



JOPLIN HOMEBUYER ASSISTANCE PROGRAM POLICY MANUAL

5/10/2016

City of Joplin

Certificate of Adoption

On this 13th day of June, 2016, I Troy Bolander, Director of Planning and Neighborhood Services for the City of Joplin, recognizes that over a period of time it is necessary to reword and clarify the policy manual to reflect changes in JHAP program policies and procedures. The following documents are hereby adopted and approved by reference on the date indicated above:

1. **Joplin Homebuyer Assistance Program Policy Manual 5/10/2016**-City of Joplin (Copy Attached.)
2. **Joplin Homebuyer Assistance Program Policy Appendix 5/10/2016**-City of Joplin (Copy Attached.)

All previous versions of these documents are repealed and declared to be obsolete and no longer in force.

By: _____

Troy Bolander, Director of Planning and Neighborhood Services
City of Joplin, Missouri

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CHAPTER 1: PROGRAM OVERVIEW

The primary objectives of the City of Joplin’s Homebuyer Assistant Program (J-HAP) are:

- To disburse a portion of the City’s Department of Housing and Urban Development (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) grant funds for homeownership programs to repopulate the tornado affected area;
- To increase the number of affordable housing units in the City;
- To improve the opportunities for homeownership for Low and Moderate Income (LMI) families.

Eligible homebuyers can qualify for a forgivable loan of up to \$30,000 to either purchase an existing property or contract to build a new home on a vacant parcel. The J-HAP loan may be used to provide down payment assistance up to 20% of the purchase price plus reasonable and approved closing costs, not to exceed \$30,000.

An exception to this rule shall be made for Low-Moderate Income Families (families whose income is less than 80% AMI) who seek to contract to build a new home on a vacant parcel or purchase an existing property that meet one of the following two criteria:

1. Construction of the home began after May 22, 2011 OR
2. The home has never been occupied.

The exception allows for down payment assistance up to 30% of the purchase price plus reasonable and approved closing costs, not to exceed \$35,000.

An additional \$5,000 incentive is available to program participants who purchase a qualified Energy Star Home. Refer to Section 10, Chapter 1 for additional information.

In any case, the most a family may qualify for is down payment assistance up to 30% of the purchase price plus price reasonable and approved closing costs plus an energy star incentive, not to exceed \$40,000.

1. Regulations & Responsibility

The City of Joplin is the recipient of the CDBG-DR grant and is responsible for compliance with applicable laws and requirements of program funds. The City has contracted technical assistance, program administration and operations of the J-HAP Program Office to an external vendor. Specific technical support roles are defined in Chapter 2. The following regulations are applicable to the CDBG-DR program administration and form the basis for the operating policies for the J-HAP:

- Federal Fair Housing Act
- Federal Register Notice 5628-N-01 (Allocations, Common Application, Waivers, and Alternative Requirements for CDBG)
- 24 CFR Part 570 (CDBG Regulations)
- 24 CFR 5.105 (Other Federal Requirements)

- 24 CFR Part 982 (Tenant Based Assistance)

2. Basic Eligibility

To qualify for a J-HAP loan, an applicant must meet the following criteria:

- Household income cannot exceed 120% of the area median income for the City of Joplin;
- Applicant must be able to secure a first mortgage from a financial/mortgage institution;
- Applicant must complete and submit all documentation required by HUD and the City of Joplin;
- Applicant must buy or build within the designated tornado area described as the area between Black Cat Road and Davis Boulevard and between 13th Street/Junge Boulevard and 32nd Street, with the City of Joplin. A map of the tornado area is provided in Appendix A, Exhibit A.2.

3. Application Form & Program Office

The application forms and additional information about the J-HAP is available at the Program Office, located at 602 South Main Street, Joplin, MO 64801. Applications also may be requested by sending an email request to JHAP@joplinmo.org. The Program Office is opened Monday 8AM to 5PM, Tuesday 8AM to 5PM, Wednesday 8AM to 5PM, Thursday 8AM to 5PM and Friday 8AM to 5PM. The office is closed every day from noon to 1PM for lunch. These hours are subject to change, please contact the JHAP Program Office.

Once a completed application and all required documentation is received, it will take about four weeks for an application to be reviewed and approved/denied by the Program Office and the City of Joplin. A sample application packet is provided in Appendix B, Exhibit B.5 and an applicant work flow provided in Appendix B, Exhibit B.6.

4. Loan Forgiveness Period

The J-HAP assistance is made available for eligible homebuyers in the form of a 0% interest, forgivable loan. The loan does not require monthly payments and is forgiven over an affordability period of five or ten years, depending on the amount of assistance provided.

Homeownership Assistance Amount	Affordability Covenant Period	Loan Forgiveness Rate per Year
<\$15,000	5 years	20% per year over 5 years
\$15,000 – \$40,000	10 years	10% per year over 10 years

If the homebuyer violates the terms and conditions of the loan the City may recapture the entire amount or a portion of the loan. A deed restriction is placed on the property that provides for the recapture of the subsidy if the homebuyer:

- Sells the property within the affordability period;

- Is foreclosed on by another mortgage holder;
- Ceases to use the property as their principal residence;

5. First Position Lenders

Lenders that are acceptable for writing loans for the J-HAP program include: Commercial Banks, Savings Banks, Savings and Loan Associations, Credit Unions and Mortgage Brokers. Those that will be considered on a case by case basis, depending on proposed Interest Rate and Repayment Terms, are: Non Profit/Not for Profit Organizations, and Other Commercial Entities. Encouraged loan terms are 15 – 30 years, with the loan fully amortized at the end of the load period. For adjustable rate mortgages, the initial fixed interest term must meet or exceed the affordability period, based upon the subsidy provided, with 2/6 CAPS. In addition, mortgage products that include balloon payments are not permitted in the JHAP program. Additional information on affordability periods and assistance amounts is in Chapter 1, Section 4 of the JHAP Policy Manual. Interest rates are required to fall within the usual and customary range for the program.

Additional information on affordability periods and assistance amounts is in Chapter 1, Section 4 of the JHAP Policy Manual. The City will review whether closing costs are reasonable and necessary. Determination is based upon whether closing costs fall within customary ranges; however, eligibility will be decided on a case-by-case basis. Buyer's agent fees are ineligible and will not be considered.

6. Home Requirements

Homebuyers may purchase an existing home, defined as a property with, at minimum, a foundation or may contract for new construction of a home on a vacant parcel. There is no minimum or maximum purchase price for homes utilizing J-HAP loans. The buyer must be approved by a financial institution for the amount of the first mortgage before the J-HAP loan will be available to the buyer.

A J-HAP loan may not be used to purchase an existing home or vacant parcel within the floodplain. A special exception to this rule shall be where a determination can be made through a Standard Flood Hazard Determination Form (SFHDF) O.M.B. No. 1660-0040 for an existing structure for which JHAP assistance is sought, is not located in a Special Flood Hazard Zone containing the letters "A" or "V." However, the City of Joplin will strongly recommend that the participant consider the purchase of flood insurance to protect their property in the event future flooding event in the neighborhood. At its discretion, the City of Joplin may require an additional Elevation Certificate prepared by a licensed Missouri land surveyor to verify that the top of the bottom floor (including basement, crawlspace, or enclosure floor) is two feet (2') above the base flood elevation. In addition, an environmental assessment and inspection will be conducted by the City prior to loan execution. There are differing environmental considerations for existing homes and new construction; the Program Office staff will provide additional information on environmental assessments at the time each applicant submits their lender pre-approval letter along with a property review request.

For newly constructed homes, post construction testing will be required by the City or its representative to ensure that the Radon levels are acceptable.

A major objective of the JHAP Program is to foster quality neighborhood redevelopment in the Joplin tornado zone. The City recognizes that there may be instances where platted lots or separate land parcels with tax identification numbers may be located adjacent to existing primary residency homes or potential new homes in the tornado impacted area. While the City desires to discourage future land speculation on these vacant parcels, we recognize that there may be instances where the ownership of these adjacent lots/properties by JHAP program participants may be in the best interest of quality neighborhood redevelopment.

On a case by case basis, JHAP staff members will review these properties and make a determination that ownership of an adjacent platted lot or land parcel with a tax identification number by a JHAP applicant is in the best interest of the City and quality neighborhood redevelopment. For example, existing homes located in older established neighborhoods on small 50' platted lots may benefit for having an adjacent lot that can be used for additional open spaces or other residential purposes. Applicants aggrieved by the staff decision regarding this matter may appeal to the Director of Planning, Community Development and Neighborhood Services for a final decision.

7. Non-Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act prohibits any person from receiving financial assistance to which that person has received financial assistance from any other program, insurance or any other source. CDBG disaster recovery funds will not be used for activities for which funds have been received (or will be received) from FEMA; the SBA; other local, state, or federal programs; insurance; or recovery support from private charity organizations. However, CDBG funds may be used to provide assistance to the extent that a disaster recovery need has not been met by other sources. Applicants for assistance will be required to disclose all sources of assistance received or to be received.

FEMA, SBA, and other federal agencies will be asked to provide verification of benefits supplied to all applicants that are involved in the programs funded by CDBG-DR funds.

The City of Joplin follows the clarifying guidance provided by HUD in Federal Register notice Volume 76; Number 221 published on November 16, 2011, and has developed an internal policy reflecting this guidance.

8. Operating Policies: Effective Date & Precedent Actions

These operational policies are effective August 1, 2014 and were developed to comply with the regulations and requirements noted in an earlier paragraph.

While it is possible that actions may have been taken or decisions may have been made in the past that are not strictly in accordance with these policies, it is the City's intent to use these policies going forward to ensure each applicant and each situation is handled in a consistent, objective manner.

9. JHAP Policy on Second Homes and Other Real Estate Property Owned by the Applicant

The primary purpose of the JHAP Program is to encourage families to purchase homes in the JHAP redevelopment area. Before closing on a home purchased with JHAP assistance can be completed, the applicant will be required to sell the current residence they are occupying if they have an ownership interest. To evidence the selling of their home, the applicant will provide the JHAP Program with a closing statement by a title company/ bank showing the original home has been sold

Prior to closing on a JHAP assisted home, the applicant will be required to sign an affidavit which discloses their interest in all real property.

To qualify for a JHAP forgivable loan, the home to be purchased must be your primary residence.

10. Energy Star Certified New Homes Incentive for JHAP Home Buyers

JHAP applicants who purchase new, never occupied homes, will experience reduced homeownership costs as a result of more efficient appliances, properly installed and inspected insulation, higher efficiency windows, tight construction, correctly installed duct system, quieter and more efficient HVAC system, and improved air quality.

Energy Star certified new homes are designed to standards well above most other homes on the market today, delivering energy efficiency savings of up to 30 percent when compared to typical new homes. To encourage the construction of these homes, the City of Joplin JHAP Program will provide an additional homebuyer subsidy of \$5,000 to families who purchase energy star certified new homes. This subsidy is provided to the home buyer, not the home builder.

In order to qualify, the following conditions must be satisfied:

1. The home will newly be constructed and never occupied home.
2. The homebuyer will provide the JHAP Program with the home's Energy Star certificate.
3. The homebuyer will provide the JHAP Program with the Final Home Energy Rating System (HERS) Report.
4. The homebuyer will provide the JHAP program with the Energy Rater's RESNET Certification.
5. JHAP funds are available until the City's JHAP funds are exhausted and expended.

CHAPTER 2: PROGRAM ADMINISTRATION

1. Division of Tasks

As the grant recipient, the City of Joplin is responsible for the CDBG-DR program compliance with regulations and that program activities meets at least one of the national objectives and that all funds are expended in full compliance with the program regulations. The City contracted for technical assistance and program administration support from an external vendor further referred to as the (“Program Administrator”).

2. Revision of Policies & Procedures

Policies and procedures are developed by the City to provide specific operating procedures for the J-HAP program. The City Director of Planning & Community Development reviewed and approved these policies prior to the implementation date of August 1, 2014 and will review for updates on a regular basis. Revisions will be incorporated into the manual, disseminated to all staff working with the J-HAP and where appropriate, will be posted on the J-HAP web page and highlight impact to J-HAP participants.

3. Outreach & Communication

An important part of the City’s responsibility is to provide accurate information to elected officials, program applicants, program participants, HUD and the general public. The Director of Planning & Community Development will provide regular progress reports to the City Manager and the City Council. The City will comply with HUD’s required reporting, providing accurate and on time submissions. City staff will provide current written materials on program activities and update the J-HAP web page to include accurate information, forms and Frequently Asked Questions (FAQs) that may be accessed at any time.

4. Processing Check Requests for J-HAP Assistance

The City has assigned the Program Administrator certain tasks that provide checks and balances in the applicant approval process. The City is responsible for disbursing funds to J-HAP participants by issuing a check for the amount shown on the homebuyer’s settlement statement following current City policy for check requests and payment. City staff submits the check request to the Finance Department by noon on each Wednesday preceding a Friday closing date. The check request must be signed by the Department Head or designee.

5. Informal Review

Informal reviews are provided for J-HAP program applicants and are intended to provide a “minimum hearing requirement” to check that the City has received correct information from program applicants.

5.1 Decisions Subject to Informal Review

The City will give an applicant the opportunity for an informal review of a decision denying assistance which may have occurred for any or all of the following reasons: eligibility based on family income or

circumstances, J-HAP waiting list denials, determination not to approve an extensions, if the unit does not meet environmental review standards, e.g., is located in the floodplain or because other policy issues.

5.2 Notice to the Applicant

The City will give an applicant prompt notice of a decision denying assistance. The notice will include a brief statement of the reasons for the City decision, and will also state that the applicant may request an informal review of the decision. The notice will describe how to obtain the informal review.

5.3 Scheduling an Informal Review

A request for an informal review must be made in writing and delivered to the City either in person or first class mail, by end of business day, no later than 10 business days from the date of the City's notice of denial of assistance. The City will schedule and send written notice within 10 business days of the request.

