

TOWNSHIP OF BYRAM
HOUSING REHABILITATION PROGRAM
(BHRP)

OPERATING MANUAL

SEPTEMBER 2019



TABLE OF CONTENTS

Introduction.....	1
A. Purpose of Byram Housing Rehabilitation Program	
B. Fair Housing and Equal Housing Opportunities	
Section I. Eligible Participants	2
A. Categories of Participants	
B. Income Limits for Participation	
C. Target Neighborhood	
D. Certification of Substandard	
E. Ineligible Properties Requiring Extensive Repairs	
Section II. Available Benefits.....	3
A. Program Financing - Owner and Renter-Occupied Units	
B. Emergency Assistance Parameters	
C. Program Affordability Controls	
D. Owner-occupied Affordability Controls	
E. Renter-occupied Affordability Controls	
Section III. Eligible Property Improvements.....	5
A. Eligible Improvements	
B. Ineligible Improvements	
C. Rehabilitation Standards	
D. Certification of Standard	
Section IV. Overview of Administrative Procedures.....	6
A. Application/Interview	
B. Income Eligibility and Program Certification	
C. Housing Inspection/Substandard Certification	
D. Work Writeup and Cost Estimate	
E. Contractor Quoting Negotiations	
F. Contract Signing/Pre-Construction Conference	
G. Progress Inspections	
H. Change Orders	
I. Payment Schedule	
J. Appeal Process	
K. Final Inspection	
L. Recording Mortgage, Mortgage Note and Restricted Covenant	
M. Case Closing	
Section V. Procedure for Income-Eligibility Certification	10
A. Eligible Income & Ineligible Income	
B. Completion of Household Eligibility Determination Form	
C. Records Documenting Household Composition and Circumstances	
D. Verification Documentation Required	
E. Certification of Household Income Eligibility	

Section VI. Contractor Related Procedures	13
A. Standards for Contractor Selection	
B. Number of Quotes Required	
C. Contractor Requirements - Work Schedule and Agreement	
Section VII. Maintenance of Records and Client Files	13
A. Files To Be Maintained on Every Client	
B. Rehabilitation Log	
C. Monitoring Information	
Section VIII. Program Marketing	14
A. Marketing Methods	
B. Prioritization of Respondents	
Section IX. Rental Procedures	15
A. Fair Housing and Equal Housing Opportunity Requirements	
B. Overview of the Affordable Housing Administration Process for Rental Units	
C. Roles and Responsibilities	
D. Affirmative Marketing (Copy of Approved Affirmative Marketing Plan)	
E. Random Selection & Applicant Pool(s)	
F. Matching Households To Available Units	
G. Application Fees	
H. Maximum Monthly Payments	
I. Housing Counseling	
J. The Applicant Interview	
K. Approving or Rejecting a Household	
L. Basis for Dismissal of Applications	
M. Appeals	
N. Determining Affordable Rents	
O. Determining Rent Increases	
P. Application fees for Affordable Rental Units	
Q. Violations, Defaults and Remedies	
R. Maintenance of Records for Rental Program	
S. List Documents to be Filed	
T. Monitoring Information Required	
Section X. Subordination of Program Mortgages	26

Appendices

- A. Current Annual Regional Income Limits Chart
- B. Pre-Application for Rehabilitation Assistance
- C. Owner Occupant Loan Application Package
- D. Rental Rehabilitation Loan Application - owner
- E. Rental Rehabilitation Loan Application Tenant
- F. Case File Checklist
- G. Income Cover Sheet
- H. Owner Occupied Approval Letter
- I. Rental Property Eligibility Work Sheet
- J. Rental Approval Letter
- K. Certification of Substandard
- L. Borrower's Agreement
- M. Rental Borrower's Agreement
- N. Subordination Policy Instructions
- O. Sample Final Work Writeup and Cost Estimate
- P. Owners Acceptance of Work Writeup
- Q. Request for Rehabilitation Quote and Quote Announcement (Not Used)
- R. Quoting Procedures and Contractor Responsibilities (Not Used)
- S. Quote Acceptance Form (Not Used)
- T. General Contractor Application
- U. Quote Spread Sheet (Not Used)
- V. Notice to Proceed (Not Used)
- W. Construction Agreement
- X. Construction Agreement Addendum – Change Order Format
- Y. Right of Entry Document (Not Used)
- Z. Description of Work to be Performed (See O = Sample final Work Writeup)
- AA. Standard Specifications (Enterprise Foundation 1995. COAH Standard Specs 2007)
- BB. Mortgage
- CC. Mortgage Note
- DD. Rental Mortgage
- EE. Rental Mortgage Note
- FF. Deed Restriction for Rental Units – Affordable Housing Agreement – Rental Properties
- GG. Restrictive Covenant (not in COAH draft)
- HH. Change Order Authorization (See X above - Change Order Format)
- II. Contractor's Final Invoice, Release of Liens, and Warranty (Not Used)
- JJ. Homeowner's Statement of Satisfaction – Program Release of Payment template
- KK. Certification of Standard by Construction Code Official
- LL. Program Brochure (See B above-Pre-Application for Rehabilitation Assistance)
- MM. Program Flyer (See B above-Pre-Application for Rehabilitation Assistance)
- NN. List of Pre-Qualified Contractors (Not Used)
- For Rental Program**
- OO. Annual Illustrative Rents By Housing Region (Not currently available)
- PP. Affirmative Marketing Plan (to be supplied by Byram Township)
- QQ. List of HUD-Certified Housing Counseling Agencies
- RR. Appendix K - Certification of Applicant for Rental Unit
- SS. Administrative Agent's fee schedule for rent-up and re-rental after vacancies (none)

INTRODUCTION

This Rehabilitation Program Operating Manual has been prepared to assist in the administration of Byram Township's Affordable Housing Rehabilitation Program. It will serve as a guide to the program staff and clients.

This manual examines program purposes, describes the basic content and operation of the program, and provides the guidelines for implementing the program. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations and/or procedures.

This manual explains the steps in the rehabilitation process. It describes the eligibility requirements for participation in the program, program criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall program administration.

The following represents the procedures developed to offer an applicant the opportunity to apply to the program.

A. Purpose of the Byram Housing Rehabilitation Program

The purpose of the Byram Housing Rehabilitation Program is to fulfill the rehabilitation portion of the Fair Housing obligations of Byram Township under the NJ Fair Housing Act and the Township's Housing Element and Fair Share Plan as submitted to and approved by the Superior Court.

B. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 609-292-4605 or 973-648-2700 or online at <http://www.nj.gov/oag/dcr/localcontact.html>

SECTION I. ELIGIBLE PARTICIPANTS

A. Categories of Participants

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be low- or moderate-income households and that the units are determined to be substandard (requiring repair or replacement of at least one, State-defined major system). Priority is given to owner-occupants of multi-family properties who are, themselves, low or moderate-income households.

If a structure contains two or more units and an owner, who applies for program assistance and is income eligible, occupies one of the units, funding may be provided for the rehabilitation of the owner's unit but not the other unit(s) if income-eligible households do not occupy those units or the owner chooses not to include those units in the Program. If the rehabilitation of the owner's unit includes items that benefit the unit(s) of the non-certified tenants, (such as the roof, a furnace serving both units, an electric service serving both units, a common entranceway to both units, etc.) then the owner would have to agree to pay a proportional share of the cost of those repairs privately and in advance of the commencement of work.

If a structure contains two or more units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units if income-eligible tenant households occupy those units and the owner chooses to include those units in the Program. If the rehabilitation of the rental units includes items that benefit the unit of the non-certified owner or other non-certified tenants, (such as the roof, a furnace serving both units, an electric service serving both units, a common entranceway to both units, etc.) then the owner would have to agree to pay a proportional share of the cost of those repairs privately and in advance of the commencement of work.

If a structure contains two or more units and the owner is directly related to all of the tenants and those tenants have legal tenancy rights to their apartments for at least 10 years, and the owner and family tenant households are all found to be income eligible, then Program funding may be provided for the rehabilitation of all of the units.

Rent plus utilities in assisted rental units must not exceed current State guidelines for affordable rental units in Sussex County.

B. Income Limits for Participation

The occupants of the units assisted under the rehabilitation program must have incomes that fall within the income guidelines established for Sussex County by the Court. These limits are revised annually as figures are made available. The current income limits can be found in Appendix A.

C. Program Target Area

This is a municipal-wide program. The rehabilitation property can be located anywhere within Byram Township.

D. Certification of Substandard Property

Current or incipient property maintenance code violations will be determined by an inspection conducted by the Program Inspector. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating and Central Air Conditioning unit(s)
4. Electrical
5. Sanitary plumbing (including septic)
6. Load bearing systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

E. Ineligible Properties

The municipality may disqualify properties requiring excessive repairs to meet property maintenance standards. If the estimated or lowest quoted cost of repairs exceeds the maximum Program loan available (including hardship) or the applicant does not have the means to cover all of the repairs required to meet property maintenance standards, then the municipality may exclude the property from the program.

Additionally, if a property does not require a minimum of \$10,000 in rehabilitation work, the municipality may exclude the property from the program.

Properties subject to a reverse mortgage are ineligible.

SECTION II. AVAILABLE BENEFITS

A. Program Financing

Up to \$17,000 per unit may be available for improvements to eligible owner-occupied and renter-occupied units. A Program loan must include the repair or replacement of one of the home's major systems defined in Section I-D, above. Program rehabilitation loans will be 0% interest, deferred payment loans with no monthly payments. The loan principal is to be repaid only when the home is sold or title transferred.

If an owner-occupied or assisted rental housing unit is sold or title transferred for any reason within the 10-year period following the final inspection and Release of Funds for its rehabilitation project, the principal amount of the loan, plus an administrative fee of 10% of the final Program loan amount, shall be repaid by the borrower and used by the Township to rehabilitate another housing unit. Repayment of the loan may be avoided if the unit is sold or title transferred to a low or moderate-income household (including a family member) at an affordable price pursuant to N.J.A.C. 5:97-9 and the procedures listed below under affordability controls and the buyer completes the standard income eligibility process, for a fee to be determined by the Township, and executes a new Note and Mortgage loan repayment obligation.

B. Emergency Assistance Parameters

Owners of units with code deficiencies that present a health or safety threat to their occupants as certified by the Township Construction Official or Health Official may receive expedited treatment under this program. The applicant requiring emergency assistance may be served immediately, regardless of their place on the Waiting List. Income eligibility guidelines will be observed, but the development of contractor quotes may be expedited by having a single contractor familiar with the program present at the initial property inspection and, with the client' permission, allowing for the emergency work to be contracted for on a single quote basis.

Program Affordability Controls

Ten-year controls on affordability on both owner-occupied units and rental units are required by the State and will be reflected in the appropriate Program documents.

Owner income will not be reexamined at any time after Program completion. Renter income needs to meet State income guidelines at time of lease of an affordable unit.

Owners who pass title to their property for a nominal \$1.00 fee to a related household who, before closing, agrees to submit the required documentation to demonstrate Program income eligibility and whose income is determined to make them eligible for Byram housing rehabilitation program assistance, need not repay the loan if the now income-eligible household accepting title also executes a new program Note and Mortgage accepting liability for the existing Program lien, allowing the Township to agree to postpone collecting the loan and allow the new affordable owner to assume the deferred payment loan and postpone payment until that person passes title to the next owner. The Township will assess the new owner a fee for the required income eligibility assessment.

C. Owner-occupied Affordability Controls

On owner-occupied units, the controls on affordability will be in the form of a lien filed on the property's deed.

D. Renter-occupied Affordability Controls

For rental units, the controls on affordability shall be in the form of a deed restriction and will also include a lien. If a rental unit is vacant during rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit to be rented to a low-or moderate-income household at an affordable price and affirmatively marketed. Rents in rehabilitated units may increase annually based on the rent increase limits approved by the Court. It shall be required that the initial rent-up and/or the re-rental(s) of assisted affordable rental units during the term of renter-occupied affordability controls be done through the Township or it's designated Program Administrative Agent. The Administrative Agent will implement the Affirmative Fair Marketing, maintain the pool of interested tenants, conduct the lotteries to determine priority, complete applicant income certifications, assign waiting list households to units that become available based on household size and low/moderate income split, and assign the maximum rent allowable for the assigned client tenant. (HAS NJHMFA handles rental units in Byram)

SECTION III. ELIGIBLE PROPERTY IMPROVEMENTS

A. Eligible Improvements

Housing rehabilitation funds may be used only for repair or replacement of building systems necessary to bring a unit into compliance with the municipal property maintenance code, as well as any other repairs of incipient property maintenance code violations of major systems, as well as related cosmetic work that is reasonable and deemed necessary or is related to the necessary repairs.

