

HIDALGO COUNTY URBAN COUNTY PROGRAM

OWNER-OCCUPIED REHABILITATION PROGRAM

The purpose of the Hidalgo County Urban County Program -- Homeowner Occupied Rehabilitation Loan Program (Rehabilitation Program) is to provide rehabilitation assistance to eligible low and moderate income Homeowners residing in the eighteen (18) member cities, rural and/or countywide area, which are within the jurisdiction of the Hidalgo County Urban County Program (UCP). This excludes all residents that reside in the city limits of Edinburg, Pharr, McAllen and Mission.

The Program's objective is to implement a rehabilitation program to arrest the deterioration of substandard homes by rehabilitating them to conform to Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926 and with other applicable State and Federal Laws, City Codes and Ordinances.

The goal of the Rehabilitation Loan Program is to work in partnership with qualified Homeowners and Contractors to maintain the existing housing stock in decent, safe, sanitary and affordable conditions.

A. PUBLIC AWARENESS

1. The Urban County Program sends notification annually to member cities within its jurisdiction that it is accepting applications for assistance through the Rehabilitation Program. The availability of funds is also made known through the public hearing process within each member city. All applicants are selected from a waiting list that is processed within the Urban County Owner-Occupied Rehabilitation Program on a first-come, first-serve basis. Final approval of the selected participants lies with the Hidalgo County Commissioners Court.
2. Inquiries may be received through a variety of methods, including telephone inquiries, walk-ins, and letters. The UCP will respond to these inquiries by providing a verbal or written description of program requirements including brochures and other documentation available to

the public.

3. The Urban County Program encourages all interested and potentially eligible homeowners to schedule a personal interview with a staff member.

B. ELIGIBLE COSTS

HOME, federal and/or state funds may be used to pay the following eligible costs:

1. To meet the property standards in 92.251;
2. To make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by persons with disabilities, and the abatement of lead-based paint hazards, as required by 92.355, and to repair or replace structural deficiencies that are non-aesthetic in nature;
3. To repair or replace deficient or substandard major housing systems such as plumbing or electrical systems.

C. QUALIFICATIONS

1. An applicant must be a resident of the County but not live within the city limits of Edinburg, Pharr, Mission or McAllen.
2. An Applicant and his/her household members must be U.S. citizens or be a legal resident aliens as cited in the Personal Responsibility and Work Opportunity Act of 1996, Public Law 104-103 at section 401. The Act prohibits federal public benefits to aliens except for aliens who meet the definition in section 431 of "qualified alien." A "qualified alien" is defined as an alien who is legally in the United States.
3. Applicants must have property under their name with clear title and occupy the property to be assisted.
4. Applicants must have lived in the home for a period of at least five (5) years prior to applying for assistance. The home must be the principal residence of the applicant.

5. Applicants must meet the appropriate HUD income guidelines according to family size. Income from all household members shall be included except for income earned by minors (age 17 and under).
6. Applicants must be current on their property tax responsibilities for the home to be rehabilitated.

An applicant will not be eligible for assistance if:

1. Non-elderly head of household has real property (other than home to be rehabilitated), or cash assets in excess of \$12,500.00 (ten thousand dollars).
2. An elderly head of household (62 years or older) has real property (other than home to be rehabilitated) or cash assets in excess of \$20,000.00 (twenty thousand dollars).
3. A disabled head of household has real property (other than home to be rehabilitated) or cash assets in excess of \$20,000.00 (twenty thousand dollars).
4. An applicant who has more than one dwelling structure on the property to be rehabilitated shall not be eligible for assistance unless the applicant agrees to remove the excess structure upon the execution of the construction contract.
5. An applicant who is operating a business out of the home to be rehabilitated will not be eligible for assistance unless an explanation of said business is submitted and approved by the UCP Director and the business complies with existing city ordinances.
6. Any applicant whose property is located within the 100-year floodplain according to current FEMA Insurance Rate Maps shall generally not be eligible for assistance under UCP Owner-Occupied Rehabilitation Program unless approved by the UCP Director. Such approval shall be contingent on such factors as additional construction costs (to deter flooding) and insurance costs and their respective impact on affordability.

