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AGENDA  
WORK SESSION  
OF THE PERRY CITY COUNCIL  
August 1, 2016  
5:00 P.M.

1. Call to Order: Mayor James E. Faircloth, Jr.
2. Roll:
3. Items of Review/Discussion: Mayor James E. Faircloth.
  - 3a. Presentation from Constantine Engineering relative to City of Perry's 2016 Infiltration and Inflow Analysis – Mr. J. Kizer.
  - 3b. Presentation relative to the rebranding initiative for water tower logos – Mayor Pro Tempore Randall Walker.
  - 3c. Discussion of CHIP Policies and Procedures and Section 3 Policy – Mr. R. Smith.
  - 3d. Discussion relative to Special Event Application process – Mr. L. Gilmour.
  - 3e. Discussion of Certificate of Appropriateness process – Mr. L. Gilmour.
  - 3f. Discussion of priorities for DDA – Mr. L. Gilmour.
  - 3g. Consider contracting for audit of accommodation excise tax – Mr. L. Gilmour.
  - 3h. Consider traffic flow increase from Interfor US Inc. – Mr. L. Gilmour.
  - 3i. Review of 2017 street resurfacing priority list – Mr. D. Aaron.
  - 3j. Consider approval for replacement of certain windows in public safety building – Mr. D. Aaron.
  - 3k. Consider proceeding through Perry Public Facilities Authority for the construction of certain park improvements – Mr. L. Gilmour.
  - 3l. Review and discuss Regional Commission recommendation for City of Perry VOIP Phone System RFP – Ms. B. King and Mr. S. Perren.
4. Council Member Items:

5. Department Head Items:

6. Adjourn.



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# Rebranding Initiative Water Tower Logos

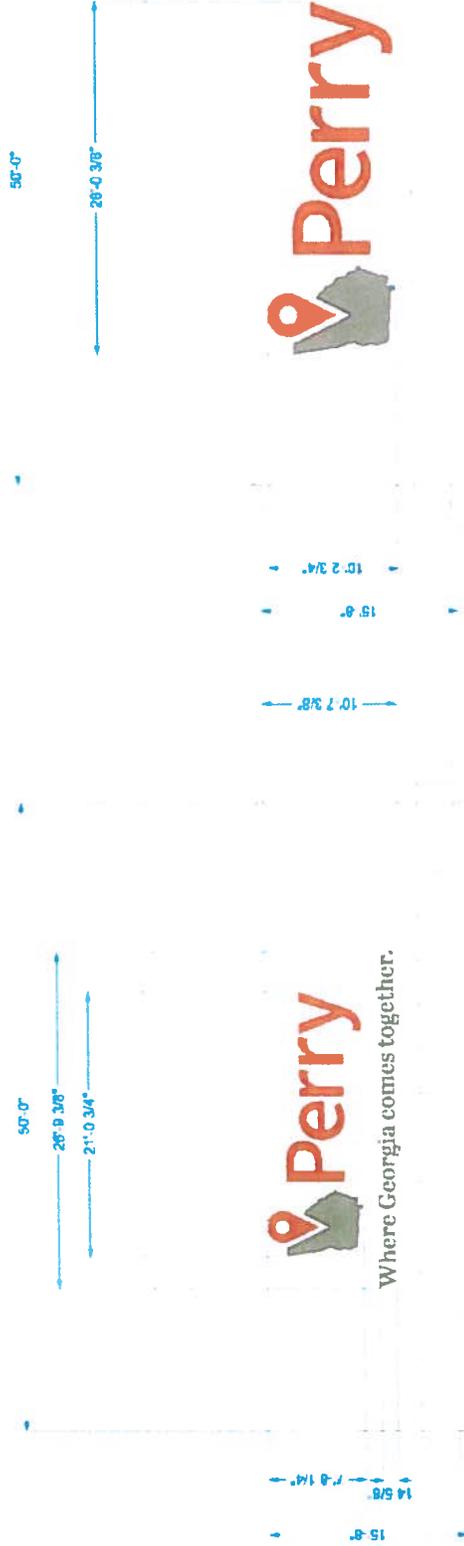
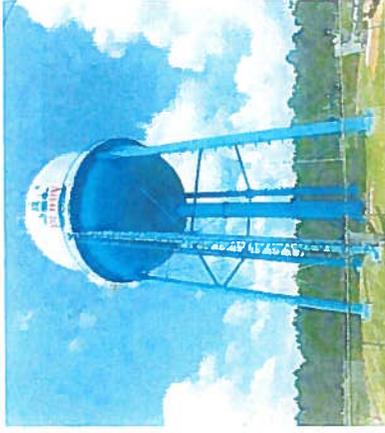
July, 2016



