

REPLACEMENT HOUSING PROGRAM (RHP)



POLICIES PROCEDURES GUIDELINES

CITY OF LACROSSE, WISCONSIN
PLANNING AND DEVELOPMENT DEPARTMENT

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Background and Purpose

The City of La Crosse is an Entitlement City under the Community Development Block Grant Program (CDBG) created by the Housing and Community Development Act of 1974 (HCDA) and a Participating Jurisdiction (PJ) designated to administer the Federally-funded Home Investment Partnerships Program (HOME) created in 1992 by the Cranston-Gonzalez National Affordable Housing Act.

The CDBG Program's primary objective is "the development of viable communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate- income." The HOME program is an affordable housing development program from which the City receives annual formula grant funds. Both programs are overseen by the United States Department of Housing and Urban Development (HUD).

The purpose of the Replacement Housing Program (RHP) is to increase the availability of affordable homes for low- and moderate-income persons, maintain a stock of affordable housing, redevelop city neighborhoods by eliminating the blight of vacant, dilapidated or abandoned properties, eliminate the worst housing to improve the environment so others will invest in adjacent housing; ensure that Federal, State and local tax dollars promote an increase in the safety and security of neighborhoods by preventing the use of taxpayer subsidization of undesirable conduct; equitably distribute homeownership opportunities within the city, and generate payment of property taxes.

Under the RHP:

1. The City identifies, acquires, clears and prepares vacant, dilapidated, or foreclosed properties suitable for redevelopment to affordable single family houses.
2. Contractors are selected to construct new single family housing that is affordable for low to moderate income households.
3. The City partners with Western Technical College, Habitat for Humanity, the School District of La Crosse, developers or the LCHDO to construct single family owner-occupied housing.
4. Qualified La Crosse residents are provided the opportunity to purchase those houses using a combination of private and City financial assistance.

Although the RHP is primarily designed to create affordable homeownership of single-family homes, the City under limited circumstances may at its sole discretion, rent these homes to qualified low- or moderate-income families for up to two (2) years.

In its capacity as administrator of these two Federal programs, the City, through the RHP, addresses the need for decent affordable housing by:

- Acquisition of vacant, foreclosed or blighted houses using CDBG funding;
- Asbestos removal, then demolition of the housing using CDBG funding;
- Site preparation including clearance of the site, and capping and sealing utilities using CDBG funding; and
- Design and construction of new, for-sale housing using HOME funding.

The La Crosse Consolidated Plan for CDBG and HOME funding includes these housing related goals:

- Increase access to affordable owner-occupied housing
- Increase the availability of affordable owner-occupied housing

The purpose of these policies and procedures is to establish guidelines for the City of La Crosse to adhere to in administering the Replacement Housing Program. In administering these programs, the City must ensure that:

- City staff performs administrative and fiduciary responsibilities in accordance with all applicable laws and regulations required by the Community Development Block Grant Program (Title 24 CFR Part 570) and HOME Investment Partnerships Program (HOME) (Title 24CFR Part 92) and all other applicable Federal laws and regulations, as well as all City and State laws and ordinances;
- Each subrecipient and contractor manages funds received in accordance with same;
- Each project operates in accordance with all applicable laws and regulations as stated above; and
- Each beneficiary (homeowner) complies with requirements for principal occupancy and long-term affordability established by the City in accordance with HOME regulations.

Common CDBG Terms

Common HOME Terms

Section 1. Acquisition of Properties: CDBG Program

A. Identification of properties

The Staff will promote the RHP by:

- public service announcements;
- purchasing advertising space;
- issuing press releases and using the local media;
- outreach to businesses involved in general real estate-related fields;
- directly approaching individual owners of specific properties;
- placing 4 x 8 square foot signs at the job sites.

Staff shall analyze all blighted property which has been offered for sale, or has otherwise been identified, to determine which properties should be considered for acquisition under the RHP. Owners, realtors or neighbors may contact the Planning Department to suggest a potential property for acquisition. City staff may also use the Multiple Listing Service (MLS) and the County tax foreclosure records to identify potential properties for acquisition. Properties that have experienced fires, are registered as vacant or are condemned by the Inspection Department may also be referred to the Planning Department.

B. Eligible properties

Once a property is identified, the City staff will contact the owner listed on the tax roll to determine their interest in participation in the Replacement Housing Program. A HUD Environmental Review Record (ERR) will be prepared by City Staff for each property identified for acquisition.

Eligible project sites will be evaluated by the Staff according to the following:

- Adequate size and shape of property as it relates to its potential residential reuse;
- Environmental concerns including, but not limited to, the quality of the environment of the surrounding area for residential use and the presence of natural or man-made hazards in the area;
- Potential historical significance of the dwelling or archaeological significance of the area;
- Cost of demolition as determined by either City of La Crosse estimate or contractor estimate;
- Cost of additional site work in preparation for construction;

Staff will select properties for acquisition based upon the following factors:

- Site ownership or control;
- Location such as prominent corner or eyesore;
- Maximum leverage of HOME funds with other public and private funding and minimizes per unit costs to the City;
- Evidence of firm commitment from other funding sources;

- Compliance with the City's planning, zoning, historic, building codes, environmental requirements;
- Demonstrate that required approvals can be obtained timely;
- The greatest range of affordability to low-moderate income households at or below 80% of the area median income;
- The project is able to begin construction within 12 months of an agreement for assistance and be completed within four years from the execution of the HOME written agreement;

C. Decision: Demolish or Rehabilitate

City staff will determine whether the acquired property will be demolished or rehabilitated. The determination will be based upon the following factors:

- presence of termite damage;
- foundation cracks, soundness, water damage;
- construction method/materials (such as spacing of floor joists, ceiling/roof trusses);
- deterioration/adequacy of major structural members;
- repair cost ratio vs. equalized assessed value.

1. Demolition

The Staff shall maintain separate project files for clearance and site improvement activities which shall include records of activities and expenses for each specific project site. Initial inspections of HOME-assisted housing involving demolition will be carried out by the Housing Rehabilitation Specialist, the Assistant Housing Rehabilitation Specialist and the Community Development Administrator (CDA). Any environmental hazards such as asbestos removal must be handled by certified contractors that are licensed in the State of Wisconsin. Such work must include all yard areas and outbuildings. The Staff shall attempt to implement clearance activities as soon as properties are acquired to prevent vandalism and to improve the environment of the area.

If demolition is determined to be the best method for reuse of the property, the City of La Crosse Street Department will determine whether the property can be demolished and cleared by City crews or whether it will be more advantageous to contract with a professional demolition contractor through a competitive bid process. Plans and/or specifications for demolition, clearance and site preparation shall be prepared by the City staff with assistance from the City Engineering Department.

If it is determined to use demolition contractors, a competitive bid process will be initiated by City Staff. Solicitation and selection will be conducted in a manner which is in compliance with the regulations applicable to local, State, and Federal competitive public bidding and procurement Laws. Contracts for clearance activities must be approved by the Housing Rehabilitation Review Board or the City of La Crosse Board of Public Works.

All demolition and construction activities must adhere to the City's building permit standards and all applicable State or local codes. Contractors must ensure that

all demolition activities obtain appropriate permits and inspection approvals. The project file must include copies of approved demolition permits, photos, final work approvals and certifications of the completed work. If HOME funds are invested, all inspected areas must meet the City's local code and demolition standards.

After completion of the eligible activities, inspection by the City Planning and/or City Engineering Department and after compliance with applicable Federal regulations, contractors will be paid in accordance with the terms of applicable contracts. City Staff must authorize all payments.

The City or contractor will clear the site and prepare it for development.

Clearance activities shall include, but not be limited to:

- demolition of buildings, sheds, fences, trees/shrubs;
- disposal of waste;
- removal of foundations, other unwanted material, debris, and soil.

Site preparation shall include, but not be limited to:

- clean fill, rough and final grading;
- installation of utilities;
- staking of the building/lot;
- placement of iron pipes for lot corners;
- installation of curb and gutter, and other items shown on the plans and/or specifications which prepare the site for sale.

2. Rehabilitation

If substantial rehabilitation is determined to be the best method for reuse of the property, the City will utilize the Policies and Procedures for Housing Rehabilitation. Substantial housing rehabilitation will be funded from the Community Development Block Grant Program.

D. Approval

Staff will present a written summary and recommendation of its evaluation of each eligible site to the Housing Rehabilitation Review Board.

E. Eligible Acquisition and Expenses

Upon approval by the Housing Rehabilitation Review Board for inclusion in the RHP, staff will initiate the property acquisition process in accordance with Federal and State Acquisition and Relocation Laws, and will schedule closing dates.

Eligible CDBG RHP acquisition expenses will consist of, but not be limited to, appraisals, title searches, Attorney fees, surveys, costs for expenses necessary to facilitate acquisition/control of the site, purchase price of the dilapidated, blighted or foreclosed property or vacant lot, environmental review, blight findings, clearance including asbestos survey and removal, architectural services and project delivery costs, such as staff salaries directly related to each individual project.

F. Records

The Staff shall maintain separate files containing all relative information on each project site acquired.

Section 2. New Construction: HOME Program

A. Design Request for Proposals

City staff will prepare plans and specifications for all projects, including house plans and material specifications. City staff will draw floor plans for the proposed new housing unit for the site and utilize a contracted architect to complete final design specifications and house plans. The architect will be selected based upon an RFP issued by the City and a new RFP will be issued every two years.

B. Construction Standards

Housing that is being constructed with HOME funds must meet all applicable state or local codes, ordinances, and zoning ordinances. The City of La Crosse adheres to the local and State building codes for new construction of housing, Section 504 of the Rehabilitation Act and the Energy Conservation Code of the State of Wisconsin. All HOME-assisted newly constructed housing must be inspected by the Building and Inspection Department before the property receives a certificate of occupancy. Construction of housing is to be supervised by the City and, if applicable, the GC's foreman and monitored by the City. Final sign off on completed work is to be issued by the Housing Rehabilitation Specialist.

