

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 financial assistance for the rehabilitation of owner-occupied housing units owned by eligible low and moderate-income households residing in Hidalgo County. Properties located within the incorporated city limits of Edinburg, Pharr, McAllen, and Mission are excluded from participation in this program.

The objective of the Rehabilitation Program is to preserve and improve existing housing by correcting health and safety hazards, addressing code deficiencies, and arresting the deterioration of substandard housing. All rehabilitating activities will bring assisted properties into compliance with applicable Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926, as well as all applicable State and Federal Laws, City Codes, and Ordinances.

The goal of the Rehabilitation Program is to work in partnership with qualified homeowners and licensed contractors to ensure that owner-occupied housing is maintained in a decent, safe, sanitary, and affordable manner while promoting long-term housing stability.

PUBLIC AWARENESS and OUTREACH

Program Notification and Application Process

Program availability will be advertised through the annual public hearing process. Information regarding the Home-Occupied Rehabilitation Program, including eligibility requirements and application procedures, is available on the Hidalgo County website at <https://www.hidalgocounty.us/2220/Homeowner-Occupied-Rehabilitation-Program>. Eligible applicants will be placed on a waiting list and served on a first-come, first-served basis, subject to funding availability and program requirements. Final approval of program participants rests with the Hidalgo County Commissioners Court.

Public Inquiries and Information Dissemination

Program inquiries may be received through multiple methods, including telephone calls, in-person visits, written correspondence, or other approved communication channels. The UCP will respond to all inquiries by providing verbal and/or written information regarding program eligibility, requirements, and application procedures. Informational materials, including brochures and related documentation, will be made available to the public upon request.

Applicant Engagement

The Urban County Program encourages all interested and potentially eligible homeowners to schedule a personal interview with a staff member to discuss program requirements, eligibility criteria, and the application process.

Community Recognition and Program Visibility

Upon completion of rehabilitation projects, the Urban County Program may coordinate a key handoff event, where the respective Precinct Commissioner, along with Urban County staff, publicly congratulates the homeowner and recognizes the successful completion of the rehabilitation project. These events help highlight program accomplishments, increase public awareness of available housing assistance programs, and demonstrate the County's commitment to improving housing conditions for residents

ELIGIBLE COSTS

HOME, federal and/or state funds may be used to pay for eligible rehabilitation costs in accordance with applicable program regulations, including but not limited to the following:

1. **Property Standards Compliance**

Costs necessary to bring assisted properties into compliance with applicable property standards, including those set forth in 24 CFR 92.251;

2. **Essential Improvements and Health & Safety Repairs**

Costs associated with essential improvements, including but not limited to:

- Energy-related repairs/improvements
- Improvements necessary to permit accessibility and use by persons with disabilities
- Lead-based paint hazard evaluation and reduction activities, as required under 24 CFR 92.355, and
- Repair or replacement of structural deficiencies that are non-aesthetic in nature and necessary to ensure the health, safety, and habitability of the dwelling.

3. **Major Housing Systems**

Costs to repair or replace deficient or substandard major housing systems, including, plumbing, electrical, heating, ventilation, and air conditioning (HVAC) systems.

4. **Other Eligible Rehabilitation Costs**

Other rehabilitation-related costs deemed eligible under 24 CFR 92.206 and other applicable federal, state, or local regulations.

QUALIFICATIONS

1. **Residency Requirement**

The applicant must reside within the County of Hidalgo; however, properties located within the city limits of Edinburg, Pharr, Mission or McAllen are not eligible for assistance under this program.

2. Eligibility and Lawful Presence Verification

Applicants and household members receiving assistance must meet eligibility requirements related to lawful presence in the United States in accordance with the Personal Responsibility and Work Opportunity Act of 1996, (Public Law 104-193). Federal public benefits may only be provided to individuals who meet the definition of a “qualified alien” as set forth in Section 431 of Act.

