

# Columbia Community Land Trust Stewardship Policies and Procedures

Columbia Community Land Trust (CCLT) was incorporated on November 3, 2016 for the purpose of creating and stewarding permanently affordable housing in Columbia, MO. The purpose of its Stewardship Policy and Procedures is to help the CCLT meet its mission to *“Strengthen our community through the creation and stewardship of stewardship of permanently affordable housing.”*

The plan includes policies and procedures for CCLT staff to support homeowners be successful, monitor homeowner compliance with its CCLT ground lease, and take enforcement or provide additional assistance when necessary.

## **CCLT’s Stewardship Policies and Procedures Mission Statement**

CCLT will ensure CCLT homes provide ongoing value to current and future generations of low to moderate income homeowners, the community at large and our funders.

## **CCLT Core Values:**

### **Stewardship:**

We value the importance of protecting public and private investments in housing, neighborhoods and individual households to ensure a sustainable and growing organization to pass on to future generations.

### **Empowerment:**

We value the importance of creating opportunities and environments that promote the empowerment of neighborhood representatives, community and business leaders and lower income participant households served by the CCLT, by providing the power and responsibility of governing this organization.

### **Diversity:**

We recognize the differences between people and acknowledge that these differences bring tremendous value to understanding and identifying steps towards solving complex community and social problems.

### **Fairness:**

We value and are committed to treating everyone with dignity, respect and fairness. We value democratically decided policies and procedures, as well as the ability to exercise judgment when confronted with unique circumstances.

### **Innovation:**

We value and encourage change, creativity and a commitment to seeking improved practices. We have a firm commitment to finding better ways to create permanently affordable housing and stabilize neighborhoods.

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# 1. Homeowner Engagement, Education, Support

**Policy: Communications with CCLT Homeowners reinforce program goals, as well as remind Homeowners of program requirements.**

## A. Communication with Homeowners:

- i. Annual Letter: CCLT staff shall communicate on a formal basis at least once per year to remind Homeowners of program goals and limits.
- ii. CCLT staff shall disseminate the annual letter to all Homeowners via U.S. mail.
- iii. The Annual Letter shall contain information regarding: reminders to review maintenance schedule for relevant needed maintenance, reminders for real estate taxes and to contact CCLT concerning any issues the Homeowner is facing.
- iv. CCLT staff shall log this activity and attach a copy of this correspondence in the Homeowner's file.
- v. Annual Report: CCLT staff shall create and disseminate an Annual Report to all Homeowners, foundational supporters and donors.
- vi. The Annual Report shall highlight the CCLT's accomplishments and milestones for the year.
- vii. The Annual Report shall contain a report on CCLT's fiscal activities for the year.
- viii. The Annual Report may be communicated to Homeowners, foundational supporters and donors via a link to documents on CCLT's website.
- ix. The Annual Report shall be available in CCLT's offices during normal business hours for anyone who wishes to view the document. The Annual Report shall be available at all times on CCLT's website.
- x. Policy Change Announcements: CCLT staff shall formally communicate all changes in or clarifications of CCLT policy via U.S. mail.
- xi. Changes shall be disseminated to Homeowners no less than thirty days prior to implementation.
- xii. CCLT staff shall log this activity and attach a copy of this correspondence in the Homeowner's file.
- xiii. Selected policies shall be posted on CCLT's website.

**Policy: CCLT shall provide information for CCLT Homeowners to build their knowledge, practical skills, and financial capacity to maintain and improve their homes.**

## B. Post-Purchase Education and Counseling:

- i. CCLT shall provide information on partnering organizations providing workshops and other educational opportunities that the CCLT identifies are likely to support its capacity-building goals.
- ii. Budget and other counseling:
- iii. CCLT staff shall refer Homeowners to outside organizations for budget or credit counseling, as necessary.

**Policy: CCLT builds strong relationships with its Homeowner community.**

C. Other Homeowner Engagement:

- i. CCLT Board shall provide opportunities for CCLT Homeowners to connect with one another socially to build peer relationships.
- ii. Annual Picnic or Gathering: At its own discretion, CCLT Board Members shall organize an Annual Picnic or Party for all CCLT Homeowners to connect with each other and develop a sense of community.

