



## Membership Selection - Assisted Housing Arrowwood Hills Cooperative<sup>1</sup>

Rev. Oct 2007b

### Procedures

Applicants are to complete the application and return it to the office with all required attachments (see application). Please notify the office manager, if you need special assistance in completing your application. Completed applications are reviewed by management and by the designee(s) of the Board of Directors for accuracy of information, and for credit and tenant (or ownership) histories and references. A response tentatively approving or denying the application – and as regards placement on the Waiting-Resale's List -- is to be provided to you within a maximum of 30-days.

Those tentatively approved and on the Waiting-Resale's List are asked to keep the office informed as to contact address and telephone. Also, interested and approved applicants are asked to check with the office no less frequently than every three months (quarterly) to monitor the likelihood of a townhouse (membership) becoming available. Final approval occurs after the qualified applicant-member(s) attend the Board-sponsored "Member Orientation Meeting" conducted by management (see eligibility below).

Those denied may appeal the denial in writing to the Board of Directors, explaining the reasoning of the appeal. In these cases, a response is promised within 60-days.

The MSP is reviewed annually. It is posted in our office and on our Website.

### Criteria & Eligibility

- Any persons regardless of race, color, religion, sex, handicap, familial status or national origin are eligible to apply for membership in the Cooperative. This selection process includes compliance with the *Fair Housing Act of 1988* and the *title VI of the Civil Rights Act of 1964* and *Section 504* (Rehab Act of 1973 as amended) as well as the protection of any class of persons protected by lawful actions of the City of Ann Arbor.
- Purchase of a membership share (transferred from the previous member-resident) is required. A schedule, or table, of current membership prices is available from the Co-op office – typically including any improvements also being transferred by the former member.
- Residency at Arrowwood Hills is required of members, i.e., no subleases are authorized or approved. At time of resale a resale fee is charged. This fee is reduced if the member has been a long term resident (more than 24 months). Ask office for current schedule.

<sup>1</sup> Arrowwood Hills (AHC) is a housing cooperative of 350 townhouses registered as a Michigan non-profit corporation and established in 1970 pursuant to financing from the Federal Housing Administration (FHA – now the Department of Housing & Urban Development – HUD) as authorized under Section 221-D3 of the National Housing Act and its amendments. Under Sec 221-D3, the Co-op received a fixed 3% rate of interest on its 40-year original mortgage (i.e., BMIR - Below Market Interest Rate) in return for the Co-op's ("Regulatory") agreement to restrict occupancy to households earning 95% or less of Median Income at the time of application & move-in. In addition, the Co-op has contracted with HUD for use of a maximum of 56 "Section 8" subsidy certificates (vouchers) to assist any qualifying member-household (including qualified applicants who might be able to purchase memberships in the Co-op). For Section 8 assistance, a qualifying household is one that finds itself paying more than 30% of its adjusted gross monthly income for the Co-op's housing. On the member's behalf, HUD's Section 8 program pays monthly fees (carrying charges) over and above the household's minimum obligation (30%, as above).

- As to income at time of application and move-in, the applicant(s) must not be earning more than 95% of median income (as determined by HUD periodically for the Washtenaw County MSA - Metropolitan Statistical Area). In addition, applicants must demonstrate monthly income of not less than 3x the Co-op's monthly housing fees (carrying charges).
- Good credit references and positive payment records with prior landlords are required. Applicant(s) must provide consent forms to the Co-op to allow independent confirmation of references.
- Attendance by household members at a Membership Orientation Meeting is required.
- No recent history (within the past seven years) of felonious or criminal activity, including abuse of drug laws or sex offenses.

### **Additional Application Questions & Answers (Q & A's)**

#### **1. What if I have no landlord references or credit history?**

If you do not have a credit history or a prior landlord reference, the Co-op will allow other references as documentation.

#### **2. Does the Co-op offer or accept Section 8?**

Yes, the Co-op has a limited number of Section 8 certificates available to eligible and qualified households. Arrowwood also accepts applicants with other Sec 8 "vouchers" from other agencies, however, each applicant meets all other criteria for membership, including the purchase of the outgoing member-resident's share. Student Status and citizenship effects Section 8 eligibility. An applicant, who is a student, is under 24 years of age, is not a veteran, is unmarried and does not have a dependant child, both applicant and applicant's parents must meet the applicable income limits except as discussed in HUD's Guidance on the Student Eligibility Rule.