A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating and air conditioning units
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement (including decks whose steps provide a safety exit from the house to the ground)
- Porch repair
- Wall surface repair
- Painting (interior and/or exterior)
- Carpet or flooring replacement
- Exterior rain carrying system repair
- Garage doors of attached garages
- Handicap accessibility improvements, interior and exterior

None of the housing rehabilitation funds may be used for remodeling or upgrading the home of a client. Eligible work includes only the repair or replacement of existing elements in the home or apartment.

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to higher than mid-grade improvements, improvements which are strictly cosmetic, custom tile work, remodeling, alterations, additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (decks, patios, detached garage, shed, barn, etc.), furnishings, pools, sidewalks, driveways and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies shall be corrected and the unit shall comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode (N.J.A.C. 5:23-6). In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode shall apply. For projects that require construction permits, the rehabilitated unit shall not be considered complete before the date of final approval pursuant to the Uniform Construction Code.

Improvements approved under the Program shall be based on the cost of mid-grade fixtures, appliances and materials. No upgrades from this standard shall be allowed.

D. Certification of Standard

All work done in a participating unit must be in compliance with the standards of the property maintenance code. The program inspector certifies that structures repaired with rehabilitation funds are free of any code violations.

SECTION IV. OVERVIEW OF ADMINISTRATIVE PROCEDURES

A. Application/Interview

Property owners interested in participating in the housing rehabilitation program may submit preliminary applications to the program staff. Preliminary applications are available at the following locations:

Municipal website - <https://www.byramtwp.org>

Municipal Building - 10 Mansfield Drive, Stanhope, NJ 07874

Preapplications will be added to the Program Waiting List in the chronological order in which they are received and applicants will be invited into the program, sufficient funding being available, in that same order.

When the turn of an applicant on the Waiting List is reached, a full loan application package will be mailed to the applicant. Program staff will assist clients in completing the required loan application documentation. Applicants for rental rehabilitation funding must provide evidence of the income eligibility of the occupants of the units (if occupied).

B. Income Eligibility and Program Certification

For the households seeking a determination of income eligibility, both owner-occupants and renter-occupants, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below. Client data confidentiality will be maintained at all stages of the Program.

Property owners of both owner-occupied and renter-occupied units must submit the following documentation:

- Copy of the deed to the property.
- Proof that all mortgage(s) payments are current and that mortgage principal outstanding is not currently greater than the value of the property.
- Proof that property taxes and all municipal utility bills are paid current.
- Proof of property insurance, including liability, fire and flood insurance where necessary.

If, after review of the income documentation submitted, an applicant is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if the applicant's or any tenants' income exceeds the adopted income limits. An applicant may also be ineligible if it is determined that the outstanding mortgage debt on the property exceeds the current value of the property.

After the submission of all required loan application documents has substantiated that the occupant is income-eligible, an Eligibility Certification letter will be sent to the client.

Eligibility will remain valid for six months. Under extenuating circumstances and where requested in writing, a waiver may be granted by the Program to extend a client's eligibility period.

C. Housing Inspection/Substandard Certification

Once determined eligible, the program staff will make an appointment to inspect the entire residential property with the owner.

The program inspector will inspect the house and certify that at least one major system is substandard in each unit to be rehabilitated. All other required and eligible repairs would be identified.

If, after review of the property documentation submitted and the inspection report and/or work Writeup, a client's property is determined to be ineligible, the program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

- Property does not need sufficient repairs to meet eligibility requirements.
- Property is in such disrepair that the program cannot bring it up to code standard.
- Total mortgage debt on the property exceeds the current value of the property.
- Real estate taxes are in arrears.
- Proof of property insurance not submitted.

The owner of any property requiring structural repairs must secure and pay for Township-approved engineering and/or architectural plans for the structural repairs required. The Program will not be responsible for analyzing, designing or authorizing structural repairs to a property. Failure to provide the Program with Township-approved engineering and/or architectural plans for the structural repairs required may make the property ineligible for the Program.

If, after completing the inspection, a client's property is determined to be eligible, the Program Inspector will then complete the Initial Writeup.

D. Initial Writeup

The program staff will next prepare an Initial Writeup and cost estimate. This Initial Writeup will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifications on the work methods and materials to be used. The program staff will submit the Initial Writeup to the property owner for their review and required written approval. Changes to the Initial Writeup can be requested by the homeowner and made by the Program prior to the Homeowner providing written approval. Once a homeowner provides the required written approval of an Initial Writeup, no further changes to the case Writeup can be made.

Only required repairs to units occupied by income eligible households will be funded through the housing rehabilitation program.

E. Contractor Quoting Procedures

After the unit and the unit occupant have been certified as eligible, and the owner has provided written approval of the Initial Writeup, the program staff will solicit competitive quotes from at least two general home improvement contractors. The program staff will then review these quotes and inform the homeowner of the results. The contractor submitting the lowest responsible quote shall then be selected for the job. If the property owner wishes to use a contractor other than the lowest responsible quoter, the Program shall set the Program loan at the price of the low quote and the property owner shall pay the difference between the lower quote price and the quote price of the selected contractor. The payment of any Homeowner share must occur prior to the commencement of work.

If the low quote is higher than the \$17,000 maximum program loan amount, the homeowner can choose to either eliminate non-essential items from the Writeup that brings the low quote to or below the \$17,000 maximum or pay any excess amount over the \$17,000 from their own resources. The payment of any Homeowner share must occur prior to the commencement of work.

Homeowners will be notified starting early in the income certification process that they are welcome to contact general contractors of their choice who would be willing to work within the program guidelines to submit a quote on their job. It shall be a policy of the program to encourage the participation of all interested qualified home improvement general contractors, especially local contractors. However the Program must pre-approve a contractor prior to their being invited to submit a quote.

F. Contract Signing/Pre-Construction Conference

The Contractor Agreement will be prepared by the program staff, as well as the Note, Mortgage and Deferred Loan Agreement covering all the required terms and conditions. The program staff will then call a Contract Signing/Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s), Mortgage and Mortgage Note, and Deferred Loan Agreement (owners of rental units will also sign the restrictive covenants called for under the program). The property owner, program staff representative, and contractor will execute the appropriate documents and copies will be provided

to the homeowner, as appropriate. A staff member will outline project procedures to which property owner and contractor must adhere. The Contractors Agreement will generally authorize that the work be totally completed within ninety (90) days from the contract execution date.

G. Progress Inspections

The program staff will respond to owner or contractor issues raised during the course of construction including making inspections, as needed, to monitor the progress of property improvements and resolve disputes. It is the contractor's responsibility to obtain all necessary construction permits in compliance with New Jersey Uniform Construction Code (NJ UCC), to notify the Building Inspector before closing up walls on plumbing and electrical improvements, and to schedule and pass all required final NJ UCC inspections prior to the final inspection by the Program inspector. It is the owner's responsibility to notify the program promptly if there are any unresolved issues with the contractor.

H. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the described repair needs to be amended, the program inspector will consult with the contractor and homeowner and, once all 3 parties are in agreement on scope of additional work and price, approve a change order for the work to be done, along with the homeowner. Additionally, if the additional cost is to be paid by a larger Program loan, new loan documents will be executed reflecting the increase. At no time can the total maximum loan amount exceed \$17,000.

I. Payment Schedule

The contract will provide for one lump sum payment to the contractor at the completion and final inspection of the project. Any interim payment required by special circumstances will be handled on a case-by-case basis with Township approval.

The contractor will submit a payment request to Program Staff along with all final NJ UCC final approvals. The Program Inspector and the client will sign a Release of Funds (payment approval) following a final inspection if both the client and program inspector are satisfied with the work performed and all final NJ UCC municipal inspections have been completed. The municipality will then release payment to the contractor from the client's loan proceeds.

J. Conflict Resolution

If a client does not approve a payment that the Program Inspector has approved, the decision of the Program Inspector will be binding on both the client and the contractor, as will have been indicated in the program documents signed by the Homeowner

K. Final Inspection

Upon notification by the contractor that all work is complete a final inspection shall be conducted. The contractor shall be present at the final inspection to agree to any final punch list items that may remain. Where punch list items are identified, a subsequent Final Inspection will be required.

L. Record Restricted Covenant and Mortgage Documentation

Program staff will file the executed Restricted Covenant (for rental projects) and the Program Mortgage with the County Clerk.

M. File Closing - Client Confidentiality

After the final payment is made and all necessary documents are recorded, the client's file will be closed by the program staff. All client files will be held by the Program Coordinator until the municipality requests that they be transferred to the Township Affordable Housing Office. Client confidentiality will be maintained at all stages of the Program.

SECTION V. PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION

A. Complete Household Income Eligibility Determination Forms

The program staff shall require each member of an applicant household who is 18 years of age or older to provide documentation to verify their income. Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

- Four most recent consecutive pay stubs, including bonuses, overtime or tips, or a certified letter from each employer stating the present annual income figure or if self-employed, a current certified business Profit & Loss Statement and Balance Sheet.
- Copies of Federal and State income tax returns for each of the preceding 3 years.
- A letter or appropriate reporting form verifying benefits such as:
 - Social Security or SSI – Current award letter or computer print out letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF- (Temporary Assistance for Needy Families) current award letter
 - Disability - Worker's compensation letter
 - Pension income (monthly or annually) – a pension letter or recent statement
- A letter or appropriate documentation form verifying any other regular sources of income claimed by the applicant, such as family transfers, alimony or child support.
- Current reports of savings and checking accounts (bank statement and passbook copies) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds. For brokerage accounts – most recent statements.
- Evidence or reports of income from directly held assets, such as real estate or businesses.
- Interest in a corporation or partnership – Signed Federal and State tax returns for each of the preceding three tax years and proof of ownership share of profits.
- Current reports of assets – Market Value Appraisal or realtor Comparative Market Analysis and bank/mortgage co. statement indicating current mortgage balance. For rental property attach copies of all leases.

All required documentation must be submitted no later than 45 days from the date that the full loan application packet is mailed to the applicant. After 45 days, the applicant's loan application will be put on a "hold" status. Applicants wishing to complete their loan applications after the 45-day period expires will be reconsidered on a case-by-case basis, available funding considered.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF (Temporary Assistance for Needy Families)
8. Child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance and reasonable property management expenses as reported to the Internal Revenue Service.
13. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of persons enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current weekly/monthly gross income of the applicant is used to project that income over the next 12 months.

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household who is enrolled in a degree-seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the Program Administrator should determine the imputed interest from the value of the property. The Program Administrator should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

NOTE: There is no asset test for a rehabilitation program.

SECTION VI. CONTRACTOR RELATED PROCEDURES

A. Contractor Selection

Contractors must apply to the program staff to be placed on the pre-approved contractors list. Contractors seeking inclusion on the list must submit references from at least three recent general contracting jobs. If the contractor is listed on any online sites that allow for client feedback, those sites may also be consulted. Any contractor found to have poor workmanship or poor customer relations skills will be removed from the pre-approved contractors list. Contractors must carry workmen's compensation coverage and liability insurance of at least \$500,000 per occurrence per the current NJ Contractor's Registration Act. Only licensed tradesmen will be permitted to perform specialty subcontractor work such as plumbing, heating and electrical. A NJ Home Improvement Contractors registration and a NJ Business Registration are required.

B. Number of Proposals Required

Quotes will be received from a minimum of two pre-approved general contractors. Property owners may not select contractors who have not been pre-approved. The approved work Writeup will be submitted to the selected contractors by the program staff. The contract will be awarded to the lowest quoter. If the property owner wishes to use a contractor other than the lowest responsible quoter, the Program shall set the Program loan at the price of the low quote and the property owner shall pay the difference between the lower quote price and the quote price of the selected contractor. The payment of any Homeowner share must occur prior to the commencement of work.

SECTION VII. MAINTENANCE OF RECORDS

A. Files To Be Maintained on Every Client

The program staff will maintain paper and/or digital files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Preapplication Form
- Tenant Information Form (Rental Units Only)
- Copy of property deed and insurance certification
- Income verification materials
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of clients approved for the program will also contain the following additional documentation:

- Housing Inspection Report and Initial Writeup
- Property owner approval of Initial Writeup.
- Approved Initial Writeup, Closing Writeup with prices, Final Writeup with final prices

- Client Contractor Agreement
- Mortgage, Note and Deferred Loan Agreement
- Evidence of required Permit inspections
- Contractor Requests for Progress Payments, if any
- Executed Release of Payment for any progress payment
- Change Orders (If needed)
- Executed Release of Payment for final payment

Individual case files will be maintained throughout the process and submitted to the municipality upon termination of the program.

C. Rehabilitation Log

A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress.

D. Monitoring

For each unit the following information must be retained to be reported annually:

- Street Address
- Case No.
- Block/Lot/Unit Number
- Owner/Renter
- Income: Low or Moderate
- Final Inspection Date
- Funds Expended on Hard Costs
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of affordability controls (yrs.)
- Affordability controls removed

SECTION VIII. PROGRAM MARKETING

For the term of the program, the municipality may include flyers once a year with the tax bills, water bills, municipal newsletter or other regular municipal mailing to all property owners. Municipal email lists may also be used. Program information will be available at the Municipal Building and on the municipal website.