3. Ownership, Occupancy, and Income Requirements

The applicant must hold the legal clear title to the property to be assisted and occupy the dwelling as their primary residence. A clear title is required prior to the execution of any assistance agreement

The applicant must have continuously occupied the property as their principal residence for a minimum of five (5) years prior to applying for assistance.

Applicants must meet the appropriate HUD income limits based on household size. Income from all household members must be included in the determination of annual household income, except for income earned by minors (age 17 and under).

The applicant must be current on all property tax obligations for the home to be rehabilitated.

Eligibility Criteria

An applicant will not be eligible for assistance under the following conditions:

- A non-elderly head of household owns real property other than the home to be rehabilitated, or has cash assets in excess of \$12,500.00.
- An elderly head of household (62 years or older) owns real property other than home to be rehabilitated, or has cash assets exceeding \$20,000.00.
- A disabled head of household owns real property other than home to be rehabilitated, or cash assets in excess of \$20,000.00.
- The property to be rehabilitated contains more than one dwelling structure, unless the applicant agrees in writing to remove the excess structure prior to the execution of the construction contract.
- The applicant operates a business from the home to be rehabilitated, unless a written explanation of the business activity is submitted and approved by the UCP Director and the business complies with existing city ordinances.
- The property is located within the 100-year floodplain as identified by current FEMA Flood Insurance Rate Maps, unless an exception is approved by the UCP

Director. Approval will be contingent to additional construction requirements, flood insurance costs, and the overall impact on housing affordability.

- The Urban County Program (UCP) will verify that the property is not located within the 100-year floodplain as identified by current FEMA Flood Insurance Rate Maps prior to approval of assistance. Floodplain determinations will be conducted utilizing the South Alamo Regional Municipal Alliance (SARMA) floodplain mapping system as the official verification source. Properties determined to be located within a Special Flood Hazard Area will not be eligible for assistance unless an exception is approved by the UCP Director, consistent with program policy and applicable federal requirements.

APPLICANT INFORMATION REQUIRED

Proof of Ownership

A recorded Warranty Deed demonstrating clear title to the property. The UCP may assume a second lien position when determined to be the best interests of the client and the UCP.

Proof of Residency

Current utility statements reflecting with the applicant's name and the address of the property to be rehabilitated.

Employment and Income Documentation

Copies of most recent W-2 forms and federal income tax returns (Form 1040), if employed

Verification of Other Income and Assets

Documentation verifying all additional sources of household income and assets, as applicable.

Verification of Bank Deposits

Recent bank statements or other documentation sufficient to verify household financial assets.

Property Tax Verification

Documentation verifying that all property tax obligations for the property to be rehabilitated are current

Verification of Lawful Presence

Documentation establishing U.S citizenship or an eligible immigration status.

Social Security Documentation

A copy of the applicant's Social Security card.

Divorce Decree (if applicable)

A copy of the applicant's divorce decree.

TYPES OF ASSISTANCE

Assistance under the Owner-Occupied Rehabilitation Program is provided through two (2) main mechanisms designed to address health, safety, and code deficiencies while ensuring long-term housing affordability for eligible homeowners. These mechanisms include the Deferred Loan Program and the Colonia County Self-Help Center (SHC) Program.

It is the policy of the UCP to ensure that assisted households are not subjected to an undue financial burden related to housing costs as a result of program participation.

1. Deferred Loan Program

The Deferred Loan Program provides rehabilitation assistance to eligible owner-occupied households for the purpose of bringing substandard housing into compliance with applicable building codes and housing standards. Eligibility repairs may include, but are not limited to, improvements to foundations, roofing systems, plumbing, heating, ventilation, and air conditioning (HVAC) systems, windows, and electrical systems.

Assistance under this program is provided in the form of a deferred-payment loan. No monthly loan payments are required; however, a lien will be placed against the property for the duration of the affordability period. The assisted property must remain the homeowner's primary residence throughout the term of the deferred loan.