D. APPLICANT INFORMATION REQUIRED

1. Proof of ownership - Warranty Deed (Applicants must have clear title to their property although the UCP may assume a second lien position if in

the best interests of the client and the UCP.)

2. Utility receipts with applicants name
3. Copies of most recent W-2's and 1040's (if employed)
4. Verification of other income, or assets
5. Verification of Bank Deposits
6. Verification that property tax obligations are current.
7. Proof of citizenship or legal residency (birth certificate/INS documentation).
8. Copy of Social Security Card.
9. Credit Report (a \$35 fee will be assessed for credit reports that must be re-obtained as a result of an applicant(s) decision to withdraw from the loan process then subsequently re-apply)

E. TYPES OF ASSISTANCE

Assistance under this program is delivered through three (3) main mechanisms. One method is through the deferred loan program. Deferred loans are essentially grants provided to the homeowners for the rehabilitation of their home. A portion of the loan is deferred each year the client continues to live in the home. The second type of assistance is a no interest loan program that provides loans to homeowners for the rehabilitation of their property. The term of the loan is set by the UCP but shall not exceed ten (10) years. The term of the loan offered to the client is based on the affordability factor of the loan payments. Finally, an emergency loan program is also available to address immediate or impending hazards to occupants of an owner-occupied home that is recent in nature. It is the policy of the UCP not to subject clients to an undue cost burden for housing costs.

1. Deferred Loan Program

Clients offered a deferred loan are generally elderly households (62 years or older) and disabled heads of households. If the assistance rendered is \$15,000 or less, 20% of the loan is forgiven for each consecutive year the client continues to live in the home as their principal residence. If the assistance rendered is from \$15,000 to \$60,000, 10% of the loan is forgiven for each consecutive year the client continues to live in the home as their principal residence. Deferred loans less any amount forgiven shall be due and payable on the occurrence of the sale, lease, title change or death of principals. In the case of death of the principals, the principals' family shall notify the UCP, in writing, within sixty (60) days of such

occurrence. The UCP may at its option, either declare the unforgiven portion of the note to be immediately due and payable or may renegotiate the note with the new homeowner to provide for the payment of the principal. ***Clients who are elderly head of household will have a 5 year lien period, regardless of assistance amount.***

2. No Interest Loan Program

All other clients not otherwise eligible for a deferred loan may be offered a no interest loan to undertake the rehabilitation of their home. In order to ensure affordability, the UCP may offer the client flexible loan terms and defer a portion of the loan with the objective of keeping the clients housing costs under the 30% cost burden threshold. The portion of the loan deferred will correlate directly with the client's income level according to the following:

Client Income Below 80% of Median

- Up to 20% of the total note may be deferred if the client maintains the home as their primary residency according to the UCP's Recapture Policy. The remaining 80% of the loan will be repaid to the UCP for a period of up to 10 years. The length of the note will be determined according to the client's income and the correlating affordability of the note payment.

Client Income Below 60% of Median

- Up to 40% of the total note may be deferred if the client maintains the home as their primary residency according to the UCP's Recapture Policy. The remaining 60% of the loan will be repaid to the UCP for a period of up to 10 years. The length of the note will be determined according to the client's income and the correlating affordability of the note payment.

Client Income Below 50% of Median

- Up to 50% of the total note may be deferred if the client maintains the home as their primary residency according to the UCP's Recapture Policy. The remaining 50% of the loan will be repaid to the UCP for a period of up to 10 years. The length of the note will

be determined according to the client's income and the correlating affordability of the note payment.

Client Income Below 30% of Median

- Up to 70% of the total note may be deferred if the client maintains the home as their primary residency according to the UCP's Recapture Policy. The remaining 30% of the loan will be repaid to the UCP for a period of up to 10 years. The length of the note will be determined according to the client's income and the correlating affordability of the note payment.

This loan program may also be combined with traditional financing in order to leverage private sector funds with those of the public sector. The UCP will assume a second lien position in order to facilitate this program.

