

**Norwalk Redevelopment Agency**  
**South Norwalk Acquisition, Renovation and Homeownership Program**  
**Guidelines for Acquisition, Rehabilitation and Resale**

**Revised February 2016**

**Prepared by: Norwalk Redevelopment Agency**  
**125 East Avenue, Room 202**  
**Norwalk, CT 06851**

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## 1. Program Description

In order to ensure the long term affordability of the neighborhood, the Norwalk Redevelopment Agency (the Agency) has established a "South Norwalk Acquisition, Renovation and Homeownership Program" (the Program) to acquire and rehabilitate small, residential properties (1-4 families each) located within a half mile radius of the South Norwalk Train Station, an area which includes the HUD designated "Choice Neighborhood". The rehabilitated homes will be sold to income eligible owner-occupants and rental units will be restricted to income eligible households, as well. Income eligibility for specific properties will be defined by the funding source. A 20-year deed restriction, limiting ownership of the home to income eligible families, will be placed on each property.

The South Norwalk Acquisition, Renovation and Homeownership Program addresses the U.S. Department of Housing and Urban Development's (HUD) National Objective of Low/Mod Housing Benefit (LMH), the National Objective Measurement of Providing Decent Affordable Housing and the National Outcome Measurement of Availability/Accessibility.

In addition, this program is funded, in part, through the HUD Choice Neighborhoods Program. The objective of the Choice Neighborhoods program is to assist in the redevelopment of struggling neighborhoods, in part through providing funding for critical community improvements, including the rehabilitation of abandoned or dilapidated housing. Homes in South Norwalk acquired and/or rehabilitated using Choice Neighborhoods funds must be located within the targeted "Choice Neighborhood". The South Norwalk Choice Neighborhood is defined by Washington Street to the north, Water Street to the east, Concord Street to the south and Martin Luther King Drive to the west.

The following program guidelines are subject to modification as real estate and demographic market conditions change.

## 2. Program Goals

To define the goals of the Program, research was undertaken to identify the needs of the community and to determine the market demand for such a program. The 2015-2019 Consolidated Plan for Housing and Community Development's Needs Assessment identifies as a challenge facing the City of Norwalk, "a stark housing affordability mismatch, particularly among low- and moderate-income households..." and goes on to say:

*Overall, housing cost burden is by far the largest need in the City.... Low-income households are most burdened by high housing costs. In order to avoid high housing costs, low-income households are forced to choose lower cost, lower quality housing. Often this housing has one or more "housing problems."* (2015-2019 ConPlan, p. 26)

A market demand analysis establishing the Program's feasibility can be accessed on the Redevelopment Agency's website at: <http://norwalkct.org/DocumentCenter/View/7319>.

In response to the community needs assessment and supported by the market demand analysis, the South Norwalk Acquisition, Renovation and Homeownership Program identified the following as its goals:

1. Preserve the homeownership and rental affordability of owner-occupied single and multi-family homes

## 2. Improve the quality of affordable housing

In order to accomplish these goals, the Norwalk Redevelopment Agency will endeavor to acquire up to eight properties (16 housing units) over the period July 1, 2014 – June 30, 2019.

In addition, the Program promotes transit oriented development by increasing affordable homeownership, investment, and rental opportunities within close proximity to the South Norwalk train station.

Of the many Choice Neighborhood program goals, the South Norwalk Acquisition, Renovation and Homeownership Program most directly supports the following goals:

1. Provide a rich array of amenities to residents in the community, as measured by the number of quality affordable housing units in the neighborhood
2. Ensure residents with diverse socio-economic, racial and ethnic backgrounds continue to call South Norwalk home, as measured by the number of affordable housing units in the neighborhood
3. Ensure existing South Norwalk residents have affordable opportunities for homeownership by converting absentee-landlord-owned properties to homeownership opportunities and by providing homeownership training to first-time homebuyers.
4. Ensure South Norwalk is safe and attractive, as evidenced by residential structures that are well maintained
5. Permit the Choice Neighborhood to be a walk-able and bike-able community with pedestrian and bicycle friendly streets, supported by occupied and well maintained residences
6. Decrease crime in the Choice Neighborhood, encouraged by occupied and well maintained residences

By increasing the number of occupied, quality, well maintained and affordable housing units, the Program furthers the goals to provide a rich array of amenities to residents and to ensure residents with diverse socio-economic, racial and ethnic backgrounds are able to call South Norwalk home (and are proud to do so). By targeting vacant or under-invested properties with a need for capital improvements, the Program specifically furthers the goals of ensuring South Norwalk and the Choice Neighborhood are safe and attractive and decreases the opportunity for crime in the Neighborhood. Neighborhoods and streets with occupied and well maintained buildings are considered safer for pedestrians and cycling, thus supporting the goal of developing a walk-able and bike-able community. The financial and counseling assistance provided by the Housing Development Fund to borrowers of the Program, will provide another amenity to residents by setting borrowers up for success both as homeowners and landlords; thereby ensuring the stability and quality of the rental units. The long-lasting effects of improving occupancy rates, visual appearance and particularly the quality of the homes in South Norwalk will promote an immeasurable level of long-term stability for the community.

## 3. Program Administration

The South Norwalk Acquisition, Renovation and Homeownership Program will be staffed and administered by the Norwalk Redevelopment Agency. Staff members will review properties identified by the real estate broker in conformance with the acquisition guidelines (below) and make recommendations to the Executive Director. The Agency's Executive Director will be responsible for final

selection of properties and will be the authorized signatory for all transactions. The Agency's board of commissioners will approve all purchases. The Agency's non-profit affiliate, the North Walke Housing Corporation, will be the holding entity of the asset until it is sold to the end-buyer.

The Agency has engaged a real estate broker to identify potential properties. The real estate broker will negotiate with the owner on Agency's behalf for terms and conditions agreeable to both the property owner and the Agency.

Once properties are selected, the Agency's Housing Development Project Manager (HDPM) will perform the site visits and communicate regarding the needs of the property for rehabilitation and occupancy. He will determine the scope of work, arrange for drawings and specifications, put projects out to bid by legal notice, review estimates, perform due diligence, verify all necessary permits, and contract and communicate with selected contractors. Further, he will provide HQS monitoring and compliance with environmental, flood plain, legal and other site and building issues. The Housing Development Manager will ensure that all rehabilitation work meets a target Home Energy Rating System (HERS) rating of 85 and uses Energy Star rated appliances.

When a renovated property is ready for re-sale, agency staff members will work to ensure compliance with fair housing and to reach out to typically underserved populations.

The program will be marketed in accordance with the attached Marketing Plan. A major trend identified in the South Norwalk Market Analysis is that the Hispanic community comprises a critical segment of the population that purchases two to three family houses for owner-occupancy. Marketing materials and outreach for the South Norwalk Renovation Program will be provided in Spanish, targeting Hispanic churches and community groups.

The Housing Development Fund's (HDF) Landlord Entrepreneurship and Affordability Program (LEAP) will provide underwriting, financing and down payment assistance as well as extensive pre- and post-purchase counseling and landlord training to income-qualified homebuyers to purchase, lease and manage the properties. HDF's LEAP guidelines are attached.

The organizational chart in Appendix A reflects the responsibilities of the parties.

#### **4. Program Experience / Team Members**

##### **North Walke Housing Corporation**

The Norwalk Redevelopment Agency, under its non-profit affiliate the North Walke Housing Corporation, has already purchased a pilot home outside of the CNI designated area for which rehabilitation work is currently out for bid. The Agency and North Walke share the same staff and administration. The Agency expects this home to be ready for sale in fall 2015. The Agency has vast experience managing the rehabilitation of homes in Norwalk. The Program will be administered by North Walke Housing Corporation, acting as the real estate development and holding company. Since the 1980s, the Agency's CDBG-seeded Residential Rehabilitation Program has made over \$6,000,000 in loans which has assisted over 400 properties, helping maintain housing affordability for an excess of 1,000 low- and moderate-income families.

##### **Housing Development Fund**

The Housing Development Fund (HDF) is a Community Development Financial Institution (CDFI) founded in 1989 to finance the development of affordable housing. HDF has grown to a loan fund with over \$120 million in funds under management that encompasses programs for pre-development, acquisition, rehabilitation, and construction of affordable housing as well as down payment and closing cost assistance loans to low- and moderate-income families. Over 1,000 high-quality homes have been built with HDF financing, including senior housing, special needs housing and supportive housing. HDF has helped over 1,850 individuals and families purchase homes with \$79 million in financing provided or administered by HDF that has, in turn, leveraged over \$292 million in conventional first mortgage activity (as of 9/30/14). HDF's annual report can be found at: <http://hdfconnects.org/about/>

### **Real Estate Broker**

With 10 years of Real Estate experience in both the residential and commercial fields and an approach based on knowledge and research of the transaction and negotiation, Mr. Julien Delepine has established an impressive track record of getting results for his clients. Mr. Julien Delepine has worked with some of the largest area developers and has been involved in over 100 million sold in real estate transactions. Mr. Delepine was the broker representing the Norwalk Redevelopment Agency on the purchase of the initial house in this program.

