



**MINOT DISASTER RECOVERY PROGRAM
HOMEOWNER REIMBURSEMENT PROGRAM (HRP)
POLICIES AND PROCEDURES**



November 10, 2014

City of Minot

Part I: Homeowner Reimbursement Program Policy

1.0 Purpose

The City of Minot Disaster Recovery-Homeowner Reimbursement Program (Minot-HRP) is a Disaster Recovery Assistance program within the legal jurisdiction of Minot, North Dakota. Homeowners who sustained damage to their primary residential property as a result of the 2011 floods and have repaired their property may be eligible for reimbursement, in whole or in part, for out-of-pocket funds spent repairing their property. This program will assist homeowners on a first-come, first-serve basis. The program will provide reimbursement of eligible home repairs up to a maximum of \$10,000 made to the primary home damaged by the 2011 floods. The federally declared disaster declaration is FEMA-1981-DR declared on May 20, 2011 and amended to include the flooding in June, 2011.

2.0 Program Overview

2.1 Funding Appropriation

On May 29, 2013 the Department of Housing and Urban Development released \$514,012,000 million in Community Development Block Grant funds for the purpose of assisting recovery in the most impacted and distressed areas declared a major disaster in 2011 and 2012 under Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). The Appropriations Act requires funds to be used only for specific disaster-related purposes. The City of Minot received \$35,056,000 to address their most impacted unmet needs to recover from this disaster. On August 22, 2013 the Minot City Council approved the Action Plan that outlined the eligible activities for which these dollars would be allocated.

2.2 Federally-Designated Areas Eligible for CDBG Assistance

The entire City of Minot is an eligible area that can receive financial assistance from this allocation, subject to the rules, regulations and priorities set forth within this document.

2.3 Program Administrator

The City of Minot has contracted with CDM Smith to provide the following program administration services and activities. In performing these services, CDM Smith will act in the capacity as Program Manager for the CDBG-DR Program. This includes the Reimbursement Program.



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Program Manager's responsibilities include:

1. Design and plan the program management model in coordination with City of Minot's Finance Director and implement approved CDBG-DR components, and oversee management, compliance, and reporting of program activities including Acquisition, Homeowner Rehabilitation and Reconstruction, Homeowner Reimbursement and Public Infrastructure.
2. Develop for the City of Minot's approval, application guidelines for grant awards including eligibility criteria, selection criteria, submission instructions, performance measures, and any other requirements necessary to allocate the CDBG-DR funds.
3. Complete all required environmental reviews in compliance with HUD requirements.
4. Develop and initiate outreach and public education campaign within 30 days of program development.
5. Review CDBG-DR applications for applicant eligibility and make award recommendations based on program requirements and HUD eligible activity and National Objective criteria.
6. Coordinate and assist the City with developing Request for Proposals (RFPs) and Request for Qualifications (RFQs) for construction and engineering ensuring that all HUD required CDBG clauses are incorporated.
7. Coordinate with the City to provide all preconstruction conferences and construction oversight.
8. Oversee compliance with Davis Bacon for all construction when applicable.
9. Establish a data management system based on requirements of the programs.
10. Coordinate and assist the City with DRGR data management and all financial, reimbursement, and change order processes.
11. Maintain hard copy files to support compliance with HUD monitoring requirements.
12. Assist City of Minot with the closeout activities connected with the CDBG-DR program.

These responsibilities and other contractual agreements can be referenced in the actual contracts between CDM Smith and the City of Minot.

3.0 Minot-HRP Program Requirements

The City of Minot has allocated CDBG-DR funds for reimbursement up to \$10,000 for repairs made to homes damaged by the flood in accordance with the City's approved Action Plan.

3.1 CDBG National Objective

All program activities (with certain exceptions with regard to administrative and planning activities) must meet an applicable CDBG National Objective. The Minot-HRP program will provide benefit to those households meeting the low-and moderate-income (LMI) and urgent need National Objective requirements in accordance with HUD regulations.



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The Minot- HRP program will determine a household's income status once individual homeowner packets are returned.