#### **3. Are non-citizens eligible for membership?**

Yes, however, non-citizens are NOT eligible for direct federal subsidy or assistance payments (which are not made under traditional 221-D3 BMIR programs like Arrowwood). Only non-citizens who have achieved "eligible immigration status" at the time of application may receive direct federal assistance on housing fees (e.g., Section 8 assistance). Non-citizens may also be admitted to membership through inheritance or lawful succession; yet in such cases they would again be ineligible for Section 8 subsidies and can also be subject to regulatory review as to BMIR benefits<sup>1</sup>.

#### **4. How is citizenship and immigration status checked?**

At the time of application, all applicants are given notice of the requirement to submit evidence of citizenship or eligible immigration status. All family members, regardless of age, must declare citizenship and document the statements in their application. If applying for Section 8 subsidy your citizen status must be verified by a third party.

#### **5. If disabled, am I entitled to an Assistance Animal?**

Yes, an assistance animal for an applicant or member with a disability is a reasonable accommodation in the eyes of the Cooperative and others. An applicant or member should request a copy of the Pet Policy – and abide by it in registering and caring for their pet. The Cooperative reserves the right to verify an applicant's or resident's need for the requested accommodation. An Accommodation Form, available from the office or at the Orientation meeting, is to be completed in any instance calling for an Assistance Animal.

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<sup>1</sup> If a member-resident household is found to be ineligible for BMIR (basic) assistance, the household's monthly carrying charges are raised to "surcharge", i.e., set ten percent (10%) HIGHER than the "basic" BMIR rates. These surcharge rates are also referred to as "unsubsidized" or "Market" rate (the latter used despite whatever difference there might be between this rate and actual market costs in the "area" or SMA). As established in the initial FHA/HUD agreements for the community, the 10% surcharge was intended to equate, approximately, to the value of the interest rate "write-down" contained in the initial federal development assistance (BMIR).

**6. Am I required to disclose my social security number to the Cooperative?**

Yes, all applicants must provide a social security numbers (SSNs) for each family member who is at least 6 years of age as part of the income certification (and annual Recertification) requirements of the Co-op's Regulatory Agreement for FHA/HUD assistance. If no SSN has been assigned, the household member must complete a certification to this effect.

**7. Is there a Wait List Preference for qualified applicants who are Section 8 eligible?**

Yes, so long as all of the Co-op's 56 units of project-based (set aside) Section 8 are not in use by other member-residents. The HUD criteria, referred to as **Income Targeting** is as followed by the Co-op, is that a minimum of 40% of the Section 8 units that become available in any given year BE OFFERED to families whose income does not exceed 30% of the area's Median Income. To comply with income targeting we admit or transfer first only eligible extremely low income families until the 40% target is met. This preference does not waive or reduce the membership fee requirement of a qualified applicant, nor does it suspend other eligibility criteria. As a benchmark, however, it does affect a Very Low Income applicant's status on the Wait List once the applicant(s) is/are approved. Wait List Preference is also given any otherwise qualified applicant(s) who has/have been displaced by government action or a presidential-declared disaster.

**8. How are applicants "screened" for Drug Abuse and Other Criminal Activity?**

Applicant and household member(s) are required to authorize inquiries into criminal records and to execute an Occupancy Agreement with drug-prevention as one of its stipulations (and causes of default, if violated). Felonious activity or records must be absent from all criminal background reports as provided for under "Eligibility". Specific appeals for exceptions to the 7-year stipulation may be made in writing to the Board of Directors with a possible hearing before the Board. The Violence Against Women and Justice Department Reauthorization of Act 2005 (VAWA) provides that the criminal activity directly relating to Domestic Violence, dating violence or stalking will not be "good cause" for termination of assistance, membership or occupancy rights of such a victim. You can request and complete HUD form-50066 or supply third party documentation in lieu of the form to explain criminal activity if the criminal records of your household are in question or as part of an appeal.

