COLORADO
Department of Local Affairs

# Housing Recovery Program
# Grant and Loan Program Policies

December 13, 2022


**Reconstructed home in Jamestown, CO following the 2013 floods (12/12/2016)**
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## Version History

The table below reflects any significant revisions and the date they occurred. Any major policy revisions will result in a version change. Minor edits and clarifications will not be reflected.

| Version No. | Effective Date | Revision Summary |
|---|---|---|
| 1.0 | 12/13/2022 | Initial Policies and Procedures for formal launch on 12/15. |
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# 1. PROGRAM PURPOSE AND OVERVIEW

The purpose of the State of Colorado Housing Recovery Program is primarily to provide additional rebuilding resources for those in need of assistance in order to remain in their communities following a natural disaster. Additionally, these funds are intended to reduce the extreme financial hardship of rebuilding, particularly for households on the margin. The program also aims to promote rebuilding in accordance with high performance building standards adopted by local communities and voluntary sustainable building elements that exceed local code requirements, including the incorporation of fire-, wind-, and water-resistant building materials and energy efficiency measures.

The program itself contains three different funding sources including:
- the State Disaster Resilience Rebuilding (DRR) program,
- the Federal Community Development Block Grant (CDBG), and
- the Federal Community Development Block Grant for Disaster Recovery (CDBG-DR).

Through the Housing Recovery Program, disaster impacted households may apply for grants or loans. Grants are provided in the form of a three-year forgivable loan. The grant (forgivable loan) provides rebuilding funds to those whose household income is at or below 150% of the Area Median Income. Those with income above this income level may apply for a traditional loan of up to $50,000 with favorable terms to assist with their rebuilding or renovation costs. Traditional loans are also available to households eligible for grant/forgivable loan funding if additional assistance is needed to complete their rebuilding. Grant funds will be provided in the form of a forgivable loan. Together, this program aims to help Coloradans who have been affected by natural disasters not only rebuild their homes, but produce healthier, safer and more resilient homes throughout the state.

Households applying for the Housing Recovery Program can also opt in to the Colorado Energy Office's Recovery and Electrification Program through the Household Recovery Program application site. This program offers an additional $10,000 incentive for incorporating select energy efficient options that reduce the use of natural gas.

### 1.1 Eligibility

Eligible applicants include persons who owned a disaster impacted home as their primary residence at the time of an eligible state-declared disaster (listed below) and own that property at the time of application. Eligible property types include: single family residences, duplexes, townhomes or condominiums, and manufactured homes or mobile homes permanently affixed to permanent foundations and taxed as real property that sustained major or severe damage.

Second homes and short term rental properties are not eligible for this program.

Landlords will be able to apply for rebuilding assistance once HUD approves the CDBG-DR Action Plan and those funds are granted to the State. Receipt of this assistance is conditioned on maintaining affordable rents for a period of at least 5 years and in accordance with the Division of Housing current guidelines.

The state-declared Colorado disasters since 2018 listed below that lost housing are eligible for assistance. These rebuilding funds are only available for ongoing rebuilding costs.

**Table 1: Housing Recovery Program Eligible Disasters**

| Number | Date | Description | # Lost Residential Properties* |
|---|---|---|---|
| 2018-007 | 7/11/2018 | Spring Creek Fire: Costilla & Huerfano Counties | 141 |
| 2018-014 | 7/24/2018 | Chateau Fire: Teller County | 10 |
| 2018-017 | 8/3/2018 | Lake Christine Fire: Eagle County | 5 |
| 2019-005 | 5/31/2019 | Avalanche Debris and Flooding Risk: Hinsdale County | 1 |
| 2020-208 | 10/5/2020 | Cameron Peak Fire: Larimer County | 200 |
| 2020-233 | 10/30/2020 | Mullen Fire: Jackson County | 29 |
| 2020-252 | 11/15/2020 | East Troublesome Fire: Grand County | 401 |
| 2020-253 | 11/15/2020 | Calwood Fire: Boulder County | 24 |
| 2021-123 | 07/16/2021 | Muddy Slide Fire: Routt County | 8 |
| 2021-127 | 08/06/2021 | Burn Scar Flooding, Mudslides, Rockslides: Garfield, Larimer, Eagle, Grand, Routt, Rio Blanco & Pitkin Counties | 6 |
| 2022-004 | 1/27/2022 | Marshall Fire and Straight-Line Winds: Boulder County | 1,084 |