### **Architect**

L.F. Garcia Architects, LLC, a minority-owned business, is a full service boutique architectural firm located in Norwalk, Connecticut. Since 2005 the firm has offered professional architectural and design services in Fairfield County, Connecticut encompassing new construction as well as additions and renovations for both residential and commercial projects. Lou Garcia, Principal of L.F. Garcia Architects, LLC, has practiced architecture for over 25 years and received his Connecticut Architectural license in 1990. He is a member American Institute of Architects (AIA).

### **Development Consultant**

Jonathan Rose Companies is a mission-based, green real estate policy, urban planning, development, project management and investment firm. The firm has completed over \$1.5 billion of work, much of it in close collaboration with not-for-profits, towns and cities. Its mission is to repair the fabric of cities, towns and communities while preserving the land around them. To do this, it plans and develops diverse, green, transit- accessible buildings and neighborhoods enriched with social, cultural and educational networks. The result of its work is a model that is equitable and supports the cultural, educational, and economic health of the regions in which people live and work. Operating locally from the Stamford, Connecticut office, Jonathan Rose Companies' role in this program is to assist with structuring the initial financing; and provide project management oversight of the pilot phase, including overseeing the design process and selecting and managing the construction team.

## 5. Program Funding

The South Norwalk Acquisition, Renovation and Homeownership Program has multiple sources for funding and continues to seek additional opportunities for financial support. Current funding sources, funding amounts, the status of the funding and the restrictions and limitations on the funding are as follows:

Funding Source	Amount	Status	Restrictions/Limitations
HUD Choice Neighborhoods Initiative (CNI)	\$875,000	Committed	120% AMI for owner and renter; limited to the Choice Neighborhood
HUD Community Development Block Grant (CDBG)	\$500,000	Committed as of 7/1/2015	80% AMI for owner, 80% AMI for renter; limited to a half-mile radius of the South Norwalk Train Station
CT Housing Finance Authority (CHFA)	\$600,000	Committed	80% AMI for owner, 50% AMI for renter; limited to a half-mile radius of the South Norwalk Train Station
CT Department of Housing (DOH)	\$850,000	Committed	80% AMI for owner, 50% AMI for renter; limited to a half-mile radius of the South Norwalk Train Station

Commitment documents are available for viewing on the Agency's website: <http://norwalkct.org/index.aspx?nid=652>.

Based on the availability of funds, the Norwalk Redevelopment Agency will determine what funding source and how much of each source will be contributed to the acquisition and rehabilitation of a particular house. Once the Norwalk Redevelopment Agency recovers its capital from the sale of a home, the funds will be recycled for future projects under this program. The order in which funds are recycled will be determined by the availability of funds and timeframes associated with spending grant monies.

## 6. Acquisition Guidelines

Properties will be acquired through a formal written agreement between the Agency and the property owner. The property owner may or may not be a tenant of the home at the time of the sale; however, his/her displacement will be considered as voluntary per the nature of the transaction.

Choice Neighborhood grant funds will only be used within the Choice Neighborhood boundaries. Non-CNI funded properties must be located within a half-mile of the South Norwalk Train Station. Only other listed funding sources may be used outside of the Choice Neighborhood designated region, but still within a half-mile radius of the South Norwalk Train Station.

Homes to be considered for purchase will be small (1-4 family) homes which are in need of capital improvements in order to secure the safety and quality of the home. The Agency will make up to \$175,000 available per housing unit (maximum) for the purchase of the property depending on the condition of the home, appraisals (as-is and completed), and the completed project's potential to make a positive impact on the community.

It is not anticipated that the maximum will be spent. Priority will be given to properties that:

- Are within the Choice Neighborhood
- Have historic significance
- Have been identified as contributors to blighted conditions
- Have been identified as crime spots
- Are strategically located adjacent to other community investment

The Neighborhood Coordinator position (to be hired) will play a critical role in the outreach and marketing of the Program. The person hired for this position will create and distribute communications regarding Program availability and guidelines and solicit input from residents and property owners on properties they are concerned about.

The majority of the housing stock in South Norwalk/Choice Neighborhood was constructed in the period from 1870 to 1930 and exhibits many challenges to ownership and rental according to modern quality standards. Homes that exhibit the following will be prioritized for acquisition:

- Presence of hazardous materials that require abatement prior to renovation
- Awkward, outdated floor plans containing undersized rooms and non-compliant features, such as low ceilings or narrow stairs
- Energy inefficient and non-compliant mechanical and electrical systems
- Illegal apartments and over-crowding conditions

Once a property location has been identified and a scope of rehabilitation work has been developed, the Norwalk Redevelopment Agency will complete a Part 58 environmental review. If during the Part 58 process, the Agency encounters environmental and/or historical concerns that would significantly delay the acquisition the Agency may make the decision to consider alternative properties.

The source of funds to be used will be determined upon completion of the Part 58. The Norwalk Redevelopment Agency will coordinate all legal notices related to the potential acquisition and rehabilitation of the property. The Agency's board of commissioners will approve all purchases. The Agency's board of commissioners has approved that the Agency hold only title to two properties at a time. The minutes of the Redevelopment Agency approving the program is attached at the end of this document.

In order to minimize the displacement of residents, properties which have been vacant and unoccupied for 120 days are preferred properties for acquisition. Persons qualifying for relocation assistance will be those documented rental-occupants of the home who move from the real property after the owner issues a vacate notice to the person or refuses to renew an expiring lease in order to evade the responsibility to provide relocation assistance. Further, persons qualify if the move occurs on or after the date the applicant submits the request for assistance for the project that is later approved or if the applicant has site control or the date the applicant obtains site control or if site control occurs after the request for assistance. In the event displacement occurs, and in consistency with the provisions of the Federal Uniform Relocation Act (94 CFR Part 24) and the Housing and Community Development Act of 1974 (Section 104(d)), the Agency will follow its Residential Anti-displacement and Relocation Assistance Plan (RARAP), available from: <http://www.norwalkct.org/index.aspx?nid=652>.

## **7. Rehabilitation Guidelines**

The South Norwalk Acquisition, Renovation and Homeownership Program will allocate up to \$175,000 per housing unit (maximum) for rehabilitation expenses, depending upon the acquisition price, condition of the home and appraisals (as-is and as-repaired). It is not anticipated the maximum will be needed.

All legal housing units will be preserved on a one for one basis and the home rehabilitation will not be done in such a way as to make the home value unaffordable to an income-eligible buyer. Rehabilitation will be undertaken with a goal of improving the safety, sustainability and efficiency of the housing unit.

All rehabilitation will be in compliance with the Environmental Protection Agency's (EPA) Lead Renovation, Repair and Painting Rule (RRP), the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) residential rehabilitation standards, the State of Connecticut's Department of Housing's (DOH) Affordable Homeownership Property Standards and the City of Norwalk's Building and Code Enforcement Department and Department of Planning and Zoning.

The resulting home will meet all applicable Federal, State and local codes, rehabilitation standards and zoning ordinances. All plans and completed installations will be certified by a licensed architect or engineer.

An architect has been selected for this Program and other programs administered by the Agency. A "competitive proposal" method of procurement was used by issuing an RFP/RFQ to local architectural firms. Three architects made the short list and were interviewed by Agency staff. L.G. Garcia Architects was unanimously selected for experience, cost, and availability.

The Agency will use the "sealed bid" method (formal advertising) of procuring a general contractor for each project. The projects will be put out to bid and noticed in the local newspaper as well as posted on the City's website. Additionally an "invitation to bid" email will be sent to pre-qualified contractors, many of whom are local and Section 3 qualified. Contractors and their sub-contractors will be vetted through the federal SAM website as well as against the State's debarred list. References will be required for new contractors.

An invitation to bid will go out to contractors familiar to the Agency and architect. This method of procurement for the first project is being done to give Agency staff more control over the project as far as quality and cost. It will also simplify the Section 3 requirements.

Energy efficiency goals for projects were established by prescribing a HERS (Home Energy Rating System) rating of 85 or less and the use of Energy Star fixtures and appliances. Design parameters will also follow many LEED guidelines but without the actual certification. All rehabilitation will be consistent with LEED-ND and 2011 Enterprise Green Communities Criteria.

