1963 Comp., 652 and 3CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing and implementing regulations at 24 CFR, Part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination on Federally Assisted Programs) and implementing regulations issued at 24 CFR, Part 1;

<http://www.hud.gov/offices/fheo/FHLaws/index.cfm>

### **Farmlands**

Farmlands Protection and Policy Act of 1981, (7 U.S.C. Sec. 4201 et. seq.) 24 CFR Part 51, Environmental Criteria and Standards.

### **Flood Plain**

Flood Disaster Protection Act of 1973, (42 U.S.C. Sec. 4001 et. seq.) as amended, particularly Sections 102(a) and 202(a) (42 U.S.C. Sec. 4012a (a) and Sec. 4106(a); and Executive Order 11988, Floodplain Management, May 24, 1977 (42 Fed. Reg. 26951), particularly Section 2.

### **Historic Preservation**

National Historic Preservation Act of 1966 (16 U.S.C. Sec. 470 et seq.) and 40 CFR Parts 1500-1508; Section 106 (16 U.S.C. Sec. 470f); and 36 CFR 800

### **Immigration Status**

Requirement that all members of a household must be either US citizens or resident aliens (have a green card) to occupy a CDBG assisted unit.

[http://74.125.47.132/search?q=cache:Y9-J6QPvSoJ:www.aoa.gov/prof/civil\\_rights/Non\\_citizens/v0qaniof.pdf+Fed+Register+Vol+62+No+221+page+61344&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a](http://74.125.47.132/search?q=cache:Y9-J6QPvSoJ:www.aoa.gov/prof/civil_rights/Non_citizens/v0qaniof.pdf+Fed+Register+Vol+62+No+221+page+61344&cd=1&hl=en&ct=clnk&gl=us&client=firefox-a)

### **Lead Based Paint**

Applies to all existing units built before 1978; Title IV of the Lead Based Paint Poisoning Prevention Act (42 U.S.C. Sec. 4831).

### **Minority and Women's Business Enterprise**

The requirements of Executive Orders 11625 and 12432 (concerning Minority Business Enterprise), and 12138 (concerning Women's Business Enterprise). Consistent with HUD's responsibilities under these Orders, each applicant must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funded activities. Each Contractor must prescribe procedures acceptable to the State to establish activities to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women. The Contractor/Subcontractor will be required to identify contracts which have been bid by minority owned, women owned, and/or small disadvantaged businesses.

<http://www.hud.gov/offices/cpd/communitydevelopment/toolkit/files/MBE-WBEOutreach.pdf>

### **Noise Abatement and Control** 24 CFR 51 B

<http://www.wbdg.org/pdfs/24cfr51.pdf>

**Protection and Enhancement of the Cultural Environment**, May 13, 1971 Executive Order 11593, (36 Fed. Reg. 8921), particularly Section 2(c);

### **Environmental Justice** [Executive Order 12898]

[http://www.epa.gov/Region2/ej/exec\\_order\\_12898.pdf](http://www.epa.gov/Region2/ej/exec_order_12898.pdf)

### **Relocation**

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C., Sec. 4601 et. seq.), 49 CFR Part 24, and 24CFR Section 570.49a (55 Fed. Reg. 29309 (July 18, 1990)).

<http://www.hud.gov/offices/cpd/library/relocation/index.cfm>

### **Section 3: Employment Opportunities**

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

<http://www.hud.gov/offices/ftheo/section3/section3.cfm>

### **Section 504**

The Rehabilitation act of 1973 as amended requires that a qualified individual with a disability (physical or mental) shall not be excluded from participation or denied benefits or otherwise be subjected to discrimination under any program or activity that receives federal assistance.

<http://portal.hud.gov/hudportal/HUD?src=/programdescription/sec504>

### **Siting of HUD-Assisted Projects near Hazardous Operations**

Establishes acceptable separation distance for the siting of residential buildings, mobile home parks or other HUD-assisted projects near stationary hazardous operations which store, handle or process chemicals or petrochemicals of an explosive or flammable nature. 24 CFR 51 C

<http://www.hud.gov/offices/cpd/environment/training/guidebooks/hazfacilities/>

### **Toxic or Hazardous Substances and Radioactive Materials**

Particular attention should be given to any site proposed for HUD assistance that is located on, or in the general proximity of, such areas as dumps, landfills, industrial sites or other locations that contain hazardous wastes. It is HUD policy that all property proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property.

### **Wetlands**

Prohibits the degradation or destruction of wetlands; Executive Order 11990 Protection of Wetlands, May 24, 1977 (42 Fed. Reg. 26961), Particularly Section 2 and 5;

<http://www.epa.gov/OWOW/wetlands/regs/eo11990.html>

### **Wild & Scenic Rivers**

Applicable to projects within one mile of a designated wild and scenic river. Currently (2009) there are no rivers with a wild & scenic designation in the SETRPC service area. The Wild and Scenic Rivers Act of 1968, (16 U.S.C. Sec. 1271 et seq.) as amended, particularly Section 7(b) and (c) (16 U.S.C. Sec. 1278(b) and (c));

<http://www.nls.gov/offices/cpd/environment/review/rivers.cfm>

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<sup>i</sup> HOME Program Maximum Subsidy Limits

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/subsidylimits.cfm>