***Note:** Not all residential properties listed were primary residence owner-occupied homes.

### 1.2 Award Types

Applicants may be eligible for a combination of grant and loan. The maximum eligible grant/forgivable loan amount is dictated by the income level of the applicant. The maximum loan amount is $50,000 for all income levels based on ability to repay, and contingent on the remaining rebuilding gap.

**Table 2: General Grant (Forgivable Loan)/Traditional Loan Amounts by Area Median Income**

| Area Median Income Level | Maximum Grant (Forgivable Loan) Amount | Maximum Traditional Loan Amount 1.5% interest rate; up to 30-year fixed |
|---|---|---|
| ≤ 80% AMI | Up to $100,000 | Up to $50,000 |
| 81-100% AMI | Up to $75,000 | Up to $50,000 |
| 101-120% AMI | Up to $50,000 | Up to $50,000 |
| 121-150% AMI | Up to $25,000 | Up to $50,000 |
| > 150% AMI | NA | Up to $50,000 |

Area Median Income (AMI) varies by County and is also dependent on household size. To find the income limits that apply to you, please click here. Household income is based on the current income at the time of application.

### 1.3 Eligible Expenses

Owners of primary owner-occupied residences at the time of the disaster and at the time of application, may apply for eligible expenses that include:

a. Direct costs of repairs or reconstruction of a damaged or destroyed primary residence including costs to rebuild to an advanced fire or other natural hazard mitigation standard;
b. Architectural, engineering, permitting or other soft costs/fees associated with repairing or rebuilding a primary residence;
c. Soil sampling and air quality monitoring;
d. Clearance and demolition costs including concrete and other foundation material removal and removal of hazardous materials including (but not limited to) asbestos;
e. Private road or bridge repair/replacement if necessary to access a primary residence;
f. Costs associated with using building and site design measures that reduce risk to natural hazards including fire resistant building materials and landscape design;
g. Costs to replant climate ready trees and vegetation;
h. Other recovery costs not covered by other sources that will increase resilience to future disasters.

The traditional loan is intended for those who were unable to access SBA loan assistance. It cannot be used to supplant or reduce the SBA loan.

**1.4 Application Process**
All applicants must complete an initial property eligibility screening conducted by a local partner or a third party administrator. Applicants impacted by the Marshall Fire and most other applicants will apply through the [Impact Development Fund (IDF) / Community Economic Defense Project (CEDP) Portal]. Application and intake will be conducted with assistance from CEDP intake coordinators who will assist homeowners in identifying and uploading the required documentation. Complete applications will be forwarded to IDF for award determination and processing. **Some local governments with fewer applicants may elect to manage the application and intake process locally.** Check with your DOLA regional manager or contact DOLA directly at dola_recovery@state.co.us to see if your local community has selected this option.

An IDF (or local administrator) representative will finalize your application and establish a grant or loan closing directly with the applicant. The applicant must be the *current* subject property owner as well as the owner of record on the *declared disaster date(s)*. Ownership will be verified through public records, warranty deeds and real estate tax records.

**1.5 Roles and Responsibilities**

**Department of Local Affairs:** Responsible for:
- Establishing program guidelines and policies.
- Contracting with administering agencies including local governments or non-profit (and/or housing authority) administrators.
- Program and contract monitoring of local governments and non-profit (and/or housing authority) administrators.
- Payment processes for administering entities.
- Performance reporting as required for State and Federal programs.
- Compliance with State and Federal regulations to include monitoring of participating local governments.