**9. What types of violations would make me ineligible for Co-op membership?**

An applicant cannot be approved for membership if he, she or a household member have been evicted from federally assisted housing for drug-related or criminal activity and/or is found to be engaged in illegal use of drugs, or abuse of alcohol. If the Cooperative is given reasonable cause to believe that an applicant's or member's use of drugs is illegal or that there is a pattern of abuse that might interfere with the health, safety and right to peaceable enjoyment of the community by other residents (upholding said right being a fundamental purpose of the cooperative corporation), action to deny (or remove from) membership is to be taken by the Cooperative. Examples of such ineligible USE or ABUSE behavior has been found to include: person(s) subject to state sex offender lifetime registration requirements; person(s) with violent and/or non-violent criminal histories found to have threatened health, safety or the rights to peaceable enjoyment of neighbors or others in a residential community, including employees, contractors, subcontractors, agents or public officials.

**10. Are reviews or appeals of drug abuse ineligibility cases ever granted?**

The cooperative only reviews "use and abuse" cases of ineligibility under two circumstances: (1) the evicted Household member has successfully completed a supervised and publicly-endorsed drug rehabilitation program; and/or (2) the criteria leading to the conviction (or eviction from HUD-assisted housing) no longer exists.

**11. What are the additional fees I must pay as an applicant for Co-op membership?**

All applicants are required to pay a non-refundable Credit Check Fee, currently set at \$30 (but subject to change and adjustment from time-to-time based on cost). Any earnest money fee (down payment or "subscription" fee) toward an approved applicant's reservation for a specific townhouse (membership share) is refundable ONLY during the first 48 hours after signing the reservation commitment (Agreement). After 48 hours, the commitment to transfer (purchase) makes the subscription fee (down payment) non-transferable and non-refundable in the event the transaction does not proceed. Remember: all fees must be paid by money order or certified check. NO PERSONAL CHECKS AND NO CASH are accepted for fee and share transfers!

**12. In cases of bad credit or no credit history, are co-signors ever allowed?**

Conditional approvals for membership are rare, but not unheard of – especially in cases of marginal or poor where references are still highly positive and willing co-signor(s) step forward to guarantee timely payment of routine fees. (Note: co-signors must be residents of the State of Michigan, able to pay all requirements of the member-resident in event of a default and willing to "sign-on" as legally responsible for a minimum of two years.)

**13. How does one appeal the denial of an application for membership?**

Appeals of denial of membership are to be made in writing within fourteen days of notification by the Cooperative of the denial. Such requests are to be submitted to the office for Board and management review either with or without a request for a personal hearing, i.e., a face-to-face meeting. If you are disabled or deficient in the English language, please request our assistance and we will make reasonable accommodations. Any Board member engaged in the initial review will not be a voting member on any subsequent appeal. In normal circumstances, an applicant's appeal will be reviewed and responded to within 14 days of receipt (per date stamp). If you are appealing based on VAWA and do not provide the form HUD-50066 or the information that may be provided in lieu of the certification by the 14<sup>th</sup> business day, none of the VAWA protections afforded to the victim of domestic violence, dating violence or stalking will apply. Applicants whose appeals are rejected may reapply after two years regardless of the circumstances of the denial.

**14. What occupancy standards do applicants need to follow?**

At move-in a co-op townhouse is to have a minimum of "one heartbeat per bedroom" – and should have not more than "two heartbeats per bedroom". These standards are intended to prevent both the under-utilization and over-utilization of affordable housing-- and housing assistance. These standards also help ensure that members within a household are treated consistently, as determined by household numbers and size of family. One bedrooms, twos, threes and fours are all available at Arrowwood Hills – and for each the same minimum-maximum guidelines apply at move-in and for basic subsidies when available. (Note: changes in household size may result in the member-resident or applicant being moved on the Wait List to the appropriate unit size. Members in non-subsidized units are eligible to remain in their units, even if their household size decreases. In doing so, however, the "surcharge" rate, i.e., unsubsidized monthly rate, is the standard policy of the Co-op.

**15. How can I transfer to another unit?**

A transfer request must be filed with the Cooperative and be based on recognized change in household size, HUD regulations regarding subsidy (conforming with occupancy standards per #14, above). Transfers are allowed on the waitlist for the following reasons:

- A. a change in family size or composition,
- B. to maintain or receive a deeper subsidy,
- C. for medical reasons certified by a doctor,
- D. the need for an accessible unit

## **Transfers cont.**

The Board allows transfers but because any transfer in a co-op involves the actual sale of one membership (and purchase of another) all requirements of sales, resale's and transfers must be complied with (including payment, or credit, of the difference in membership values, payment of transfer fees, etc). Because a member in need of a transfer moves ahead of non-residents on the *Wait List*, the Co-op upholds a policy not allowing transfers within the first year of a member's move-in. A unit transfer for medical reasons must be certified by a doctor and be based on need (e.g., for a live-in aide or special access). In such cases, obtain the appropriate forms for an Accommodation request from the office and provide the required physician's report or statement. A *Transfer Application* is available in the office. As with all sales, the Cooperative (through its Board of Directors) reserves the right to deny transfers that do not meet standards set in the rules and documents governing the community. In the event an approved applicant declines three (3) unit offers, the application is moved to the bottom of the Wait List. If there is no response, you will be permanently removed.

