

**Attachment III: OWNER OCCUPIED HOUSING ASSISTANCE PROGRAM DESIGN**

**CITY OF JEWETT, TEXAS  
HOME Investment Partnerships Program  
Owner Occupied Rehabilitation/Reconstruction  
Assistance  
Program Design  
2005**

**1. PURPOSE OF PROGRAM**

The purpose of this program is to provide financial assistance to income qualified households for the rehabilitation or reconstruction of owner occupied substandard homes. The focus of the rehabilitation /reconstruction is to provide safe, decent and sanitary housing by bringing existing substandard housing units into compliance with the Texas Minimum Construction Standards (TMCS) and all applicable local codes and ordinances, including City of Jewett, Texas. The Administrator shall make every effort to ensure that after-rehabilitation repairs and improvements supplement the structurally sound housing stock in the area served and that the housing is of fitting design and quality so as to improve the neighborhood in which they are completed.

**2. DESIGNATED AUTHORITY TO ADMINISTER PROGRAM**

This program shall be operated in accordance with all applicable rules and regulations of the U. S. Department of Housing and Urban Development (HUD) at 24 CFR Part 92, The Texas Administrative Code, Title 10, part 1, Chapter 53, all applicable local codes and ordinances, and the City of Jewett, Texas (the Administrator) rules and regulations. The Administrator's HOME Program Administration shall be under the direct supervision of Judy Kirkpatrick, Mayor, City of Jewett, Texas (Local HOME Supervisor), or his/her designee.

**3. TYPE OF FINANCIAL ASSISTANCE**

- A. The financial assistance for the rehabilitation or reconstruction will be in the form of a grant.
- B. The maximum amount of HOME assistance to be provided to an applicant for rehabilitation assistance shall be \$25,000, which is equal to or less than \$55,000. This amount is equal or less than the HUD 221(d)3 limits of \$102,139. In the event that (\$25,000 is not sufficient to complete the needed repairs, or adequately meet the special needs of the homeowner, the Local HOME Supervisor or his/her designee may authorize additional funds for the project, contingent upon Departmental approval, and subject to the availability of funds. The applicant may be required to either:

- i. Place the necessary funds in escrow with the Administrator when the HOME agreement is executed;
  - ii. Secure an approved home improvement loan from a financial institution to be used in conjunction with the HOME funds; or
  - iii. Delete some of the non-TMCS items from general improvements to reduce the amount of assistance. In the event that the homeowner secures a home improvement loan from a financial institution, a letter of commitment from the financial institution must be provided when the rehabilitation contract is signed. Applicants shall have thirty (30) days to secure additional financing or be subject to disqualification.
- C. In order to document the physical condition of the home which will be rehabilitated or reconstructed a thorough inspection will be required. This inspection will be documented in writing, with drawings and photographs as needed. All items needing repair will be documented with specific measurements and locations sufficiently to create a work-write up and cost estimate.
- D. If reconstruction is being considered, a preliminary budget should be prepared to indicate the potential cost of rehabilitation. This budget, including any inspection checklist, notes, photographs and drawings will be called the "feasibility analysis". This budget should include all major systems but need not detail individual items of cost. If the cost of rehabilitation including lead hazard inspection and reduction:
- i. is less than \$25,000, the Administrator will offer rehabilitation services to the homeowner. Reconstruction will not be an option and the Administrator will prepare a detailed work write-up and cost estimate for rehabilitation adequately documented to be used as bid documents.
  - ii. is more than \$25,000 but less than \$50,000\* then the applicant may choose either rehabilitation or reconstruction and the Administrator will prepare a detailed work write-up and cost estimate for rehabilitation or reconstruction adequately documented to be used as bid document.
    - i. \*represents a 10% reserve with a total cap of \$55,000.
  - iii. If feasibility analysis indicates a budget in excess of \$55,000 for rehabilitation and the applicant does not desire reconstruction the Administrator may "walk away" from the project after notifying the applicant that the project is not feasible and offering an explanation in writing.
  - iv. If the budget for reconstruction exceeds \$55,000 the Administrator should notify the Department for technical assistance.
- E. The minimum amount of HOME assistance that may be provided to any applicant for rehabilitation assistance shall be One Thousand Dollars (\$1,000.00).

