



Town of Babylon Community Development Home Improvement Program



ADMINISTERED BY
COMMUNITY DEVELOPMENT CORPORATION OF LONG ISLAND, INC.

2020-2021 PROGRAM GUIDELINES

Community Development Corporation of Long Island, Inc. (“CDCLI”), is a HUD certified not-for-profit housing agency selected as the subrecipient for the Town of Babylon to administer the Town of Babylon Community Development Block Grant Home Improvement Program.

I. PROGRAM ASSISTANCE

The Town of Babylon Home Improvement Program (the “Program”) provides no-interest, deferred payment loans to qualified low to moderate income homeowners in the Town of Babylon. The purpose of the Program is to improve housing conditions and correct housing code violations by repairing and rehabilitating health and safety hazards, including lead-based paint removal.

The maximum loan is up to \$50,000, which may be higher if lead-based paint removal is required. There is no interest. Monthly payments are not required. The loan will be evidenced by a Note and Mortgage that will be recorded against the property with the Suffolk County Clerk. Recording fees will be added to the loan amount.

Payment of the loan will be deferred until the occurrence of certain events set forth in the Note and Mortgage. For example, if (1) the property is sold, (2) the title is transferred, (3) the home is refinanced for cash out, (4) the property is rented, or (5) the property is no longer the primary residence of the Applicants. If any of such events occur, the amount of the loan will be due and payable in full. Please be aware that any proposed refinancing after award will require a prior subordination review by CDCLI or payback of funds, and home equity loans are not permitted.

FUNDING IS LIMITED. RESIDENTS WILL BE SERVED ON A FIRST-COME, FIRST-SERVED BASIS, UNTIL FUNDING IS EXHAUSTED.

II. GENERAL ELIGIBILITY CRITERIA

- Applicant must be a low to moderate income household. All applicants must have a gross annual “household” income not exceeding 80% of the area median income (as determined by H.U.D.), adjusted for family size. Please see the chart below for income limits by household size.
- Applicant must be a U.S. citizen or Qualified Resident Alien
- Property must be a single family residence located in the Town of Babylon.
- Property must be owner occupied. **Home cannot be in a Trust or Life Estate.**
- Taxes, insurance and mortgages must be current
- If property is in a flood zone, flood insurance must be in place and current
- There must be sufficient equity in the property and the aggregate Loan-to-Value (inclusive of any primary mortgage on the property and the Program loan) cannot exceed 100% (see Section XV below)
- A fully completed Application must be submitted, together with ALL required supporting documentation
- Homeowner must execute a Note and Mortgage and a Deferred Loan Agreement.

Additional requirements apply as provided in these Program Guidelines and related documents.



III. INCOME GUIDELINES

The maximum permitted gross annual **household** income for anyone applying for the Program must be at or below 80% of the median annual household income, adjusted by household size. The household income limits are as set forth below and are in effect as of January 1, 2019. The household income limits are subject to change as determined by H.U.D.

<u>Household Size</u>	<u>Maximum Total Annual Income*</u>
1	\$70,900
2	\$81,050
3	\$91,150
4	\$101,300
5	\$109,400
6	\$117,500
7	\$125,600
8	\$133,700

*Includes all income – overtime, bonuses, pensions, social security, 401K distributions, tips, etc. Total household income minus allowable exclusions cannot exceed the maximum annual income listed above for the household size. CDCLI will project the income that will be received for the upcoming 12-month period. Tax returns and pay stubs will be required for all household members whose earnings will be used as part of the income qualification. Any person whose earnings will be used to qualify for the program will be required to sign an IRS Form 4506 or 4506T tax release form to verify their tax returns with the Internal Revenue Service.

IV. APPLICATION PROCESS

A **FULLY** completed Application, together with **ALL** supporting documentation, must be submitted. Applications may be (1) completed on-line at CDCLI's website at www.cdcli.org, (2) faxed to CDCLI at 631-471-5341, or (3) delivered to CDCLI either in-person or by mail to CDCLI's offices located at 2100 Middle Country Road, Centereach, NY 11720 ATTN: Town of Babylon. Applications may be obtained by (1) downloading from www.cdcli.org, (2) calling CDCLI at 631-471-1215 x227, (3) emailing CDCLI at homeimprovement@cdcli.org, or (4) picking up at CDCLI's offices at 2100 Middle Country Road, Centereach, NY 11720.

Applications submitted on-line will be automatically dated and time stamped for submission and included in a database. Applications submitted by fax will be deemed received pursuant to the fax receipt. Applications received in-person or mailed will be manually dated and time stamped when delivered and included in the same database to track date and time of submission.

