STATE OF ALABAMA)

COUNTY OF BALDWIN)

RESOLUTION #2026-129 OF THE BALDWIN COUNTY COMMISSION

RESOLUTION TO APPROVE THE COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR) HOMEOWNERSHIP ASSISTANCE PROGRAM (HAP) POLICIES AND PROCEDURES

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) approved the Alabama Department of Economic and Community Affairs' (ADECA) 2022 Community Development Block Grant – Disaster Recovery (CDBG-DR) Action Plan for Disaster Recovery on January 12, 2023, with a substantial amendment approved on July 21, 2023, establishing the Local Recovery Planning Program (LRPP); and

WHEREAS, Baldwin County, Alabama, (the "County") has received an allocation of Community Development Block Grant – Disaster Recovery (CDBG-DR) grant funding from ADECA; and

WHEREAS, the Baldwin County Commission (the "Commission") entered into Subrecipient Agreement No. DR-21-001 with ADECA on October 17, 2023, concerning the CDBG-DR grant funding; and

WHEREAS, the Commission Approved Amendment No. 1 to Subrecipient Agreement Number DR-21-001 between the Baldwin County Commission and ADECA, due to the approval of the Local Recovery Plan (LRP); and

WHEREAS, as outlined in the County's approved LRP, ADECA allocated $19.1 million in CDBG-DR HAP funds to provide direct assistance to eligible residents to enhance homeownership opportunities; and

WHEREAS, eligible program costs include down payment assistance (up to 100% of the required down payment amount not to exceed 20% of property purchase price), initial homeowner warranty premium, reasonable closing costs (including but not limited to legal fees, closing fees, title searches, conveyance documents, notary fees, surveys, recording fees, lender fees, buyer realtor fees up to 3% of purchase price, appraisal, and inspections), legal services needed to help eligible residents throughout the homebuying process, inspection services, and homebuyer education class costs; and

WHEREAS, the program leverages the waiver of 42 USC § 5305(a)(24)(A) and (D) found in the Federal Register Notices applicable to Hurricanes Sally and Zeta to allow the program to serve qualified households at or below 120 percent Area Median Income (AMI), with a priority for applicants at or below 80% AMI; and

WHEREAS, participants must have been residents of Baldwin County in 2020 and directly or indirectly impacted by these storms associated with DR-4563 and DR-4573; and

WHEREAS, the HAP Policies and Procedures establish the policies and procedures for the administration of the Homeownership Assistance Program (HAP) and should be utilized by all County employees, individuals and organizations representing Baldwin County while administering HAP.

NOW, THEREFORE, BE IT RESOLVED BY THE BALDWIN COUNTY COMMISSION, that the CDBG-DR HAP Policies and Procedures, a copy of which is attached as Exhibit "A" and incorporated herein by reference, is hereby **APPROVED**.

IN WITNESS WHEREOF, the Baldwin County Commission has caused this Resolution to be executed in its name and on its behalf by its Chairman on the 18th day of August 2026.

James E. Ball, Chairman
Baldwin County Commission

ATTEST:

Roger H. Rendleman
County Administrator

THE SEAL OF BALDWIN COUNTY ALABAMA 1809

Resolution #2026-129
Exhibit A

BALDWIN
COUNTY, ALABAMA
EST. 1809

CDBG-DR
Homeownership Assistance Program
Policies and Procedures

[August 2026]

Version 1

#1167874

Table of Contents

I. CDBG-DR Overview

The State of Alabama was awarded Community Development Block Grant – Disaster Recovery (CDBG-DR) funding from the U.S. Department of Housing and Urban Development (HUD) to support in the state's recovery from the 2020 Hurricanes, Sally and Zeta. As part of the state's damage and needs assessment, Baldwin County was identified as a most impacted and distressed area and was awarded $43,361,686 through the Alabama Department of Economic and Community Affairs (ADECA) CDBG-DR Action Plan. These funds are intended to address remaining recovery needs from the disasters by filling funding gaps or providing means to mitigate future impacts.

Baldwin County experienced two Category 2 hurricanes in 2020 that caused substantial damage to property and individuals and resulted in Presidentially declared disasters for the state of Alabama.

Hurricane Sally (DR-4563) made landfall on September 16, 2020, near Gulf Shores, Alabama as a Category 2 hurricane. The storm produced over 30 inches of rain over southern Alabama and the Florida Panhandle, and maximum sustained wind speeds of 105mph. High winds toppled trees, downed power lines, and damaged roofs, resulting in widespread power outages and structural damage. The storm surge and heavy rainfall associated with Hurricane Sally led to widespread flooding across Baldwin County. Coastal communities such as Gulf Shores and Orange Beach experienced significant inundation, with floodwater damaging homes, roads, and businesses. Many areas experienced road closures and impassable streets due to flooding, debris, and washouts.

Hurricane Zeta (DR-4573) crossed southern Alabama on October 28 and 29, 2020, after making landfall in Louisiana. Hurricane Zeta was a Category 2 storm with maximum sustained winds of 110mph and brought rainfall of 2-5 inches. The storm cut across the northern half of Baldwin County, causing widespread power outages and tree damage and flooding in agricultural areas.

II. Definitions

- Applicant - A person whose primary residence was in the national declared disaster areas under DR-4563 and DR-4573.
- Area Median Income (AMI) - Calculated annual limits based on HUD-estimated median Household income with adjustments based on Household size used for demonstrating low-to-moderate income beneficiaries in the Programs.
- Back-end Ratio - The total percentage of debt to income after all debt and housing costs are included.
- Borrower - An applicant who is approved for a loan.
- CMP – Case Management Provider

- Closing Costs - Ordinary and reasonable expenses over and above the price of the property incurred by buyers and sellers when transferring ownership of a property and completing the closing of a mortgage loan.

- Disability - For the purposes of the Program, consistent with federal law under the Social Security Act, as amended, 42 U.S.C. § 423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12102(1)-(3), and in accordance with HUD regulations at 24 C.F.R. §§5.403, 891.505.

- Down Payment - The difference between the lesser of sale price or the appraised value of the property and the first mortgage amount.

- Duplication of Benefits (DOB) - The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source. A duplication of benefits occurs when an applicant receives financial assistance from multiple sources, and the total amount of the assistance exceeds the remaining eligible need for a specific recovery purpose.

- Environmental Review – An inspection and analysis of a property or site to ensure that a project will have no or few impacts on the immediate environment, and that no other environmental hazards are present at the project site. Environmental review requirements are set according to the National Environmental Policy Act (NEPA) and provided for under 24 CFR part 58.

- Escrow - Account held by a third-party where Program, Applicant, and Mortgage Lender funds are deposited, held, and then transferred to the Seller at closing.

- Exclusions - Assistance received by an Applicant which will not constitute a duplication of benefits, referred to as non-duplicative or offsets.

- Fair Housing Act - The Fair Housing Act of 1968, 42 U.S.C. § 3601-3619, prohibits discrimination against protected classes of people in the sale or rental of housing, in the provision of housing assistance, or other housing-related activities. The Act obligates HUD grantees and their Subrecipients to take reasonable steps to ensure meaningful access to their programs and activities for protected classes. The Act also requires HUD and its program participants to affirmatively further the purposes of the FHA.

- Federal Register – The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each appropriation of disaster funding.

- Floodplain - Any land area that is subject to flooding. The term “floodplain,” by itself, refers to geographic features with undefined boundaries. For this guidance, the FFRMS floodplain shall be established using one of the approaches described in 44 CFR 9.7(c).

- Front-end Ratio - The total percentage of debt-to-income after housing costs, including mortgage payment (principal and interest), mortgage insurance payment, homeowners' association's dues, property taxes, and hazard and flood insurance premiums.

- HAP – The County's Homeownership Assistance Program available to eligible applicants.

- HUD – United States Department of Housing and Urban Development is a federal agency providing a variety of resources that can help state and local governments and other HUD-funded departments, agencies, or organizations prepare for and recover from disasters. For Presidentially declared disasters, Congress may make an appropriation via the CDBG-DR Program, which provides funding to State, Tribal, and local entities for housing, economic development, infrastructure, public services, planning, resilience, and mitigation programs and projects.

- Household - A Household is defined as all persons occupying the same housing unit, regardless of their relationship with each other.

- Limited English Proficiency (LEP) - A designation for persons that are unable to communicate effectively in English because their primary language is not English, and they have not developed fluency in the English language.

- Loan-to-value (LTV) ratio - a measure comparing the amount you are financing with the appraised value of the property.

- Low to Moderate Income (LMI) Household - A Household is low or moderate income if the Household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each county or metropolitan statistical area.

- Most Impacted and Distressed (MID) - HUD-defined areas of greatest impact from a disaster where 80 percent of CDBG-DR funding must be spent. The entire county is considered a MID under the CDBG-DR allocation.

- Owner-Occupant - Person meeting criteria of having an ownership interest in a property while also occupying that same property as their primary residence.

- Owner-Occupied Unit - Housing unit meeting the criteria of having someone with an ownership interest in the property also occupying that same property as their primary residence.

- Personally Identifiable Information (PII) - Information that can be used to distinguish or trace an individual's identity, such as name, and social security number, alone, or when combined with other personal and identifying information which is linked or linkable to a specific individual, such as date, place of birth, mother's maiden name, etc.

- Primary Residence - A property that is occupied the majority of the calendar year and considered the borrower's permanent place of living. It is not a secondary or vacation home. A person may have only one Primary Residence at any time.

- Promissory Note - A binding document between the borrower and a lender outlining the terms of the loan such as loan amount, interest rate, and payment plan with a written promise to pay at a future time.

- RFI – Request for Information

- State Historic Preservation Officer (SHPO) - Responsible for the operation and management of the Office of Historic Preservation, as well as long range preservation planning.

III. Program Background and Summary

a. Purpose and Scope

The Homeownership Assistance Program (HAP) provides direct assistance to eligible residents to enhance homeownership opportunities. Assistance works to make homeownership more attainable in the current housing market. An emphasis is placed on providing opportunities for home purchases outside of high-risk areas as designated by Baldwin County and its municipalities, encouraging community diversity and equity among residents and neighborhoods.[1]

This document establishes the policies and procedures for the administration of the Homeownership Assistance Program (HAP) and should be utilized by all County employees, individuals and organizations representing Baldwin County while administering HAP. The total CDBG-DR allocation for HAP is $19,169,010. There is $16,708,265 available for awards to eligible homebuyers and $2,460,745 available for activity delivery costs to ensure compliance with federal requirements.

b. National Objective

In accordance with 24 CFR 570.483 and alternative requirements under the Federal Register allocation notices (87 FR 6364 and 87 FR 31636, respectively) as prescribed by ADECA's Action Plan, HAP activities must meet the following national objective:

- *Benefiting low- and moderate-income persons ("LMI national objective"):*
    - *Low-to Moderate-Income Housing (LMI-H) when the purchasing household is at or below 80% percent Area Median Income (AMI).*
    - Permanent residential structures are to be occupied by an LMI household.

All HAP activities serving households with incomes at or below 80% AMI meet the Low to Moderate Income Housing (LMI-H) National Objective.

If there is a need, the program reserves the right to leverage the waiver of 42 USC § 5305(a)(24)(A) and (D) found in the Federal Register Notices applicable to Hurricanes Sally and Zeta to serve qualified households at or below 120 percent Area Median Income (AMI), with a priority for applicants at or below 80% AMI. Households served with incomes above 80% AMI

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[1] Baldwin LRP

would meet the Urgent Need national objective. This would be implemented by an amendment to the program.

- Activities designed to meet community development needs having a particular urgency ("Urgent Need national objective"):
    - As demonstrated by HUD's waiver to allow provision of direct assistance to facilitate and expand homeownership among persons at or below 120 percent of area median income, the ability of low- and moderate-income households to secure and maintain housing following a disaster is negatively impacted by direct damage to housing stock and economic impacts, such as job losses and increased living costs. The lack of secure housing poses a serious and immediate threat to the welfare of the impacted community and its ability to fully recover as it increases outmigration and homelessness.