The Agency endeavors to use Section 3 contractors and consultants whenever possible. A minimum of 25% of contract monies will go toward the procurement of labor or materials and equipment utilizing firms (contractors or vendors) that are Section 3 eligible. That is, a minimum of 25% of this programs funding will be awarded to firms that are based in Norwalk and/or employ Norwalk residents that have low or moderate incomes as defined by HUD.

When the Agency enters into a construction contract, the Agency will require 30% of all new hires (labor) made by the General Contractor during the contract period, including 2 weeks prior to signing the contract, will be Section 3 eligible persons.

To further promote use of Section 3 firms, the Agency will include in the invitations to bid a preference clause allowing the acceptance of a Section 3 contractor over a low bidder if the Section 3 contractor's bid is within 10% of the low bid.

## **8. Due Diligence**

Due diligence will be done as part of the acquisition process, the rehabilitation process and the sale of the property.

During the acquisition of a property, the Agency's real estate broker will lead the due diligence process to ensure properties considered for purchase meet Program guidelines. "As-is" and "as-repaired" appraisals will be performed. Agency staff members will view houses and make recommendations for purchase based on program eligibility. The Agency's Executive Director will be responsible for the final selection of individual properties and executing all legal documents on behalf of the Norwalk Redevelopment Agency. In order to insure proper funding is available to support the project, the broker will work with Agency staff to obtain an appraisal and the Agency's HDPM will provide an estimate of the needed rehabilitation costs. With sufficient funds available, the HDPM will initiate a Part 58 environmental review. The HDPM will coordinate all legal notices related to the potential acquisition and rehabilitation of the property. The Agency's board of commissioners will approve all purchases.

The Agency's Housing Development Project Manager (HDPM) will lead the due diligence during the rehabilitation of the acquired property. The HDPM will perform site visits and communicate regarding the needs of the property for rehabilitation and occupancy. It will be the HDPM's responsibility to determine that the scope of work is within the Program's monetary guidelines. The HDPM will arrange for drawings and specifications, put projects out to bid by legal notice, review estimates, perform due diligence, verify all necessary permits, and contract and communicate with selected contractors. Further, he will provide HQS monitoring and compliance with environmental, flood plain, legal and other site and building issues. The HDPM will ensure that all rehabilitation work meets a target Home Energy Rating System (HERS) rating of 85 and uses Energy Star rated appliances.

Due diligence during the sale of the rehabilitated property, will be monitored by the Agency but largely performed by the Housing Development Fund (HDF), which will provide extensive pre- and post-purchase counseling and landlord training to income-qualified homebuyers as well as underwriting, financing and down payment assistance. The Housing Development Fund will be responsible for screening purchasers and certifying them as eligible purchasers under the income guidelines of the Program. The Norwalk Redevelopment Agency will be responsible for screening renters and certifying them as eligible renters under the guidelines of the Program.

## **9. Counseling and Financial Assistance**

The Housing Development Fund's Landlord Entrepreneurship and Affordability Program (LEAP) will provide underwriting, financing and down payment assistance as well as extensive pre- and post-purchase counseling and landlord training to income-qualified homebuyers to purchase, lease and manage the properties. Borrowers will be provided with free financial counseling and coaching, group

education sessions and one-on-one action planning and assessment. Borrowers in this program will be provided with additional training and opportunities designed to prepare them to become landlords, help them with maintaining their properties, and familiarize them with fair housing practices and requirements before they become owner-occupants.

In the event there is high demand for a property, priority for ownership will be given in the following order:

1. Residents of Washington Village / Choice Neighborhood
2. Residents of the City of Norwalk (for at least one year)
3. Employees of the City of Norwalk and the Norwalk Board of Education
4. Persons employed in Norwalk
5. All others

Marketing of the program will be conducted in accordance with the Marketing Program guidelines attached to this document.

HDF employs homeownership counselors and loan officers who are fluent in Spanish, and will be able to best serve Spanish-speaking clients. Interested parties may register with HDF at [www.hdfconnects.org](http://www.hdfconnects.org) or by calling (203) 969-1830.

Through LEAP, local residents will acquire properties and receive support and training on being a good landlord. Courses provided by HDF's partner, NHS of New Haven, will include tenant selection, Fair Housing laws, record keeping, and the eviction process. Education in energy efficiency and conservation and home repair (basic plumbing, carpentry, electrical, insulation, etc.) will result in lower operating costs for the entrepreneurs. Owning a multifamily home is similar to running a small business, and many of these entrepreneurs would become first-time landlords at the same time as they become first-time homeowners. LEAP will provide the support and training these entrepreneurs need to be successful, as well as the capacity to make a greater impact on the affordable, quality rental housing within Norwalk.

For more information visit: <http://hdfconnects.org/borrow/leap/>

LEAP guidelines and a Memorandum of Understanding between the Housing Development Fund and Norwalk Redevelopment Agency regarding the management of the LEAP program are attached to this document.

#### **10. Resale Guidelines and Property Restrictions**

Home re-sale prices will be determined in accordance with the market value of the improved property as determined by a qualified appraisal of the property at the expense of the Norwalk Redevelopment Agency. The mortgage amount and associated affordability will be determined by income limit (including potential rental income) in accordance with HDF's LEAP guidelines. The difference between the market value and the mortgage amount will be financed with below market rate second mortgage(s) on the property and buyer equity (as per HDF LEAP guidelines). The difference between the acquisition and rehabilitation costs and the sales price is considered a one-time solid subsidy to the property.

The City of Norwalk is exempt, as prescribed by Section 590 of the Quality and Work Responsibility Act of 1998, from the US median family income cap on income limits. This exemption is applicable only at the moderate-income limit level.

The type of funds used for the acquisition and rehabilitation of the project will determine the income eligibility of said properties. All owner-occupants and tenants will have an annual income within 120% of the area median income (AMI).

Homes acquired or rehabilitated with CDBG funds will be limited to owner-occupants and tenants with an annual income within 80% of the AMI.

Homes acquired or rehabilitated with CHFA or CT-DOH funds will be limited to owner-occupants with an annual income within 80% of the AMI and tenants within 50% of the AMI.

Homes acquired or rehabilitated with Choice Neighborhoods funds will be limited to owner –occupants and tenants with an annual income within 120% of the AMI.

In the event a combination of funding sources is used for the project, the lower income limit prevails.

In compliance with Fair Housing Law, households holding Section 8 Housing Choice Vouchers as a source of household income are candidates for ownership and rental opportunities in this program.

#### Deed Restrictions

The affordability of the properties and their rental units will be preserved through deed restrictions limiting ownership of the home and rental of housing units to income eligible persons. Deed restrictions will be in place for 20 years and recorded on the City of Norwalk’s land records. Accordingly, the City’s tax assessor will be made aware of the deed restrictions and the associated property taxes will be adjusted from market value to the restricted value. This method of adjusting property taxes has been implemented and been successful in other City programs with similar deed restrictions. The deed restriction is in place in order to ensure long-term affordability of the property and neighborhood.

A sample deed restriction document is attached to this document.

#### **11. Flow of Choice Neighborhoods Funds**

Choice Neighborhoods funds will be accessed through the HUD e-LOCCS system available to the Norwalk Housing Authority (NHA). The Authority will submit a specific request for the transfer of funds from NHA to the Agency to reimburse the Agency for eligible costs incurred in association with the Program. The Authority will expend Choice Neighborhoods funds upon receipt and will not allow funds to remain in its accounts in excess of the time allowed under Federal requirements. An MOU between the Housing Authority and Norwalk Redevelopment Agency regarding the drawdown of funds is attached to this document.