3. Emergency Loan Program

The Emergency Loan Program provides a conduit for the UCP to address emergency housing situations that are an impending or immediate hazard to the occupants of the home. These types of situations are recent in nature (within the last six months) and include, but are not limited to: leaking roofs, hazardous wiring, backed-up or damaged sewer lines, damaged water lines, broken water heaters, broken gas lines etc. Cases involving broken cooling systems may also be addressed provided the applicant can provide a physician's statement attesting to the *medical necessity of the same for a household member. The UCP's ~~Rehabilitation~~ Housing Specialist shall determine if the housing situation is of an emergency nature based on a site inspection. Terms may be adjusted from 2 to 5 years based on client repayment capabilities. Cases involving a catastrophic loss resulting from a fire or flood may be afforded rehabilitation or reconstruction services based on the Deferred Loan or No Interest Loan Programs according to the criteria of each. The maximum loan amount under these types of situations is \$60,000. All other program requirements apply, the only difference being that requests for assistance under this program are kept on a separate waiting list and will therefore be addressed more quickly but also on a first-come, first -served basis.

** - Medical Necessity is herein defined as a serious physical medical condition that will deteriorate or whose recovery from is inhibited due to the substandard living conditions of the applicant's home. Such determination shall be made through a standardized form completed and signed by a physician licensed to practice in the United States. The standardized form shall require either the physician or his/her representative to visually inspect the home to certify its condition is of detriment to the applicant's physical medical condition and whose rehabilitation is necessary to ameliorate or arrest further physical deterioration or to provide an environment conducive to recovery.*

4. Colonia County Self-Help Center (SHC) Program

The SHC Program, funded through the Texas Department of Housing and Community Affairs (TDHCA), is administered by the County. This program only allows funding up to \$45,000 per unit, however the activities being undertaken may require more than the program's maximum, per unit requirement. As such, the UCP intends to leverage HOME funds to subsidize this gap. Projects that require both SHC Program and HOME funds, will comply with the more stringent guidelines and regulations from either program.

NO PROPERTIES IDENTIFIED BY ANY CODE ENFORCEMENT DEPARTMENT FOR DEMOLITION MAY BE ASSISTED UNDER THE EMERGENCY LOAN PROGRAM.

Any homeowner whose home is determined to be beyond repair by the Urban County may apply for replacement housing or may be referred to a Hidalgo County Community Housing Development Organization (CHDO) for possible assistance. Regarding HOME funded projects, homes that require more than 50% of its appraised value in rehabilitation to meet minimum code requirements shall not be rehabilitated but will be reconstructed.

F. LEAD-BASED PAINT TESTING & LEAD HAZARD REDUCTION PLAN

All applicants qualifying for assistance under any of the loan programs will have their homes tested for lead-based paint according to HUD guidelines if their home was constructed prior to January 1, 1978 except under the following:

Residential structures built after January 1, 1978.
Emergency action activities

Existence of Lead Based Paint Unlikely:

1. Areas where state and local governments banned lead-based paint prior to January 1, 1978.
2. Properties found not to have lead-based paint during earlier testing that meets the requirements of prior evaluations.
3. Properties where all lead-based paint has been identified and removed using approved methods.

Human Threat Unlikely

1. Unoccupied units that will be demolished.
2. Property not used for human residential habilitation.
5. Rehabilitation that does not disturb paint.

Child Occupancy Unlikely

1. Zero room dwelling units.
2. Elderly and disabled housing.

Any expenses classified as costs related to Lead Hazard Evaluation and Reduction Costs shall be covered by a grant and not be included when calculating Rehabilitation Costs (loan amount) which may include:

1. Soft Costs
2. Financing Fees
3. Credit Reports
4. Title Binders and Insurance
5. Recording fees, transaction taxes
6. Legal and accounting fees
7. Appraisals
8. Architectural and engineering fees including specifications and job progress inspections.
9. Project costs incurred by the UCP that are directly related to a specific

project.

10. Administrative Costs
11. Environmental Reviews
12. Acquisition of the Property
13. Other fees as applicable and necessary

Homeowners shall be provided with information about the hazards of lead-based paint. Testing shall be completed by certified lead-based paint testing personnel. Personnel shall be required to follow all HUD standards regarding the testing of lead-based paint. In situations where the presence of lead-based paint is found, the UCP will undertake the following levels of intervention and action:

- Rehabilitation activities less than \$5,000 – Safe work practices and work site clearance
- Rehabilitation activities between \$5,000 and \$25,000 – Risk assessment and interim controls
- Rehabilitation activities over \$25,000 – Risk Assessment and abatement

The following actions will be taken to protect occupants from lead-based paint hazards associated with lead hazard reduction activities:

- Occupants may not enter the work site during lead hazard reduction activities. Re-entry is permitted only after lead hazard reduction activities are completed and the dwelling has passed a clearance examination.
- Occupants of the unit must temporarily relocate during lead hazard reduction activities.