HUD and Congress set the rules for how CDBG-DR funds may be used, including which activities are allowed and which are not. The sections below explain the types of activities that are eligible for assistance and the goals those activities must meet. All program participants must comply with the eligibility requirements described in this manual.

c. Eligible Activities

Under HAP, the County administers multiple initiatives to satisfy community needs and federal obligations. The provision of direct assistance warrants parallel activities to support eligible residents in long-term homeownership, ensuring housing quality benchmarks are met, and responsible lending has occurred. In addition to direct assistance, eligible program activities include the provision of homebuyer education programming, administrative oversight, housing inspections, and lender engagement and training.

d. Eligible uses of funds

Eligible program costs include down payment assistance (up to 100% of the required down payment amount not to exceed 20% of property purchase price), initial homeowner warranty premium, reasonable closing costs (including but not limited to legal fees, closing fees, title searches, conveyance documents, notary fees, surveys, recording fees, lender fees, buyer realtor fees up to 3% of purchase price, appraisal, and inspections), legal services needed to help eligible residents throughout the homebuying process, inspection services, and homebuyer education class costs. A priority is placed on downpayment assistance.

e. Disaster Tie-back

HAP eligibility criteria are designed to support households affected by the storms associated with DR-4563 and DR-4573. Eligible participants are renter and owner households that were residents of Baldwin County in 2020, were directly or indirectly impacted by these disasters, and are approved to purchase a home; households that moved out of Baldwin County after the storms but are now interested in relocating back to the county and are approved to purchase a home; and households that were in the process of purchasing a home damaged by the storms in Baldwin County at the time of the disaster.

IV. Roles and Responsibilities

a. ADECA

The Alabama Department of Economic and Community Affairs (ADECA) is the recipient of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds from the U.S. Department of Housing and Urban Development (HUD). As the recipient or grantee, ADECA is responsible for ensuring compliance with HUD's requirements, which include meeting all reporting obligations and effectively administering the funds allocated to local governments. ADECA oversees Baldwin County to ensure that these funds are managed in accordance with the Disaster Recovery (DR) Notices, grant agreements, and all applicable state and federal regulations. This includes, but is not limited to, regulations related to procurement and civil rights, ensuring that all processes are transparent, fair, and compliant with both state and federal guidelines.

b. Baldwin County

As the prime subrecipient to the grantee, Baldwin County is responsible for overseeing and ensuring that all program awards and dollars meet the requirements set in the Local Recovery Plan and by ADECA. The County will be responsible for establishing the key components necessary to ensure the smooth and compliant operation of the HAP. This includes the development of policies and procedures, along with clear guidelines on workflow, to ensure consistency and efficiency across the program. The County manages oversight of partners, contractors, and program-related services to include the Case Management Provider, and Program Consultant. Additionally, the County processes direct assistance, and payments to vendors, conducts Environmental Reviews, reports to ADECA on program expenditures and progress, and monitors partners and contractors.

To ensure compliance, the County creates resource material, including checklists of required documentation from providers, applicants, and lenders. The County establishes tools for income qualification, award calculations, and the HAP application and process instructions to guide prospective homebuyers through HAP requirements.

The County also provides resources and training on the program for lenders, realtors, and title companies covering crucial topics such as income verification, loan rightsizing, home values, appraisals, debt-to-income (DTI) ratios, and house inspections ensuring these vendors are fully equipped to participate in the program. The County prepares the HAP award agreement for homebuyers, outlining the terms and conditions for receiving assistance, and coordinates with the Program Consultant and title companies for when to release eligible HAP award payments for closings. The County ensures the payment is processed timely for disbursement prior to the applicant's closing date.

Lastly, the County prepares messaging and outreach materials to promote the program. No alterations to these materials are allowed with the exception of adding contact information and a logo for the vendor. These outreach efforts will comply with the Language Access Plan and Fair Housing requirements to ensure program accessibility to all residents.

c. Lender(s)

Lenders determine the first mortgage qualification and work with the applicant's realtor and the CMP to support the homebuyer with their purchase and processing the assistance. Lenders participating in the HAP will be requested to complete the training provided by the County, which provides the necessary knowledge to effectively manage various aspects of the loan process with HAP, including loan eligibility and Civil Rights obligations. However, the County does not discriminate on the first lender source, and homebuyers are welcome to leverage funds from available resources, so long as the loan and its conditions are eligible. Acceptable lenders for originating the first mortgage include: commercial banks, savings banks, savings and loan associations, credit unions, and mortgage brokers.

Participating lenders have several key responsibilities to support the program's successful implementation. They are required to coordinate with the CMP throughout the purchase process, ensure loans meet program requirements, participate in relevant training, and provide closing loan documents to allow the County to complete the underwriting process for the loan and a final award calculation prior to loan closing.

Coordination with the CMP includes sharing relevant documentation and confirming applicants and property eligibility. Property information includes appraisals, home inspections, and title searches.

Participating lenders will confirm applicants are pre-approved for a home loan and will refer potential applicants to the online application portal. Similarly, lenders may receive referrals from the CMP among residents who indicated interest in applying to the program but have not been pre-approved for a mortgage by a lender. A critical aspect of the role involves loan rightsizing, ensuring that loans are appropriately structured to match the financial capabilities of homebuyers and meets the program requirements. Before closing any loans, lenders confirm with the CMP that all HAP program requirements are met, including but not limited to eligibility criteria and property standards documentation.

d. Case Management Provider (CMP)

The Case Management Provider offers administrative support to the County for HAP. The CMP manages the day-to-day operations of the program, including community engagement and program recruitment, homeownership case management, coordination with participating agencies, and eligibility determinations. The responsibilities of the CMP require ongoing communication with applicants at the onset of application assignment through loan closing. Case management of the homebuyer involves helping individuals navigate the process by ensuring all required documents are completed and that all program requirements are met.

In addition to ongoing contact with applicants, the CMP is responsible for maintaining ongoing coordination with the County and Program Consultant, and engaging with lenders, title companies, realtors, housing counselors, and property inspectors, as necessary.

Furthermore, as a condition of award, applicants are obligated to complete a HUD certified homeowner education class. The CMP can support the applicant by informing them of the requirement, offering a referral to a provider, and support class enrollment. Lastly, the CMP ensures the home inspection report is included in the project file and does not identify any conditions that would make the property ineligible for the program.

Once the award has been processed, the CMP is responsible for ensuring the funding has reached the appropriate entity and confirms that the sale has been completed by attending the closing. Furthermore, the County is responsible for obtaining a copy of the recorded deed after the closing is completed.

e. Program Consultant

The Program Consultant reviews initial applications submitted through the online portal and assigns all applications to the CMP that are determined to meet a pre-eligibility review and may proceed with requests for additional documentation, if necessary. Once the CMP has completed the eligibility review file, which includes the necessary documentation and information required for the award process, the Program Consultant reviews the file as a secondary to ensure applicants eligibility. Once the CMP has received all required documentation regarding the property for purchase, the Program Consultant reviews the documentation and completes the environmental review checklist to ensure property eligibility. Once the CMP gathers all required documentation regarding the first mortgage loan and closing costs, the Program Consultant conducts an independent review to ensure the mortgage meets program conditions. This involves reviewing relevant financial and eligibility data to determine the appropriate award amount based on established guidelines. The Program Consultant calculates the award amount for each case. Upon completion of each review and determination, the Program Consultant notifies the CMP enabling further communication with the applicant, lender, realtor, etc.

The Program Consultant will provide feedback, guidance, and coordination with the CMP and Baldwin County as each applicant works through the HAP and homebuying process.

Once the closing date has been scheduled, the Program Consultant will complete a payment request form and submit to the County for processing and payment to the title company. Once the CMP has gathered all documentation for the closing file, the Program Consultant will review the file to ensure all required documents are included. Next, the Program Consultant will add the applicant and purchased property to the monitoring log that will be used to ensure the required occupancy period has been met.

f. Homebuyer Education Provider

Residents participating in the program must participate in a HUD recognized homebuyer education course. HAP includes providing homebuyers with access to a homebuyer education course, which is designed to equip them with the knowledge and tools necessary for making informed decisions throughout the homebuying process and after. Such content includes the selection and purchase of a home, issues arising during or affecting the period of ownership including default and foreclosure prevention, relocation services, title transfers and title searches, and debt management.

Homebuyer education providers will offer the classes, led by a HUD certified instructor, virtually or in person to HAP applicants. Upon successful completion of this course, homebuyers receive a certification that verifies their participation and readiness.

g. Property Inspection

As a matter of process and housing eligibility, a copy of the completed inspection report must be provided to the CMP to ensure the property can pass a health and safety inspection, is clear of lead paint risk, and any major repair needs. Homes identified as potentially containing lead-based paint or requiring major repairs within the next 60 months will not be eligible for program funding.

Baldwin County reserves the right to assign an independent inspector to assess the property if the initial inspection report shows concerns or serious issues. County inspectors will be selected from a pre-qualified list on an as needed basis. Report findings and the County's determination on the property will be shared with the applicant.

h. Program Contact Information

Program intake and applications are managed by the CMP, ____________. For program intake, or questions on applications and eligibility can be directed to:

Case Management Provider
Program Contact

The Baldwin County Commission Grants Department is the main point of contact for the administration of HAP. Questions or concerns on the administration of the program can be directed to:

175 Courthouse Square
Bay Minette, AL 36507
251-937-0281
BCCGrants@baldwincountyal.gov

V. Program Eligibility Requirements

a. Household Qualifications

i. Threshold Criteria

- Applicant and co-applicants must be a U.S. citizen or a qualified alien.
- Meet the Household Income restrictions that are at or below 80% of HUD's AMI for Baldwin County.
- Have legal authority to enter into a grant and or loan agreement.
- Eligible applicants must have a valid lender pre-approval letter for a first mortgage at the time of application to the program.
- Proof of residency in Baldwin County at the time of the disaster or documentation of eligibility as described in Section III.e. of this document.

ii. Citizenship and Permanent Resident Status

Applicants and co-applicants must demonstrate proof of citizenship or qualified permanent resident status. Applicants and co-applicants who self-identify as U.S. citizens must demonstrate citizenship status by presenting documents or a combination of documents as described in the Application Documentation List (Exhibit A). Applicants and co-applicants self-identified as qualified permanent resident will undergo a verification process through the Systematic Alien Verification for Entitlements (SAVE) system or another DHS-approved verification method. Additionally, qualified permanent residents may provide supporting documentation.

iii. Income and Assets

Eligible applicants are currently low to moderate income households that were Baldwin County residents at the time of the disaster, including LMI renters, LMI property owners who occupied and owned, and LMI homebuyers in the process of purchasing a home that was damaged by the Presidentially declared disasters DR-4563 and DR-4573. Since this program does not include buyout assistance, property owners' homes must have been sold or will be sold concurrently and no liens remain. This is to reduce the risk of open liens against the applicant from becoming a lien against the new property.

The County is prioritizing eligible low to moderate income households for HAP. Although the intent of the program is to assist as many impacted persons as possible, all assistance is subject to availability, and the program may implement a prioritization structure if needed.

iv. Homebuyer Education

Applicants must participate in and complete a homebuyer education course provided by a County approved provider. The course helps eligible residents by providing knowledge and tools necessary for making informed decisions throughout the homebuying process and after. Such content includes the selection and purchase of a home, issues arising during or affecting the period of ownership including default and foreclosure prevention, relocation services, title transfers and title searches, and debt management. Homebuyer education must be completed prior to home purchase. If an applicant has completed a homebuyer education course provided by a HUD certified provider within 24 months of the home purchase, this requirement will be satisfied with the submission of the completion certificate.

b. Property Standards

i. Property Type

Properties eligible for purchase must meet housing type, standard, and location criteria. HAP assistance is available for already constructed single-family dwellings, eligible closing costs, and the purchase price of a new or preowned manufactured housing unit (MHUs) or single family (one-unit) stick-built home. All completed homes must have water, waste, and electrical services, and the site must be developed such that these components can be completed and permanently attached to the structure.