If the homeowner sells, rents, transfers title of the property, or obtains an equity loan during the lien period, repayment of the loan will become due and payable. Repayment will be calculated based on the original loan amount less the prorated portion forgiven for each year the homeowner remains in compliance with program requirements.

Elderly households (with a head of household aged 62 years or older) and households with a disabled head of households will qualify for a three (3) year deferred loan period. All other eligible households will be subject to a five (5) year deferred loan period.

In the event of the death of the principal homeowner or the admission of the principal homeowner to a nursing home or hospice facility, the homeowner's family shall notify the UCP in writing, within thirty (30) days. Upon verification, the loan will be terminated and the lien released.

The maximum assistance amount under the Deferred Loan Program will not exceed 20% of the UCP's most recent cost estimate, unless otherwise approved by the UCP

Director and the Hidalgo County Commissioners Court.

2. **Colonia County Self-Help Center (SHC) Program**

The SHC Program is funded through the Texas Department of Housing and Community Affairs (TDHCA) and administered by Hidalgo County. The SHC program provides rehabilitation assistance, subject to TDHCA requirements.

In instances where the scope of work exceeds the SHC Program's per-unit funding limit, the UCP may leverage HOME funds to address funding gaps. Projects utilizing both SHC Program and HOME funds, will comply with all applicable requirements of each funding source. In cases where program regulations differ, the more stringent requirements will apply.

Emergency Loan Program

The Emergency Loan Program provides a mechanism for the Urban County Program to address housing conditions resulting from a catastrophic fire event that has rendered a home unsafe or uninhabitable. To be eligible under this provision, the fire must have occurred within the previous six (6) months of the assistance request and must be verified through appropriate documentation, such as a fire department report or insurance documentation.

At the discretion and approval of the UCP Director, other catastrophic loss events may also be considered for emergency assistance on a case-by-case basis, provided the circumstances present a similar threat to the health and safety of the occupants.

The UCP will determine eligibility based on a site inspection conducted by program staff and verification of the cause and extent of the damage.

All standard program eligibility requirements remain applicable. Verified catastrophic loss cases may be prioritized for expedited review, but assistance will continue to be provided on a first-come, first-serve basis, subject to funding availability.

PROPERTY ELIGIBILITY AND REPLACEMENT HOUSING

No property that has been identified by any local, municipal, or county code enforcement department as requiring demolition will be eligible for assistance under the Emergency Loan Program or any owner-occupied rehabilitation activity.

For projects assisted with HOME funding, any home requiring more than 50% of its appraised value (appraisal-labeled improvements) in rehabilitation to meet minimum code requirements

will not be rehabilitated but will instead be reconstructed. Additionally, if termites or termite-related damages are identified during inspection, the home will automatically be designated for reconstruction rather than rehabilitation.

HOME assistance will only be provided when the property value (land and improvement combined values) does not surpass the current HUD HOME maximum homeownership value limits.

LEAD-BASED PAINT TESTING & LEAD HAZARD REDUCTION PLAN

All applicants qualifying for assistance under any of the loan programs will have their homes evaluated for lead-based paint hazards according to applicable HUD regulations if the home was constructed prior to January 1, 1978.

Lead-based paint evaluation and hazard reduction requirements will not apply under the following circumstance”

1. Residential structures constructed on or after January 1, 1978;
2. Emergency action activities, as defined by HUD regulations

All lead-based paint testing, risk assessments, interim controls, and abatement activities will be conducted by certified professionals and will comply with 24 CFR Part 35 and all other applicable federal, state, and local requirements.

Human Threat Unlikely

Lead-based paint evaluation and hazard reduction requirements may be limited or not applicable when a determination is made that a human health threat is unlikely, including the following circumstances, as permitted under HUD regulations:

1. Unoccupied units that will be demolished.
2. Properties not used for human residential habitation.
3. Rehabilitation activities that do not disturb painted surfaces.