5.4 Informal Review Procedures

The informal review will be conducted by a person other than the one who made or approved the decision under review, or a subordinate of this person. The Director of Planning & Community Development is the designated hearing officer for these reviews. The applicant will be provided an opportunity to present written information if he/she believes the information that the City relied on to make the decision is incorrect. If the applicant fails to appear for their informal review, the denial of eligibility will stand and the applicant will be notified that they may request up to two additional review appointments.

5.5 Informal Review Decision

The City will notify the applicant of the final decision, including a brief statement of the reasons for the final decision. The notice will be mailed within 10 business days of the informal review, to the applicant and his or her representative, if any, along with proof of mailing. If the decision to deny is overturned as a result of the informal review, processing for program participation will resume.

6. Monitoring J-HAP Program Files

The City and the Program Administrator conducts reviews of program files to check the eligibility of applicants, compliance with the applicable laws and regulations, and program integrity. The City will review every program file. The Program Administrator will perform quality control on all files submitted to the City.

CHAPTER 3: APPLICATIONS

This chapter describes HUD and City policies for taking applications, and approving eligibility for families applying for the J-HAP:

1 The Application Process - provides an overview of the application process, and discusses how applicants can obtain and submit applications.

2 Approval for J-HAP Participation - describes the policies for approving applicants for homebuyer assistance and how program participants will be informed about the requirements of the J-HAP.

1. The Application Process

To qualify for J-HAP assistance to purchase a home, an applicant must meet the following requirements:

- Household annual income cannot exceed 120% of the area median income (AMI) for the City of Joplin
- Applicant must have the financial ability to secure a first mortgage with a financial/mortgage institution. (J-HAP funds can be used for down payment assistance and/or closing costs)
- Applicant shall provide documentation required by the Department of Housing & Urban Development (HUD) and documentation required by the City

1.1 Applying for Assistance

Applicants must apply for assistance by submitting an application with the City of Joplin's CDBG-DR J-HAP Program Office. Applicants may obtain application forms from the City's Program Office during normal business hours. The Program Office is located at: 602 South Main Street, Joplin, MO 64801. Families may also request an application by telephone 417-850-2249, fax 619-956-5807 or 619-956-5871 or by email. The email address to request an application is: JHAP@joplinmo.org.

Completed applications including all required documentation must be returned within 30 calendar days to the Program Office by mail, or in person. Applications must be complete in order to be accepted by the City for processing. If an application is incomplete, the City will notify the applicant of the additional information required and the applicant must provide the additional information or documents within 30 calendar days.

Contained within the Applicant Sample Packet Appendix B, Exhibit B.5 therein provides a list of information that J-HAP applicants must submit along with their completed application. Depending on individual circumstances, some documents may not be applicable to all applicants.

1.2 Accessibility of the Application Process

1.2.1 Elderly and Disabled Populations [24 CFR 8 and HCV GB, pp. 4-11 - 4-13]

The City will adapt the application process to be more accessible to those people who could include people with disabilities or certain elderly individuals. The City will provide reasonable accommodation to the needs of certain elderly persons, and individuals with disabilities. The application-taking facility and the application process will be fully accessible for the applicant, or the City will provide an alternate approach

that provides access to the application process. This may include online access, home visits, or appointments at City facilities, which are accessible for the specific needs of the applicant.

1.2.2 Limited English Proficiency (LEP)

The City will use the procedures and processes established by the City of Joplin Housing Authority in the agency's approved Limited English Proficiency Plan to support persons with LEP.

1.3. J-HAP Application Waiting List

The City's J-HAP waiting list is organized in such a manner to accurately identify and process applications for J-HAP assistance. The waiting list will be maintained by the J-HAP program administrator and contain the following information for each applicant listed: Applicant name(s) and all proposed family members; Estimated annual income of the entire household; Date and time application was received;

2. Approval for J-HAP Participation

2.1 Applicant Outreach

The City will conduct outreach to applicants to help utilize the CDBG-DR resources allotted to the City. Because HUD requires the City to assist a specified percentage of low income families with the program, the City may need to conduct special outreach to solicit applicants and publicize the program benefit benefits to targeted applicants.

The City outreach efforts will comply with fair housing requirements. This includes analyzing the housing market area and the populations currently being served to identify underserved populations; targeting media outlets that reach eligible populations that are underrepresented in the program; avoiding outreach efforts that prefer or exclude people who are members of a protected class.

City outreach efforts will be designed to inform eligible applicants about the availability of assistance under the J-HAP. These efforts may include, as needed, any of the following activities: submitting press releases to local newspapers, including minority newspapers; developing public service announcements; developing informational materials and flyers to distribute; providing application forms to other public and private agencies; developing partnerships with other organizations.

2.2 Reporting Changes in Applicant Circumstances

If there are any changes to the applicant composition or circumstances, e.g., arrest of a family member, or the applicant income prior to the loan closing the applicant must immediately inform the City of changes including contact information, current residence, mailing address, and phone number. The changes must be submitted in writing.

2.2.1 Removal from the Waiting List

If at any time an applicant is on the J-HAP waiting list, and the City determines that the applicant is not eligible for J-HAP assistance the applicant will be removed from the J-HAP waiting list. If an applicant is removed from the J-HAP waiting list because the City has determined the applicant is not eligible for

assistance, a notice will be sent to the applicant's address of record as well as to any alternate address provided on the initial application. The notice will state the reasons the applicant was removed from the waiting list and will inform the applicant how to request an informal review regarding the City's decision.

2.3 Application Interview

When an applicant completes their application, they must attend an interview at the City's Program Office. At that time, the J-HAP program staff will answer any questions about the program and/or procedures that will be followed, the likely timeline for approval of application and additional information that the applicant may find helpful, including:

- Program overview
- Fair housing acknowledgement
- Lead based paint information and acknowledgement
- Environmental review required
- Release forms for lenders, realtors, title company
- Criminal background information release

The head of household and the spouse/co-head are strongly encouraged to attend the interview with the J-HAP staff. However, either the head of household or the spouse/co-head may attend the interview on behalf of the applicant. The head of household or spouse/co-head must provide acceptable documentation of legal identity (If required documentation is not provided it is required to be provided within ten business days.)

The applicant must provide the information necessary to establish eligibility and determine the appropriate level of J-HAP assistance, as well as completing required forms, providing required signatures, and submitting required documentation. J-HAP assistance cannot be approved until all necessary documentation requirements are met. Any required documents or information that the family is unable to provide at the interview must be provided within 30 business days of the interview. If the applicant is unable to obtain the information or materials within the required time frame, the applicant may request an extension, which will be considered on a case by case basis. If the required documents and information are not provided within the required time frame (plus any extensions), the applicant will be sent a notice of ineligibility.

2.4 Notification of Approval

The City will notify the applicant by first class mail when eligibility for J-HAP assistance has been determined. The notice will inform the applicant of the 1) date of approval and 2) the requirement to submit a written request to the City to review a specific address or property that the applicant would like to purchase.

If a notification letter is returned to the City with no forwarding address, the application will be to be cancelled. A notice of cancellation will be sent to the applicant's address of record, as well as to any known alternate address.

CHAPTER 4: ELIGIBILITY

Every applicant to the Joplin Homebuyer's Assistance Program (J-HAP) must meet all program eligibility requirements. This chapter contains three parts:

1. Definitions of Family and Household Members. This part contains HUD and City definitions of family and household members and explains initial and ongoing eligibility issues related to these members.

2. Basic Eligibility Criteria. This part discusses income eligibility, and rules regarding citizenship, social security numbers, and family consent.

3. Denial of Assistance. This part covers factors related to an applicant's past or current conduct (e.g. criminal activity) that can cause the City to deny assistance.

1. Definitions of Family and Household Members

Some eligibility criteria and program rules vary depending upon the composition of the applicant requesting assistance. In addition, some requirements apply to a family as a whole and others apply to individual persons who will live in the assisted unit. This part provides information that is needed to correctly identify family and household members, and to apply HUD's eligibility rules.

1.1 Family and Household

The terms *family* and *household* have different meanings in the J-HAP program.

To be eligible for assistance, an applicant must qualify as a family. The City has determined the definition of a family includes: One (1) or more persons who are related by blood or marriage, living together and occupying a single housekeeping unit with single kitchen facilities; OR a group of not more than four (4) unrelated individuals living together by joint agreement and occupying a single housekeeping unit with single kitchen facilities, on a non-profit, cost sharing basis, regardless of gender identify, or sexual orientation. Each family must identify the individuals to be included in the family at the time of application, and must notify the City if the family's composition changes.

Gender Identity means actual or perceived gender characteristics.

Sexual orientation means homosexuality, heterosexuality, or bisexuality.

Household is a broader term that includes additional people who, if identified at the time of application and eligibility determination, who live with the applicant family, such as live-in aides, foster children, and foster adults.

1.2 Family Breakup or Remaining Member of Family

1.2.1 Family Breakup

Except under the following conditions, the City has discretion to determine which members of the homebuyer family maintains the assisted home or their application date if the family breaks up:

- If the family breakup results from an occurrence of domestic violence, dating violence, or stalking, the City must ensure that the victim retains assistance. If a court determines the disposition of property between members of the assisted family in a divorce or separation decree, the City is bound by the court's determination of which family members continue to receive assistance.
- When a family on the waiting list breaks up into two otherwise eligible families, only one of the new families may retain the original application date. Other former family members may make a new application with a new application date if the waiting list is open.
- If a family breaks up into two otherwise eligible families after receiving assistance, only one of the new families will continue to be assisted.
- In the absence of a judicial decision or an agreement among the original family members, the City will determine which family will retain their placement on the waiting list or continue to receive assistance. In making its determination, the City will take into consideration the following factors: (1) the interest of any minor children, including custody arrangements; (2) the interest of any ill, elderly, or disabled family members; (3) the interest of any family member who is the victim of domestic violence, dating violence, or stalking, including a family member who was forced to leave an assisted unit as a result of such actual or threatened abuse; (4) any possible risks to family members as a result of criminal activity; and (5) the recommendations of social service professionals

1.3 HEAD OF HOUSEHOLD [24 CFR 5.504(b)]

Head of household means the adult member of the family who is considered the head for purposes of determining income eligibility and rent. The head of household is responsible for ensuring that the family fulfills all of its responsibilities under the program, alone or in conjunction with a co-head or spouse. The family may designate any qualified family member as the head of household. The head of household must have the legal capacity to enter into a lease under state and local law. A minor who is emancipated under state law may be designated as head of household.

1.4 SPOUSE, CO-HEAD, AND OTHER ADULT

A family may have a spouse or co-head, but not both. *Spouse* means the marriage partner of the head of household. The term "spouse" does not apply to friends, roommates, or significant others who are not marriage partners. A minor who is emancipated under state law may be designated as a spouse. *A marriage partner* includes the partner in a "common law" marriage as defined in state law.

A co-head is an individual in the household who is equally responsible with the head of household for ensuring that the family fulfills all of its responsibilities under the program, but who is not a spouse. A family can have only one co-head. Minors who are emancipated under state law may be designated as a co-head.

Other adult means a family member, other than the head, spouse, or co-head, who is 18 years of age or older. Foster adults and live-in aides are not considered other adults. See Appendix B, Exhibit B.1 Family Composition Definitions for definitions of dependents, custody matters, etc.

2. Basic Eligibility Criteria

To be eligible for the J-HAP program the applicant must:

- Qualify as a family as defined by HUD and the City.
- Have household income that does not exceed 120% of the median income for the City of Joplin. (For current income guidelines, refer to the table included in the J-HAP Frequently Asked Questions, www.joplinmo.org/cdbg-dr.)
- Qualify on the basis of citizenship or the eligible immigrant status of family members.
- Provide social security number information for household members as required.
- Consent to the City's collection and use of family information as provided for in City-provided consent forms.

2.1 Income Eligibility and Targeting

2.1.1 Income Limits

HUD establishes income limits for all areas of the country and publishes them annually in the *Federal Register*. They are based upon estimates of median family income with adjustments for family size. The income limits are used to determine eligibility for the program and for income targeting purposes as discussed in this section.

Definitions of the Income Limits [24 CFR 5.603(b)]

Low-income family. A family whose annual income does not exceed 80 percent of the area median income (AMI) for the area, adjusted for family size.

Very low-income family. A family whose annual income does not exceed 50 percent of the AMI, adjusted for family size.

Extremely low-income family. A family whose annual income does not exceed 30 percent of the AMI, adjusted for family size, or exceeds the Federal poverty level.¹

For the J-HAP, the City requested and was given a waiver by HUD that allows the City to offer homebuyer assistance to families whose income does not exceed 120 percent of the median income for the City of Joplin. Families whose income is determined to be at 80 percent or below the area median income may be referred to hereinafter as LMI. Families whose income is above 80 percent but at or below 120 percent AMI may be referred hereinafter as Urgent Need. (For current income guidelines, please refer to the chart including in the City's J-HAP Frequently Asked Questions, www.joplinmo.org/cdbg-dr)

Using Income Limits for Eligibility [24 CFR 982.201]

¹ The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low (30%) income limits may equal the very low (50%) income limits

Income limits are used only in determining a family's eligibility for the J-HAP. Income eligibility is determined by comparing the annual income of an applicant to the applicable income limit for the family size.

2.2 Citizenship or Eligible Immigration Status [24 CFR 5, Subpart E]

Housing assistance is available only to individuals who are U.S. citizens, U.S. nationals (herein referred to as citizens and nationals), or noncitizens that have eligible immigration status. At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for the J-HAP. All applicant families must be notified of the requirement to submit evidence of their citizenship status when they apply

2.2.1 Declaration

HUD requires each family member to declare whether the individual is a citizen, a national, or an eligible noncitizen, except those members who elect not to contend that they have eligible immigration status. Those who elect not to contend their status are considered to be ineligible noncitizens. For citizens, nationals and eligible noncitizens the declaration must be signed personally by the head, spouse, co-head, and any other family member 18 or older, and by a parent or guardian for minors. The family must identify in writing any family members who elect not to contend their immigration status (see Ineligible Noncitizens below). No declaration is required for live-in aides, foster children, or foster adults.