F. Relocation Plan Administrator will, or will not provide relocation services. If Administrator will provide relocation services, include Relocation Plan here: No relocation services provided by the Administrator. Participation in program requires voluntary relocation.

**4. PARTICIPANT ELIGIBILITY**

To be eligible for assistance all applicants must meet the following criteria:

- A. Income:
  - i. The Administrator must ensure that the applicant's household is income qualified. Total household gross income must be less than Sixty Percent (60%) of the area's median income limit as published by HUD. All sources of income, assets and employment must be documented in writing. The support documentation must be maintained in each applicant's file.
  - ii. Administrator will utilize the most current HOME Program Policy and Procedures Manual instructions and forms to income qualify applicants.
  - iii. The current income limits published annually by the Department must be used to verify income eligibility of each household served. Under no condition can a household that exceeds the limits below be served with HOME funds.

County of Leon County, Texas Median Family Income

-----2005 I N C O M E L I M I T S for Thirty Percent AMFI\* -----

One person in household	Two persons in household	Three persons in household	Four persons in household	Five persons in household	Six persons in household	Seven persons in household
\$9200	\$10600	\$11900	\$13250	\$14300	\$15350	\$16400

\* income limits subject to change on an annual basis

- iv. If Administrator's contract with the Department contains more restrictive income targeting, households must meet the stricter requirements.
- B. Contracts serving persons with disabilities and/or special needs, as defined in the Department's Consolidated plan, should list which populations are to be served here: No Special Populations.
- C. Forms of Ownership
  - i. An applicant must own the property and occupy the property as his or her principal residence. The applicant is considered the owner if he or she: 1) possesses a fee simple title to the property; 2) maintains a 99-year leasehold interest on the property; or 3) possesses a recordable life estate title to the property. The ownership interest may be subject only to the restrictions on resale required under 24 CFR 92.254 and mortgages, deeds of trust, or other liens or instruments securing debt on the property and subject to the approval by the Department. Restriction or encumbrance that impairs the good and marketable nature of the title

to the ownership interest in the property will not be allowed. Other forms of ownership are not acceptable without approval by the Department and, as required HUD.

*NOTE: Contract for deed or contracts for sale are NOT acceptable forms of ownership.*

- D. Property Taxes
  - i. All delinquent property taxes shall be paid prior to the award for rehabilitation/reconstruction assistance; or the property owner must have qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Tax Code. Written verifications must be placed in each applicant's file. For verifications conducted via telephone, a completed (including, but not limited to date of contact, name of contact, and phone number of contact) telephone confirmation form must be completed.

## **5. PROGRAM MARKETING (OPTION 1)**

- A. The availability of the Program funds shall be publicized via:
  - i. Press releases in the local newspapers, including but not limited to the following: The Jewett Messenger .
  - ii. Public Service Announcements, which are developed and distributed to local broadcast media, including: Cable Television & Various Local Radio Stations, including but not limited to KMVL - Madisonville; KNES - Fairfield; and KTCJ - Centerville
  - iii. Informational pamphlets, public notices, and outreach distributed by public or non-profit organizations and businesses, including: Leon County Area Agency on Aging - Centerville, Texas, Leon County Department of Social Services - Centerville, Texas, Leon County - Texas Department of Aging and Disability Services - Leon County Housing Authority Jewett City Hall, Jewett Public Library

*The Administrator is strongly committed to providing information and applications in English and Spanish. Applications will be provided in English and Spanish.*

- B. Affirmative Marketing Plan

In addition to marketing through widely available media outlets, the Administrator will take additional measures to affirmatively market the HOME Program services as follows:

  - i. The Administrator will contact and market to the following local organizations that provide unique access for persons that are considered members of a protected class under the Fair Housing Act: Housing Authority of Leon County, Texas  
Leon County Offices - Texas Department of Aging and Disability Services

Leon County Offices - Texas Health and Human Services Commission  
Leon County Independent School District  
Catholic Church Mission - Hispanic Services

