

# **I & I Hardship Assistance Program**

## **PROGRAM OVERVIEW**

### **Definitions**

*Infiltration & Inflow (I & I) – Means the invasion of water into the sanitary system from broken, cracked or mis-aligned mains, leaking manholes or manholes that have water flow over their covers. Other sources of I & I include private (resident and business) services that are cracked or broken and storm water connections from sump pits and roof drains, or other sources into sanitary sewers.*

*Building sewer – Means the extension from the building drain to the public sewer or other place of disposal including the connection device and tap of the main.*

### **Program Introduction**

The purpose of the **I & I Hardship Assistance Program** is to facilitate physical rehabilitation of privately owned building sewers for incorporated areas within the City of Creston. The City has created the program to encourage property owners to remove illegal connections to the sanitary sewer through the issuance of a forgivable loan to qualifying homeowners, thereby contributing to the protection of public health and the environment through the reduction of Inflow and Infiltration. Undesirable connections can allow rain and ground water to make its way into the sanitary sewer. The sewer system is not designed to handle this additional water flow, which can overtax the system and contribute to sewer overflows into streams and/or lakes. Proper maintenance also eliminates the possibility of building sewer overflows caused by line defects and blockages, which can result in significant wastewater damage both inside and outside a property. The city's program is being implemented consistent with Section 95 of the Creston Code of Ordinances.

The Southern Iowa COG Housing Trust Fund (SICOG HTF) will assist the City of Creston in the administration of the **I & I Hardship Assistance Program**. The assistance will be directed towards owner-occupied households in Creston with repairs to their sanitary sewer in order to be compliant with city code.

## **ELIGIBILITY**

Applicants for the forgivable loan program must:

- Own their home outright or have it financed through a lending institution.
- Live in the home where the repairs will be made.

- Be at or below 80% of the HUD Income Limit in Union County per household size (updated annually).
- Have notification from the City of Creston as to the issue with the building sewer.

**Income Limits**

Maximum Household income is 80% of the Union County HUD Income Limit:

The following is the maximum income limits as of June 2012

Persons in Household	Income Limit in Total Gross (pre-tax) Dollars
1	\$33,250
2	\$38,000
3	\$42,750
4	\$47,450
5	\$51,250
6	\$55,050
7	\$58,850
8	\$62,650
Source: FY 2012 Income Limits Documentation System; June 2012. hud.gov	

- The combined income of all household members who will be living in the home must be included in the determination of income. The combined household's income must be projected as an annual income. It should be assumed that the current income would continue for the next 12 months, unless there is verifiable evidence to the contrary.
- Household income requirements will include all income of persons 18 years old or older who will be living in the home.
- The City of Creston will not assist households who are determined to exceed the HUD Income Limits.

**Asset/Reserve Limitation**

The combined household liquid assets of the household cannot exceed \$25,000. Liquid Assets includes, all source of monies from savings, checking accounts, investments and properties held by any member of the borrower's household including minors and any funds available for liquidation. Liquid Assets do not include funds held in pension accounts, retirement funds, 401(k) plans, or similar assets, which are not available for liquidation without substantial financial penalty to the borrower.

### Design Guidelines

All sanitary sewer work performed within the City of Creston shall conform to the Uniform Plumbing Code, 2012 and Code of Ordinance, Chapter 95, which are available at the Creston City Hall. To be eligible, all private building sewer improvements are required to be completed by a licensed contractor.

### **MAXIMUM LOAN AMOUNT**

The forgivable loan available for each house is not to exceed \$5,000. All loans will be made based on the lowest competitive bid from a minimum of two contractors that are pre-approved by the City of Creston to perform the sewer repairs.

### **LOAN TERMS**

The loan will be made in the form of a 5-year receding forgivable loan. On the yearly anniversary of the loan 20% is forgiven until the balance of the loan is forgiven. If the homeowner sells, rents, moves out, or the home is no longer the owner's primary residence, the homeowner is required to repay any outstanding balance to the SICOG HTF.

