

Jefferson County Entitlement/HUD Programs

2010 Program Information Guidebook

- Home Owner Rehabilitation Program
- Sewer Tap-On Fee Program
- Private Sanitary Sewer System Replacement Program
- 1st Time Home Buyer Program

Contract Administered by:

The Economic Development Corporation of Jefferson County
P.O. Box 623
5217 Highway B
Hillsboro, MO 63050
Phone: (636) 797-5336
Fax: (636) 797-5080

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What does it cover and who can apply?

This information guide to the Jefferson County HUD ENTITLEMENT programs of Home Owner Rehabilitation, Sewer Tap-On Fee and Private Sanitary Sewer Replacement is meant to act as a question and answer guide regarding the programs available to individuals and businesses for application.

The guide does not cover all aspects of each program. Full program application, processing, project procedures, and guidelines can be found in the application packet for each program. Applicants are encouraged to contact the EDC for more information on individual programs.

The **programs described** in this guide **are only open to** residents and businesses of the following incorporated and unincorporated areas:

The unincorporated areas of Jefferson County

The City of Arnold

The City of Crystal City

The City of Festus

The City of Hillsboro

The City of Olympian Village

The City of Byrnes Mill

The City of De Soto

The City of Herculaneum

The City of Kimmswick

The City of Pevely

Residents who live in or businesses that are located in Cedar Hill Lakes, the Village of Parkdale, or the Town of Scottsdale **are ineligible to apply** as these municipalities have chosen not to participate in the Entitlement program.

Application Procedures

When will applications be accepted?

Applications for any and all Jefferson County Entitlement programs are accepted on an on-going basis.

How will the funds be obligated to projects?

Funds will be distributed on a first come first served basis. The basis by which they are distributed will be determined by the date and time stamp on the application when it is received and the completeness of the application.

What happens if all the funds have been obligated?

If all of the funds have been obligated to projects when a complete application is received the applicant will be placed on a waiting list in the order of which the application was received.

Where do I submit my application?

All applications need to be submitted to:

The Economic Development Corporation of Jefferson County (EDC)

P.O. Box 623, 5217 Highway B

Hillsboro, Missouri 63050

How is my application processed once it is received in the EDC offices?

All applications *will be processed on a first come first served basis*. When the application is received in the EDC office it will be date and time stamped. The application will initially be reviewed by staff for completeness of application. Staff will then set up an initial interview with the applicant to review the project and subsequently you will receive a letter notifying you of either acceptance or decline.

What happens if my application is not complete?

If an application is determined to be incomplete, the applicant will receive a letter stating what documents or information is missing. You will be given the opportunity to submit the missing documentation and continue to be processed.

If no response is received within 30 days of written notice of incompleteness, the application will be considered declined and will be removed from processing. Applicants will then be required to resubmit a new application and it will receive a new date and time stamp and will be processed in the order it was received.

What are the minimum requirements my application must meet?

Home Owner Rehabilitation Program

- All applicants must meet the current household income requirements of 80% or below the area median income as published by the U.S. Department of Housing and Urban Development. (You must provide proof of ALL gross income(s) for ALL persons living in the home)
- Applicant's must have a minimum of \$15,000 worth of equity in the home and land to cover the amount of the lien placed against your home. (Current Value - Debt Owed = Equity)
- Home must be owner occupied (no rental properties) for the full 5 year program period.
- Proof of insurance is required, if the home is un-insurable at the time of application, a letter of explanation of such must be submitted with the application and the home must be capable of being insured after completion of rehabilitation work under this program.

