

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 the period of affordability, at which point it then must be listed again for purchase for an income qualified family.

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 (See **Exhibit A and B**);
- 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.

TERMS COMMON TO THE HOME PROGRAM

Annual Income: When determining whether a family is income eligible, the Participating Jurisdiction must use one of the following definitions of “annual income”: (1) the definition at 24 CFR 5.609 (the value of the homeowner’s principal residence may be excluded from the calculation of Net Family Assets for an owner occupied rehabilitation project; (2) adjusted gross income as defined for purposes of reporting under IRS Form 1040 series for individual Federal income tax purposes. (92.203 (b))

Applicant: All individuals listed on the Warranty Deed must be included as an Applicant. If an Applicant is married (including same-sex) they must be listed as an Applicant. An Applicant may not be a Student under the age of 24 unless they are independently eligible or member of income eligible household; or is a veteran, married, has dependent child, or is disabled.

Commitment: The Participating Jurisdiction has executed a legally binding agreement with a state recipient, a sub-recipient or a contractor to use a specific amount of HOME funds to produce affordable housing or provide tenant-based rental assistance; or has executed a written agreement reserving a specific amount of funds to a community housing development organization; or has met the requirements to commit to a specific local project as defined in 24 CFR, § 92.2

Community Housing Development Organization (CHDO): A private non-profit organization having a tax exemption ruling from the Internal Revenue Service under section 501(c) (3) or (4) of the IRS Code of 1986; organized under the State or local laws where located; and a mission statement, by-laws and Articles of Incorporation that recognize the development of affordable housing as a primary purpose of the organization. Additionally meets other standards specified in 24CFR, § 92.2. A CHDO is a developer of housing (definition below).

Developer: A private for profit or nonprofit entity that acquires finances and constructs new housing or rehabilitates vacant housing for sale or rent to eligible income households. A developer must demonstrate capacity in terms of past experience and financial stability to carry out projects funded with HOME funds.

Developer Subsidy: Assistance provided to a non-profit or for-profit owner and/or developer of housing to reduce the cost of acquisition, construction or rehabilitation of housing, enabling the housing to be developed and sold at a lower cost than could be realized without HOME assistance.

Environmental Review: Environmental Reviews must be conducted in accordance with the National Environmental Policy Act (NEPA) of 1969 and requirements in 24 CFR Part 58 prior to the commitment of HOME funds to any project or activity. HOME recipients must comply with all applicable environmental regulations and successfully complete the process in a timely manner. PJs are required to complete all applicable review procedures and publish all notices required by NEPA. The results of the project review should be compiled into a document called the grantee Environmental Review Record (ERR). Other resources: Community Planning and Development (CPD) Notice 01-11), and HOMEfires Vol. 3, No. 5.

Homebuyer Assistance: Assistance provided directly to an income eligible person/household to acquire a home. The assistance may be in the form of down payment assistance, closing cost assistance or mortgage assistance. Assistance may also be provided to the homebuyer to rehabilitate a home being purchased. Assistance may be in the form of a repayment loan, grant or deferred loan. Also see 92.205 (b) (1).

Homeownership: Ownership in fee simple title or a 99-year leasehold interest in a one-two four-unit dwelling or in a condominium unit, or equivalent unit, or equivalent form of ownership approved by HUD.

Household: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. Applicants shall include the following individuals who are not living in the unit (4350.3 REV-1:

- a. Children temporarily absent due to placement in a foster home.
- b. Children with joint custody arrangements who are present in the household 50% or more of the time;
- c. Children who are away at school but who live with the family during school recesses;
- d. Unborn children of pregnant women;
- e. Children who are in the process of being adopted;
- f. Family members in the hospital or rehabilitation facility for periods of limited or fixed duration;
- g. Temporarily absent family members who are still considered family members. For Example, a family member who is working in another state on assignment

Housing: Includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, freestanding, barrier-free, energy efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities and student dormitories.

Low-income Household: Households whose annual income do not exceed 80 percent of the median income of the area, as determined by HUD with adjustments for smaller and larger households, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Participating Jurisdiction: A State or unit of general local government that has been so designated by HUD in accordance with 24CFR, § 92.105.