**Policy: CCLT will cultivate meaningful Homeowner involvement with its work and governance at various levels including on its Board of Directors.**

D. Homeowner participation in CCLT:

- i. Board of Directors: Executive Director and Board of Directors shall recruit interested Homeowners to become members of CCLT's Board of Directors. Homeowners shall, at all times, comprise one-third of the Board of Directors. Other staff may assist with identification and outreach to potential nominees.

## **2. Program Compliance**

**Policy: Homeowners shall be owner-occupants of their property.**

A. Monitoring Program Compliance:

- i. Owner Occupancy: CCLT staff shall annually monitor compliance via the National Change of Address Service.
- ii. CCLT staff shall annually, corresponding with the dissemination of the Annual Report, review the database and determine if current and correct owner-occupancy information is in the Homeowner's file and Homeowners are in compliance.
- iii. If it is determined that the Homeowner has relocated, the CCLT staff shall contact the Homeowner via telephone and/or in person to discuss the reasons for the Homeowner's relocation and the owner-occupancy requirement.
- iv. If Homeowner is unable to comply with the owner-occupancy requirement CCLT staff shall seek CCLT Board approval to determine appropriate enforcement actions. This will most likely result in CCLT initiating a sale of the property to another qualified buyer unless the owner-occupancy requirement can be relaxed under limited circumstances, if allowed by funders.
- v. CCLT may grant temporary relief from the owner-occupancy requirement and shall consider the following circumstances:
  - vi. Military deployment;
  - vii. Temporary employment relocation;
  - viii. Relocation in order to receive medical treatment; and
  - ix. Family emergency including providing or receiving medical/personal care for family members.
- x. CCLT shall not waive this requirement on a permanent basis for any reason.

**Policy: Homeowners shall maintain minimum insurance coverage for CCLT property.**

- i. CCLT shall track and monitor pertinent insurance information for each homeowner.
- ii. CCLT staff shall review the initial insurance binder at closing in order to verify CCLT is listed as an additional insured.
- iii. CCLT staff shall annually monitor compliance via insurance certificate sent to CCLT by the Homeowner's insurance company.
  1. CCLT staff shall track insurance information in the Homeowner's file.
  2. If the insurance certificate does not arrive annually at the CCLT, staff shall contact the Homeowner's insurance company for a copy of the certificate for review.
  3. If, at any time, it is discovered the Homeowner has insurance but not at the appropriate levels to be in compliance with the current CCLT regulations, CCLT staff shall contact the Homeowner and direct the Homeowner to increase the insurance levels in order to become compliant.
  4. If the Homeowner refuses or is unable to comply, upon CCLT Board approval, CCLT staff may purchase additional insurance for the property to meet current CCLT regulations. CCLT shall increase the Homeowner's Lease Fee by the additional amount of the policy cost per month.

**Policy: The Homeowner shall not cause or allow the placement of any lien of any sort on CCLT property without the prior written authorization of CCLT.**

- i. If unauthorized liens are discovered on any CCLT property CCLT staff shall contact Homeowner by phone and/or in person to determine the reason for the presence of the lien and to determine the financial situation of the Homeowner.
- ii. CCLT staff shall recommend to the CCLT Board what the appropriate response to the lien should be, while taking into consideration the reason for the lien and the current financial situation of the Homeowner.
- iii. CCLT staff shall send a letter via U.S. mail explaining the determination made by the CCLT Board and explaining the Homeowner's obligations in regards to the unauthorized lien.

**Policy: The Homeowner shall remain current on assessed property tax payments on CCLT property at all times.**

- i. Real Estate Taxes
- ii. If it is determined the property taxes are not current, the CCLT staff shall contact Homeowner by phone and/or in person to determine the reason for delinquency and to determine the financial situation.
- iii. CCLT staff shall attempt to work with the Homeowner to assist the Homeowner in becoming current on the property tax payments.
- iv. If the Homeowner cannot or will not become current on the property tax payments then CCLT staff shall evaluate the situation and provide recommended actions to the CCLT Board. The CCLT Board shall decide recommended enforcement action.