Units under construction or meeting other housing specifications, such as condominiums, multifamily housing, or vacant lots are not eligible. Additionally, properties must be outside floodplains or disaster risk reduction areas identified by the County, or its municipalities.

Stick-Built Homes

An applicant may purchase a stick-built home that passes the program inspection requirements for HAP. However, the program may consider the purchase of a unit that does not pass program inspection requirements if the seller is willing to address the items prior to sale, resulting in a passing inspection.

Manufactured Housing Units (MHUs)

A homebuyer may qualify to purchase a single- or double-wide MHU. The program will only provide assistance for MHUs that were built after June 15, 1976, and which met the requirements of HUD's Manufactured Home Construction and Safety Standards ("HUD Code"), as amended. Units must have the Certification Label, or HUD Tag, affixed to the unit and certifying that the unit meets federal HUD standards. Installed MHUs must be:

- Rated for Wind Zone II or higher
- Anchored to a permanent foundation and certified by a licensed installer through the Alabama Manufactured Housing Commission (AMHC)

Additional building requirements include:

- All utilities must be connected at time of final inspection
- Each exterior door must have a landing measuring at least 36 inches by 36 inches with stairs, guardrails, and handrails that meet the 2024 International Residential Code (IRC) requirements
- Landings must not be attached to the units
- Address numbers must be posted on the unit or at the street
- An approved, signed, and dated Alabama Manufactured Housing Commission (AMHC) installer sticker must be affixed to the unit during the final inspection
- Electrical service panel must be verified for code compliance
- All equipment must be installed at the height of base flood elevation (BFE) plus one foot

Additional site requirements may be stipulated by the local regulating authority. The applicant is required to adhere to all applicable codes, ordinances, and regulations.

Homebuyers wishing to purchase an MHU for placement within an existing Manufactured Housing Park must also demonstrate eligibility with the Park's requirements by providing a Manufactured Housing Park and/or landlord eligibility determination and must submit the site or pad lease agreement prior to award of funds.

Units under construction or meeting other housing specifications, such as condominiums, multifamily housing, or vacant lots are not eligible. Additionally, properties must be outside floodplains or disaster risk reduction areas identified by the County, or its municipalities.

ii. Property Ownership

To be eligible for assistance, a property must be purchased from the Owner of Record vested on the title. The transaction may not involve any sale or assignment of the Sales Contract. All transactions require a 12-month chain of title search from the title company. Documentation verifying that the seller is the owner of record must be obtained. Such documentation may include, but is not limited to:

- A property sales history report

- A copy of the recorded mortgage deed from the Seller
- Other documentation, such as Title Commitment, or binder, demonstrating the Seller's ownership of the property and the date it was acquired.

Under no circumstances may an individual who is not the owner of public record act as the seller of the property.

iii. Property Occupancy

Property to be purchased must be owner-occupied or vacant a minimum of sixty (60) days prior to the purchase agreement execution date.

iv. Location

Housing units for sale must be located within Baldwin County.

Eligible properties must also be located outside the 100-year floodplain and outside disaster risk reduction area, as indicated in the CDBG-DR Local Recovery Plan.

v. Condition

Homes are required to be move-in ready and be able to pass a home inspection without identifying any criteria that would make the property ineligible as described in Section IV.g of this document. At a minimum, the property needs to meet all local and County building and property codes and those prescribed by HUD. HAP program funding is not available for rehabilitation.

VI. Application and Intake

a. Application Submissions

Each applicant interested in HAP completes an online application form. The applicant must provide a pre-approval letter from a lender and answer questions regarding current household income and residency at the time of the disaster in order to submit the application. The Program Consultant reviews the initial submission to determine if the pre-approval lender letter is acceptable for the program and if there is a conflict of interest issue identified by the applicant that must be submitted to the County for review. If both considerations are acceptable, the Program Consultant forwards the application to the Case Management Provider to gather documentation to verify identity, residency at time of disaster, number of persons in the household, current household income, assets, any other disaster-related assistance received, and any additional documents that may be required by HAP to establish eligibility for participation. If either is not acceptable, the Program Consultant will address the issue to determine if it can be resolved or if the application must be denied.

The CMP requests supporting material from the lender and applicant as needed. It is the responsibility of the applicant to respond within the timeframe specified on the Request for Information (RFI). The CMP may communicate with a person designated by the Applicant if a Communication Designee Form (Exhibit C) is completed and submitted by the Applicant. The Communication Designee may obtain information about the Applicant's program status; however, they are not authorized to make any decision on behalf of the Applicant or to sign a grant acknowledgement or any other program documents or affidavits on behalf of the Applicant unless they also hold a valid Power of Attorney.

Whenever possible, the CMP will coordinate with the County to use third-party documentation (including checking records of other regional programs, state records, or data sources) to verify the accuracy of documentation. The program reserves the right to seek clarification of any documentation that is unclear or contradictory. Applications are deemed complete only if all information is complete, with all supporting documentation received and accepted by the CMP and Program Consultant. Complete applications are approved by the CMP and forwarded to the Program Consultant for a second level approval. The CMP will work with the applicant to complete their application, if necessary.

b. Applicant Prioritization

The program will satisfy the CDBG-DR LMI benefit requirement, where at least 70 percent of beneficiaries served are at or below 80 percent AMI. Applicants at or below 80 percent AMI will be prioritized and qualify under the National Objective Low to Moderate Income Housing (LMI-H). Amongst LMI qualified eligible applicants, applications will be processed in order of the date/time completed and a Conditional Award Letter is issued. Program funds will be reserved for applications that receive a Conditional Award Letter.

i. Waiting List Maintenance

The Program Consultant will maintain a waiting list of applicants that have met the program eligibility requirements once the program is fully subscribed and all funds have been reserved for applicants receiving Conditional Award Letters. Since applications are considered on a first-come-first-served basis, the CMP will engage with homebuyers in the order applications have been assigned to the CMP and as case managers are available. If additional funds become available or applicants with conditional approval are removed from the program, then the Program Consultant will notify the CMP to contact the next eligible applicant based on the waiting list being maintained.

VII. Program Administration

a. Program Outreach and Marketing

Local communication and outreach are important program elements and are required to ensure the program is effectively promoted within the community and eligible participants are informed. HAP relies on outreach efforts to reach eligible homebuyers for the program. Baldwin County will engage with numerous agencies and community partners, including the public, lenders, realtors, and administrative providers.

Outreach will clearly articulate the program, eligibility requirements, and contact information for intake and participation. The County shares material across media, including the Local Recovery Planning website, and County social media sites. Partner agencies, service organizations, such as non-profit agencies and churches serving Baldwin County residents, realtors and lenders can access the outreach materials by contacting the Baldwin County Grants staff at BCCgrants@baldwincountyal.gov. Materials may include but are not limited to electronic and printable flyers, newsletters, and communications or messaging to be shared. No organization should change or alter any part of the marketing materials provided with the exception of the inclusion of an organization’s logo and/or contact information.

Ensuring all eligible Baldwin County residents can leverage the program is crucial. As such, Fair Housing Lender and Accessibility logos will be placed on all outreach materials, and content will be translated based on the County's Language Access Plan and Citizenship Participation Plan. The Program must notify the applicant in writing about all major program decisions, including applicant eligibility, property eligibility, award amount, accommodation/exception approval or denial, and denial or withdrawal from the program. The Program will ensure that all applicants receive key information about the program, including how assistance may be used and what program and applicant responsibilities include. All written notifications and case notes should be saved in the application portal.

b. Income Verification

To be eligible for HAP assistance, homebuyers must provide documentation that verifies household income and assets for the prior 12 months. The preferred documentation to meet this requirement are copies of completed, filed income tax returns for all household members with income. Any household member 18+ with income that does not file income tax returns must provide alternative documentation of income.

i. Maximum Income Limit

Households with income at or below 80% of the HUD Area Median Income (AMI) for Baldwin County, adjusted for family size, will be prioritized for HAP. To determine income eligibility, the program uses the HUD Community Planning and Development (CPD) Adjusted Gross Income (AGI) method to calculate total household income as well as the income limits published by HUD. The income limits vary by household size and are updated annually in April. HUD income limits for Baldwin County are included in Exhibit B and can be found on the HUD Website.

The HUD-published income limits are updated annually and remain in effect until HUD's effective date of the income limits is published for the subsequent year. The program will consider an applicant's household income based on the income limits published at the time of processing. If the HUD income limits change after the income determination is made, the program will not automatically reassess the applicant's income based on the new income limits.

The AGI method calculates family gross income for all household members 18 years of age and older using CPD methods. The income is verified using income documentation or other acceptable methods that project total income for the next 12 months. All applicants and/or members of the household must provide required income documentation identified in the Application Documentation List. Additionally, applicants must certify if they anticipate their income and/or household composition will or will not change within the following 12 months. If changes are anticipated or occur during program processing, the program may request additional documentation to calculate and project income. Litigation settlements are not considered income.

Households that do not or are unable to file tax returns may still be eligible to receive assistance, particularly if they meet the other eligibility criteria. The County will use different methods of verifying income to determine household eligibility depending on whether the household files tax returns.

ii. Determining Household Size

HUD considers all persons who live in the same house to be household members for the purpose of household income calculation. Household members may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share the same house.

To determine income eligibility, the program will verify income for each household member who is 18 years and older. When full-time students who are 18 years and older are dependents, a maximum of $480 of earned income per year will be counted.

Non-Household Members: The following persons will not count as household members and should not be included when verifying annual household income:

- Foster children
- Foster aides
- Live-in aides and their children
- Unborn children
- Children being pursued for legal custody or adoption who are not currently living in the household

Partially Absent Household Members: The applicant may count the following types of persons as household members, at their discretion. Those persons included as household members must submit income documentation:

- Children who live in the house at least 50% of the time and who are named in a shared custody agreement
- Permanently absent family members who can be classified as household dependents, such as children attending college or a family member in a nursing home (if included, and the person is 18 years and older, income must be reported to the program and will be included in the AMI calculation)

iii. Income Eligibility Review

The CMP is responsible for conducting an income verification of applicants to confirm eligibility. This involves a thorough review of family income and assets as indicated by household members during the application process. Coordination with lenders will be necessary to obtain income documentation and a preapproval letter as a means of streamlining the eligibility determination process.

The following documents for verification are acceptable but not limited to:

- Previous year tax return for all household members who filed taxes;
- Zero Income Certification (Exhibit D) for any adult in the household without income;
- For self-employed income: Most recent personal and business tax returns, forms IRS 1040's, partnership and corporate tax returns including all schedules and signed year-to-date Profit and Loss statement for each business. Depreciation, depletion and

amortization and/or casualty losses are to be added back to the business cashflow while analyzing a self-employed applicant; and/or

- Other variable income such as commission, tip, overtime, bonus, unemployment, and seasonal farm income must be averaged for the most recent 2 years.
- If the income is on a declining trend, the underwriter must obtain additional documents such as letter of explanation from the applicant, confirmation from employer, and use discretion to deem the income is stable and likely to continue. In addition to this, the use of lower income or exclusion of this income in qualification will be acceptable with underwriter logic.
- Household members who do not file tax returns must provide:
    - Household Income Certification Form (Exhibit E): Assists the Case Manager to determine the AGI for the household:
        - Most recent 2 months of paystubs verifying year-to-date income and prior year W-2;
        - Most recent 2 months of benefit statements or most recent 2 months of bank statements showing direct deposit for social security, disability, retirements, pension, annuity income, and prior year 1099s or most recent award letter;
    - Zero Income Certification (Exhibit D): Certifies that the household member does not make any income and outlines how they pay for costs of living (e.g., utilities, mortgage, taxes).
    - Verification of Recurring Cash Contributions Certification (Exhibit F): Only for cases where household members are paid in cash and are unable to document income through other methods. This form can be used to document recurring cash contributions.
- Verification of Income From Business Certification (Exhibit G): Only in cases where household members receive income from a business, such as in cases of self-employment or sole-proprietorship, and are unable to document income through other methods. This form can be used to document recurring cash contributions.

