

ORDINANCE NO. 23, 2017

AN ORDINANCE TO AMEND ~~THE~~ THE PROCEDURES AND QUALIFICATIONS FOR THE LOW INCOME REHABILITATION LOANS TO CITIZENS OF THE VILLAGE OF ST. BERNARD AS ESTABLISHED BY ORDINANCE NO. 9, 1976, AS AMENDED IN ORDINANCE NO. 2, 1977 AND ORDINANCE NO. 12, 1978 AND DECLARING AN EMERGENCY

BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF ST. BERNARD, STATE OF OHIO:

SECTION 1. The Village Council for the Village of St. Bernard hereby amends Ordinance No. 9 1976, as amended by Ordinance No. 2 1977 and Ordinance No. 12 1978, to read as follows:

SECTION I OBJECTIVES

A. Basic Objectives

To assist low and moderate income families, individuals and elderly home owners, who are spending a disproportionate amount of their income for housing expenses, to make those housing improvements as ordered by the Department of Building, Development and Planning which requires the home owner to comply with the minimum standards of the St. Bernard Property Maintenance Code.

SECTION II LOAN PROCEDURES

A. Requirements Applicable to Every Loan.

In order to be eligible for a Rehabilitation Loan, the applicant must:

1. Show adequate financial capacity to the Village to repay the loan with a regular source of income, e.g. regular employment, social security, pension, rent or investments.
2. To be eligible for a rehabilitation loan the applicant must have a gross annual income from all sources which shall be less than 125% of the median income for the Cincinnati Metropolitan area as established from time to time by the Federal Bureau of Labor Statistics, provided, however, that priority shall be given to those with lower incomes than the maximum.
3. To be eligible for a rehabilitation loan, the applicant must be an individual or family who owns and occupies a one-family dwelling or owns a two-family dwelling and occupies one of said dwellings.
4. Provide to the Mayor's Advisory Board a copy of the orders issued by the Building Department for compliance with the Village's Property Maintenance Code.

B. Terms and Conditions Under Which Rehabilitation Loans Are Made.

1. The interest charged on any loans shall be at a rate of three percent (3%) per annum with a maximum term of twenty (20) years.
2. The amount of the loan is limited to \$5,000 for a one-family dwelling and \$7,500 for a two-family dwelling.

3. The maximum debt limitation on the property including any existing liens and/or mortgages may not exceed ninety-seven (97) percent of the "As Is" estimated value of the property before rehabilitation including the estimated cost of the rehabilitation.
4. Security in the forms of a recorded mortgage or lien may be required.
5. In the event the repayment of a Rehabilitation Loan would cause monthly housing expenses to exceed 30% of the owner's income, the payments for the part that would cause the housing expenses to exceed 30% of the income, would be deferred to be paid with interest at the time of the sale of the property or to be paid by the estate of the borrower. Awarding of these temporary grants shall be made by the Mayor's Advisory Board.
6. All rehabilitation loan mortgages under this program are of an "open end" type, and upon recommendation by the Mayor's Advisory Board, the initial mortgage amount may be increased to provide for major maintenance/repair costs.

C. Assurance That Rehabilitation Will Be Completed.

If the Rehabilitation Loan will not be sufficient to pay for the rehabilitation cost, it will be necessary to have a firm commitment from a recognized lending institution for the balance required, or additional funds from another source to be placed in escrow at the loan closing.

D. Costs Includable in a Rehabilitation Loan.

1. A loan may be made to cover the cost of rehabilitation necessary to ensure that a property conforms to decent, safe and sanitary housing as required by minimum standards of the St. Bernard Property Maintenance Code.
2. A loan may include necessary processing costs, e.g., title reports, appraisal fees, escrow accounts, recording fees, title insurance, etc.
3. A loan may include costs for rehabilitation items that are not required by the minimum standards of the St. Bernard Property Maintenance Code but will generally improve the property. The cost of these items may not exceed thirty percent (30%) of the total loan, if approved by the Mayor's Advisory Board.