3.2 Overall LMI Benefit Requirement

Although Minot has received a waiver regarding the overall benefit to LMI persons, the federal requirement is not entirely waived. More than fifty percent (50%) of the funds allocated to the City of Minot for all their eligible projects must be used for activities that meet a LMI national objective (described above). Other projects may be eligible under the National Objectives of Urgent Need or Slum and Blight.

3.3 Homeowners Eligible for Assistance

Homeowners must meet the following threshold criteria:

- Home must be located within the city limits of Minot.
- Home must have been damaged by the flood of June 22, 2011.
- Home must be located outside the City's 100 year flood plain or "flood control" footprint.
- Home must have been the homeowner's primary residence at the time of the flood.
- Homeowner must have been the owner of record at the time on June 22, 2011.
- Home must have received at least \$10,000 in damages.
- Homeowner must currently reside in the home.
- Property is not in foreclosure.
- Property taxes are current.
- Homeowner must not have been assisted by the HRR program.

Due to the overall unmet need and limited funding, meeting the eligibility requirements above does not guarantee funding will be granted to an eligible homeowner.

3.4 Individual Homeowner Grant Threshold

The maximum amount of funds allowed for reimbursement of repairs made to the home is \$10,000.

3.5 Eligible Properties and Structures

Single family, one unit structures are eligible for assistance Manufactured homes are not included; however, a manufactured home that has been converted to real estate and has been placed on a City approved foundation is eligible.

Townhomes and condominiums are eligible for reimbursement. If a property is designated as a condominium or townhouse, the owner of each condominium unit shall be allowed to apply for reimbursement of repairs for the unit under their ownership.



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These homeowners will be reviewed on a case-by-case basis to assess responsibilities of the condominium's homeowner association. In all instances, each unit shall have an individual mailing address registered with the United States Postal Service (not a P. O. Box).

The assisted property must be wholly residential in character. Properties containing home-based businesses may be reimbursed for repairs only where it can be clearly shown that the repairs were not made to assist the business contained in or on the property.

3.6 Ineligible Items

The following types of ownership are ineligible for assistance under this program:

- Business entities are not eligible. This includes but not limited to: Limited Liability Corporations, Limited Liability Partnerships, Corporations, Sole Proprietors, etc.
- Applicants who lost ownership of their homes due to foreclosure, or are pending foreclosure are ineligible for assistance.
- Properties located where federal assistance is not permitted are ineligible for assistance. Properties must be in compliance with Environmental Code 24 CFR Part 58.
- Manufactured homes are not eligible for program assistance; however, a manufactured home that has been converted to real estate and has been placed on a City approved foundation is eligible.
- Appliances and housing components that are not integral to the structure of the home such as washers, dryers, luxury items and detached garages and carports are not eligible as repairs to be reimbursed under the CDBG Disaster Recovery HRP.

3.7 Ownership

Housing repairs to be reimbursed must be made on the primary home owned by the person(s) occupying the unit at the time of the flood. Ownership is defined as holding a fee simple title or warranty deed to the property and structure to be assisted. The City of Minot has the right to waive requirement of a fee simple title or warranty deed in the applicant's name if it can be proven that the applicant occupied the home at the time of the flood, was making house payments to purchase the house, and has acquired title prior to assistance. Each instance will be reviewed on a case-by-case basis and must follow the City's Policy Exception process.

A mortgage lien may be in place on the property applied for. In order to be eligible for program assistance, the assisted property owner must be current with regard to their mortgage payments, special assessments and property taxes. If property taxes are delinquent, the homeowner must be able to document that the taxes have been made current or they are on a payment plan with the Ward County Auditor.



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3.7.1 Purchase Contracts

- Contract for deeds are not eligible unless the applicant converts their contract to full ownership prior to receiving funding assistance from the program.
- Evidence of purchase contracts must prove that an applicant was purchasing a home on a contract basis by:
 1. The applicant presenting the notarized contract dated and executed prior to the flood for review by Minot-HRP.
 2. The applicant presenting the notarized and executed contract that was filed prior to the flood in the conveyance records of the county.
- Proof that a contract has been completed and title conveyed to the purchaser is provided by:
 1. Evidence of recordation of the title in the name of the applicant in the conveyance records of the county.
 2. Evidence that property was transferred by a warranty deed.