**Policy: CCLT provides financial assistance to make homeownership affordable for low- and moderate-income households, and accepts responsibility for ongoing stewardship of the houses in its portfolio. In order to defray its program administration expenses, including stewardship, CCLT shall require the Homeowner to pay a monthly Ground Lease Fee and Repair Maintenance Reserve Fee.**

**B. Ground Lease and Repair and Maintenance Reserve Fees:**

- i. CCLT Homeowners shall pay monthly lease fee through its loan service provider. Funds shall be escrowed through the homeowner's monthly mortgage payment.
- ii. Disbursement of escrowed monthly ground lease and Repair and Maintenance Reserve fees shall be done on or before December 31st of each calendar year. These funds shall be included within the following year's CCLT annual budget.

**Policy: Homeowners shall pay all necessary and relevant Homeowners' Association dues.**

**C. Homeowners' Association Dues:**

- i. In the circumstances where CCLT collects dues on behalf of the Homeowners' Association, the procedures for collection and implementation of Ground Lease Fees shall apply.

**Policy: Homeowners shall fulfill their financial obligations to CCLT.**

**D. Delinquency on First Mortgage.**

- i. Lender Education: CCLT staff shall ensure servicers understand the program and the Lender's obligation to notify CCLT in case of default.
- ii. Monitoring: CCLT staff shall monitor the status of the Homeowners' first mortgage by reviewing the Boone County records for any notices of foreclosure. This review shall be conducted annually and when determined necessary by staff.
- iii. Point of Contact: If it is discovered the Homeowner is delinquent on the first mortgage.
  - i. CCLT staff contacts the Homeowner to review the Homeowner's financial situation and reasons for financial distress.
  - ii. CCLT staff investigates ways to immediately decrease expenses: cutting cable, homeowners/auto insurance quotes, property tax errors, changing banks to avoid fees, etc.
  - iii. CCLT staff shall, as necessary, refer the Homeowner to programs for low-income Homeowners for help with utility bills, repairs, etc.
  - iv. CCLT staff shall inform the CCLT Board of the delinquency at the next scheduled monthly meeting.
  - v. The CCLT Board shall make a determination on appropriate action in the event of a delinquency. Determination of board action shall generally be in align with the following steps.
    - a. 30 days delinquent:
      - i. CCLT staff works to determine cause for delinquency and plan for remedying delinquency.

- ii. As available, CCLT staff provide information to CCLT Board on delinquency and any relevant participant information.
- b. 60 days delinquent:
  - i. At the direction of the CCLT Board, CCLT staff notifies participant of the 60 day delinquency and the CCLT's ability and/or intent to exercise its option to purchase.
  - ii. Not later than ninety (90) days after the CLT gives notice to the Homeowner of the CLT's intent to exercise its option, the CCLT or its assignee shall purchase the Home for the Purchase Option Price.
  - iii. At the discretion of the CCLT Board, exercising the purchase option for the home can be stopped or delayed.
- c. 90 days delinquent:
  - i. At the direction of the CCLT Board, CCLT staff notifies participant of the 90 day delinquency and the CCLT's intent to exercise its option to purchase.
  - ii. Not later than ninety (90) days after the CLT gives notice to the Homeowner of the CLT's intent to exercise its option, the CCLT or its assignee shall purchase the Home for the Purchase Option Price.
  - iii. At the discretion of the CCLT Board, exercising the purchase option for the home can be stopped or delayed.
- d. 120 delinquent:
  - i. At the direction of the CCLT Board, CCLT staff notifies participant of the 120 day delinquency and the CCLT's intent to exercise its option to purchase.
  - ii. Not later than ninety (90) days after the CLT gives notice to the Homeowner of the CLT's intent to exercise its option, the CCLT or its assignee shall purchase the Home for the Purchase Option Price.
  - iii. At the discretion of the CCLT Board, exercising the purchase option for the home can be stopped or delayed.