ready for the resource revolution

# Valley Drive Tank – 500k Gallon Elevated

- Currently 1 logo facing I-75
- Proposed: 'no slogan'; 1 side, same location





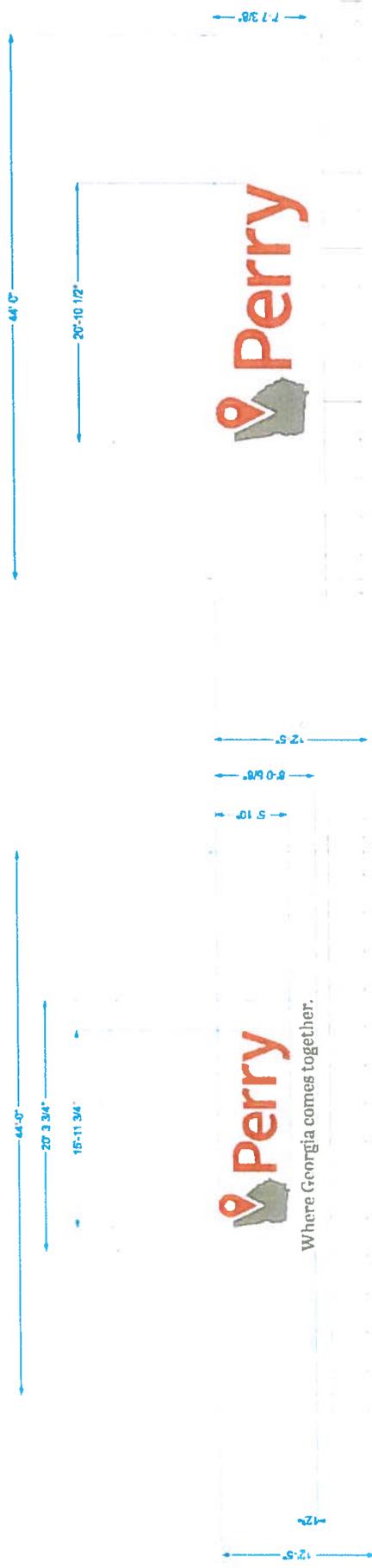
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# Valley Drive Tank – 500k Gallon Elevated



