

Chapter 365-175 WAC
RULES FOR LOW-INCOME HOME REHABILITATION REVOLVING LOAN PROGRAM

NEW SECTION

WAC 365-175-010 Authority. These rules implement RCW 43.330.480 through 43.330.488 and are adopted under the authority in RCW 43.330.482.

NEW SECTION

WAC 365-175-020 Purpose. To set forth the conditions and procedures for how funds for the low-income home rehabilitation revolving loan program will be administered and used to serve low-income clients living in rural areas.

NEW SECTION

WAC 365-175-030 Definitions. "Commerce" means the Washington state department of commerce.

"Consumer price index" means the annual average consumer price index for all urban consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor.

"Home" means a single-family residential structure.

"Home rehabilitation" means residential repairs and improvements that address health, safety, and durability issues in existing housing in rural areas.

"Homeowner" means a person who owns and resides permanently in the home the person occupies.

"Low-income" means persons or households with income at or below two hundred percent of the federal poverty level as adjusted for family size and determined annually by the federal Department of Health and Human Services.

"Rehabilitation agency" means any approved department grantee, tribal nation, or any public service company, municipality, public utility district, mutual or cooperative, or other entity that bears the responsibility for rehabilitating residences under this chapter and has been approved by the department.

"Rural areas" means areas of Washington state defined as nonentitlement areas by the United States Department of Housing and Urban Development.

NEW SECTION

WAC 365-175-040 What agencies are eligible to use funds from the low-income home rehabilitation revolving loan program? A local agency must apply to and receive approval from commerce to become an authorized rehabilitation agency. The application must show that the agency is eligible to participate and must show that the agency has established procedures to administer the program in compliance with the statute and these rules. Commerce will give preference to local agencies that are grantees of the state low-income weatherization assistance program. Authorized rehabilitation agencies must comply with reporting requirements established in grant agreements and must adopt operating procedures that are subject to approval by commerce.

NEW SECTION

WAC 365-175-050 How do authorized rehabilitation agencies receive funds from the low-income home rehabilitation revolving loan fund? (1) Commerce will initially allocate funds to authorized rehabilitation agencies using a formula developed for the low-income rural rehabilitation revolving loan fund. Initial funding levels may be adjusted based on the capacity and capability of each rehabilitation agency as determined through the application process.

(2) Commerce may reallocate funds to other authorized rehabilitation agencies if doing so will better achieve the objectives of the program.

(3) Authorized rehabilitation agencies will receive a grant for funds each biennium funding is available. Funding is subject to a grant agreement between commerce and the authorized rehabilitation agency.

(4) Authorized rehabilitation agencies must report to commerce quarterly or in line with reporting for federal weatherization grants. Commerce will provide reporting instructions to authorized rehabilitation agencies. Timely reporting will be considered when determining future funding opportunities.

NEW SECTION

WAC 365-175-060 What clients are eligible to receive program loans from the low-income home rehabilitation revolving loan program? (1) An authorized rehabilitation agency may provide a program loan to a person only if the agency determines that all of these eligibility criteria are met:

(a) The person owns and occupies the home that will receive the rehabilitation services.

(b) The income of the person is at or below two hundred percent of the federal poverty level, as adjusted for family size and as determined annually by the federal Department of Health and Human Services.

(c) The property is located in a rural area.

(2) An authorized rehabilitation agency must give priority to rehabilitation applications from persons who are senior citizens, persons with disabilities, families with children five years old and younger, and veterans.

NEW SECTION

WAC 365-175-070 What criteria must a program loan meet? (1) The loan amount may not exceed any of the following limits:

(a) Forty thousand dollars.

(b) The direct costs paid to one or more rehabilitation agency for necessary improvements, plus seven percent for administrative costs to the authorized rehabilitation agency.

(c) An amount equal to eighty percent of the assessed value of the property.

(d) An amount equal to eighty percent of the assessed value of the property minus the sum of the unpaid principal amounts of all existing loans that are secured by the property. (For example, if the assessed value of the property is \$100,000 and an existing mortgage has an unpaid principal amount of \$50,000, the limitation under this is \$30,000, which is eighty percent of \$100,000 minus \$50,000.)

(2) The loan must be secured by a lien against the property that is in favor of the Washington department of commerce and subordinate to no lien other than a first mortgage or deed of trust or liens for general taxes, amounts deferred under chapter 84.37 or 84.38 RCW, or special assessments as defined in RCW 84.38.020.

(3) The loan must specify a rate of interest equal to the annual change in consumer price index for the prior calendar year. (For loans closed in calendar year 2018, the interest rate is 2.1 percent.)

(4) The loan must require repayment of principal, interest, and any administrative fee upon the sale or any other change in ownership of the property.

(5) The loan must provide the borrower with the option for early repayment without prepayment penalty.

(6) Authorized rehabilitation agencies must file lien paperwork in compliance with local recording office requirements and consistent with operating procedures approved by commerce.