Child Occupancy Unlikely

Certain housing types may qualify for reduced lead-based paint requirements when child occupancy is unlikely, including:

1. Zero-room dwelling units.
2. Housing designated for elderly households or with a disabled head of household.

All determination of exemption or reduced requirements will be fully documented in the project file in accordance with HUD regulations.

Lead Hazard Evaluation and Reduction Costs

Any expenses classified as costs related to Lead Hazard Evaluation and Reduction Costs will be provided in the form of a grant and will not be included when calculating rehabilitation costs or the rehabilitation loan amount. Eligible lead-related costs may include, but are not limited to the following:

1. Soft Costs
2. Financing Fees
3. Credit Reports
4. Title Binders and Insurance
5. Recording fees and transaction taxes
6. Legal and accounting fees
7. Appraisals
8. Architectural and engineering fees, including specifications and job progress inspections.
9. Project-related costs incurred by the UCP that are directly related to a specific project.
10. Administrative costs
11. Environmental reviews
12. Acquisition costs, when applicable
13. Other fees as applicable and necessary

Lead Hazard Notification, Testing, and Intervention

Homeowners will be provided with educational information regarding the hazards of lead-based paint in accordance with HUD requirements. All lead-based paint testing, risk assessments, and clearance examinations will be performed by certified professionals and conducted in compliance with all applicable HUD standards.

When the presence of lead-based paint is found, the UCP will undertake the following levels of intervention based on the total cost of rehabilitation activities:

- **Rehabilitation activities less than \$5,000:**
Safe work practices and work site clearance.
- **Rehabilitation activities between \$5,000 and \$25,000**
Risk assessment, interim controls, and clearance examination.
- **Rehabilitation activities over \$25,000**
Risk assessment, abatement of identified lead hazards, and clearance examination.

Occupant Protection and Temporary Relocation

The following measures will be implemented to protect occupants from exposure to lead-based paint hazards during lead hazard reduction activities:

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

Other Federal Guidance Under the Homeowner Rehabilitation Program

Voluntary homeowner rehabilitation does not trigger relocation assistance requirements for the homeowner under the Uniform Relocation Act. Therefore, homeowners are responsible for temporarily relocating at their own expense during the rehabilitation activities of their home.

The UCP will not be responsible for any loss of or damage to the homeowner's personal belongings that may occur during rehabilitation. Homeowners are responsible for securing, removing, and protecting their belongings for the duration of construction activities.

STANDARD OPERATING PROCEDURE

Selection Process

Applications for assistance under any of the Urban County Housing Program will be received, processed, and reviewed by the UCP. The UCP will approve or deny all applications based on information provided by the applicant and verified through HUD eligibility criteria and applicable amendments, title company reports, taxing authority records, and any other documentation necessary to confirm eligibility and compliance. All applicants will be notified of their application status in writing.

Applications for assistance will be processed on a first-come, first-served basis, subject to funding availability and program requirements. Eligible applicants will be selected for review from a waiting list maintained by the UCP.

If an applicant denies or refuses assistance at the time services are formally offered, the application will be considered withdrawn and maintained in a separate inactive spreadsheet. Should the applicant reconsider their decision and request services, a new application must be submitted, and the applicant will be placed at the end of the waiting list.

Housing Assessment

Upon determination for assistance, UCP staff will schedule an on-site visit with the

homeowner to assess the condition of the property and identify the scope of rehabilitation necessary to bring the home to compliance with applicable Minimum Property Standards and Housing Quality Standards (HQS).

Based on the assessment, UCP staff will prepare a detailed document identifying all required repairs and rehabilitation activities needed to correct deficiencies related to health, safety, code compliance, and habitability. The detailed document will be developed in accordance with HQS and all applicable federal, state, and local requirements.