#### **12. Program Income**

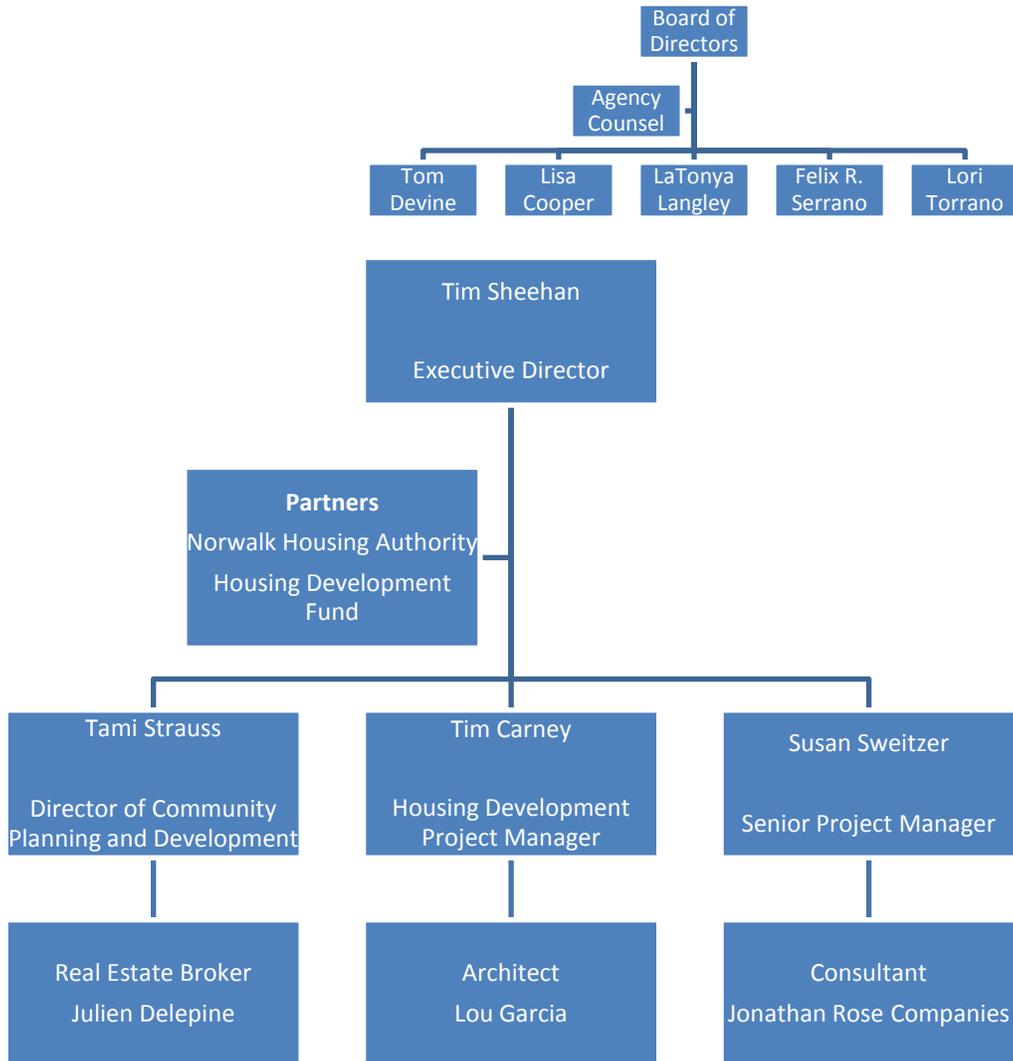
Proceeds received by the Agency from the sale of properties will be considered Program Income and will be used by the Agency for the purchase and rehabilitation of additional homes under the guidelines of the South Norwalk Acquisition, Renovation and Homeownership Program. Should the Program be terminated, any remaining Program Income will be used for activities consistent with improving residences of low- and moderate-income households in South Norwalk / Choice Neighborhood.

Program income from the sale of homes will “reimburse” the source of funds on a pro-rata share. For example, if NRA spends \$200k on a house (\$100k CNI, \$100k CDBG, e.g.) and sells the house for \$100k then 50% or 50K would reimburse CNI and 50% or 50K would reimburse CDBG.

Program Income will be accounted for in a Norwalk Redevelopment Agencyfund specific to this program. The fund includes other leveraging sources.

Appendix A  
Current Organizational Chart

## South Norwalk Acquisition, Renovation and Homeownership Program



**Appendix B**  
**Sample Deed Restriction**  
**(next page)**

PLEASE RETURN TO:  
DePanfilis & Vallerie, LLC  
25 Belden Avenue  
P.O. Box 699  
Norwalk, CT 06852-0699

## DECLARATION OF LAND USE RESTRICTIONS

### 68 Lexington Avenue, Norwalk, Connecticut

This DECLARATION is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by **NORTH WALKE HOUSING CORPORATION** (the "Declarant"), a Connecticut non-stock corporation having an address of 125 East Avenue, Norwalk, CT 06851, which is the owner of the property located at 68 Lexington Avenue, Norwalk, CT, as more particularly described on **Schedule A** attached hereto and made a part hereof (the "Property"), and which hereby declares as follows:

1 PURPOSE OF THIS DECLARATION OF LAND USE RESTRICTIONS. The purpose of this Declaration of Land Use Restrictions (the "Declaration") is to make available two affordable living units on the Property for low-income households under the South Norwalk Acquisition, Renovation and Homeownership Program (the "Program") and to ensure that the Property will continue to be utilized as affordable housing during the term of this Declaration.

2 DEFINITIONS. Capitalized terms used in this Declaration of Restrictions shall have the meanings set forth in this Paragraph 2.

2.1 "Agency" means the Redevelopment Agency of the City of Norwalk, or its successor, as may be appointed by the Redevelopment Agency of the City of Norwalk, upon written notice delivered to the owner of the Property and any tenant in possession of the non-owner occupied living unit.

2.2 "Permitted Mortgage" means a mortgage or other security interest of record that is granted by the owner of the Property, to secure a bona fide indebtedness and that encumbers no real property other than the Property.

### 3 DESIGNATION OF AFFORDABLE PROPERTY.

3.1 The Property is hereby designated as affordable to households with incomes at or below 80% of Stamford-Norwalk Standard Metropolitan Statistical Area Median Income for the Property owner; and as affordable to households with incomes at or below 50% of Stamford-Norwalk Standard Metropolitan Statistical Area Median Income for the tenant of the non-owner occupied living unit.

### 4 RECORDING, COVENANTS RUNNING WITH THE LAND AND DEED RESTRICTIONS.

4.1 Upon execution of this Declaration, the Declarant shall cause this Declaration to be recorded on the Norwalk Land Records.

4.2 By purchasing the Property subject to the restrictions set forth herein, any purchaser of the Property agrees that any and all requirements of the laws of the State of Connecticut to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full.

4.3 For the term of this Declaration, each and every contract, deed or other instrument hereinafter executed conveying the Property, shall expressly provide that such conveyance is subject to this Declaration.

### 5 OCCUPANCY AND USE RESTRICTIONS. The following Occupancy and Use Restrictions apply to the Property:

5.1 Any purchaser of the Property must be a first time homeowner as defined by the U.S. Department of Housing and Urban Development ("HUD").

5.2 The Property must be utilized at all times by the homeowner as his or her primary residence. Upon the request of the Agency, but not more often than on an annual basis, the owner of the Property shall provide the Agency with a sworn affidavit (to be provided by the Agency) that the owner is occupying the Property as his or her primary residence. Failure or refusal to provide said affidavit in a timely fashion shall constitute presumptive evidence that the owner is in violation of the restrictions set forth in this Paragraph 5.2.

5.3 At the time of purchase, the purchaser's household income may not exceed 80% of the Stamford-Norwalk Standard Metropolitan Statistical Area Median Income which will be determined using the statistics published and periodically revised by HUD.

5.4 The Property may not be sold for a purchase price in excess of the Maximum Sales Price. The "Maximum Sales Price" shall be equal to three (3) times 100% of the Stamford-Norwalk Standard Metropolitan Statistical Area Median Income for a family size of 4, which will be determined using the statistics published and periodically revised by HUD. The purchase

price for the Property shall include the actual purchase price paid for the Property plus any payments made by the purchaser on behalf of the seller for costs that are by law or custom borne by the seller (such as, by way of illustration rather than limitation, conveyance taxes and brokerage commissions).

5.5 The prospective purchaser of the Property must complete the Housing Development Fund ("HDF") Homeownership Program and Landlord Entrepreneurship and Affordability Program and must satisfy HDF underwriting criteria.

5.6 Provided that there has been compliance with the preceding provisions of this Section 5, as determined by the HDF, the Agency shall deliver to the seller a statement in recordable form, (a) confirming that the purchaser of the Property is income eligible, and is otherwise entitled to purchase the Property in accordance with this Declaration; and (b) confirming the Maximum Sales Price for which such seller may sell the Property. Provided that such seller then conveys the Property to such purchaser, for a price not exceeding such Maximum Sales Price, such statements shall constitute conclusive evidence that such seller has sold and such purchaser has acquired the Property in compliance with this Declaration. This determination shall remain valid for a period of ninety (90) days after issuance by the Agency.

5.7 The rental of the non-owner occupied second living unit on the Property by the homeowner shall be subject to the following restrictions:

( i ) At the time of signing a lease for the rental unit, Tenant's household income shall not exceed 50% of the Stamford-Norwalk Standard Metropolitan Statistical Area Median Income which will be determined using the statistics published and periodically revised by HUD. The tenant must use the rental unit as his or her primary residence throughout the term of the lease.