Sewer Tap-On Fee Program

- All applicants must meet the current household income requirements of 80% or below the area median income as published by the U.S. Department of Housing and Urban Development. (You must provide proof of ALL gross income(s) for ALL persons living in the home)
- Proof of service and/or hook up must be submitted to the Entitlement program prior to any disbursements of funds to a qualified **public sewer district**.
- If home is not owner occupied, both home owner and occupants must meet the income requirements of 80% or below the area median income. (Applications of this nature, **MUST** receive prior approval from the Entitlement Program before processing)

Private Sanitary Sewer System Replacement Program

- All applicants must meet the current household income requirements of 80% or below the area median income as published by the U.S. Department of Housing and Urban Development. (You must provide proof of ALL income(s) for ALL persons living in the home.)
- Applicant's must have a minimum of \$20,000 worth of equity in the home and land to cover the amount of the lien placed against your home. (Current Value - Debt Owed = Equity)
- Home must be owner occupied (no rental properties) for the full 5 year program period.
- On-site system must have been cited as failing by either the Jefferson County Building Division or a participating municipality to qualify for the program.

What happens if I don't meet the minimum requirements?

Any applicant that does not meet the minimum requirements will be notified in writing of the reason and his/her application will not be processed further.

Can I apply for more than one program?

No, applicants can only receive proceeds from one program at a time. Applicants that have successfully fulfilled the requirements of any program can then apply for any other program.

Household Income Limit Guidelines

The household income limit requirements for 2010 are: (current until modified by HUD)

# of Persons living in the applicant home	80% Median Income
1	\$ 38,000
2	\$ 43,450
3	\$ 48,850
4	\$ 54,300
5	\$ 58,650
6	\$ 63,000
7	\$ 67,350
8	\$ 71,700

All income limits are determined by the U.S. Department of Housing and Urban Development yearly and can be found on their website www.hud.gov under HUD Clips income limits. Jefferson County is in the St. Louis, MO — IL MSA

This income limit is your adjusted gross income as stated on your federal and state tax returns from the most recent two (2) years.

If you are not required to file taxes because your income is too low (Exempt) or your only income is social security, alternate evidence of household income will be required. For example: yearly benefit notification from social security.

In the event that you receive social security, have additional income from any source, and are required to file a tax return; the full amount of social security received is considered income (not just the taxable amount). If this situation applies to you, please contact program staff for clarification.

Home Owner Rehabilitation

What is the purpose of the program?

The purpose of the program is to assist home owners of single family residences who occupy their homes and are defined as 80% or below the area median income guidelines with needed and qualified **health & safety** rehabilitation items through the use of a 5 year low interest rate forgivable loan.

What is the maximum amount of money I can borrow?

The maximum amount of funds available for any one project is \$15,000.

Do I have to be a single family homeowner to apply for funds?

Yes, applications will only be processed for home owners who occupy their single family homes. Applications will not be accepted from renters, landlords, or third party persons on behalf of the homeowner.

How do I know if I qualify for a forgivable loan (Grant)?

If your household income is 80% or below the area median income, you have the required equity in your home and you meet all additional program requirements, generally, you qualify for a forgivable loan.

How does the loan (grant) work?

The program is actually clasified as a forgivable loan. Your agreement will include an interest rate (used for repayment purposes only if the loan goes into default). Otherwise, your loan amount is forgiven in increments equivalent to one-fifth (1/5) of the total spent at the end of each year's satisfactory inspection of the property, continued owner occupancy and verification of all taxes on the property being paid. At the end of the five (5) year period the total will be considered forgiven (\$0 balance).

Are you going to place a lien on my house?

Yes, a "Deed of Trust" (lien) will be placed against your home for the five (5) years that you are in the program. This is done to secure your project. By participating in the rehabilitation program, you have asked the County to invest \$15,000 into the value of your home. In turn, they have asked you to remain in that home for a period of five (5) years from the day of completion to basically "pay back" the debt. The lien will only come into play if the forgivable loan goes into default (you sell, lease, rent or otherwise do not owner occupy the home). A Deed of Release will be filed after the 12th month of the 5th year of forgiveness, thereby removing the lien.

What if I sell my house or pass away during the five years?

If at any time during the five year forgiveness period you fail to occupy your home for any reason, any funds that have not been forgiven will be considered due and payable at the interest rate stated on the original agreement. We do understand that at times special circumstances do occur and for this reason if your occupancy status changes, please notify the Entitlement program immediately.