**Impact Development Fund and Other Administering agencies:** Responsible for:
- Application intake and processing including Award determination and duplication of benefit determinations.

- Quality control and compliance with program guidelines and policies.
- Payment schedules for household applicants.
- Financial and performance reporting to the State via the Department of Local Affairs.
- Provides policy advice and program input based on lessons learned from implementation.
- Elevate appeals, exemptions or waivers to the State as required.

**Local Governments:** Responsible for:

- Assisting in communication to qualified applicants.
- If needed, identify the administering agency for the local intake process.
- If the disaster was not Presidentially declared and the number of low to moderate income household applicants exceeds 10 households, the local government will need to apply to DOH for the receipt and management of CDBG funds. Entitlement communities may need to set aside some of their annual appropriation.

## 2. Award Determination

### 2.1 Maximum Award

The Program allows up to $150,000 in assistance to affected homeowners. The maximum traditional loan is $50,000 and the maximum grant/forgivable loan is $100,000. The amount of grant assistance available is dependent on the income level of each household as indicated in Table 2 above, with lower income households eligible for more grant funding. Grants are provided in the form of a forgivable loan.

### 2.2 General Award Determination

The award is determined by estimating the total rehabilitation or reconstruction cost of the project for standard construction plus any additional costs including mitigation measures, subtracting out insurance and any federal, state, non-profit or private grants already provided for the purpose of reconstruction, and assessing the remaining between rebuilding needs and rebuilding proceeds. The award will be the lesser of this difference and the maximum allowable award.

### 2.3 Award Calculation

The Program calculates the total grant award amount using this formula:

1. Identify Applicant's total need based on eligible construction costs less any custom or luxury items.

2. Calculate potential Duplication of Benefits (DOB) - see Section 3
   a. Sum total rebuilding assistance received from other sources.
   b. Utilize HUD guidance to evaluate other sources for applicability.

3. Subtract Benefits Received from total need to determine the 'gap.'

4. Calculate the Grant / Forgivable portion: Use the income table for the appropriate county to determine the maximum grant (forgivable loan) portion. If the gap < max eligible award, then the award = gap. If the gap ≥ max eligible award, then the award = max eligible award as defined in table 2.

5. Calculate the traditional loan eligible amount by subtracting the grant (forgivable loan) amount calculated in step 4 from the total gap.

a. If gap minus grant is greater than zero and less than $50,000, then the traditional loan award = gap - grant.
b. If gap minus grant is greater than zero and greater than $50,000, then the traditional loan award is $50,000.
c. If gap minus grant is less than zero, then the traditional loan award is zero.

**2.4 Determination of Cost to Reconstruct or Repair**

All projects will be calculated using standard construction estimating software to evaluate the project for cost reasonableness. Applications may be initially accepted with or without a construction bid.

**2.4.1 No Construction Bid Available**
The initial award will be determined using construction estimating software taking into account any additional documented eligible cost requirements including clearance and demolition, mitigation measures and enhanced energy efficiency or electrification costs.

**2.4.2 Construction Bid is Available**
The construction bid will be considered in the rebuilding cost as follows:

a. If the bid is within 15% of the standard estimate, the bid will be used as the reconstruction estimate for the purposes of award determination.
b. If the bid varies by more than 15% of the standard estimate, then additional evaluation will be required by a qualified construction manager as follows:
    i. Assess the bid for cost reasonableness.
    ii. Approve/add any verified mitigation, energy efficiency or electrification costs.
    iii. Approve/add any required costs not considered in the original estimate (i.e. demolition, soil remediation, etc.)
    iv. Reduce any costs associated with non-essential luxury or custom construction to the appropriate standard cost.
    v. Reduce any unsubstantiated contingency costs included in the bid.