- ii. The Administrator will advertise with the following media outlets that provide unique access for persons that are considered members of a protected class under the Fair Housing Act including:
  - Cable Stations Broadcasting in the Jewett Market
  - African American Churches and Catholic Churches Serving Hispanic Populations
- iii. The Administrator will take the following measures to make the program accessible to persons that are considered members of a protected class under the Fair Housing Act:
  - The City will undertake the following actions to ensure the program is accessible to persons of protected classes and to the implement the fair housing plan:
    - Provide information and educational through the identified local organizations and media
    - Investigate and respond to fair housing complaints.
    - Increase fair housing education efforts through advertisements in For Rent/For Sale classified in the local newspaper, proclamation and other special events during fair housing month, realtor education, and other educational efforts through print and electronic media.
    - Continue to evaluate the need for additional fair housing education and enforcement activities in the community utilizing the HOME Community Advisory Council in this effort.
- iv. The marketing and affirmative marketing measures used and copies of all advertisement and announcements will be kept by the Administrator and made available to the public upon request.
- v. Whenever possible, the Administrator will use the Fair Housing logo in advertising; post Fair Housing information, posters and other related information; and in general, inform the public of their rights and obligations under Fair Housing regulations.

C. The Administrator will accept applications as follows:

i. In person at:  
3505 Summerhill Road, Suite 10 Texarkana, Texas  
114 North Broadway Jewett Texas 75846 \*

ii. Time and dates applications accepted:  
Wednesday October 14, 2005 9:00 AM - 3:00 PM  
Wednesday January 6, 2006 9:00 AM - 3:00 PM

iii. Via mail to:  
Jewett OCC Program 3505 Summerhill Road Suite 10 Texarkana, Texas 75503  
Jewett OCC Program P.O. Box 189 Jewett Texas 75846

iv. Special arrangements: Arrangements can be made for persons with special needs, language interpretation needs or for persons needing alternate times and locations by calling Craig Lindholm at 903-791-0130 Extension 4

*\*This location must be accessible under the American for Disabilities Act Accessibility Guidelines.*

## 6. PROGRAM MARKETING (OPTION 2)

- A. The Administrator having previously administered a recent (past two years) HOME or similar program, and having successfully marketed and affirmatively marketed the program to residents within the described service area, will use an existing waiting list in order to serve persons who have previously applied and proven they were eligible.
- B. A file of the previous marketing and affirmative marketing efforts will be made available to the public upon request.
- C. All applicants who are on an existing waiting list must submit new application materials, updated income information, proof of ownership and, in general, be re-qualified as eligible for the HOME Program.
- D. All applicants who exist on a current waiting list will be considered in the order in which they existed on that waiting list. However, after a reasonable period of time of at least 30 days has been given to all applicants to submit new materials for purposes of re-qualification, applicants with incomplete applications may be dropped from the waiting list.
- E. The next applicant on the waiting list can be offered assistance once an applicant above them on the waiting list refuses assistance or no longer qualifies. This should occur after the applicant refuses in writing or receives a written termination notification and explanation from the Administrator.

## 7. METHOD OF APPLICATION

- A. The Home Program Administrator and/or his/her designee shall be responsible for advertising the availability of the program and for accepting applications.
- B. The Administrator will accept applications from interested consumers beginning on October 14, 2005 and will accept application until January 06, 2006 or until funds are expended or reserved, whichever comes first. All applications will be reviewed for completeness in the order in which they are received.
- C. Upon receipt of the applications for rehabilitation/reconstruction assistance, applications will be screened for completeness and all information related to employment, income, assets and liabilities will be verified to determine the applicant's eligibility. The Local HOME Supervisor and/or his/her designee shall be responsible for determining the eligibility of each applicant.
- D. A review team will rate each completed and eligible application according to a predetermined ranking system. The review team shall be responsible for reviewing the applicants and making recommendations to the Local HOME Supervisor. The review team shall consist of City of Jewett, Texas Citizens HOME Program Advisory Committee - appointed by the Jewett City Council . The review team shall be an ad hoc committee and will serve until the Program is completed.
- E. Upon receipt of the recommendations from the review team, the Local HOME Supervisor shall approve, disapprove or modify such recommendations. The funding decisions of the Local HOME Supervisor shall be final.
- F. All applicants selected for assistance shall then be counseled by the Local HOME Supervisor and/or his/her designee, regarding his or her housing needs and in determining the type of eligible repairs. A written agreement will be executed between the Administrator and the applicant that outlines the responsibilities of the applicant and the Administrator, and the terms of the assistance.
- G. First Come First Serve Rating System
- i. All eligible applicants will be rated on a first come first serve system in order to establish a priority of funds. However, priority will be given to applicants who are:
- |                        |  |        |   |      |
|------------------------|--|--------|---|------|
| Disabled               |  |        |   |      |
| Elderly                |  |        |   |      |
| Very Low               |  | Income | < | 30%  |
| At serious health risk |  |        |   | AMFI |
- H. Incomplete applications will not be placed on a waiting list until all required documents for the application are provided to the Administrator and the application is verified and certified as program eligible.
- I. Applicants will be given a reasonable time frame to complete all application documents. Deadline for receipt of documents will be January 30, 2006. Documents

received after the deadline date will not be considered. Incomplete applications will not be included on the waiting list.