What is the interest rate if I default?

Your default interest rate will be prime rate minus one percent fixed at the time of agreement signing.

Can I borrow more than 100% of my house's worth?

No, all loans combined including existing loans and new loan funds from this program can not exceed more than 100% of the home's value (equity).

How do I prove what my house is worth?

There are only two ways to prove the value of your home. A full or updated appraisal performed by a licensed real estate appraiser and completed within the last 3 years (statement of value by a bank, mortgage or insurance company or real estate agent is not acceptable). If no appraisal has been completed,

we will use the current market value as stated on your Jefferson County Assessor's records/real estate tax bill. This is the amount that you are paying taxes on. Generally these market values run low and therefore we will increase that value by 40% in order to determine your home's current value for this program.

Will I have to have a licensed/insured contractor complete the work?

Yes all contractors must be licensed as required by Jefferson County, State and Federal governments and provide all required business insurance.

Can a contractor I know or have been referred to bid on the work?

Yes, if that contractor meets all program requirements prior to the bid meeting. We would be more than happy to work with, send bid documents to and allow any requested licensed general contractor to bid on your project but this request **MUST** be made to program staff **PRIOR** to the bid meeting. You must either provide this contractor's contact information to program staff or have the contractor contact the program staff directly in order to ensure that your project bid packet and notice of bid meeting will be made available to them.

No additional bids will be accepted after the fact. Additionally, all bids must be submitted in compliance with HUD/program standards. This means that if you obtain a bid from an outside contractor, either prior to or after your bid meeting, it will not be accepted as a qualified bid. We maintain an approved list of local, licensed, bonded, reputable general contractors which is open at all times. Our program goal is to ensure not only the quality of work being done to your home but your family's security as well.

What can I have fixed with this money?

Only health and safety items can be repaired with these funds. (**No esthetics!** For example none of the following would be qualified items: landscaping, carpeting, wallpaper, driveway resurfacing, new structures, appliances, etc.) This program is for rehabilitation of substandard basic living elements and cannot be used for remodeling purposes. Examples of qualified expenditures include, but are not limited to: repair of hazardous electric service, replacement of broken windows, replacement of dilapidated siding, replacement of deteriorated roof, replacement of non-operating furnace, etc.

Who will determine the work specifications for my project?

The program staff will work with you to determine the work specifications of your project.

How will the bid document be created?

The program staff will create and mail out the bid documents to be used to obtain qualified contractor bids for your home. If you are familiar or comfortable with a particular contractor, please let the program staff know this before documents are prepared so that they can contact your contractor (if licensed and insured) to allow them to bid on your project. Bids are awarded to the best and lowest bidder. Lead work will be conducted by our contracted lead risk provider.

How many bids will I need?

HUD requires that no less than three (3) bids must be acquired for your project. Program staff will solicit the bids for the project. If you would like a specific contractor to be notified and given an opportunity to bid on your project, notice must be given to the program staff **PRIOR** to the bid meeting. **NO** exceptions.

Can I start my project prior to obligation of funds?

No. If rehabilitation of your property begins prior to obligation of funds, you will become ineligible for this program. All costs associated with the project and incurred prior to obligation of funds will be at the home owners expense.

What happens if my house was built prior to 1978?

A lead risk assessment of the property must be conducted prior to any construction. The required lead risk assessment and any resulting lead mitigation work is paid for out of your forgivable loan. Note: If lead risk assessment is required, this will reduce your \$15,000 by the exact direct cost of the service provided by the licensed lead risk assessor. These costs vary by size/physical makeup of each house and therefore no “set” price can be pre-quoted. On average, this cost is about \$500. This is not a negotiable item.

Does my property have to meet a minimum housing quality standard?

Yes, the home must, after rehabilitation, meet minimum housing quality standards as determined by HUD.

How long will it be before my house is fixed?

You should expect that the process could take as long as a year. Many factors determine how quickly work can be accomplished. (Example, prompt response by both the applicant & contractor and factors beyond the control of program staff.)