C. Construction Management

The City will utilize one of the following alternative methods for the construction of new affordable housing:

- Managing the housing construction process as the General Contractor (GC).
In its capacity as GC the City hires, through a competitive process, the **architect, contractors, subcontractors, finishers and other professionals as** needed for the construction of the housing. Priority will be given to projects where the City can use Western Technical College for carpentry work.
- Competitively hiring a GC and then managing the GC (also see Section D below). The City may elect to solicit competitive proposals for the construction of the new housing units. If this method is used, the City shall undergo a sealed-bid process to provide contractors, nonprofit developers, (note: the process could also include for-profit developers), and owners or sponsors the opportunity to nominate projects for assistance. Interested parties shall make application to the City of La Crosse Planning and Development Department. Prior to submission the Planning Director or his/her designee shall review the application and submit a recommendation to approve or disapprove the application. Awards will be made to the lowest qualified bidder in accordance with City, State and Federal procurement requirements (citation Part 85.36). Businesses located within the City of La Crosse are given preference.
- Select a qualified and certified Community Housing Development Organization (CHDO)

- The CHDO would be selected either noncompetitively or competitively to carry out all aspects of the housing development process, including, but not limited to, hiring contractors and subcontractors. Community Housing Development Organizations (CHDOs) may submit proposals at any time during the City's fiscal year so long as they demonstrate the ability to utilize CHDO set-aside funding in compliance with 24 CFR, Section 92.300. CHDOs may qualify for special site control and predevelopment (seed money) loans. In order to obtain such loans, CHDOs must provide a project budget and a complete project application demonstrating the feasibility of the project.

4. Other non-profit affordable-housing developer.

D. Project Development/Construction

If the City elects to competitively bid the project out, as noted above (2.C.2), a formal, competitive, sealed-bid process must be followed that complies with local, State and Federal requirements. Bids are to be opened and ranked in accordance with established procurement protocols. Information necessary to post acceptable and competitive bids shall be made equally available and in a timely manner to all potential contractors within the locality and/or region. The bid notice shall require contractors to provide cost estimates and plans for constructing the house in accordance with the City's design and materials provided in the RFP or other documentation as required to perform the job. Bids must be signed, dated, and itemized by all contractors.

Contracts will be awarded based on an evaluation of costs, quality and completeness of the bid (i.e., whether bid adequately covered all of the cost items). Construction contracts will be in the form approved by the City. A formal bid opening will be conducted at which time the bids are read and recorded for the public record. Bids will be tabulated by the CDA and the Housing Rehabilitation Specialist. The lowest responsible bid is the bid that will be presented to the Housing Rehabilitation Review Board.

A pre-bid meeting will be advertised at the same time as the bid and all deadlines are advertised.

1. Bid packages

Bid packages must include the following components for all work being performed by third-party firms:

- Construction contracts, as well as contracts with subcontractors, must include a retainer equal to 10% of the contract amount to be held back until the contract is completed, or the CDA approves final payment;
- Plans and specifications (or work write-up), including general requirements, site plans, materials specifications;
- A form describing the bidder's experience and licenses;
- Evidence of required insurance;
- A price proposal format;

- Requirements for complying with Section 3, minority and women’s business enterprise provisions, lead hazard reduction or abatement and other requirements related to Federal funding.

2. Pre-construction

Pre-construction meetings will be held after contract award and prior to the commencement of construction work. Contractors will be required to sign off on receipt of instructions and forms. The “Notice-to-Proceed” will be issued at the pre-construction meeting or at an appropriate time after the meeting.

The following documents and declarations must be executed prior to issuance of a Notice to Proceed:

- Fully executed construction contract.
- Evidence of required levels of insurance coverage and bonding or additional information as required by the City (if not previously provided).
- Declaration of compliance with Federal equal opportunity and nondiscrimination practices in employment and business practices.
- Declaration of compliance with Section 3 of the Housing and Urban Development Act of 1968 (if applicable) including acknowledgment of the absence of any barriers to compliance with Section 3 (the Section 3 clause shall be included in all contracts above \$100,000).
- Declaration of compliance with minority and women owned outreach
- Declaration of compliance with Federal labor laws (Copeland Anti-Kickback, Fair Labor Standards Act, and Contract Work Hours and Safety Standards Act).

The contractor will be required to obtain a performance bond prior to start of construction, as required by the City. A copy of this bond shall be placed in the contract file. Other required documents shall be signed by the City Staff and contractor, as appropriate. (If the homeowner has been selected, a separate benefit agreement between the homeowner and the City shall be executed to ensure, clarify and verify the obligations of the City and homeowner.)

3. Contract awards

The CDA of the City of La Crosse will execute the construction contract agreements with each selected contractor. The construction contract will require that:

- All contractors be licensed and ensured;
- No contractor (nor any subcontractors) selected is listed on a Federal or State debarment list;
- Contractors will adhere to the City's Standard Terms and Conditions and include provisions that contractors have adequate liability, property and professional insurance to protect and hold harmless the City of La Crosse and any of its departments or agencies;
- The contractor maintains the required workmen’s compensation insurance as required by the U.S. Department of Labor;

- Contractors comply with Federal labor standards, wage requirements, worker safety, work hours and wages as required by the U.S. Department of Labor, as well as the U.S. Environmental Protection Agency (EPA), the U.S. Occupational Safety and Hazards Administration (OSHA), and the State of Wisconsin with regard to lead-based paint and other hazardous work conditions;
- All skilled craftsmen and laborers be licensed, certified and trained, as applicable, to perform the work identified in the work specifications and that all work is performed of the highest quality and standards feasible.

The construction contract shall contain other requirements, such as:

- Prohibitions against any form of discrimination based on race, religion, national origin, sex, familial status or disability;
- Contractors are to affirmatively reach out to minority and women owned business for subcontracting opportunities;
- Contractors are to seek out local, low-income job applicants and disadvantaged businesses located in the project area in accordance with Section 3 of the Housing and Community Development Act of 1968 as amended.

4. Inspections/Pay Requests

Inspections will be performed, as deemed necessary; by the City to ensure that contracted work is completed and meets generally-accepted standards of quality upon receipt of a draw request from the contractor. A lien waiver is to be submitted along with the final request for payment. Initial inspections of HOME-assisted units involving new construction activities will be carried out by the Housing Rehabilitation Specialist and the Inspection Department.

Inspections of new construction activities are to occur in three phases and to the purposes, as follows:

- Preliminary (Pre-construction) – Check existing conditions against drawings and review applicable codes and standards with developer and contractor(s).
- During construction – Determine adequacy of work completed against draw/invoice requests, assess compliance with approved specifications, assess progress against schedules specified in the agreements, and resolve any disputes among parties.
 - The progress shall be documented on the Progress Inspection Report, and where work is not progressing satisfactorily, the Housing Rehabilitation Specialist shall notify the contractor in writing.
 - The Housing Rehabilitation Specialist shall inspect following submission of each pay request to ensure each line item of work being requested for payment has actually been completed and meets the standard. If an item is not completed, and/or does not meet the standard, the pay request will be adjusted and the amount requested for payment reduced. The Contractor shall be notified of any adjustments to work completed as submitted on the pay request. The request is authorized by the CDA and submitted to the Finance Department for payment.

- The contractor is responsible for notifying the appropriate Building and Inspection Department personnel for the required code inspections. The City cannot consider the project complete until documentation is received from the appropriate departments certifying code compliance.
- Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The final ten percent (10%) of the contract amount is set aside as a retention payment.
- Final (Clearance) – The contractor must notify the CDA when work is completed. The CDA will inspect all work to determine completion and compliance with building codes and standards, and approve property for occupancy (signed off on by the Inspections Dept.). A final inspection report is to be signed by the contractor and City Staff after all work is completed as specified by the contract.

5. Change Orders

Changes to the agreed upon GC bid proposal will only be authorized where necessary and only to the extent that are required to meet the standard of decent, safe and sanitary conditions of the property. Written Change Orders are required when the City or contractor requests a substantial change in the work write-ups or approved building plans. The Change Order must be approved and signed by the contractor and submitted to the City CDA for review and approval. If the Change Order exceeds the approved budget, the City will determine if additional funds may be invested in the project. All requests to use contingency funds from the project budget must be reviewed and approved by the Director of the Department of Planning and Development. Contractor error in estimating the project or doing the work will not be considered as a Change Order.

Section 3. HOME Program Project Rules and Requirements

A. Project feasibility, underwriting and subsidy layering

To comply with new Federal requirements, the City must certify and provide documentation that it has undertaken a feasibility review and market analysis prior to committing funds in IDIS. This certification will ensure that the City has undertaken the following actions:

- Assessment of the development team's experience and capacity;
- Assessment of the project's fiscal soundness, financial commitments, sources and uses for financing the project and cost reasonableness of the project; and,
- Examination of the neighborhood market conditions to ensure that there is an adequate need for the HOME project.

1. Development team feasibility

Is the development team capable of undertaking and completing this project and does the development team possess the following capabilities:

- Financial ability to complete project,
- Management capacity to manage project operations over the long-term,
- Staff capacity, experience and skills to undertake development of the property,
- Integrity, reliability, references
- Is there any evidence of a Conflict of Interest.

2. Financial feasibility

- Is the project financially feasible.
- Is there sufficient funding to undertake and complete this project.
- Are the sources and uses of funds identified/substantiated and sufficient.
- Is the proposed sale price within the limits required by the HOME Program, and is it in line with market sales in the area.
- Are the proposed home design features and amenities comparable to other homes being sold in the area.
- Are the square foot (and per unit) construction costs realistic and do they not exceed or fall below levels customary for the area.

3. Site feasibility and control

- Does the development entity (City) have site control.
- In what form is the site control.
- Is there documentation of that site control.
- Do the final plans and specifications comply with all local building codes and ordinances as well as HOME requirements at _____.

4. General Contractor feasibility

- Does the GC have the financial capacity to undertake and complete the project.
- Does the GC have the experience, skills and crew to undertake and complete the project.
- Is the contractor on the U.S. Department of Labor's Debarred Contractors list found at <https://www.sam.gov/>.
- Is there any evidence of a Conflict of Interest with the contractor.

B. Underwriting

Prior to the commitment of HOME funds, the City will (as required by new HUD regulations) undertake a detailed underwriting review. City Staff will review and make determinations regarding the following:

- Are the costs of each project reasonable as evidenced by a review of the sources and uses of funds.
- Are there adequate financing sources.
- Has a subsidy layering analysis been performed and has it been determined that the minimum amount of HOME subsidy will be provided. The determination is that the City will invest no more HOME funds, in combination with other governmental assistance, than is necessary to provide the affordable housing.
- Are the activities eligible for funding.
- Have the development costs been analyzed and determined to be necessary, reasonable and customary for the area.
- Has the transaction structure been reviewed and determined to be feasible, and
- Has a homebuyer mortgage underwriting template (to be completed when homebuyer is identified) been completed and reviewed. See Exhibit D.
- Will the construction of housing on vacant land acquired with HOME funds begin within 12 months of acquisition for a HOME project.

C. Market Analysis

The City will assess the market need for the project by evaluating the supply and demand for affordable housing in the neighborhood in which the project is proposed and prepare an analysis of the market demand for the project.

Key questions to be included in the analysis will be:

- Has a need for the type and number of housing units been demonstrated?
- Will the program be able to sell the planned homebuyer unit(s) prior to the six-month deadline?
- If units do not sell, will the program be able to lease-up the planned rental units as expected, e.g., within the timeframe specified in the project pro-forma?
- Will the development adversely impact existing affordable housing developments?