SECTION IX. RENTAL PROCEDURES

Once rental units are rehabilitated and ready for occupancy, or at turnover, the units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5-80:26.1 et. seq.

A. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 609-292-4605 or 973-648-2700 or online at <http://www.nj.gov/oag/dcr/localcontact.html>

B. Overview of the Affordable Housing Administration Process for Rental Units

- The Municipal Housing Liaison serves as an initial point of contact for unsolicited calls to the municipality about affordable housing and, where appropriate, directs applicants to an Administrative Agent, who may be a nonprofit agency, State agency or consultant that may administer the rehabilitation program within the municipality.
- The Administrative Agent implements the municipality's Affirmative Marketing Plan.
- The Administrative Agent serves as the initial point of contact for all inquiries generated by the affirmative marketing efforts and sends out pre-applications to interested callers.
- The Administrative Agent will accept these returned pre-applications for a specific period of time, for example, 30 to 90 days. At the end of this time period these pre-applications will be prioritized through a random selection lottery.
- The Administrative Agent informally pre-qualifies applicants in the applicant pool for income eligibility based on self-reported data.
- When a low or moderate-income unit of a certain bedroom size becomes available, the Administrative Agent will interview the pre-applicant households next on the prioritized list based on household size and proceed with the income certification process. The certification documentation will be the same as is required for an owner occupied unit. (Section V)
- The Administrative Agent must notify applicant households in writing of certification or denial within 20 days of the determination.
- Certified households that are approved for a rental affordable housing unit will sign Appendix K of UHAC and any other applicable documents, which are held in the applicant file. Applicants then make an appointment with the leasing agent. Applicant households seeking rental units proceed with a credit check, which is generally conducted by the developer, affordable housing sponsor or landlord. If approved, the applicant will sign the lease, pay the first month's rent and the security deposit and receive the keys.
- The certified household moves in to the affordable rental unit.

C. Roles and Responsibilities

RESPONSIBILITIES OF THE MUNICIPAL HOUSING LIAISON

The Municipal Housing Liaison is responsible for coordinating all the activities of the municipal government as it relates to the creation and administration of affordable housing units, in conjunction with the Municipal Affordable Housing Attorney, where appropriate (see the section Responsibilities of the Municipal Affordable Housing Attorney). The primary purpose of the Municipal Housing Liaison is to ensure that all affordable housing projects are established and administered according to the Regulations as outlined in an Operating Manual. The duties of the Municipal Housing Liaison include the following duties, and may include the responsibilities for providing administrative services as described in the next Section under, Responsibilities of an Administrative Agent.

Monitor the status of all restricted units in the municipality's Fair Share Plan. Regardless of any arrangements the municipality may have with one or more Administrative Agents, it is the Municipal Housing Liaison's responsibility to know the status of all restricted units in their community.

Serve as the municipality's primary point of contact for all inquiries from the State, Administrative Agents, developers, affordable housing sponsors, owners, property managers, and interested households. The Municipal Housing Liaison serves as the municipality's primary point of contact on affordable housing issues. Interested applicants should be provided with information on the types of affordable units within the municipality and, where applicable, the name of the Administrative Agent that manages the units and the contact information for the Administrative Agent.

Compile, verify and submit annual reporting. Administrative Agents are responsible for collecting much of the data that is ultimately included in an annual monitoring report. However, it is the Municipal Housing Liaison's responsibility to collect and verify this data and consolidate it into required reports. Any requests for additional information or corrections will be directed to the Municipal Housing Liaison.

Provide Administrative Agent Services, unless those services are contracted out. The responsibilities for providing administrative agent services are described in the next Section under, Responsibilities of an Administrative Agent.

RESPONSIBILITIES OF AN ADMINISTRATIVE AGENT

The primary responsibility of an Administrative Agent is to establish and enforce affordability controls and ensure that units in their portfolio are rented to income eligible households. Administrative Agents must:

Secure written acknowledgement from all owners that no restricted unit can be offered or in any other way committed to any person other than a household duly certified by the Administrative Agent.

Create and adhere to an Operating Manual. Administrative Agents are required to follow the policies and procedures of an Operating Manual, as applicable to the scope of services they have been contracted to perform.

Implement the Municipality's Affirmative Marketing Plan. The Administrative Agent, the developer, affordable housing sponsor or owner could be responsible for implementing the Affirmative Marketing Plan adopted by the municipality. At the first meeting with the Municipal Housing Liaison, Administrative Agent, and the developer, affordable housing sponsor or owner this responsibility should be discussed. Affirmative marketing includes conducting regional outreach and advertising for available affordable units. Advertising costs may also be delegated to the developer, but this must be established by ordinance and be a condition of approval of the Planning Board or Zoning Board.

Accept applications from interested households. In response to marketing initiatives or by referral from the Municipal Housing Liaison, interested households will contact the Administrative Agent. The Administrative Agent will supply applicants with applications, provide additional information on available units and accept completed applications.

Conduct random selection of applicants for rental of restricted units. The Administrative Agent is responsible for conducting the random selection in accordance with the Affirmative Marketing Plan and any related local ordinances, and as described in the Operating Manual.

Create and maintain an adequate pool of applicant households. This includes reaching out to households in the applicant pool to determine continued interest and/or changes in household size and estimated income.

Determine eligibility of households. The task of collecting application materials and documentation from applicant households and analyzing it for eligibility is the responsibility of an Administrative Agent. A written determination on a household's eligibility must be provided within twenty (20) days of the Administrative Agent's determination of eligibility or non-eligibility. Whether or not the household is determined to be eligible for a unit, it is an Administrative Agent's responsibility to secure all information provided by the household in individual files and to maintain strict confidentiality of all information regarding that household. An Administrative Agent is required to ensure that all certified applicants execute a certificate acknowledging the rights and requirements of renting an affordable unit, in the form of Appendix K of UHAC.

Establish and maintain effective communication with property managers and landlords. Property managers and landlords of restricted units should be instructed and regularly reminded that the Administrative Agent is their primary point of contact. The Administrative Agent must immediately inform all property managers and landlords of any changes to the Administrative Agent's contact information or business hours.

Property managers and landlords should be instructed to immediately contact the Administrative Agent:

- Immediately upon learning that an affordable rental unit will be vacated.
- For review and approval of annual rental increases.

Provide annual notification of maximum rents. Each year when new income limits are adopted, rental households must be notified of the new maximum rent that may be charged for their unit. The Administrative Agent's contact information must be included on such notification in case the tenant is being overcharged.