Do my taxes have to be paid?

Yes, all property taxes must be paid and current.

Do I have to have home owners insurance?

Yes, a current hazard/liability insurance policy must be in effect, and paid, in order to apply for the program. If your home can not be insured at this time you must provide a letter from your insurance company stating that your home will be able to be insured after completion of this rehabilitation program. For example, your roof is in such disrepair that the insurance company won't insure you. This roof must be one of the requested repairs of the program and therefore after completion, your home will then be able to be insured. You must at that point obtain an insurance policy and provide it to the program staff. If you do not obtain home owners insurance after completion of your project you will be considered in default of program regulations and all funds expended will be due and payable immediately.

Does my name have to be on the deed?

Yes, you must be an owner of record. This means that the applicant must be at least one of the legal owners and the occupant of the home. If your deed lists more than one legal owner as in a trust etc., you will need to obtain notarized letters of consent from all additional owners. Applicant will have to provide recorded legal documents showing all ownership interests.

What if I have a property violation against my home?

For example; a solid waste violation, a dangerous building violation, Health Department violation, Dept. of Natural Resources or any/and all other County, State or federal department violations. No application will be accepted from any home owner that currently possesses any type of violation. After verification by program staff of compliance of home owner and dismissal of such violation, you may then apply for any and all Entitlement programs.

Sewer Tap-On Fee

What is the purpose of the program?

The purpose of the program is to assist households who are defined as 80% or below the area median income, with the cost of the sewer tap-on fee charged to hook up the household to the **public** sewer system.

Is the program open to both owner occupied and rental occupied households?

Yes, the program is open to both types of household; however, the owner of the property must submit the application in their name and meet program income guidelines. If the household is renter occupied then household income data must be obtained from the renter of the household who must, in addition, also meet stated income guidelines.

What is the maximum fee that will be paid?

A grant of up to a maximum of \$1,000.00 per household will be paid towards the tap on fee. The tap on fee of the city or public sewer district in which the residence is located shall determine the exact amount of the fee to be paid on your behalf.

What if the tap on fee is above \$1,000.00?

A grant of up to a maximum of \$1,000.00 per household will be paid towards the tap on fee. Any amount due the city or sewer district where the residence is located for the tap on fee that is above the maximum grant amount of \$1,000.00 shall be borne by the applicant.

What happens when the household qualifies for the grant?

When all obligation procedures have been finished, including environmental review, the program staff will notify you and the city or public sewer district to whom the tap on fee needs to be paid that a grant amount has been awarded.

Can this be used to offset the cost of a private sewer hookup?

No, program funds may not be used to hookup to a private sewer systems. Private sewers systems are those that service a private area only, i.e. a lake, a subdivision, a neighborhood, etc.

Can I hook on to the public sewer prior to grant obligation?

No, if your project begins before grant obligation you will be ineligible for funds.

Does public sewer service have to exist to apply?

Yes, it must either already be available to you or have written proof from the public sewer company of availability to you within the same program year. Your application will not be processed until the physical main lines exist at your home.

Can I use this program to fix a failing septic tank system?

No. If your home's septic system is failing you may wish to apply for funding under the Private Sanitary Sewer Replacement Program.

Private Sanitary Sewer Replacement

What is the purpose of the program?

The purpose of the program is to assist owner occupied single family residences in Jefferson County with the repair or replacement of their failing, privately owned, on-site sanitary sewer systems. (Septic Systems)

What is the maximum amount of money I can borrow?

The maximum amount of funds available for any one project is \$20,000.

Do I have to be a single family homeowner who occupies the home to apply for funds?

Yes, applications will only be processed for home owners who occupy their single family homes. Applications will not be accepted from renters, landlords, or third party persons on behalf of the homeowner.

How do I know if I qualify for a forgivable loan (Grant)?

If your household income is 80% or below the area median income, you have the required equity in your home and you meet all of the additional program requirements, generally, you qualify.

How does the loan (grant) work?