( ii ) The maximum rent that may be charged is the maximum rent that may be charged to a household earning 50% of the Stamford-Norwalk Standard Metropolitan Statistical Area Median Income which will be determined using the statistics published and periodically revised by HUD.

(iii) The homeowner shall provide the Agency with evidence reasonably acceptable to the Agency that the homeowner has used best efforts to keep the rental unit leased at all times during the restriction period.

5.8 Notwithstanding the foregoing provisions of this Section 5, if the homeowner intends to sell the Property, the Agency or its assignee, shall have a Right of First Refusal to purchase the Property at a price not to exceed the Maximum Sales Price. The homeowner shall provide written notice to the Agency of its intent to sell the Property and the price at which they intend to sell the Property which price shall not exceed the Maximum Sales Price, and the Agency or its assignee shall have forty-five (45) days after receipt of such written notice to give written notice to the homeowner of its intent to purchase the Property and if the Agency gives such notice, it must complete the purchase and pay the purchase price within thirty (30) days of

providing the homeowner with such notice. The Agency will make the property available under the program guidelines.

5.9 In the event the Agency does not elect to purchase the Property in accordance with Section 5.8 above, then the homeowner shall contact HDF and HDF shall provide the homeowner with a priority list of qualified prospective purchasers. The homeowner may only offer to sell the Property to the prospective purchasers on the priority list in the order of priority. If the homeowner, acting in good faith, is unable to sell the Property to a purchaser on said priority list, then the homeowner may sell the Property to any qualified purchaser. In either of the above events, the prospective purchaser must satisfy the restrictions set forth in this Declaration.

5.10 In the event HDF terminates its involvement with the Program, the Agency shall have the right to name its successor.

## 6 CERTAIN REMEDIES.

6.1 If the Property is occupied in contravention of Paragraph 5, then (i) all persons who occupy the Property in violation of Paragraph 5 may be evicted by any lawful means by the Agency, which for such purpose is hereby irrevocably constituted as the agent for the owner of the Property or (ii) the Agency or its assignee shall have the right to purchase the Property at the Maximum Sales Price. No obligation is imposed by this Declaration, on the Agency, to evict any person who occupies the Property in violation of Paragraph 5 or to purchase the Property.

6.2 If the Agency does evict a person who occupies the Property in violation of Paragraph 5, the Agency shall be entitled to recover its actual expenses in connection with such eviction, including without limitation reasonable attorneys' fees and disbursements (whether or not any formal action or proceeding is commenced), on demand from the owner of the Property, and shall have a lien on the Property to secure such recovery from and after the recording of notice thereof on the Norwalk Land Records.

6.3 If the owner of the Property sells such Property for more than the maximum price permitted by this Declaration, then such seller shall be liable to the Agency for damages equal to twice the amount by which the actual selling price, exceeds the maximum price permitted by this Declaration.

If the owner of the Property leases the non-owner occupied living unit on the Property for more than the maximum rental permitted by this Declaration, then such seller shall be liable to the Agency for damages equal to twice the amount by which the actual rental payments collected, exceeds the maximum rental payments permitted by this Declaration.

7 EXEMPTIONS. No provision of this Declaration relating to the requirement that the Property be sold only to an income eligible purchaser, or the establishment of a maximum sales price, shall apply to:

7.1 Grants of Permitted Mortgages.

7.2 Transfer to the mortgagee pursuant to or in lieu of foreclosure of a Permitted Mortgage. However, (a) the mortgagee's acquisition of title does not entitle the mortgagee to occupy, nor to allow occupancy of, the Property, merely the right to re-sell the Property in accordance with and subject to Paragraph 5; (b) the mortgagee's acquisition of title does not extinguish any of the restrictions imposed by this Declaration; (c) any sale of the Property pursuant to judicial or non-judicial foreclosure (that is, if the mortgagee forecloses and does not itself acquire title) is considered a resale and must be made in accordance with and subject to all of the provisions of this Declaration; and (d) any sale of the Property by the mortgagee, after it has acquired the Property, is considered a resale and must be made in accordance with and subject to all of the provisions of this Declaration.

8 ENFORCEMENT. This Declaration may be enforced only by the Agency or by the City of Norwalk, by any appropriate remedy at law or in equity, including without limitation injunction.

9 AMENDMENT. This Declaration may be amended only by recorded instrument executed by the Declarant.

10 DURATION. The restrictions imposed by this Declaration shall run with the land for a period of twenty years and shall automatically expire twenty years from the date of recording of this Declaration on the Norwalk Land Records.

11 NON-DISCRIMINATION. In compliance with federal, state and local fair housing laws, the parties will not discriminate on the basis of race, color, creed, ancestry, religion, national origin, sex, physical or mental disability, familial status, learning disability, marital status, age, lawful source of income and sexual orientation in the sale or rental of housing, or in the direct or indirect provision of services related to housing.

12 SUCCESSORS AND ASSIGNS. This Declaration shall run with the land and shall be binding upon and inure to the benefit of the Agency, and the Declarant and the Declarant's successors as owners from time to time of the Property.

13 INVALIDITY. If any provision of this Declaration is determined to be unenforceable, this shall not affect the validity or enforceability of any other provision of this Declaration.

IN WITNESS WHEREOF, Declarant has made this Declaration of Land Use Restrictions as of the date first written above.

Two witnesses:

**NORTH WALKE HOUSING CORPORATION**

\_\_\_\_\_  
  
\_\_\_\_\_

by: \_\_\_\_\_  
Felix R. Serrano, Its President  
duly authorized

STATE OF CONNECTICUT )

) ss: Norwalk

COUNTY OF FAIRFIELD )

On this, the \_\_\_ day of \_\_\_\_\_, 20\_\_, before me personally appeared Felix R. Serrano, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument in the capacity of President of **NORTH WALKE HOUSING CORPORATION**, a non-stock corporation and acknowledged that he, being authorized so to do, executed the same on behalf of said non-stock corporation for the purposes therein contained.

In witness whereof, I hereunto set my hand.

\_\_\_\_\_  
Notary Public  
Commissioner of the Superior Court

## Schedule A

### Property Description

ALL THAT CERTAIN piece or parcel of land, together with the building and improvements thereon, situated in the City of Norwalk, County of Fairfield, and State of Connecticut, being thirty-seven and thirteen hundredths (37.13) feet in front on the highway called Lexington Avenue, one hundred thirty-three and ninety-seven hundredths (133.97) feet in depth on the northerly side, and one hundred forty and ninety-seven hundredths (140.97) feet in depth on the southerly side, and being bounded as follows, viz:

NORTHERLY: by land now or formerly of Antonietta Peccerello;

EASTERLY: by the highway Lexington Avenue, so-called;

SOUTHERLY: by land now or formerly of Steven Czako and Margaret Czako; and

WESTERLY: by land formerly of the heirs or devisees of Robert B. Snowden.

TOGETHER WITH a right of way, on foot and by teams and vehicles, on and over a strip of land three and sixty-five hundredths (3.65) feet in width from north to south next adjoining the premises hereby conveyed, and on the south extending in depth from said Lexington Avenue westerly to a stone retaining wall on land now or formerly of Steven and Margaret Czako and on the subject premises.

## **Appendix C Marketing Plan**

### **MARKETING PLAN**

#### **South Norwalk Homeownership Program**

##### **English and Spanish**

The Norwalk Redevelopment Agency's Program acquires and rehabilitates small residential properties (1-4 families each) located within a half mile radius of the South Norwalk Train Station. The rehabilitated homes will be sold to income eligible owner-occupants and rental units will be restricted to income eligible households, as well. A 20-year deed restriction, limiting ownership of the home to income eligible families, will be placed on each property. Detailed guidelines for this program are available.

The property will be advertised by way of a press release and advertisement in the following local newspapers:

- The Hour
- El Sol

Flyers will be placed in the following locations:

- Choice Neighborhoods Office at 149 Water Street
- Washington Village Community Center
- Norwalk Housing Authority Office
- Norwalk City Hall and Norwalk Redevelopment Agency
- South Norwalk Community Center
- Local churches
- South Norwalk Library and the Belden Avenue Main Library
- Housing Development Fund (HDF)
- City Hall, including the Mayor's Office

Digital marketing media:

- Choice Neighborhoods website
- Email all City employees and elected officials
- Email all Board of Education employees
- Post information on the City website as well as Norwalk Redevelopment Agency's webpage: [www.norwalkct.org](http://www.norwalkct.org)
- Information on Housing Development Fund's website: [www.hdfconnects.org](http://www.hdfconnects.org)

Signage:

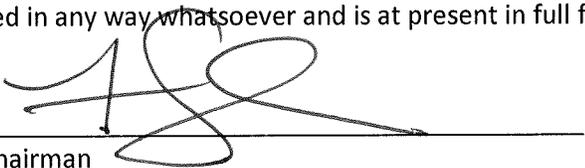
- Signage in front of each property to include the Fair Housing logo

**Appendix D**  
**Agency Action**

**CERTIFIED RESOLUTION OF THE NORWALK REDEVELOPMENT AGENCY**

I, Felix R. Serrano, Chairman, certify that below is a true and correct copy of a resolution duly adopted by the Norwalk Redevelopment Agency at meeting of its Commissioners duly convened on October 14, 2014 and which has not been rescinded or modified in any way whatsoever and is at present in full force and effect.