Serve as the custodian of all legal documents. An Administrative Agent is responsible for maintaining originals of all legal instruments for the units in their portfolio. Throughout the duration of a control period, an Administrative Agent must maintain a file containing its affordability control documents. This includes, but is not limited to, the recorded Declarations of Covenants, Conditions and Restrictions, Deed Restrictions, Deeds, Recapture Mortgages, Recapture Mortgage Notes and Appendix J and K of UHAC.

Serve as point of contact on all matters relating to affordability controls. It is recommended that the Administrative Agent develop a system to be notified by lenders when a unit is at risk of foreclosure. In the event of a foreclosure, the Administrative Agent should work with the foreclosing institution to ensure that the affordability controls are maintained. The Administrative Agent should seek the counsel of the municipality's attorney on legal matters that threaten the durability of the affordability controls.

Provide annual activity reports to Municipal Housing Liaison for use in the annual monitoring report. An Administrative Agent is responsible for collecting the reporting data on each unit in their portfolio.

Maintain and distribute information on HUD-approved Housing Counseling Programs.

RESPONSIBILITIES OF THE MUNICIPAL AFFORDABLE HOUSING ATTORNEY

The Municipal Affordable Housing Attorney assists the municipality with developing, administrating, and enforcing affordability controls, including but not limited to

- Providing all reasonable and necessary assistance in support of the Administrative Agent’s efforts to ensure compliance with the housing affordability controls.

RESPONSIBILITIES OF OWNERS OF RENTAL UNITS

Open and direct communication between the owners of rental units, the Municipal Housing Liaison and the Administrative Agent is essential to ongoing administration of affordability controls. Although the Administrative Agent is required to serve as the primary point of contact with households, the owner must provide the Municipal Housing Liaison and Administrative Agent with information on vacancies. Owners of rental units are also responsible for working with the Administrative Agent to ensure that the Municipal Housing Liaison has all necessary information to complete the annual reporting.

RESPONSIBILITIES OF LANDLORDS AND PROPERTY MANAGERS

Landlords and property managers must place a notice in all rental properties annually informing residents of the rent increase for the year and the contact information for the Administrative Agent.

D. Affirmative Marketing

OVERVIEW OF THE REQUIREMENTS OF AN AFFIRMATIVE MARKETING PLAN

All affordable units, both initial rent-ups and the re-rental of vacant affordable rental units, are required to be affirmatively marketed using the municipality’s Affirmative Marketing Plan. (See Appendix PP) An Affirmative Marketing Plan is a regional marketing strategy designed to attract households of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age, or number of children to housing units which are being marketed by an Administrative Agent or a developer, sponsor, owner or property manager of affordable housing. The primary objectives of an Affirmative Marketing Plan are to target households who are least likely to apply for affordable housing, and to target households throughout the entire housing region in which the units are located.

For each affordable housing opportunity within the municipality, the Affirmative Marketing Plan must include the following information:

- The address of the project and development name, if any
- The number of rental units
- The price ranges of the rental units
- The name and contact information of the Municipal Housing Liaison, Administrative Agent, property manager or landlord
- A description of the Random Selection method that will be used to select applicants for affordable housing.
- Disclosure of required application fees, if any.

Advertisements for initial rent-up and re-rental of affordable units must contain the following information for each affordable housing opportunity:

- The location of and directions to the units
- A range of prices for the housing units
- The bedroom size(s) of the units
- The maximum income permitted to qualify for the housing units
- The locations of applications for the housing units
- The business hours when interested households may obtain an application
- Application fees, if any

REGIONAL PREFERENCE

Byram Township has by ordinance provided that households that live or work in NJ Affordable Housing Region 1 comprised of the following counties - Bergen, Hudson, Passaic and Sussex - shall be selected for an affordable housing unit before households from outside this region. Units that remain unoccupied after households who live or work in the region are exhausted, may be offered to the households outside the region.

IMPLEMENTATION OF THE AFFIRMATIVE MARKETING PLAN

The affirmative marketing process for the initial rental of affordable units shall begin at least four months prior to expected occupancy. In implementing the marketing program, the municipality shall undertake all of the strategies outlined in the municipality's Affirmative Marketing Plan. Advertising and outreach shall take place during the first week of the marketing program and each month thereafter until all the units have been rented. Applications for affordable housing shall be available in several locations in accordance with the Affirmative Marketing Plan. The time period when applications will be accepted will be posted with the applications. Applications shall be mailed to prospective applicants upon request.

The affirmative marketing process for the re-rental of vacant affordable units shall be an ongoing process, with advertising occurring any time the waiting list of applicants falls below what is determined to be sufficient applicants to satisfy a two-year demand for vacated affordable units.

An adequate applicant pool will be maintained by the municipality or Administrative Agent for re-rentals.

When a re-rental affordable unit becomes available, applicants will be selected from the applicant pool and, if necessary, the unit will be affirmatively marketed as described above.

The selection of applicants from the applicant pool is described in more detail in this manual under the section **Random Selection & Applicant Pool(s)** below.

E. Random Selection & Applicant Pool(s)

INITIAL RANDOMIZATION

Applicants are selected at random before income-eligibility is determined, regardless of household size or desired number of bedrooms. The process is as follows:

After advertising is implemented, applications are accepted for up to 30 days.

At the end of the period, sealed applications are selected one-by-one through a lottery (unless fewer applications are received than the number of available units, then all eligible households will be placed in a unit).

Households are informed of the date, time and location of the lottery and invited to attend. A municipal representative should also be invited to attend the lottery

A prioritized applicant pool is created by listing applicants in the order selected.

Eligible households are matched to available units based upon the number of bedrooms needed (and any other special requirements, such as regional preference or the need for an accessible unit).

Applications, by required bedroom size, are reviewed for income-eligibility in accordance with their lottery pool priority until all units of a given bedroom number have been occupied. Ineligible households are informed that they are being removed from the applicant pool or given the opportunity to correct and/or update income and household information.

If there are sufficient names remaining in the pool to fill future re-rental, the applicant pool shall be closed. Two years of turnover is a recommended standard.

When the applicant pool is close to being depleted, the Administrative Agent will re-open the pool and conduct a new random selection process after fulfilling the affirmative marketing requirements. The new applicant pool will be added to the remaining list of applicants.

Matching Households To Available Units

In referring certified households to specific restricted units, to the extent feasible, and without causing an undue delay in occupying the unit, the Administrative Agent shall strive to implement the following policies:

- Provide an occupant for each unit bedroom;
- Provide children of different sex with separate bedrooms;
- Prevent more than two persons from occupying a single bedroom;
- Require that all the bedrooms be used as bedrooms; and
- Require that a childless couple requesting a two-bedroom unit provide a doctor's note justifying such request.

