



**CITY OF VIRGINIA BEACH
DEPARTMENT OF HOUSING AND NEIGHBORHOOD PRESERVATION
OWNER OCCUPIED REHABILITATION PROGRAM
CDBG PROGRAM YEAR FUNDS 2018-2019**

PURPOSE

To provide eligible low and moderate income homeowners residing in Virginia Beach, with affordable home rehabilitation / repairs needed: to remove an existing or imminent health and/or safety hazard (see “Eligible Emergency Activities” below); for repairs (see “Eligible Rehabilitation Activities” below); correction of code violations; as well as to make physical improvements, adaptations, or modifications for accessibility, usability and to allow a physically or sensory disabled resident to remain in the eligible dwelling (will be evaluated on a case-by-case).

All rehabilitation programs are subject to availability of Funding, Program Guidelines, Regulations and Requirements, and Income Guidelines as prescribed by the U.S. Department of Housing and Urban Development (HUD), which are subject to change at any time at the discretion of HUD and may affect homeowner/applicant eligibility and or benefits.

ELIGIBLE RECIPIENTS

Households whose total gross annual income does not exceed eighty percent (80%) of the Area Median Income, adjusted for family size, as established by the U.S. Department of Housing and Urban Development (HUD), at the time of application (see chart below).

Number in Household	1	2	3	4	5	6	7	8
80% AMI	\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	\$69,600	\$74,400	\$79,200

Income guidelines effective as of April 18, 2018

ADDITIONAL ELIGIBILITY REQUIREMENTS	
	All owners of record on the Deed must be occupants of the eligible property, sign the program eligibility and residential loan applications, sign the Deed of Trust, Promissory Note and Contract, and must have their income verified. All owners of record shall be considered Applicants.
	Applicant(s) cannot own any other real estate.
	Household assets, not to include retirement accounts or the value of the eligible property, cannot exceed \$75,000. If the family has net assets, including retirement accounts, in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. For example, if a household has \$10,000 in non-retirement accounts (i.e. checking, savings, CD’s, etc.) and \$70,000 in retirement accounts, they would not exceed the \$75,000 asset limit because the \$70,000 in retirement accounts is not counted toward the asset limit. However, the full \$80,000 (retirement and non-retirement accounts) would be multiplied by the current HUD passbook savings rate and that dollar amount, which is considered imputed income, will be added to the household’s gross annual income, and the household’s income cannot exceed eighty percent (80%) of AMI as indicated in the above chart.
	Household income and assets, equity in the property, as well as the status of the existing mortgage(s), will be reevaluated every 6 months until the Contract is signed in order to establish the households continued eligibility.
	Households that have received prior assistance under any rehabilitation or reconstruction program funded by the Department of Housing and Neighborhood Preservation (DHNP) may be eligible for assistance under this program. However, households that have received a grant previously through the Owner Occupied Rehabilitation Program are not eligible to receive

	additional Unsecured Grant. A Secured Grant may be available for qualified Owners with repair needs for health and/or safety reasons, such as (but not limited to) HVAC system repair or replacement, plumbing repairs or replacement, electrical system work and needed accessibility modifications to accommodate physically disabled Owners. If Secured Grant funds are provided, they shall be secured by a recorded Deed of Trust in the amount of the grant. The Grant will be forgiven at the end of the fifth (5 th) year term of the grant as specified in the Deed of Trust. Households are also not eligible to receive Grant assistance under the Owner Occupied Rehabilitation Program a third time, but may be eligible to qualify for a Loan.
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INELIGIBLE APPLICANTS	
	An applicant who is delinquent on a Federal / State debt, debt related to Virginia Beach or mortgage delinquency. However the applicant may become eligible once the borrower brings the account current or enters into a satisfactory repayment plan with the respective agency.

ELIGIBLE PROPERTIES	
	Owner-occupied, fee-simple, single-family dwellings.
	Owner-occupied townhomes and condominiums may be eligible on a case-by-case basis as determined by the DHNP.
	Owner-occupied manufactured homes considered to be real estate as opposed to personal property.