### 3. Property Maintenance and Improvements

**Policy: Homeowners shall maintain their CCLT homes in good, safe and habitable condition.**

A. Initial Home Condition: CCLT shall ensure each property file includes a complete set of documents (appraisal, home inspection) that establish the property's condition when it enters the trust.

B. Maintenance Policy:

- i. **CONDITION:** The Homeowner shall maintain the Property in good, safe, and habitable condition in all respects, except for normal wear and tear, and in full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Property.
- ii. The property must be in a "good" or "excellent" condition, as determined by CCLT, at initial purchase and at re-sale.

- iii. CCLT staff shall conduct the initial property inspection at the triggering event.
- iv. If the property is below standard then the property must be upgraded prior to purchase or re-sale.
- v. The party responsible for costs of any necessary upgrades is negotiable.
  - 1. **COST OF MAINTENANCE:** The costs required to maintain these minimum-housing standards are the responsibility of the Homeowner. The Homeowner shall not permit any mechanics' liens to be recorded against the Property.
  - 2. **INSPECTION AT RE-SALE:** Shortly before the resale price limit is determined, CCLT shall have the right to inspect the Property to determine whether the Homeowner has complied fully with the maintenance obligations set forth in this policy, and to confirm that any eligible Capital Improvements (under the Capital Improvements Policy) have been completed in a workmanlike manner and the reasonable value thereof. If a buyer has been identified, CCLT may choose to rely upon the buyer's inspection.
  - 3. **EXCESSIVE DAMAGES:** If, after such an inspection, CCLT determines the Homeowner has not fully complied with this obligation, CCLT may hire a qualified contractor or cost estimator determine the cost to repair any violations of applicable building, plumbing, electrical, fire or housing codes, as well as to perform any other repairs needed to put the Property into a "salable condition."
  - 4. Items necessary to put the Property into a salable condition – that is, to restore the Property to a good, safe and habitable condition in all respects, and to bring it into full compliance with all applicable laws, ordinances, rules and regulations of any governmental authority with jurisdiction over matters concerning the condition of the Property – shall be determined by the new buyer's lender, based on the home inspection. This may include landscaping, cleaning, painting and making necessary structural, mechanical, electrical, plumbing and fixed appliance repairs and other repairs needed in order to correct deferred maintenance.
  - 5. The cost to make such repairs and restorations shall be included as a deduction in the calculation of the Resale Price limit.

**Policy: CCLT will allow approved "Qualified Capital Improvements" and "Capital Systems Replacements/Upgrades", in accordance with the CCLT Ground Lease.**

- C. Capital Improvements: Any post-purchase construction in, about or to the Property requiring issuance of a permit is subject to the following conditions:
  - i. All costs shall be born and paid for by the Homeowner;
  - ii. All construction shall be performed in a good and workmanlike manner and shall comply with all applicable laws, codes and ordinances;
  - iii. All construction shall be consistent with the permitted uses set forth in the Ground Lease;
  - iv. Material or structural changes to the Home's footprint, square-footage, or height of the house shall not be increased and rooms reconfigured or interior walls modified and new structures shall not be built or installed on the Leased Land without the prior written consent of CCLT Board.



1. CCLT staff shall be the point of contact with the Homeowner for any formal requests involving capital improvements with material or structural changes to the Home's footprint, square-footage, or height of the house and rooms reconfigured or interior walls modified and new structures.
2. CCLT staff shall review all relevant information from the Homeowner and make a recommendation to the CCLT Board for approval/disapproval of the request.
3. Upon approval/disapproval by the CCLT Board, CCLT staff shall notify Homeowner of the CCLT Board's decision and any additional requirements or communication related to the Homeowner's request.
4. If Homeowner's request is approved by the board, upon completion of the project CCLT staff shall inspect the property and all construction permits for signatures and provide a report to the CCLT Board as requested.
5. The Homeowner shall not receive any financial credit for such improvements, however any appreciation in value due to the improvements will be determined at resale per the resale formula identified in the ground lease.