## **8. PROPERTY REQUIREMENTS**

- A. The property must be a single-family dwelling located within the Administrator's designated service area.
- B. The applicant must furnish evidence that the residence is insured with fire and casualty insurance in an amount sufficient to cover the fair market value of the dwelling (after rehabilitation) or the replacement dwelling (if applicable). Fire and casualty insurance is required during any recapture period and must be in effect beginning on the date that rehabilitation assistance is provided to the applicant. The purchase of a one-year policy is an eligible project cost. The Administrator must be provided with at least a thirty 30 day notice of cancellation for any reason. Any lapse of insurance coverage may be grounds for recapturing the un-forgiven loan balance.
- C. Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), HOME funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:
  - i. The community where the area is located is participating in the National Flood Insurance Program, or less than a year has passed since FEMA notification regarding such hazards; and
  - ii. Flood insurance is obtained as a condition of approval of the commitment.
- D. A one-year coverage insurance policy is an eligible project cost.
- E. After rehabilitation/reconstruction the dwelling must be in compliance with Texas Minimum Construction Standards and/or local building codes and zoning ordinances.  
Newly constructed homes (including reconstructs) must meet:
  - i. Energy standards as verified by a RESCHECK™ certification. The certification must be available in the administrator's file prior to purchase.
  - ii. The International Residential Code as 11 of the IRC as required by Chapter 388 of the Health and Safety Code as applicable.
  - iii. The purchased property can not be valued at more than 95% of the median purchase price as specified in Section 203 (b) of HUD's FHA single family mortgagee insurance program.
- F Any housing unit built before 1978 must be inspected for hazards associated with the presence of lead-based paint. Housing units that contain lead-based paint will not be eligible for purchase unless the lead paint is abated or the lead hazards reduced as required. Proof of notifications, work completed and clearance examination must be available for the administrator's file.



- G. Housing units located in an area where Federal Assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil or military airport are not eligible properties.

## **9. ELIGIBLE IMPROVEMENTS & EXPENSES**

- A. Rehabilitation funds shall be used for those repairs and/or replacements that are necessary to bring the structure into compliance with Texas Minimum Construction Standards and/or local codes and standards.
- B. As required to complete construction services, necessary "project soft cost" and administration cost as defined by the Department and not exceeding the Department's pre-set program limits, are allowable costs.
- C. All sites must be cleaned before any construction activity can begin.
- D. Rehabilitation funds may also be used for general improvements that are "reasonable and customary" except as excluded herein. All improvements must be physically attached to the property and be permanent in nature.
- E. HOME funds may not be used for luxury items including, but not limited to: swimming pools, fences (other than those required for security), television satellite dishes, and dishwashers.
- F. Air conditioning and heating systems, water heaters and roofs are eligible for replacement under the Program. Urgent replacements of major appliances will be considered as needed.
- G. The use of lead-based paints is prohibited. Any units built prior to 1978 will be inspected and assessed for any hazards associated with the presence of lead-based paint by a State of Texas certified lead inspector/assessor. Each family will be notified as to the hazards of lead based paint. Where any hazard has been detected, the owner shall be notified. Feasibility analysis of reducing the lead hazards will be included as part of any feasibility analysis that is conducted. If rehabilitation and lead hazard reduction is not feasible a reconstruction may be proposed.
- H. All city building permits shall be obtained by the contractor at his/her expense and may be included as part of the bid.