INELIGIBLE PROPERTIES	
	Manufactured (Mobile) homes as determined by state code and titled as personal property.
	Properties held as life estates or heir property. The recorded Deed must be in the name(s) of the current owner(s).
	Properties with a reverse mortgage (unless the homeowner has an emergency that is covered in its entirety by a grant).
	Properties with City assessments in excess of \$225,500.
	Properties located in a Clear Zone or Accident Potential Zone (APZ) I or II, as designated on the most current Air Installations Compatible Use Zones (AICUZ) map. <u>Note</u> : properties in a noise zone of 75 DNL or greater may not be eligible for assistance if the homeowner received compensation from the Federal government for "Loss of Value" due to the increased noise levels and change of flight pattern around Oceana Naval Air Station.

PROPERTIES IN A FLOOD ZONE

For property where any portion of the property (not just the house) is located in a flood zone, additional restrictions may apply, including proof of flood insurance. Owner(s) will be required to maintain flood insurance on the property for the duration of any lien placed on the property by the DHNP.

ELIGIBLE EMERGENCY ACTIVITIES	
	Correction of health and safety hazards (i.e. electrical, gas, and water) on the house side of the meter.
	Repair or replace air conditioning equipment during the summer period of May 16 through September 30.
	Repair or replace heating equipment during the winter period of October 1 through May 15 or anytime if "red tagged" by proper authorities. Does not include service calls/routine maintenance (i.e. cleaning furnaces or lighting pilot lights).
	Repair or replace water distribution pipes which have damage that has resulted in the need to have water shut off to the house.

	Repair or replace well systems including equipment (replacements will be evaluated on a case-by-case basis).
	Correction of faulty electrical system equipment on the house side of the meter.
	Correction of faulty gas lines and equipment on the house side of the meter.
	Repair or replace the roof/ceiling assembly where there is an existing hazard of collapse (evaluated on a case-by-case basis).
	Repair or replace an inoperative or defective water heater.
	Correction of fireplace and/or chimney defects.
	Repair or replace sewer system or septic system, with collapsed sewer lines or other conditions that hinders property sewage disposal within boundary of lot.
	Accessibility and usability modifications and improvements (evaluated on a case-by-case basis).

ELIGIBLE REHABILITATION ACTIVITIES	
	Roof Repair or Replacement.
	Correction of exterior code violations on the dwelling as cited by Code Enforcement. Any non-cited code violations detected by the Construction Inspector during his inspection must also be corrected in addition to the cited violations.
	Correction of interior code violations on the dwelling related to health and safety as cited by Code Enforcement. Any non-cited code violations detected by the Construction Inspector during his inspection must also be corrected in addition to the cited violations.
	Removal of unsafe or blighted conditions on the eligible property. Detached structures (i.e. sheds, garages, fences, etc.) can only be removed and cannot be repaired or replaced.

INELIGIBLE ACTIVITIES	
	Repairs of a cosmetic nature that do not pose a threat to health or safety.
	Mold remediation whether cited by Code Enforcement or not.
	Detached structures (sheds, garages, etc.) and fencing can only be removed and not replaced.

<u>TYPE OF ASSISTANCE</u>	
EMERGENCY ASSISTANCE	
	Emergency Assistance is available in the form of an unsecured grant up to \$10,000.00 , a secured grant or a deferred loan. The homeowner will not be required to repay the unsecured grant. Grant assistance may be available a maximum of two (2) times in the form of one unsecured and one secured grant. The DHNP will determine whether or not a requested repair will qualify for the secured grant.
	The secured grant is due and payable in full to the City of Virginia Beach on the 5-year call date, or upon death of the owner(s), or upon the owner(s) vacating, selling or transferring the deeded property, or failure of the owner(s) to maintain the property as their primary residence, whichever occurs first. The secured grant is forgiven at a rate of 20% annually over a period of 5 years.
	If the cost of construction exceeds \$10,000.00, the homeowner may apply for a deferred loan to cover the remaining cost up to the maximum limit for the OORP Program or of the homeowner's available equity.
	If the cost of construction exceeds \$10,000.00 as stated above, the additional assistance is provided in the form of a 20-year deferred loan to be secured by a Deed of Trust recorded against the eligible property. A Promissory Note will also be required.

	The deferred loan carries an interest rate of 1% (1% Annual Percentage Rate (APR)) and requires no monthly payments (none will be accepted). The deferred loan (principal and interest) may be paid in full (a lump sum payment) at any time prior to the 20-year call date.
	The deferred loan is due and payable in full to the City of Virginia Beach on the 20-year call date, or upon death of the owner(s), or upon the owner(s) vacating, selling or transferring the deeded property, or failure of the owner(s) to maintain the property as their primary residence, whichever occurs first.