Other Federal Guidance Under the Homeowner Rehabilitation Program

Voluntary Homeowner rehabilitation does not trigger relocation requirements for the homeowner. Therefore, the homeowner must temporarily relocate at their own expense during the rehabilitation of their home.

The Urban County Program will not be responsible for lost or damaged belongings of the Homeowner that may have occurred during the rehabilitation. Therefore, the homeowner must secure or relocate their belongings until the rehabilitation is complete.

G. Standard Operating Procedure

Selection Process

Applications for assistance under any of the Housing Programs will be processed and reviewed by the Urban County. The UCP will formally accept or reject all applications for assistance based on information received from the applicant, HUD criteria and subsequent amendments or modifications, title company reports, taxing entity reports and any other sources used to verify the information provided by the applicant. Each applicant shall be formally advised of their application status in writing.

Applications for assistance will be served on a “first-come, first-served” basis. Applicants will be chosen for eligibility review from a waiting list maintained by the UCP. If for any reason the applicant denies or refuses services at the point services are formally offered, their application shall become null and maintained in a separate filing system. Should the applicant reconsider their decision and again request services, a new application must be made and the applicant will be placed at the end of the waiting list.

Housing Assessment

After an application is determined eligible for assistance, the Housing Specialist shall arrange a home visit with the homeowner to assess the extent of rehabilitation necessary to bring the home to minimum standards. The Housing Specialist shall then formulate a work write-up that will address the deficiencies identified with the home. The work write-up is then presented and discussed with the homeowner. Also discussed are the projected costs that are anticipated to undertake the work required and the subsequent monthly loan payment.

The UCP Owner-Occupied Rehabilitation No Interest Loan Program will offer deferred, no-interest loans to elderly individuals/disabled heads of households for a two-bedroom, one-bath unit. Additional family members living with the elderly/disabled that are under the age of the age of eighteen and are under the legal custody of the applicant shall also be afforded a bedroom (as per HQS Standards) as part of the deferred loan. Family members over the age of eighteen and enrolled in school at least part-time may also be afforded a bedroom under the deferred loan. The applicants shall have the option of adding additional bedrooms for remaining family members not meeting the above criteria however, the applicant must pay in full the added construction cost prior to

contract signing. In order to determine the additional bedroom amount, the UCP will utilize the most recent cost incurred for a similar housing unit the household would have received had they not requested the additional bedroom.

Example

Elderly or Disabled Head of Household couple qualifies for a deferred loan on a 2 bedroom, 1 bath home. However, the couple's 24-year-old daughter and her child also reside with the couple. In addition, the couple's 30-year-old son also lives with the couple. The applicants request an additional bedroom and bath to accommodate the other household members. The UCP bids out the requested unit as a 3-bedroom, two-bath unit. The accepted bid comes in at \$45,000. The most recent bid award the UCP had for a two-bedroom, one-bath unit was \$35,000. Therefore the formula works as follows:

$$\$45,000 - \$35,000 = \$10,000$$

The applicants would be required to pay \$10,000.

Cost Analysis

Once a projected cost for the work required has been determined, UCP staff will determine the maximum monthly loan payment the client can afford. This determination will be based on the client's monthly income and housing cost burden guidance from HUD. This guidance, in effect, suggests that the principal loan payment, interest, property taxes and insurance costs should not exceed 45% of the client's monthly income. At this stage, UCP staff can determine how much of the projected loan, if any, must be deferred in order to make the rehabilitation affordable for the homeowner.