The program is actually classified as a forgivable loan. Your agreement will include an interest rate (used for repayment purposes only if the loan goes into default). Otherwise, your loan amount will be forgiven in increments one-fifth (1/5) of the \$20,000 (or project total) at the end of each year upon completion of a satisfactory inspection of the property, continued owner occupancy and verification of all taxes on the property being paid. At the end of the five (5) year period the total amount will be considered forgiven (\$0 balance).

Are you going to place a lien on my house?

Yes, a "Deed of Trust" (lien) will be placed against your home for the five (5) years that you are in the program. This is done to secure your project. By participating in the program, you have asked the County to invest up to \$20,000 into the value of your home. In turn, they have asked you to remain in that home for a period of five (5) years from the day of completion to basically "pay back" the debt. The lien will only come into play if the forgivable loan goes into default (you sell, lease, rent or otherwise do not owner occupy the home). A Deed of Release will be filed after the 12th month of the 5th year of forgiveness, thereby removing the lien.

What if I sell my house or pass away during the five years?

If at any time during the five year forgiveness period you fail to occupy your home for any reason, any funds that have not been forgiven will be considered due and payable at the interest rate stated on the original agreement. We do understand that at times special circumstances do occur and for this reason if your occupancy status changes, please notify the Entitlement program immediately.

What is the interest rate if I default?

The interest rate for the forgivable loan program is prime minus one percent fixed at the time of agreement signing.

Can I borrow more than 100% of my house's worth?

No, all loans combined including existing loans and new loan funds from this program can not exceed more than 100% of the home's worth (equity).

How do I prove what my house is worth?

There are only two ways to prove the value of your home. A full or updated appraisal performed by a licensed real estate appraiser and completed within the last 3 years (statement of value by a bank, mortgage or insurance company or real estate agent is not acceptable). If no appraisal has been completed, we will use the current market value as stated on your Jefferson County Assessor's records/real estate tax bill. This is the amount that you are paying taxes on. Generally these market values run low and therefore we will increase that value by 40% in order to determine your home's current value for this program.

Do my taxes have to be paid?

Yes, all property taxes must be paid and current.

Does my name have to be on the deed?

Yes, you must be an owner of record. This means that the applicant must be at least one of the legal owners and the occupant of the home. If your deed lists more than one legal owner as in a trust etc., you will need to obtain notarized letters of consent from all additional owners. Applicant will have to provide recorded legal documents showing all ownership interests.

What if I have a property violation against my home?

For example; a solid waste violation, a dangerous building violation, Health Department violation, Dept. of Natural Resources or any/and all other County, State or federal department violations. No application will be accepted from any home owner that currently possesses any type of violation (other than the required failing septic system violation). After verification by program staff of compliance of home owner and dismissal of such violation, you may then apply for any and all Entitlement programs.

Can I apply for this program on a piece of property I am buying or selling?

No, the program is only available to current owner occupied properties. Due to the fact that qualification for this program is based on both owner income and property equity, applications are restricted. For example; you are looking at a piece of property that is for sale and has a failed septic system. While you might have a qualifying income, the equity in the property cannot be determined until you close on the sale. In addition, the property is not owner/applicant occupied until you actually move in. In the event of a property for sale, you the applicant (the person who qualified for the program) will no longer be the occupant upon sale and therefore would not fulfill the five-year occupancy requirement of the program resulting in a default of your legal agreement at that point.

Will I have to have a licensed/insured contractor complete the work?

Yes, all contractors must be licensed as required by Jefferson County, State and Federal governments and provide all required business insurance.

Can a contractor I know or have been referred to bid on the work?

Yes, if that contractor meets all program requirements prior to the bid meeting. We would be more than happy to work with, send bid documents to and allow any requested licensed sewer installer to bid on your project but this request MUST be made to program staff PRIOR to the bid meeting. You must either provide this contractor's contact information to program staff or have the contractor contact the program

staff directly in order to ensure that your project bid packet and notice of bid meeting will be made available to them.