3.7.2 Act of Donation

An Act of Donation is a form of property transfer without exchange or payment. For the purpose of Minot-HRP an Act of Donation must have been made prior to the flood and be:

- In writing;
- Witnessed;
- Notarized; and
- Recorded in the public record.

3.7.3 Trust

Property held in trust for the benefit of natural persons can be eligible for Minot-HRP assistance as long as at least one of the occupants at the time of the flood was a current beneficiary of the Trust. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, the beneficiaries with an interest in the damaged property must sign the closing agreement along with the Trustee.

The following is required to confirm eligibility:

- The applicant must provide a copy of the trust document.
- The trust document or an abstract or extract of the trust must be recorded in the conveyance records of Ward County. This recordation in the conveyance records of Ward County may be recorded post-flood if necessary.

The applicable agreements must be executed by trustee(s) unless the trust distributes the property to a beneficiary, in which event, the beneficiary receiving the property



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must execute the applicable agreement and occupy the residence after assistance. If the property was not serving as the primary residence for the current beneficiaries or trustee, the applicant(s) is not eligible for assistance.

3.7.4 Death of Eligible Owner Occupant

If the deceased owner of the damaged address passed away *after* the flood that damaged the home, the income determination will be based on the heir.

If the deceased owner of the damaged address passed away *before* the flood, the heir occupying the property has to meet all eligibility requirements and will be processed for assistance in the same manner as all other applicants.

3.8 Occupancy

The property must have been the applicant's primary residence at the time of the flood. The program verifies primary residency through at least **one** of the methods listed below. All occupancy documentation must be from the time of the flood, in the applicant's or co-applicant's name, and the damaged address:

- Verification by the City that water or sewer services was provided to the owner at the time of the flood.
- Copy of FEMA letter showing payment received for home repairs or contents or insurance document showing content coverage.
- Letter from electric, gas, or other utility service provider. The letter must confirm that service was provided at the time of the flood.
- Other qualified documents may be presented for consideration of proof of occupancy.

3.8.1 Special Circumstances Related to Ownership and Occupancy

- Active duty military personnel who own a flood-damaged home in the eligible jurisdiction but are currently assigned to duty away from their home or were assigned to duty away from their home at the time of the flood are eligible to apply.
- Active military personnel who have sold their home prior to assistance because they were deployed/transferred to a different area are eligible for assistance.
- Applicants who were incapacitated due to being in a nursing home at the time of the flood, must present proof at the time of application to their case manager that they have reoccupied the home.



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3.9 Duplication of Benefits (DOB)

Minot-HRP program will comply with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) as amended, (Stafford Act). This act prohibits any “person, business concern or other entity” from receiving Federal assistance “to the extent such assistance duplicates benefits available to the person for the same purpose from another source.” [42 U.S.C. 5155(a) and (c)] Further, the Minot-HRR will comply with HUD’s Federal Register Notice entitled *Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees* [FR-5582-N-01]. Any funds homeowners have received or were made available to them to repair the structure of their damaged property (this includes but is not limited to private insurance, FEMA, Bank of North Dakota, and/or SBA), must be accounted for when determining the housing assistance award amount. In addition, the program will verify whether an SBA loan was offered but declined by the homeowner. If the offer was declined, the program will be required to determine if the homeowner would have been cost burdened if he or she accepted the loan. . If the homeowner spent funds intended for the repair of their house on anything other than home repairs or temporary housing, the homeowner will have a duplication of benefits (DOB). This will be subtracted from the award amount. For example, if the homeowner received \$50,000 from FEMA and spent the money on medical expenses rather than repairs, the homeowner would have a \$50,000 duplication of benefit.