The completed work document will be reviewed and discussed with the homeowner. During the discussion, UCP staff will explain the proposed scope of work, anticipated costs, and the terms of assistance, including loan conditions that are anticipated. The homeowner's approval of the work document will be required prior to proceeding with procurement and construction activities.

Cost Analysis

In accordance with HUD's national housing policy promoting housing sustainability, the UCP will underwrite each Rehabilitation Program applicant's ability to afford and maintain the assisted housing unit.

Once the projected cost of required rehabilitation activities has been determined, UCP staff will evaluate the estimated post-rehabilitation property value, property taxes, and insurance costs to assess the affordability and long-term sustainability of the assistance provided. This determination will be based on the household's annual income, total annual debt, and projected housing costs, including insurance and property taxes.

Contractor Selection

After homeowner approval of the work document, the UCP will advertise the proposed rehabilitation work and solicit bids from qualified contractors.

In order for a bid to be considered, contractors must provide proof of a bid bond. Bids submitted without a valid bid bond will not be considered for award. The bid bond must be issued by a surety company authorized to do business in the State of Texas and remain in effect for the duration of the contract period.

A minimum of fifteen (15) calendar days will be between the initial advertisement date the bid opening date to allow qualified contractors sufficient time to prepare and submit proposals. All bid submissions will be coordinated through the Hidalgo County Purchasing Department in accordance with the procurement policies and procedures.

UCP staff may conduct pre-bid conferences with contractors to review bid specifications, floor plans, site conditions, and other relevant information. The UCP will award the contract to the lowest bid unless extenuating circumstances exist that would result in an

unfavorable situation for the UCP or the homeowner.

All UCP approved bids and related contract documents will be presented to the Hidalgo County Commissioners 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 the contractor's workload may adversely affect the quality or timeliness of performance. In such circumstances, contracts will be awarded to the next lowest bidder. Priority will be based by application date with, with the next lower applications awarded first. This determination will be made by the UCP Director after consultation with the HOME Division Manager.

Bid proposals will remain in effect for a period of thirty (30) days from the date of bid closing. The contract will be awarded during this period. A Notice to Proceed will be signed by the homeowner, contractor, HOME Manager, and UCP Director no later than fifteen (15) days following contract award. If these timeframes are exceeded, the bidder may withdraw the proposal in writing.

If all bids exceed the maximum loan limit amount, the proposed work document will be reviewed to determine whether non-essential items may be eliminated to reduce project cost. For HOME-funded projects, all code-related repairs and health and safety repairs must remain mandatory and not be removed from the scope of work. Non-code-related improvements may be modified to bring the project within allowable funding limits.

Contractor Responsibilities

Contractor seeking approval to participate in the UCP must possess a DUNS number and be registered with System for Award Management (SAM.gov) prior to approval. Contractors must maintain and provide proof of Commercial General Liability Insurance protecting the homeowner(s) in an amount not less than \$300,000 per occurrence, \$300,000 general aggregate, and \$300,000 products & completed operations aggregate, covering bodily injury (including death) and property damage arising out of the performed by or on behalf of the Contractor. Coverage shall include Builder's Risk Insurance.

In addition, contractors must show proof of automobile insurance coverage with a minimum of \$20,000 each person, \$40,000 each accident for bodily injury (including death) and \$15,000 for property damage. Evidence of all required insurance coverage must be maintained by the UCP in the Contractor's file.

Contractors are required to ensure that all subcontractors are reputable, competent, and in good standing with the County of Hidalgo and the Federal Government. Contractors will be responsible for obtaining the required building permits prior to initiating construction activities and will assume all associated costs. Contractors will also be responsible for requesting required code compliance inspections as applicable and they will be held responsible for any violation of local ordinances and any penalties levied as a result thereof.