REHABILITATION ASSISTANCE	
	Rehabilitation Assistance is provided in the form of a 20-year deferred loan to be secured by a Deed of Trust recorded against the eligible property. A Promissory Note will also be required.
	The deferred loan carries an interest rate of 1% (1% Annual Percentage Rate (APR)) and requires no monthly payments (none will be accepted). The deferred loan (principal and interest) may be paid in full (a lump sum payment) at any time prior to the 20-year call date.
	The deferred loan is due and payable in full to the City of Virginia Beach on the 20-year call date, or upon death of the owner(s), or upon the owner(s) vacating, selling or transferring the deeded property, or failure of the owner(s) to maintain the property as their primary residence, <u>whichever occurs first.</u>

AMOUNT OF ASSISTANCE FOR CONSTRUCTION AND REQUIRED SERVICES	
	The <u>maximum</u> amount of assistance <u>for construction</u> shall not exceed the <u>lesser</u> of \$35,000 or the available equity in the property based on the current assessment or a valid current appraisal of the property (within 3 months of the date of application) at the time of application.
	A <u>minimum</u> of \$1,500 in the cost of construction to the dwelling unit is required (cost of construction is determined as itemized in the cost estimated Work Write-Up).
	A contingency will be part of the contract to cover change orders for repairs of any latent and/or unforeseen defects. The contingency is calculated as 10% of the final pre-construction cost (based on the bid amount), and is counted toward the maximum cost for construction. The DHNP Housing Development Administrator, in their sole discretion, may approve the provision of additional funds when hidden or latent damage is discovered, which exceeds the 10% contingency, and may provide such additional funds in the manner they determine appropriate (i.e. grant or loan).
	If the estimated cost of construction exceeds the lesser of \$35,000 or of the available equity in the property as determined by DHNP, the property will be not be considered for this program.
	The following list some, but not necessarily all, services that may need to be performed in order to determine eligibility for assistance (there is no charge to the homeowner for these services): <ul style="list-style-type: none"> <input type="checkbox"/> <u>Title Report</u>: required in cases where assistance, either in whole or in part, is provided in the form of a loan to ensure that the Applicant(s) has/have fee simple title to the property. <input type="checkbox"/> <u>Termite/Moisture Inspection Report</u>: may be required depending on the scope of work needed to determine if there is any active infestation and/or wood destroying insects, fungus, or moisture damage. <input type="checkbox"/> <u>Lead-Based Paint Inspection Report</u>: required only for homes built prior to January 1, 1978 in order to ensure compliance with the Lead-Based Paint Requirements (Title X Regulations). <input type="checkbox"/> <u>Chimney Inspection</u>: may be required for homes that have fireplace and/or chimney defects. Inspection to be conducted by a Chimney Safety Institute of America (CSIA) certified company.

<p><input type="checkbox"/> <u>Historical Review</u>: required for homes built 50 years or more prior to date of the application, in order to ensure compliance with Federal regulations.</p> <p><input type="checkbox"/> <u>Physical Survey</u>: as required by Permits & Inspections.</p>