## **10. PARTICIPANT APPROVAL AND RESPONSIBILITIES**

- A. After the applicants have been approved for rehabilitation assistance by the Local HOME Supervisor or his/her designee, a property inspection must be conducted to determine the work necessary to upgrade the structure to minimum Program standards. All work done must meet Texas Minimum Construction Standards and/or

the area's local building codes, whichever is more stringent. Work write-ups will be required for all applicants awarded. Reconstruction projects will also require plans and specifications. "Before" pictures shall be taken by the Administrator to provide a photographic record of the necessary structure and improvements and must be submitted with all work write-ups and copies of the initial property inspection.

B. Applicants will be given the opportunity to accompany the Local HOME Supervisor, or his/her designee on the work write-up inspection in order to discuss the proposed work items. When the work write-up has been completed and a cost estimate prepared, the Local HOME Supervisor or his/her designee shall discuss the scope of the work and the effect of the cost estimate with the applicant. If the applicant agrees with the scope of work and to his/her responsibility regarding any additional funding, the applicant shall sign off on the final work write-up that is used in the bidding process. The Local HOME Supervisor or his/her designee shall agree not to omit any work items that are necessary to bring the structure up to program standards as previously established herein.

C. Upon completion of the work write-up, the applicant shall solicit a minimum of two (2) competitive bids for the proposed work from all contractors interested in Program participation. The applicant shall select the qualified contractor and shall forward the bids to the Administrator for review. The bid must be within 15% of the initial cost estimate. If the bid is too high, the applicant shall: 1) request the bidder to review his or her bid to determine if any items were priced inappropriately and to revise his/her bid accordingly; 2) agree to pay the difference; or 3) re-bid the project in its entirety. If errors are confirmed in the original cost estimate, appropriate estimate adjustments shall be made to effectively compare the bids to this estimate. All contractors must meet all Administrator requirements and must be approved by the Department prior to execution of the rehabilitation contract. The contractor must meet and comply with all of the contractor requirements as hereinafter established for this Program.

D. After the work write-up has been completed, a before-rehabilitation appraisal valuation will be obtained from the County Central Appraisal District in order to determine that the after-rehabilitation value does not exceed the maximum allowed under the HOME Program (203 b limits).

## 11. CONTRACTOR SELECTION

- A. Contractor Qualifications
- i. In order to meet THE DEPARTMENT'S Standards, contractors are responsible for, and must meet minimum requirements as follows:
    - i. All contractors shall carry and provide proof of a current general liability policy of at least one hundred thousand dollars (\$100,000). This policy should cover all work done under the HOME Program and be pre-paid throughout the contract period. No geographical, time or other limitation that excludes the HOME Program will be acceptable.
    - ii. The contractor and sub-contractors must not be debarred, suspended, or ineligible according to the U.S. General Services Administration's List of Parties Excluded from Federal Procurement or Non-Procurement Programs.

Verification of contractor eligibility shall be obtained prior to awarding any contract to the contractor.

- iii. Whenever possible, program administrators will give opportunities to Historically Underutilized Businesses (HUBs) and will make an affirmative effort to encourage bids from such contractors.
- iv. Whenever possible, opportunities shall be given to locally owned businesses and low-income residents of a given area.

B. In addition to these requirements, a program administrator may establish their own fair and evenly applied criteria for contractor selection. These may include but are not limited to:

- i. Workers compensation insurance;
- ii. Verification of quality of work references;
- iii. Verification of credit references, and
- iv. Verification of established line of credit.

C. An approved contractor list will be created and will be accessible to all applicants who meet the fair and reasonable criteria pre-established by the program administrator. Such criteria will be made available in writing upon demand by interested parties. This criteria along with an advertisement to bid will be posted in a public place. Any advertisement to bid should allow reasonable time for an interested party to meet the criteria required by the administrator.

## **12. CONTRACTOR PROCUREMENT**

A. Contractors will be selected through an itemized bid process. A sealed bid is the preferred method of selecting bids. If the modified bid process is followed, the homeowner may select any bid that is within 15% of the cost estimate. However, the low bid is always preferred and the homeowner should state their preference for a higher bidder in writing. If the homeowner has deferred contractor selection to the program administrator the lowest qualified bid will be selected.

B. Contractors will adhere to the terms of the rehabilitation contract including the TMCS performance standards and the general specifications. Whenever the need for clarification results in a change, such issues will result in a written change order prior to any work being completed. No work will be approved except that which is established in the contract and in written approved change orders. Any unforeseen or hidden condition should be reported to the program administrator immediately. Any item that conflicts with these standards should be reported immediately by the contractor.