Funds used to repair the damaged housing structure will not be considered a DOB if substantiated with a valid receipt. In some instances, where the homeowner received FEMA funds and used those funds for temporary housing while displaced from the damaged home, those funds will not be counted as DOB of FEMA assistance. If previously approved for funding assistance but funds are no longer accessible by the homeowner once determined eligible for the program, these funds will not be counted as a DOB per HUD’s DOB guidance. For further detail, please reference the DOB Guideline attached to the document.

3.10 Household Income

The Action Plan states that 49 percent of the monies will be provided to assist non-low to moderate income applicants and 51 percent of the monies will be provided to assist low to moderate income applicants. However, HUD has provided a waiver published in the Federal Register Vol. 79, No. 59, dated Thursday, March 27, 2014 that states 80 percent of the monies will be provided to assist non-low to moderate income applicants and 20 percent of the monies will be provided to assist low to moderate income applicants. In order to comply with HUD regulations, the Program will verify income by asking Applicants to self-certify income based on the chart below.



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HUD Income Level		1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Ward County, ND FY2014	80% of Median Income	\$37,250	\$42,600	\$47,900	\$53,200	\$57,500	\$61,750	\$66,000	\$70,250

3.11 Award Calculation

Each eligible homeowner will be asked to provide receipts documenting repairs made to their primary residence. The program can only reimburse those expenses made during the HUD approved time period which has been determined to be June 23, 2011 through June 22, 2012. Calculations are based on the inputs listed below.

3.11.1 Receipts

Receipts must be for repairs made to the applicant's primary home which was damaged by the 2011 flood. Receipts may be for materials purchased by the homeowner but not for labor if installed by the homeowner. Receipts for labor and materials from contractors are eligible.

Repairs to the home will be inspected by a Program Inspector to verify that the repairs were done. If the repairs required permits and approval by code inspectors, documentation from the homeowner will be required. Repairs for luxury items such as swimming pools, granite countertops, luxury flooring and fixtures will not be reimbursed. However, the program will reimburse for the cost that is necessary and reasonable for a safe and sanitary dwelling. For example, if the reasonable cost of a light fixture is determined to be \$200 and the homeowner replaced the fixture with a \$1,500 crystal chandelier, the program would only reimburse the \$200.

3.11.2 Duplication of Benefits

The following are some sources of funding assistance provided for structural damage and loss that are considered duplication of benefits (DOB): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Increased Cost of Compliance (ICC) and Small Business Administration (SBA). DOB under federal law must be deducted from the assistance to be provided unless receipts can be shown that repairs were made to the home in the amount of the assistance provided. For further information, please see attached DOB policy.

3.11.3 FEMA Individual Assistance (FEMA IA)

FEMA IA will be determined and verified by Minot-HRP through third party verification. If Minot-HRP is unable to verify the FEMA IA amount through third

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party verification, Minot-HRP will use the payment amount provided by the applicant at the time of application. If an applicant is able to provide documentation demonstrating that the FEMA IA amount provided by the FEMA third party verification includes amounts not paid to cover structural loss, Minot-HRP will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

3.11.4 Private Insurance - Hazard and National Flood Insurance Program (NFIP)

All private insurance settlement amounts for loss to dwellings are considered a duplication of benefit and may reduce the amount of disaster assistance. Private insurance payments for contents or other non-dwelling expenses such as fences, storage sheds, etc., are not deducted from the applicant's award.

3.11.5 The Small Business Administration (SBA)

If the SBA has approved loan funds, the assistance is considered a duplication of benefit, (regardless if the applicant accepted partial or full amount available to them) and the amount of the loan is deducted from the disaster assistance award. SBA loans will be determined and verified by Minot-HRP through third party verification. If Minot-HRP is unable to verify the SBA amount through third party verification, Minot-HRP will use the approved loan amount provided by the applicant at the time of application. If an applicant is able to provide documentation demonstrating that the SBA amount provided by third party includes amounts not paid to cover structural loss, Minot-HRP will use the documentation provided by the applicant to adjust the SBA payout amount. The documentation provided by the applicant must come from SBA.