No additional bids will be accepted after the fact. Additionally, all bids must be submitted in compliance with HUD/program standards. This means that if you obtain a bid from an outside contractor, either prior to or after your bid meeting, it will not be accepted as a qualified bid. We maintain an approved list of local, licensed, bonded, reputable sewer installers which is open at all times. Our program goal is to ensure not only the quality of work being done to your home but your family's security as well.

Who will determine the work specifications for my project?

The program staff, in conjunction with the Jefferson County Building Division, will determine the work specifications of your project.

Does my sewer system have to be currently failing to apply for this program?

Yes, your on-site sewer systems must have been cited by either the Jefferson County Building Division or a participating municipality. We can not accept the home owner's statement of a system as being in a failing condition, it must be tested and cited by an official. If your system has not yet been cited, please contact the EDC for additional program options and to be instructed as to the correct procedures to follow for this program's purposes.

How will the bid document be created?

The program staff will create and mail out the bid documents to be used to obtain qualified contractor bids for your home. Bids are awarded to the best and lowest bidder.

How many bids will I need?

HUD requires that no less than three (3) bids must be acquired for your project. Program staff will solicit the bids for the project.

Can I do the work myself and be reimbursed for the costs?

No, all work must be completed by a Jefferson County/State of Missouri licensed drainlayer, engineer and soil methologist. Payment for services to your property will be made directly to the contractor awarded your project.

Can I start my project prior to obligation of funds?

No. If any work to your property begins prior to obligation of funds your application will be deemed ineligible for the funds. All costs associated with work that began prior to obligation of funds will be at the home owner's expense.

Do I have to have a building permit?

Yes, all projects under this program are required to obtain a building permit. The contractor selected to complete your project will be required to obtain all permits. All applicable fees for your project will be paid out of the funding awarded to you.

How long will it be before my septic system is fixed?

You should expect that the process could take as long as six months. Many factors determine how quickly work can be accomplished. (Example, prompt response by both applicant and contractor, factors beyond the control of program staff, and inclement weather affecting wetness of soil which prohibits actual work).

1st Time Home Buyer Program

The Jefferson County 1st HOME program is an effort by the County to provide zero-interest down payment loans to income-eligible homebuyers in Jefferson County. Under this initiative, Jefferson County, through its participation with the St. Louis Home Consortium, will purchase subordinated second mortgage loans which finance, in conjunction with the origination of the primary loans by the Mortgage Lender, the down payment and eligible closing costs associated with acquiring qualified owner-occupied residences.

The Second Mortgage Loans are at zero percent interest, forgivable after 5 years and will be originated and sold to Jefferson County by approved not-for-profit housing counseling agencies. The individual contracted housing counseling agencies provide applicants with detailed program procedures; coordinate all training and review sessions and determine applicant eligibility for this program. Therefore, applicants will need to contact one of the below listed HUD approved agencies directly. **HOUSING COUNSELING IS REQUIRED.**

Loan Amount: \$7,500.00

Participating Lender/Counseling Agencies

Better Family Life 724 N. Union Blvd., Ste. 301 St. Louis, MO 63108 (314) 367-3440	Beyond Housing 4156 Manchester St. Louis, MO 63110 (314) 533-0600
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First Time Home Buyer Program Income Limits (current until modified by HUD)

# of Persons Living in the Applicant Home	1	2	3	4	5	6	7	8
80% of Median Income	\$38,000	\$43,450	\$48,850	\$54,300	\$58,650	\$63,000	\$67,350	\$71,700

All income limits are determined by the U.S. Department of Housing and Urban Development yearly and can be found on their website www.hud.gov under HUD Clips income limits. Jefferson County is in the St. Louis, MO — IL MSA

* These income limits of the First Time Home Buyer Program represent only one of several eligibility requirements for this program.

**If you need further information or to request an application
for any of the programs, please contact:**

**The Economic Development Corporation of Jefferson County
P.O. Box 623, 5217 Highway B
Hillsboro, Missouri 63050
Phone: (636) 797-5336
Fax: (636) 797-5080**