The Administrative Agent cannot require an applicant household to take an affordable unit with a greater number of bedrooms, as long as overcrowding of their current unit is not a factor.

A household can be eligible for more than one unit category, and should be placed in the applicant pool for all categories for which it is eligible.

F. Application Fees

The Administrative Agent's fee schedule can be found in the Appendix.

G. Maximum Monthly Payments

The percentage of funds that a household can contribute toward housing expenses is limited. However, an applicant may qualify for an exception based on the household's current housing cost (see below). The Administrative Agent will strive to place an applicant in a unit with a monthly housing cost equal to or less than the applicant's current housing cost.

UHAC states that a certified household is not permitted to lease a restricted rental unit that would require more than 35 percent of the verified household income (40 percent for age-restricted units) to pay rent and utilities. However, at the discretion of the Administrative Agent, this limit may be exceeded if:

- The household currently pays more than 35 percent (40 percent for households eligible for age-restricted units) of its gross household income for rent and the proposed rent will reduce the household's housing costs;
- The household has consistently paid more than 35 percent (40 percent for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed third party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the Owner of the unit; and
- The household receives budget counseling.

The Administrative Agent is responsible for providing housing counseling, or providing referrals for counseling, as a part of the Affirmative Marketing Plan and during the application process. Although housing counseling is recommended, a household is only required to attend counseling if their monthly housing expense exceeds UHAC standards. A HUD-approved housing counseling agency, or a counseling agency approved by the NJ Department of Banking and Insurance, meets UHAC's requirements for an experienced Housing Counseling Agency. If the Administrative Agent is not approved by HUD or by the NJ Department of Banking and Insurance, the Agent will make referrals to one of the HUD-approved housing counseling agencies in New Jersey. This counseling to low- and moderate-income housing applicants will focus on subjects such as budgeting, credit issues, and mortgage qualification, and is free of charge. A list of non-profit counselors approved by HUD and/or the New Jersey Department of Banking and Insurance is attached at Appendix QQ and is included on NJ-DCA Local Planning Services website and is available from the Administrative Agent.

H. The Applicant Interview

Ideally, the prospective applicant will be available to meet with the Administrative Agent to review the certification and random selection processes in detail and ask any questions they may have about the project or the process. However, scheduling time off from work may prove burdensome to the applicant. Applicants may also have mobility issues or special needs that also pose an obstacle to an interview. Therefore, the Administrative Agent is allowed to complete the certification process via telephone, email and mail. The Administrative Agent will attempt to achieve the following objectives:

- Confirm and update all information provided on the application.
- Explain program requirements, procedures used to verify information, and penalties for providing false information. Ask the head of household, co-head, spouse and household members over age 18 to sign the Authorization for Release of Information forms and other verification requests.
- Review the applicant's identification and financial information and documentation, ask any questions to clarify information on the application, and obtain any additional information needed to verify the household's income.
- Make sure the applicant has reported all sources for earned and benefit income and assets (including assets disposed of for less than fair market value in the past two years). Require the applicant to give a written certification as to whether any household member did or did not dispose of any assets for less than fair market value during the past two years.

I. Approving or Rejecting a Household

Administrative Agents must notify applicant households of their eligibility within twenty (20) days of the Administrative Agent's determination.

Households with a verified total household income that exceeds 80 percent of the regional income limit for the appropriate family size are ineligible for purchase or rental of restricted units. A letter rejecting the household's application shall be mailed to the household.

Households with a verified total household income of less than 80 percent shall be issued a letter certifying eligibility. This certification is valid for 180 days. If the Administrative Agent is unable to place the household in a restricted unit at the conclusion of 180 days, an extension may be granted once the household's eligibility is re-verified.

Once the applicant is certified and matched to an available unit, the Administrative Agent must secure from the client a signed and notarized acknowledgement of their requirements and responsibilities in renting a restricted unit. UHAC's Appendix K shall be forwarded to the clients.

In addition to non-eligibility based on income, the Administrative Agent may deny a certification because of the household's failure or inability to document household composition, income, assets, sufficient funds for down payment, or any other required facts and information. A household may also be denied certification if the Administrative Agent determines that there was a willful or material misstatement of fact made by the applicant.

J. Dismissal of Applications

Applications can be dismissed for the following reasons:

1. The application is not signed or submitted on time.
2. The applicant commits fraud, or the application is not truthful or complete.
3. The applicant cannot or does not provide documentation to verify their income or other required information when due.
4. The household income does not meet the minimum or maximum income requirements for a particular property.
5. The applicant owns assets that exceed the Asset Limit.
6. The applicant fails to respond to any inquiry in a timely manner.
7. The applicant is non-cooperative or abusive with the staff, property manager or landlord.
8. The applicant changes address or other contact information without informing the Administrative Agent in writing.
9. The applicant fails to verify attendance in a credit counseling program when required to do so by the program rules.
10. The applicant does not respond to periodic update inquiry in a timely fashion.
11. The applicant fails to sign the Compliance Certification, Certificate for Applicant, Lease Document, as may be required.
12. The applicant, once approved, fails to sign the lease in a timely manner.
13. Applicants will also be removed from all lists held by the Administrative Agent once they have been approved for an affordable unit. However, these applicants may re-apply for other opportunities in that municipality once they have occupied their unit.

Applicants who are dismissed must re-apply. A minimum time period of six months applies in most situations where the applicant has been withdrawn for poor credit and two years where the applicant has been withdrawn for fraud, uncooperative behavior or other serious matters.

Applicants are not automatically removed from rental lists if they do not respond to a Notice of Availability.

Applications may be held in abeyance for a period not to exceed 60 days if there is an error on the credit report, so that the applicant can correct the error and re-apply. Units will not be held open for that applicant. However, once the credit report is corrected, the applicant will be given a priority for the next opportunity at that property.

K. Appeals

Appeals from all decisions of an Administrative Agent shall be made in writing to the Township Municipal Housing Liaison. 10 Mansfield Dr., Stanhope, NJ 07874. The Township Municipal Housing Liaison's written decision, which shall be made within 30 days of receipt of an appeal, shall be final.

L. Determining Affordable Rents

To determine the initial rents the Administrative Agent uses the DCA calculators located at DCA Local Planning Service website.