**2.4.3 Standard Construction**
All methods listed above will consider standard quality reconstruction or renovation work to develop estimates. Should a contractor estimate or bid be developed using custom furnishings or finishes, those items will be adjusted downward to mirror the price of standard quality elements in developing the projected cost of reconstruction or renovation. For example:

| **Item** | **Standard** | **Custom** |
|---|---|---|
| Flooring | Carpet and vinyl | Luxury vinyl planks, hardwood, or tiles |
| Countertops | Formica | Granite or Quartz |
| Cabinets | Economy grade | Premium or custom grade |
| Windows | Standard sizes | Custom sizes |
| Appliances | Standard | Professional / Commercial grade |
| Siding | Vinyl or hardboard | Stucco, brick and/or stone |

## 3. Duplication of Benefit (DOB)

For fairness, consistency and the responsible use of public funds, all Housing Recovery Program awards will be evaluated for duplication of benefit regardless of funding source.

### 3.1 Definition of DOB

A duplication occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

The amount of the duplication is the amount of assistance received or available to an Applicant in excess of the Applicant's total need. The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance. A Duplication of Benefits (DOB) occurs when:

- A beneficiary receives assistance or has assistance available to them, and
- It comes from multiple sources (examples: private insurance, FEMA, NFIP, non- profits, etc.), and
- The total assistance amount available to the Applicant, after excluding non-duplicative amounts, exceeds the need for a particular recovery purpose, in this case rebuilding.

Applicants will be required to provide documentation of any insurance awards, FEMA assistance for rebuilding, and any other proceeds provided for the purpose of rebuilding through public or private sources.

### 3.2 DOB Regulatory Standards

The Duplication of Benefits Policy herein was developed in accordance with Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5155) as well as HUD Federal Register Notices 84 FR 28836 & 28846.

- Section 312(a) of the Stafford Act requires the Federal Government to assure that no person receiving Federal financial assistance receives funds for any part of a loss already paid by insurance or any other source.
- Section 312(c) makes any person receiving duplicative assistance liable to the Federal Government for the duplicative amount and states that "the agency which provided the duplicative assistance shall collect [it] from the recipient when the head of such agency considers it to be in the best interest of the Federal Government" (42 USC 5155(c)).
- Additionally, Section 312(b) of the Act permits the payment of assistance to someone who is or may be entitled to future payments from insurance or another source "if such person agrees to repay all duplicative assistance to the agency providing the Federal assistance" (42 USC 5155(b)).

HUD Federal Register Notice 84 FR 28836 & 28846 provides further clarification on standards.

Federal regulations require the program to consider all funds "available" to Applicants when calculating assistance, not just funds received. The Federal Register Notice states that funds are "available" to an Applicant if they:

(1) would have received them by acting in a reasonable manner, or in other words, by taking the same practical steps toward funding recovery as would disaster survivors faced with the same situation but not eligible to receive CDBG-DR assistance; or

(2) has received the assistance and has legal control over it. Available assistance includes reasonably anticipated assistance that has been awarded and accepted but has not yet been received. Applicants are expected to seek insurance or other assistance to which they are legally entitled and to behave reasonably when negotiating payments to which they may be entitled.

The Federal Register notice also outlines examples where funds are not considered duplicative. The most common examples include:

- Funds provided for a different purpose (i.e. FEMA assistance not tied to rebuilding)
- Funds not available to the applicant (i.e. forced mortgage payoff)
- Private loans without federal subsidy
- Pre-existing assets or lines of credit

### 3.3 Treatment of SBA Loans

In general, the Grant (forgivable loan) will not be considered to duplicate SBA subsidized loans. However, the loan amount may be reduced as SBA has the same requirement under the Stafford Act to ensure that total assistance does not exceed the needed resources. The traditional loan is considered a duplication with SBA loan funds and grant plus loan amounts cannot exceed the total gap. Traditional loans may not be used to replace or reduce SBA loans in excess of $10,000. Any portion of the SBA loan that is for personal property will not be considered a duplication as that falls under the category of "funds provided for a different purpose."

This is consistent with the Disaster Recovery Reform Act (DRRA) of 2018 which modified the treatment of subsidized loans under the Stafford Act for disasters declared between January 1, 2016 and December 31, 2021, so that when certain conditions are met, the loans are no longer a DOB.