U.S. Citizens and Nationals

In general, citizens and nationals are required to submit only a signed declaration as verification of their status. Family members who declare citizenship or national status will not be required to provide additional documentation unless the City receives information indicating that an individual's declaration may not be accurate.

Eligible Noncitizens (Qualified Aliens)

If an applicant is not a U.S. citizen or U.S. non-citizen national, the applicant must submit a written declaration, under penalty of perjury, that he or she has an immigration status that makes him or her a "qualified alien" and the City will verify that status as set forth below.

Family members who claim to have "qualified alien" status will be required to provide a written declaration, under penalty of perjury, of their status. The required documentation for evidence of status as "qualified alien" is described in Appendix B, Exhibit B.4. If the declaration is supported by documents that the applicant is a "qualified alien" and the documentation appears on its face to be genuine and to relate to the individual presenting it, the City will accept the documentation as conclusive evidence that the applicant is a qualified alien, and will not further verify immigration status in the INS. If the documentation does not appear to be genuine or does not relate to the individual presenting it, the City will request additional documentation. The City may require the applicant to sign a verification consent form and cooperate with City's efforts to verify their immigration status.

Ineligible Noncitizens

Those noncitizens who do not wish to contend their immigration status are required to have their names listed on a non-contending family members listing, signed by the head, spouse, or co-head (regardless of

citizenship status), indicating their ineligible immigration status. The City is not required to verify a family member's ineligible status and is not required to report an individual's unlawful presence in the U.S. to the United States Citizenship and Immigration Services (USCIS).

Providing housing assistance of any type to noncitizen students is prohibited [24 CFR 5.522]. This prohibition extends to the noncitizen spouse of a noncitizen student as well as to minor children who accompany or follow to join the noncitizen student. Such prohibition does not extend to the citizen spouse of a noncitizen student or to the children of the citizen spouse and noncitizen student.

2.2.2 Mixed Families

A family is eligible for homebuyer assistance as long as at least the head, spouse or co-head is a citizen, national, or eligible noncitizen. Families that include eligible and ineligible individuals are considered *mixed families*. The City will not provide assistance to a family before the verification of at least one family member.

When the City determines that the head, spouse or co-head of an applicant family is not a citizen, national, or eligible noncitizen, following the verification process, the family will be sent a written notice within 10 business days of the determination.

The notice will explain the reasons for the denial of eligibility, and will advise the family of its right to request an appeal to the United States Citizenship and Immigration Services (USCIS), or to request an informal hearing with the City. The informal hearing with the City may be requested in lieu of the USCIS appeal, or at the conclusion of the USCIS appeal process. The notice must also inform the applicant family that eligibility determination may not be delayed until the conclusion of the USCIS appeal process, but that it may be delayed pending the completion of the informal hearing process.

2.3 SOCIAL SECURITY NUMBERS [24 CFR 5.216 and 5.218, Notice PIH 2012-10]

The applicant and all members of the applicant's household must disclose the complete and accurate social security number (SSN) assigned to each household member, and the documentation necessary to verify each SSN. The City must deny program eligibility to an applicant family if they do not meet the SSN disclosure and documentation requirements contained in 24 CFR 5.216. *Note:* These requirements do not apply to noncitizens who do not contend eligible immigration status.

2.4 FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.230]

HUD requires each adult family member, and the head of household, spouse, or co-head, to sign the Information Release Authorization form, as needed to collect information relevant to the family's eligibility and level of assistance. The City must deny eligibility for the program if any member of the applicant family fails to sign and submit the consent forms for obtaining information in accordance with 24 CFR 5, Subparts B and F.

2.5 STUDENTS ENROLLED IN INSTITUTIONS OF HIGHER EDUCATION

If a student enrolled at an institution of higher education applies to the J-HAP with the intent of purchasing a primary residence for themselves, they will be considered to be independent of his/her parents and the income of the parents will not be considered in determining eligibility for the program. However, if the

student receives regular payments from his/her parents, those payments will be considered in the determination of eligibility.

3. Denial of Assistance

3.1 Prohibited Reasons for Denial of Program Assistance [24 CFR 5.2005(b)]

HUD rules prohibit denial of program assistance based on any of the following criteria:

- Age, disability, race, color, religion, sex, or national origin
- Where a family lives prior to eligibility for the program
- Whether members of the family are unwed parents, recipients of public assistance, or children born out of wedlock
- Whether the family includes children
- Whether or not a qualified applicant is or has been a victim of domestic violence, dating violence, or stalking if the applicant is otherwise qualified for assistance (See section 3-III.G.)

3.2 DENIAL OF ELIGIBILITY

A family may be denied eligibility for the J-HAP for the following reasons:

- Over income
- Property is not eligible, e.g., located in the floodplain
- Required documentation is not provided in required time frame
- Neither the head, spouse or co-head are citizens or eligible non- citizens
- Other activities, see Appendix B, Exhibit B.3 Other Matters for ineligibility

3.3 SCREENING

3.3.1 Screening for Eligibility

The City is authorized to obtain criminal conviction records from law enforcement agencies to screen applicants for eligibility for the J-HAP program. This authority assists the City in complying with HUD requirements and City policies to deny assistance to applicants who are engaging in or have engaged in certain criminal activities.

Effective August 1, 2014, the City will require every applicant family to submit a consent form signed by each adult household member [24 CFR 5.903] and the City will perform a criminal background check through a national law enforcement database for every adult household member.

If the results of the criminal background check indicate that there may be past criminal activity, but the results are inconclusive, the City will require the applicant to provide additional documentation related to the potential past criminal activity. The City is required to perform criminal background checks necessary to determine whether any household member is subject to a lifetime registration requirement under a state sex offender program in the state where the housing is located, as well as in any other state where a household member is known to have resided [24 CFR 982.553(a)(2)(i)]. The City will use the Dru Sjodin National Sex Offender database to screen applicants for eligibility determination. Additionally, the City must ask whether

the applicant, or any member of the applicant's household, is subject to a lifetime registered sex offender registration requirement in any state [Notice PIH 2012-28].

If the City proposes to deny eligibility based on a criminal record or on lifetime sex offender registration information, the City must notify the household of the proposed action and must provide the subject of the record and the applicant a copy of the record and an opportunity to dispute the accuracy and relevance.

3.4 CRITERIA FOR DECIDING TO DENY PROGRAM ELIGIBILITY

3.4.1 Evidence [24 CFR 982.553(c)]

The City will use the concept of the preponderance of the evidence as the standard for making all admission decisions. *Preponderance of the evidence* is defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the fact sought to be proved is more probable than not. Preponderance of the evidence may not be determined by the number of witnesses, but by the greater weight of all evidence.

3.4.2 Consideration of Circumstances [24 CFR 982.552(c)(2)]

The City will consider the following factors prior to making its decision:

- The seriousness of the case, especially with respect to how it would affect other residents in the area
- The effects that denial of assistance may have on other members of the family who were not involved in the action or failure
- The extent of participation or culpability of individual family members, including whether the culpable family member is a minor or a person with disabilities, or a victim of domestic violence, dating violence, or stalking
- The length of time since the violation occurred, the family's recent history and the likelihood of favorable conduct in the future

In the case of drug or alcohol abuse, whether the culpable household member is participating in or has successfully completed a supervised drug or alcohol rehabilitation program or has otherwise been rehabilitated successfully. The City will require the applicant to submit evidence of the household member's current participation in or successful completion of a supervised drug or alcohol rehabilitation program, or evidence of otherwise having been rehabilitated successfully.

3.4.3 Removal of an Ineligible Family Member from Household

Should the City's screening process reveal that an applicant's household includes an individual subject to state lifetime registered sex offender registration; the City will offer the family the opportunity to remove the ineligible family member from the household. If the family is unwilling to remove that individual from the household, the City will deny eligibility for the family.

As a condition of being approved for program eligibility, a family may agree to remove the culpable family member from the application. In such instances, the head of household must certify that the family member will not be permitted to visit, stay as a guest, or reside in the assisted unit. Prior to final approve of the

family's application for homebuyer assistance, the family must present evidence of the former family member's current address upon City request.

3.4.4 Reasonable Accommodation [24 CFR 982.552(c)(2)(iv)]

If the family includes a person with disabilities, the City's decision concerning denial of admission is subject to consideration of reasonable accommodation in accordance with 24 CFR Part 8. If the family indicates that the behavior of a family member with a disability is the reason for the proposed denial of eligibility, the City will determine whether the behavior is related to the stated disability. If so, upon the family's request, the City will determine whether approving the family's application as a reasonable accommodation is appropriate. The City will only consider accommodations that can reasonably be expected to address the behavior that is the basis of the proposed denial of assistance.

3.5 NOTICE OF ELIGIBILITY OR DENIAL

If the family is eligible for the J-HAP, the City will notify the family in writing and schedule a briefing appointment, as discussed in Chapter 7. If the City determines that a family is not eligible for the program for any reason, the family will be notified within ten days of the determination. The notice will describe: (1) the reasons for which eligibility has been denied, (2) the family's right to an informal review, and (3) the process for obtaining the informal review.

If the City uses a criminal record or sex offender registration information obtained under 24 CFR 5, Subpart J, as the basis of a denial, a copy of the record will precede the notice to deny, with an opportunity for the applicant to dispute the accuracy and relevance of the information before the City can move to deny the application. In addition, a copy of the record must be provided to the subject of the record [24 CFR 5.903(f) and 5.905(d)]. The City will give the family an opportunity to dispute the accuracy and relevance of that record, in the informal review process.

If based on a criminal record or sex offender registration information, an applicant family appears to be ineligible the City will notify the family in writing of the proposed denial and provide a copy of the record to the applicant and to the subject of the record. The family will be given ten business days to dispute the accuracy and relevance of the information. If the family does not contact the City to dispute the information within that ten-day period, the City will proceed with issuing the notice of denial of eligibility. A family that does not exercise their right to dispute the accuracy of the information prior to issuance of the official denial letter will still be given the opportunity to do so as part of the informal review process.

Notice policies related to denying admission to applicants who may be victims of domestic violence, dating violence, or stalking are contained in the follow section.

3.6 PROHIBITION AGAINST DENIAL OF ASSISTANCE TO VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, AND STALKING

The Violence against Women Act of 2005 (VAWA) and the HUD regulation at 24 CFR 5.2005(b) prohibit the City from denying an applicant eligibility to the J-HAP program "on the basis that the applicant is or has been a victim of domestic violence, dating violence, or stalking, if the applicant otherwise qualifies for assistance or admission."

The City acknowledges that a victim of domestic violence, dating violence, or stalking may have an unfavorable history (e.g., a prior arrest record) that would warrant denial under the City's policies. Therefore, if the City makes a determination to deny assistance to an applicant family, the City will request that an applicant wishing to claim protection under VAWA notify the City within ten business days.

If an applicant claims the protection against denial of eligibility that VAWA provides to victims of domestic violence, dating violence, or stalking, the City will request in writing that the applicant provide documentation supporting the claim.

If the perpetrator of the abuse is a member of the applicant family, the applicant must provide additional documentation consisting of one of the following:

- A signed statement (1) requesting that the perpetrator be removed from the application and (2) certifying that the perpetrator will not be permitted to visit or to stay as a guest in the assisted unit
- Documentation that the perpetrator has successfully completed, or is successfully undergoing, rehabilitation or treatment. The documentation must be signed by an employee or agent of a domestic violence service provider or by a medical or other knowledgeable professional from whom the perpetrator has sought or is receiving assistance in addressing the abuse. The signer must attest under penalty of perjury to his or her belief that the rehabilitation was successfully completed or is progressing successfully. The victim and perpetrator must also sign or attest to the documentation.

CHAPTER 5: ANNUAL INCOME [24 CFR PART 5, SUBPARTS E AND F]

A primary eligibility requirement is based on applicant income which HUD regulations specify the sources of income calculations. This chapter discusses general requirements, methods for calculating annual income and treatment of specific income sources for the J-HAP program. Verification requirements for annual income are discussed in Chapter 6.

1. Household Composition and Income

Income received by all family members must be counted unless specifically excluded by the regulations. It is the responsibility of the head of household to report changes in family composition to the City within ten days of the change in family circumstances. The chart below summarizes how family composition affects income determinations.

Summary of Income Included and Excluded by Person	
Live-in aides	Income from all sources is excluded [24 CFR 5.609(c)(5)].
Foster child or foster adult	Income from all sources is excluded [24 CFR 5.609(c)(2)].
Head, spouse, or co-head Other adult family members	All sources of income not specifically excluded by the regulations are included.
Children under 18 years of age	Employment income is excluded [24 CFR 5.609(c)(1)]. All other sources of income, except those specifically excluded by the regulations, are included.

1.1 Temporarily Absent Family Members

The income of family members approved to live in the unit will be counted, even if the family member is temporarily absent from the unit. Generally an individual who is or is expected to be absent from the assisted unit for 180 consecutive days or less is considered temporarily absent and continues to be considered a family member. Generally an individual who is or is expected to be absent from the assisted unit for more than 180 consecutive days is considered permanently absent and no longer a family member. Exceptions to this general policy are discussed within Appendix B, Exhibit B.1 Family Composition Definitions.

1.2 Absent Students

When someone who has been considered a family member attends school away from home, the person will continue to be considered a family member unless information becomes available to the City indicating that the student has established a separate household or the family declares that the student has established a separate household.

1.3 Absences Due to Placement in Foster Care

Children temporarily absent from the home as a result of placement in foster care are considered members of the family [24 CFR 5.403]. If a child has been placed in foster care, the City will verify with the appropriate agency whether and when the child is expected to be returned to the home. Unless the agency confirms that the child has been permanently removed from the home, the child will be counted as a family member.