Pricing by Household Size. Initial rents are based on targeted “model” household sizes for each size home as determined by the number of bedrooms. Initial rents must adhere to the following rules. These maximum sales prices and rents are based on the Annual Regional Income Limits Chart at the time of occupancy:

- A studio shall be affordable to a one-person household;
- A one-bedroom unit shall be affordable to a one- and one-half person household;
- A two-bedroom unit shall be affordable to a three-person household;
- A three-bedroom unit shall be affordable to a four- and one-half person household; and
- A four-bedroom unit shall be affordable to a six-person household.

Size of Unit	Household Size Used to Determine Max Rent
Studio/Efficiency	1
1 Bedroom	1.5
2 Bedrooms	3
3 Bedrooms	4.5
4 Bedrooms	6

The above rules are only to be used for setting initial rents. They are not guidelines for matching household sizes with unit sizes. The pricing of age-restricted units may not exceed affordability based on a two-person household.

Split Between Low- and Moderate-income Rental Units. *At least 50 percent (of the affordable units within each bedroom distribution (unit size) must be low-income units and at least 13 percent of the affordable units within each bedroom distribution must be affordable to households earning no more than 30 percent of the regional median income. The remainder of the affordable units must be affordable to moderate-income households.*

Affordability Average. The average rent for all affordable units cannot exceed 52 percent of the regional median income. At least one rent for each bedroom type must be offered for both low-income and moderate-income units. Calculation of the affordability average is available on the DCA Local Planning Service's website.

Maximum Rent. The maximum rent of restricted rental units within each affordable development shall be affordable to households earning no more than 60 percent of the regional median income.

M. Determining Rent Increases

Annual rent increases are permitted in affordable units. Rent increases are permitted at the anniversary of tenancy according to the Annual Regional Income Limits Chart. These increases must be filed with and approved by the Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next tenant with permission of the Administrative Agent. The maximum allowable rent would be calculated by starting with the rent schedule approved as part of initial lease-up of the development, and calculating the annual approved increase from the initial lease-up year to the present. Rents may not be increased more than once a year, may not be increased by more than one approved increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

N. Application Fees for Affordable Rental Units

Application fees, if any, will be set by the Township and communicated to applicants through the Affirmative Marketing Program and to applicants directly in their application packets.

O. Violations, Defaults and Remedies

In the event of a threatened breach of any of the regulations governing the affordable unit by an Owner of a rental development, the Township shall have all the remedies provided at law or equity, including the right to seek injunctive relief or specific performance, it being recognized by both parties that it will cause irreparable harm to the municipality, in light of the public policies set forth in the Fair Housing Act and the obligation for the provision of low- and moderate-income housing.

Upon the occurrence of a breach of any of the regulations governing the affordable units by an Owner of a rental development, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

P. Maintenance of Records for Rental Program

The following

<input type="checkbox"/>	UP-TO-DATE OPERATING MANUAL	Comments
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	Sample Forms and Letters	
AFFIRMATIVE MARKETING		
<input type="checkbox"/>	Copies of Display Ads	
<input type="checkbox"/>	Copies of PSA Requests	
<input type="checkbox"/>	Copies of Marketing Requests	
RANDOM SELECTION		
<input type="checkbox"/>	Log of Applications Received	
<input type="checkbox"/>	Log of Random Selection Results	
<input type="checkbox"/>	Database of Referrals	
MAINTENANCE OF RECORDS		
Files To Be Maintained on Every Client		
<input type="checkbox"/>	Preliminary Application.	
<input type="checkbox"/>	Application Form.	
<input type="checkbox"/>	Tenant Information Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Letter of Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility	
Files To Be Maintained on Every Rental Unit		
<input type="checkbox"/>	Base rent	
<input type="checkbox"/>	Identification as low- or moderate-income	
<input type="checkbox"/>	Description of number of bedrooms and physical layout	
<input type="checkbox"/>	Floor plan	
<input type="checkbox"/>	Application materials, verifications and certifications of	
<input type="checkbox"/>	all present tenants, pertinent correspondence	
<input type="checkbox"/>	Copy of lease	
<input type="checkbox"/>	Appendix K	
Files To Be Maintained on Every Property		
<input type="checkbox"/>	Deed	
<input type="checkbox"/>	Appendices J and K	

SECTION X. SUBORDINATION OF PROGRAM MORTGAGES

It will be the policy of the Byram Housing Rehabilitation Program to consider subordination of program mortgages to homeowner refinancing initiatives if the criteria in this section are met and all procedures in this section are followed. There will be a \$400 non-refundable Subordination application fee be paid at the time of application. Applicants will also submit a check for \$200 to cover the cost of recording the approved Subordination in cases where the applicant's attorney fails to do so. The check will be returned if the applicant's attorney submits proof of recording per the procedures below.

When a homeowner who is participating in the program is attempting to refinance his or her home or to obtain a mortgage equity loan using their property as collateral and the financing source requires that the BHRP mortgage be subordinated to the new mortgage, the following procedures will be followed:

Approval Criteria:

1. After refinancing with a fixed amount mortgage, the total amount of mortgage debt is less than 85% of the current appraised value of the property as determined and documented by the financial institution providing the new financing.
2. Property tax payments and any other municipal liens on the property are current.

Approval procedures:

1. The Township Municipal Housing Liaison or their designee receives a completed Township application for subordination approval from the homeowner that reaffirms the owner's obligation to repay the BHRP Program loan to the Township (date and amount of loan), and includes a check for the Subordination Application fee(s), and includes the following attachments:
 - a. Letter from the new source of financing offering the new financing to the homeowner, including the amount of the new loan and all terms of said financing and having the specific subordination documentation that they wish the Township to execute and record attached. The proposed closing documents for the new financing must explicitly include adequate language recognizing that junior liens are permissible and will not cause a default.
 - b. A statement from Township Treasurer that all taxes are paid current
 - c. A current appraisal of property or such other measure of current value as has been utilized by the new source of financing in making their determination to offer their financing.
 - d. A draft of the subordination language acceptable to the lender, for Township review and approval.

2. The Township Municipal Housing Liaison or their designee receives at least 10 days written notice of closing including a copy of proposed closing statement.

3. The Township Municipal Housing Liaison or their designee either forwards the executed subordination documentation to the Homeowner or participates in the closing with said documentation. The Program lists itself as the party to whom the recorded Subordination documentation is returned after recording.

4. Homeowner presents Township Municipal Housing Liaison with proof that closing has occurred and subordination documentation recorded, including executed copies of the new mortgage obtained through the refinancing.

Subordination Application Fee Schedule:

1. Subordination Application Fee	\$400.00
2. Subordination Recording Fee (separate refundable check)	\$200.00
<hr/>	
Total Subordination Application Fees:	\$600.00