In addition to conducting its own review, the CMP compares their income determination worksheet with that of the first lender. The CMP can use the income calculation worksheet provided by the first lender to review any discrepancies that may impact AMI eligibility. Subsequently, the CMP provides the completed review and determination to the Program Consultant for final approval. If Program Consultant agrees with approval, the CMP will be notified and a Conditional Award Letter will be issued to the applicant.

If approved, moving forward in the process, further coordination with the lender and the CMP to attain documents necessary to perform the underwriting is required.

Per federal requirements, Baldwin County and its partners must make every effort to avoid fraud, waste, and abuse of federal grant funds and reserve the right, in its sole discretion, to require additional documentation to substantiate LMI determinations.

iv. Expiration of Income Documents

If the paystubs, benefit statements, or bank statements used for qualification are over 12 months or 365 days old on the date of closing, updated documents are required for re-verification.

v. Income Verification Frequency

Income determinations are valid for up to 12 months from the date of income verification. If an applicant has not signed an award within 12 months of the date of their income determination, the program will require a recertification of income as required by CDBG-DR funding rules.

c. Duplication of Benefits

A Duplication of Benefits (DOB) review is conducted for every participating applicant. The CMP and Program Consultant will review all eligible applicants to determine whether there is any DOB in accordance with the following federal law and regulations:

- Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 5207)
- Additional DOB guidance published by HUD on June 20, 2019, (84 FR 28836 and 28848)
- The “necessary and reasonable” cost principles in the Uniform Administrative Requirements, cost principles, and audit requirements for federal awards in 2 CFR Part 200(e) (Cost Principles), which prohibit grantees from charging a cost paid by another source to the grant.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. § 5121 et. seq., prohibits any person, business concern, or other entity from receiving federal funds for any part of such loss as to which they have received financial assistance under any other program for the same loss, which will be deemed as a duplication of benefit. As such, the CMP considers assistance received by applicants from any other federal, state, local or other source and determines if any such assistance is duplicative. Any assistance determined to be duplicative is deducted from the HAP’s calculation of the applicant’s total need prior to awarding assistance.

Assistance received from other sources is considered a duplication if funds are used for the same purpose and exceed the amount needed. Assistance from multiple sources may not be considered a DOB so long as those funds do not exceed the amount of assistance needed, are not for replacement housing, or were used for other costs that do not conflict with the CDBG-DR assistance. If the applicant received assistance considered a DOB, it must be included in the calculation of the final award amount at the initial and final compliance reviews.

All applicants are required to sign a DOB Certification form (Exhibit H) that includes assignment language to ensure that if any additional funds are disbursed to the applicant after the award amount calculation and prior to close of escrow, the applicant must disclose the funding source, amount, and use. If these are determined to be a DOB, the applicant may be required to pay the duplicative amount back to the County.

The CMP will complete an initial DOB review and follow the DOB standard operating procedures to determine the DOB amount. Where possible, the County will electronically verify disaster recovery assistance received through federally and locally maintained datasets, such as FEMA Individual Assistance (IA) and SBA disaster home loan datasets, along with any other sources available to the program.

Upon the purchase of a home, the County will conduct a DOB analysis to ensure that no funds for the same eligible purpose and cost were provided at the time of closing either by another public agency or private source as identified in the original DOB analysis. If homebuyers receive additional funding for the same purpose as the program award, even after an award is executed, the applicant is required to report the additional funding to the program. By accepting the award, applicants agree that they will report any duplicative funds whenever received. Homebuyers should not receive any funds back at closing.

Utilization of FEMA Replacement funds for interim or temporary housing, including the acquisition of fifth wheels, RVs, or rental assistance, is deemed an eligible use under replacement housing and does not result in a duplication of benefits with securing a permanent housing solution under HAP. Monetary benefits received that cannot be offset by verifiable expense documentation will be counted as a duplication of benefit and will be subtracted from the HAP total calculated need.

i. Duplicative Sources

Benefits received for the same purpose (housing purchase) and the same time period that the HAP assistance will cover may be considered duplicative. This includes:

- Federal, state, and local programs (including FEMA and SBA benefits);
- Homeownership support; HUD certified homebuyer education aid within 24 months of application submittal; and other eligible expenses;
- Cash awards, insurance proceeds, grants, and loans; and/or
- Benefits issued by private or nonprofit charity organizations.

ii. Non-duplicative Sources

Benefits received for purposes other than those covered by the applicable HAP awards, or those that serve the same purpose as the applicable awards but for a different time period, will not be considered duplicative. Additionally, any funding from the following sources will not be considered duplicative:

- Personal assets
- Checking or savings accounts (that are not affiliated with dwelling insurance)
- Retirement, pension, and 401(k) accounts
- Personal or private loans
- Credit cards or lines of credit

iii. DOB After Award

If a DOB is found after a HAP award is made, the County will require repayment and recapture of the CDBG-DR funds that were duplicative of another funding source. Section 312(b) of the

Stafford Act permits a grantee to provide CDBG-DR assistance to an Applicant who is or may be entitled to receive assistance that would be duplicative if:

1. The applicant has not received the other assistance at the time the CDBG-DR grantee makes its award; and
2. the applicant agrees to repay the CDBG-DR grantee for any duplicative assistance once it is received. The agreement to repay future funds may enable a faster recovery in cases when other sources of assistance are delayed (e.g., due to insurance litigation). HUD requires all grantees to enter agreements with applicants that require applicants to repay duplicative assistance before receiving CDBG-DR assistance.

iv. Treatment of Net Proceeds from Sale of Another Property

Proceeds from Sale of Property Purchased with Prior Recovery Assistance

Where an Applicant has previously acquired a residential property using federal, state, or local disaster recovery funds, including but not limited to assistance provided under a prior CDBG-DR, FEMA, or SBA program, the net proceeds from the sale, refinance, or disposition of that property will be evaluated as available assistance for purposes of the DOB analysis. For the purposes of this policy, net proceeds are defined as the amount realized from the sale or disposition of the property after the payment of outstanding liens, closing costs, and other customary transaction expenses.

The Program will treat such net proceeds as duplicative assistance where:

- The prior recovery assistance was provided for the same or a substantially similar purpose as the DPA Program (i.e., acquisition of a primary residence); and
- The proceeds are reasonably available to the Applicant at the time of underwriting, award determination, or recertification of need.

Any net proceeds determined to be available and attributable to prior recovery assistance will be included in the calculation of total assistance and deducted from the Applicant's unmet need prior to determining the DPA award amount. CDBG-DR funds may only be provided to address the remaining unmet need after accounting for all duplicative assistance. The Program will require Applicants to disclose any prior recovery-funded property and provide documentation sufficient to verify the amount and disposition of proceeds, including but not limited to settlement statements, payoff statements, and evidence of funds received.

If net proceeds are realized after the award of DPA assistance and are determined to duplicate the purpose of the assistance provided, the Program will reassess the Applicant's need and may recapture funds to the extent required under applicable federal law and guidance.

Proceeds from Sale of Property After Disaster

The Program will evaluate any net proceeds received from the sale or disposition of a property after the disaster when determining Duplication of Benefits (DOB).

Where an Applicant has sold a property after the disaster, the Program will treat the net proceeds from that sale as a source of available assistance for purposes of the DOB analysis, to the extent such proceeds are available to meet the Applicant's housing need.

The Program will include these proceeds in the calculation of total assistance and deduct them from the Applicant's unmet need prior to determining the amount of DPA. CDBG-DR funds may only be provided to address the remaining unmet need after accounting for all available assistance sources.

The Applicant is required to disclose any sale of a property after the disaster and provide supporting documentation, which may include closing disclosures, settlement statements, and payoff documentation sufficient to verify the amount of net proceeds received.

If the sale of the property occurs after the Program award and results in proceeds that are determined to be duplicative of Program assistance, the Program will reassess unmet need and may reduce the award or recapture funds in accordance with applicable federal requirement.

d. Award Calculation

Award calculations are based on the maximum amount of pre-qualified 1st mortgage loan, the purchase price or appraisal value (whichever is less), and an analysis of duplication of benefits and liquid assets in compliance with CDBG-DR requirements. When calculating the award, the amount of the lesser of the purchase price or appraised value is identified and subsequently subtracted by the total 1st mortgage loan amount. That amount is then added to the closing costs and prepaids, then subtracted by any duplication of benefits. The resulting sum becomes the total amount of the HAP loan, which may not exceed $85,000. No cash back from the HAP proceeds are allowed.

The Program Consultant determines the award calculation with the worksheet. Eligible applicants will receive a conditional award amount, based on income, mortgage pre-approval, program guidelines, and Federal requirements. When an applicant has an offer accepted on a house for purchase, the Program Consultant will verify the conditional award is reasonable according to the purchase price, the first mortgage, and any duplication of benefits. The applicant and lender are notified of award amount.

Applicants with household liquid assets exceeding $25,000 are required to contribute funds which will be counted towards the $500 minimum applicant contribution. The required contribution shall equal the amount of liquid assets in excess of $25,000 unless otherwise approved by the Program. For example, an applicant with $35,000 in liquid assets would be required to contribute a minimum of $10,000 ($10,000 excess liquid assets, which include the standard $500 contribution) toward the purchase transaction. The Program may make exceptions based on documented extenuating circumstances.

i. Liquid Assets

For purposes of program eligibility and applicant contribution requirements, liquid assets are defined as financial resources that can be readily converted to cash without significant penalty or loss of value. Liquid assets include, but are not limited to:

- Cash on hand;

- Funds held in checking accounts, savings accounts, money market accounts, and certificates of deposit (CDs);
- Trust accounts or investment accounts that can be accessed by the applicant;
- Cash surrender value of life insurance policies; and
- Other financial accounts or instruments that are available for withdrawal, liquidation, or use by the applicant within a reasonable period of time.

The following are generally not considered liquid assets for purposes of this policy: primary residences, personal vehicles, household furnishings, retirement accounts subject to withdrawal restrictions or significant penalties (unless actively accessed by the applicant), and business assets necessary for ongoing operations. Stocks, bonds, mutual funds, exchange-traded funds (ETFs), publicly traded securities, cryptocurrency, and other digital assets will not be considered liquid assets for purposes of the HAP. Although these assets may be converted to cash, accessing and liquidating them may create an administrative and financial burden for applicants. Therefore, HAP will not treat these assets as readily available liquid resources when determining eligibility or available funds.

The Program reserves the right to request additional documentation and determine, on a case-by-case basis, whether a particular asset should be classified as a liquid asset based on its accessibility and ability to be converted to cash.

e. Conditional Commitment Letter

Once the initial compliance package is complete, supporting documents have been received and verified, and duplication of benefit has been included in the award calculation, the CMP will issue a Conditional Commitment Letter to the applicant reserving the funds for the time period established in the preapproval lender letter. If the home purchase and fund distribution does not occur within that time period, the County reserves the right to extend the deadline, if warranted and agreed to by the lender.

The applicant has the right to file an appeal of the determination if the applicant believes an error has occurred with the determination of the total award amount.

f. Property Search

Once the HAP application has been approved and a commitment letter provided, the potential homebuyer is given until the expiration date of the preapproved lender letter to find a qualified home and finalize a primary loan for the housing unit. Applicants and their lender and/or realtor provide ongoing updates to the CMP as it relates to the appraisal, title search, and closing date. This is especially necessary when determining lead time to request and process the HAP assistance with the Program Consultant.

If the potential homebuyer cannot achieve this during the specified timeframe, an extension may be given. However, if the potential homebuyer cannot meet the requirements of finding a qualified housing unit and closing a primary loan within the allotted time to participate in the Program, the reservation of funds expires and the next person on the waiting list will be given an opportunity to participate.

g. Environmental Review

Activities to assist homebuyers to purchase existing dwelling units or new construction that is move-in ready (e.g., closing costs, down payment assistance, interest buy downs, and similar activities that result in the transfer of title) are considered categorically excluded from NEPA and not subject to 58.5 Authorities. Such financing activities are subject only to 24 CFR Part 58.6, which limits the review to the items described below.