Contractor will review bid specifications, work documents, and accompanying floor plans and verify existing project site conditions to ensure a clear and accurate understanding of the scope and scale of the proposed project. Should the contractor identify any discrepancies 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 document 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, equipment, and tools necessary to bring the project to completion in a timely manner. All labor is to be done in a skillful and thorough manner and consistent with the industry standards. All material used must be to the specific dimensions, quality, and grade. Materials specified by trade name are to be installed strictly according to the manufacturer's specifications.

Any property items that were not designated for removal in the specifications will 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. Contractors must exercise prudent judgment and consult with the homeowner prior to undertaking any landscape modifications.

The Contractor shall remove all rubbish, debris, and construction waste generated by the project at least once per week and maintain the premises as clean as possible during the rehabilitation construction. Upon project completion, the Contractor will deliver the home to the homeowner in broom-clean condition.

The contractor commences work within ten (10) working days of issuance of the Notice to Proceed. Extensions beyond the contractually established completion period will not be permitted except for documented rain days and/or unforeseen setbacks, which will be granted on a one-for-one basis. Contractors are required to request additional extensions within two (2) working days of the occurrence. Any modifications to the work scope, schedule, or contract terms must be documented using the Detailed Change Order Form provided by UCP, which must be completed and approved prior to implementing any changes.

Contractors who fail to complete the project within the established contract timeframe will be penalized at the rate of \$100 per day. A 'day' is defined as any time beyond 9:00 a.m. in which the homeowner has not returned possession of the home upon the required completion date.

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

- Comply with applicable safety standards, laws, and regulations, including local and state building construction codes and the "Manual of Accident Prevention in Construction" published by the Associated General Contractors of America.

- Comply with 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 all reasonable and necessary precautions at all times for the prevention of accidents and the protection of persons, including employees, homeowners, visitors, and the general public, as well as the protection of the property.
- Maintain adequate first-aid supplies at the worksite to address any injuries. In no case shall employees continue to work at the worksite until the Contractor has removed any injured party requiring medical attention to a hospital or doctor's care.

Upon completion of all work, the Contractor is required to submit a General Contractor's Notarized Sworn Affidavit certifying that all subcontractors have been fully paid and the associated liens against the property have been released. This affidavit will be required at the time of the final payment, excluding the 10% retainage, and will be maintained in the project file by UCP.

Payments to Contractors

Payments to Contractors shall be made only after all required documentation is submitted and approved.

Payment Schedule

Payments for reconstruction projects will be disbursed in accordance with the following schedule:

A. 40% Payment - 50% completion

A payment equal to 40% of the contract amount may be issued upon verification that the project has reached 50% completion and that a Performance Bond has been provided.

A dwelling will be considered 50% complete when the following items have been installed and passed inspection:

- Wall Framing/sheathing
- Roof/Ceiling Framing, Sheathing
- Roofing
- Exterior sheathing & trim
- Windows and Exterior Doors
- Plumbing-Roughed in
- Sewage Disposal
- Electrical – Roughed In
- A/C Duct Work
- Insulation – Walls R13

- Hurricane Ties
- Boots
- Tub/shower installed correctly

B. 50% Payment - 100% completion

A payment equal to 50% of the contract may be issued upon verification of 100% completion, provided that a Performance Bond has been furnished.

A dwelling will be considered 100% complete when it is fully habitable, has passed all required inspections, is delivered in broom-clean condition, has all construction materials, debris, and trash generated from the project has been removed from the site, and the following items are installed:

- Brick
- Trim/fascia boards painted
- Water Heater
- Hose bibs
- Interior wall paint
- Cabinets (painted)
- Flooring
- Electrical switches/plugs
- Ceiling fans
- A/C working / Thermostat
- A/C unit outside to be bolted down
- Baseboards with silicone
- Range hood vented to the outside
- Sinks and plumbing
- Doorbell
- Outlets checked
- Smoke detectors
- Attic access with light/switch
- Attic insulation w/ certificate
- All vents to be vented to outside
- Washer/Dryer hookups
- House numbers displayed

C. Project Retainage

The remaining 10% of the contract amount will be released 30 days after the project completion, provided all contractual obligations have been met, and all required close-out documentation has been submitted and approved by UCP staff. Any fees incurred during the project will be subtracted from the retainage prior to release

The above payment schedule applies primarily to reconstruction projects. Rehabilitation projects are generally smaller in scope; therefore, expected

completion schedules are negotiated with the Contractor during the pre-construction conference and documented in the project file.