Period of Affordability – Ownership: A period of time, beginning after project completion, generally ranging between 5 and 15 years for homeownership housing, during which the HOME assisted housing is to remain affordable to low- and moderate-income households subject to “Recapture” and “Resale” requirements enforced by a lien on the property and a deed restriction for the duration of the required period.

Program Income: Gross income received by the Participating Jurisdiction, State recipient, or a sub-recipient directly generated from the use of HOME funds or matching contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used.

Project: A site or sites together with any building (including manufactured housing) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking. The project includes all of the activities associated with the site and building.

Recapture: The required distribution of proceeds from the transfer of real property assisted with HOME funds when such transfer occurs prior to the termination of the period of affordability required by the HOME regulations and/or additional periods of time that may be required by the PJ.

Reconstruction: The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project; but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of HOME program requirements including but not limited to environmental review and property standards.

Repayment: HOME funds required to be repaid to the program that were invested in housing that that did not meet the affordability requirements for the period of affordability required in the HOME regulations or invested in a project that was terminated prior to completion.

Resale: The required sale of housing assisted with HOME funds to a subsequent buyer who is also low-to-moderate income, thereby retaining affordability of the housing for the required period of affordability.

Single Family Housing: A one-to-four family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot.

Subrecipient: A public agency or nonprofit organization selected by the participating jurisdiction to administer all or a portion of the participating jurisdiction's HOME program. A public agency or nonprofit that receives HOME funds solely as a developer or owner of housing is not a subrecipient. The participating jurisdiction's selection of a subrecipient is not subject to the procurement procedures and requirements.

TERMS COMMON TO THE CDBG PROGRAM

Act: Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. [5301](#) et seq.).

Action Plan: The one-year portion of a PJ's Consolidated Plan (see definition of "[Consolidated Plan](#)"). It includes the PJ's annual application for HOME funds.

Affordable Housing: Housing for which the occupant is paying no more than 30 percent of his or her income for gross housing costs, including utilities.

Annual Income: The CDBG Program allows the use of two income definitions for the purpose of determining applicant eligibility:

1. annual income as defined in 24 CFR 5.609; or
2. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

The definitions are collectively referred to as annual income.

Community Development Block Grant Program (CDBG): A Federal program created under the Housing and Community Development Act of 1974. This program provides grants funds to local and State governments to be used to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents. CDBG replaced several categorical grant programs such as the Model Cities Program, the Urban Renewal Program and the Housing Rehabilitation Loan and Grant Program.

Community Development Block Grants (Entitlement): In this program HUD directly provides annual CDBGs on a formula basis to entitled communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

Consolidated Plan: A document written by a State or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet the needs and listing all resources available to implement the strategies. This document is required to receive HUD Community Planning and Development funds.

Davis Bacon: Statutory requirement that persons working on Federal assisted projects be paid at least minimum prevailing wage rates.

Family: A household composed of two or more related persons; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well being, and the surviving member or members of any family.

Fair Housing Act: 1968 act (amended in 1974 and 1988) providing the HUD Secretary with fair housing enforcement and investigation responsibilities. A law that prohibits discrimination in all facets of the home buying process on the basis of race, color, national origin, religion, sex, familial status, or disability.

Fair Market Value: The amount of money that would probably be paid for a property in a sale between a willing seller, who does not have to sell, and a willing buyer, who does not have to buy.

Grantee: The City, County or State or other entity named in the notice of grant award from HUD.

Household: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or

employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. Applicants shall include the following individuals who are not living in the unit (4350.3 REV-1:

- h. Children temporarily absent due to placement in a foster home.
- i. Children with joint custody arrangements who are present in the household 50% or more of the time;
- j. Children who are away at school but who live with the family during school recesses;
- k. Unborn children of pregnant women;
- l. Children who are in the process of being adopted;
- m. Family members in the hospital or rehabilitation facility for periods of limited or fixed duration;
- n. Temporarily absent family members who are still considered family members. For Example, a family member who is working in another state on assignment

Integrated Disbursement and Information System (IDIS): IDIS is the draw down and reporting system for the four CPD formula grant programs: CDBG, HOME, ESG, and HOPWA.