As buyers select properties and make offers, but before final purchase agreements are signed, the County will make the determination that:

- The activity includes buyer-financing only and meets the conditions for categorically excluded not subject to 24 CFR Part 58.5 (provide HUD with the amount of CDBG-DR funds that will be used for the activity).
- The activity does not trigger any of the other requirements at 24 CFR Part 58.6, as applicable:
    - If the property is within a 100-year floodplain the property must be insured under FEMA's National Flood Insurance Program.
    - Evidence should show that the property is not in a coastal barrier resources area.
    - The buyer of the property was advised and signed a disclosure statement concerning the location of the property in a runway clear zone/clear zone.

This information will be reflected in the Environmental Review Checklist for the property.

h. Inspection

Once an eligible applicant has identified an affordable and perceived eligible property, the Applicant requests a property inspection be completed and the resulting inspection report must be provided to the CMP. The CMP completes the Inspection Report Checklist using the information in the inspection report. If the inspection report identifies any issues that make the property ineligible, such as lead based paint, radon, etc., then the issue must be addressed and resolved prior to the CMP and Program Consultant issuing the eligibility determination or the property will be deemed ineligible for the program.

If the inspection report identifies any concerns with large systems of the house that will have to be repaired within the next five years, then an inspector procured by the County will be assigned to inspect the proposed property and make a determination on the concerns identified by the initial inspection. If the second inspector also agrees with the determination that a repair with a significant cost will be required within five years of the property purchase, then the property will be deemed ineligible for the program unless the seller rectifies the concern. The Applicant may choose to continue with the purchase of the home; however, HAP program funds will not be eligible for use.

i. Lead Based Paint

In compliance with 24 CFR Part 35, prior to closing on any home built before 1978, the buyer must receive a copy of lead-based paint pamphlet disclosure for properties built in 1978 or prior. The pamphlet, "Protect Your Family from Lead in Your Home" is a free resource from the Environmental Protection Agency and may be provided to every homebuyer by the Case Manager or Realtor.

- English: https://www.epa.gov/lead/protect-your-family-lead-your-home-english
- Spanish: https://espanol.epa.gov/plomo/proteja-su-familia-contra-el-plomo-en-el-hogar

If the housing inspection determines lead-based paint risk, the buyer or seller must perform stabilization measures of deteriorated paint prior to occupancy (Stabilization Measures are outlined in CFR 35.1330). Any stabilization or mitigation measures taken must be performed by a certified contractor, and the work completed must comply with Lead-Safe Work Practices (24 CFR Part 1330). A final review is conducted by a qualified clearance examiner to examine the mitigation measures taken. The examiner then provides a written clearance to the lender, and Baldwin County confirming the paint stabilization is complete. Funding is awarded only after the clearance is received.

A seller is entitled to opt out of the lead stabilization process. HAP is strictly a homeownership assistance program with no additional resources for rehabilitation. The buyer may not waive the lead requirements under any condition, including the pretense that the paint will be remediated upon closing. If lead-based paint is present and remediation measures will not be taken by the seller or buyer before closing, the property is not eligible for HAP funds.

ii. Radon

According to HUD CPD Notice 23-103 issued January 11, 2024, HUD's contamination policy does not apply to projects that are Exempt or Categorically Excluded Not Subject to 50.4 or 58.5 (CENST). Also, Baldwin County, AL is classified as Environmental Protection Agency (EPA) Radon Zone 3 – Lowest Potential risk, with predicted average indoor radon levels before 2 pCi/L (picocuries per liter), which is well below EPA's action level of 4 pCi/L.

iii. Asbestos

If the visual assessment for asbestos for pre-1978 properties identifies any potential asbestos, an asbestos test will need to be ordered and performed. Positive test results would require mitigation by the seller. All inspection results, notifications, and other supporting documentation are required to be documented in the participant's file.

i. Homeowners Insurance

All property acquired through HAP must have homeowner insurance. The Homeowner policy must be issued by a traditional insurance provider. The first lender, Program Consultant, and Case Manager ensure coverage is in force at loan closing and during the 5-year compliance period. The following must be included in the program participant file:

- Name of the Insurance Company
- Insurance Agency Policy number
- Insurance Provider's address and telephone number
- Borrower's Name(s); must be shown as primary insured
- Insured Property Address
- Effective dates of policy (effective date must be the same or before the date of funding date)
- Premium amount
- Dwelling coverage

- Deductible amount

i. HO-3 Single Family Residence Coverage

The HO-3 policy is a combination of an "open perils" policy and a "named perils" policy. It is considered a combination because it will cover the Dwelling (the actual structure of the home as well as other structures on the property) on an open peril basis and personal property on a named peril basis only. This policy will also cover other structures, Personal Liability, and medical payments to others.

ii. Acceptable Coverage

Coverage A is the only permitted coverage type to determine sufficient dwelling coverage to meet transaction requirements which is also known as main structure coverage. Dwelling coverage is the part of the home insurance that pays to repair or rebuild the home's physical structure such as walls, floors, roof, windows, support beams, and foundation. An HO-3 policy may include a number of additional coverage types when applicable, however, they are not acceptable to be included in the total calculation to meet dwelling coverage requirements. The insurance company furnishing an insurance policy must have an acceptable rating by A.M. Best Company, Standard and Poor's, Inc., Demontech, or Kroll Bond Rating Agency acceptable to first lender guidelines.

iii. Coverage Requirements

Property insurance must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis.

Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damage caused by aircraft, vehicle, or explosion. Property insurance policies that limit or exclude from coverage (in whole or in part) windstorms, hurricanes, hail damages, or any other perils, are not acceptable.

The hazard insurance policy shall be the amount of first mortgage and the HAP grant amount, or the insurance coverage provides for 100% of replacement cost coverage in the event of a loss. All policies must include a waiver of subrogation. Policies must be written for a term of one (1) year or provide for continuous coverage until canceled and must be current at the time of closing and through delivery.

The maximum deductible for insurance shall not exceed 5% of policy coverage amount. All closings must include hazard policy and a paid receipt for the first year's premium to evidence proof of insurance. If premium is paid at closing, a closing disclosure to evidence the first year's premium payment.

iv. Maintenance

Homeowners will be required to maintain their home in accordance with applicable state and local building codes as well with their MHU community park, if applicable.

v. Taxes

Homeowners will be required to pay all annual state and local taxes in the county where the purchased home is located. Failure to pay all annual state and local taxes will be deemed a violation of the homeowner assistance agreement.

VIII. Loan Award Requirements

a. Homeownership Assistance Loan

HAP provides direct assistance to eligible applicant households in the form of a loan secured with a lien on the property for the CDBG-DR assistance through a mortgage deed and restrictive covenants for a five (5) year occupancy period after purchase. This requires the household to maintain primary residence in the home for five years immediately following the closing.

During the occupancy period, if the following special circumstances related to occupancy arise, the following policies will apply:

- Active-duty military personnel who receive homeownership assistance but are currently assigned to active-duty away from their home
- Homeowner who is incapacitated due to illness or other infirmity and may require extended residence in rehabilitation facility or other skilled nursing care
- Homeowner who is incarcerated and must give someone POA on their behalf to maintain the occupancy obligations regarding rent, utilities, property insurance, and other maintenance costs

Regardless of the special circumstances, all eligible applicants must be able to comply with the terms of the homeownership assistance agreement.

The maximum loan amount has been set at $85,000 in combined assistance per qualifying household, with the actual amount calculated based on the homebuyer’s need and fund availability. This assistance may only be used for down payment assistance, closing cost fees, or reduction of interest rates. No portion of the HAP loan may be used towards moving expenses, property taxes, debt services, insurance, property repairs, or any other fees associated with the home purchase.

To ensure the assistance is maintained for eligible residents through the occupancy period, the mortgage deed and restrictive covenants include recapture provisions. Furthermore, the loan documents are legally recorded with the County and Local entities. As long as the recipient meets the conditions of the HAP loan agreement, the full amount of the loan will be forgiven at the end of the five (5) year occupancy period.

b. Qualified Mortgage Standards

The first mortgage must be fully amortized, fixed rate, thirty-year term. The borrower must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Lenders should provide buyers with the best possible interest rate available at the time their loan rate is locked. In general, the participating lender shall be responsible for determining the buyer’s creditworthiness and qualifications for obtaining the first mortgage. However, the following minimum criteria must be satisfied:

- The first loan amount shall be the maximum amount for which the borrower can qualify, based on their income, debts, and current interest rates.
- The lender for the first loan must establish an impound account for the loan to pay property related expenses such as payment of property taxes and insurance.

The following are ineligible first mortgage terms:

- Adjustable-rate mortgages.
- Balloon loans or negative amortizing loans.
- Prepayment penalties.

The County does not condone unscrupulous actions carried out by a lending institution to entice, induce, and/or assist a borrower in taking a mortgage that carries a high interest rate and fees or place the borrower in a lower credit rated loan to the benefit of the lender. Participating lending institutions must agree to abide by anti-predatory lending practices. These include, but are not limited to the following:

- No excessive fees. The participating lender may only assess those usual and customary fees and charges that would be assessed for a buyer with the same type of first mortgage who is not participating in the HBA program. The origination fee charge by Lender must not exceed three percent (3%) excluding customary fees (i.e., processing fees, underwriting, doc fees, etc.). No additional lender fees may be charged for processing of a loan in conjunction with the HBA Program.
- Seller is required to pay the owner's title insurance policy. Exceptions may be granted by the contracted lender if the seller is providing credit equivalent to or more than the owner’s title insurance cost.
- Prevailing Market Interest Rate is to be used per financial institution's credit policy.

c. Homebuyer Contribution

Homebuyer must contribute a minimum of $500 of the down payment but may contribute more if desired or if liquid assets exceed limit stated under *Award Calculation* section. The homebuyer will demonstrate the availability of savings or assets that may be converted as part of the HAP application and lender’s mortgage calculation. The contribution must be provided at the time of the closing.

d. Homebuyer Loan-to-Value Limits

The loan-to-value ratio for a HAP loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100% of the sales price plus a maximum of up to 5% of the sales price to cover actual closing costs.

e. Appraisal

The property complies with all applicable requirements in the Appraiser and Property Requirements for Title II Forward and Reverse mortgage section published in the FHA Single Family Housing Policy Handbook (HUD 4000.1). Appraisals consider HUD’s required property acceptability criteria, including FHA’s Minimum Property requirements (MPR) to establish a credible appraised value for a property. These criteria apply with certificate of occupancy issued prior to the date of the purchase contract. The County or its subrecipient will review the appraisal for accuracy and completeness.

f. Proof of Ownership

Upon loan closing, closing agent will provide copies of recorded executed sale documents to CMP.

g. Disbursement of Loan and Grant Funds

The Program Consultant will work with the County, CMP, and lender to ensure that the payment is processed timely for disbursement prior to the applicant's closing date.

The Program Consultant submits a payment request to the County. Requests are submitted as soon as possible but no less than 72 hours prior to the scheduled closing date.

Baldwin County prepares a Vendor Request (if necessary), and payment request to the Accounting Department. Payments are made payable to the entity handling the closing process.

The Case Manager will confirm that the HAP funds are received in the appropriate account for escrow, collect documentation on the receipt of funds, and verify the funds are recorded at the closing.

h. Documents from Primary Lender

The primary lender submits copies of the following to the CMP:

- Income and assets disclosed on the loan application
- Signed underwriting transmittal summary
- Mortgage application with good faith or loan estimate
- First mortgage closing disclosure
- Standard Flood Hazard Determination Form
- Appraisal
- Fully executed property sales contract
- Final signed loan application

i. Home Purchase Closing and Recording

The CMP attends the loan closings and notifies the County and Program Consultant once a closing is official by providing copies of the promissory note and mortgage deed. In the event of sale, transfer of title (under certain conditions title transfer may be permissible by the loan holder and/or the County), or cash-out refinance (refinancing for more favorable rate and/or term are is permissible) or if the borrower ceases to occupy the property during the required 5-year occupancy period, the outstanding amount of the loan will be due and payable. No further subordination will be approved except for allowable refinances. Loan proceeds returned to HAP will be considered program income.