### **16. What are the Co-op's "intake procedures" for applications and Wait List management so long as the Co-op is under Regulatory contract to HUD?**

Depending on the rate of turnover and the number of approved households on the Wait (or transfer) List for the various unit sizes, the application and Wait List process of Arrowwood Hills Co-op is opened at least once a year. Advance, public advertising is done by the Co-op (including notices to non-profit agencies, churches and community centers so as to assist in finding applicants at Low and Very Low income levels) for opening and closing the Waiting List. (See Affirmative Fair Marketing plan.)

Applications and Membership Selection Plan (MSP) are available from the office but, in general, practices are designed to be fully compliant with the regulatory guidelines of both the 221-D3 nature of the Co-op's FHA/HUD mortgage and the more stringent Section 8 program (for the 56 units that can be assisted, if approved applicants or member-residents qualify.

When turned in, applications are numbered consecutively and date stamped so that chronological order can be followed – for required monthly reports and periodic updating. An applicant must specify preference for unit size on the application and if qualified by request can be placed on a more than one list due to family size. Transfers which are needed for reasonable accommodation or medical reasons are made a priority, especially when an accessible unit becomes available. Preferences affect the order in which applicants and members are offered units but do not make you eligible if you don't meet the criteria already set forth. If you qualify for an accessible unit and one becomes available, you will have preference under reasonable accommodations. If you qualify for a preference listed below please make sure we are aware of it. Contact us to check to see what preferences you qualify for. We use the chronological order **only** when we have met our Income targeting requirements, otherwise you can be "skipped over" on the waitlist because of the following preferences. All eligibility for preference must be verified by a third party. Preference on the wait list is given to transfers and our procedure for move in is in the following order:

First, to existing members to maintain or qualify for Section 8.

Second, to ELI applicants with eligible citizen status earning 30% or less of median income who qualify for Section 8.

Third, to government declared disaster displacement

Four, other members transferring in accordance with this policy

Fifth, to Legacy; children of members past and present in chronological order

Sixth, to all others on the waitlist in chronological order who do not meet any of the above preferences

A new ranking is being established for the waitlist. The above list is the numbered order used for preferences; from 0-6 matching the above order. This will help us distinguish the order for your selection from the waitlist. If you meet more than one preference the lowest number "0" will apply.

## 17. How are incomplete applications treated?

An incomplete application is un-approvable and, therefore, denied by inability to process. If an applicant cannot meet the eligibility criteria, a denial will result. If the application given out is not returned within 30-day of issuance (or, when found incomplete, not completed within 30-days of notification), automatic denial results. Any application with "tentative" approval **is considered incomplete** until an orientation meeting is attended by the member(s) of the applicant household (18 and older). All household-family members are welcome at Orientation Meetings.

## 18. What happens to my application or the information I provide?

Regular updates of applicant information is required; so those on the Wait List are urged to stay in touch and asked to respond to information requests from the office in no more than 14-days. You will have to submit new information prior to move-in for recertification purposes.

If you become a member your application is transferred to your member file. Member files are maintained in lockable files. The applicant or the member file will be made available for review by the applicant or member upon request or by an authorized third party. The authorized third party must provide signed authorization from the applicant or member.

*In accordance with the Privacy Act*, and HUD states that we must dispose of applicant and member files and records in a manner that will prevent any unauthorized access to personal information, e.g. shred, pulverize or burn, etc. We destroy all inactive applications after three years. Your member files will remain on site until you move. After a member moves, a portion of the file is maintained for seven years.

Assignment of turnover units is included in monthly reports to the Board and Managing Agent. Exceptions approved, if any, to the Wait-List procedures of the Co-op are documented and maintained in the official records of the Cooperative.