Contractor Selection

After the homeowner approves the work write-up, the UCP shall advertise the proposed work for bids from qualified contractors. Only bids from contractors on the UCP approved contractors list shall be considered. A minimum of fifteen (15) days will be allowed from the date the bid is first advertised to the date of bid opening in order to allow qualified contractors enough time to submit an informed bid. The UCP will adhere to the County of Hidalgo's bid procurement process and as such, contractors must coordinate their bid submissions through the Hidalgo County Purchasing Department. UCP staff will hold pre-bid conferences with contractors in order to address or discuss bid specifications, floor plans, site locations or any other relevant information. The UCP will accept the lowest bid from a qualified contractor unless extenuating circumstances exist

that would create an unfavorable situation for the UCP or the client. UCP approved bids and related contract documents will then be presented to the Commissioner's Court for final approval. The UCP reserves the right to limit the number of bids awarded to contractors in each bid cycle if it determines that a low-bidding contractor is overextending his capability to perform quality work in a timely fashion. In such circumstances, the extra bids will be awarded to the next lowest bidder. In these situations, the lowest bidder will receive the bids from the oldest applications as indicated by application date with the next lowest bidder awarded the projects next in line and so forth. This determination shall be made by the UCP Director after consultation with the Division Director, UCP Housing.

Bidders proposals will be in effect for a period of thirty (30) days from the date of bid closing. The successful bid shall be awarded during this period. A Notice to Proceed will then be signed by the Homeowner, Contractor, Division Director, UCP Housing and UCP Director no later than fifteen (15) days from the bid award date. If the foregoing time limits are exceeded, it shall be the bidder's prerogative to withdraw the bid in writing, if so desired.

If all bids are over the maximum loan limit amount, the proposed work write-up shall reviewed to decide what items, if any, can be eliminated. With regards to HOME funded projects, all code-related repairs must still be addressed and will not be allowed to be removed from the write-up. Non-code related repairs may be eliminated to bring the project within maximum loan limits.

Contractor Responsibilities

Contractor must have a DUNS number and be registered with System for Award Management *sam.gov* before being approved as a contractor for UCP. Contractors shall be required to maintain and provide evidence of Commercial General Liability Insurance protecting the homeowner(s) in an amount not less than \$300,000 each occurrence, \$300,000 General Aggregate, \$300,000 Products & Completed Operations Aggregate in case of bodily injury including death and property damage (inclusive of Builder's Risk Insurance) arising out of the work by or on behalf of the Contractor. In addition, evidence of automobile insurance coverage in an amount of at least \$20,000 each person, \$40,000 each accident for bodily injury including death and \$15,000 for property damage must also be provided. Evidence of all required insurance shall be maintained by the UCP in the respective Contractor's file.

Contractors are required to ensure that all subcontractors they hire to assist

them on awarded projects are reputable, competent and in good standing with the County of Hidalgo and the Federal Government. Contractors shall be responsible for obtaining the required building permits in order to initiate construction activities and shall assume the fee for the same. It shall further be the contractor's responsibility to request code compliance inspections as they become necessary and pertinent. The Contractor shall be held responsible for any violation of local ordinances and any penalties levied as a result thereof.

Contractor shall review bid specifications with the accompanying floor plans and contrast them with the project site in order to acquire a clear and accurate understanding of the scope and scale of the proposed project. Should any items become apparent that would not meet industry construction standards, applicable codes, ordinances or minimum property standards that were not addressed either by error or omission in the bid specifications, work write-up or floor plans, the Contractor is required to bring the items to the attention of UCP staff immediately.

Contractors are required to provide all transportation, material, labor, apparatuses and tools necessary to bring the project to completion in a timely fashion and in the best condition possible. All labor is to be done in a skillful and thorough manner and consistent with the industry standard. All material used is to be of the dimension, design and grade as specified. All patented materials specified by trade name are to be applied or installed strictly according to manufacturer's specifications.

Property items that were not called for removal in the specifications shall be replaced or reinstalled by the Contractor prior to the final inspection. Any trees, shrubs or plants that need to be cut or removed to facilitate the construction are the responsibility of the Contractor. In these instances, the Contractor must exercise prudent judgment and consult with the homeowner prior to undertaking any landscape modifications.

The Contractor shall remove all rubbish, waste and construction material generated from the work involved no less than once weekly. Further, the Contractor is required to maintain the premises as clean as possible during the rehabilitation. At the time of project completion, the Contractor shall deliver the home to the homeowner in broom clean condition.