HAP permits co-signers on the mortgage, but they cannot be listed on the deed or hold any ownership interest in the property. Anyone listed on the deed must qualify as part of the household and meet occupancy requirements.

After closing for each property purchased with the support of HAP funding, the deed and a property lien are filed with the Baldwin County Clerk of Court. This recording begins the five-year occupancy period for the new homeowner. If the homeowner enters into an agreement to sell the property before the lien has expired, Baldwin County will be notified.

IX. Monitoring, Compliance and Close-out

a. Monitoring

Upon the disbursement of all program funds, the Program Consultant compiles and provides a list of all homes that received assistance to the County for monitoring purposes. The list includes the names of applicants, addresses, amount of the award, and closing date.

The County has established a monitoring checklist to track compliance by way of conducting an annual review. Reviews are completed within thirty (30) days of the annual closing anniversary. The monitoring checklist is completed by trained County staff who attain documentation and certification that program participants continue to meet requirements of ownership and occupancy for the five-year period. In addition to verifying occupancy and ownership, the County obtains documents to ensure an adequate homeowner insurance policy is retained and current for the five-year compliance period. Acceptable documents to verify each of the compliance items are as follows:

- Occupancy: Documentation that homestead exemption is filed for property, copies of current utility bills which identifies service location such as cable bill, telephone bill (landline), water/sewer bills; Documents must verify borrower name and service location as the property address.
- Ownership: Copy of property profile, property tax bill, homeowner insurance policy identifying the borrower as owner.
- Current homeowner insurance: Copy of homeowner insurance policy declaration page supporting it is not a renter’s policy and identifying the mailing address and insured site address are the same and matches the property address.

During the annual review, the County also tracks and maintains documentation to show the forgivable and remaining portions of the HAP loan amount on each anniversary date. If the participant is not in default on the anniversary date, the outstanding principal balance of the Note will be reduced by 20% each year till the five-year occupancy compliance is met. The County continues to monitor all closed loans for a period of five (5) years, and provided the participant is not in default, the last (fifth) annual review will result in 100% of the HAP loan being forgiven. Upon successful completion of the last monitoring review, the County will notify the homeowner of loan forgiveness and cease further monitoring activities on the property.

b. Refinance, Subordination and Payoffs

If a borrower needs to refinance the first loan during the five-year monitoring period, the County must prepare and process a subordination agreement and verify the new first loan terms meet the following criteria:

- Rate and term refinance only (no cash out)
- At least one borrower on the existing loan remains as continuity of obligation

- Fixed rate mortgage only
- No negative amortization or prepayment penalty
- Property remains as Primary Residence.

If a borrower requests to pay off the HAP loan during the five-year monitoring period, the County must prepare the payoff demand based on the recapture pro-ration agreement, with 20% depreciation each year. All recaptured proceeds need to be processed by the County as program income in compliance with federal requirements.

c. Recapture Policy

To safeguard the CDBG-DR investment in the property, Baldwin County requires a promissory note to be recorded on properties purchased with the HAP loan. The promissory note remains in effect for a period of five (5) years following the date of purchase and requires the borrower to occupy the property as primary residence. The promissory note is further filed with the County Recorder's Office.

If the homebuyer fails to comply with the occupancy requirements or wants to sell the property, the following recapture proration chart is used to calculate the prorated grant amount that needs to be recaptured at the time of default or sale. If the homeowner defaults within the first five years of loan closing the following chart is used to determine the recapture of the HAP assistance:

Number of months	Recapture amount
1-12	100% of the grant amount
13-24	80% of the grant amount
25-36	60% of the grant amount
37-48	40% of the grant amount
49-60	20% of the grant amount

Baldwin County may consider waiving or reducing the recapture requirement in recognition of individual circumstances, including documented hardship. All requests will be reviewed individually.

d. Program Closeout

HAP closeout is a process through which Baldwin County determines that all applicable administrative and Program requirements are completed. In general, a Program is ready for closeout when the following conditions are met:

1. All eligible activities were completed.
2. All Program funds are expended in full, repurposed for the Action Plan program design, or all remaining funds are planned to be returned to ADECA.
3. All reporting requirements are completed and submitted to ADECA (except for the final report that is submitted during the closeout process, if applicable).
4. Any special conditions of the HAP were met.
5. All audit and monitoring issues affecting the HAP were resolved.

e. Records Management

Personally, Identifiable Information (PII) is information that can be used to distinguish or trace individual's identities. Examples of PII include names, addresses, income verification documents, disability status, employment status, etc. which can be linked or is linkable to a specific applicant and/or beneficiary of CDBG-DR Programs. As the Subrecipient and its contracted lenders receive direct applications from homeowners requesting assistance, they maintain PII information for the project's duration, in their System of Record. If records containing PII are subject to Freedom of Information Act or Alabama Open Records Act requests, such records shall only be released in accordance with state and federal law. PII records are only stored as needed, in accordance with record retention requirements at 2 C.F.R. part 200.333, 24 C.F.R. part 570.502(a)(7), and Alabama Code Section 36-12-40.

f. Conflict of Interest

Case managers and program partners must maintain records demonstrating compliance with all applicable conflict-of-interest requirements and must promptly disclose any actual, potential, or perceived conflict of interest. Any employee, agent, consultant, officer, contractor, subcontractor, or other individual participating in the administration of the Homeownership Assistance Program (HAP) who exercises decision-making authority, participates in eligibility determinations, award calculations, file reviews, approvals, recommendations, or has access to non-public program information, shall not obtain a financial interest or benefit from a HAP-assisted activity, contract, subcontract, agreement, or transaction for themselves or any person or entity with whom they have a family, business, or financial relationship.

A licensed realtor, mortgage lender, loan officer, mortgage broker, or any individual with a direct or indirect financial interest in a home purchase transaction may not simultaneously provide case management services to the same applicant or household. Such individuals are prohibited from receiving commissions, origination fees, referral fees, closing-related compensation, or any other financial benefit from a transaction involving an applicant for whom they have provided case management services. This prohibition applies during the individual's tenure with the program and for one year thereafter.

Case managers and program partners shall not steer, direct, force, coerce, or otherwise influence applicants to utilize a particular realtor, lender, brokerage, affiliated business, housing unit, or service provider. Participation in HAP must not be conditioned upon an applicant's use of a particular business, property, or affiliated organization. Applicants retain the right to select service providers and housing options of their choice, provided all program requirements are met.

Any case manager, realtor, lender, or affiliated party with a financial interest in a transaction must immediately disclose the conflict and recuse themselves from all activities related to the applicant's file, including intake, eligibility review, underwriting coordination, award determination, quality control review, approval, or oversight. The applicant shall be reassigned to an independent staff member with no financial interest in the transaction. All disclosures, recusals, mitigation measures, and determinations shall be documented and retained in the program file.

Conflict-of-interest determinations will be the Baldwin County Commission Personnel Director and must be approved in accordance with applicable federal, state, and local requirements. No case manager, program partner, contractor, or affiliated entity may make its own determination regarding a conflict of interest issue. Failure to disclose a conflict of interest or participation in a transaction resulting in personal financial gain may result in removal from the program, termination of contracts or agreements, repayment of improperly obtained funds, and other remedies permitted by law.

g. Fair Housing / Civil Rights

Baldwin County and all participants engaged in the Homeownership Assistance Program are required to comply with all relevant fair housing laws, including the federal Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. These laws prohibit discrimination in housing and federally assisted Programs on the bases of race, color, national origin, religion, sex, disability, and familial status.

X. Appeals, Complaints and Grievances

a. Eligibility, Award Calculation and DOB

The applicant has the option to file an appeal for one of the following reasons:

- Program eligibility
- Award calculation
- Duplication of Benefits (DOB) calculation

Applicants may not appeal policies that have been approved and incorporated by the HAP, such as the process for assessing the value of materials eligible within the program. Also, statutory, and regulatory requirements and standards may not be appealed.

Baldwin County has adopted the following complaint process, as identified in the Citizen Participation Plan:

- Citizens and program participants may submit written comments or complaints to the Baldwin County Commission when a perceived wrong has occurred related to the CDBG-DR Local Recovery Plan allocation and its programs. Comments and complaints may be submitted to the Commission via email at BCCGrants@baldwincountyal.gov or in writing to the Baldwin County Commission, or by contacting the Department of Grants.
- When a comment or complaint is received, the Baldwin County Commission will review and provide a written response to the commenter within 15 working days of the date of receipt.
    - If the Commission cannot address the comment or complaint within 15 working days, it will document the reason for the extra time needed.

In responding to comments or complaints, the Commission shall thoroughly review all files and records and consistently apply rules and regulations governing their CDBG-DR program. The Baldwin County Commission, at its discretion, may obtain any further information by request, investigation, or research to ensure a fair and full review of the complaint. In making a determination about the complaint, the Commission shall inform the commenter about the factual and legal basis for the decision and relief, if any, to which the commenter is entitled and how this will be provided.

The Baldwin County Grant Administrator shall maintain individual files for all complaints and comments received. Contents shall include complete records, correspondence, notices, minutes, references, and other material related to receipt, review, decision, and outcome and response. These files shall be available for review by the State, HUD, or other Federal officials and shall be introduced as permanent records for any court proceedings.

Nothing under this procedure shall preclude or limit a person from seeking judicial review of his/her complaint after exhausting all administrative remedies available under this procedure.

Citizens and program participants may also contact ADECA or HUD to submit comments and complaints related to Baldwin County's CDBG-DR Local Recovery Plan allocation and its programs by submitting them in writing to:

ADECA:

Alabama Department of Economic and Community Affairs (ADECA)
Community and Economic Development Division
401 Adams Avenue, Room 500; Post Office Box 5690
Montgomery, Alabama 36103-5690

HUD:

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
The Plaza, 417 20th Street North, Suite 700
Birmingham, Alabama 35203

Furthermore, any complaints related to fair housing, or acquisition and relocation shall be treated in accordance with the DHUD 1378 Handbook and the Fair Housing Equal Opportunity Handbook. As a part of the County's grievance procedure, appealable actions on acquisition and/or relocation matters should be referred to the ADECA for review prior to an oral or written appeal to HUD, if the individual or business is dissatisfied with the County's ruling. In addition, complaints related to equal opportunity and civil rights shall be forwarded directly to the Fair Housing and Equal Opportunity Division of HUD, Field Office in Birmingham.

b. Section 504 Coordination Complaints and Grievances

Section 504 of the Rehabilitation Act of 1973 is the anti-discrimination law that protects the rights of qualified individuals with disabilities to equal opportunity in programs and activities which receive federal funds.

It is the policy of Baldwin County, and therefore its contractors or grantees, to fully comply with the requirements of the Americans with Disabilities Act (ADA), the Rehabilitation Act of 1973, and state and federal laws related to the rights of persons with disabilities.

All individuals, a class of individuals, or their representative alleging discrimination have the right to submit a verbal or written complaint or grievance on the basis of the following protected category: race, color, religion, ancestry, physical or mental disability, medical condition, genetic information, sex, sexual orientation, marital status, age, gender, gender identify, gender expression, military status or veteran status regarding services, activities, facilities, or benefits provided by the program.