For subsidized loans made in response to DRRA Qualifying Disasters, accepted but undisbursed loan amounts (e.g., accepted but undisbursed SBA loan amounts) are not considered a DOB.

DRRA amendments also allow for individuals to be reimbursed for some costs of eligible activities that were paid with subsidized loans if it can be proven that all federal assistance was used toward a loss suffered as a result of the major disaster or emergency. If the subsidized loan was used to carry out an eligible activity that addressed a loss suffered as a result of a major disaster or emergency, HUD considers reimbursement of eligible costs paid with that loan to be used toward a loss suffered as a result of the major disaster or emergency. If an Applicant falls under this provision, refer to section V.B.2(iii) of 84 FR 28836 for a list of conditions to be met.

### 3.4 DOB Process and Verification

Applicants will list and validate sources of duplication as part of the application process. Where data is available, such as FEMA individual assistance and SBA disaster assistance loans, the administering agency will verify the accuracy of information submitted in the application. Applicants will attest in writing that the list of other resources received for rebuilding is complete and accurate.

A Subrogation agreement will be signed by the Applicant(s), to ensure that if any additional duplication of funds is disbursed to the Applicant after the grant is disbursed, the Applicant is required to pay these funds back to the program.

Verification of no additional duplicative funds received is required through the 36-month compliance period.

## 4. Household Income Calculation and Determination

Household income is combined with household size and county to determine income eligibility for the grant (forgivable loan) portion of the award. This income will be based on the household income at the time of application for funds. HUD income limits at the 80%, 100%, 120% and 150% of AMI are published annually. The program will utilize the last available calculations from HUD.

The program will use HUD Part 5 guidelines for determining and verifying household income as defined in Chapter 5 Determining Income. An abbreviated explanation of HUD Part 5 federal requirements is available at: Part 5 (Section 8) Income and Asset Inclusions and Exclusions - HUD Exchange.

Items included in Household Income:

- The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- Net income from operation of a business or profession;
- Interest, dividends, and other net income of any kind from real or personal property;
- The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts;
- Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay;
- Public assistance (e.g. Temporary Aid to Needy Families, “TANF”).
- .06% of the total value of assets in excess of $5,000.

Income that is excluded in the Household Income calculation:

- Income from employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
- Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains, and settlement for personal or property losses;
- The full amount of student financial assistance paid directly to the student or to the educational institution;
- Temporary, nonrecurring, or sporadic income (including gifts).

## 5. Grant / Forgivable Loan Details

For the Housing Recovery Program, grants of funds will be made in the form of forgivable loans. All applicants must complete an initial property eligibility screening, conducted by a local partner or the third party administrator. Upon eligibility determination, that partner/administrator will provide access to the online application and assist as necessary. The applicant must be the *current* subject property owner and the owner of record on the *disaster date*. Ownership will be verified through public record, warranty deed and real estate tax records.

**Available Amount:** Up to $100,000.00 maximum based on the household income as a percentage of area median income (see Table 2).

**Use of Funds:** Rebuilding costs including but not limited to architectural, engineering and permitting costs, building materials, construction costs and mechanical systems. Eligible costs also include energy efficiency and fire or wind mitigation measures. Housing Recovery Program funds may be a mix of Federal, State and Local resources depending on individual household and property eligibility.

**Primary Residency Requirement:** Borrowers must *maintain the property as their primary residence for a period of at least 3 years.* Property transfer prior to the three-year forgiveness period will result in the payoff of any remaining unpaid principal balance on a proportional basis.

**Payments:** No payments of either principal or interest are made on a forgivable loan during the 3 year condition that the home be used as a primary residence.

**Exceptions Policy:** All aspects of the Program eligibility and underwriting criteria are subject to DOLA Staff-level exception authority.

**Quality Control Review:** The Administrator or Partner will be responsible for regular reimbursement requests and desk, virtual, or on-site audits of Program files in accordance with Administrator Policies and Procedures as well as DOLA criteria.