TERMS AND CONDITIONS	
	Loan assistance through this program is provided based on the availability of funding and is provided to any eligible individual or household.
	Grant assistance through this program is provided based on the availability of funding.
	After rehabilitation, the identified health and safety hazard(s) must have been corrected.
	The payments on all existing loans (i.e. mortgages and equity loans), including all condominium and/or homeowners association (HOA) fees, if applicable, cannot be in arrears at the time of the program application eligibility and loan approval. An HOA account status will be requested.
	Real estate taxes must be current at the time of the program application eligibility and loan approval.
	Applicant(s) must allow for all required inspections per the Owner Participation Agreement.
	This program provides assistance for the rehabilitation of existing systems and components. It does not allow for any remodeling. If the property has any non-structural existing code violations, such as inoperable vehicles, grass or weeds in excess of 10", junk, litter or debris, the property owner must eliminate these violations prior to Work Write-Up inspection. Failure to correct/remove these violations within 30 days of written notice may result in the application being denied and will require the applicant to reapply. Detached sheds or garages that do not meet code can be removed under the program but cannot be replaced. Fences in poor repair can be removed under the program but cannot be replaced.
	Maximum Debt-to-Income Ratio to Quality for a Loan - Applicant(s) must demonstrate sufficient income to meet financial obligations and maintain the rehabilitated property. Therefore, the maximum debt-to-income ratio established for this program shall be 50% . The total debt-to-income ratio indicates how much of the applicant's gross income is spent on all of their debt obligations, including mortgage payments, property taxes and insurance if not covered in an existing mortgage, car loans, credit card bills, student loans, child support and alimony, and any other long term debt. The deferred loan provided by the DHNP is not included in the calculation. To calculate the maximum monthly debt-to-income ratio, the applicant's gross annual income is multiplied by 0.50, then divided by 12 (months).
	Bankruptcy – If the homeowner(s) are in an active bankruptcy (Chapter 7 or Chapter 13), they are not eligible for assistance.
	Recording Fees – In cases where assistance, either in whole or in part, is provided in the form of a Secured Grant or a Loan, applicant(s) will be responsible for paying the fees associated with recording the Deed of Trust, and shall provide the DHNP with a money order or certified check, payable to the Clerk of Circuit Court, for the amount of these fees at the time the Deed of Trust, Promissory Note and Rehabilitation Contract are signed. Additionally, if a Power of Attorney is being utilized to sign on behalf of any/all of the homeowners, it is a program requirement that the Power of Attorney must be recorded at the Virginia Beach Clerk of Circuit Court <u>prior</u> to the preparation of any loan documents. It is the responsibility of the homeowner or their Attorney In Fact to have the Power of Attorney recorded.
	Loan Modification – If Home Owner is in the process of a Loan Modification they are ineligible until they have received the Final Approval Letter from their mortgage company and meet all other program eligibility requirements.
	Lien – Please be advised that the DHNP's lien(s) will affect the applicant's ability to refinance the property and/or to borrow money using the property as collateral.
	Pets – All pets are required to be secured in a kennel or secured room during all inspections and when work crews are on site for the safety of the DHNP staff, contractors,

	<p>and pets as well. Owner will ensure those residing on the premises are aware of the policy and comply. Owner will also ensure property is free from fecal debris for ease of access and public health reasons.</p> <p>Any Service Animal or Emotional Support Animal needs to remain under the control of the handler (or may be leased, kenneled, etc.) for safety reasons.</p>
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CHECKLIST OF MATERIALS RECEIVED BY APPLICANT

Please initial next to each applicable item acknowledging that the information has been provided to you in written form and fully explained.

1.		City of Virginia Beach Department of Housing and Neighborhood Preservation Owner Occupied Rehabilitation Program Description (Program Year 2018-2019)
2.		Conflict of Interest Form
3.		Owner Participation Agreement
4.		Privacy Policy, Fair Lending Notice, and Patriot Act Disclosure (as appropriate)

NOTE:

Each loan application will be evaluated for overall loan cost, assessed/appraised value of the housing, loan amount, and equity prior to any loan approval. Assistance will be denied if it is determined that the transaction is infeasible or is not in the best interest of the City.

The Program Administrator may waive non-statutory requirements to achieve program goals or adverse hardships on a case by case basis. Waiver must be in writing and include the justification for the waiver and specifically what is being approved.

By Signing below, I hereby certify that I have read the above program description for assistance and fully understand and agree with the program requirements

Signature of Applicant

Date

Signature of Applicant

Date

DHNP Housing Specialist

Date

DHNP DOES BUSINESS WITH THE FEDERAL FAIR HOUSING LAW AND SECTION 504 PROGRAM ACCESSIBILITY REQUIREMENTS. DHNP COMPLIES WITH THE FAIR HOUSING ACT AND PROVIDES REASONABLE ACCOMMODATIONS AND MODIFICATIONS TO PERSONS WITH DISABILITIES. DHNP DOES NOT DISCRIMINATE ON THE BASES OF RACE, COLOR, RELIGION, SEX, DISABILITY, FAMILIAL STATUS, NATIONAL ORIGIN, SEXUAL ORIENTATION OR GENDER IDENTITY IN ADMISSION OR ACCESS TO ITS PROGRAMS.



For further information contact:

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