Any individual who believes they have been discriminated against by any facet of a Baldwin County program or activity may file a verbal or written complaint or grievance with the Center for Fair Housing by phone at 251-479-1532 or mail at 602 Bel Air Blvd., Ste. 7, Mobile, AL 36606.

c. Withdrawals

Applicants may withdraw their application from the program at any time. The Case Manager must document applicant requests to withdraw their application through case notes and/or by retaining applicant written communications. After confirmation with the Program Consultant, the Case Manager must send the applicant a written notice of acknowledgment of voluntary application withdrawal.

i. Voluntary Application Withdrawal Reinstatement Requests

Applicants who have voluntarily withdrawn their application from the program may submit a written request for reinstatement. Requests will be reviewed by the Program Consultant and County staff. The applicant will be provided with written notice of approval or denial of the request. If such applicants originally entered the program in a prior phase, they will not automatically be prioritized over current applicants.

ii. Voluntary Program Withdrawal

Program participants who choose to withdraw from the program once assistance has been issued may be subject to the Recapture policy. See the Recapture section.

iii. Administrative Withdrawal from Program

Non-Responsiveness and Failure To Provide Documentation

The Case Manager on behalf of the County will work closely with applicants during the application process. However, if applicants are nonresponsive or fail to provide the required information or documentation, the Program may issue deadline communications (letters or emails) to applicants. Attempts to contact non-responsive applicants three times via a variety of methods (e.g., phone, text, email) will be made. If the applicant does not respond within 30 days, the Case Manager will send a final letter or email specifying a deadline by which the applicant must respond. Applicants may be involuntarily withdrawn from the program if they do not respond within the prescribed deadlines included in the letters or communications. The County may approve the request of a Case Manager and Program Consultant to administratively withdraw an applicant who fails to provide required documentation or information by the deadline described in the written request.

Abuse of Program Staff

Applicants or program participants who are abusive to any employee of the County or any other representative or affiliate of the program may be administratively withdrawn. Abusive behavior includes language (verbal or written) that may cause staff to feel afraid, threatened, or abused and may include threats, personal verbal abuse, and derogatory remarks. The program also considers inflammatory statements, remarks of a racial or discriminatory nature, and unsubstantiated allegations to be abusive behavior. Physical intimidation, including holding, impeding, or blocking movement, following, stalking, touching, or any other inappropriate physical contact or advance, is considered abusive behavior.

Following the first reported incident of abusive behavior, the County will send a warning letter to the applicant or program participant explaining that such conduct will not be tolerated. Any subsequent reported incident of abusive behavior may result in termination of the participant's assistance and the administrative withdrawal from the program. The County may refer the applicant or participant to mental health services or for a wellness check in cases not involving physical intimidation or violence before issuing a warning letter or deciding to terminate the grant and withdraw the applicant or participant. Incidents involving the threat or use of physical violence toward a subrecipient, County employee, or any other representative or affiliate of the program may be reported to the state police and to the local police for non-program affiliates.

iv. Administrative Withdrawal Reinstatement Requests

Applicants who have been administratively withdrawn from the program will have 30 days from receipt of the final administrative withdrawal certified letter to submit a written request for reinstatement, based on extenuating circumstances. The request will be reviewed by the County and the County will communicate approvals or denials. The program will consider an applicant's responsiveness to program correspondence or requests for documentation when making the reinstatement determination.

d. Fraud, Waste, Abuse

ADECA has detailed fraud, waste, and abuse policies and procedures on the website at https://adeca.alabama.gov/fraud/. Any employee, ADECA consultant, or subrecipient who has knowledge of fraud, waste, or abuse — or who has good reason to suspect that such conduct has occurred — is required to report their concerns. Members of the public with similar concerns are also encouraged to report those concerns. Complaints regarding fraud, waste, or abuse of government funds should be forwarded to the HUD Office of the Inspector General Fraud Hotline (call 800-347-3735 or email hotline@hudoig.gov).

XI. Exhibit A : Application Documentation List

HAP
HOMEOWNERSHIP ASSISTANCE PROGRAM
BALDWIN COUNTY, ALABAMA

BALDWIN
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Exhibit A

Baldwin County
Homeownership Assistance Program
Application Documentation List

Welcome to the Homeownership Assistance Program!

The Baldwin County Homeownership Assistance Program (HAP) provides financial assistance to eligible households seeking to purchase a home in Baldwin County.

The following tables include examples of documentation that can be used to support an application to the HAP program. This is not an all-inclusive list. Case managers will work with applicants to gather all required documentation.

Please note that submitting an application does not guarantee program participation or financial assistance. All applications must be reviewed and verified to determine eligibility.

For additional information about the program, please refer to the Baldwin County Homeownership Assistance Program Policies and Procedures available on Baldwin County's website.

Eligibility Determination	Applicable Applicant(s)	Requested Document(s)	Document Need(s)
Proof of Identity *Demonstrates identity and U.S. citizenship or qualified alien status*	Each household member	• Government issued Driver's License/State ID • Passport • Military ID • Consular ID • Certificate of Citizenship • Certificate of Naturalization • Permanent Resident Card • Alien Registration Card • Birth Certificate	One per household member required
Proof of Legal Residency Demonstrates U.S. citizenship or qualified alien status	Applicant Co-Applicant	Citizen • U.S. Passport or Passport Card • Certificate of Naturalization • Certificate of Citizenship OR • US Birth Certificate; or • Consular Report of Birth Abroad; or • U.S. military records showing U.S. birthplace; and One (1) of the following; • Real ID • Military identification • Foreign passport with photo • Other government-issued photo identification Permanent Resident • Immigration documents, such as a Permanent Resident Card, must be verified through the Systematic Alien Verification for Entitlements (SAVE) system or another DHS-approved verification method.	Citizen 1-3 Permanent Resident 1

Baldwin County Homebuyer Assistance Program Application Documentation List 2

HAP
HOMEOWNERSHIP ASSISTANCE PROGRAM
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		Examples of eligible Immigration documents: • Permanent Resident Card (I-551) • Employment Authorization Document (I-766) • Arrival/Departure Record (I-94) • Refugee Travel Document • I-797 Notice of Action	
Proof of Residency *Demonstrates residency at the time of the disaster(s) on September 1, 2020 and/or October 29, 2020*	Applicant	• Mortgage/deed • Rental Agreement • Utility Bill • Voter registration • Fishing license • School Transcript	One required
Readiness *Demonstrates Applicant's program readiness*	Applicant Co-Applicant	1st lender pre-approval letter	One required
Homebuyer Education *Demonstrates applicant's completion of a HUD certified homebuyer education course*	Applicant Co-Applicant	HUD Homebuyer Education Course Completion Certificate	One required
Duplication of Benefits *Demonstrates previous federal assistance received and impacts to HAP award amount.*	Applicant Co-Applicant	• Private Insurance Homeowner policy declaration page valid at the time of the disaster and claim determination letter • Federal Assistance FEMA award or denial letter • SBA loan agreement or denial letter • State assistance award or determination letter • Local nonprofit or other sources award or determination letter	All that apply
Certification & Information Sharing Release	Applicant Co-Applicant	• Signed application	One required

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Income Verification Required for all household members over 18 years old		
Eligibility Determination	**Requested Document(s)**	**Document Need(s)**
Employment Income	• Previous year tax return for all household members over 18 that filed • •	All that apply
OR		
Employment Income	• Two consecutive months of paystubs or earning statements for each employeer, if household member has not filed taxes	All that apply
Self-employment Business Income or Other	• Form 1040 with Schedule C, E, or F. • Recurring Cash Contributions Certification • Income from Business Certification • Financial Statement(s) of the business (audited or unaudited) including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement. • Any loan application listing income derived from business during the preceding 12 months. • Form 1040/1040A showing amount earned and employment period.	One required, if applicable
Investment, Dividend & Savings Account Interest Income	• Pension • Sale of Real Property • Copies of current statements, bank passbooks, certificates of deposit, if they show required information (i.e., current rate of interest). • Copies of Form 1099 from the financial institution, and verification of projected income for the next 12 months. • Broker's quarterly statements showing value of stocks/bonds and earnings credited to the applicant.	All that apply
Proof of Alimony or Child Support	• Copy of separation or divorce agreement provided by ex-spouse or court indicating type of support, amount, and payment schedule. • Written statement provided by ex-spouse or income source indicating all of above.	One required, if applicable

	• If applicable, written statement from court/attorney that payments are not being received and anticipated date of resumption of payments. • Recent original letters from the court.	
Unemployment Compensation	• Benefit notification letter signed by authorizing agency. • Copies of checks or records from agency provided by applicant stating payment amounts and dates.	One required, if applicable
Public Benefit	• TANF Benefit letter • Social Security Benefit letter • Social Security Disability Benefit letter • VA Benefit letter	All that apply
	OR	
Zero Income	• Zero Income Certification	One required, if applicable
	Current net family assets	
Cash held in savings accounts	• Passbooks • Savings account statements • Certificates of deposit	All that apply
Safe deposit boxes	• Passbooks • Certificates of deposit	All that apply
Investments, inheritances and capital gains	Documents or account statements reflecting: • Stocks, bonds, treasury bills, CDs, mutual funds, money market accounts, and other investment accounts • Retirement accounts and pension funds, including IRAs, 401(k) • Received Inheritances • Cash value of life insurance policies (Amount available to the holder before death) • Insurance payments • Settlement for personal and property losses • Capital Gains (profit from the sale of property or an investment)	All that apply

XII. Exhibit B: HUD Income Limits for Baldwin County, AL

2026 HUD Income Limits for Baldwin County, Alabama

Daphne-Fairhope-Foley, AL MSA

Median Family Income $102,400

FY 2026 Income Limit Category	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
Moderate (80%) Income Limits	$57,300	$65,450	$73,650	$81,800	$88,350	$94,900	$101,450	$108,000
Low (50%) Income Limits	$35,800	$40,900	$46,000	$51,150	$55,250	$59,300	$63,450	$67,500
Extremely Low (30%) Income Limits	$21,500	$24,600	$27,650	$33,000	$38,680	$44,360	$50,040	$55,720

cdbg.dr@baldwincountyal.gov | baldwincountyal.gov/departments/grants/cdbg-dr/hap

XIII. Exhibit C: Communication Designee Form

Communication Designee Form

Purpose: Primary Applicants may designate a third party, known as a Communication Designee, to obtain information about their program status in person, by phone, by email and by mail. **However, Communication Designees are not authorized to make any decision on behalf of the Primary Applicant, or to sign the grant acknowledgement or any other program documents or affidavits on behalf of the Primary Applicant unless they also hold a valid Power of Attorney.** If an individual currently holds Power of Attorney for a Primary Applicant, that POA does not need to complete this form. Instead, they should provide the program with the executed Power of Attorney document.

Instructions: The Primary Applicant and Communication Designee should provide their legal names, addresses and phone numbers (with area codes). To be valid, this form must be signed and dated by both the Primary Applicant and Communication Designee. A separate form must be completed for each Communication Designee, i.e., multiple Communication Designees may not be authorized in a single form.

Warning: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States government.

I hereby certify and affirm that I,___________________, am the Primary Applicant for the Baldwin County Homebuyer Assistance Program and I do hereby authorize ______________________ to be my Communication Designee in connection with the program.

This Communication Designee assignment will be valid until I indicate otherwise to the Program in writing.

Primary Applicant Phone Number		Communication Designee Phone Number
Primary Applicant Email Address		Communication Designee Email Address
Primary Applicant Printed Name		Communication Designee Printed Name
Primary Applicant Signature		Communication Designee Signature
Date		Date

cdbg.dr@baldwincountyal.gov | baldwincountyal.gov/departments/grants/cdbg-dr/hap

XIV. Exhibit D: Zero Income Certification

Zero Income Certification

Purpose

This form certifies that the named household member receives no income. Homeownership Assistance Program (HAP) uses household members' income information to calculate the total household income using the method outlined in 24 CFR Part 5.609 & 611. This information helps determine whether the household meets the U.S. Department of Housing and Urban Development's low- to moderate-income threshold.

Instructions

All household members ages 18 years and older who receive no income should sign and date this form to certify that they do not receive income from any of the sources listed.

Warning: Title 18, Section 1001, of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States government.