D. Eligible property

To qualify for the RHP, the housing to be constructed must be located within the City limits of La Crosse and be purchased by an income-eligible homebuyer; be of modest value; meet property standard requirements; and be the buyer's principal residence.

The following property types are eligible under the City's Replacement Housing Program.

1. Traditional single-family detached housing that is owned fee simple (this housing may contain 1-4 dwellings units);
2. A cooperative or unit(s) in a mutual housing project;
3. Townhouse;
4. A semi-detached home (duplex/twindo).

E. Eligible HOME Costs

HARD COSTS	SOFT COSTS
<ul style="list-style-type: none">• Site preparation or improvement.• Construction materials and labor (trades), including dumpsters, portable potty, temporary power, etc.	<ul style="list-style-type: none">• Appraisals, Legal and accounting fees, including cost certification• Recordation fees, transactions taxes• Architectural/engineering fees, including specifications and job progress inspections• Environmental investigations• Builders' or developers' fees• Affirmative marketing and marketing costs• Homebuyer counseling provided to purchasers of HOME-assisted housing• Management fees• Project delivery costs incurred by the City staff that are directly related to a specific project• Homebuyer training

F. Determining the Maximum Amount of Subsidy - Subsidy Layering - 92.250

The maximum amount of HOME funds that can be invested into a project on a per unit basis cannot exceed per-unit dollar limitations established annually by HUD. HUD determines the maximum amounts, which are based on the HUD Section 221(d) (3) program limits for the area, each year, adjusted by the number of bedrooms. City Staff must review and document each project against these limits to ensure that this requirement is being met. The HUD limits are attached as Exhibit K. The City may impose lower per unit funding limits than these limits depending upon the financial needs of the project determined through a subsidy layering analysis, the availability of funding, the number of applications received during the funding cycle and other factors.

G. Qualifying as Affordable Housing – Home value determination - 92.254

The value of the new housing unit cannot exceed 95% of the median purchase price for the La Crosse area as provided by HUD. The value limit for La Crosse for 2013 is: . As an alternative, the City has the option to determine its own 95% of area median value limits using methodology expressed in the current HOME final rule.

Prior to the commitment of any HOME funds, the Staff will conduct (or cause to be conducted) an after-construction-home-value determination to document whether the value of the housing to be constructed would be at or below 95% of the Median home values for the metropolitan area as published by HUD or the FHA 2008 pre-stimulus mortgage limits allowed by Section 203(b) of the National Housing Act whichever is greater.

The City will utilize the greater of the published HUD Single Family Mortgage Limits for the metropolitan area.

To establish project eligibility, the property value must be established prior to providing any HOME assistance to the buyer. The After-Construction Value cannot exceed 95% of the median area purchase price. The after construction value may be established by the following method:

1. An appraisal performed by a licensed fee appraiser or a staff appraiser of the PJ; or
2. Estimate of value, made by an informed staff person of the City or its designee; or
3. Tax assessment, provided the methodology used by the assessment office approximates the actual market value.

After performance of an appraisal (or other acceptable method of determining value) a comparison will be made of the after-construction value to the HUD Maximum Value Limits (95% of the area median purchase price published annually by HUD). If the after-construction value is less than the maximum value allowed, the property is determined to be eligible to be assisted with HOME funds. However, if the after-construction value is greater than the maximum value limits allowed, the property would not be eligible for assistance under the HOME program regulations.

H. Project completion Timing

Projects must be completed within four (4) years of commitment. FY2012 or after HOME funds used for projects not completed within four years of the commitment date of HOME funds, as determined by a signature of each party to the written agreement, must be repaid to the HOME Investment Trust Fund. HUD may grant a one-year extension if it determines that the circumstances that led to the failure to complete the project by the deadline were beyond the City's control.

For the purpose of complying with this requirement, completion shall mean that all necessary construction work has been completed and the project has received a certificate of occupancy or other local certification indicating that construction or rehabilitation has been completed and the project is ready for occupancy. All written agreements will include a detailed project completion schedule, with milestones, that will ensure the project is completed within four years or less. The City will monitor all homebuyer development activities set up in IDIS under FY 2010-2014 Consolidated Plan/Annual Action Plan projects to ensure that there is a ratified contract for sale within six months of completing construction. Any FY 2012 or after HOME-assisted homebuyer units that have not been sold to an eligible homebuyer within six months of completion must be converted to a HOME rental unit that complies with all HOME requirements for the period of affordability applicable to such rental units.

Section 4. Homebuyer Selection

A. Marketing and Homebuyer Selection

Houses to be constructed, or under construction, will be marketed by the following methods: City Staff will promote the program and seek out interested low or moderate-income families.

- Referrals from other housing providers, non-profit agencies, realtors, banks and other entities will be accepted.
- Housing Counseling programs may refer potential homebuyers to the City. Priority will be given to low income individuals or households who have completed or are enrolled in certified Housing Counseling programs.
- Properties may be listed on the MLS, newspaper ads, for-sale signs on the property and conducting of open houses.
- Potential homeowners who see the house or have heard of the program by word of mouth should inquire with the City Department of Planning and Development Department.

B. Application/Review:

Application forms can be obtained at City Hall in the Housing Rehabilitation Department or City Planning Office or on the City Web-site www.cityoflacrosse.org. Completed applications should be submitted to the CDA by mail or delivered in person. If assistance is needed, call (608) 789-7512 to arrange an appointment and City Staff will assist applicants in completing all required forms. Information requested in the application includes property data, financial information, household information, tax data, outstanding financial obligations, etc. Additional information includes any annual household income, asset liability verification, social security cards and driver's license. A copy of the application is attached as Exhibit D. Staff will maintain a list of potential homebuyers and conduct reviews of formal applications to determine which individuals or households may be eligible to become an assisted homeowner.

Applications are processed when received. Upon receipt of a completed application, the application will be date stamped and forwarded to the CDA to review for completeness and determine a preliminary eligibility based on information received. Once the preliminary process is completed, and eligibility is determined, the CDA will schedule a meeting with the applicant to thoroughly inform them of their responsibilities and requirements under the program.

A letter confirming the appointment will be mailed, including a list of required documentation. During the interview process, the CDA will have the applicant and each adult in the household earning income sign a release form authorizing the City to verify all sources of income and assets. Each adult in the household must also supply their social security cards and driver's license. Income Eligibility will be determined based on income and household size per the HUD Part 5 Definition of Income.

At the meeting applicants will be referred to a lender of their choice. To participate in the program, applicants must obtain pre-approval for a mortgage from a private lender.

The pre-approval can be obtained prior to or following an application submission. The applicant will be asked to have the private lender contact the City to ensure all program requirements are understood. The applicant will be required to be pre-qualified for a mortgage. When the RHP application is approved and the applicant has provided evidence of pre-qualification for the private mortgage, the City will schedule a closing. Prior to the closing, City Staff will provide to the applicant a copy of the proposed HOME Agreement.

Also at the meeting, if the applicant appears to be income eligible, he/she will be advised to contact a HUD Certified Housing Counselor to schedule their Housing Counseling Session. If the applicant does not appear to be eligible, a denial letter will be sent within ten (10) days of the meeting.

C. Homebuyer eligibility

To be eligible as a potential homebuyer, applicants must meet the following criteria:

- Have a gross household income that is at or below 80 percent of the area median income. Income eligibility is determined based on the household's annual income. Annual income is defined in Federal regulations at 24 CFR Part 5 (Part 5 Annual Income). See paragraph 3 below and **Exhibit K for** income determination worksheet;
- Have net assets, not including a principal automobile, household furnishings, and clothing, that are less than \$15,000;
- Are able to obtain first mortgage money for the purchase of the dwelling from a private lending institution,
- To ensure that Federal, State and local tax dollars promote an increase in the safety and security of neighborhoods, lifetime registered sex offenders are ineligible for the program as the City's goal is to prevent the use of taxpayer subsidization of undesirable conduct,
- Have a credit score of at least 640,
- Using gross income, the maximum debt-to-income ratio is 45%, and
- Will occupy the dwelling unit proposed for construction for a minimum of five years.

D. Income calculation

The RHP applies the HUD Part 5 definition (1) of income for all HOME-funded homeowner activities and projects. The Part 5 definition of income is the gross amount of income of all adult household members (including non-family) that is anticipated to be received during the coming 12-month period.

- Whose income to count: Under the Part 5 definition of annual income allowed inclusions and exclusions must be determined. The link below identifies what income should be counted.
<https://www.onecpd.info/incomecalculator/>

- Anticipating Income: The HOME regulations at 24 CFR 92.203(d) (1) require that, for the purpose of determining eligibility for HOME assistance, a household's income must be projected into the future. To do so, a "snapshot" of the household's current circumstances is used to project future income. In general, staff should assume that today's circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary.

Step-by-Step Methodology for Projecting Annual Income	
Steps	Instructions
1. Collect appropriate income documentation.	Appropriate documentation includes pay stubs, third party verification, bank statements, or certified copies of tax returns. CDD or its designee should review at least 3-months of source documentation.
2. Calculate the applicant household projected income based upon documentation.	This calculation must include hourly wage figures, overtime pay, anticipated raises; any expected bonuses, COLAs, or other anticipated changes in income. Other specific inclusions must also be reflected in the calculation, per the Part 5 income definition.
3. Compare the amount of projected income against current HOME income limits.	Once the household's income is calculated based on the Part 5 income definition, it must be compared to the annual HOME income limits based on household size as updated and published annually by HUD.

- Income Verification: The HOME regulations at 24 CFR 92.303(a) require that income eligibility be determined by examining source documents (such as wage statements or interest statements) as evidence of annual income.

Third party verification should be conducted (when feasible) to supplement source document review. Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information to verify income.

Although written requests and responses are generally preferred, conversations with a third-party are acceptable if documented through a memorandum to the file that notes the contact person, information conveyed, and date of call. In addition, developers, property owners and contractors may obtain third party written verification by facsimile, email, or internet. Developers, property owners and contractors must make appropriate efforts to ensure the sender is a valid third-party source.

The City of La Crosse as well as developers and any contracted third-party will be required to adhere to HUD's technical guide for determining income, specifically the section on the Part 5 income definition when collecting, calculating and verifying household income. This guide can be accessed via the following HUD Internet Web site link.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/library/modelguides/2005/1780

- Income Limits: The current income limits for the La Crosse metropolitan area are attached as Exhibit K. Income limits for each year will be downloaded each year and replaced as a new Exhibit K to these procedures document. Annual income limits can be accessed via the following HUD Internet Web site link.
<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/>

E. Homebuyer Underwriting: Each eligible application must be underwritten to determine the amount of HOME and other assistance (subsidy) required to make the purchase affordable. The City will document that these calculations have been completed. These ratios may change as the underwriting criteria and financial needs of the program change. Requests for exceptions or waivers must be submitted in writing to the City Staff and approved by the Director of the Planning and Development Department.