October 14, 2014

  
Chairman

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**WHEREAS**, the Norwalk Redevelopment Agency, as co-applicant, received a FY2013 Choice Neighborhoods Implementation Grant in order undertake the Washington Village / South Norwalk Transformation Plan

**NOW, THEREFORE, BE IT RESOLVED BY THE** Norwalk Redevelopment Agency Board of Commissioners

1. That the Agency's Executive Director, Timothy T. Sheehan, is directed to execute and file all three HUD-1044s, Assistance Award / Amendment, and any such other documents as may be required, to execute an Assistance Agreement with the Department of Housing and Urban Development for financial assistance in the Choice Neighborhoods Implementation Grant, and to execute any amendments, decisions, and revisions thereto, and to act as the authorized representative of the Norwalk Redevelopment Agency.

**Appendix E**  
**MOU with HDF and LEAP Guidelines**

**MEMORANDUM OF UNDERSTANDING**  
**Between**  
**Housing Development Fund (HDF)**  
**And**  
**Norwalk Redevelopment Agency / North Walke Housing Corporation**  
**for the**  
**South Norwalk Acquisition, Renovation and Homeownership Program**

**I. PROGRAM OBJECTIVE**

Norwalk Redevelopment Agency / North Walke Housing Corporation's **South Norwalk Acquisition, Renovation and Homeownership Program** (the Program) makes available affordable homeownership opportunities for low income families at scattered site locations in South Norwalk, CT (the Project). The binding document for the Program is the **Small Multi-Family Preservation: South Norwalk Acquisition, Renovation and Homeownership Program Guidelines for Acquisition, Rehabilitation and Resale** developed by the Norwalk Redevelopment Agency and approved by HUD.

In order to execute this Program, Norwalk Redevelopment Agency/ North Walke Housing Corporation (the Developer) will engage the Housing Development Fund (HDF) to provide homeownership and landlord counseling to income eligible families interested in applying to purchase the Project's below market rate (BMR) multi-family property located at **24 Haviland Street, Norwalk, CT 06854** (the property). HDF will provide the Developer with mortgage ready applicants that also comply with the BMR criteria. HDF will also assist these qualified applicants in qualifying for low-interest or deferred subordinate mortgages and downpayment assistance to enable them to purchase the property at the Project. HDF's program, known as LEAP (Landlord Entrepreneurship and Affordability Program) is outlined in the document "Program Outline and Underwriting Guidelines" dated March 4, 2014.

It is the intention of the Developer to maintain long-term affordability of these properties for low -income households, as defined herein. This will be accomplished through the provision of second and subordinate mortgage and downpayment subsidies and resale (deed) restrictions.

**II. ELIGIBLE HOMEBUYERS**

Households interested in applying to purchase the property under the Program must meet the following requirements:

1. The property must be used primarily for year-round residential use.
2. The property financed under this program must be the principal residence of the borrower, who may lease only the rental unit(s). One unit must be owner occupied.
3. The owner household's annual gross income may not exceed 80% of the Stamford-Norwalk Area Median Income (AMI) adjusted for household size. The

renter household's annual gross income may not exceed 50% of the AMI. In the event properties are financed with the Norwalk Redevelopment Agency's Choice Neighborhoods grant, the income limit for both homeowners and renters can be increased to 120% of AMI and within Connecticut Housing Finance Authority guidelines.

4. Within the above minimum and maximum income limits, the Program will make its diligent efforts to serve households within the income tier, as described below.
5. The buyer will need to complete the HDF homeownership and LEAP program landlord counseling program requirements, which include one-on-one homeownership counseling. The buyer must also conform to HDF's underwriting criteria. A nominal credit report fee will be charged to the participant. HDF will provide the Developer with verification of completion for all participants that complete the requirements of said program.

### **III. HOMEBUYER SELECTION AND REFERRAL PROCESS**

1. Prospective homebuyers for the property will be sourced through the Developer's marketing efforts and subsequent referral to HDF and through HDF's client base and ongoing intake process. The Developer and HDF will mutually agree to the wording and timing of advertisements about the property prior to placements of ads.
2. HDF will contact all prospective homebuyers and invite each to attend a mandatory orientation session held by HDF's homeownership counselors. These sessions are 30 minutes long and are offered throughout the week in both English and Spanish. The orientation is the beginning of the screening process as well as an opportunity for potential homebuyers to learn about the homeownership process and how to apply for HDF downpayment assistance and purchase a BMR unit. Applicants must also complete HDF's 8 hour homeownership education classes. For LEAP applicants, landlord training must also be completed.
3. HDF will use information gathered during the orientation sessions and subsequent one-on-one counseling sessions to determine which applicants are both income-eligible for the property and mortgage ready.
4. The Developer will provide HDF with a copy of the deed restriction language that will be placed on the property before the counseling process has begun. HDF's counselors will provide this language to the applicants as a part of the counseling sessions.
5. HDF will refer mortgage ready and income eligible applicants to the Developer until a mutually agreed upon and publicized cut off date. The Developer will process the applications to purchase.
6. Notwithstanding the foregoing, if, subsequent to completion of the orientation process and subsequent counseling sessions, HDF determines that the number of

mortgage ready and income eligible applicants exceeds the number of available BMR properties, before it refers any applicants to the Developer, HDF will conduct a fair, open and random selection process.

7. HDF will assist the property applicants in securing a first mortgage as well as HDF's own downpayment assistance loans where applicable.

## V. MORTGAGE FINANCING

As described in Scenario One (Purchase Only) of the LEAP guidelines, in order to assist a qualified purchaser in meeting the property purchase price, the following sources may be used:

- **Connecticut Housing Finance Authority** below market rate first mortgages for first-time homebuyers, which are offered through member banks.
- **Housing Development Fund Homebuyer Assistance** loan products, which are offered at little to no interest and can be used for down payment and closing costs. These products include, but are not limited to the following:

If eligible, the purchaser may qualify for the SmartMove second mortgage program offered by HDF, which provides low-interest financing for up to 20% of the purchase price for which the purchaser qualifies. This mortgage will be in a second lien position. HDF will assist the purchaser in obtaining a first mortgage commitment from a SmartMove and CHFA-qualified lender.

The BMR purchaser may also be eligible for HDF's Live Where You Work loan (formerly Workforce loan), which is an interest free non-amortizing loan. If qualified, a BMR purchaser may be able to borrow up to \$20,000 from this fund to be used for down payment and/or closing costs. This loan is payable upon sale, transfer, refinance or at the end of the first mortgage.

Purchaser may be eligible for HDF DP LEAP 3<sup>rd</sup> mortgage. 0.00% non-amortizing patient mortgage subordinate to CHFA's first and SmartMove 2<sup>nd</sup> mortgage. Can be used for closing costs with a maximum of 5% or \$10,000 whichever is less. Is due on sale, transfer of property or 30 years.

- **City of Norwalk Homebuyer Assistance** loan products if available.

## VI. FEE STRUCTURE

As a fee for services rendered, as described above, the Developer will pay HDF a total of \$2,750 for the buyer payable at the closing of 24 Haviland Strret, Norwalk, CT 06854. HDF will be compensated by Norwalk Redevelopment Agency / North Walke Housing Corporation. Funds will be allocated against the grant upon each closing.

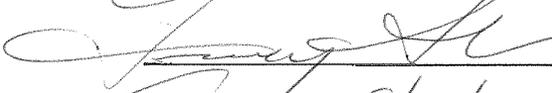
The fee is calculated based on HDF's previous experience in administering BMR selection and qualification programs.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as to the day and year written above.

Housing Development Fund, Inc.

