

## CHAPTER 4

### **REQUIREMENTS-CRITERIA-CONDITIONS OF THE DISASTER RECOVERY PROGRAM**

All housing rehabilitation under The City of Oklahoma City's Disaster Recovery Program (hereinafter shall be referred to as "OKC Disaster Recovery Program" or "Program") shall comply with the City of Oklahoma City Housing Programs (hereinafter referred to as "OKC Housing Programs" or "The City") Policy and Procedures Manual as amended by program requirements set forth below. Housing rehabilitation under this Program is limited to unfunded or unreimbursed owner-occupied housing damages resulting from the severe storms, tornados and flooding events that occurred on May 19, 20 and May 31, 2013, and included in the FEMA Presidential Disaster Declaration DR-4117. In addition, all housing rehabilitation activities under this section shall comply with the Disaster Appropriations Act of 2013 (Public Law 113-2); the Housing and Community Development Act of 1974; and 24 CFR Part 570 as amended or provided alternative requirements under the Federal Register Notices implementing the Disaster Appropriations Act.

#### **STORM DAMAGE RELIEF PROGRAM**

- The applicant(s) must prove that they are the owner-occupants of the residence proposed for assistance. An applicant applying for assistance for an uninhabitable unit with the express purpose of occupying the home as a principal residence must occupy the property upon completion of the rehabilitation work to meet this requirement. A determination as to whether a property will be habitable after completion of the work will be made by the Housing Rehabilitation staff at the time of the initial inspection. Property must be occupied within 5 days after the completion of rehabilitation. Failure to occupy the rehabilitated property by applicant will result in all funds to include the grant for Lead Hazard Reduction (LHR) becoming immediately due and payable in full.
- Life Estates, Reverse Mortgages, Conversion Mortgages, Living Trusts and similar devices wherein an applicant has given title to other persons, trustees or similar designees and reserved the right to occupy a property does not satisfy and does not meet the City's ownership requirement. Properties where title is held by a Revocable Trust will be reviewed on a case-by-case basis.
- All bankruptcies must be discharged prior to loan application. Applications with pending bankruptcies will not be accepted. The applicants shall provide bankruptcy and discharged papers on all bankruptcies filed within 7 years of the date of loan application.
- Provide a copy of dwelling insurance.
- The applicant(s) gross annual income, at the time of application, shall not exceed 80% of the annual median income of Oklahoma City, based on family size, as determined by the U.S. Department of Housing and Urban Development.

- The applicant(s) must establish that they are the owner-occupants of the residence proposed for rehabilitation. Applicants must be at least 18 years of age
- The applicant shall commit to the minimum repairs related to areas impacted by the May 19, 20 and 31, 2013 severe storms, tornado and flooding needed to address health and safety of the occupants and resiliency of the property. The homeowner shall not determine which repairs are made.
- If the applicant dies or involuntarily ceases to occupy the property as their primary residence and goes into an establishment that provides housing and general care for the aged or convalescent, the mortgage shall be released providing a health care professional states in writing that the person will be permanently staying in the establishment during the remaining loan term. If there is more than one mortgagor the loan will be released only if all Mortgagors meet the above criteria.

### **ELIGIBLE PROPERTY REQUIREMENTS**

- Any structure to be repaired under the Program shall contain no more than four (4) complete dwelling units. However, loan funds shall only be used for rehabilitation work on the owner-occupant's portion of the dwelling. The owner shall provide all funds, in advance, to assure any other units are rehabilitated to the City's requirements, including common areas. Homeowners are allowed to make repairs at their own expense prior to commitment of City funds.
- The structure to be repaired under the Program shall be entirely residential in character and shall contain violations of applicable housing codes and/or housing quality standards that are eligible for repair under the Program.
- Mobile homes and/or manufactured homes will be considered for repair under the Program only if they meet the following criteria:
  1. The structure shall be permanently set on a foundation.
  2. The structures wheels, axels, and trailer tongue shall be removed prior to repair under the Program.
  3. Home shall be located on a lot individually-owned by the occupant/applicant.
- If the mobile home or manufactured home does not meet the above criteria at the time of inspection, the Homeowner shall be financially responsible for converting the mobile or manufactured home to meet the above criteria prior to Program commitment of federal funds.
- The residence shall be located within an approved activity area(s).
- Properties located in 100-year Flood plains and/or Flood ways are ineligible.