To do this, the City will require that applicants do not exceed two standard underwriting ratios:

- a. **Front end** ratio compares the loan payment to gross household income. The maximum allowable will be such that the necessary loan payment (including principle, interest, taxes and insurance (PITI)) not exceed 33% of gross household income.
- b. **Back end** ratio compares the loan payment plus installment and revolving debt to gross income. The maximum allowable will be such that the loan payment does not exceed 38% of total debt.

F. Notification of approval or disapproval:

- Applicants determined to be initially eligible will be notified by letter within 30 days of submitting the application. Eligible applicants will be referred to local lending institutions for preliminary first mortgage qualification to determine the maximum mortgage money available in light of the applicant's credit history and other factors.
- Applicants determined to be ineligible will be notified by letter within 30 days of submission of the application.

G. Eligible forms of ownership

HOME regulations require that the homebuyer have formal ownership of the property being assisted. Any of the following forms of ownership are allowable:

- Fee simple title to the property;
- Cooperative or mutual housing project;
- Community land trust form of ownership;
- Lease-purchase form of right of purchase ownership.

H. Homebuyer assistance/ Period of affordability

Potential homebuyers approved for participation in this program will be required to obtain a first mortgage from a private lending institution approved by the City. The RHP may provide a second mortgage Deferred Payment Loan with an interest rate at 3% simple interest per annum. The Interest for the loan will cease to accrue when it reaches 50% of the 2nd mortgage principal unless the agreement is in default. The RHP may provide a third mortgage which may be forgivable if the homebuyer remains in the home for the specified time period and as long as the homebuyer is not in default of any provisions of the program. Exhibits H & I are sample 2nd and 3rd mortgages. The interest rate may be changed by the City if the homeowner is in default or advances are made against the loan.

Properties must be occupied by eligible low- or moderate-income individuals or households for a specific **Period of Affordability** which is based on the amount of HOME funds provided for the property. The City will impose a deed restriction or lien to ensure these affordability requirements are maintained. The assistance is due on sale if the property is sold within the **Period of Affordability** in accordance with the applicable resale or recapture provisions.

The affordability period is set forth below:

HOME Funds Provided	Affordability Period
< \$15,000	5 years
\$15,000 - \$40,000	10 years
> \$40,000	15 years

I. Resale/recapture

To ensure that homebuyer projects remain affordable and available to low income homeowners, the HOME statute requires participating jurisdictions (PJs) to establish and use either resale or recapture provisions. They are triggered by a title transfer during the affordability period, which depends on the amount of HOME funds invested in the property.

The La Crosse HOME Program Loan Payment Repayment Agreement signed at closing will indicate which provision will apply to each property. The Agreement enforces the resale or recapture obligation through a lien, deed restriction, or covenant running with the land.

Recapture provisions must recoup the HOME investment from available net proceeds obtained from the sale of a house. The aim is to assist other HOME-eligible families.

Resale provisions must limit any subsequent purchase of a HOME-assisted property to income-eligible families, provide the owner with a fair return on investment, and ensure that the house will remain affordable to a reasonable range of low income homebuyers.

The Declaration of Restrictive Covenants (Deed Restrictions) requires that units utilizing HOME funds meet the affordability requirements of the HOME program at 24 CFR 92.254 for homeowner housing and 24 CFR 92.252 for rental housing. Repayment of funds will be required if the housing does not meet the affordability period requirements for the specified time period, commencing on the date of completion of construction or rehabilitation and submission of a project completion report to the CITY. To ensure affordability, recapture or resale restrictions will be triggered by any transfer of title, either voluntary or involuntary, during the established HOME period of affordability. A copy of the recorded deed restrictions must be given to the City.

1. In the event that the property is sold during the 15 year affordability period, the following recapture conditions will be met:
 - a. Under the recapture option, the period of affordability is based upon the *direct HOME subsidy* provided to the homebuyer that enabled the homebuyer to purchase the unit.
 - b. The CHDO and/or PJ will recapture the full amount of the HOME direct subsidy out of the net proceeds of the sale of the property. The net proceeds mean the sale price minus non-HOME loan repayment and closing costs.
 - c. If there are no net proceeds or insufficient proceeds to recapture the full amount of HOME investment due, the amount subject to recapture must be limited to what is available from net proceeds.
 - d. If the net proceeds are not sufficient to recapture the full amount of HOME investment plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvements made to the property during the period of occupancy, the homeowner's investment will be repaid in full before any HOME funds are recaptured.
 - e. If no direct subsidy is provided to the homebuyer to allow for the purchase of the unit, then the resale provisions must be imposed.

2. A resale provision must be used for projects that involve HOME assistance paid to the CHDO as owner/developer, but with no additional assistance to the buyer, meaning no direct subsidy was provided to the homebuyer that enabled the homebuyer to purchase the unit. This is because there are no funds that are subject to recapture.
 - a. Under the resale provision, the affordability period is based on the total amount of HOME funds used to assist the property and the buyer.
 - b. In the event that the resale provisions will be used, the CHDO must inform the homebuyer prior to the closing of the sale of the property and incorporate the resale provisions provided in Attachment B in the written agreements with the homebuyer.

A resale provision must be used for projects that involve HOME assistance paid to the CHDO as owner/developer, but with no additional assistance to the buyer. This is because there are no funds that are subject to recapture.

In the event that there is no direct subsidy to recapture, the HOME resale provisions will be imposed prior to the sale of the property to the homebuyer. The affordability period will be based on the total amount of HOME funds used to assist the property and the buyer. The homebuyer must sell to another Low-Income homebuyer (as defined by HUD), with the new home being affordable to the new buyer. The new homebuyer may not pay more than 33 percent of gross income for Principal, Interest, Taxes and Insurance (PITI).

In certain circumstances, the CITY may permit a new homebuyer to assume the CHDO loan and affordability restrictions, i.e., the CITY will not require the full repayment of the initial HOME subsidy. The HOME subsidy would be transferred to the new buyer and the remaining affordability period will remain with the property unless additional HOME assistance is provided to the new buyer.

As required under the HUD regulations, the homebuyer for whom a resale restriction is enforced will be allowed a fair return when selling to another income eligible buyer. The seller (i.e., the original buyer) will be allowed to retain their original investment in the property (i.e., down payment) plus the cost of any improvements made to the property.

During the period of affordability, the last recorded purchase price will generally be the minimum restricted price at the time of resale. Neither the minimum nor the maximum restricted resale price is guaranteed to the owner. If the restricted price exceeds the actual market value, the owner may have to accept the lower price. HOME-assisted units must be maintained in good condition in order to receive the maximum restricted price.

Recording the Resale Policy – The CITY’s Resale Policy shall be included in the written HOME Agreement with the buyer. The Resale Agreement must be recorded via a deed restriction or land covenant.

Foreclosure and Resale – Foreclosure also triggers Resale provisions. Under a foreclosure scenario the CHDO must ensure the house is sold to another low-income buyer, as defined by HUD, at an affordable price. The CITY has a right of first refusal under a foreclosure scenario and reserves the right to purchase the property prior to or at foreclosure sale.

J. Loan Closing:

City Staff shall attend all loan closings. At the closing, City Staff will execute the HOME written agreement with the homebuyer outlining all HOME requirements and affordability restrictions, as applicable. (See Exhibit F for HOME Program Agreement) as well as other security instruments. City Staff will ensure that the required security documents are executed at closing in accordance with resale or recapture provisions and the following:

Requirement	Recapture	Resale
Principal residence	Deed restriction or land covenant, affidavit, lien*	Deed restriction or land covenant, affidavit, lien*
Affordability period	Lien	Deed restriction or land covenant, affidavit, lien*
Repayment of HOME subsidy	Lien	Deed restriction or land covenant, affidavit, lien*
Fair Return to Owner	N/A	Deed restriction or land covenant, affidavit, lien*
Affordable sales price (resale)	N/A	Deed restriction or land covenant, affidavit, lien*
Subsequent buyer's income	N/A	Verification deed restriction or land covenant
*Lien is defined as a recorded deed of trust or mortgage securing repayment of the HOME subsidy		
Loans subject to repayment should be secured by a promissory note and/or mortgage note.		

*LIEN: A lien will be placed on the property and recorded with the County Register of Deeds to ensure the RHP deferred loan is repaid in the event of a default under the loan terms and conditions during the loan's affordability period.

Security Instruments

Deferred loans for all properties participating in the HOME program shall be secured through a Mortgage and Mortgage Note executed by the property owner at closing. A purchase agreement and loan repayment payment agreement shall also be recorded as part of the deed restrictions. The closing agent shall file said documents with the County Register of Deeds office upon the completion of the first mortgage transaction. The Mortgage and Mortgage Note will be executed at closing.

HOME Program Agreement

The homebuyer is required to execute a HOME Program Purchase Agreement and Payment Repayment Agreement with the City of La Crosse. The Agreement outlines the requirements set forth under 24 CFR Part 92. All agreements related to the HOME Program are prepared by City Staff. The set of required agreements consists of loan agreements between the City and the property purchaser which outline the terms and conditions of the HOME Program funding and costs, and mortgage and note executed

by the property purchaser. The HOME Program Agreement is executed once the homebuyer obtains a written commitment from the first mortgage lender.

The Home Program Agreement will include, but not be limited to:

- Term of the agreement;
- Amount and form of HOME assistance that constitutes assistance to the buyer;
- The value of the property and the sale price;
- Use of HOME funds (this should specify all HOME assistance to the buyer).
- Duration of the affordability period;
- Affordability requirements outlined in §92.254(a), including:
 - Applicable resale or recapture provisions and terms.
 - Definition of what triggers resale or recapture provisions.
 - If resale provisions apply, a definition of the restrictions on resale: including definition of low-income buyer who will use the property as their principle residence, affordable price, and fair return to the owner (seller) assisted with HOME funds.
 - Statement that there is a presumption of affordability, if applicable.
 - If recapture provisions apply, a description of what funds must be repaid to the City when the property is sold or foreclosed. Description should address the amount to be repaid if net proceeds are sufficient, and if there are insufficient net proceeds to repay the HOME assistance. And
 - Principal residency requirement for the remaining period of affordability (or revise a new affordability period if additional assistance is provided to a new owner).
- For lease-purchase housing, the terms of the lease-purchase arrangement;
- Time by which the housing must be acquired, if the written agreement is not executed at the time of loan closing for the property;
- A description of the PJ's right and responsibility to enforce the agreement; and
- A statement that the sale to buyer is contingent on the execution of a written agreement between the PJ and the buyer.
- The loan will be due and payable when the applicant sells or vacates the property or transfers the title of the property. The loan may be forgiven in full or in part at the discretion of the Housing Rehabilitation Review Board. If the homeowner lives in the property for the required Period of Affordability and complies with all of the terms of the HOME Program and Real Estate Purchase Agreement, the City may forgive the second mortgage loan.
- Annual certification is required during this period. Monitoring efforts shall require a letter be sent by certified mail a minimum of two times requesting current hazard insurance and utility bills evidencing principal residency. If no reply is received, a monitoring person will visit the home as a last resort. In the event the homeowner is no longer the principal resident, the loan shall be immediately due and payable to the City of La Crosse, unless they reoccupy the home. Also, if the property is sold or disposed of in any other manner, the HOME loan shall be immediately due and payable to the City of La Crosse. During the 5 year repayment period Mortgage Subordination Agreements will NOT be authorized.