Low Income: A household whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 80 percent of the median for the area median on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Low- and moderate-income household: A household having an income equal to or less than the Part 5 (formerly Section 8) low-income limit established by HUD.

Low- and moderate-income person: A member of a family having an income equal to or less than the Part 5 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

Moderate Income: Households whose incomes are between 81 percent and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs, fair market rents, or unusually high or low family incomes.

National Objective: The Housing and Community Development Act of 1974, as amended, sets forth three general National Objectives. Every CDBG award must address at least one of the following objectives through the activities undertaken by the project: 1) benefiting low- and moderate-income persons; 2) preventing or eliminating slums or blight; and 3) meeting urgent needs.

Nonprofit organization: Any nonprofit organization (including a State or locally chartered, nonprofit organization) that:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Has a functioning accounting system that is operated in accordance with generally accepted accounting principles, or has designated an entity that will maintain such an accounting system; and
4. Has among its purposes significant activities related to providing services or housing to persons with acquired immunodeficiency syndrome or related diseases.

Nonprofit recipient: Any private nonprofit organization providing assistance to the homeless, to which a State or unit of general local government distributes emergency shelter grant amounts.

Person with disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability.

Program Income: Gross income received by the grantee directly generated from the use of CDBG or HOME funds or matching contributions.

Project Completion: The stage at which all necessary title transfer requirements and construction work have been performed; the project complies with all program requirements; the final draw-down has been disbursed for the project; and the project completion information has been entered in the [Integrated Disbursement and Information System](#) (IDIS) established by HUD.

Project sponsor: Any nonprofit organization or governmental housing agency that receives funds under a contract with the grantee to carry out eligible activities under this part. The selection of project sponsors is not subject to the procurement requirements of 24 CFR 85.36.

Rehabilitation: The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

Student: Any individual who is enrolled as a student at an institution of higher education, as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C.1002); is under 24 years of age; unless they are independently eligible or a member of income eligible household; or are a veteran, is married (including same-sex), has a dependent child or is disabled.

Very Low-Income: Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families and for areas with unusually high or low incomes or where needed because of facility, college, or other training facility; prevailing levels of construction costs; or fair market rents.

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 Specialist, the Neighborhood Housing Development Associate 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, City staff 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.

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 Community Development Committee 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 Community Development Committee.

E. Eligible Acquisition and Expenses

Upon approval by the Community Development Committee 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. See **Exhibit B**.

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 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 Specialist. The lowest responsible bid is the bid that will be presented to the Community Development Committee.

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 insured;
- 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 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 Specialist shall notify the contractor in writing.
 - The Housing 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 Planning and Development. Contractor error in estimating the project or doing the work will not be considered as a Change Order.

E. Grievance Policy

Should any contractor or subcontractor have a dispute about the administration or the operation of contracts with the RHP program, they should communicate those concerns to the City staff as soon as possible. If these concerns cannot be negotiated or resolved successfully between the parties, a written appeal should be filed with the Director of Planning and Development for the City of La Crosse. If the written appeal is not successfully resolved by the Director, then an appeal can be made to the Community Development Committee (see Exhibit J).

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 all HOME requirements?

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 C**
- 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 can be found on the HUD HOMEFIRES website. 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. 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 HOME-assisted homebuyer units that funded with FY 2012 and FY 2013 (prior to 8/23/13) that have not been sold to an eligible homebuyer within six months of completion or any FY 2013 (after 8/23/13) that have not been sold to an eligible homebuyer within nine 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.

B. Application Process

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.

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.

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 advise applicant to complete an offer to purchase, if one has not already been obtained. Staff

may not complete an offer to purchase on an applicant's behalf. Staff shall recommend the applicant to obtain a third-party, such as a realtor, to negotiate on their behalf. Upon obtaining these necessary documents, Staff 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 I** for income determination worksheet;
- In accordance with CFR 24 Part 5, assets shall be included in the calculation of Part 5 Annual Income, based on the income earned from the asset (see Exhibit J: Assets). For assets over \$5000 that receive little or no income, the Part 5 rules requires that an "imputed" income be calculated based on a Passbook Rate applied to the cash value of all assets
- A minimum gross income of \$20,000 or a minimum gross income of \$10,000 for a person(s) with disabilities as defined by federal law."¹
- 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,
- Are not a Student (see definitions)
- Have a credit score of 640,
- Must complete a HUD certified Homebuyer Education Class
- May not have any outstanding municipal obligations
- Using gross income, the maximum debt-to-income ratio is 43%, and
- If applicant is requesting a deferred 2nd mortgage and has assets equal to or greater than \$100,000, they must provide a down payment that is equal to 5% of their total assets.