- C. Whenever possible the contractor will make an effort to minimize the impact of the construction on the homeowner. Work shall be carried out swiftly and directly. Electric, water, sewer and gas service will not be interrupted for more than twelve (12) hours without written approval by the home owner. Heat will be provided at all times during winter months. Doors, windows and any other large openings or air leaks will be repaired on the same day. The work area shall be secured at all times.
- D. The work area shall be left clean and free from clutter at the end of each day and the contractor, not the home owner will be responsible for storage of materials and tools.
- E. Prior to the commencement of construction the homeowner will arrange to move and store any valuable personal property that might be damaged during the course of construction. If property is damaged through negligence of the contractor, arrangements will be made by the contractor to reimburse the homeowner.
- F. The contractor shall use the site and its facilities only for specified construction. The electrical, water, sewer and gas systems shall be used only for construction purposes and during the construction phase only.
- G. Any discrepancy in the contract documents shall be brought to the attention of the program administrator immediately.
- H. Failure of contractors to meet the Department's criteria can result in:
  - i. Contractors not being eligible for payment, and should not become party to any HOME Program funded project.
- I. The contracting sequence for housing rehabilitation projects shall be: Invitation to Bid, Bid Opening, and Contract Award.
  - i. Within ten (10) days of notification of the contract award, the successful bidder shall provide the program administrator with:
    - i. a list of sub-contractors, and
    - ii. certificates of insurance.
    - iii. Certificates of insurance from the issuing company will show current coverage in the amount stipulated in the contract documents and with a thirty (30) day notice of cancellation of insurance to the program administrator for: general liability with completed operational coverage, vehicle liability, and statutory workman's compensation (as required).
  - ii. The contractor shall begin work within ten (10) days of receiving the issuance of the Notice to Proceed.

### **13. CONTRACTOR REQUIREMENTS**

- A. The number of work days shall be set out in the contract. Upon completion of the work acceptance by the program administrator and homeowner, the Certificate of Final Inspection is issued and the Warranty Period begins.

- B. Thirty (30) days after the Certificate of Final Inspection date, the statutory amount retained is released to the contractor, except in cases where it is determined that the retained should not be released.
- C. It is recommended that payments are made when a project reaches 40%, 70%, and 100% completion and at 30 days after a Certificate of Final Inspection is issued.
- D. All payment requests will be made in writing by the contractor to the program administrator and will include a list of items, their costs, and a sum of the item costs.
- E. The work to be paid should be based solely on completed items from the schedule of values submitted by the contractor prior to construction or the Itemization of Bid Form if no schedule is submitted.
- F. The program administrator will inspect such work as soon as possible (usually within one business day) from receipt of such request.
- G. The program administrator will provide a completed Contractor Request for Payment form to the Contractor to sign for the work which payment is authorized and will then request the homeowner to execute the Contractor Request for Payment form. Payments will be made thereafter.
- H. All materials used shall be new (unless otherwise specified in the Project Manual) and of good quality. All work shall be done with skilled craftsmen and accomplished with care. Contractor shall provide samples to the homeowner for selection for all materials as cited in the individual specifications and provide reasonable time to the homeowner to make selections. Contractor shall submit a letter to the contract administrator, signed by the homeowner, stating that the homeowner approves of colors and quality of items such as, but not limited to: paint, flooring materials, brick, shingles, vinyl siding, door/window/drawer hardware, and counter tops.
- I. Upon completion of construction, the contractor will:
- i. remove all construction debris from the site;
  - ii. clean and mop all resilient floors;
  - iii. clean all new and existing paint from other finished surfaces including window glass and mirrors;
  - iv. leave all newly installed items in operating condition;
  - v. light gas water heater pilots, stove/oven pilots and gas heater pilots.
  - vi. start all other electrical and mechanical systems;
  - vii. put all hardware in operating condition;
  - viii. deliver new keys to homeowners if hardware is installed.
- J. Discovery of defective elements made known to the contractor before or during the construction process shall be brought to the immediate attention of the program administrator in writing. When repairs are made, the repairs shall reasonably match the surrounding materials in original design and dimension as approved by the program administrator.