K. Homebuyer Counseling

Each qualified applicant will be required to attend an intensive homebuyer counseling and education workshop focusing on the budgeting process to meet monthly housing costs associated with being a homeowner. At a minimum, six (6) hours of counseling is required from a HUD certified counseling agency offered locally. A certificate is required once completed.

Truth In Lending: The Truth in Lending statement will be given to the homeowner showing the total dollar amount of the deferred loan and the annual percentage rate (3%).

Notice of Right of Rescission: Notice to homeowner that they are entering into a transaction that will result in a lien on their home and they have three (3) business days to cancel the transaction.

Section 5. Project Completion/Closeout/Monitoring

A. Project completion, beneficiary reporting and closeout

For all HOME projects, project completion will mean that all construction work and title transfer (if applicable) are completed and the final draw of HOME funds has been disbursed. Completion includes the above as well as all beneficiary data are entered into IDIS. The developer/contractor is required to submit a Project Completion Report (see Exhibit __) with the final invoice request for all HOME-assisted projects, so that the project may be closed out in IDIS. Upon completion of a final draw and issuance of a certificate of occupancy by the Inspections Department, the CDA will review the project files in accordance with CDD's recordkeeping policy and monitoring procedures to ensure that all compliance requirements are substantiated in the project file and that applicable checklists are completed.

After the final draw and all relevant beneficiary information are collected, the CDA will follow the procedures for closing out the project in IDIS. These procedures can be found in HUD's Integrated Disbursement and Information System (IDIS) Online Quick Tips User Guide.

B. Documentation and recordkeeping

City Staff will establish and maintain sufficient records to document compliance with all HOME program rules and related Federal requirements including all administrative, financial, and program and project-specific HOME requirements. Exhibit [REDACTED] Recordkeeping Checklist. Documentation must be maintained for the project for a minimum of seven (7) years after project completion for construction-related records, and seven years after the expiration of the HOME Affordability Period for Household income and principal occupancy records.

- Final documentation
 - Lead Paint Clearance for Rehabilitation Projects only
 - Signed Lien Waiver
 - Certificate of Occupancy
 - Product Warranties
 - One-Year Warranty

C. Monitoring Long Term Affordability

All homeowners assisted with HOME funds will have a lien and/or deed restriction filed securing the loan in the City's land records requiring that the homeowner maintains and occupies the home as their principal residence for the entire period of affordability. If the homeowner has moved, the case would be turned over to the City Attorney's office for collection action or other remedies to enforce the lien. The City is responsible for managing and enforcing these requirements. Occupancy will be monitored on an annual basis by forwarding a letter (return receipt requested) to the homeowner at the property address requesting the completion of a certification form of continued

occupancy. A self addressed stamped envelope will be included for the return of the form.

The City will conduct annual reviews of property transactions and sales in the county land records/database for any listings of title transfers, foreclosures and other indicators of property transactions and match the data base to the addresses of properties on which a lien was placed. If a property is identified as having been sold or the title transferred (or a sale, transfer or foreclosure is pending) during the affordability period, a certified letter will be forwarded (return receipt requested) to the original buyer requesting repayment of the loan. If for any reason the homeowner does not continue to occupy the home as their principal residence and/or transfers title to the home to another person, including a foreclosure sale, the entire amount of the HOME assistance will be due and payable subject to and limited by the amount of net sale proceeds (if any) at resale or a foreclosure sale.

EXHIBITS

- A. Other Federal Requirements**
- B. Anti-Displacement and Uniform Relocation Requirements**
- C. Application Form**
- D. Applicant Underwriting Template**
- E. Example of Real Estate Purchase Agreement**
- F. La Crosse HOME Program Deferred Payment Loan Repayment Agreement
A.K.A. Example of 2nd Mortgage(s) Recapture/Repurchase**
- G. Example of 3rd Mortgage**
- H. Example of Warranty Deed**
- I. Income Limits**
- J. Other**

EXHIBIT A : OTHER FEDERAL REQUIREMENTS

<u>Other Federal Requirements</u>	<u>Apply to Homebuyer Programs?</u>	<u>Special Issues/ Considerations</u>	<u>Regulatory Citations and References</u>
<u>Non-Discrimination and Equal Access Rules</u>			
<u>Fair Housing and Equal Opportunity</u>	<u>Yes.</u>	<u>PJs must affirmatively further Fair Housing. Particular attention should be paid to signs of discrimination in sale of properties.</u>	<u>• 92.202 and 92.250 • Title VI of Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) • Fair Housing Act (42 U.S.C. 36013620) • Executive Order 11063 (amended by Executive Order 12259) • Age Discrimination Act of 1975, as amended (42 U.S.C. 6101) • 24 CFR 5.105(a)</u>
<u>Affirmative Marketing</u>	<u>Yes, for all projects of five or more HOME-assisted units.</u>	<u>PJ must adopt affirmative marketing requirements and procedures.</u>	<u>• 92.351</u>
<u>Handicapped Accessibility</u>	<u>Yes.</u>	<u>New projects must be designed and constructed in accordance with applicable standards. Rehabilitated properties may require modifications.</u>	<u>• Section 504 of the Rehabilitation Act of 1973 (implemented at 24 CFR Part 8) • For multifamily buildings only, 24 CFR 100.205 (implements the Fair Housing Act)</u>
<u>Employment and Contracting Rules</u>			
<u>Equal Opportunity Employment</u>	<u>Yes.</u>	<u>Contracts and subcontracts for more than \$10,000 must include language prohibiting discrimination.</u>	<u>• Executive Order 11246 (implemented at 41 CFR Part 60)</u>
<u>Section 3 Economic Opportunity</u>	<u>Yes, if amount of assistance exceeds \$200,000 OR contract or subcontract exceeds \$100,000.</u>	<u>Include Section 3 clause in contracts and subcontracts.</u>	<u>• Section 3 of the Housing and Urban Development Act of 1968 (implemented at 24 CFR Part 135)</u>
<u>Minority/Women Employment</u>	<u>Yes.</u>	<u>PJ must develop procedures and include in all contracts and subcontracts.</u>	<u>• Executive Orders 11625, 12432 and 12138 • 24 CFR 85.36(e)</u>

<u>Davis Bacon</u>	<u>Yes, if construction contract includes 12 or more units that are HOME-assisted.</u>	<u>If applicable, requirements apply to the whole project, not just the HOME-assisted units. Include language in contracts and subcontracts. Requirements do not apply to volunteers or sweat equity.</u>	<u>• 92.354 • Davis-Bacon Act (40 U.S.C. 276a -276a-5) • 24 CFR Part 70 (volunteers) • Copeland Anti-Kickback Act (40 U.S.C. 276c)</u>
<u>Conflict of Interest</u>	<u>Yes.</u>	<u>PJs should ensure compliance in-house and when using subrecipients.</u>	<u>• 92.356 • 24 CFR 85.36 • 24 CFR 84.42</u>
<u>Debarred Contractors</u>	<u>Yes.</u>	<u>PJs should check HUD list of debarred contractors.</u>	<u>• 24 CFR Part 5</u>

OTHER CDBG and HOME Statutory Requirements and HUD Regulations

Environmental Review: Prior to committing CDBG or HOME funds to any project, a site specific checklist must be completed. This checklist will indicate whether any additional measures need to be taken in order to comply with the requirements of the National Environmental Policy Act of 1969 and implementing regulations at 24 CFR 92.352. Note that no physical activity can occur on site until the environmental review has been completed and HUD has formally released HOME funds for the project.

Uniform Relocation Act: HOME projects are subject to relocation requirements under the Uniform Relocation Act (URA) of 1970 and implementing regulations at 24 CFR 92.353. URA requirements are initiated whenever displacement occurs as a direct result of rehabilitation, demolition, or acquisition of a HOME-assisted project. If Community Development Block Grant funds are used in conjunction with HOME funds, Section 104 (d) requirements must be initiated if displacement occurs as a result of demolition or conversion.

Equal Opportunity: All applicants will need to demonstrate that they have policies and procedures that ensure that minority business and women’s business enterprises have an equal opportunity to compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.

Site and Neighborhood Standards: All units assisted with HOME funds must promote greater choice of housing opportunities. Specifically, HOME-assisted units must facilitate and further comply with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 3 of the Housing and Urban Development Act and Executive Order 11063. The applicant must demonstrate that their project promotes greater choice of housing opportunities and avoids undue concentration of assisted persons in areas containing a high proportion of low-income and/or minority households.

EXHIBIT _____

EXHIBIT B PROJECT FEASIBILITY AND UNDERWRITING AND MARKET ANALYSIS

1. Procedures for Determining Project Feasibility

The City is required to certify the feasibility and marketability of projects, including the capacity of the development team prior to setting up any project in IDIS. The City of La Crosse will perform a project review of each proposal prior to the commitment of HOME funds. The review will assess the developer's capacity including but not limited to, the following requirements:

- Assess team's financial ability to complete project
- Assess team's ability to manage project operations over the long-term.
- Staff Capacity, experience & skills
- Integrity, reliability, references (Ethics)
- Conflicts of Interest

1. Overarching Management Policies

The City will take steps to ensure that the following actions are developed:

- Develop a standard RFP
- Establish a proposal review process
- Employ skilled staff, consultants, contractors that work for PJ
- Policies, procedures and checklists
- Craft sound agreements (enforceable)
- Establish good monitoring / reporting procedures

2. Development Team

The development team's experience and capacity in developing real estate projects is a key factor in the success of a proposed project. La Crosse CDA will review the development team in considering the feasibility of the project.