E. Costs Not Includable

A Rehabilitation Loan shall not provide for construction of new buildings or refinancing of existing indebtedness. It may provide for other improvements if necessary to meet the requirements of other applicable codes or ordinances.

F. Cancellation

1. An application for loan can be cancelled by the applicant at any time prior to the closing by submitting a request in writing to the Mayor's Advisory Board. To show good faith the applicant shall, upon promise of loan by the Village, deposit one hundred and fifty (\$150.00) dollars and sign a note accepting the loan and promising to pay all administrative costs incurred.
2. An application for a loan may be cancelled by the Mayor's Advisory Board with written explanation to the applicant. This will not prohibit the applicant from submitting a new application.

3. A loan may be cancelled at any time by the applicant by repaying all of the utilized funds plus any servicing and administrative costs incurred.

4. A loan may be cancelled upon recommendation from the Mayor's Advisory Board if rehabilitation work has not commenced within 60 days from the loan closing because of the applicants' failure to commence work.

G. Rehabilitation Loan Conditions.

The applicant shall agree to abide by the following terms and conditions to:

1. Comply with all requirements with respect to the Civil Rights Act, to not discriminate upon the basis of race, color, creed, or national origin in sale, lease, rental use, or occupancy of the subject property, or the selection of a contractor to complete the rehabilitation work.

2. Assure that the rehabilitation work shall be carried out promptly and efficiently through written contract, with prior concurrence of the Director of Building Development and Planning.

3. Inspection by the Building Department of the property, the rehabilitation work, and all contracts, materials, equipment, and conditions.

4. Maintain the property and permit the Director of Building Development and Planning or his designee to annually inspect the property during the term of the loan.

5. Maintain an escrow account to pay for real estate taxes and hazard insurance on the property at the option of the Mayor's Advisory Board.

6. Maintain an escrow account for keeping the property in compliance with the applicable codes and ordinances during the life of the mortgage not to exceed 10% of the loan payment at the option of the Mayor's Advisory Board.

7. Provide security for the loan in the form of a mortgage or lien. A subordinate lien is acceptable if it provides adequate security. This condition may be waived upon recommendation of the Mayor's Advisory Board.

H. Property Appraisal

1. An "As-Is Appraisal" shall be required when deemed necessary for determining feasibility of a loan.

2. As-Is Appraisals may be made by the Director of Building Development and Planning or by a recognized competent appraiser when deemed necessary by the Director of Building Development and Planning.

I. Determining Work To Be Done With Rehabilitation Loan.

1. The Director of Building Development and Planning or his designee shall inspect the property and prepare an inspection report that identified each deficiency which may be corrected through rehabilitation loan funds.

2. The Director of Building Development and Planning or his designee shall prepare a Work-Write-Up based on the property inspection report which is reviewed with the owner for completeness and accuracy.

3. If all requirements and conditions are met for the applicant to receive a loan, the specifications will be prepared from the Work-Write-Up and the Director

of Building Development and Planning or his designee will assist the applicant in obtaining three bids.

J. Rehabilitation Contractors.

1. A contractor selected to complete the rehabilitation work financed through the Loan Fund shall be of good reputation, financially sound, have adequate financial resources to carry out his bid and proposal, and be qualified to do the required work. It is recommended that the applicant obtain the contractor. A performance bond shall be required.

2. A contractor who, in the opinion of the Director of Building Development and Planning, is unqualified to do the required work or is not financially sound may be prohibited from bidding on rehabilitation work to be financed through the Loan Fund.

K. Award of Construction Contract.

1. The contract shall be awarded by having the applicant for the Rehabilitation Loan select a bidder and properly execute the contract with the assistance of the Director of Building Development and Planning or his designee.

2. If a bid other than the low bid is selected, the applicant will submit a signed statement as to the reason for the selection.