I, living at,

do **not** currently receive income from any of the following sources:

• Wages from employment (including commissions, tips, bonuses, fees, and other sources of funds).	• Alimony, gifts, or inheritance received that are taxable by IRS standard.
• Business and/or farm income or loss (includes self-employment like Avon, Mary Kay, Shaklee, etc.).	• Regular pay, special pay, and allowances of a head of household or spouse who is a member of the Armed Forces (whether or not living in the dwelling).
• Rental income from real estate or personal property.	• Periodic allowances such as alimony, child support, or gifts received from persons not living in the household.
• Royalties, partnerships, S corporations, trusts, or estates.	• Jury duty or winnings from gambling, lotteries, raffles, or prizes and awards.
• Interest or dividends	• Taxable refunds, credits, or offsets of state and local
• Capital gains or losses	• Any other source not named above
• Social Security payments, pensions and annuities, individual retirement account (IRA) distributions, or death benefits(excluding life insurance proceeds unless they were taxable)	• Unemployment or disability payments

I currently have no income of any kind, and I do not expect an imminent change in my financial status or employment status during the next 12 months. I will be using the following sources of funds to pay for rent and other necessities:

______________________ ______________________ ________

Household Member Print Name **Household Member Signature** **Date**

XV. Exhibit E: Household Income Certification

Income Verification Certification Form

Purpose

This form is used by the Case Manager to determine the family household's adjusted gross income (AGI). This information helps verify whether the household meets the U.S. Department of Housing and Urban Development's (HUD) low- to moderate-income threshold.

Instructions

The Case Manager will list all household members on this form to determine their income status. The Case Manager will complete this form based on income information provided during the application process or during case follow-ups. The applicant and the Case Manager will certify their review of the household's income.

Select Certification Type	☐ Initial Certification ☐ Recertification

Application #		**Applicant Name**	

Section 1a: All Household Members			
1. Household Members with Earned and Unearned Income. *Included in household AGI*		**Date of Birth**	**Supporting Income Documentation Provided***
a			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other
b			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other
c			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other
d			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other
e			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other
f			☐ Most current IRS 1040, 8879, or 4506-T ☐ Other

*For ***each*** household member providing other supporting income document(s), an **Adjusted Gross Income Worksheet, Certification of Reoccurring Cash Contributions, and/or Certification of Income from Business form** must be submitted along with ***any applicable*** income and expense documents

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Section 1b: All Household Members *(continued)*

2. Household Members with *NO* Income. *NOT included in household AGI*		Date of Birth	Supporting Income Documentation Provided†
A			☐ Minor/Dependent ☐ Certification of Zero Income
B			☐ Minor/Dependent ☐ Certification of Zero Income
C			☐ Minor/Dependent ☐ Certification of Zero Income
D			☐ Minor/Dependent ☐ Certification of Zero Income
E			☐ Minor/Dependent ☐ Certification of Zero Income

†Household members who are minors (under age 18) or are claimed as a qualified dependent on a tax return require ***NO*** further documentation. All other household members claiming zero income must submit a **Certification of Zero Income**.

Section 2: Household Annual AGI

If taxes were filed jointly and/or multiple household members are on the AGI Calculation Worksheet, only enter the combined AGI value once.

	Household Members with Earned and Unearned Income						*Total* *(sum a–f)*
	1a	1b	1c	1d	1e	1f	
Household AGI	$	$	$	$	$	$	$

If an **Adjusted Gross Income Worksheet** is completed, household AGI is from row 12 of that worksheet.

Section 3: Household Liquid Assets

Source	Identification Number	Amount
	Total	

Applicable sources: For purposes of program eligibility and applicant contribution requirements, liquid assets are defined as financial resources that can be readily converted to cash without significant penalty or loss of value. Liquid assets include, but are not limited to: Cash on hand; Funds held in checking accounts, savings accounts, money market accounts, and certificates of deposit (CDs); Trust accounts or investment accounts that can be accessed by the applicant; Cash surrender value of life insurance policies; and Other financial accounts or instruments that are available for withdrawal, liquidation, or use by the applicant within a reasonable period of time.

** Note: Liquid assets do not exclude participation*

Section 4: Income Eligibility Determination

Baldwin County Alabama FY 2026 Income Limits Summary								
Income Limits Category	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Extremely Low Income Limits ($)*	21,500	24,600	27,650	33,000	38,680	44,360	50,040	55,720
Very Low (50%) Income Limits ($)	35,800	40,900	46,000	51,150	55,250	59,300	63,450	67,500
Low (80%) Income Limits ($)	57,300	65,450	73,650	81,800	88,350	94,900	101,450	108,000

Are household liquid asset limits below $25,000? (Y/N) (Section 3)	
Number of Household Members (Section 2)	
Household AGI (Section 2)	
Income Limit Category (Section 4)	
Income Eligibility Determination	☐ Eligible ☐ Ineligible

Section 5: Certification Signatures

APPLICANT: I certify that the information presented on this form is true and complete to the best of my knowledge and belief. I understand that this certification is part of the application process and does not guarantee eligibility or assistance for down payment assistance under the Baldwin County Homebuyer Assistance Program.

Applicant Print Name		**Applicant Signature**		**Date**	

SUBRECIPIENT: I have reviewed, verified, and confirmed the information presented on this form in accordance with the requirements of the Baldwin County Homebuyer Assistance Program. I hereby certify that the information presented herein is complete and accurate to the best of my knowledge.

Case Manager Print Name		**Case Manager Signature**		**Date**	

XVI. Exhibit F: Recurring Cash Contributions Certification

HAP HOMEOWNERSHIP ASSISTANCE PROGRAM BALDWIN COUNTY, ALABAMA

BALDWIN COUNTY, ALABAMA EST. 1809

Certification of Recurring Cash Contributions

Purpose

This form certifies that the named household member receives recurring income in cash and is unable to document income through other methods. Recurring income is reliable and consistent, which can include support from a charity or someone outside of the household.

The Program uses household members' income information to calculate the total household income using the IRS Form 1040 method. This information helps determine whether the household meets the U.S. Department of Housing and Urban Development's low- to moderate-income threshold.

Instructions

All household members ages 18 years and older who receive regular or recurring cash income should sign and date this form to certify that they receive cash income and expect to receive cash income at the identified intervals below.

Warning: Title 18, Section 1001, of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States government.

I, ______________________________, living at ______________________________,
Household Member Name *Property Address*

earned the following based on business transacted from ______________ to ______________.
Date *Date*

Business Income Summary	
Gross Income	$
Expenses	
Interest on loans	$
Cost of goods/materials	$
Rent	$
Utilities	$
Wages/salaries	$
Employee contributions	$
Federal Withholding Tax	$
State Withholding Tax	$
FICA	$
Sales tax	$
Other 1	$
Other 2	$
Other 3	$
	$
Total Expenses	**$**
Net Income (Gross Income - Total Expenses)	**$**

I hereby authorize the release of the requested information to verify business income.

____
Household Member Print Name

____
Household Member Signature

____
Date

cdbg.dr@baldwincountyal.gov | baldwincountyal.gov/departments/grants/cdbg-dr/hap

XVII. Exhibit G: Income from Business Certification

HAP HOMEOWNERSHIP ASSISTANCE PROGRAM BALDWIN COUNTY, ALABAMA

BALDWIN COUNTY, ALABAMA EST. 1809

Certification of Income from Business

Purpose

This form certifies that the named household member receives income from a business, such as in cases of **self-employment or sole proprietorship, and is unable to document income through other methods.**

The Program uses household members' income information to calculate the total household income using the IRS Form 1040 method. This information helps determine whether the household meets the U.S. Department of Housing and Urban Development's low- to moderate-income threshold.

Instructions

All household members ages 18 years and older who receive income from a business should sign and date the form to certify the income received during the specified time frame.

Warning: Title 18, Section 1001, of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States government.

I, ______________________________, living at ______________________________,
Household Member Name *Property Address*

earned the following based on business transacted from __________ to __________.
Date *Date*

Business Income Summary	
Gross Income	$
Expenses	
Interest on loans	$
Cost of goods/materials	$
Rent	$
Utilities	$
Wages/salaries	$
Employee contributions	$
Federal Withholding Tax	$
State Withholding Tax	$
FICA	$
Sales tax	$
Other 1	$
Other 2	$
Other 3	$
Straight line depreciation	$
Total Expenses	**$**
Net Income (Gross Income - Total Expenses)	**$**

I hereby authorize the release of the requested information to verify business income.

____
Household Member Print Name

____
Household Member Signature

____
Date

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XVIII. Exhibit H: Duplication of Benefits Certification

BALDWIN COUNTY
HOMEBUYER ASSISTANCE PROGRAM
DUPLICATION OF BENEFITS SELF-CERTIFICATION

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (**Stafford Act**), as amended, 42 U.S.C. § 5121 *et seq*., prohibits any person, business concern, or other entity from receiving a duplication of benefits (**DOB**).[1] To comply with the Stafford Act, Baldwin County and its Partners must ensure that each program assists a person or entity only to the extent that the person or entity has an unmet mitigation need. Thus, Baldwin County and its Partners must conduct an individualized review of each Applicant to determine that the amount of assistance granted will not cause a DOB by exceeding the Applicant's unmet needs. This review involves verifying all sources of assistance received by the Applicant and how they were used.

Therefore, I, ______________, Applicant to the Homebuyer Assistance Program (HAP), hereby certify the information stated in this document is true and correct to the best of my knowledge.

Instructions: Please complete the information below to indicate if Applicant Contact has received financial assistance from any of the listed sources at the time of submitting the application to the HAP Program.

1. Small Business Administration (SBA):

☐ No. *If **No**, please answer the following questions.*

a. Did you apply for an SBA loan? ☐ Yes ☐ No

b. Was the SBA loan canceled? ☐ Yes ☐ No

c. Did you decline an SBA loan? ☐ Yes ☐ No

d. What was the amount of the loan? $ ______________.

e. Why was the loan not accepted?

☐ Yes. Amount $ ______________. Award Date: ______________.

f. Were all funds or amounts used towards a loss suffered due to a major disaster or emergency?

☐ No. *If **No**, please provide the amount of the loan used towards a loss suffered due to a major disaster or emergency:* $ ________________________.

☐ Yes

[1] A duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same mitigation purpose as the CDBG-DR assistance, and the total assistance received for the same purpose is more than the total need. The amount of DOB is the amount received in excess of the total need for the same purpose. When total need is more than total assistance for the same mitigation purpose, the difference between these amounts is an "unmet mitigation need."

2. Federal Emergency Management Agency (FEMA):

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

3. National Flood Insurance Program (NFIP):

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

4. U.S. Department of Housing and Urban Development (HUD):

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

5. Private Insurance:

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

6. Nonprofit or Charitable Funding (Red Cross, United Way, local church, etc.):

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

7. Alabama Department of Economic and Community Affairs (ADECA) –Owner Occupied Rehabilitation (OOR) Program:

☐No☐Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

8. Private funding:

☐No☐ Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

☐No☐ Yes: amount $ ______________. Award Date: ______________.

Purpose of funding: ____.

For each source from which the undersigned has received assistance, as listed above, the undersigned must include supporting documentation to aid Baldwin County in its DOB analysis. The supporting documentation may consist of award letters, loan or grant agreements, claims to private insurance, and receipts of work done by the Applicant Contact, amongst other forms of documentation accepted on a case-by-case basis. The undersigned must also cooperate with Baldwin County and its representatives to promptly furnish any requested information or additional documentation essential for a thorough DOB analysis.

I acknowledge that any additional funds disbursed to me after the HAP award amount calculation and prior to close of escrow must be disclosed, including the funding source, amount, and use. If these are determined to be a DOB, I may be required to pay the duplicative amount back to the County.

I acknowledge that knowingly providing false information constitutes just cause to deny my participation in the Baldwin County Community Development Block Grant – Disaster Recovery (CDBG-DR) Program or to cancel CDBG-DR Program benefits, and could result in the reimbursement or restitution of funds previously disbursed by the CDBG-DR Program.

Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. § 287, § 1001, and 31 U.S.C. § 3729.

Applicant Contact Name	Signature	Date