Contractor is required to begin work on the project within ten (10) working days after receiving the Notice to Proceed. No extensions beyond the allotted number

of days called for in the construction contract shall be allowed. The only exception given in this case are rain days given on a one to one basis. One additional workday for each rain day occurrence. Contractors are required to request the additional workdays in writing within two days from the rain day. Contractors who exceed the contract deadline for completion of the project shall be penalized at the rate of \$100 per day. A day is defined as any point beyond 9:00 a.m. that the homeowner has not been given possession of the home.

With respect to all work performed on awarded projects, the Contractor shall:

- Comply with the safety standard provisions of applicable laws, building construction code and the “Manual of Accident Prevention in Construction” published by the Associated General Contractors of America.
- Comply with the requirements of the Occupational Safety and Health Act of 1970, (Public Law 91-956), and the requirements of Title 29 of the Code of Federal Regulations Section 1518, as published in the Federal Register Volume 36, #75.
- Exercise every precaution at all times for the prevention of accidents and the protection of persons (including employees), and property.
- Maintain reasonable articles necessary to provide first aid to any injured party at the worksite. In no case shall employees be allowed to work at the worksite before the Contractor has removed any injured party requiring medical attention to a hospital or doctor’s care.

Contractor is required to submit a General Contractor’s Notarized Sworn Affidavit that all material suppliers and subcontractors have been fully paid and the associated liens against the property have been released once the project is 100% complete and final payment (excluding 10% retainage) has been requested.

Payments to Contractors

Payments to Contractors shall be remitted only after all required documentation is submitted.

Payment Schedule

40% of contract at 50% completion (Performance Bond provided)

A home will be considered 50% complete when the following items are

completed: foundation, frame, windows, roofing (with shingles), rough plumbing and electrical systems (must pass code requirements of applicable jurisdiction).

50% of contract at 100% completion (Performance Bond provided)

100% completion means the home is ready for habitation, is broom clean and all construction material, debris or trash, generated from the work involved, and has been removed.

No Performance Bond provided for project then at 100% complete, 90% payment made.

10% of contract 30 days after completion

The above payment schedule outlines the manner in which Contractors working on a reconstruction project are paid. Rehabilitation projects are smaller in scope and scale, therefore, expected completion schedules, as they pertain to payment, are negotiated with the Contractor during the pre-construction conference.

Contractor shall guarantee all work performed for a minimum of three (3) months (exceptions below) from the date of final acceptance by the homeowner and/or the UCP. Corrective actions on 3-month warranty items are strictly required from the Contractor. Deficiencies brought to the attention of the Contractor must be corrected within 10 working days unless a clear and present danger to the homeowner or property exists. In this case, the situation must be addressed immediately but no later than a 24-hour timeframe. Should a Contractor fail to repair the items/deficiencies brought to his attention within the specified timeframe, the homeowner may request that another Contractor be hired to repair the items. Such replacement Contractors shall be paid from the 10% retainage withheld from the primary Contractor. A Contractor's failure to satisfactorily address any corrective action required under this section may result in his suspension from participation in future UCP projects.

The Contractor shall present the Homeowner and the UCP with documentation on the following warranty items:

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| 1. Workmanship and materials | Minimum one year |
| 2. Plumbing, electrical, heating, and air- Conditioning delivery systems | Minimum 2 years |
| 3. Major structural components of home | Minimum 10 years |

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| 4. Habitability | Minimum 10 years |
| 5. Labor and material on pea gravel roofs: | Minimum of 3 years |
| 6. Labor on shingle roofs: | Minimum of 3 years |
| 7. Shingle roofs: | Copy of manufacturer's 15 year warranty |
| 8. Labor and material on water heaters: | Minimum of 1 year |
| 9. Water heater: | Copy of manufacturer's warranty |
| 10. Labor and material on gas wall heaters: | Minimum of 1 year |
| 11. Gas wall heaters: | Copy of manufacturer's warranty |
| 12. Roll roofing: | One year material and labor |
| 13. Central A/C units: | Copy of manufacturer's warranty |

Change Orders

Contract change orders may become necessary during the construction period when unforeseen or unknown conditions of the home are discovered during the rehabilitation. Change orders will be reviewed on a case-by-case basis and must be approved in writing by the Contractor, Homeowner, Division Director UCP Housing, Urban County Director and County Commissioners Court, before proceeding with the additional work requested. Change orders will only be allowed for essential, non-luxury items and may not exceed 25% of the contract amount. Change orders for reconstruction projects will not be allowed unless there is a change in the client's status that would necessitate the same (ex. recent disability). Change orders undertaken without the proper consent and according to the established procedure shall not be reimbursed.