Generally, all projects will have at least a developer, architect, contractor, attorney and project manager. La Crosse CDA will consider working with inexperienced developers provided they are partnered with other experienced team members including architects and contractors. The following guidelines will be used in considering the feasibility of a project. CDA will take the following factors into consideration when review project proposals:

- Developer experience with project size & scope proposed
- Type of development entity
- New vs. established entity
- CHDO, nonprofit, for-profit
- Recent, relevant experience & skills\
- Strength: financial & organizational

3. Financial Feasibility

The project manager will review the budget based on the underwriting and cost guidelines provided in this manual. The major areas of consideration will include:

Development Program—The project manager will examine the overall feasibility of the project, research the background of the applicant, check the facts presented by the applicant and assess whether it meets La Crosse Community Development priorities. Development Budget—the project manager will conduct a basic review of the development budget to make sure that the sources of funding equals development costs. The project manager will also assess whether the proposed funding is adequate to carry out project development and make a determination about whether the proposed funding is realistic. Using standard underwriting procedures, the project manager will determine if the project meets standard underwriting criteria. The project manager will calculate the Net Operating Income (NOI) and Loan to Value (LTV) ratio of the first mortgage and determine the amount of debt that is supportable. In conducting this analysis, the project manager will conduct a subsidy layering review to ensure that the first mortgage debt is sufficient and that no more HOME funds are committed than needed to ensure project feasibility. [See project review and underwriting section for key financial definitions and calculations in conducting underwriting].

Sales and Development Budget— For single family developments, the project manager will evaluate the project to determine that:

- The proposed sale prices are within the limits required by the HOME Program, are in line with market sales in the area.
- The proposed home designs have features and amenities comparable to other homes being sold in the area.
- Square foot (and per unit) constructions costs are realistic and do not exceed or fall below levels customary for the area.

If the project appears feasible based on the program manager's initial review, the Community Development Director will assess the requested subsidy level. Upon approval by the Community Development Director the application will undergo an environmental review, flood plain review ((i.e., determination as to whether the project will have an impact or No Significant Impact (NOI) on the environment)). The Director of Community Development or his designee shall complete the environmental checklists and place in the project file. If the project requires an environmental impact statement or is located in a 100 year flood plain the director will follow environmental review procedures attached hereto as Appendix _____.

4. GC Capacity and Performance

Review the capacity and experience of any GC identified in the applicant's proposal or hired to perform work on the project.

5. Debarred contractors

CDD Program Coordinator will require copies of the developer's contractor's and/or owner's (as applicable) list of contractors initially prior to award and on a periodic basis throughout demolition and construction. The list will be cross-checked with the U.S. Department of Labor's Debarred Contractors list found at <https://www.epls.gov/>. The Program Coordinator will notify the developer, contractor and/or owner (as applicable) if it is discovered that any entity or person currently on their list is disbarred.

Documentation of the above lists will be updated and placed in each project file at least annually.

6. Site Feasibility and Control

Assess the readiness of the project to proceed as evidenced by site control documentation presented in the application. NOTE: evidence of site control is important to demonstrate ability of the project to meet the new HOME 4-year project completion requirement.

Assess the design feasibility of the project in accordance with the applicable local building code.

7. Project Eligibility

Review proposed HOME activity and eligible costs associated with the project to confirm project is consistent with eligible HOME activities and costs.

8. Underwriting

Evaluate the project in accordance with procedures for conducting underwriting provided as an attachment to the policies and procedures manual. CDD's underwriting procedures shall include an analysis of the following for single family development projects:

- Sources and uses for each project and determine whether the costs are reasonable;
- Financing sources and subsidy layering analysis;
- Cost reasonableness and eligibility;
- Development costs;
- Transaction structure and feasibility and,
- Homebuyer mortgage underwriting template (to be completed when homebuyer is identified)

9. Market Analysis

Assess the market need for the project by evaluating the supply and demand for affordable housing in the neighborhood in which the project is proposed. CDD will require the applicant to submit an analysis of the market demand for the project, which CDD will review to determine if the analysis is valid, accurate or otherwise demonstrates market support for the project.

Key questions CDD will evaluate include:

- Has a need for the type and number of housing units been convincingly demonstrated?
- Will developer/program be able to sell the planned homebuyer unit(s) prior to the six-month deadline?
- If units do not sell will developer/program be able to lease-up the planned rental units as expected, e.g. within the timeframe specified in the project pro-forma?
- Will the development adversely impact existing affordable housing developments?

The complete underwriting analysis is to be documented and submitted to the Director for review and approval prior to entering into a HOME agreement or setting up the project in IDIS. All protocols, checklists or documentation used to underwrite the project should be maintained in the project file.

EXHIBIT_C_____

ANTI-DISPLACEMENT AND UNIFORM RELOCATION REQUIREMENTS

The US Department of Housing and Urban Development (HUD) requires recipients of HUD funds to certify that they follow an Anti-Displacement Policy to ensure steps are being taken in carrying out HUD-assisted projects to:

- Identify the reasonable steps it will take to minimize the displacement of persons from their homes as a result of a HUD-assisted project;
- Provide relocation assistance to low/moderate-income (LMI) households, including families and individuals, displaced as a direct result of the conversion of a LMI dwelling or the demolition of any housing for a project.
- Replace all occupied and vacant housing available for occupancy LMI dwellings that are converted to a use other than LMI dwellings or LMI dwelling that are demolished for a project.

Projects assisted with HUD funds will be undertaken in such a manner as to minimize the displacement of persons. In projects or activities that may be assisted by HUD program funds subject to 24CFR Part 92, HOME Investment Partnerships (HOME) Program, in which displacement is required, the City of La Crosse and/or any City-sponsored developer, contractor, or Subcontractors will comply with 24 CFR Part 42, Displacement, Relocation Assistance, and Real Property Acquisition for HUD and HUD-assisted program, as amended, as well as 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs, as amended.

Relocation Assistance will not be provided when occupants voluntarily sell their property. Procedures will be established to ensure that persons residing in homes to be acquired and demolished are informed of the relocation assistance to which they are entitled. Occupants will be required to sign and date a 'Relocation Assistance Acceptance' form certifying that they were informed of their rights with regard to relocation and they accept the compensation and housing assistance being provided.

Developers must require the occupant to sign the City's Notice of Voluntary Sale for homes that are purchased by the developer using HUD assistance. The notice ensures that the seller acknowledges their understanding that the City will not fund relocation for voluntary disposition activities.

EXHIBIT_D_____

APPLICATION FORM

EXHIBIT_E APPLICANT UNDERWRITING TEMPLATE

**City of La Crosse Replacement Housing Program
Applicant Referral Information**

Date: XX/XX/2013

Property Address: XXXX S. Easy Street

Applicant Information

Household Size: X

Current Rent Payment: \$XXX (currently subsidized)

Gross Yearly Income: \$XX,XXX.XX

Percentage of CMI: XX%

Applicant Credit Score: XXX

Applicant Debt Information (monthly payments, loan amounts, debt type, etc)

Car Payment: \$XXX monthly and a \$XX,XXX balance

Credit Card Payment: \$XX monthly and a \$X,XXX balance (joint with co-applicant)

Co-Applicant Credit Score: XXX

Co-Applicant Debt Information (monthly payments, loan amounts, debt type, etc.)

Credit Card Payment: \$XX monthly and a \$X,XXX balance (joint with applicant)

Pre-Approval Information

Are they pre-approved yes or no? No

Lender: N/A

Loan Amount: N/A

Property Information

Sales Price: \$XXX,000

Estimated Yearly Property Taxes: \$X,XXX.XX (based on estimated \$XX,XXX assessment value, provided by the City Assessor)

Estimated Yearly Homeowners Insurance: \$X00

Total Estimated Monthly Escrow Payment: \$XXX.XX + \$XX.XX = \$XXX.XX

Recommended Affordability Information

Affordability Calculation:

28% Gross Income or 36% Debt Ratio = 36% Debt Ratio

Calculation:

\$X,XXX.XX1 gross monthly income
x.36

\$XXX.XX total affordable debt

-\$XXX in existing debt

\$XXX.XX total PITI

-\$XXX.XX escrow

\$XX.XX PI payment

Down payment and Affordable Mortgage Amounts

Down payment Applicant says they will bring: \$X,000

The lender may require the buyer to bring between 3-5% of their own funds, they have not talked to a lender so this can't be verified

1st Mortgage Amount: \$XX,XXX (based on a X% interest rate)

2nd Mortgage Amount: \$XX,XXX

3rd Mortgage Amount: \$XX,XXX

\$XXX,XXX purchase price
+\$X,XXX closing costs
\$XXX,XXX needed to get him into the home
-\$X,XXX down payment from buyer
\$XXX,XXX left to finance
-\$XX,XXX affordable first mortgage
\$XX,XXX remaining for a 2nd (Direct Subsidy)

Any other pertinent credit history not covered above:

The applicant didn't disclose the _____ on the application, it was found after the credit report was ordered. Therefore, this amount is much lower than the initial numbers provided .

EXHIBIT_F _____ REAL ESTATE PURCHASE AGREEMENT

Replacement Housing Program
Real Estate Purchase Agreement

WHEREAS, the City of La Crosse operates a Replacement Housing Program with the use of Community Development Block Grant Program Funds and HOME Investment Partnerships Program Funds, and

WHEREAS, the City purchased property at _____ Street for the purposes of said program, and

WHEREAS, the City also took bids and proposals for the sale of the same in accordance with the guidelines provided in the program.

NOW, THEREFORE, IT IS AGREED by and between the City of La Crosse, Wisconsin herein known as “Seller”, and _____ and _____, herein jointly referred to as “Purchaser” or “Purchasers” that the Seller hereby conveys to Purchasers, upon the price, terms, and conditions herein set forth, the following described real estate, located in the City and County of La Crosse, State of Wisconsin, to-wit:

See Attached

TERMS

The City of La Crosse Replacement Housing Program will provide a second mortgage for **XXX Thousand and no/100 Dollars (\$XX,000.00)** as down payment assistance through the City of La Crosse Replacement Housing Program Deferred Payment Loan Repayment Agreement. The interest rate shall be 3 percent simple interest per annum, unless said agreement is in default or advances are made under the same. The Interest for this loan shall cease to accrue when it reaches 50 percent of the second mortgage principal, unless said Agreement is in default.

The City of La Crosse Replacement Housing Program Deferred/Forgivable Loan Repayment Program will also provide a third mortgage as down payment assistance in the amount of **XXX Thousand and no/100 Dollars (\$XX,000.00)** that is forgiven at a rate of 5 percent per year over 20 years, unless said agreement is in default.

CONTINGENCY

This offer is contingent upon approval and acceptance by the Housing Rehabilitation Program Review Board.