### **DISASTER RECOVERY PROPERTY INSPECTION**

- Initial Inspection – The Rehabilitation Specialist II shall assign a rehabilitation Project to a Rehabilitation Specialist I.
- The Rehabilitation Specialist I will complete a Statutory Checklist.

- The Rehabilitation Specialist I shall contact the Homeowner to schedule an appointment for the initial rehabilitation inspection.
- Upon completion of all inspections by the Rehabilitation Specialist I, all documents shall be forwarded to the Rehabilitation Specialist II for review and comments as to the feasibility of bidding the rehabilitation project.
- Upon the completion of the inspection and Program receipts or all pertinent documents, the Rehabilitation Specialist II shall present a Work Schedule and Proposal to the Rehabilitation Coordinator for review of all required documentation. The Coordinator shall review all documents to confirm that all necessary repairs have been properly identified, the Work Schedule and Proposal is in a proper manner and format to be sent out for bid, and that all other required documentation is present and in its proper format.
- After the Rehabilitation Coordinator reviews the structure inspection and documentation, and determines the job is viable, the Rehabilitation Specialist II shall schedule an appointment with the Homeowner for a Work Schedule and Proposal Review.
- The Work Schedule and Proposal shall include the minimum repairs related to areas impacted by the May 19, 20 and 31, 2013 severe storms, tornado and flooding needed to address health and safety of the occupants and resiliency of the property. The homeowner shall not determine which repairs are made.

## **ACCEPTANCE OF APPLICATION AND PROPERTY**

An application is deemed accepted when the Homeowner and the Homeowner's property meets all eligibility requirements. A determination of acceptance of the Homeowner will be made after all items requested are received by the Administrative Coordinator and after review by the Rehabilitation Coordinator or Administrative Specialist. A determination of acceptance of the property is made after the inspection has been completed, an acceptable bid is received from a general contractor. However, no federal funds will be committed until after the loan closing documents are signed by the Homeowner and the Contractor.

## **PURPOSE AND USE OF LOAN FUNDS**

Loan funds shall only be used to accomplish repairs or to correct violations or deficiencies of property rehabilitation standards and current city codes and repairs to damages related to the severe storms of May 19, 20 and 31, 2013, needed for the health and safety of the occupants and resiliency of the property, as determined by the Housing Rehabilitation Coordinator, or his designee. Custom improvements for the health of the elderly or handicapped/disabled are fundable if supported by a certification from a practicing physician, and other improvements for the safety and convenience of elderly or handicapped/disabled are fundable if recommended by the Housing Rehabilitation Coordinator.

Loan Limits – Disaster Repair Cost

The amount of funds that an applicant may receive is limited by the following:

- The availability of loan funds.
- The actual and approved cost of repairs and improvements necessary to make the property conform to address health, safety and resiliency.  
There will be a \$23,000 loan limit for rehabilitation activities.

#### Loan Limits – Lead-Based Paint Relocation Activities

Lead based paint regulations will be followed on all properties built prior to 1978.

The cost of addressing lead-based paint requirements will be part of the rehabilitation loan. These costs are treated as a loan and part of the \$23,000 limit to the loan recipient and the property.

- The availability of grant funds
- The actual and approved cost of interim controls/abatement activities necessary to make the property conform to lead safe standards and achieve clearance.

### **LOAN CONDITIONS, LIMIT AND TERMS**

#### Disaster Recovery Program Note and Mortgage

The applicant shall sign a Disaster Recovery Housing Rehabilitation Note and Mortgage that shall be recorded in the records of the County Clerk in the county where the property is located and shall constitute a mortgage lien against the property secured for the term of the loan. The expense of preparing and recording such documents and all associated legal fees shall be borne by the loan recipient.