**Policy: CCLT responds quickly and consistently to violations that could compromise the health or safety of the Homeowner or members of the general public.**

**D. Safety and Health Violations on CCLT Property:**

- a. CCLT staff shall be the point of contact for all complaints regarding the safety of CCLT property or complaints of illegal activity CCLT property.
- b. CCLT staff shall contact the Homeowner via telephone or in person at CCLT offices to discuss the complaint and potential violation.
- c. Depending on the nature of the complaint and potential violation and taking into consideration: the safety of CCLT employees, CCLT's reputation in the community and CCLT's duty to preserve the physical integrity of the property; CCLT staff shall implement one or more of the following actions:
  - i. Request photo documentation from complainant;
  - ii. Schedule an appointment with the Homeowner to view the interior of the property;
  - iii. Provide Homeowner notice and inspect the exterior of the property;
  - iv. Notify the police, health department or other authorities.
- d. If it is determined that the property is potentially unsafe and a site inspection cannot be conducted while maintaining the safety of CCLT staff, the CCLT staff shall determine if it is appropriate to notify the police or other authorities of the potential violation
- e. Non-compliance: Upon completion of the investigation, the CCLT Board shall identify the time frame for correcting any noncompliance issues.

## **4. Refinance and Re-Sales**

**Policy: CCLT encourages Homeowners to view CCLT as a resource. CCLT requires contact when a Homeowner is considering refinancing the property. CCLT will work with the Homeowner and Lender to assist the Homeowner in a refinance.**

A. Refinance Procedure:

- i. Point of Contact: CCLT staff is the point of contact for the Homeowner in evaluating the merits of a refinance and application for a refinance.
- ii. CCLT staff will implement the following procedure:
  1. Review Lender package to ensure the refinance results in net tangible benefits to the Homeowner and the new mortgage is a permitted mortgage under the Ground Lease. A complete Lender package contains: 1008, 1003, Good Faith Estimate, Loan Cost Worksheet, Payoff Calculation, appraisal (full color PDF), Title Report, and insurance binder.
  2. CCLT staff will determine if conditions to the refinance are necessary, in accordance with City Homeownership Assistance Program guidelines.
  3. Verifies title/escrow was opened at an approved escrow company.
  4. Determines if any person is to be removed or added to the title. CCLT must specially approve this modification. CCLT contacts legal counsel for advice regarding changes in ownership interests.
  5. Maintains the Lender package in the Homeowner's Post Closing File.
  6. Prepares the refinance approval letter listing any conditions and sends the letter to the Lender.
  7. Requests subordination or re-conveyance on any liens, if necessary.
  8. Determines if an assignment of trustee is needed and draw/execute in advance of funding.
  9. Prepares any applicable closing documents and sends the documents to escrow for signing.
  10. Reviews estimated HUD-1 & title report to make sure there are no unauthorized liens.
  11. CCLT clears or signs off on any outstanding CCLT conditions before funding.
  12. The Lender must send a copy of the final HUD-1 within 24- hours of funding to the CCLT staff.
  13. CCLT staff verifies that the final terms on the HUD-1 match estimated terms at the point of approval. If there are any discrepancies, CCLT staff determines if the terms still meet the program requirements. If the terms do not meet the program requirements, CCLT staff will present to CCLT Board for approval/disapproval.

B. Re-Sales Procedure:

- i. CCLT staff is the initial point of contact for a Homeowner interested in selling a CCLT property.
- ii. Procedure for initiating a re-sale, after Homeowner has provided CCLT staff with a letter indicating a notice of an intent to sell:
  1. Conduct a lien search of the property.
  2. Coordinate a time with the Homeowner to view the external and internal property and complete the Property Condition Checklist.
  3. If the site visit uncovers deferred maintenance issues or other damage to the property CCLT staff will arrange a second visit to the property.
  4. CCLT staff will recommend best use of the property including: selling as-is, rehabbing the property, redevelopment of the property or selling the property out of the portfolio. Recommendations will be sent to the CCLT Board for approval.
  5. The re-sale formula price will be determined by the Re- Sale Formula Procedure.

