

March 2020

CDBG Homebuyer Assistance Administrative Plan Requirements

Each community receiving a CDBG award to implement a homebuyer assistance program must prepare and submit to IEDA an administrative plan at the time of application. This plan must be approved by the city prior to submittal.

This plan will serve as a guide to the community as to how the program will be implemented at the local level. The plan should describe specific processes and policies that will be used through the duration of the project.

As the needs of each community are unique, each community will have flexibility as to how their program is designed. The administrative plan for the funded project will describe the program design to IEDA staff.

Below is a description of the components that must be addressed in every administrative plan. Additional information/ items may be included, if the community chooses to do so.

While each community should develop a plan that meets its own needs and preferences, there are some universal requirements that will apply to all CDBG funded programs. These requirements must be included in every administrative plan. Required language is underlined below and should be included in every plan.

Each CDBG homebuyer assistance administrative plan must address the following components:

- I. **Program Overview** - Provide a brief program description and anticipated number of homeowners that will be assisted under the program. (Maximum of 5)

The community understands and will follow all requirements outlined and described in the City's CDBG contract and IEDA program guidance.

- II. **Fair Housing & Non-discrimination** - The community will ensure that CDBG assistance is made available on a non-discriminatory basis without regard to race, color, religion, sex, disability, familial status, age or national origin.

Describe the community's efforts to affirmatively further fair housing. This could include marketing efforts, on-going outreach efforts with community organizations, development of local ordinances, community sponsored training on fair housing or other related activities.

- III. Program Assistance** - Describe the maximum amount of CDBG assistance that will be provided. (up to \$24,999 per homeowner plus technical services)

Amount of down payment & closing costs required will be determined by the homebuyer's lender.

CDBG assistance will be provided as a five-year receding forgivable loan. The property must remain the applicant's principal residence for five years following the project acceptance date for the loan to be forgiven. The community will file a lien/ security interest against the property in the amount of CDBG assistance. This lien may be filed in junior position to a conventional loan.

Homeowners that refinance the property within the 5-year period may only do so for the purpose of lowering their interest rate and not for the purpose of receiving funds. If the homeowner receives funds from the refinancing, the homeowner will be required to repay all CDBG funding. In the instance where refinancing is only to lower the interest rate, a subordination agreement between the community and the homeowner is required. The lender must provide documentation that no funding will be received by the homeowner prior to getting the subordination agreement approved.

The community has the discretion to decide in what circumstances it will allow the lien to be released.

Please describe in what instances the city will release the lien against the homeowner's property.

- IV. Marketing Plan** - Describe strategies that the community will use to market the program to potential applicants. Include information regarding any public meetings, public notices, social media and other efforts to promote the program.

- V. Application and Verification Process** - Describe the scoring criteria that the city will use to select participants for the program. Describe who will participate in the scoring process for applicants. Describe how the community will verify household income and property ownership.

Income verification will be completed in accordance with 24 CFR 5.609 (Part 5 Annual Income). Income verifications are valid for twelve months from the date verification is completed.

- VI. File Documentation**- List documents/ information the city will keep on file for this project and for each program participant.

The community will keep the following items on file:

- Income verification documents
- Ownership verification documents

- Lender documentation regarding closing cost/ down payment required
- HUD closing statement
- Proof of payment provided to lender
- CDBG environmental review documents
- Property inspection documents
- Lead based paint related documents

VII. Financial Management - Describe the financial management processes the community will implement for this project. Describe the process the community will use for paying contractors and how lien waivers will be handled. Discuss how CDBG funds will be draw down from IEDA.

The community must request CDBG funds at least every six months including both program activity and grant administration costs within the contract period.

VIII. Program Implementation - Describe how the community will operate its Homebuyer Assistance Program including the following activities:

- a. Application intake and selection process
- b. Property inspections
- c. Lead based paint activities
- d. Determination of funds required for down payment/ closing costs (from lender)
- e. Property closings & disbursement of CDBG funds to the lender
- f. Any other program activities

IX. Roles and Responsibilities - Describe the role of the city, CDBG grant administrator, and any others that will be involved in the management of the city's Homebuyer Assistance Program.

Describe the duties that each individual/ entity will handle during the duration of the program.

X. Lead-Based Paint Requirements - The community will comply with HUD's lead hazard reduction requirements through the duration of the program.

Communities must describe how it will comply with these requirements.

XI. Appeal/ Complaint Procedure - Describe the process that the community will use to address complaints or concerns regarding the program. This may include application decisions and other related issues. Include the name and contact information for the individual(s) that residents should contact concerning complaints or concerns.

XII. Program Amendments - The community should have a process for amending procedures and policies established in the administrative plan. Describe the process that the city will use to amend the plan, if necessary. Include a description of any forms/ documents that will be used and the entity responsible for approving amendments to the plan. Any substantive

changes must be approved beforehand by IEDA.

- XIII. Conflicts of Interest** - The community must follow federal requirements regarding conflicts of interest that may arise during the implementation of the Homebuyer Assistance Program.

The city will refer to 24. CFR.570.611 (CDBG regulations on conflicts of interest) should a potential conflict of interest arise and follow guidance provided in these regulations.