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.

¹ Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment."

- 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.hudexchange.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.

https://www.hud.gov/sites/documents/19754_1780.PDF

- Income Limits: The current income limits for the La Crosse metropolitan area are attached as **Exhibit I**. Income limits for each year will be downloaded each year and replaced as a new **Exhibit I** to these procedures document. Annual income limits can be accessed via the following HUD Internet Web site link.
https://www.huduser.gov/portal/datasets/il.html#2020?WT.mc_id=April142020&WT.tsrc=Email

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. However, the Community Development Committee and Staff may approve a back end ratio of 43%, at their discretion and as long as applicant meets all other underwriting criteria. (Adopted 5/12/2015)

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 eligible will be asked to submit an offer to purchase for the property they are interested in purchasing. Staff may negotiate with applicant to ensure that they meet the Replacement Housing Program's guidelines and procedures.

- 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.
- Warranty Deed (**See Exhibit H**).

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 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 F & G** 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 38 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 E, F, and G** 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 the date the real estate is sold, transferred or otherwise conveyed, voluntarily or involuntarily or ceases for any reason to be the Buyer's Primary place of residence, or by default or thirty years from the date of closing or the date the Buyer's first mortgage matures, whichever occurs first. The loan may be forgiven in full or in part at the discretion of the Community Development Committee. 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.
- If the Buyer refinances their first mortgage loan at any time before the City's Deferred Payment Loan is satisfied, the equity built in the amount of the principal

on the first mortgage, shall be paid to the City and applied to the principal balance of the City's Deferred Payment Loan. This requirement may be waived at the discretion of the Community Development Committee. Applicants requesting that the City subordinates its mortgage position must submit the following information in writing before subordination will be considered:

- The reason for the subordination request (the City will NOT grant a subordination request of "cash out or cash back" to the Buyer).
- The name, address, and contact person(s) at the cooperating financial institution
- The new mortgage amount, mortgage terms, copy of appraisal and copy of the title work.

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, eight (8) 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%).

L. Grievance Policy

Should any homeowner have a dispute about the administration or the operation of contracts with the RHP program, they should communicate those concerns to the City staff as soon as possible. If these concerns cannot be negotiated or resolved successfully between the parties, a written appeal should be filed with the Director of Planning and Development for the City of La Crosse. If the written appeal is not successfully resolved by the Director, then an appeal can be made to the Community Development Committee (EXHIBIT J).

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 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. 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

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>
<i>Non-Discrimination and Equal Access Rules</i>			
Fair Housing and Equal Opportunity	Yes.	PJs must affirmatively further Fair Housing. Particular attention should be paid to signs of discrimination in sale of properties.	<ul style="list-style-type: none"> • 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. 3601-3620) • 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)
Affirmative Marketing	Yes, for all projects of five or more HOME-assisted units.	PJ must adopt affirmative marketing requirements and procedures.	<ul style="list-style-type: none"> • 92.351
Handicapped Accessibility	Yes.	New projects must be designed and constructed in accordance with applicable standards. Rehabilitated properties may require modifications.	<ul style="list-style-type: none"> • 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)
<i>Employment and Contracting Rules</i>			
Equal Opportunity Employment	Yes.	Contracts and subcontracts for more than \$10,000 must include language prohibiting discrimination.	<ul style="list-style-type: none"> • Executive Order 11246 (implemented at 41 CFR Part 60)
Section 3 Economic Opportunity	Yes, if amount of assistance exceeds \$200,000 OR contract or subcontract exceeds \$100,000.	Include Section 3 clause in contracts and subcontracts.	<ul style="list-style-type: none"> • Section 3 of the Housing and Urban Development Act of 1968 (implemented at 24 CFR Part 135)
Minority/Women Employment	Yes.	PJ must develop procedures and include in all contracts and subcontracts.	<ul style="list-style-type: none"> • Executive Orders 11625, 12432 and 12138 • 24 CFR 85.36(e)
Davis Bacon	Yes, if construction contract includes 12 or more units that are HOME-assisted.	If applicable, requirements apply to the whole project, not just the HOME-assisted units. Include language in contracts and	<ul style="list-style-type: none"> • 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)