#### Disaster Recovery Program Terms

The Disaster Recovery Housing and Rehabilitation Program Note and Mortgage shall contain the following loan terms:

- This is a maximum \$23,000 loan limit on a five (5)-year forgivable loan.  
Disaster Recovery Loan will be five (5)-year forgivable utilizing the following scale:

<u>TIME PERIOD</u>	<u>BALANCE DUE</u>
Two (2) to Three (3) years	60%*
Three (3) to Four (4) years	40%*
Four (4) to Five (5) years	20%*
After Five (5) years	0%*

\* All required payback of the principal balance of loans shall be prorated on a daily basis from the date of loan closing.

- If the Homeowner sells the property or defaults on any condition of the note within the first two (2) years of execution of the Note and Mortgage, the amount due is the outstanding balance.
- If the applicant ceases to occupy the property as their principal residence, and sells, transfers, deeds, rents, leases or otherwise conveys the property or the use of the property to anyone during the term of the loan, the balance of the loan shall be immediately due and payable in full. The loan/grant is assumable by the son, daughter, sister, brother or parent of the Homeowner, provided said party qualifies under the same criteria as established for the original borrower. Any lien filed against the subject property remains an encumbrance until fully satisfied.

#### Insurance and Taxes

Applicants approved for a Disaster Recovery Housing Rehabilitation loan shall maintain hazard insurance on the property with The City listed as a mortgage lien holder in an amount sufficient to cover the rehabilitation loan mortgage and any superior loan mortgages during the term of the loan. Owners shall present annually current endorsements as evidence of insurance showing the City as a lien holder. Failure to maintain insurance and/or pay assessed property taxes shall constitute an event of default. Homeowners who have insurance and tax escrow provisions in another mortgage shall provide evidence of insurance coverage showing The City as an insured lien holder.

## **REQUIREMENTS-CRITERIA-CONDITIONS OF THE DISASTER RECOVERY PROGRAM STORM SHELTER GRANT PROGRAM**

FEMA approved safe rooms or storm shelters will be available to qualified applicants who request one as a grant, and have the appropriate space. All City building permit and registration requirements would apply.

- The applicant(s) must prove that they are the owner-occupants of the residence proposed for assistance. An applicant applying for assistance for an uninhabitable unit with the express purpose of occupying the home as a principal residence must occupy the property upon completion of the rehabilitation work to meet this requirement. A determination as to whether a property will be habitable after completion of the work will be made by the Housing Rehabilitation staff at the time of the initial inspection. Property must be occupied within 5 days after the completion of rehabilitation. Failure to occupy the rehabilitated property by applicant will result in all funds to include the grant for Lead Hazard Reduction (LHR) becoming immediately due and payable in full.
- Life Estates, Reverse Mortgages, Conversion Mortgages, Living Trusts and similar devices wherein an applicant has given title to other persons, trustees or similar designees and reserved the right to occupy a property does not satisfy and does not meet the City's ownership requirement. Properties where title is held by a Revocable Trust will be reviewed on a case-by-case basis.

- Provide a copy of dwelling insurance.
- The applicant(s) gross annual income, at the time of application, shall not exceed 80% of the annual median income of Oklahoma City, based on family size, as determined by the U.S. Department of Housing and Urban Development.
- The applicant(s) must establish that they are the owner-occupants of the residence proposed for the storm shelter program.. Applicants must be at least 18 years of age
- The applicant shall commit to the minimum repairs related to areas impacted by the May 19, 20 and 31, 2013 severe storms, tornado and flooding needed to address health and safety of the occupants and resiliency of the property. The homeowner shall not determine which repairs are made.

#### Grant Limits – Disaster Cost

The amount of funds that an applicant may receive is limited by the following:

- The availability of loan funds.
- The actual and approved cost of the storm shelter.