Loan in Default

In the event of default or failure to meet the conditions outlined in the Loan Contract, the UCP will attempt to work closely with the client to implement an affordable payment schedule to get the note current. However, the UCP reserves the right to employ such actions that will promote loan repayment such as referring the account to a collection agency or actions leading up to and including foreclosure on the property. In the event of the death of the homeowner prior to full loan repayment, the UCP may work with the heirs of the property to continue the payments (provided affordability timeframe requirements have been met) or requiring the full amount outstanding to become due and payable.

Homeowner Responsibilities

- 1) Homeowner shall remove all abandoned appliances, junked vehicles, trash/rubbish from the property prior to the rehabilitation of the property.
- 2) Maintain the property in a decent, sanitary condition and not in conflict with applicable codes.

- 3) Keep current on all property taxes.
- 4) Maintain adequate homeowners insurance on the property that would safeguard against loss to fire or flood (if applicable).
- 5) Submit yearly certificates of occupancy and proof of insurance to the UCP.
- 6) Occupy the property as their primary residence.

UCP Responsibilities

- 1) Applicant eligibility determination and file maintenance
- 2) Housing assessment, housing plans preparation and subsequent work write-up.
- 3) Procurement of services (solicit bids from qualified contractors)
- 4) Contract preparation, execution and filing of related documents
- 5) Construction inspection and approval
- 6) Process and remit payments to contractors
- 7) Monitor and document residency and insurance requirements

Disputes

Homeowners and Contractors are encouraged to resolve any disputes among themselves. If Homeowner and contractor are not able to reach a mutual agreeable solution, then the dispute may be brought before the Division Director to review the situation and make a resolution ruling. If the ruling is unacceptable to either parties, then either may request the situation to be reviewed by the Deputy Director and ultimately the Executive Director. Should all measures fail to bring about an amicable resolution, either parties may seek legal recourse. The Urban County Program will not be a party to such litigation.

Any applicant with an existing Housing Rehabilitation Low Interest, Zero Interest Loan with the Urban County Program will not qualify for assistance under any Homeowner Rehabilitation Program until the current loan is paid in full.

H. CONFLICT OF INTEREST

The Urban County Program covenants that neither member of its organization nor staff member who exercises influence on the decision making process presently has or will have any interest, direct or indirect, with any person, corporation, company or association hired to carry out any program activities or is a beneficiary of any program activity. All applicants will be required to sign a Conflict of Interest Statement under which any existing or potential conflict of interest must be revealed.

In accordance with the Department of Housing and Urban Development (HUD) HOME Investment Partnership Program; Final Rule, 24 CFR 92.356, CDBG - 24 CFR 570.611 the following conflicts are prohibited:

- (A) No Person described in paragraph (b) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME/CDBG funds or who are in a position to participate in a decision making process or gain inside information with regard to this activities, may obtain a financial interest or benefit from HOME/CDBG -assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- (B) The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer or elected official or appointed official of the Urban County Program, or sub-recipient which are receiving federal and/or state funds.
- (C) Exceptions: Threshold requirements. Upon the written request of the Urban County Program, the Department of Housing and Urban Development (HUD) may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the federal and/or state funded programs, and the effective and efficient program and project administration of the Urban County Program. An exception may be considered only after the Urban County Program has provided the following:
 - 1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - 2. An opinion of the Urban County Program's attorney that the interest for which the exception is sought would not violate State or Local Law.
- (D) All applicants will be required to sign a Conflict of Interest Statement.

Revisions:

- *Elderly head of household will have a 5 year lien period;*
- *Applicants requesting additional bedroom must pay in full prior to assistance;*
- *Contractors must obtain a DUNS number;*
- *Clarified applicant qualification of clear title and occupying property to be assisted;*
- *Increased non-elderly head of household cash assets cap from \$10,000 to \$12,500; and*
- *Removed language regarding projects that have loans, apart from UCPs*
- *1/27/15 – highlighted in “Red”*