		subcontracts. Requirements do not apply to volunteers or sweat equity.	
Conflict of Interest	Yes.	PJs should ensure compliance in-house and when using subrecipients.	• 92.356 • 24 CFR 85.36 • 24 CFR 84.42
Debarred Contractors	Yes.	PJs should check HUD list of debarred contractors.	• 24 CFR Part 5

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 B

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 C APPLICANT UNDERWRITING TEMPLATE

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

Date:
Property Address:

Applicant Information

Household Size:
Current Rent Payment:
Gross Yearly Income:
Percentage of CMI:
Applicant Credit Score:
Applicant Debt Information (monthly payments, loan amounts, debt type, etc)
 Car Payment: \$ monthly and a \$ balance
 Credit Card Payment: \$ monthly and a \$ balance (joint with co-applicant)

Co-Applicant Credit Score:
Co-Applicant Debt Information (monthly payments, loan amounts, debt type, etc.)
 Credit Card Payment: \$ monthly and a \$ balance (joint with applicant)

Pre-Approval Information

Are they pre-approved yes or no?
Lender: N/A
Loan Amount: N/A

Property Information

Sales Price:
Estimated Yearly Property Taxes: \$ (based on estimated \$ assessment value, provided by the City Assessor)
Estimated Yearly Homeowners Insurance:
Total Estimated Monthly Escrow Payment: \$ + \$ = \$

Recommended Affordability Information

Affordability Calculation:
 33% Gross Income or 43% Debt Ratio = 43%
 Debt Ratio Calculation: \$ gross monthly income x.38
 \$ total affordable debt
 -\$ in existing debt
 \$ total PITI
 -\$ escrow
 \$ PI payment

Down payment and Affordable Mortgage Amounts

Down payment Applicant says they will bring: \$

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: \$ (based on an X% interest rate)

2nd Mortgage Amount: \$

3rd Mortgage Amount: \$

\$ purchase price

+\$ closing costs

\$ needed to get him into the home

-\$ down payment from buyer

\$ left to finance

-\$ affordable first mortgage

\$ 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 D

REPLACEMENT HOUSING PROGRAM APPLICATION

(SEE SEPARATE ATTACHMENT)

EXHIBIT E

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 **Dollars and no/100 Dollars (\$00.00)** 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.

Any such repayment shall be made to Grantor no later than thirty (30) years from the date of agreement, or the date the purchaser's first mortgage matures, or 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, whichever occurs first or on such later date as Grantor, in its sole discretion, may designate in writing.

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 **DOLLARS and no/100 Dollars (\$00.00)** that is forgiven at a rate of 7 percent per year over 15 years, unless said agreement is in default.

CONTINGENCY

This offer is contingent upon approval and acceptance by the Community Development Committee.

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. Purchaser shall not be permitted to rent the property.

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 one year from the date of transfer. 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 Replacement Housing 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 without the prior written consent of the Seller, which will be at the sole and absolute discretion of the Seller 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.

CONVEYANCE

Conveyance is to be made by a Warranty Deed (**see Exhibit H**) 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 and the 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 Housing Program Real Estate Purchase Agreement with the City of La Crosse.

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 the year of purchase 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 Community Development Committee. 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.