1.4 Absent Head, Spouse, or Co-head

An employed head, spouse, or co-head absent from the unit more than 180 consecutive days due to employment will continue to be considered a family member.

1.5 Military Households

The City will consider any person serving in the U.S. Armed Forces, even if they are deployed in another state or country, to be members of an applicant household, regardless of the term of their deployment.

1.6 Family Members Permanently Confined for Medical Reasons

If a family member is confined to a nursing home or hospital on a permanent basis, that person is no longer considered a family member and the income of that person is not counted. The City will request verification from a responsible medical professional and will use this determination. If the responsible medical professional cannot provide a determination, the person generally will be considered temporarily absent. The family may present evidence that the family member is confined on a permanent basis and request that the person not be considered a family member.

1.7 Joint Custody of Dependents

Dependents that are subject to a joint custody arrangement will be considered a member of the family, with whom they spend the greater number of nights during a year. When more than one applicant family is claiming the same dependents as family members, the applicant with primary custody at the time of the application will be able to claim the dependents. If there is a dispute about which family should claim them, the City will make the determination based on available documents such as court orders, or an IRS return showing which family has claimed the child for income tax purposes.

2. Anticipating Annual Income

The City is required to count all income “anticipated to be received from a source outside the family during the 12-month period following the date of application for J-HAP assistance.” [24 CFR 5.609(a)(2)]. Policies related to anticipating annual income are provided below.

2.1 Basis of Annual Income Projection

The City generally will use current circumstances to determine anticipated income for the coming 12-month period. HUD authorizes the City to use other than current circumstances to anticipate income when:

- An imminent change in circumstances is expected

- It is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income) [24 CFR 5.609(d)]
- The City believes that past income is the best available indicator of expected future income [24 CFR 5.609(d)]

The City will collect 90 days' worth of current and consecutive pay stubs dated within the last six months. The City will obtain written and/or oral third-party verification in accordance with the verification requirements and policy in Chapter 6.

The City will use the higher income calculation of the pay stubs or third-party verification unless the higher calculation is not the most representative of anticipated income. When the City cannot readily anticipate income based upon current circumstances (e.g., in the case of seasonal employment, unstable working hours, or suspected fraud), the City will review and analyze historical data for patterns of employment, paid benefits, and receipt of other income and use the results of this analysis to establish annual income. If current circumstances are not used a clear rationale for the decision will be documented in the file.

2.2 Known Changes in Income

If the City verifies an upcoming increase or decrease in income, annual income will be calculated by applying each income amount to the appropriate part of the 12-month period. For Example if an employer reports that a full-time employee who has been receiving \$8/hour will begin to receive \$8.25/hour in the eight weeks. In such a case the City would calculate annual income as follows: $(\$8/\text{hour} \times 40 \text{ hours} \times 7 \text{ weeks}) + (\$8.25 \times 40 \text{ hours} \times 45 \text{ weeks})$. When applicant-provided third-party documents are used to anticipate annual income, they will be dated within the last six months year of the application interview date, but may be up to one year old if it represents the most current statement from the source (i.e., 401k statement).

3. Earned Income

3.1 Types of Earned Income Included in Annual Income

3.1.1 Wages and Related Compensation

The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services is included in annual income [24 CFR 5.609(b)(1)]. For persons who regularly receive bonuses or commissions, the City will verify and then average amounts received for the two years preceding admission or reexamination. If only a one-year history is available, the City will use the prior year amounts. In either case the applicant may provide, and the City will consider, a credible justification for not using this history to anticipate future bonuses or commissions. If a new employee has not yet received any bonuses or commissions, the City will count only the amount estimated by the employer. The file will be documented appropriately.

3.1.2 Some Types of Military Pay

All regular pay, special pay and allowances of a member of the Armed Forces are counted [24 CFR 5.609(b)(8)] except for the special pay to a family member serving in the Armed Forces who is exposed to hostile fire [24 CFR 5.609(c)(7)]. For all military applicants, the current basic housing allowance for the State of Missouri will be counted in the calculation of income.

3.2 Types of Earned Income Not Counted in Annual Income

3.2.1 Temporary, Nonrecurring, or Sporadic Income [24 CFR 5.609(c)(9)]

This type of income (including gifts) is not included in annual income. The U.S. Census Bureau defines sporadic income as temporary payments for employment lasting no longer than 180 days [Notice PIH 2009-19]. Sporadic income is income that is not received periodically and cannot be reliably predicted. For example, the income of an individual who works occasionally as a handyman would be considered sporadic if future work could not be anticipated and no historic, stable pattern of income existed. See Appendix C. Exhibit C.4 for other types of income not included in earned income.

4. Business Income [24 CFR 5.609(b)(2)]

Business income is “the net income from the operation of a business or profession.” [24 CFR 5.609(b)(2)].

4.1 Business Expenses

To determine business expenses that may be deducted from gross income, the City will use current applicable Internal Revenue Service (IRS) rules for determining allowable business expenses [see IRS Publication 535], unless a topic is addressed by HUD regulations or guidance as described below.

4.2 Business Expansion

HUD regulations do not permit including expenses for business expansion in calculating net income. *Business expansion* is defined as any capital expenditures made to add new business activities, to expand current facilities, or to operate the business in additional locations.

4.3 Capital Asset Debt

HUD regulations do not permit the City to deduct from gross income the amortization of capital indebtedness. *Capital indebtedness* is the principal portion of the payment on a capital asset such as land, buildings, and machinery. The City will allow interest as a business expense, but not principal, paid on capital indebtedness. The principal portion of capital assets is already counted as an expense in accordance with depreciation procedures.

4.4 Negative Business Income

If the net income from a business is negative, no business income will be included in annual income; a negative amount will not be used to offset other family income.

4.5 Withdrawal of Cash or Assets from a Business

HUD regulations require the City to include in annual income the withdrawal of cash or assets from the operation of a business or profession unless the withdrawal reimburses a family member for cash or assets invested in the business by the family. Acceptable investments in a business include cash loans and contributions of assets or equipment. For example, if a member of an applicant family provided an up-front loan of \$2,000 to help a business get started, the City will not count as income any withdrawals from the business up to the amount of this loan until the loan has been repaid. Investments do not include the value of labor contributed to the business without compensation.

4.6 Business Partnership

If a partnership exists, where business is co-owned with someone outside the applicant family, the applicant must document the share of the business it owns. If the applicant's share of the income is lower than its share of ownership, the applicant must document the reasons for the difference.

5. Assets [24 CFR 5.609(b)(3) and 24 CFR 5.603(b)]

There is no asset limitation for participation in the J-HAP program however, HUD requires that the City include in annual income the anticipated "interest, dividends, and other net income of any kind from real or personal property" [24 CFR 5.609(b)(3)]. This section discusses how the income from various types of assets is determined. For most types of assets, the City must determine the value of the asset in order to compute income from the asset.

5.1 General Policies

5.1.1 Income from Assets

The City generally will use current circumstances to determine both the value of an asset and the anticipated income from the asset. HUD authorizes the City to use other than current circumstances to anticipate income when (1) an imminent change in circumstances is expected (2) it is not feasible to anticipate a level of income over 12 months or (3) the City believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, the City can take into consideration past rental income along with the prospects of obtaining a new tenant. Any time current circumstances are not used to determine asset income, a clear rationale for the decision will be documented in the file.

5.1.2 Valuing Assets

The calculation of asset income sometimes requires the City to make a distinction between an asset's market value and its cash value. The market value of an asset is its worth in the market (e.g., the amount a buyer would pay for real estate or the total value of an investment account). The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

5.1.3 Lump-Sum Receipts

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income.

However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account) [RHIIP FAQs]. (For a discussion of lump-sum payments that represent the delayed start of a periodic payment, most of which are counted as income, see section 6.2 of chapter 5)

5.1.4 Imputing Income from Assets [24 CFR 5.609(b)(3), Notice PIH 2012-29]

When net family assets are \$5,000 or less, the City will include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, the City will include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by an average passbook savings rate as determined by the City.

Effective August 2014, the City established its passbook rate at 0%, based on a current national rate of .25%. The City will review the passbook rate annually in July of each year. The rate will not be adjusted unless the current rate is no longer within 0.75 percent of the national rate. If it is no longer within 0.75 percent of the national rate, the passbook rate will be set at the current national rate. Changes to the passbook rate will take effect on August 1 following the July review.

5.1.5 Determining Actual Anticipated Income from Assets

It may be necessary for the City to use the market value of an asset to compute the actual anticipated income from the asset. For example, if the asset is a savings account, the anticipated income is determined by multiplying the market value of the account by the interest rate on the account.

5.1.6 Withdrawal of Cash or Liquidation of Investments

Any withdrawal of cash or assets from an investment will be included in income except to the extent that the withdrawal reimburses amounts invested by the family. For example, if an applicant family member purchased stocks which went up in value, the family member would not recognize income until they have sold the stocks (for cash) for the amount above the purchase price.

5.1.7 Jointly Owned Assets

The regulation at 24 CFR 5.609(a)(4) specifies that annual income includes “amounts derived (during the 12-month period) from assets to which any member of the applicant family has access.” If an asset is owned by more than one person and any applicant family member has unrestricted access to the asset, the City will count the full value of the asset. A family member has unrestricted access to an asset when he or she can legally dispose of the asset without the consent of any of the other owners.

If an asset is owned by more than one person, including a family member, but the family member does not have unrestricted access to the asset, the City will prorate the asset according to the percentage of ownership. If no percentage is specified or provided for by state or local law, the City will prorate the asset evenly among all owners.

5.1.8 Assets Disposed of for Less than Fair Market Value [24 CFR 5.603(b)]

HUD regulations require the City to count as a current asset any business or family asset that was disposed of for less than fair market value during the two years prior to the effective date of the examination/reexamination, except as noted below:

Minimum Threshold

HUD permits the City to set a threshold below which assets disposed of for less than fair market value will not be counted [HCV GB, p. 5-27]. The City will not include the value of assets disposed of for less than fair market value unless the cumulative fair market value of all assets disposed of during the past two years exceeds the gross amount received for the assets by more than \$1,000. Assets placed by the family in non-revocable trusts are considered assets disposed of for less than fair market value except when the assets placed in trust were received through settlements or judgments.

Separation or Divorce

Assets are not considered disposed of for less than fair market value if they are disposed of as part of a separation or divorce settlement and the applicant receives important consideration not measurable in dollar terms. In order to qualify for this exemption, a family member must be subject to a formal separation or divorce settlement agreement established through arbitration, mediation, or court order.

Foreclosure or Bankruptcy

Assets are not considered disposed of for less than fair market value when the disposition is the result of a foreclosure or bankruptcy sale.

Family Declaration

Applicants must sign a declaration form at application for J-HAP assistance identifying all assets that have been disposed of for less than fair market value or declaring that no assets have been disposed of for less than fair market value. The City may verify the value of the assets disposed of if other information available to the City does not appear to agree with the information reported by the applicant.

5.2 Types of Assets

5.2.1 Checking and Savings Accounts

For regular checking accounts and savings accounts, *cash value* has the same meaning as *market value*. If a checking account does not bear interest, the anticipated income from the account is zero. In determining the value of a checking account, the City will use the average monthly balance for the last six months. In determining the value of a savings account, the City will use the current balance. In determining the anticipated income from an interest-bearing checking or savings account, the City will multiply the value of the account by the current rate of interest paid on the account.

5.2.2 Investment Accounts Such as Stocks, Bonds, and Money Market Funds

Interest or dividends earned by investment accounts are counted as actual income from assets even when the earnings are reinvested. The cash value of such an asset is determined by deducting from the market value

any broker fees, penalties for early withdrawal, or other costs of converting the asset to cash. In determining the market value of an investment account, the City will use the value of the account on the most recent investment report.

Investment account income will be calculated depending on whether the rate of return is known. For assets that are held in an investment account with a known rate of return (e.g., savings certificates), asset income will be calculated based on that known rate (market value multiplied by rate of earnings). When the anticipated rate of return is not known (e.g., stocks), the City will calculate asset income based on the earnings for the most recent reporting period.

5.2.3 Equity in Real Property or Other Capital Investments

Equity (cash value) in a property or other capital asset is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset. In determining the equity, the City will determine market value by utilizing the City's data base to determine the market value of the home.

The City will first use the payoff amount for the loan (mortgage) as the unpaid balance to calculate equity. If the payoff amount is not available, the City will use the basic loan balance information to deduct from the market value in the equity calculation.

Equity in real property and other capital investments is considered in the calculation of asset income **except** for the following types of assets:

- Equity accounts in HUD homeownership programs [24 CFR 5.603(b)]
- Equity in owner-occupied cooperatives and manufactured homes in which the family lives [HCV GB, p. 5-25]
- Equity in real property when a family member's main occupation is real estate. This real estate is considered a business asset, and income related to this asset will be calculated as described in section 5-I.F.
- Interests in Indian Trust lands [24 CFR 5.603(b)]
- Real property and capital assets that are part of an active business or farming operation.

An applicant family may have real property as an asset in two ways: (1) owning the property itself and (2) holding a mortgage or deed of trust on the property. In the case of a property owned by a family member, the anticipated asset income generally will be in the form of rent or other payment for the use of the property. If the property generates no income, actual anticipated income from the asset will be zero.

In the case of a mortgage or deed of trust held by an applicant family member, the outstanding balance (unpaid principal) is the cash value of the asset. The interest portion only of payments made to the applicant in accordance with the terms of the mortgage or deed of trust is counted as anticipated asset income.

In the case of capital investments owned jointly with others not living with the applicant family, a prorated share of the property's cash value will be counted as an asset unless the City determines that the family receives no income from the property and is unable to sell or otherwise convert the asset to cash.

5.2.4 Trusts

A *trust* is a legal arrangement generally regulated by state law in which one party (the creator or grantor) transfers property to a second party (the trustee) who holds the property for the benefit of one or more third parties (the beneficiaries).