**Program Note:** Refinance/Subordination – The SICOG HTF loan can be subordinated to refinance the existing first mortgage for a lower interest rate and better loan terms as long as no cash equity is taken out of the property or additional debt is added in.

### **LOAN DOCUMENTS**

The SICOG HTF will prepare the required loan documents. All documents to secure the loan must be signed by the homeowner and spouse, as appropriate. After completion, the City will file the loan documents at the courthouse.

### Mortgage

The **I & I Hardship Assistance Program** mortgage will secure the loan against the title of the property. The **I & I Hardship Assistance Program** mortgage will be subordinate to any existing lien(s).

**Program Note:** The SICOG HTF Note also outlines terms and repayments of the loan.

### **OWNER OCCUPANCY REQUIREMENTS**

Properties that have received assistance must remain owner-occupied throughout the term of the loan and may not be used as investments or rental property or the loan would immediately be fully due and payable. Compliance monitoring may be performed and documented proof of occupancy required at intervals determined by the **I & I Hardship Assistance Program** administrators.

# APPLICATION PROCESS

## Program Application Procedure

**Step 1:** Contact the City to determine applicability or need for improvements.

**Step 2:** Complete a Program Application.

Interested property owners are encouraged to contact the Southern Iowa COG Housing Trust Fund (SICOG HTF) to obtain an application and to discuss the program and proposed work. Program information and application is available on the city's website at <http://www.crestoniowa.gov>, or at the Housing Trust Fund website <http://www.sicog.com/housingtrustfund>.

The SICOG HTF will work with the property owner to finalize the application information to determine if the application is complete and if the proposed building sewer work is eligible under the program.

The applicant should submit an application to the SICOG HTF and attach all required documents. This should include a minimum of two bids from licensed contractors.

**Step 3:** Review Processing and Approval.

The city will review the bids for accuracy and validity. In addition, the city may require a pre-construction inspection, if necessary, to verify that the proposed improvements are in conformance with the Uniform Plumbing Code, 2012. Required inspections performed by the city are free of charge.

The **I&I Hardship Assistance Program** application package requires the following information:

- A document that states the need of repairs from the City of Creston.
- A copy of last year's entire tax returns, including W-2's.

Upon receipt of a **complete** application package, the SICOG HTF will send a letter of approval or denial to the homeowner within 10 working days.

**Incomplete** packages will be returned without review.

Notice will include draft loan documents and a request for the homeowner(s) to sign and date a commitment letter, which must be returned to the SICOG HTF within 7 working days.

The SICOG HTF and homeowner will coordinate to schedule a time to finalize the loan documents at the SICOG HTF office.

The SICOG HTF will issue a Notice to Proceed **before** the contractor can start construction.

**Step 4: Completion of the Sewer Rehabilitation Work.**

The property owner will be responsible to manage the contractor work and ensure the project is completed as approved by the City. This includes scheduling the work, obtaining permits, and monitoring the activities of the contractor.

Work must be completed within 90 days from Notice to Proceed. Failure to complete the sewer improvements by the required completion date may, at the City's discretion, result in the forfeiture of the loan or that portion that represents the outstanding work not done by the completion date.

**Step 5: City Work Inspection.**

A post rehabilitation inspection by the City must be obtained prior to final completion (backfill) and payment. There is no cost for the inspection. The property owner **must** schedule the inspection at least 24 hours in advance of the desired inspection time. *Note: The contractor can schedule the inspection but it is the homeowner's responsibility to be sure that the inspection is scheduled.*

**Step 6: Payment.**

The **property owner must submit** all invoices, inspection forms and a signed release accepting the improvements and authorizing payment.

The SICOG HTF will authorize and make payment to the contractor for the final costs of the work performed, plus any additional approved work, upon execution of a statutory lien release by the contractor. The property owner shall retain all receipts, permits, inspection reports and other documents.

The property owner will be required to execute the mortgage with the SICOG HTF for the finalized work and costs. The SICOG HTF will record the mortgage with the Union County Recorder and pay any required fees.

For additional information, please contact SICOG HTF at 641-782-8491.