## 6. Traditional Loan Details

Traditional loans are available to those who suffered damage or destruction of principal residences in State of Colorado disasters from 2018 on. All applicants must complete an initial property eligibility screening, conducted by a local partner or the third party administrator. Upon eligibility determination, that partner/administrator will provide access to the online application and assist as necessary. The applicant must be the *current* subject property owner and the owner of record on the *disaster date*. Ownership will be verified through public record, warranty deed and real estate tax records.

**Household Income Maximum:** N/A, there is no household income qualification requirement.

**Available Loan Amount:** Up to $50,000.00 maximum

**Total Debt Ratio:** Maximum back ratio of 50%

**Repayment Terms:** The loan will be repaid via principal and interest monthly payments fully amortized over a period not to exceed 30 years at 1.50% interest. The loan will become immediately due upon the sale, transfer, refinance, when the house is no longer the primary residence, or upon the death of the borrower.

**Use of Funds:** Rebuilding costs including but not limited to architectural, engineering and permitting costs, building materials and mechanical systems. Eligible costs also include energy efficiency and fire or wind mitigation measures. Housing Recovery Program funds may be used in combination with a mix of Federal, State and Local resources depending on individual household eligibility.

**Term:** Maximum 30 years

**Interest Rate:** 1.50% fixed interest rate

**Loan Fees:** There is no cost to access the Housing Recovery Program and no application fee is charged. Clerk and Recorder filing fees, origination fees, deed of trust fees and closing costs for forgivable or traditional loans will be paid by a third party administrator or partner under a separate contract with DOLA. Applicable fees will not be deducted from the loan proceeds.

**Collateral:** A subordinate lien priority will be placed on the subject property.

**Duplication of Benefit:** Borrower must provide documentation for all related assistance and benefits received. Sources include but are not limited to: FEMA, Hazard Insurance Payout, a community foundation, SBA, or other funders. Should a duplication of benefits be found, funds in that amount will be repaid to the Program.

**Compatible Mortgages:** Program funds may be used in conjunction with construction loan, SBA, conventional or portfolio first mortgage product except those containing a negative amortization feature or prepayment penalty. This program is not compatible with an FHA primary mortgage.

**Combined Loan to Value:** Maximum CLTV is 105% of "as complete" value. Exceptions for VA and USDA-RD financing in which a funding fee or guarantee fee causes CLTV to exceed 105% will be evaluated on a case-by-case basis.

**Exceptions Policy:** All aspects of the Program eligibility and underwriting criteria are subject to DOLA Staff-level exception authority.

**Quality Control Review:** The Administrator or Partner will be responsible for regular reimbursement requests and desk, virtual, or on-site audits of Program files in accordance with Administrator Policies and Procedures as well as DOLA criteria.

## 7. Origination Procedures

**Application:** All applicants must complete an initial property eligibility screening. Upon eligibility determination, links to the online Housing Recovery program application will be provided.

**Application Processing:** The Program Administrator or Partner will order site-specific third-party verifications. The Administrator or Partner will calculate the standardized rebuild estimate and associated financial gap to rebuild the residence and will determine the amount of eligible assistance and issue a loan approval notice and associated mortgage disclosures. The Program or Administrator will order evidence of hazard insurance and a copy of the title commitment. Final loan disclosures are delivered electronically to the first mortgage loan officer and settlement agent at the Title Company, as applicable, for balancing prior to presentation to the borrower. All required loan disclosures will be delivered directly to the borrower in accordance with federal and state mortgage regulations. All outstanding items must be cleared prior to funding.

## 8. Appeals Policy

### 8.1 Informal Appeal

If the applicant disagrees with an eligibility or award determination made by the program, they may file an appeal within 30 days from the date of receiving the award determination, no award, or ineligibility letter. To file an Appeal, the applicant must provide any program determination, no award, or ineligibility letter and any new information or supporting documentation that was not available at the time of the initial application. Applicants must also provide a narrative describing, in detail, the reason(s) for requesting a review of the appeal determination. Any Informal Appeal to a Program decision will go to the applicant's case manager for resolution by the program administrator (IDF).