OCCUPANCY

This Project was made possible through the utilization of Federal Community Development Block Grant (CDBG) funds and HOME Investment funds. Both the CDBG and HOME programs have income restrictions that are based upon household size (24 CFR 570.3 (q)), in order to ensure that the data collected to verify your household income is accurate and that true representation of the Household members was provided. Future evaluations, as outlined below in Condition 2, will be applicable to this property. Failure to provide any information required for compliance with these loan programs to the City of La Crosse may result in a default under this Agreement and the same being called due and payable in full or a reversion of the property.

CONDITIONS

Should the following conditions not be met, the property, at the option of the Seller, may revert to the Seller upon payment of the purchase price, minus the amount owed from the deferred loan, and any outstanding liens upon said property or at the sole option of the Seller, may be called in default and due and payable in full. The following conditions shall run with the land and be binding on any permitted successors and assigns:

1. The above-described property shall remain and be used only as an owner-occupied, single-family dwelling in perpetuity.

2. There are to be no additional persons living in the home, other than those originally disclosed on the initial application, and again stated below. In the event of a marriage, birth or adoption additional household members will be allowed. The Seller maintains the right to monitor, with 24 hours' notice, the property for a period of one year following the sale. Mail records will also be randomly obtained to verify the occupants of the home for a period of two years from sale. Failure to disclose all members who will occupy the property will result in immediate legal action, for reversion or foreclosure.

State the names of the persons who will reside in the property, as initially disclosed:

3. This property is subject to a recapture provision which provides that in the event of a sale during the "period of affordability," which is 15 years from the date of sale, all net proceeds from the property, after the payment of allowable closing costs and expenses and any superior liens, shall be first used to repay the City of La Crosse Housing Rehabilitation Program of any outstanding mortgages used to assist the Purchaser with the purchase of the property, plus all accrued interest, fees and costs set forth under the Repayment Agreements. Any remaining proceeds after the payment of said amounts will be paid the Purchaser herein.

The Purchaser will contact the City Replacement Housing Program for permission prior to placing the home on the market for sale. This permission may not be unreasonably withheld.

4. The Purchasers confirm that their income is below 80 percent of Median Family Income for the City of La Crosse at the time of purchase.

5. The Purchasers shall not be permitted to assign, transfer the property or rent the property without the prior written consent of the Seller, which may be unreasonably withheld during the period of affordability or until payment of the City's liens upon the property, whichever shall occur later.

6. Purchaser understands and agrees that the real estate taxes due upon the parcel will be based upon an assessed value established by the City Assessor, which may be different than the purchase price for the property. Purchaser agrees to pay, without challenge or appeal, said real estate taxes, based upon the assessed value established by the City Assessor.

7. Purchaser understands that there is rain garden on the above described premises, which assists with drainage, erosion control and storm water control. Purchaser agrees to maintain and not to remove the same. If the same is damaged or removed Purchaser is aware such action may cause basement water damage, seepage or flooding and the Purchaser waives any liability against the Seller, it heirs, successor or assigns for the same.

CONVEYANCE

Conveyance is to be made by a Warranty Deed along with a provision in the conveyance that the Purchasers must comply with City of La Crosse Replacement Housing Program Deferred Payment Loan Repayment Agreement; City of La Crosse Replacement Housing Program Deferred/Forgivable Payment Loan Repayment Agreement as well as the "Conditions" of this agreement. The following language shall be added to the deed:

This sale is subject to all terms and conditions set forth in the City of La Crosse Replacement Housing Program Deferred Payment Loan Repayment Agreement; City of La Crosse Replacement Housing Program Deferred/Forgivable Payment Loan Repayment Agreement and a Replacement Housing Program Real Estate Purchase Agreement. In addition, it is agreed between the City of La Crosse as Seller, and the Purchasers herein, that as additional consideration to the City for agreeing to assist in the financing of the property that: In the event, within 15 years of the date of transfer, this property sells or transfers to a third party, there is a recapture provision, which restricts the distribution of net proceeds of the sale, as set forth in the Replacement

EVIDENCE OF TITLE

The Seller will provide for examination at least ten (10) days prior to the date of closing, an owner's policy of title insurance, in the amount of the full purchase price, naming the Purchaser as the proposed insured, as its interest may appear, written by a responsible title insurance company licensed by the State of Wisconsin. Said commitment for an owner's policy of title insurance shall show title to Seller, subject only to standard title insurance exceptions; liens or deferred charges not shown on the tax roll for installation and connection of water and sewer laterals, mains, and service pipes; easements for utility purposes, general and special taxes for the year 2012 and subsequent years, together with special taxes or assessments, if any, payable thereunder and any other instruments or easements of record. Seller shall pay the premium charged for this title insurance. Purchaser shall also provide a lender's policy(ies) at Purchaser's expenses for the full amounts of the City mortgages placed upon the property at the time of sale.

CLOSING AND POSSESSION

Closing shall be at such time, date, and place as agreed to by the Seller and Purchaser, but in no event later than sixty (60) days after the date of approval by the Housing Rehabilitation Program Review Board. Possession of the premises shall be delivered to Purchaser upon closing, unless otherwise agreed to in writing.

FACILITATION OF MORTGAGE FINANCING

In the event that Purchaser wishes to obtain mortgage financing for purchase of this property, Seller shall agree to permit any such mortgagee to cure any default that would otherwise permit reversion of this property to seller and agrees further to agree to any other modification of its reversion rights that is reasonably necessary to accommodate the interests of any mortgagee, provided that the legitimate interests of the Seller are not adversely affected. Any agreements by the Seller under this clause must be in a written document, signed by all parties.

**PROCEDURE IN EVENT OF BREACH SUBSEQUENT TO CONVEYANCE OR
DEFAULT**

In the event of a breach by Purchasers in one of the conditions specified in the deed or in this Agreement, as permitting reversion or foreclosure of the property to Seller, Seller shall provide written notification of the breach to Purchasers no later than thirty (30) days with an opportunity to cure the same. If said breach is not cured within the thirty (30)-day period the City may, at its option, bring an action for reversion of the property, as set forth above or if any mortgages to the

City remain outstanding at the time of the breach, call the same immediately due and payable in full and without further notice, move forward with a foreclosure of all mortgages held by the City under the normal provision of Wisconsin law. Purchaser shall be responsible for all actual fees and costs incurred by the City in enforcement of this Agreement, any reversion action or foreclosure action, regardless if the same is reduced to Judgment. All notices shall be sent in writing, by first class mail, postage pre-paid, to the last known home address for the Purchaser.

IN WITNESS WHEREOF, the said Seller and Purchaser have hereunto set their hands and seals

this _____ day of _____, 2013.

CITY OF LA CROSSE, WISCONSIN

Tim Kabat, Mayor

Teri Lehrke, City Clerk

STATE OF WISCONSIN)

) ss.

LA CROSSE COUNTY)

Personally came before me this _____ day of _____, 2013 the above named Tim Kabat, Mayor, and Teri Lehrke, City Clerk, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Sign: _____

Print: _____

Notary Public, La Crosse County, WI

My commission expires _____

PURCHASERS

Purchaser

Purchaser

STATE OF WISCONSIN)
) ss.
LA CROSSE COUNTY)

Personally came before me this _____ day of _____, 2013, the above named _____ and _____ to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Sign: _____

Print: _____

Notary Public, La Crosse County, WI

My commission expires _____

Drafted by Replacement Housing Program

**EXHIBIT G LA CROSSE HOME PROGRAM
DEFERRED PAYMENT LOAN REPAYMENT
AGREEMENT (aka SAMPLE 2ND
MORTGAGE(S) RECAPTURE/REPURCHASE**

City of La Crosse

Replacement Housing Program

Deferred Payment Loan Repayment Agreement

THIS AGREEMENT is made and entered into this _____,
day of August, 2012, by and between
_____ and _____, (hereinafter referred to as
"Purchaser"), and the City of

La Crosse, a body corporate and politic, having its principal
office at City Hall, 400 La Crosse Street, La Crosse,
Wisconsin 54601 (hereinafter referred to as "Grantor").

WHEREAS, on this _____ day of August, 2012 the
Grantor, pursuant to the provisions of the City of La Crosse
Replacement Housing Program, agreed to provide to
Purchaser a Replacement Housing Deferred Payment
Loan, (hereinafter referred to as "Deferred Payment Loan")
relating to the real estate hereinafter described:

See Attached

in the amount of _____ Thousand Dollars (\$XX30,000)

This space is reserved for recording data

Return to

Replacement Housing Program

City Hall

400 La Crosse Street

La Crosse, WI 54601

Parcel No.: 17-xxxxx-xxx

NOW, THEREFORE, in consideration of the said Deferred Payment Loan and in accordance with the
provisions of the City of La Crosse Replacement Housing Program, the Purchaser and Grantor agree as
follows:

1. Purchaser covenants and agrees with Grantor that if the real estate herein described is
sold, transferred or otherwise conveyed, voluntarily or involuntarily either while the Purchaser is living or
by reason of the death of the Purchaser, a default under this Agreement or any other agreement with the
City of La Crosse or if the real estate ceases for any reason to be the Purchaser's principal place of
residence, the Purchaser will repay the following: The full amount of the Deferred Payment Loan plus
interest at 3% per annum, simple interest on the unpaid balance, plus any amounts advanced by the
Grantor under this Agreement and any default interest if applicable. The 3% simple interest, in the event
there is no default under this Agreement, will cease to accrue when it reaches one-half of the loan value
or Fifteen thousand dollars (\$15,000). This Agreement is given as a security interest or lien for the

Grantor providing present and future funds by the Grantor to Purchaser for the herein described real estate and secures any and all future amounts advanced by or due to the City of La Crosse for any reason whatsoever.

Any such repayment shall be made to Grantor immediately upon such sale, transfer, lease or other conveyance, or within three (3) days following the date upon which the real estate ceases to be the Purchaser's principal place of residence, or on such later date as Grantor, in its sole discretion, may designate in writing.

2. As security for Purchaser's obligation of repayment, and subject to the terms and conditions of this Agreement, Purchaser hereby grants and Grantor shall and hereby does have, a continuing lien on the real estate herein described in the full amount necessary to satisfy said repayment obligation, all amounts due under this Agreement, including interest, all funds advanced by the Grantor and the full and actual costs and attorney's fees, incurred by the Grantor in enforcing and collecting under this Agreement. The real estate subject to said lien is situated in La Crosse County, Wisconsin, and is legally described as: Same as described above.

3. Purchaser or his/her heirs, executors, or representatives shall promptly notify Grantor, in writing, in advance of any sale, transfer, lease or other conveyance of interest in the above described real estate or within three (3) days after the date upon which said real estate ceases to be Purchaser's principal place of residence.

4. Failure to make the required repayments, as set forth herein or in the event of any other default under this Agreement may result in action for foreclosure or reversion, at the sole discretion of the Grantor.