Revocable Trusts are considered when any member of a family has the right to withdraw the funds in a trust, the value of the trust is considered an asset. Any income earned as a result of investment of trust funds is counted as actual asset income, whether the income is paid to the family or deposited in the trust.

Non-revocable Trusts are considered in cases where a trust is not revocable by, or under the control of, any member of a family, the value of the trust fund is not considered an asset. Any income distributed to the family from such a trust is counted as a periodic payment or a lump-sum receipt, as appropriate [24 CFR 5.603(b)]. (Periodic payments are covered in section 5-I.H. Lump-sum receipts are discussed earlier in this section.)

5.2.5 Retirement Accounts

In order to correctly include or exclude as an asset any amount held in a company retirement or pension account by an employed person, the City must know whether the money is accessible before retirement. While an applicant family member is employed, only the amount the family member can withdraw without retiring or terminating employment is counted as an asset. After a family member retires or terminates employment, any amount distributed to the family member is counted as a periodic payment or a lump-sum receipt, as appropriate, except to the extent that it represents funds invested in the account by the family member (for more on periodic payments, see section 6 in chapter 5). The balance in the account is counted as an asset only if it remains accessible to the family member. IRA, Keogh, and similar retirement savings accounts are counted as assets even though early withdrawal would result in a penalty.

Personal property held as an investment, such as gems, jewelry, coin collections, gun collections, stamp collections, antique cars, etc., is considered an asset. In determining the value of personal property held as an investment, the City will use the family's estimate of the value. The City may obtain an appraisal to confirm the value of the asset if there is reason to believe that the family's estimated value is off by \$50 or more. The family must cooperate with the appraiser, but cannot be charged any costs related to the appraisal. Generally, personal property held as an investment generates no income until it is disposed of. If regular income is generated (e.g., income from renting the personal property), the amount that is expected to be earned in the coming year is counted as actual income from the asset.

Necessary items of personal property are not considered assets [24 CFR 5.603(b)]. Necessary personal property consists of only those items not held as an investment, and may include clothing, furniture, household furnishings, jewelry, and vehicles, including those specially equipped for persons with disabilities.

The cash value of a life insurance policy available to a family member before death, such as a whole life or universal life policy is included in the calculation of the value of the family's assets. The cash value is the surrender value. If such a policy earns dividends or interest that the family could elect to receive, the anticipated amount of dividends or interest is counted as income from the asset whether or not the family actually receives it.

6. Periodic Payments

Periodic payments are forms of income received on a regular basis. HUD regulations specify periodic payments that are and are not included in annual income.

6.1 Periodic Payments Included in Annual Income

Periodic payments from sources such as social security, unemployment and welfare assistance, annuities, insurance policies, retirement funds, and pensions are included in income. However, periodic payments from retirement accounts, annuities, and similar forms of investments are counted only after they exceed the amount contributed by the family [24 CFR 5.609(b)(4) and (b)(3)]. Disability or death benefits and lottery receipts paid periodically, rather than in a single lump sum are included in income [24 CFR 5.609(b)(4) and HCV, p. 5-14].

6.2 Lump-Sum Payments for the Delayed Start of a Periodic Payment

Most lump-sums received as a result of delays in processing periodic payments, such as unemployment or welfare assistance, are counted as income. However, lump-sum receipts for the delayed start of periodic social security or supplemental security income (SSI) payments are not counted as income [CFR 5.609(b)(4)]. Additionally, any deferred disability benefits that are received in a lump-sum or in prospective monthly amounts from the Department of Veterans Affairs are to be excluded from annual income [FR Notice 11/24/08].

6.3 Treatment of Overpayment Deductions from Social Security Benefits

The City must make a special calculation of annual income when the Social Security Administration (SSA) overpays an individual, resulting in a withholding or deduction from his or her benefit amount until the overpayment is paid in full. The amount and duration of the withholding will vary depending on the amount of the overpayment and the percent of the benefit rate withheld. Regardless of the amount withheld or the length of the withholding period, the City must use the reduced benefit amount after deducting only the amount of the overpayment withholding from the gross benefit amount [Notice PIH 2012-10].

Detail for Periodic Payments Excluded from Annual Income and Payments In Lieu of Earnings are found in Appendix XX.

7. Welfare Assistance

Welfare assistance is counted in annual income. Welfare assistance includes Temporary Assistance for Needy Families (TANF) and any payments to individuals or families based on need that are made under programs funded separately or jointly by federal, state, or local governments [24 CFR 5.603(b)].

7.1 Covered Families

The families covered by 24 CFR 5.615 are those “who receive welfare assistance or other public assistance benefits (‘welfare benefits’) from a State or other public agency (‘welfare agency’) under a program for which Federal, State or local law requires that a member of the family must participate in an economic self-sufficiency program as a condition for such assistance” [24 CFR 5.615(b)]

7.2 Imputed Income

When a welfare agency imposes a sanction that reduces a family's welfare income because the family commits fraud or fails to comply with the agency's economic self-sufficiency program or work activities requirement, the City must include in annual income "imputed" welfare income. The City must request that the welfare agency provide the reason for the reduction of benefits and the amount of the reduction of benefits. The imputed welfare income is the amount that the benefits were reduced as a result of the sanction.

This requirement does not apply to reductions in welfare benefits: (1) at the expiration of the lifetime or other time limit on the payment of welfare benefits, (2) if a family member is unable to find employment even though the family member has complied with the welfare agency economic self-sufficiency or work activities requirements, or (3) because a family member has not complied with other welfare agency requirements [24 CFR 5.615(b)(2)]. The amount of the imputed welfare income is offset by the amount of additional income the family begins to receive after the sanction is imposed. When the additional income equals or exceeds the imputed welfare income, the imputed income is reduced to zero [24 CFR 5.615(c)(4)].

8. Periodic and Determinable Allowances [24 CFR 5.609(b)(7)]

8.1 Alimony and Child Support

The City must count alimony or child support amounts awarded as part of a divorce or separation agreement. The City will count court-awarded amounts for alimony and child support unless the City verifies that the payments are not being made. Families who do not have court-awarded alimony and child support awards are not required to seek a court award and are not required to take independent legal action to obtain collection.

8.2 Regular Contributions or Gifts

The City must count as income regular monetary and nonmonetary contributions or gifts from persons not residing with an assisted family [24 CFR 5.609(b)(7)]. Temporary, nonrecurring, or sporadic income and gifts are not counted [24 CFR 5.609(c)(9)]. Examples of regular contributions include: (1) regular payment of a family's bills (e.g., utilities, telephone, rent, credit cards, and car payments), (2) cash or other liquid assets provided to any family member on a regular basis, and (3) "in-kind" contributions such as groceries and clothing provided to a family on a regular basis. Nonmonetary contributions will be valued at the cost of purchasing the items, as determined by the City. For contributions that may vary from month to month (e.g., utility payments), the City will include an average amount based upon past history.

9. Additional Exclusions from Annual Income

Annual income exclusions can be found in Appendix C. Exhibit C.2.

CHAPTER 6: VERIFICATION

The City must verify all information that is used to establish the family's eligibility and level of assistance and is required to obtain written authorization from the family in order to collect the information. Applicants and program participants must cooperate with the verification process as a condition of receiving assistance. The City cannot pass on the cost of the verification to the family.

This chapter summarizes those requirements and provides supplementary City policies:

1. General verification process.
2. Detailed requirements related to family information.
3. Information on income and assets.

Verification policies, rules and procedures will be modified as needed to accommodate persons with disabilities. All information obtained through the verification process will be handled in accordance with the records management policies of the City.

1. General Verification Requirements

1.1 FAMILY CONSENT TO RELEASE OF INFORMATION [24 CFR 5.230]

The family must supply any information that the City or HUD determines is necessary to the administration of the program and must consent to City verification of that information.

1.1.1 Consent Forms

It is required that all adult applicants and participants sign the Information Release Authorization form. The purpose of the Information Release Authorization form is to facilitate data collection from specific sources and provides the family's consent only for the specific purposes listed on the form. HUD and the City may collect information from State Wage Information Collection Agencies (SWICAs) and current and former employers of adult family members. Only HUD is authorized to collect information directly from the Internal Revenue Service (IRS) and the Social Security Administration (SSA). Adult family members must sign other consent forms as needed to collect information relevant to the family's eligibility and level of assistance.

1.1.2 Penalties for Failing to Consent [24 CFR 5.232]

If any family member who is required to sign a consent form fails to do so, the City will deny admission to applicants and terminate assistance of participants. The family may request an informal review (applicants) or informal hearing (participants) in accordance with City procedures.

1.2 VERIFICATION REQUIREMENTS

HUD offers administrative guidance on the use of methods to verify family information and specifies the circumstances in which each method will be used. In general HUD requires the City to use the most reliable form of verification that is available and to document the reasons when the City uses a lesser form of verification.

The forms of verification that the City may use are:

- Up-front Income Verification (UIV) using a non-HUD system
- Written Third-Party Verification (may be provided by applicant or participant)
- Written Third-party Verification Form
- Oral Third-party Verification
- Self-Certification- as a final resort when attempts at other forms of verification are not successful within a reasonable period of time

Each of the verification methods is discussed in subsequent sections below.

1.2.1 Requirements for Acceptable Documents

Any documents used for verification must be dated within 12 months of the date they are provided to the City. The documents must not be damaged, altered or in any way illegible. The applicant is required to provide 90 days of current and consecutive check stubs. Current meaning dated within 6 months of the date they are provided to the City. Other forms of verification may be dated within 12 months of the date they are provided to the City as long as they represent the most recent statement (i.e. retirement account statement, Social Security statement, etc.).

Print-outs from Web pages are considered original documents. Any family self-certifications must be made in a format acceptable to the City and must be signed in the presence of a notary public.

1.2.2 File Documentation

The City must document in the file how the figures used in income and rent calculations were determined. All verification attempts, information obtained, and decisions reached during the verification process will be recorded in the family's file in sufficient detail to demonstrate that the City has followed all of the verification policies set forth in this plan. The record should be sufficient to enable a staff member or HUD reviewer to understand the process followed and conclusions reached.

The City will document, in the family file, the following:

- Reported family annual income
- Value of assets

When the City is unable to obtain third-party verification, the City will document in the family file the reason that third-party verification was not available.

1.3 UP-FRONT INCOME VERIFICATION (UIV)

Up-front income verification (UIV) refers to the City's use of the verification tools available from independent sources that maintain computerized information about earnings and benefits. UIV will NOT be used to the extent that other forms of verification are available (check stubs, tax documents, etc.) that enable the City to verify earnings and benefit information.

1.4 THIRD-PARTY WRITTEN AND ORAL VERIFICATION

HUD defines two types of written third-party verification. The more preferable form, “written third-party verification,” consists of an original document generated by a third-party source, which may be received directly from a third-party source or provided to the City by the family. If written third-party verification is not available, the City must attempt to obtain a “written third-party verification form.” This is a standardized form used to collect information from a third party.

1.4.1 Written Third-Party Verification

Written third-party verification documents must be original and authentic and may be supplied by the family or received from a third-party source.

Examples of acceptable tenant-provided documents include, but are not limited to: pay stubs, payroll summary reports, employer notice or letters of hire and termination, SSA benefit verification letters, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.

The City is required to obtain, at minimum, 90 days of current and consecutive pay stubs for determining annual income from wages. Current meaning dated within six months of the date provided to the City.

Third-party documents provided by the family must represent the most current information available (generally being dated within 60 days of the City request date). However verification may be dated within 12 months of the date they are provided to the City as long as they represent the most recent statement (i.e. retirement account statement, Social Security statement, etc.).

The City may reject documentation provided by the family if the document is not an original, if the document appears to be forged, or if the document is altered, mutilated, or illegible.

If the City determines that third-party documents provided by the family are not acceptable, the City will explain the reason to the family and request additional documentation.

1.4.2 Written Third-Party Verification Form

In addition to the written third party verification provided by the applicant, the City will also request written third party verification using the Verification of Employment form.

The City may mail, fax, or e-mail third-party written verification form requests to third-party sources.

1.4.3 Oral Third-Party Verification

The City will also attempt oral third-party verification if the written third party verification form has not been returned within a reasonable time—e.g., five business days.

In collecting third-party oral verification, City staff will record in the family’s file the name and title of the person contacted, the date and time of the conversation (or attempt), the telephone number used, and the facts provided.

When any source responds verbally to the initial written request for verification the City will accept the verbal response as oral verification.

1.4.4 Primary Documents

Third-party verification is not required when legal documents are the primary source, such as a birth certificate or other legal documentation of birth.

1.4.5 Imputed Assets

The City will accept a self-certification from a family as verification of assets disposed of for less than fair market value, if no other form of verification is available.

1.5 SELF-CERTIFICATION

Self-certification, or “tenant declaration,” is used as a last resort when the City is unable to obtain third-party verification.

When the City relies on a tenant declaration for verification of income, assets, or expenses, the family’s file will be documented to explain why third-party verification was not available.

When information cannot be verified by a third party or by review of documents, family members will be required to submit self-certifications attesting to the accuracy of the information they have provided to the City.

The City may require a family to certify that a family member does not receive a particular type of income or benefit.

The self-certification must be made in a format acceptable to the City and must be signed by the family member whose information or status is being verified. All self-certifications must be signed in the presence of a notary public.

2. Verifying Family Information

2.1 VERIFICATION OF LEGAL IDENTITY

The City will require families to furnish verification of legal identity for each household member.

Verification of Legal Identity for Adults

- Certificate of birth, naturalization papers
- Church issued baptismal certificate
- Current, valid driver's license or Department of Motor Vehicles identification card
- U.S. military discharge (DD 214)
- Current U.S. passport
- Current employer identification card

Verification of Legal Identity for Children

- Certificate of birth
- Adoption papers
- Custody agreement
- Health and Human Services ID
- Certified school records

If a document submitted by a family is illegible for any reason or otherwise questionable, more than one of these documents may be required. Legal identity will be verified for all applicants at the time of eligibility determination and in cases where the City has reason to doubt the identity of a person representing him or herself to be a participant.