If the applicant is not satisfied with the outcome of the informal appeal, they may request a formal appeal.

### 8.2 Formal Appeal

All Formal Appeal requests must be submitted in writing within 30 days of denial of the informal appeal in one of two ways:

By email: dola_recovery@state.co.us

By U.S. Mail: Colorado Department of Local Affairs
Attn.: DRR Program Manager
1313 Sherman St., Rm. 521
Denver, CO 80203

Within 5 business days of receiving the Appeal request, program staff will draft an initial review of the Appeal and provide it along with all appeal supporting documents to the Appeal Review Panel.

After review, if the Appeal Review Panel approves the Appeal request, the DRR Program Manager will instruct staff or the third-party administrator on the changes to be made to the applicant's file and a decision letter will be delivered to the applicant. If the DRR Program Manager is unable to approve the request, the Manager forwards the appeal request for final review by an Appeal review panel. The Appeal Review Panel will meet and decide on an Appeal within 20 business days of receipt of the complete Appeal documentation. Appeal decisions will be mailed or emailed to the applicant within 5 business days of the panel decision.

The Appeal Review Panel is composed of 3 members: one each from the Division of Local Government, the Division of Housing, and the Housing Recovery Program administering agency. The panel meets as necessary to review outstanding appeal review requests that were not approved by the Program Manager for final determination. Appeal requests must be complete as noted above prior to going to the Appeal Review Panel.

## 9. Closing Procedures

The Administrator will deliver closing instructions, final loan document package and loan proceeds direct to title or applicable vendor. Wires are sent 24 hours prior to the scheduled closing date. Loan proceeds will be disbursed upon receipt and approval of an eligible vendor invoice. Wire or ACH disbursement will be in an amount not to exceed 80% of the total loan approval amount. A 20% hold-back will remain committed through the remainder of the construction period and will be disbursed upon successful certificate of occupancy and final rebuild cost review and approval.

**Fees Collected:** Clerk and Recorder filing fees, deed of trust fees and closing costs for forgivable or traditional loans will be paid by a third party administrator or partner under a separate contract with DOLA. Those applicable fees will not be deducted from the loan proceeds. A public recording fee for the deed of trust and reasonable closing fees assessed by the Title Company will appear on the HRP Loan Closing Disclosure (CD) but those fees will also not be paid by the applicant or deducted from the loan proceeds. The Administrator or Partner will review and approve the final first mortgage CD prior to funding. Title insurance is not required for the HRP subordinate mortgage.

**Requirements:** Borrower must execute the Borrower Certification form, acknowledging disclosure of all loan terms and contact information. Additional waiver/disclosure forms may be required.

**Settlement:** Title will be instructed to show any excess proceeds as a principal reduction to the Administrator on the first mortgage Closing Disclosure (CD) and return such funds for proper credit to the borrower, which will also provide sufficient documentation to demonstrate there was duplication of benefit. No changes to the HRP loan documents or loan amount shown on the CD are permitted as a result of excess proceeds.

**Post-Closing:** The original Deed of Trust will be recorded by title with all other original loan documents returned to Administrator via overnight courier. Any excess proceeds will be applied as principal reduction, with applicable notice delivered to the borrower upon receipt.

**Duplication of Benefit:** Borrower must provide documentation for all related assistance and benefits received. Sources include but are not limited to: FEMA, Hazard Insurance Payout, a community foundation, SBA, or other funders. Should a duplication of benefits be found, Housing Recovery funds in the amount will need to be repaid to the Program.

**Other Requirements:** Additional waiver/disclosure forms may be required.

## 10. Equal Opportunity

The Program and any administrator or partner does not discriminate against applicants through its lending or eligibility review practices or in any other decision-making processes due to race, color, religion, gender, disability, sexual preference, age, family status and/or national origin.