3.11.6 Calculating the Amount of Assistance

Assistance to individual homeowners is determined after factoring in the inputs listed above, subtracting any DOB.

See table of examples below:



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Examples of Calculations	Case #1	Case #2	Case #3	Case #4
Total Assistance Received (SBA, FEMA, etc.)	\$50,000	\$75,000	\$50,000	\$50,000
Total Receipts for Repairs	\$75,000	\$50,000	\$75,000	\$50,000
DOB	-0-	\$25,000	-0-	-0-
Eligible Receipts for the One Year Period after Flood	\$30,000	\$10,000	\$5,000	\$5,000
Total Reimbursement Allowed	\$10,000	-0-	\$5,000	-0-

3.12 Homeowner Responsibilities

Homeowners that complete and sign the Minot-HRP program agreements are responsible for full compliance with terms of the agreements. Such conditions include but are not limited to the following:

- Maintain the home as their primary residence for a period of at least one (1) year after reimbursement.
- Maintain home insurance coverage, inclusive of hazard and flood insurance for a period of one year after reimbursement.
- Keep current on all property taxes and special assessments or have a tax deferral, tax exemption or be current on an approved repayment plan.

4.0 Minot-HRP Funding Priorities

4.1 The City of Minot Responsibilities

Minot is responsible for the day to day management of the Program. The Minot-HRP staff and through their consultant will determine homeowner eligibility and verify income. The Program staff will be responsible for processing applications, conducting inspections, determining award amounts and processing requests for payments. The Minot local code officials are responsible for inspecting for local code compliance.

4.2 Program Priorities

There are no priorities for the HRP program. The program will be administered on a first come, first serve basis based on availability of funds in each category, LMI and Non-LMI. Should demand for the program exceed the five million dollars (\$5,000,000)



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budgeted for this program, the City of Minot will consider amending the budget to accommodate additional reimbursements.

5.0 Environmental Review and Clearance

All activities funded with CDBG-DR funds must have had an environmental review (ER) and received clearance to expend funds on the activity. The regulations for meeting HUD's environmental review requirements can be found at 24 CFR Part 58.

The Minot-HRP program will follow a tiered ER process which allows for an initial "broad" review of all environmental factors that will be shared by properties in a given geographic area. Based on this broad review, the funds will be released for the Program activity contingent upon completing a "site specific" review once a potential property is identified and determined eligible for the Program. Site specific ERs will identify any above ground hazards, flood plains, historic properties, and noise issues when applicable.

A site specific ER must be completed for each property prior to project bidding or taking any choice limiting actions. For further detail of the ER process, please reference the ER procedures for the Minot Disaster Program.

HUD's guidance for the reimbursement of funds for rehabilitation costs states, "Assistance provided for an applicant's incurred rehabilitation costs may be exempt from the Lead Safe Housing Rule if the unit falls within a regulatory exemption set forth at 24 CFR 35.115. The housing units fall within the following exemption:

"The CDBG-DR applicant undertook CDBG-eligible activities that qualify as emergency actions immediately necessary to safeguard against imminent danger to human life, health or safety, or to protect the property from further structural damage due to natural disaster, fire or structural collapse. This exemption applies only "to repairs necessary to respond to the emergency" as provided in 24 CFR 35.115(a)(9). "

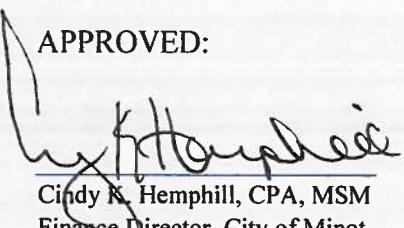
6.0 Appeals Process

The Appeal Process provides persons applying to the Minot-HRP the opportunity to have their award amount reviewed to ensure that the correct amounts were used in deriving the award amount. Minot-HRP will not change policies or laws set forth by the City of Minot or the federal government. For further details, please see the Minot-HRP Appeals Procedure attached to this document.



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APPROVED:



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10 nov 14

Date