EXHIBIT E1: Resale

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, HOME Investment Partnerships Program Funds and/or Tax Increment Financing (TIF) and**

WHEREAS, the City purchased property at **Property Address** for the purposes of said program, and

WHEREAS, the City 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 **Purchaser's Name**, herein referred to as "Purchaser" 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:

Property Description

OCCUPANCY

This Project was made possible through the utilization of HOME Investment funds and Tax Increment Financing (TIF). Both the HOME and TIF 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 and any outstanding liens upon said property or at the sole option of the Seller. 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 one year 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:

7. This property is subject to a **Resale Provision** which establishes certain conditions in the event of a sale or transfer of title (either voluntarily or involuntarily) during the "period of affordability," which is **15 years from the date of sale**. If the property is sold, the purchasers must confirm that their

income is below 80 percent of Median Family Income for the City of La Crosse at the time of purchase. The new home must be affordable to the new buyer. The new homebuyer must not pay more than 30 percent of gross income for Principal, Interest, Taxes, and Insurance (PITI).

As required under the HUD regulations, the Seller will be allowed a fair return when selling to the new buyer. The Original Buyer (now Seller) will be allowed to retain their original investment in the property plus the cost of any improvements made to the property. During the "period of affordability", the last recorded purchase price is to be the minimum restricted price at the time of resale. The maximum resale price will be determined by the City of La Crosse at the time of sale. This will be based what is affordable to a reasonable range of low-income homebuyers *and* a fair return on investment for the buyer. The "affordable" price will be calculated based on families at 80 percent of the area median income paying no more than 33 percent of income for principal, interest, property taxes, and insurance.

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.

If the property is transferred, voluntarily or otherwise, during the period of affordability, it must be made available for subsequent purchase only to a buyer whose family qualifies as low-income and will use the property as its principle residence. The subsequent sale after a transfer must abide by the Resale Provisions if it occurs within the Period of Affordability.

The Purchaser will contact the City Replacement Housing Program prior to placing the home on the market for sale to ensure that the property remains owner-occupied and meets the Resale Provision.

8. 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.

9. 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.

CONVEYANCE

Conveyance is to be made by a Warranty Deed along with a provision in the conveyance that the Purchasers must comply with the "Conditions" of this agreement. The following language shall be added to the deed:

This deed is subject to all of the terms and conditions set forth in the City of La Crosse Replacement Housing Program Real Estate Purchase Agreement which are attached hereto and made a part of this document.

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** _____ 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.

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.

**EXHIBIT F Example of City of La Crosse
REPLACEMENT HOUSING PROGRAM
3% DEFERRED PAYMENT
LOAN REPAYMENT AGREEMENT**

City of La Crosse
Replacement Housing Program
Deferred Payment Loan Repayment Agreement

THIS AGREEMENT is made and entered into this _____ day of _____, 20____ 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 _____, 20____ 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 Description

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

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. This Agreement shall become effective as of the date of signing this document by the Owner ("Closing Date"). Unless sooner terminated or amended in accordance with the terms hereof, this Agreement shall continue in full force and effect until the thirtieth (30th) anniversary of the Closing Date.

2. Purchaser covenants and agrees with Grantor to pay the full amount of the Deferred Payment Loan plus 3% simple interest per annum. 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 _____ Dollars (\$X). This amount will be payable and due in full on the thirtieth (30th) anniversary of the Closing Date. 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.

3. Owner covenants and further agrees 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.

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 thirty (30) years from the date of agreement or the date the purchaser's first mortgage matures, whichever occurs first or on such later date as Grantor, in its sole discretion, may designate in writing.

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4. 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.

5. 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.

6. 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.

7. (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.

8. 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.

9. 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 be sent to Purchaser by first class mail, postage pre-paid, to last known home address of the Purchaser.

10. 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.

**CITY OF LA CROSSE
REPLACEMENT HOUSING PROGRAM
DEFERRED PAYMENT LOAN REPAYMENT AGREEMENT**

DISCLOSURE STATEMENT

Date Issued:

Applicant(s):

Applicant(s) Address:

Current Assessed Value of Property:

Sales Price: \$

Principal Loan Amount: \$

Loan Term: 30 years

Additional Terms: Also due upon 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. Also matures the date the Purchaser's first mortgage matures or is paid off.

Interest: 3% Simple Interest per Annum, ceases to accrue at half (1/2) the principal loan amount or \$

Maturity date (Payable in full):

Amount of Interest per Year: \$

Year the Interest will cease to accrue interest:

Creditors - City of La Crosse

By signing below, you are acknowledging that you have received this form.