### C. Re-Sale Formula Procedure:

- i. No later than fifteen (15) days after CCLT's receipt of Homeowner's Intent-to-Sell Notice, CLT shall commission a market valuation of the Leased Land and the Home (The Appraisal) to be performed by a duly licensed appraiser who is acceptable to CLT and Homeowner.
- ii. CCLT shall pay the cost of such Appraisal.
- iii. Copies of the Appraisal are to be provided to both CCLT and Homeowner.
- iv. If CLT elects to purchase the Home, the CCLT shall exercise the Purchase Option by notifying Homeowner, in writing, of such election (the Notice of Exercise of Option) within thirty (30) days of the receipt of the Appraisal, or the Option shall expire.
- v. Having given such notice, CCLT may either proceed to purchase the Home directly or may assign the Purchase Option to an Income-Qualified Person.
- vi. If the Purchase Option has expired or if CCLT has failed to complete the purchase within the sixty-day period, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price.
- vii. Resale price shall be calculated as follows:
  1. **Homeowner's Base Price:** Sales price at initial point of sale.
  2. **Initial Appraised Value:** The appraised value of the Home and Leased Land at the time of Homeowner's purchase (the Initial Appraised Value).
  3. **Increase in Market Value:** The appraised value of the Home and Leased Land at time of Resale, minus the Initial Appraised Value.
  4. **Homeowner's share of Increase in Market Value:** Twenty-five percent (25%) of the increase in market value.
  5. **Summary of Formula Price:** The Formula Price equals Homeowner's Base Price plus Homeowner's Share of Increase in Market Value.

## 5. Document Retention

**Policy: CCLT ensures that documents are retained for proper management and reporting, and to monitor and enforce the programmatic restrictions it has imposed on properties assisted with its funds.**

- A. ORIGINAL DOCUMENTS: CCLT keeps originals of all irreplaceable documents essential to the defense of each transaction (such as legal agreements, critical correspondence the Note and Ground Lease) in one location. Original documents are protected from daily use and are secure from damage and theft.
- B. ESSENTIAL CORRESPONDENCE: (including notifications of policy changes, program enforcement, re-sale correspondence and copies of all signed letters, a copy of the signed Note and Ground Lease) shall be communicated in writing via U.S. mail, signed by a CCLT representative, and a scanned copy or scanned copy of the final document shall be stored in the participant file.
- C. FUNDING DOCUMENTS: Financial records, supporting documents, statistical records, and all other records pertinent to an award of funding from an external source are retained for four (5) years past the date of the submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the five-year period, the

records will be retained until five years after all litigation, claims, or audit findings have been resolved and final action taken.

- D. FEDERAL FUNDS: Records for real property and equipment acquired with federal funds are retained for five (5) years after final disposition of said property.
- E. Files Maintained on Every Applicant (but not in Inquiries).
  - i. APPLICANT: A potential Homeowner that has completed the paper application for a specific property in CCLT's portfolio.
  - ii. CCLT maintains files on every applicant. The file may contain:
    - 1. Application Form;
    - 2. Income Verification;
    - 3. Eligibility Certification;
    - 4. Approval/Denial Letter; and
    - 5. Appeals Decisions, if any.

**Individual files are maintained throughout the process and are retained even if the applicant does not complete a home purchase through the program for five (5) years.**

- F. Files Maintained on Every Unit/Homeowner:
  - i. CCLT maintains files on every unit for the length of the affordability controls. Files shall contain the following
    - 1. Street Address and Legal Description;
    - 2. Base sale price;
    - 3. Inspection report;
    - 4. Appraisal report;
    - 5. Description of number of bedrooms;
    - 6. Ground Lease (or, if relevant, Restrictive Covenant);
    - 7. Any additional affordability control or restrictive documents, including Declarations of Covenants, Conditions and Restrictions, Deeds, or Disclosure Statement;
    - 8. Application materials, verifications and certifications of all present owners, pertinent correspondence, any documentation of home improvement, hardship or income waivers, approvals granted by CCLT;
    - 9. Any regular monitoring documents (i.e. owner occupancy);
    - 10. Post-Closing Task Checklist; and
    - 11. Post-Closing File Checklist.