- K. Where additional work is necessary to make repairs or to correct unforeseen dangerous conditions, the contractor shall submit to the program administrator a proposal consisting of what type of work is needed, the cost of such work, and the time necessary for such work to be completed. Unless it is determined there exists an immediate health and safety danger, **NO WORK SHALL BE AUTHORIZED** until agreed upon in writing by the homeowner, contractor, and program administrator.
- L. Compensation for additional work will be negotiated in the following manner:
  - i. the deletion of work proposed, but not started; or if that is not possible,
  - ii. an increase to the dollar amount of the contract (if funds are available).
- M. No other work shall be done to the project other than the work agreed upon in writing by the homeowner, program administrator and contractor or as necessary to remove immediate health and safety dangers during the construction phase.
- N. Contractor will be responsible for determining utility needs, to provide adequate sanitary facility(s) and to safely operate equipment on site.

#### **14. PRE-CONSTRUCTION CONFERENCE**

- A. The Administrator shall conduct a pre-construction conference with the contractor and the recipient. The terms of the proposed rehabilitation contract will be explained along with the roles of the Administrator and the applicant. Additionally, the Administrator will explain the inspection procedures, completion requirements, and payment procedures. At the pre-construction conference, the Administrator shall have the following documents properly executed by both the homeowner and the contractor: 1) the Notification of Lead-Based Paint form; 2) the Pre-construction Conference Report; and 3) the Contractor's Non-Kickback Certification. In addition, exterior and interior "before" pictures will be taken and placed in file.
- B. Prior to adjourning the pre-construction conference, the Administrator shall present the rehabilitation contract to be executed by the homeowner and the contractor. Upon executing the rehabilitation contract, the contractor will be provided with a written Notice to Proceed. This Notice to Proceed will allow for a ten (10) day start period from the date of the notice and shall also stipulate the number of days allowed for completion of the work.
- C. Each rehabilitation contract executed with a contractor shall contain a completion date and provide for liquidated damages if the contractor fails to meet such completion date.
- D. Project setup reports must be submitted after the work write-ups and initial inspections have been approved by the Administrator.

#### **15. INSPECTIONS AND CONSTRUCTION PAYMENTS**

- A. The Administrator will assist the homeowner in ensuring that all contracted work is completed prior to payment and that such work was performed in an acceptable manner. To accomplish this, the Administrator will engage Inspector to conduct an

initial inspection at work write up and a progress inspection at 50 to 75% completion, any additional inspections deemed necessary, and a final inspection upon completion of all of the work, noting deficiencies in written reports and keeping these reports in the project case files.

- B. The contractor may submit an initial partial payment request upon completion of 40% of the work. A maximum of three partial payments will be allowed. Final payment may be requested upon full completion of the work. The contractor will only be paid for the work completed, not for stored materials. Advancing HOME funds to a contractor is prohibited. A ten percent (10%) retainage will be withheld from each payment request, and such retainage will not be released until *final payment is made or until the 30<sup>th</sup> day after final payment is made.*
- C. Where applicable, permits may be required for work to be done on Mechanical/Electrical/Plumbing/Structural (MEPS) systems. Any MEPS work that requires a permit must be performed under the supervision of a licensed tradesman and the work shall be inspected by a licensed inspector for the appropriate trade to ensure that work is in full compliance with applicable local codes.
- D. Where applicable, building permits will be required for building construction work and the building inspector for that area will inspect the job in accordance with the area's normal building inspection requirements.
- E. In the event a change order is necessary as determined by the Administrator, the Administrator shall review the proposed change order. A written change order must then be executed between the homeowner and the contractor. Change orders above ten percent (10%) of the original contract amount require Department approval.

## **16. CONTRACT COMPLETION**

- A. Upon completion of the contracted rehabilitation work, the Administrator's Inspector shall conduct a final inspection of the structure when requested by the contractor. If the inspection reveals that corrective work is required on any improvements covered in the contract, the Administrator's Inspector shall prepare a punch list for the contractor. After all work, including the punch list, has been completed to the satisfaction of the Administrator's Inspector and the homeowner, and the work is accepted, the Administrator shall issue a fully executed Certificate of Completion and Final Inspection form.
- B. Upon completion of the Certificate of Final Inspection, contractor shall ensure that the following documents are submitted to the Administrator:
  - i. statements from all subcontractors involved in the project;
  - ii. Contractor's Final Invoice form;
  - iii. Contractor's Non-Kickback Certification;
  - iv. Release of Liens; and
  - v. all contractor and manufacturer warranties.
  - vi. After receipt of these documents, the Administrator shall cause a final joint check (less 10% retainage) to be issued to the owner and contractor. The Administrator shall obtain the homeowner's endorsement and deliver the check to the contractor.