By:   
Name and Title: Kelly Alonzo, Dir of Lending  
Date: 11/15/16

Norwalk Redevelopment Agency / North Walke Housing Corporation

By:   
Name and Title: Timothy Sheehan, Executive Director  
Date: 1/15/16

## PROGRAM OUTLINE AND UNDERWRITING GUIDELINES

### Title: Connecticut Housing Finance Authority and Housing Development Fund Landlord Entrepreneurship and Affordability Program Pilot Program

#### PURPOSE AND OVERVIEW:

The Connecticut Housing Finance Authority (CHFA) and Housing Development Fund (HDF) Landlord Entrepreneurship and Affordability Program (LEAP) Pilot Program will provide eligible borrowers opportunities to become owner occupants of small multifamily properties (2-4 units) in foreclosure-impacted census tracts.

PARAMETER	Eligibility Requirements
<b>LENDER ORIGINATION FEE</b>	<ul style="list-style-type: none"> <li>▪ 1%</li> <li>▪ 2% when rehabilitation is required</li> </ul>
<b>CHFA ALLOWABLE FEES</b>	<ul style="list-style-type: none"> <li>▪ Underwriting - \$395</li> <li>▪ Processing - \$395</li> </ul> <p><i>Additional allowable fees to the borrower include those fees that are customary, reasonable and necessary to close the mortgage loan.</i></p>
<b>CHFA INTEREST RATE</b>	Same as the CHFA Regular Homebuyer Program interest rate in effect at the time of reservation. <i>(CHFA Targeted Area rate will apply when applicable)</i>
<b>AMORTIZATION</b>	30-Year Term, Fixed Rate Mortgage (FRM)
<b>TARGET GEOGRAPHY</b>	State of Connecticut Loans <u>without rehabilitation</u> ONLY <b>HDF LEAP REHAB</b> loans are restricted to <b>DOH Approved</b> designated areas – see HDF LEAP REHAB section for details
<b>ELIGIBLE BORROWERS</b>	First-time homebuyers whose household incomes are at or below 100% of the Area Median Income (AMI) (HDF, at its discretion, may increase eligible borrower(s) income to the maximum limit set by CHFA for the area)
<b>ELIGIBLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>▪ 2 – 4 unit dwellings</li> </ul>
<b>ELIGIBLE OCCUPANCY</b>	<ul style="list-style-type: none"> <li>▪ Owner occupied only</li> <li>▪ Rental units must be marketed to tenants whose incomes are at or below 80% of the Area Median Income (AMI)</li> </ul> <p>(HDF, at its discretion, may increase the income limit for tenancy of the non-owner occupied units up to the maximum limit set by CHFA for the area)</p>
<b>ELIGIBLE PURPOSE</b>	Purchases only (refinance not allowed)
<b>MINIMUM CREDIT SCORE</b>	HDF LEAP Program is not a credit score driven product, however, if a credit score is lower than 620, compensating factors must exist in order for the loan to be considered for approval. In addition, if the credit score is lower than 620, all derogatory items in the last 12 months must be verified by a third party source and explained by the borrower(s).

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NON-TRADITIONAL CREDIT	<ul style="list-style-type: none"> <li>▪ Borrower(s) without credit scores are eligible following FNMA underwriting guidelines for submitting files with manual underwriting and non-traditional credit</li> </ul>
QUALIFYING RATIOS	<ul style="list-style-type: none"> <li>▪ Maximum Housing Ratio = 33%</li> <li>▪ Maximum Total Debt-to-Income = 41%</li> </ul> <p><i>(On a case-by-case basis, HDF reserves the right to approve DTI exceptions up to a maximum of 45%)</i></p>
MAXIMUM LTV/CLTV	<ul style="list-style-type: none"> <li>▪ 2-4 units: 80% / 105%</li> <li>▪ 2-4 units Non-EE Rehab: 80% / 110%</li> </ul> <p><i>(EE = Energy Efficiency)</i></p> <ul style="list-style-type: none"> <li>▪ CHFA first mortgage LTV will be based upon the following: <ul style="list-style-type: none"> <li>○ Purchase: 80% of lower of sales price or appraised value.</li> <li>○ Purchase and rehab: 80% of lower of total cost or appraised value upon completion.</li> </ul> </li> </ul>
CHFA FINANCING	<ul style="list-style-type: none"> <li>▪ First Mortgage up to a maximum 80% LTV</li> <li>▪ First Mortgage will be in 1<sup>st</sup> lien position</li> </ul>
MINIMUM BORROWER CONTRIBUTION	<ul style="list-style-type: none"> <li>• Minimum Borrower Contribution = 1%; Contribution will be applied towards the following costs: <ul style="list-style-type: none"> <li>○ Origination Fee</li> <li>○ Document Preparation Fee</li> <li>○ Underwriting Fee</li> <li>○ Required Reserves</li> <li>○ Closing costs that are customary, reasonable and necessary to close the mortgage loan</li> </ul> </li> </ul>
SUBORDINATE FINANCING (3 SCENARIOS)	<p><b><u>Scenario One (PURCHASE ONLY):</u></b>  <b>HDF SMARTMOVE 2<sup>ND</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ Loan amount will be for a maximum of 20% of the purchase price. 3.00% for 20 years. All SmartMove guidelines apply.</li> </ul> <p><b>HDF LEAP DAP 3<sup>RD</sup> MORTGAGE.</b></p> <ul style="list-style-type: none"> <li>➤ 0.00% non-amortizing patient mortgage subordinate to CHFA's first and SmartMove second mortgages.</li> <li>➤ HDF LEAP DAP can be used for <b>closing costs</b> with a maximum of 5% or \$10,000.00 whichever is less.</li> <li>➤ HDF LEAP DAP is due on sale, transfer of property or 30 years.</li> </ul> <p><b><u>Scenario Two (PURCHASE AND REHAB):</u></b>  <b>CHFA DAP 2<sup>ND</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ Loan amount will be equal to 10% of the sales price up to a maximum of \$10,000.00.</li> <li>➤ CHFA DAP interest rate will be the same as the first mortgage interest rate for a 30 year term.</li> </ul> <p><b>HDF LEAP REHAB 3<sup>RD</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ 0.0% non-amortizing patient mortgage subordinate to CHFA's first and second mortgages.</li> <li>➤ HDF LEAP Rehab loan amount is limited to a maximum of \$20,000.00 per unit for a 2 unit property. The maximum loan amount is \$40,000.00. (All funds will be applied to cost for renovations of the property).</li> <li>➤ 3 – 4 unit properties are limited to a maximum loan amount \$45,000.00. (All funds will be applied to the cost for renovations of the property)</li> </ul>

<p><b>SUBORDINATE FINANCING (con't)</b> (3 SCENARIOS)</p>	<ul style="list-style-type: none"> <li>➤ HDF LEAP Rehab is due on sale, transfer of property or 30 years.</li> </ul> <p><b><u>Scenario Three (PURCHASE, REHAB AND CLOSING COSTS):</u></b></p> <p><b>CHFA DAP 2<sup>ND</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ Loan amount will be equal to 10% of the sales price up to a maximum of \$10,000.00.</li> <li>➤ CHFA DAP interest rate will be the same as the first mortgage interest rate for a 30 year term.</li> </ul> <p><b>HDF LEAP DAP 3<sup>RD</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ 0.00% non-amortizing patient mortgage subordinate to CHFA's first and second mortgage.</li> <li>➤ Can be used for <b><u>down payment or closing costs</u></b> with a maximum of 5% or \$10,000.00 whichever is less;</li> <li>➤ HDF LEAP DAP is due on sale, transfer of property or 30 years.</li> </ul> <p><b>HDF LEAP REHAB 4<sup>TH</sup> MORTGAGE</b></p> <ul style="list-style-type: none"> <li>➤ 0.0% non-amortizing patient mortgage subordinate to CHFA's first and second mortgages and HDF LEAP DAP mortgage.</li> <li>➤ HDF LEAP Rehab loan amount is limited to a maximum of \$20,000.00 per unit for a 2 unit property. The maximum loan amount is \$40,000.00. (All funds will be applied to cost for renovations of the property).</li> <li>➤ 3 – 4 unit properties are limited to a maximum loan amount \$45,000.00. (All funds will be applied to the cost for renovations of the property)</li> <li>➤ HDF LEAP Rehab is due on sale, transfer of property or 30 years.</li> </ul>
<p><b>INCOME REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>▪ HDF Income Limits will apply as long as the HDF Limit is within the CHFA Income Limit for the city/town where the property is located</li> <li>▪ HDF, at its discretion, may increase eligible borrower(s) income to the maximum limit set by CHFA for the area</li> <li>▪ Current and/or projected rental income must be included in the qualifying income for this program. 75% of the gross rental income from the first unit and 65% of the gross rental income for additional units must be included.</li> </ul> <p><i>There are no exceptions for Over Income Borrowers in Targeted Areas.</i></p>
<p><b>SALES PRICE LIMIT</b></p>	<ul style="list-style-type: none"> <li>▪ CHFA Sales Price Limits will apply</li> </ul>
<p><b>RESERVES</b></p>	<ul style="list-style-type: none"> <li>▪ Minimum of 2 months PITI for all transactions</li> </ul>
<p><b>INTERESTED PARTY CONTRIBUTIONS</b></p>	<ul style="list-style-type: none"> <li>▪ 6% maximum for all transactions</li> </ul>
<p><b>HOMEBUYER EDUCATION</b></p>	<ul style="list-style-type: none"> <li>▪ Required for all borrower(s)</li> </ul>
<p><b>LANDLORD COUNSELING</b></p>	<ul style="list-style-type: none"> <li>▪ Required for all borrower(s)</li> </ul>
<p><b>HOME MAINTENANCE 101</b> (NHS OF NEW HAVEN)</p>	<ul style="list-style-type: none"> <li>▪ Required for all borrower(s) Certificate Required</li> </ul>
<p><b>HDF LEAP REHAB</b></p>	<ul style="list-style-type: none"> <li>▪ CHFA 1<sup>st</sup> Mortgage Loan will be serviced by Bogman, Inc.</li> <li>▪ CHFA 2<sup>nd</sup> Mortgage loan will be serviced by CHIF</li> <li>▪ HDF 3<sup>rd</sup> and 4<sup>th</sup> Mortgage(s) loan will be serviced by HDF <ul style="list-style-type: none"> <li>○ Property Location: Fairfield and New Haven Counties. Bridgeport, Danbury, New Haven, Norwalk, Stamford and Stratford. Limited Availability in remainder of Fairfield County, Milford, Orange, Woodbridge, Hamden, North Haven, North Branford, Branford, Guilford, and Madison.</li> </ul> </li> </ul>