3. Bids must be acceptable to the Director of Building Development and Planning.

SECTION III Mayor's Advisory Board

A. Advisory Outlets.

The existing Mayor's Advisory Board of St. Bernard shall serve in an advisory capacity to the Village for the administration of the rehabilitation loan program.

The Board shall advise the Director of Building Development and Planning as to:

1. Policy guidelines
2. Regulations of the program
3. Utilization of local funds relating to other State, Federal and local programs that may be available in the future.
4. Provide guidance as to the optional escrow accounts noted in sections G5 &

B. Review of Applications.

The Mayor's Advisory Board shall review applications for Rehabilitation Loans from the Loan Fund that do not conform to the requirements established for normal processing. They are to recommend approval or rejection of such applications. The Board will also make recommendations for settling disputes between contractors and property owners when no satisfactory arrangements can otherwise be made.

C. Appeals.

The Director of Building Development and Planning shall present all appeal cases for review to the Mayor's Advisory Board, using such witnesses as may be necessary.

SECTION IV LOAN FUNDS

A. Investments.

Rehabilitation Loan Funds obtained from any source, including Community Development funds if available, shall be invested, along with the income derived there from, plus repayment funds from outstanding loans, in accordance with prudent practices and all applicable rules and regulations of the Village governing same. The Village Auditor shall be responsible for the investment of loan funds.

B. Servicing Loans.

Through a contractual agreement, the Village Auditor will arrange for a local lending institution, or institutions, to service the rehabilitation loan accounts for a fee. The servicing agent will establish and maintain a separate account for each borrower who has received a Rehabilitation Loan. The agent will be responsible for collecting the monthly loan payments and processing the account in accordance with established procedures followed by such servicing agents and will report on the account the Village Auditor on a regular basis.

SECTION V MISCELLANEOUS PROVISIONS

A. Legal Authority.

Legal Authority for the Rehabilitation Loan Fund shall be required by ordinance of Village Council.

B. Supplemental Rules and Regulations.

The Director of Building Development and Planning is hereby authorized and empowered to make such rules and regulations as may be necessary and proper, in such form or manner to put into full force and effect all the provisions of this Loan Fund provided that such rules and regulations shall relate to administrative requirements only and shall not alter the basic eligibility or financial aid, without an amending ordinance by Village Council.

C. Definitions.

1. "Income" where referred to in these Procedures shall mean gross income from all sources.

2. "As-Is Appraisal" is the highest price which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used.

3. "Housing Expenses" shall be existing indebtedness payments plus the real estate taxes, hazard and mortgage insurance and average utilities cost.

Section 2. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety. The reason for the emergency is to make changes to this section of the Codified Ordinances as soon as possible. Therefore, this Ordinance shall take effect immediately by and upon its passage, and the approval of two-thirds of the members of said Council. However, this Ordinance shall take effect on the earliest date provided by law if approved by no more than a majority of the members of Council and in that event the emergency provisions herein are set at naught.

Passed this 2nd day of November, 2017.

Stev Asbach
President of Council - Pro-Tem

ATTEST:

M. Sue Kathman
Clerk of Council

Approved this 2nd day of November, 2017.

John R. Estep
Mayor

I, M. SUE KATHMAN, CLERK OF COUNCIL, VILLAGE OF ST. BERNARD, STATE OF OHIO, DO HEREBY testify that the publication of Ordinance No. 23, 2017, was made by posting true copies of the same in the most public places designated by Council: St. Bernard Square Bus Stop; Vine Street and Washington Avenue; Bertus Street Park; Greenlee Avenue and Johnson Alley; Sullivan Avenue and Delmar Avenue; each for a period of fifteen (15) days or more commencing 11-2, 2017.

ATTEST: M. Sue Kathman DATE 11-2-17
Clerk of Council

Approved as to form Michael W. Peck Date 11-2-17
Director of Law