X _____ X _____

Date

**EXHIBIT G Example of City of La Crosse
Deferred/Forgivable Payment
Loan Repayment Agreement**

City of La Crosse
Replacement Housing Program
Deferred/Forgivable Payment Loan Repayment Agreement

THIS AGREEMENT is made and entered into this _____, 20____, by and between PURCHASER (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 _____, 20____ 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") relating to the real estate hereinafter described:

LEGAL DESCRIPTION

in the amount of DOLLARS dollars (\$XX,000)

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 6% 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% interest), and upon the Fifteenth (15th) year the forgivable loan will be at a zero balance and the loan will be satisfied.

If the property is no longer the Purchaser's primary residence within the fifteen-year time period the balance of the loan will be due to the City within 30 days after the sale, transfer or other conveyance of the above described real estate.

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, and the cost, including reasonable attorney's fees of collecting the same. 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, of any sale, transfer or other conveyance of the above described real estate or promptly after the date upon which said real estate ceases to be Purchaser's principal place of residence (or, in the event of a sale by contract for deed; at least ten (10) days prior to such date of sale).

4. Failure to make a required repayment 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

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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, 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 Rehabilitation 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.

7. Under any foreclosure proceeding, all foreclosure expenses, including reasonable attorneys' fees will also be added to the amount of the Deferred Payment Loan and become due as incurred, and in case of judgment, will be included therein.

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.

EXHIBIT H EXAMPLE OF WARRANTY DEED

**Document Number
WARRANTY DEED**

THIS DEED, made by the City of La Crosse, a municipal Corporation,
(hereinafter referred to as "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 this _____ day of _____, 20__.**

**This is homestead property.
Dated this _____ day of _____, 20__.**

**CITY OF LA CROSSE
BY: _____
 Tim Kabat, Mayor**

**BY: _____
 Teri Lehrke, City Clerk**

**Subscribed and sworn to before me
this _____ day of _____, 20__.**

Sign: _____

Print: _____

Notary Public, State of Wisconsin

My commission expires: _____

This instrument was drafted by Krista A. Gallager, Assistant City Attorney, La Crosse, WI

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EXHIBIT I INCOME LIMITS

2020

PART 5 ANNUAL INCOME LIMITS

(Formerly referred to as Section 8)

<u>Household Size</u>	<u>Maximum Adjusted Annual income</u>
1	\$43,050
2	\$49,200
3	\$55,350
4	\$61,450
5	\$66,400
6	\$71,300
7	\$76,200
8+	\$81,150

APPENDIX J
GRIEVANCE POLICY

Homeowners or contractors with concerns about the administration or operation of the Replacement Housing Program should communicate these concerns to the CITY as soon as possible. If these concerns cannot be negotiated or resolved successfully between the parties, a written appeal should be filed with the Director of Planning of the CITY.

The written appeal must:

- be in writing;
- identify the basis for the specific complaint;
- identify sections in the application process, contract, policies/procedures, of construction which are perceived to be violated;
- describe the sequence of events affecting the project to date.

All relevant supporting documentation (photographs, copies of dated correspondence and contracts, etc.) should be attached.

The CITY will respond to this complaint in writing within ten (10) business days of receiving the complainant's letter and may recommend this issue be reviewed by the Community Development Committee. The CITY is authorized to make reasonable accommodation, as necessary, to resolve complaints within HUD guidelines and in accordance with the program goals of efficiency, effectiveness, and customer satisfaction. The homeowner or contractor will also have the option to appeal before the Community Development Committee if not satisfied with the City's response.

In cases where technical expertise is required for assessment of the quality of work or materials, appropriate technical professionals such as building inspectors, structural engineers, flooring or cabinetry experts, plumbers, etc. who are not associated with either party involved in the dispute may be called upon for an impartial analysis to be paid for by the City of La Crosse. The City of La Crosse will make the decision regarding which technical expertise is needed and who to retain for that service. If a homeowner or contractor objects or wishes additional expertise, they may secure additional services at their own expense.

The homeowner is entitled to an appeal which will be conducted as an informal hearing with the HSA or its designee serving as hearing officer. The decision of the hearing officer will be final. The decision of the Community Development Committee is also final.