2.2 SOCIAL SECURITY NUMBERS [24 CFR 5.216]

The family must provide documentation of a valid social security number (SSN) for each member of the household, with the exception of individuals who do not contend eligible immigration status. Social security numbers must be verified only once during participation in JHAP.

Note that an individual who previously declared to have eligible immigration status may not change his or her declaration for the purpose of avoiding compliance with the SSN disclosure and documentation requirements or penalties associated with noncompliance with these requirements. Nor may the head of household opt to remove a household member from the family composition for this purpose.

The City must accept the following documentation as acceptable evidence of the social security number:

- An original SSN card issued by the Social Security Administration (SSA)
- An original SSA-issued document, which contains the name and SSN of the individual
- An original document issued by a federal, state, or local government agency, which contains the name and SSN of the individual

The City may only reject documentation of an SSN provided by an applicant or participant if the document is not an original document or if the original document has been altered, mutilated, is illegible, or appears to be forged. The City will explain to the applicant or participant the reasons the document is not acceptable and request that the individual obtain and submit acceptable documentation of the SSN to the City within 90 days.

The City will grant one additional 90-day extension if needed for reasons beyond the participant's control such as delayed processing of the SSN application by the SSA, natural disaster, fire, death in the family, or other emergency. If the individual fails to comply with SSN disclosure and documentation requirements upon expiration of the provided time period, the City will deny the individual's eligibility.

The City will verify each disclosed SSN by:

- Obtaining documentation from applicants and participants that is acceptable as evidence of social security numbers
- Making a copy of the original documentation submitted, returning it to the individual, and retaining a copy in the file folder

Once the City has collected verification of an individual's social security number, the City will remove and destroy copies of documentation accepted as evidence of social security numbers. The file will be documented with an indication for each member that the social security number was verified, the type of documentation used to verify the number, the date it was verified, and signed by the staff member who viewed the original documentation used to verify the social security number.

2.3 DOCUMENTATION OF AGE

A birth certificate or other official record of birth is the preferred form of age verification for all family members. For elderly family members an original document that provides evidence of the receipt of social security retirement benefits is acceptable. Age must be verified only once during participation in the JHAP.

The City requires a birth certificate for family members under 18 years old. For family members 18 and older the City will accept other documents that support the reported age of the family member (e.g., school records, driver's license if birth year is recorded).

2.4 FAMILY RELATIONSHIPS

Applicants and program participants are required to identify the relationship of each household member to the head of household. Definitions of the primary household relationships are provided in the Eligibility chapter. Family relationships are verified only to the extent necessary to determine a family's eligibility and level of assistance. Certification by the head of household normally is sufficient verification of family relationships.

2.4.1 Marriage

Certification by the head of household is normally sufficient verification. If the City has reasonable doubts about a marital relationship, the City will require the family to document the marriage. A marriage certificate generally is required to verify that a couple is married.

In the case of a common law marriage, the couple must demonstrate that they hold themselves to be married (e.g., by telling the community they are married, calling each other husband and wife, using the same last name, filing joint income tax returns).

2.4.2 Separation or Divorce

Certification by the head of household is normally sufficient verification. If the City has reasonable doubts about a separation or divorce, the City will require the family to provide documentation of the divorce or separation.

A certified copy of a divorce decree, signed by a court officer, is required to document that a couple is divorced. A copy of a court-ordered maintenance or other court record is required to document a separation. If no court document is available, documentation from a community-based agency will be accepted.

2.4.3 Foster Children and Foster Adults

Third-party verification from the state or local government agency responsible for the placement of the individual with the family is required.

2.5 VERIFICATION OF STUDENT STATUS

2.5.1 General Requirements

The City requires families to provide information about the student status of all students who are 18 years of age or older. This information will be verified only if:

- The family reports full-time student status for an adult other than the head, spouse, or co-head.
- The family includes a student enrolled in an *institution of higher education*.

2.5.2 Independent Student

The City will consider all students applying for JHAP assistance on their own independent from his/her parents when determining the annual income of the household. If the parents provide contributions to the applicant, those contributions will be considered income but the income of the parents will not be considered for determining the eligibility of the applicant.

2.6 DOCUMENTATION OF SOCIAL SECURITY ADMINISTRATION BENEFITS

2.6.1 Family Members Receiving Social Security and/or SSA Disability Benefits

The City will request a current (dated within the last 60 days) SSA benefit verification letter from each family member claiming to receive social security or SSA disability benefits. If the family is unable to provide the document(s), the City will ask the family to request a benefit verification letter by either calling SSA at 1-800-772-1213, or by requesting it from www.ssa.gov. Once the applicant or participant receives the benefit verification letter they will be required to provide it to the City.

2.7 CITIZENSHIP OR ELIGIBLE IMMIGRATION STATUS [24 CFR 5.508]

Housing assistance is not available to persons who are not citizens, nationals, or "qualified aliens". Prorated assistance is provided for "mixed families" containing both eligible and ineligible persons. A detailed discussion of eligibility requirements is in the Eligibility chapter. This verifications chapter discusses HUD and City verification requirements related to citizenship status.

The family must provide a certification that identifies each family member as a U.S. citizen, a U.S. national, a "qualified alien" or an ineligible noncitizen and submit the documents discussed below for each family member. Once eligibility to receive assistance has been verified for an individual it need not be collected or verified again during participation in the JHAP. [24 CFR 5.508(g)(5)]

2.7.1 U.S. Citizens and Nationals

HUD requires a declaration for each family member who claims to be a U.S. citizen or national. The declaration must be signed personally by any family member 18 or older and by a guardian for minors. The City may request verification of the declaration by requiring presentation of a birth certificate, United States passport or other appropriate documentation. Family members who claim U.S. citizenship or national status will not be required to provide additional documentation unless the City receives information indicating that an individual's declaration may not be accurate.

2.7.2 Eligible Immigrants (Qualified Alien)

If an applicant is not a U.S. citizen or U.S. non-citizen national, the applicant must submit a written declaration, under penalty of perjury, that he or she has an immigration status that makes him or her a “qualified alien” and the City will verify that status as set forth below.

A “qualified alien” is:

- An alien lawfully admitted for permanent residence under the Immigration and Nationality Act (“INA”);
- An alien granted asylum under section 208 of the INA;
- A refugee admitted to the U.S. under section 207 of the INA;
- An alien paroled into the U.S. under section 212(d)(5) of the INA for at least one year;
- An alien whose deportation is being withheld under section 243(h) of the INA as in effect prior to April 1, 1997, or whose removal is being withheld under section 241(b)(3) of the INA;
- An alien granted conditional entry pursuant to section 203(a)(7) of the INA as in effect prior to April 1, 1980;
- An alien who is a Cuban or Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980; or
- An alien who (or whose child or parent) has been battered or subjected to extreme cruelty in the U.S. and otherwise satisfies the requirements of §431(c) of the Act (see Appendix B. Exhibit B.4).

Family members who claim to have “qualified alien” status will be required to provide a written declaration, under penalty of perjury, of their status. In addition to the written declaration of their “qualified alien” status, family member will be required to provide documentation evidencing his or her status as a qualified alien. The documents that will demonstrate that an applicant is a “qualified alien” are described in Appendix B. Exhibit B.4. If the declaration is supported by documents that the applicant is a “qualified alien” and the documentation appears on its face to be genuine and to relate to the individual presenting it, the City will accept the documentation as conclusive evidence that the applicant is a qualified alien, and will not further verify immigration status in the INS.

If the documentation does not appear to be genuine or does not relate to the individual presenting it, the City will request additional documentation. The City may require the applicant to sign a verification consent form and cooperate with City’s efforts to verify their immigration status.

3. Verifying Income and Assets

Chapter 5, Part I of this plan describes in detail the types of income that are included and excluded and how assets and income from assets are handled. Any assets and income reported by the family must be verified. This part provides City policies that supplement the general verification procedures specified in Part I of this chapter.

3.1 EARNED INCOME

3.1.1 Tips

Unless tip income is included in a family member’s W-2 by the employer, the verification of employment by the employer, or on the check stub, persons who work in industries where tips are standard will be required

to sign a certified estimate of tips received for the prior year and tips anticipated to be received in the coming year.

3.1.2 Wages

For wages other than tips, the family must provide 90 days of current and consecutive pay stubs (dated with 6 months from the date they are provided to the City).

3.2 BUSINESS AND SELF EMPLOYMENT INCOME

Business owners and self-employed persons will be required to provide:

- An audited financial statement for the previous fiscal year if an audit was conducted. If an audit was not conducted, a statement of income and expenses must be submitted and the business owner or self-employed person must certify to its accuracy.
- All schedules completed for filing federal and local taxes in the preceding year.
- If accelerated depreciation was used on the tax return or financial statement, an accountant's calculation of depreciation expense, computed using straight-line depreciation rules.

The City will provide a format for any person who is unable to provide such a statement to record income and expenses for the coming year. The business owner/self-employed person will be required to submit the information requested and to certify to its accuracy.

If a family member has been self-employed less than three (3) months, the City will accept the family member's certified estimate of income and schedule an interim reexamination in three (3) months. If the family member has been self-employed for three (3) to twelve (12) months the City will require the family to provide documentation of income and expenses for this period and use that information to project income.

3.3 PERIODIC PAYMENTS AND PAYMENTS IN LIEU OF EARNINGS

3.3.1 Social Security/SSI Benefits

To verify the SS/SSI benefits of applicants, the City will request a current (dated within the last 60 days) SSA benefit verification letter from each family member that receives social security benefits. If the family is unable to provide the document(s), the City will help the applicant request a benefit verification letter from SSA's Web site at www.ssa.gov or ask the family to request one by calling SSA at 1-800-772-1213. Once the applicant has received the benefit verification letter they will be required to provide it to the City.

3.4 ALIMONY OR CHILD SUPPORT

The methods the City will use to verify alimony and child support payments differ depending on whether the family declares that it receives regular payments.

If the family declares that it *receives regular payments*, verification will be obtained in the following order of priority:

- Copies of the receipts and/or payment stubs for the 90 days prior to City request
- Third-party verification form from the state or local child support enforcement agency
- Third-party verification form from the person paying the support
- Family's self-certification of amount received

If the family declares that it *receives irregular or no payments*, they must provide signed Certification of No Child Support/Alimony form.

Note: Families are not required to undertake independent enforcement action.

3.5 ASSETS AND INCOME FROM ASSETS

3.5.1 Assets Disposed of for Less than Fair Market Value

The family must certify whether any assets have been disposed of for less than fair market value in the preceding two years. The City needs to verify only those certifications that warrant documentation.

The City will verify the value of assets disposed of only if:

- The City does not already have a reasonable estimation of its value from previously collected information, or
- The amount reported by the family in the certification appears obviously in error.

Example 1: An elderly participant reported a \$10,000 certificate of deposit and the City verified this amount. Now the person reports that she has given this \$10,000 to her son. The City has a reasonable estimate of the value of the asset; therefore, verification of the value of the asset is not necessary.

Example 2: A family member has disposed of its 1/4 share of real property located in a desirable area and has valued her share at approximately \$5,000. Based upon market conditions, this declaration does not seem realistic. Therefore, the City will verify the value of this asset.

3.6 NET INCOME FROM RENTAL PROPERTY

The family must provide:

- A current executed lease for the property that shows the rental amount or certification from the current tenant
- A self-certification from the family members engaged in the rental of property providing an estimate of expenses for the coming year and the most recent IRS Form 1040 with Schedule E (Rental Income). If schedule E was not prepared, the City will require the family members involved in the rental of property to provide a self-certification of income and expenses for the previous year and may request documentation to support the statement including: tax statements, insurance invoices, bills for reasonable maintenance and utilities, and bank statements or amortization schedules showing monthly interest expense.

3.7 RETIREMENT ACCOUNTS

The City will accept written third-party documents supplied by the family as evidence of the status of retirement accounts.

The type of original document that will be accepted depends upon the family member's retirement status.

- *Before* retirement, the City will accept an original document from the entity holding the account with a date that shows it is the most recently scheduled statement for the account but in no case earlier than 12 months from the date of the application.
- *Upon* retirement, the City will accept an original document from the entity holding the account that reflects any distributions of the account balance, any lump sums taken and any regular payments.
- *After* retirement, the City will accept an original document from the entity holding the account dated no earlier than 12 months before that reflects any distributions of the account balance, any lump sums taken and any regular payments.

3.8 INCOME FROM EXCLUDED SOURCES

A detailed discussion of excluded income is provided in Chapter 5, Part I. HUD guidance on verification of excluded income draws a distinction between income which is fully excluded and income which is only partially excluded.

For fully excluded income, the City is **not** required to verify, document why third-party verification is not available, or report the income on the 50058. Fully excluded income is defined as income that is entirely excluded from the annual income determination (for example, food stamps, earned income of a minor, or foster care funds) [Notice PIH 2013-04].

The City may accept a family's signed application form as self-certification of fully excluded income. They do not have to require additional documentation. However, if there is any doubt that a source of income qualifies for full exclusion, the City has the option of requiring additional verification.

For partially excluded income, the City **is** required to verify and calculate the total amount of income from the source but consider only the included portion in the annual income calculation for purposes of determining the applicant's eligibility for JHAP assistance. Partially excluded income is defined as income where only a certain portion of what is reported by the family qualifies to be excluded and the remainder is included in annual income (for example, the income of an adult full-time student).

The City will accept the family's self-certification as verification of fully excluded income. The City may request additional documentation if necessary to document the income source. The City will verify the source and amount of partially excluded income as described in Part 1 of this chapter.