Warranty and Defect Correction

The Contractor will guarantee all work performed for a minimum period of three (3) months from the date of final acceptance by the homeowner and/or the UCP, except as otherwise specified below. Corrective actions on all three-month warranty items is mandatory.

Any deficiencies identified and brought to the attention of the Contractor must be corrected within 10 working days, unless the deficiency presents a clear and immediate danger to the homeowner or property. In such cases, corrective action will be taken immediately, but no later than 24 hours from notification.

If the Contractor fails to correct identified deficiencies within the specified timeframe, the homeowner may request that UCP engage with another Contractor to complete the work. Any costs associated with such corrective actions will be paid from the 10% retainage withheld from the primary Contractor. A Contractor's failure to satisfactorily address any corrective action required may result in suspension or removal from participation in future UCP projects.

The Contractor will provide the homeowner and the UCP with written documentation verifying warranties on the following items:

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
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 be required during the construction period when unforeseen or previously unknown conditions of the home are discovered during

the rehabilitation. All change orders will be reviewed and evaluated on a case-by-case basis.

Any proposed change order must be documented in writing by the Contractor, Homeowner, HOME Division Manager, and the UCP Director prior to proceeding with the additional work requested.

Change orders will only be limited to essential, non-luxury items necessary to complete the project in compliance with applicable codes and program requirements and may not exceed 25% of the original contract amount.

Change orders for reconstruction projects will not be allowed unless there is a documented change in the homeowner's circumstances that necessitates the modification, such as the onset of a disability or other qualifying condition.

Change orders initiated or completed without proper authorization will not be eligible for reimbursement.

SITE AND DEVELOPMENT

Housing units constructed or rehabilitated with HOME funds must meet all applicable federal, state, and local requirements, including local building codes, rehabilitation standards, ordinances, green building standards, and zoning requirements in effect at the time of project completion.

A. General Standards

All Applications will be required to meet Housing Quality Standards (HQS) as set forth in 24 CFR §982.401, applicable Minimum Construction Standards, Fair Housing Accessibility Standards, and Section 504 of the Rehabilitation Act of 1973. All housing activities must also comply with any applicable state and local building codes or standards.

B. Lead-Based Paint

All projects must comply with the lead-based paint requirements of 24 CFR Part 35, Subparts A, B, J, K, and R. Additional requirements related to lead-based paint evaluation and abatement in Sections 4.E.(1), 4.H.(1)(f), and 6.G.(2) of these guidelines.

C. Constructed or Substantial Improvements

All new construction and rehabilitation projects must comply with the International Residential Code 2015 edition or higher (IRC), including applicable windstorm provisions, and the International Building Code (IBC) where applicable. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances.

All rehabilitation, reconstruction, and new construction activities will be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and measure intended to mitigate the impact of future natural disasters.

D. Minimum Property Standards (MPS) Housing Quality Standards (HQS)

HOME-assisted housing units that are rehabilitated or reconstructed must meet all applicable state and local housing quality standards and code requirements. In jurisdictions where there are no such standards or code requirements, the housing unit must meet HUD's Housing Quality Standards as set forth in 24 CFR §982.401.

E. Accessibility

Single-family housing units must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794).