Upon delivery the contractor shall execute the Receipt of Final Payment, and this will effectively constitute completion of the project.

- C. After 30 days from final completion, the Administrator shall conduct a post-inspection along with the homeowner and contractor. If no discrepancies are found during the post-inspection, the Administrator will approve the release of the 10% retainage to the contractor. However, if discrepancies are noted, the Administrator shall withhold retainage in an amount equal to one and one-half times the value of the work remaining to be done. Upon completion of this work, another post-inspection shall be conducted, and if the work is completed to the satisfaction of the Administrator and the homeowner, the Administrator shall approve the release of the withheld retainage; otherwise, the same process is repeated.
- D. Following the completion and acceptance of the rehabilitation work, the Administrator shall take "after" rehabilitation pictures (interior and exterior) to provide a photographic record of the structure and improvements accomplished.
- E. Contractor Warranties
  - i. All work performed by the rehabilitation contractor shall be guaranteed for a period of one (1) year. Such warranty shall be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time shall be given to correct the problem, but the contractor shall contact the homeowner within two (2) business days.
- F. Subsidy Recapture
  - i. The HOME Program assistance funds for the Administrator will consist of funds in the form of a non-repayable grant.

## **17. FILES AND RECORDS**

- A. The Administrator shall maintain accurate files and records on each applicant. All pertinent documentation must be maintained for three years after the Department notifies the Administrator that HUD has closed out the State grant for that contract year. Such files shall be open for public inspection in accordance with the Texas Public Information Act, and be available at the Administrator's offices.
- B. Project Set Up
  - i. The Administrator must electronically submit a project setup after the "before-rehabilitation" pictures of the home, the work write-up and the initial property inspection have been approved by the Administrator.
- C. Administrator must submit all draws electronically, and submit hard copies of draw request and all required back-up documentation, including Match.



- D. Project Completion Report
  - i. Administrator shall ensure that upon completion of each project, a Project Completion Report is electronically submitted, and submit hard copies with required documentation, to the Department.
  - ii. the Department's Historically Underutilized Businesses (HUBs) Report; and
  - iii. other forms as may be required by the Department.
  
- D. Contract Close-Out
  - i. Administrator shall ensure that upon completion of the contract the *Certification of Contract Completion* and such other forms as may be required, are submitted to the Department.

## **18. GRIEVANCE PROCEDURE**

- A. Each applicant or participant shall have the right to appeal any decision of or grievance to the Administrator, provided such appeal is made within fifteen (15) days from when the decision has been rendered or the grievance occurred and/or became known to the applicant. If the applicant/participant is not satisfied with the decision of the, he/she may then appeal his or her grievance to the Local HOME Supervisor provided such appeal is made within fifteen (15) days from the date of the decision of the program administrator. The decision of the Local HOME Supervisor shall be final.
  
- B. Administrator Employees Not To Be Held Liable
  - i. No member, officer, agent, or employee of the Administrator shall be personally liable concerning any matters arising out of or in relation to, the commitment of HOME Program funds with regard to feasibility or viability of the proposed project.
  
- C. Changes, Waivers And/Or Conflicts
  - i. The Local HOME Supervisor shall have the right to change, modify, waive or revoke all or any part of these guidelines in writing by a majority vote taken at an open meeting of the Local HOME Supervisor and approval by the Department.
  
  - ii. No member of the governing body of the Administrator and no other official, employee, or agent of the Administrator who exercises policy or decision-making functions or responsibilities in connection with the planning and implementation of this Program shall be eligible for rehabilitation assistance, in accordance with 24 CFR Section 92.356, Conflict of Interest.

## **ADDENDUM**

Desired changes and/or additions to this program design may be allowed. Please cite the section that is to be replaced along with the proposed and/or alternative language. Only amendments submitted in this way will be considered for Department approval. None.

PASSED and APPROVED this 19 day of April, 2005 by the City Council of the Jewett, Texas.

APPROVED: \_\_\_\_\_

Signature Authority



Judi Kirkpatrick

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Mayor