3.9 STUDENT FINANCIAL ASSISTANCE

Any financial assistance, in excess of amounts received for tuition, that a person attending an institution of higher education receives under the Higher Education Act of 1965, from private sources, or from an institution of higher education must be considered income unless the student is over the age of 23 with dependent children or is residing with parents who are seeking JHAP assistance [24 CFR 5.609(b)(9) and FR 4/10/06]. The City will request written verification of the student's tuition amount. If the City is unable to

obtain third-party written verification of the requested information, the City will pursue other forms of verification.

For students over the age of 23 with dependent children or students residing with parents who are seeking JHAP assistance, the full amount of student financial assistance is excluded from annual income [24 CFR 5.609(c)(6)]. The full amount of student financial assistance is also excluded for students attending schools that do not qualify as institutions of higher education. Excluded amounts are verified only if, without verification, the City would not be able to determine whether or to what extent the income is to be excluded.

For a student subject to having a portion of his/her student financial assistance included in annual income in accordance with 24 CFR 5.609(b)(9), the City will request written third-party verification of both the source and the amount. Family-provided documents from the educational institution attended by the student will be requested, as well as documents generated by any other person or entity providing such assistance, as reported by the student.

CHAPTER 7: J-HAP PROGRAM BRIEFINGS

This chapter explains the purpose of the briefing session for the J-HAP. The City is committed to ensuring that applicants and participants in the J-HAP fully understand how the program operates and the applicant's obligations under the program. This is accomplished through a program briefing and provision of information including the HUD-required documents and other information the applicant should be aware of in order to participate in the program. This chapter details the City's policies for briefing applicants on the J-HAP and for providing written materials describing the program and its requirements.

1. Briefing Sessions

The J-HAP briefing session provides a broad overview of the program, explains the City's procedures, and provides an opportunity to ask questions specific to the applicant's situation.

1.1 BRIEFING SESSIONS

The Program Office will provide the applicant with an oral briefing as well as a packet containing written information about the program and important facts to consider in the search for a home. Applicants are briefed individually to allow an opportunity for targeted questions.

Briefings will be conducted in English. For limited English proficient (LEP) applicants, the City will provide translation services in accordance with the approved LEP plan from the City of Joplin Housing Authority.

1.1.1 Notification and Attendance

Applicants will be briefed on the J-HAP at the time they submit their application and required documents to the Program Office. To ensure enough time to carefully review all the information, applicants should call the Program Office or email to request a specific appointment time.

Generally, the head of household, co-head or spouse is required to attend the briefing session.

Applicants who fail to attend a scheduled briefing appointment because of unexpected circumstances may schedule up to two more briefing appointments. Applicants who fail to attend any of the scheduled briefing appointments, without prior City notification, will be sent an ineligibility notification.

1.1.2 Briefing

During the briefing appointment, the application and the documents provided by the applicant will be reviewed to ensure all necessary information and documentation is included. If there are additional documents required after the review, the applicant will have 30 business days to provide the additional documentation.

In addition to the application and document review, each applicant will receive the following information from program staff:

- Fair housing information and acknowledgement of receipt;
- Lead based paint information and acknowledgement of receipt;
- Copy of J-HAP work flow for existing structures and new construction;

- Blank J-HAP agreement that will be executed prior to J-HAP loan funding;
- Map and description of area that is eligible for J-HAP assistance (tornado path);
- Description of the required environmental review requirements (existing structures and vacant parcels);
- Release form for information that may be requested by lenders, realtors, title company;
- Consent form to conduct a criminal background check (required for all adult members of the household);
- Owner and Tenant/Resident Occupancy Certification;
- Point of contact for program information;

1.2 APPLICANT OBLIGATIONS

Obligations of the applicant are described in the J-HAP agreement, a copy of which is provided during the briefing appointment and is also available on the website at www.joplinmo.org/cdbg-dr. These obligations include responsibilities the family is required to fulfill as a condition of receiving J-HAP assistance.

1.2.1 Time Frames for Reporting Changes in Applicant Circumstances

Should an applicant have a change in family circumstances prior to loan closing, e.g., change in income, a family member is no longer living with the household, the applicant is obligated to notify the J-HAP Program Office within 10 business days of change. The notification can be in writing submitted in person or by fax or via an email addressed to JHAP@joplinmo.org. The notice should include the applicant's full name, current address and a brief explanation of the change.

1.2.2 Prior to Approval of J-HAP Loan

Before an applicant is approved for a J-HAP loan, all information provided by each applicant will be verified and maintained in the applicant's program file. This includes, but is not limited to, the information that will be verified: Family composition; Citizenship status; Annual income of household; Prior criminal activity

1.2.3 Following Approval of J-HAP Loan

An applicant approved for a J-HAP loan will be subject to certain terms once they purchase and close on their new home. These terms are made a part of the J-HAP agreement and include:

- Depending on the amount of the J-HAP loan, there is a five (less than \$15,000) or ten (\$15,000 - \$40,000) year affordability period imposed on the property;
 - A deed restriction will be placed on the property providing for recapture of the J-HAP loan if the assisted homebuyer sells the property, is foreclosed on by another mortgagee, or does not occupy the property as the principal residence.

CHAPTER 8: RECERTIFICATIONS

The City has determined that the initial determination of an applicant's eligibility, as determined by receipt of an Income Approval Letter, will be valid for a period of time as outlined below:

- Upon receipt of the initial determination of the applicant's eligibility, the applicant shall provide the JHAP office, within 90 calendar days, an acceptable lender prequalification letter, demonstrating that the applicant has financial resources to close on a JHAP eligible property. This letter does not have to be address specific. If the prequalification letter is not presented within the 90 days, approval of the applicant's eligibility will be withdrawn.
- Upon receipt of the lender prequalification letter, as described above, the applicant must close on a JHAP qualified property within 9 months. If the applicant fails to close on a JHAP property within his time period, the applicant's eligibility for assistance expires.

1.1 INDIVIDUAL CIRCUMSTANCES

The City recognizes that some circumstances may significantly delay an applicant from closing on a home and using the J-HAP loan. Examples of circumstances that will be considered on a case by case basis include, but not limited to:

- If an applicant has contracted for new construction of a home and there have been delays in completing construction, that are NOT the responsibility of the applicant buyer, the City will consider a request for an extension to the current eligibility period.

1.2.1 Notification of and Participation in the Certification Process

If an applicant fails to contact the JHAP Office and provide the information documented in the first paragraph above, the applicant's file will be closed. Receipt of future JHAP funds is dependent upon the availability of program funds, if an applicant decides to reapply for program assistance in the future.

CHAPTER 9: ENVIRONMENTAL REVIEW (ERR)

(24 CFR PART 58)

1. Reference Guide

The Community Development Block – Disaster Recovery program (Federal Register/ Vol. 77, No. 73 / Monday, April 16, 2012) requires that the environmental effects of each activity carried out with CDBG-DR funds be assessed in accordance with the provisions of HUD’s regulations covering National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD’s implementing regulations at 24 CFR Parts 50 and 58. Activities are limited pending clearance of the environmental review.

Due to the importance of the environmental review to CDBG-DR-assisted programs, the following is designed to help those obtaining information for and, performing environmental reviews to understand the relevant legislation and regulations as well as provide helpful hints to ensure the accuracy and promptness of an environmental review.

1.1 Environmental Reviews must be completed by the City before:

- Any commitment of CDBG-DR funds. This includes the expenditure of CDBG-DR funds for activities exempt from further review, such as administrative activities
- Any commitment of non-Federal funds that would have an adverse environmental impact or limit the choice of alternatives for a CDBG-DR-funded project.
- Any choice limiting actions is taken pending approval of the Environmental review by the City and by HUD. A choice limiting action is any action that will reduce or eliminate the opportunity to choose alternatives – i.e. acquisition of real property; leasing property; rehabilitation, repair, demolition, construction of buildings or structures; relocating buildings or structures, conversion of land or buildings/structures

See environmental review detailed in Appendix E. Exhibit E.2.

1.2 Lead Based Paint:

- In Compliance with 24 CFR Part 35, prior to closing on any home built before 1978, the following measures must be taken in regards to Lead Based Paint:
 - The City will perform an initial visual inspection prior to occupancy to determine whether the home is at risk
 - If the certified visual inspector determines lead based paint risk, then the buyer or seller will need to perform stabilization measures of deteriorated paint prior to occupancy (Stabilization Measures are outlined in CFR 35.1330)
 - Any stabilization or mitigation measures taken must be performed by a certified contractor and the work completed must comply with Lead-Safe Work Practices (24 CFR Part 1330)
 - The City will contract a qualified clearance examiner to examine the mitigation measures taken. Clearance will need to be provided by the qualified clearance examiner when paint

- stabilization is complete before proceeding with funding. The City will pay for a maximum of two professional (2) clearance inspections.
- The buyer or seller will need to provide a Notice of Lead Hazard Reduction activity within 15 calendar days of completed lead stabilization

CHAPTER 10: RECORDS MANAGEMENT

To ensure accurate record keeping and reporting as one of the responsibilities included in the CDBG-DR agreement with HUD, the City has developed a records management plan for the J-HAP. The Operational Policies for J-HAP were developed to support the City's commitment to compliant administration of the program. To ensure full transparency in the operation of the JHAP, this manual details and describes the following:

- What information needs to be collected and why.
- When that information should be collected (and how often).
- How the information should be acquired and verified.
- How the information will be used.

1.1 Record Retention Period

Because there is an affordability covenant included in the J-HAP Agreement between participants in the J-HAP and the City, records of each transaction will be retained for a period of at least ten (10) years.

1.2 J-HAP Applicant and Participant Files

Each applicant and/or participant file will contain appropriate records, including:

- The application for J-HAP assistance executed by the head, spouse or co-head
 - Household size and income documentation for the entire household as well as other information to determine program eligibility and the appropriate level of financial assistance (underwriting).
- Information Release Authorization
- Verification documentation needed to establish J-HAP program eligibility.
- Receipt of Lead Based Paint information
- Copy of Income Approval Letter or Denial Letter
- Lender's Commitment/Pre-Approval Letter
- Environmental Review/Inspection
- Notification of results of Environmental Review
- RADON test results, when applicable
- Estimated Settlement Statement
- J-HAP Final Assistance Amount letter (forgivable loan approval letter)
- Closing Documents for real estate being purchased by J-HAP participant
- Executed J-HAP agreement between the participant and the City including the affordability covenant and terms and conditions for recapture of the loan.

1.3 Protection of Confidential Information

To protect information acquired to verify an applicant's eligibility status, the City will apply the following procedure for criminal checks or records as well as any information related to a medical condition or reasonable accommodation that is acquired during the application process:

- City staff and Program Office staff will maintain each applicant's or participant's confidentiality;
- City staff and Program Office staff will not misuse or improperly disseminate any information on applicants or participants; and
- City staff and Program Office staff will destroy, once the purpose(s) for which the record was requested has been accomplished (including expiration of the period for requesting an informal hearing on actions or decisions made by the City).

Information Release Authorization forms obtained from applicants will expire immediately following the City's final decision to either approve or deny an application. If a person is denied participation on the J-HAP, the record will be destroyed in a timely manner following the expiration period to request an informal hearing on the decision.

1.4 Social Security Numbers

Once an applicant's eligibility status has been determined, all social security numbers included in the applicant or participant's file will be redacted by City staff or its Program Office staff.

CHAPTER 11: LENDERS/REALTORS/BUILDERS

For the JHAP to be successful, it is important to have strong partners in the community to assist eligible applicants to purchase an existing home or build a newly constructed dwelling. All partner organizations/firms should have their representatives or employees understand that noncompliance actions such as offering bribes, requesting special treatment, or subverting the program processes is strictly prohibited under the regulations governing the J-HAP. Failure to adhere to regulations such as these may result in suspension or debarment from program participation for the individual or the firm they represent depending on the seriousness of the situation.

Periodically, the City of Joplin will provide homebuyer education seminars opportunities for eligible JHAP program applicants. These seminars will be provided at no charge to J-HAP program participants.

Consequently, the City has identified expectations for each of its primary partners:

1. **Lenders** (financial institutions and mortgage companies) that will provide first position mortgages to qualified buyers;
2. **Realtors** that will assist qualified buyers to find and select an existing property or a vacant parcel for new construction;
3. **Builders** that will work with qualified buyers to design and build new homes on vacant parcels within the tornado area;

1.1 LENDERS

One of the requirements for J-HAP eligible applicants is that they are financially able to secure a first mortgage with a financial institution or mortgage company. The City expects that each of the lenders working with J-HAP assisted homebuyers will operate within the following parameters:

- Lenders should ensure that each employee and/or person that works with a J-HAP assisted buyer is able to render the services in a professional and competent manner. Lenders will be certain that each such person and/or employee has obtained, possesses and maintains any and all required licenses, certifications, registrations and or permits required under all applicable laws, rules and regulations to perform the work necessary. Each Lender understands that they are responsible for the work of their designated employees/persons.
- Lenders are expected, at all times, to comply with all rules, laws, and regulations affecting the related work.
- Lenders shall provide information on the types and requirements of each of the financial options available to eligible J-HAP applicants. Lenders will process and review the application of any J-HAP applicant in order to determine such person's eligibility under the financial options available.
- Lenders will coordinate its first trust deed loan applications with the City's processes and procedures and will obtain from the prospective borrower all documents and information required for the application for (and receipt of) a mortgage loan.
- Lenders will perform all investigations and verifications that would normally be performed for underwriting a mortgage and will notify the borrower and City in writing of any decision to cancel

processing an applicant. Lender will conduct such reasonable investigation necessary to certify that the applicant has satisfied the requirements of the applicable financing option selected in accordance with the Lenders policies and temporary and permanent regulations issued pursuant to the Internal Revenue Code and the JHAP eligibility requirements.

- Lender shall submit complete loan application packages to the City in a timely manner so that JHAP funds are available and can be provided for an efficient closing.
- Lenders warrants familiarity with all provisions of state and federal laws applicable to mortgage origination and lending as well as all policies established by the City with respect to the City's Homebuyer Assistance Program (J-HAP). Lender will agree to comply with all applicable federal and state laws, regulations and all policies established by the City.
- Lenders providing first mortgage loans agree to abide by all Fair Housing and Lending requirements and to uphold the quality standards of the J-HAP.