Applications will be reviewed by qualified CDCLI staff on a **FIRST-COME FIRST-SERVED BASIS**, as Applications are received. Each applicant will be notified by email, if available, or by regular mail if no email is available, of their status as preliminarily eligible or ineligible within 5 business days.



V. DOCUMENTATION

The following documentation **must** accompany your Application. Failure to provide ALL documentation will result in non-eligibility for the Program:

- Completed, signed and dated Application
- Completed, signed and dated Certification, Authorization & Disclaimer Form
- Copies of signed 1040 Federal Tax Returns, with required schedules and W-2 Statement for the last three (3) years (2019, 2018, 2017). If you have not filed taxes in the past 3 years, please submit verification of non-filing from the IRS
- Completed and signed Form 4506 request for copy of tax return
- If applicable, four (4) most recent consecutive pay stubs that indicate year-to-date gross income. If year-to-date is not included on pay stub, a letter from your employer on company stationery is required
- If applicable, documentation for current Social Security benefits, child support, pensions, disability, unemployment, etc.
- If applicable, complete separation agreement or divorce decree
- Copy of Permanent Residency ID Card, if applicable
- Copy of most current paid Tax Bill
- Copy of Deed
- Copy of Survey
- Copy of current Mortgage Statement or Satisfaction of Mortgage
- Copy of current Homeowners Insurance Policy Paid to Date
- Copy of current Flood Insurance Policy, if applicable, Paid to Date

VI. SELECTION PROCESS/WAITLIST

Applications will be reviewed by qualified CDCLI staff on a **FIRST-COME FIRST-SERVED BASIS**, as Applications are received. Each applicant will be notified by email, if available, or by regular mail if no email is available, of their status as either (1) preliminarily eligible or (2) ineligible, within 5 business days.

APPLICATIONS THAT ARE NOT FULLY COMPLETED OR THAT HAVE BEEN SUBMITTED WITHOUT ALL REQUIRED DOCUMENTATION WILL BE DEEMED INELIGIBLE.

APPLICATIONS THAT ARE FULLY COMPLETED AND HAVE ALL REQUIRED DOCUMENTATION WILL BE DEEMED PRELIMINARILY ELIGIBLE.

Preliminary Eligibility

Preliminarily eligible applicants will be contacted by a representative of CDCLI in the order received to arrange a meeting to review the Program requirements. A phone interview may be scheduled with the applicant, if requested. The application forms and documentation are reviewed, verifications are obtained for income, employment, benefits, mortgage, etc. to determine final eligibility for the program. A credit report and title report may also be obtained. The value of the property is also assessed at this time in order to determine whether there is sufficient available equity in the property. If CDCLI encounters discrepancies and/or misrepresentations, and/or there are income, household composition or other important questions that can't be resolved, CDCLI reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.



Final Eligibility

Applicants that complete the process described above, will be notified by CDCLI of Final Eligibility for the Program. Such applicants will be notified by email, if available, or by regular mail if no email is available, of their Final Eligibility status.

Ineligible Applicants/Waiting List

Ineligible applicants will be placed on the Waiting List in the order in which received. If all the eligible applicants are exhausted and funding remains, CDCLI will then contact the applicants on the Waiting List by mail, email, and/or by telephone, as their name is reached on the waiting list, to advise them of funding availability. The homeowner will then have 30 calendar days to complete and return a FULLY completed Application together with ALL required supporting documentation. Should a homeowner fail to respond to the initial contact for assistance or to provide the Application and any of the required documentation within the 30-day period, the homeowner's name will be removed from the waiting list. If the homeowner desires assistance at a later time, he/she will be placed on the waiting list at that time.

VII. SCOPE OF WORK/CONTRACTOR SELECTION

For applicants who receive Final Eligibility, an appointment will be made for CDCLI/Consulting Architect to evaluate the existing condition of the house. A detailed work write-up is prepared, a Lead Based Paint Inspection/Assessment is ordered, as well as an environmental review and asbestos inspection.

Bids are solicited from at least 3 qualified licensed contractors on the CDCLI approved contractor list. CDCLI will provide a list of these contractors to assist the homeowner. The homeowner may suggest a contractor to be included in the bidding process as long as the contractor is licensed, certified and has all of the proper insurances and adheres to the rules of the Program and CDCLI contractor requirements. CDCLI/Consulting Architect will then conduct a walk-thru of the house and attendance is mandatory for any contractor interested in bidding on the job. Sealed bids are returned to CDCLI. The lowest responsible bidder will be awarded the contract in accordance with CDCLI procurement policies.