<p><b>HDF LEAP REHAB (con't)</b></p>	<ul style="list-style-type: none"> <li>○ For properties undergoing rehabilitation, the CHFA first mortgage will be serviced by Bogman and the CHFA DAP will be serviced by CHIF</li> <li>○ Both the CHFA first mortgage and CHFA DAP will be transferred to the servicer after closing in accordance with CHFA guidelines.</li> <li>○ CHFA will fund the CHFA first mortgage and CHFA DAP mortgage after the loans have closed in accordance with their program guidelines.</li> <li>○ <b>HDF will service the LEAP DAP and LEAP Rehab loans only.</b></li> <li>○ HDF will be responsible for managing the rehab process including disbursement of funds held in escrow to complete the project for the LEAP Rehab loan.</li>   <li>○ When the rehabilitation project is 100% complete and all funds have been disbursed HDF will provide copies of the progress inspections and payments and well as a final inspection indicating that all the required work has been completed. A copy of the CO or Certificate of Compliance (or other documentation) as issued by the city will be provided to the first mortgage loan servicer, Bogman, Inc. and CHFA for retention.</li> <li>○ Any funds not required to be disbursed during the rehabilitation period must be applied to the principal balance of the LEAP Rehab loan.</li> </ul>
<p><b>ASSIGNMENTS</b></p>	<ul style="list-style-type: none"> <li>▪ CHFA 1<sup>st</sup> Mortgage Loan must close in the name of the <b>“Housing Development Fund”</b> AND BE ASSIGNED to the <b>“Connecticut Housing Finance Authority”</b></li> <li>▪ CHFA DAP 2<sup>nd</sup> Mortgage must close in the name of the <b>“Connecticut Housing Finance Authority”</b></li> <li>▪ HDF LEAP DAP and HDF LEAP Rehab Mortgage(s) must close in the name of the <b>“Housing Development Fund”</b></li> </ul>
<p><b>MORTGAGEE CLAUSE - CHFA</b></p>	<p>Connecticut Housing Finance Authority C/O Bogman, Inc. Its successors and / or assigns, ATIMA 12301 Old Columbia Pike, Suite 200 Silver Spring, MD 20904-41656</p>
<p><b>1<sup>ST</sup> MORTGAGE LOAN DELIVERY ADDRESS</b></p>	<p>Bogman, Inc. 12301 Old Columbia Pike, Suite 200 Silver Spring, MD 20904-41656</p>
<p><b>2<sup>ND</sup> MORTGAGE LOAN DELIVERY ADDRESS</b></p>	<p>Connecticut Housing Investment Fund (CHIF) 121 Tremont Street Hartford, CT 06105</p>

**Appendix F**  
**MOU with the Housing Authority**

MEMORANDUM OF AGREEMENT  
BETWEEN NORWALK HOUSING AUTHORITY  
AND  
NORWALK REDEVELOPMENT AGENCY  
Drawdown of Choice Neighborhoods Implementation Grant Funds

This Memorandum of Agreement is entered into by and between the Housing Authority of the City of Norwalk, a public body corporate organized and existing under the laws of the State of Connecticut ("NHA"), and the Norwalk Redevelopment Agency, an agency of the City of Norwalk ("NRA") on this the 23rd day of October, 2015.

WHEREAS, on June 30, 2014, the NHA and the NRA, as co-applicants, were awarded a \$30 million Choice Neighborhoods Implementation ("CNI") grant by the US Department of Housing and Urban Development ("HUD"), and

WHEREAS, CNI grant funds are provided by HUD through the Line of Credit Control System ("LOCCS"), which is accessed by NHA. HUD authorizes funds in LOCCS periodically, following approval of specific budget requests submitted by NHA, and

WHEREAS, as part of the CNI Critical Community Improvements ("CCI") Plan submitted jointly by NHA and NRA, and approved by HUD, certain CCI activities will be implemented by NRA and funded (entirely or partially) with CNI grant funds. These activities include, but are not limited to the South Norwalk Acquisition, Renovation and Homeownership Program, Ryan Park Improvements, the Residential Façade Improvement Program, the Public Art Installation and the Complete Streets Program, and

WHEREAS, The South Norwalk Acquisition, Renovation and Homeownership Program will be administered by North Walke Housing Corporation, acting as the real estate development and holding company, and

WHEREAS, in order to facilitate the transfer of CNI grant funds from LOCCS to NHA and from NHA to NRA to fund approved CCI activities, NHA and NRA have established specific procedures which will be followed for each draw down of CNI funds to be transferred from NHA to NRA, and

WHEREAS, the procedures for payment of CNI funds must comply with federal requirements at 2 CFR Part 200, and

NOW THEREFORE, the following procedures have been established and agreed to by NHA and NRA:

1. NRA must obtain the approval of HUD for the CCI activity to be implemented by NRA and the budget for the activity.
2. A copy of the approval must be provided to NHA.
3. Upon obtaining such approval, HUD will then authorize funds for the activity into LOCCS consistent with the approved budget and other HUD requirements.
4. NRA or North Walke incurs costs or expends funds associated with the CCI activity only after obtaining HUD approval.

5. NRA or North Walke Housing Corporation shall submit a written request to NHA for release of CNI funds, which includes a copy of all invoices related to the approved CCI activity which are to be paid or reimbursed. NRA or North Walke may only request CNI funds for expenses which have already been incurred and/or paid by NRA.
6. NHA will review the written request to assure its appropriateness. If the payment request is approved, NHA enters a request for release of CNI funds from the LOCCS system.
7. Once CNI funds are received by NHA, NHA shall transfer the CNI funds from the NHA account to a specified NRA account via electronic funds transfer, issue a reimbursement check or make a direct payment by check of the authorized invoice.
8. NRA immediately expends CNI funds to pay the authorized invoices or to reimburse itself for authorized expenses it has already paid.
9. NHA must keep a separate accounting of all CNI funds disbursed to NRA by activity and maintain such records for a period of seven (7) years.
10. NRA must keep a separate accounting of all CNI funds received from NHA by activity and expended by NRA and maintain such records for a period of seven (7) years.
11. All third party contracts will be awarded and administered in accordance with applicable HUD regulations and guidelines.
12. CNI funds recovered through the sale of real property or other means will be treated as Program Income and will be held and accounted for in a separate CNI program Income account. Available Program Income will be further used for approved CNI activities and will be expended prior to requesting additional funds from the NHA through LOCCS. Should Program Income no longer be needed to CNI related activities the funds will be returned to the NHA for allowable CNI related activities.
13. NHA and NRA records regarding the expenditures of CNI grant funds are both subject to audit by HUD and either party to this Agreement.

WHEREFORE, the parties have set their hands and seals on the date above first written.

Housing Authority of the City of Norwalk

Norwalk Redevelopment Agency

By: 

Curtis O. Law, Executive Director

By: 

Timothy Sheehan, Executive Director

Date: 10-29-2015

Date: 11/9/15