



MINUTES

ROCK COUNTY HOUSING AUTHORITY
MONDAY, FEBRUARY 9, 2015
PLANNING & DEVELOPMENT CONFERENCE ROOM 2ND FLOOR
51 S MAIN ST
JANESVILLE, WI 53545

1. Call to Order

Chair Brian Christianson confirmed that public notice requirements were met and called the meeting to order at 8:35 a.m. Commissioners present: Mary Beaver and Anda O'Connell. Absent: Billy Bob Grahn and Jackie Wood.

Planning & Development Staff present were: Kurt Wheeler (Planner II) and Cheryl Martin (Recording Secretary).

Program Administrators: Kathy Kamp and Scott Gussick (Wisconsin Partnership for Housing Development (WPHD)).

2. Adoption of Agenda

Commissioner Beaver moved to adopt the agenda; second by Commissioner O'Connell. **ADOPTED.**

3. Minutes of Meeting for January 12, 2015

Commissioner O'Connell moved the approval of the January 12, 2015 meeting minutes as presented; second by Commissioner Beaver. **APPROVED as presented.**

4. Citizen Participation, Communications and Announcements

None at this time.

5. Program Administration Report

Kathy Kamp (WPHD) provided an update on the status of applications. She also indicated that program monitoring by the City of Janesville is nearing completion.

6. Policies and Procedures for HOME Projects – Homebuyer Program

Ms. Kamp and Mr. Gussick discussed the proposed elements and details of the revisions to the policies and procedures manual for Rock County Homebuyer Program.

HOME Program funds may be used to provide down payment and closing cost assistance to low income households to assist with the purchase of a home. This assistance will be offered in the form of a deferred loan, meaning that re-payment is not required to be made on a monthly basis. The re-payment of the loan is due upon sale or transfer of the property, or when the property ceases to be the applicant's primary place of residence. While the applicant may choose to repay prior to those terms (without penalty), they are not required to do so. The houses that are being purchased must meet certain physical property standards and home buyers must contribute at least \$1,000 of their own funds. In order to qualify for this program, attendance at some type of home buyer education class is also required.

Determination of Appropriate Financing

The HOME Program requires that an examination of the proposed financing be conducted to ensure that the primary lender is not issuing a "predatory" loan product. The assessment of the primary loan will verify that interest rates and terms are reasonable. Generally, loans are not allowed where the interest rates are more than 2 percent over the average community rate. Also, adjustable rate mortgages (ARM's) must have a loan term of at least 5 years and interest-only mortgages are not allowed.

Calculating the Amount of Assistance

In order to make a determination on the necessity and amount of down payment assistance, the Program Administrator will conduct an underwriting process. This process involves making a determination of the following percentages:

- Front-end Ratio = the housing debt ratio which compares the monthly payment for the primary mortgage to the applicant's monthly income.
- Back-end Ratio = the total debt ratio which compares all household debt to applicant's total household income.

Using Subsidy Layering Worksheets, Kathy went over examples of the application of different levels of assistance using a variable of percentages.

Discussion followed concerning the various ratios used in the underwriting process. The following were the Commissioner's recommendations for approval that will be voted on at the next meeting of the Housing Authority:

<u>Commissioner's Recommendations:</u>	
Front-end Ratio	Minimum of 20%
Back-end Ratio	Maximum of 45%
Total Amount of Assistance Available for Home Buyer	Up to \$5,000

7. Next Housing Authority Meeting

The next meeting of the Rock County Housing Authority is scheduled for **Monday, March 9, 2015 at 8:30 am**. The meeting will be held in the Planning & Development Agency Conference Room.

8. Adjournment

Commissioner Beaver moved to adjourn the committee at 9:45 am; second by Commissioner O'Connell. **ADOPTED** by acclamation.

Respectfully submitted,

Cheryl Martin, Recording Secretary

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