Homeowner Responsibilities

1. The homeowner shall remove all abandoned appliances, inoperable vehicles, and all trash or rubbish from the property prior to the commencement of rehabilitation activities.
2. The homeowner shall maintain the property in a decent, safe, and sanitary condition and ensure continued compliance with all applicable local codes and ordinances.
3. The homeowner shall remain current on all property taxes for the assisted property.
4. The homeowner shall maintain adequate homeowner's insurance coverage to protect against loss due to fire or flood damage for the duration of the assistance period.
5. The homeowner shall submit yearly proof of occupancy and proof of current insurance documentation to the UCP for the duration of the affordability or lien period.
6. The homeowner shall occupy the assisted property as their primary residence and shall not lease, rent, transfer title, or otherwise encumber the property in violation of program requirements.

In the event the homeowner becomes delinquent on property taxes in the amount exceeding \$5,000.00 (or another amount established by UCP) or the assisted property becomes subject to foreclosure proceedings, the UCP may release its lien on the property if such action is determined to be in the best interest of the program. Any lien release under this provision must be approved by the UCP Director and documented in the project file.

UCP Responsibilities

1. Determine applicant eligibility in accordance with HUD and program requirements and maintain complete and accurate program files.
2. Conduct housing assessments and prepare housing plans and subsequent

- work documents identifying required rehabilitation activities.
3. Procure services through solicitation of bids from qualified contractors in accordance with County and HUD procurement requirements.
 4. Prepare, execute and maintain all contracts, loan documents, and related program documentation.
 5. Conduct construction oversight, inspections, and approval of completed work in accordance with program standards.
 6. Process and remit payments to contractors upon verification of completed work and submission of required documentation.
 7. Monitor and document homeowner compliance with occupancy and insurance requirements throughout the affordability period.

Disputes

Homeowners and Contractors are encouraged to resolve any disputes directly and in good faith. If the homeowner and contractor are unable to reach a mutual agreeable solution, then the matter may be submitted to the HOME Division Manager to review.

If the determination is unacceptable by the HOME Manager, the dispute may be escalated for review of the Deputy Director and ultimately the Executive Director.

If all administrative measures are exhausted and an amicable resolution cannot be achieved, either party 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 be eligible for assistance under any Homeowner Rehabilitation Program until the current loan is paid in full.

CONFLICT OF INTEREST

The Urban County Program covenants that no member of its governing body, or any staff member who exercises influence over the program decision-making presently has, nor shall acquire, any direct or indirect financial or personal interest in any person, corporation, company, or association contracted to carry out any program activities, or is any individual or entity that benefits from such activities.

All applicants, contractors, subrecipients, and other participating parties will be required to sign a Conflict of Interest Statement, under which any existing or potential conflict of interest must be fully disclosed.

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 and 2 CFR 200 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.

Program Monitoring and Record Retention

The UCP will monitor all activities funded under the Owner-Occupied Rehabilitation Program to ensure compliance with applicable federal, state, and local regulations, including but not limited to HOME Investment Partnerships Program requirements, CDBG regulations, and 2 CFR Part 200.

All program records, including applications, eligibility determinations, contracts, inspections, financial records, and close-out documentation, will be maintained in accordance with HUD record retention requirements and Hidalgo County recordkeeping policies. Records shall be made available for review by HUD, the State, auditors, or other authorized entities upon request.

Noncompliance and Enforcement

Failure by homeowners, contractors, or other participation parties to comply with the requirements of this policy may result in corrective action, suspension, or termination of assistance, repayment of funds, or disqualification from future participation.

The UCP reserves the right to take all actions necessary to protect the integrity of the program and ensure compliance with governing regulations, contractual obligations, and Hidalgo County policies.

Amendments and Severability

This policy may be amended or revised as necessary to remain consistent with changes in federal or state regulations, HUD guidance, or County policies. Any amendments will be subject to approval by the Hidalgo County Commissioners Court.

If any provision of this policy is determined to be invalid, illegal, or unenforceable, such determination will not affect the validity or enforceability of the remaining provisions.

This policy is adopted by the Hidalgo County Commissioners Court and shall remain in effect until amended or rescinded.