5. (a) Purchaser agrees to pay, before they become delinquent, all taxes and assessments which may be levied or assessed against the property herein described. Purchaser agrees to deliver to Grantor, upon demand, a receipt showing due payment of any taxes or assessment.

(b) Purchaser agrees to keep the property insured for flood (if applicable), fire and extended coverage perils for at least the full and fair market value of the property, in an amount not less than the total debt against the property, including the City of La Crosse Deferred Payment Loan, naming the City of La Crosse as loss payee, and to pay the premiums thereon when due. Said policy shall remain in effect for the term of the loan.

(c) Purchaser agrees to keep the property in good condition and repair so as not to have a blighting influence upon the neighborhood. Purchaser agrees not to do anything to diminish or impair the value of the property.

(d) Purchaser agrees to make timely payments of all loans, including interest, securing the property so as not to compromise the interests of the City of La Crosse in the property.

(e) In the event that any tax or assessment remains unpaid after it becomes due, or if Purchaser fails to keep the property insured or fails to pay the premiums when due, or if Purchaser fails to keep the property in good condition and repair, the Grantor may (1) foreclose said lien in the same manner as an action for the foreclosure of mortgages upon said real estate, and/or (2) on its part, upon ten (10) days advance written notice, cure such defaults (by paying to have them corrected). Purchaser agrees to immediately repay the Grantor all sums paid to cure such defaults. If Purchaser fails to repay the Grantor, these expenditures may be added to and be deemed part of the debt secured by this mortgagee, and bear interest at the rate of 24% per annum and form a lien on the property.

6. Purchaser shall comply with all conditions set forth in any "Replacement Housing

Program Real Estate Purchase Agreement”, and “Housing Replacement Program Application for Deferred Payment Loan”, and such documents, if executed, are incorporated herein and made a part of this Deferred Payment Loan Repayment Agreement. A default upon these Agreements or upon any agreement with the City of La Crosse is a default also upon this Agreement.

7. In the event of any default or breach of this Agreement, then all amounts due hereunder will accrue interest at a penalty the rate of twelve per cent (12%) annum, compounded daily from the date of default and there will be no limitation upon the amount of interest due. Any amounts due under Section 5(e) above will accrue interest rate at the rate set forth therein. Purchaser shall be given thirty (30) days written notice to cure any default under this Agreement, except as set forth in Section 5(e) above. Any written notices called for in this Agreement are to sent to Purchaser by first class mail, postage pre-paid, to last known home address of the Purchaser.

8. This Agreement shall run with the aforesaid real estate and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, representatives, successors, and assigns.

IN TESTIMONY WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Purchaser

CITY OF LA CROSSE
Replacement Housing Program

Purchaser

Lawrence J. Kirch
Director Planning and Development

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this _____ day of _____, 2013 the above named _____ and _____, to me known to be the person(s) who executed the foregoing instrument and acknowledged the same as a free act and deed.

Sign: _____

Print: _____

Notary Public

La Crosse County, Wisconsin

My Commission expires:

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this _____ day of _____, 2013 the above named Lawrence J. Kirch, as the Director of Planning and Development, to me known to be the person who executed the foregoing instrument and acknowledged the same as a free act and deed.

Sign: _____

Print: _____

Notary Public

La Crosse County, Wisconsin

My Commission expires:

Drafted by Replacement Housing Program

**EXHIBIT_H____ Deferred/Forgivable Payment
Loan Repayment Agreement - aka - Sample 3rd
Mortgage**

City of La Crosse

Replacement Housing Program

Deferred/Forgivable Payment Loan Repayment Agreement

THIS AGREEMENT is made and entered into this _____
day of August, 2012, by and between
_____(hereinafter referred to as "Purchaser"), and the
City of

La Crosse, a body corporate and politic, having its principal
office at City Hall, 400 La Crosse Street, La Crosse,
Wisconsin 54601 (hereinafter referred to as "Grantor").

WHEREAS, on this _____ day of August, 2012 the
Grantor, pursuant to the provisions of the City of La Crosse
Replacement Housing Program, agreed to provide to
Purchaser a Deferred Forgivable Payment Loan (hereinafter
referred to as "Deferred Forgivable Payment Loan") as direct
financial assistance, in order to assist the Purchaser in
buying the real estate hereinafter described:

See Attached

in the amount of _____ Thousand and no/100 Dollars (\$XX,000.00)

NOW, THEREFORE, in consideration of the said Deferred Forgivable Payment Loan and in accordance
with the provisions of the City of La Crosse Replacement Housing Program, the Purchaser and Grantor
agree as follows:

1. This loan is forgivable at 5 percent per year with the start date based upon the date of
recording of this document. There will be no accrual of interest on this loan (0 percent interest), provided
the same is not in default and, upon the expiration of the twentieth year, the forgivable loan will be at a
zero balance and the loan will be satisfied.

This space is reserved for recording data

Return to

Replacement Housing Program

City Hall

400 La Crosse Street

La Crosse, WI 54601

Parcel No.: 17-xxxx-xxx

Any such repayment due under this Agreement is due and payable as follows: If the property is no longer the Purchaser's primary residence immediately upon such sale, transfer, lease or other conveyance, or within three (3) days following the date upon which the real estate ceases to be the Purchaser's principal place of residence, or on such later date as Grantor, in its sole discretion, may designate in writing.

2. As security for Purchaser's obligation of repayment, and subject to the terms and conditions of this Agreement, Purchaser hereby grants and Grantor shall and hereby does have, a continuing lien on the real estate herein described in the full amount necessary to satisfy said repayment obligation, all amounts due under this Agreement, including interest, all funds advanced by the Grantor and the full and actual costs and attorney's fees, incurred by the Grantor in enforcing and collecting under this Agreement. The real estate subject to said lien is situated in La Crosse County, Wisconsin, and is legally described as: Same as described above.

3. Purchaser or his/her heirs, executors, or representatives shall promptly notify Grantor, in writing, in advance of any sale, transfer lease or other conveyance of interest in the above described real estate or within three (3) days after the date upon which said real estate ceases to be Purchaser's principal place of residence.

4. Failure to make a required repayment a set forth herein or in the event of any other default under this Agreement may result in action for foreclosure or reversion, at the sole discretion of the Grantor.

5. (a) Purchaser agrees to pay, before they become delinquent, all taxes and assessments which may be levied or assessed against the property herein described. Purchaser agrees to deliver to Grantor, upon demand, a receipt showing due payment of any taxes or assessment.

(b) Purchaser agrees to keep the property insured for flood (if applicable), fire and extended coverage perils for at least the full and fair market value of the property, in an amount not less than the total debt against the property, including the City of La Crosse Deferred Forgivable Payment Loan, naming the City of La Crosse as loss payee, and to pay the premiums thereon when due. Said policy shall remain in effect for the term of the loan.

(c) Purchaser agrees to keep the property in good condition and repair so as not to have a blighting influence upon the neighborhood. Purchaser agrees not to do anything to diminish or impair the value of the property.

(d) Purchaser agrees to make timely payments of all loans, including interest, securing the property so as not to compromise the interests of the City of La Crosse in the property.

(e) In the event that any tax or assessment remains unpaid after it becomes due, or if Purchaser fails to keep the property insured or fails to pay the premiums when due, or if Purchaser fails to keep the property in good condition and repair, the Grantor may (1) foreclose said lien in the same manner as an action for the foreclosure of mortgages upon said real estate, and/or (2) on its part, upon ten (10) days advance written notice cure such defaults (by paying to have them corrected). Purchaser agrees to immediately repay the Grantor all sums paid to cure such defaults. If Purchaser fails to repay the Grantor, these expenditures may be added to and be deemed part of the debt secured by this mortgagee, and bear interest at the rate of 24 percent per annum and form a lien on the property.

6. Purchaser shall comply with all conditions set forth in any "Replacement Housing Program Real Estate Purchase Agreement," and "Housing Replacement Program Application for Deferred Payment Loan," and such documents, if executed, are incorporated herein and made a part of

this Deferred Payment Loan Repayment Agreement. A default upon these Agreements or upon any agreement with the City of La Crosse is a default also upon this Agreement.

7. In the event of any default or breach of this Agreement, then all amounts due hereunder will accrue interest at a penalty the rate of 12 percent per annum, compounded daily from the date of default and there will be no limitation upon the amount of interest due. Any amounts due under Section 5(e) above will accrue interest rate at the rate set forth therein. Purchaser shall be given thirty (30) days written notice to cure any default under this Agreement, except as set forth in Section 5(e) above. Any written notices called for in this Agreement are to be sent to Purchaser by first class mail, postage pre-paid, to last known home address of the Purchaser.

This Agreement shall run with the aforesaid real estate and shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, representatives, successors, and assigns.

IN TESTIMONY WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Purchaser

Purchaser

CITY OF LA CROSSE
Replacement Housing Program

Lawrence J. Kirch
Director Planning and Development

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this _____ day of August, 2012 the above named _____ and _____, to me known to be the person(s) who executed the foregoing instrument and acknowledged the same as a free act and deed.

Sign: _____

Print: _____

Notary Public

La Crosse County, Wisconsin

My Commission expires:

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this _____ day of _____, 2013 the above named Lawrence J. Kirch, as the Director of Planning and Development, to me known to be the person who executed the foregoing instrument and acknowledged the same as a free act and deed.

Sign: _____

Print: _____

Notary Public

La Crosse County, Wisconsin

My Commission expires:

EXHIBIT I SAMPLE WARRANTY DEED

Document Number
WARRANTY DEED

THIS DEED, made by the City of La Crosse, a municipal corporation, GRANTOR, conveys and warrants the property described below to the GRANTEE, _____, for the sum of XXX Thousand Dollars

_____ (\$ XX,XXX.XX).

Other persons having an interest of record in the property: _____

Insert Legal Here:

This conveyance is subject to a certain Agreement to Purchase Real Estate dated _____, 2013.

This is homestead property.

Dated this day of _____, 2010.

This space is reserved for recording data

Return to

CITY ATTORNEY
400 LA CROSSE STREET
LA CROSSE, WI 54601

Parcel Identification Number/Tax Key Number

17-XXXXX-XX

CITY OF LA CROSSE

BY: _____

Tim Kabat, Mayor

BY: _____

Teri Lehrke, City Clerk

Subscribed and sworn to before me

this day of _____, 2010.

Notary Public, State of Wisconsin

My commission: _____

EXHIBIT J INCOME LIMITS

2013

PART 5 ANNUAL INCOME LIMITS

(Formerly referred to as Section 8)

<u>Household Size</u>	<u>Maximum Adjusted Annual income</u>
1	\$38,750
2	\$44,300
3	\$49,850
4	\$55,350
5	\$59,800
6	\$64,250
7	\$68,650
8+	\$73,100