1.2 REALTORS

While the City will not make any referrals to or offer recommendations on any realtor or real estate firm to J-HAP applicants, the City encourages members of the realtor profession to work with and assist J-HAP eligible homebuyers in their search for a property, either an existing structure or a vacant parcel on which the homebuyer will build a new structure.

The City recognizes that professional real estate agents have a national code of ethics and expects that each realtor working with a J-HAP eligible homebuyer will adhere to the code of ethics, specifically:

- When representing a buyer, seller, or other client as an agent, realtors protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve realtors of their obligation to treat all parties honestly. When serving a buyer, seller, or other party in a non-agency capacity, realtors remain obligated to treat all parties honestly.
- Realtors will avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. Realtors will not be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.
- Realtors will cooperate with other realtors or brokers except when cooperation is not in the client's best interest.
- Realtors will not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, realtors will reveal their ownership or interest in writing to the purchaser or the purchaser's representative.
- Realtors will not provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.
- When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), realtors will disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the realtor or their firm may receive as a direct result of such recommendation.

- In a transaction, realtors will not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the realtor's client or clients.
- Realtors will keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.
- Realtors, for the protection of all parties, will assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement will be furnished to each party to such agreements upon their signing or initialing.

1.3 BUILDERS

There are many opportunities in the designated tornado area for new homebuyers to purchase a vacant parcel and select and build a new home for their families. While the City will not make any referrals to or offer recommendations on any home builder to J-HAP applicants, the City encourages members of the home building profession to work with and assist J-HAP eligible homebuyers.

The City recognizes that many home builders belong to the State of Missouri Homebuilders Association and follow a code of ethics and, therefore, the City expects that each builder working with a J-HAP eligible homebuyer will specifically understand:

- That a home builder's primary responsibility is to their customer.
- That each home builder will comply with the letter as well as the spirit of all federal, state, and local laws and the policies of the City's J-HAP.
- Treat each J-HAP applicant in a professional, fair, and honest manner.
- That the high standards of health, safety, and sanitation will be built into every home.
- Home builders will deal fairly with their respective employees, subcontractors, and suppliers.
- All construction work and related services will meet or exceed industry standards.
- That, to the best of their ability, home builders will ensure that every home purchaser will get the greatest possible value for their money.
- That, should there be any defects in materials or workmanship that is the responsibility of the home builder, these will be corrected in a timely manner.

CHAPTER 12: NONDISCRIMINATION

1. *Nondiscrimination*

Federal laws require the City to treat all applicants and participants equally, providing the same opportunity to access services, regardless of family characteristics and background. Federal law prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, age, familial status, and disability. In addition, HUD regulations provide for additional protections regarding sexual orientation, gender identity, and marital status. The City will comply fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment, including:

- Title VI of the Civil Rights Act of 1964
- Title VIII of the Civil Rights Act of 1968 (as amended by the Community Development Act of 1974 and the Fair Housing Amendments Act of 1988)
- Executive Order 11063
- Section 504 of the Rehabilitation Act of 1973
- The Age Discrimination Act of 1975
- Title II of the Americans with Disabilities Act (to the extent that it applies, otherwise Section 504 and the Fair Housing Amendments govern)
- Violence Against Women Reauthorization Act of 2005 (VAWA)
- The Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity Final Rule, published in the *Federal Register* February 3, 2012

When more than one civil rights law applies to a situation, the laws will be read and applied together.

Any applicable state laws or local ordinances and any legislation protecting individual rights of tenants, applicants, or staff that may subsequently be enacted will also apply.

Federal regulations prohibit discrimination against certain protected classes and other groups of people. State and local requirements, as well as City policies, can prohibit discrimination based on other factors.

The City shall not discriminate because of race, color, sex, religion, familial status, age, disability or national origin (called “protected classes”)

Familial status includes children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18.

The City will not discriminate on the basis of marital status, gender identity, or sexual orientation [FR Notice 02/03/12].

The City will not use any of these factors to:

- Deny to any family the opportunity to apply for housing, nor deny to any qualified applicant the opportunity to participate in the JHAP
- Subject anyone to segregation or disparate treatment

- Restrict anyone's access to any benefit enjoyed by others in connection with the housing program
- Treat a person differently in determining eligibility or other requirements for admission
- Steer an applicant or participant toward or away from a particular area based any of these factors
- Deny anyone access to the same level of services
- Discriminate in the provision of residential real estate transactions
- Discriminate against someone because they are related to or associated with a member of a protected class
- Publish or cause to be published an advertisement or notice indicating the availability of housing that prefers or excludes persons who are members of a protected class

1.1 Providing Information to Families and Owners

The City will take steps to ensure that families and owners are fully aware of all applicable fair housing and civil rights laws.

1.2 Discrimination Complaints

If an applicant or participant believes that any family member has been discriminated against by the City, a realtor, a seller, lender, title company, or any other person involved in the JHAP, the family should advise the City. HUD requires the City to make every reasonable attempt to determine whether the applicant's or participant's assertions have merit and take any warranted corrective action. In addition, the City is required to provide the applicant or participant with information about how to file a discrimination complaint.

Applicants or participants who believe that they have been subject to unlawful discrimination may notify the City either orally or in writing.

The City will attempt to remedy discrimination complaints made against the City.

The City will provide a copy of a discrimination complaint form to the complainant and provide them with information on how to complete and submit the form to HUD's Office of Fair Housing and Equal Opportunity (FHEO).

2. Policies Related to Persons with Disabilities

One type of disability discrimination prohibited by the Fair Housing Act is the refusal to make reasonable accommodation in rules, policies, practices, or services when such accommodation may be necessary to afford a person with a disability the equal opportunity to use and enjoy a program or dwelling under the program.

The City must ensure that persons with disabilities have full access to the City's programs and services. This responsibility begins with the first contact by an interested family and continues through every aspect of the program. The City will ask all applicants and participants if they require any type of accommodations, in writing, on the application, and notices of adverse action by the City. A specific name and phone number of designated staff will be provided to process requests for accommodation. The City will display posters and other housing information and signage in locations throughout the City's office in such a manner as to be easily readable from a wheelchair.

2.1 Definition of REASONABLE Accommodation

A person with a disability may require certain types of accommodation in order to have equal access to the JHAP. The types of reasonable accommodations the City can provide include changes, exceptions, or adjustments to a rule, policy, practice, or service.

Federal regulations stipulate that requests for accommodations will be considered reasonable if they do not create an "undue financial and administrative burden" for the City, or result in a "fundamental alteration" in the nature of the program or service offered. A fundamental alteration is a modification that alters the essential nature of a provider's operations.

2.1.1 Types of Reasonable Accommodations

When needed, the City will modify normal procedures to accommodate the needs of a person with disabilities. Examples include:

- Permitting applications to be completed by mail, email, or fax.
- Conducting home visits
- Providing time extensions for locating a home when necessary because of lack of availability of accessible units or special challenges of the family in seeking a unit
- Permitting an authorized designee or advocate to participate in the application process and any other meetings with City staff

2.2 Request for an Accommodation

If an applicant or participant indicates that an exception, change, or adjustment to a rule, policy, practice, or service is needed because of a disability, HUD requires that the City treat the information as a request for a reasonable accommodation, even if no formal request is made [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

The family must explain what type of accommodation is needed to provide the person with the disability full access to the City's programs and services. The City will encourage the family to make its request in writing. However, the City will consider the accommodation any time the family indicates that an accommodation is needed whether or not a formal written request is submitted. If the need for the accommodation is not readily apparent or known to the City, the family must explain the relationship between the requested accommodation and the disability. There must be an identifiable connection, or nexus, between the requested accommodation and the individual's disability.

2.3 Verification of Disability

The detailed definition for persons with disabilities is provided in Appendix B. Exhibit B.2. The definition of a person with a disability for the purpose of obtaining a reasonable accommodation is much broader than the HUD definition of disability.

Before providing an accommodation, the City must determine that the person meets the definition of a person with a disability, and that the accommodation will enhance the family's access to the City's programs and services. If a person's disability is obvious or otherwise known to the City, and if the need for the

requested accommodation is also readily apparent or known, no further verification will be required [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

If a family indicates that an accommodation is required for a disability that is not obvious or otherwise known to the City, the City must verify that the person meets the definition of a person with a disability, and that the limitations imposed by the disability require the requested accommodation.

When verifying a disability, the City will follow the verification policies provided in Chapter 6. All information related to a person's disability will be treated in accordance with the records management policies provided in Chapter 10. In addition to the general requirements that govern all verification efforts, the following requirements apply when verifying a disability:

- Third-party verification must be obtained from an individual identified by the family who is competent to make the determination. A doctor or other medical professional, a peer support group, a non-medical service agency, or a reliable third party who is in a position to know about the individual's disability may provide verification of a disability [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act]
- The City must request only information that is necessary to evaluate the disability-related need for the accommodation. The City will not inquire about the nature or extent of any disability.
- Medical records will not be accepted or retained in the participant file.
- In the event that the City does receive confidential information about a person's specific diagnosis, treatment, or the nature or severity of the disability, the PHA will dispose of it. In place of the information, the City will note in the file that the disability and other requested information have been verified, the date the verification was received, and the name and address of the knowledgeable professional who sent the information.

2.4 Approval/Denial of a Requested Accommodation [Joint Statement of the Departments of HUD and Justice: Reasonable Accommodations under the Fair Housing Act].

The City must approve a request for an accommodation if the following three conditions are met:

- The request was made by or on behalf of a person with a disability.
- There is a disability-related need for the accommodation.
- The requested accommodation is reasonable, meaning it would not impose an undue financial and administrative burden on the City, or fundamentally alter the nature of the City's JHAP operations (Including the obligation to comply with HUD requirements and regulations).

Requests for accommodations must be assessed on a case-by-case basis, taking into account factors such as the overall size of the City's program with respect to the number of employees, type of facilities and size of budget, type of operation including composition and structure of workforce, the nature and cost of the requested accommodation, and the availability of alternative accommodations that would effectively meet the family's disability-related needs.

Before making a determination whether to approve the request, the City may enter into discussion and negotiation with the family, request more information from the family, or may require the family to sign a consent form so that the City may verify the need for the requested accommodation.

After a request for an accommodation is presented, the City will respond, in writing, within 10 business days.

If the City denies a request for an accommodation because it is not reasonable (it would impose an undue financial and administrative burden or fundamentally alter the nature of the City's operations), the City will discuss with the family whether an alternative accommodation could effectively address the family's disability-related needs without a fundamental alteration to the JHAP program and without imposing an undue financial and administrative burden.

If the City believes that the family has failed to identify a reasonable alternative accommodation after interactive discussion and negotiation, the City will notify the family, in writing, of its determination within 10 business days from the date of the most recent discussion or communication with the family.

2.5 Program Accessibility for Persons with Hearing or Vision Impairments

HUD regulations require the City to ensure that persons with disabilities related to hearing and vision have reasonable access to the City's programs and services [24 CFR 8.6]. At the initial point of contact with each applicant, the City shall inform all applicants of alternative forms of communication that can be used other than plain language paperwork.

2.5.1 PHA Policy

To meet the needs of persons with hearing impairments, sign language interpretation and TTD/TTY (text telephone display / teletype) communication can be available. To meet the needs of persons with vision impairments, alternative forms of communication will be made available upon request. Alternative forms of communication are having material explained orally by staff; or having a third party representative (a friend, relative or advocate, named by the applicant) to receive, interpret and explain housing materials and be present at all meetings. When visual aids are used in public meetings or presentations, or in meetings with City staff, one-on-one assistance will be provided upon request.

2.6 Physical Accessibility

The City must comply with a variety of regulations pertaining to physical accessibility, including the following:

- Section 504 of the Rehabilitation Act of 1973
- The Americans with Disabilities Act of 1990
- The Architectural Barriers Act of 1968
- The Fair Housing Act of 1988

The Program Office provides accommodations to people with physical accessibility limitations. If business cannot be conducted in the Program Office, the staff will meet the applicant at the City building which is accessible. Additionally, program staff may arrange for home visits and conduct business via email, mail, fax, and phone.

2.7 Denial or Termination of Assistance

A City's decision to deny or terminate the assistance of a family that includes a person with disabilities is subject to consideration of reasonable accommodation. When applicants with disabilities are denied assistance, the notice of denial must inform them of the City's informal review process and their right to request a hearing. In addition, the notice must inform applicants with disabilities of their right to request reasonable accommodations to participate in the informal hearing process. When a participant family's assistance is terminated, the notice of termination must inform them of the City's informal hearing process and their right to request a hearing and reasonable accommodation.

When reviewing reasonable accommodation requests, the City must consider whether any mitigating circumstances can be verified to explain and overcome the problem that led to the City's decision to deny or terminate assistance. If a reasonable accommodation will allow the family to meet the requirements, the City must make the accommodation.

3. *Improving Access to Services for Persons with Limited English Proficiency (LEP)*

LEP is defined as persons who do not speak English as their primary language and who have a limited ability to read, write, speak or understand English. For the purposes of this administrative plan, LEP persons are JHAP applicants and participants, and parents and family members of applicants and participants. The City will take affirmative steps to communicate with people who need services or information in a language other than English. These persons will be referred to as Persons with Limited English Proficiency (LEP). In order to determine the level of access needed by LEP persons, the City will follow the Joplin Housing Authority LEP Plan.

In certain circumstances, failure to ensure that LEP persons can effectively participate in or benefit from federally-assisted programs and activities may violate the prohibition under Title VI against discrimination on the basis of national origin. This part incorporates the Final Guidance to Federal Assistance Recipients Regarding Title VI Prohibition against National Origin Discrimination Affecting Limited English Proficient Persons, published January 22, 2007, in the *Federal Register*.