VIII. INSPECTIONS

During the construction, interim inspections of the work performed will be conducted to ensure quality standards. When the work is completed, it is inspected by CDCLI, Town of Babylon inspectors, and the homeowner, prior to final acceptance of the work. The homeowner, the contractor, CDCLI and the Town of Babylon inspectors will sign-off on acceptable completion of the work, and the homeowner will execute a Homeowner Certificate of Completion.

IX. CITIZENSHIP

The owner of the home must be a U.S. Citizen or Qualified Resident Alien. For the purposes of this program, a qualified resident alien is an alien who is lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act.

X. ELIGIBLE IMPROVEMENTS

The Program is designed to correct basic housing conditions that are considered dangerous to health and safety and to bring homes up to current energy efficiency standards. Priority improvements include the following:

- Structural repairs, such as foundations, beam, stair, roofs, stoops, chimneys
- Replacements, such as plumbing, furnaces/boilers, water heaters, electric service
- Weatherization, such as insulation, air sealing, storm windows and doors



- Exterior upgrading, such as woodwork repair, siding, trim, etc.
- Interior improvements, such as repairing floors, walls, ceilings, painting
- Modifications for the physically disabled, such as walks, ramps, wheelchair showers, etc.
- Repairs to bring the property in compliance with Town of Babylon codes

XI. ELIGIBLE HOUSING TYPES

Only owner occupied, pre-existing **single-family primary residences**, located within the Town of Babylon, are eligible for the Program, including Town Houses, Condominiums, and Manufactured Homes.

In addition, the following requirements apply:

- Residences must have all applicable Town of Babylon Permits/CO's in place at the time of application;
- Two family homes are not allowed;
- Homes having second kitchens are not allowed;
- Homes having second meters are not allowed;
- The Note and Mortgage must be in no less than second position on the property;
- The home cannot be owned by a Trust;
- No Home Equity Loans, Reverse Mortgages or Life Estates permitted; and
- Property Taxes, Homeowners Insurance, Flood Insurance (if applicable), and Mortgages must be paid and reflect a current status at the time of application.

XII. RESIDENCY REQUIREMENT

Applicants must occupy the property as their principal residence with a valid Deed. In the event that a homeowner sells, rents, transfers title or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable in full.

XIII. ELIGIBLE AREAS IN THE TOWN OF BABYLON

All homes must be within the Town of Babylon, which consists of the following Hamlets and Villages:

- Amityville
- North Amityville
- Babylon
- Copiague
- Deer Park
- East Farmingdale – Suffolk County
- Lindenhurst
- North Babylon
- West Babylon
- Wheatley Heights
- Wyandanch

XIV. LEAD BASED PAINT REQUIREMENTS

Homes built before 1978 are required to have a lead-based paint test done as a part of the application process once an applicant is accepted to the program and a scope of work has been approved. All costs are included in the fees assessed by the program to the homeowner and added to the loan amount. If the home tests positive for lead, certified lead contractors bid on the house to abate/encapsulate the lead in the home and a clearance test is performed after the work has been completed with a report provided to the homeowner.



XV. LOAN-TO-VALUE

The Program requires a Loan-to-Value (inclusive of any primary mortgage and the Program loan) of no more than 100%. That means that the amount of any primary mortgage on the property plus the amount of the proposed loan under the Program cannot exceed the value of the property. To determine the value of the property, CDCLI will utilize an Automated Valuation Model, such as Zillow or Redfin. Two such valuations will be obtained and the average will be the value of the property for purposes of the Program. The amount of the loan under the Program may be reduced accordingly in order to remain within these Loan-to-Value parameters. An Applicant may dispute the valuation by providing an independent Broker Price Opinion to CDCLI. The documentation will be reviewed and a final determination made, in writing, in consultation with the Town of Babylon Community Development Office.

XVI. CLOSING

If eligible, the homeowner is required to attend a closing and sign three documents: (1) a Note and Mortgage, (2) a Deferred Loan Agreement, and (3) a Contractor Agreement with the successful contractor. The Note and Mortgage reflects the financial terms including deferred payment, no interest, and circumstances under which the loan must be repaid. The Deferred Loan Agreement contains additional provisions regarding the Program obligations. The Note and Mortgage, the Deferred Loan Agreement, and the Contractor Agreement are available to be reviewed at CDCLI's website at www.cdcli.org. Please keep in mind that the closing may take place at the Community Development Corporation of Long Island (CDCLI), located at 2100 Middle Country Road, Centereach, N.Y. 11720.

For additional information, please feel free to contact CDCLI at (631) 471-1215 x227 or by email at homeimprovement@cdcli.org.

Thank you!