# Sears Rd Tank – 300k Gallon Elevated

- Currently: Blank
- Proposed: 'with slogan' on 2sides





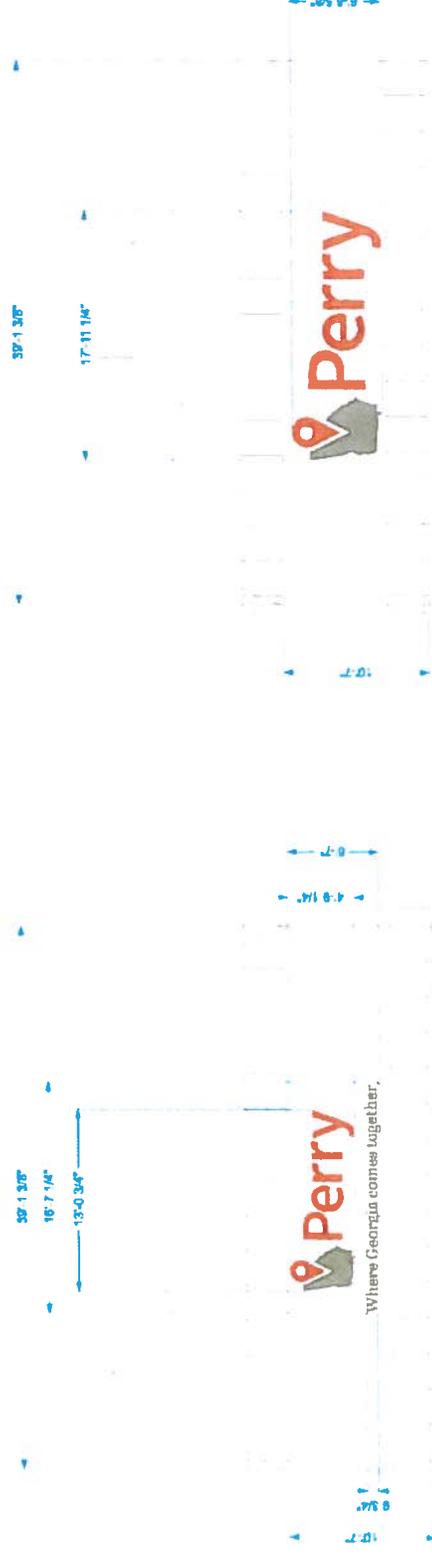
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# Sears Rd Tank – 300k Gallon Elevated



# Armory Tank – 200k Gallon Elevated

- Currently: 2 logos facing Sam Nunn Blvd and downtown
- Proposed: ‘no slogan’; 2 sides, same location





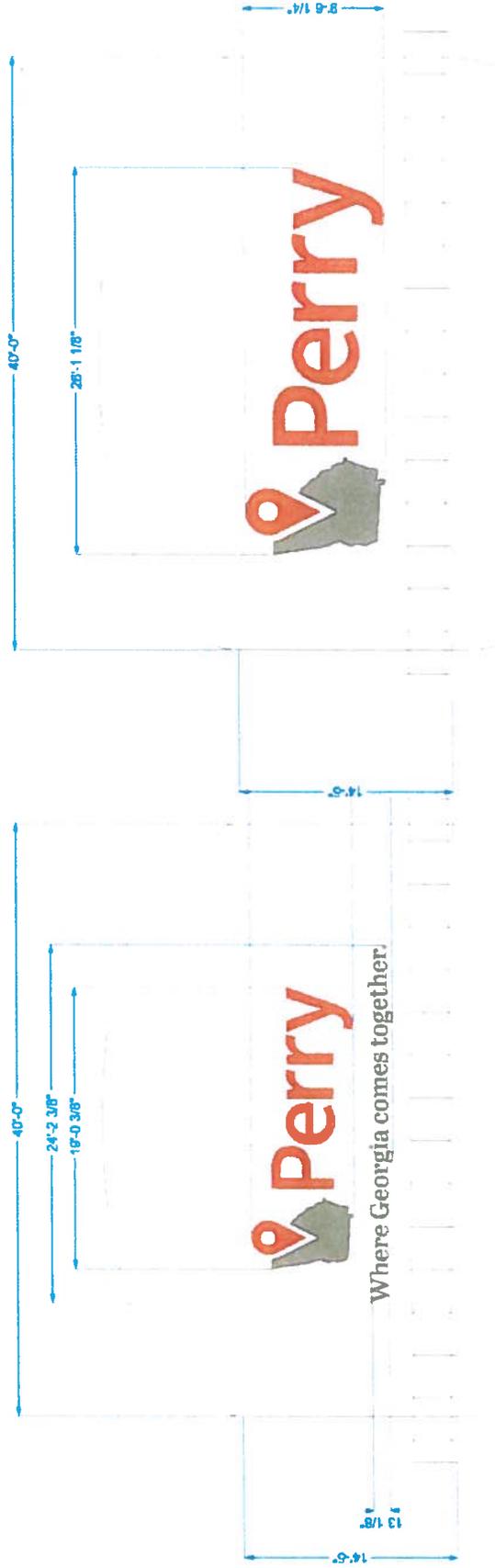
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# Armory Tank – 200k Gallon Elevated



# Tucker Rd Tank – 250k Gallon Elevated

- Currently: 1 side facing East
- Proposed: no slogan, 1 side facing East





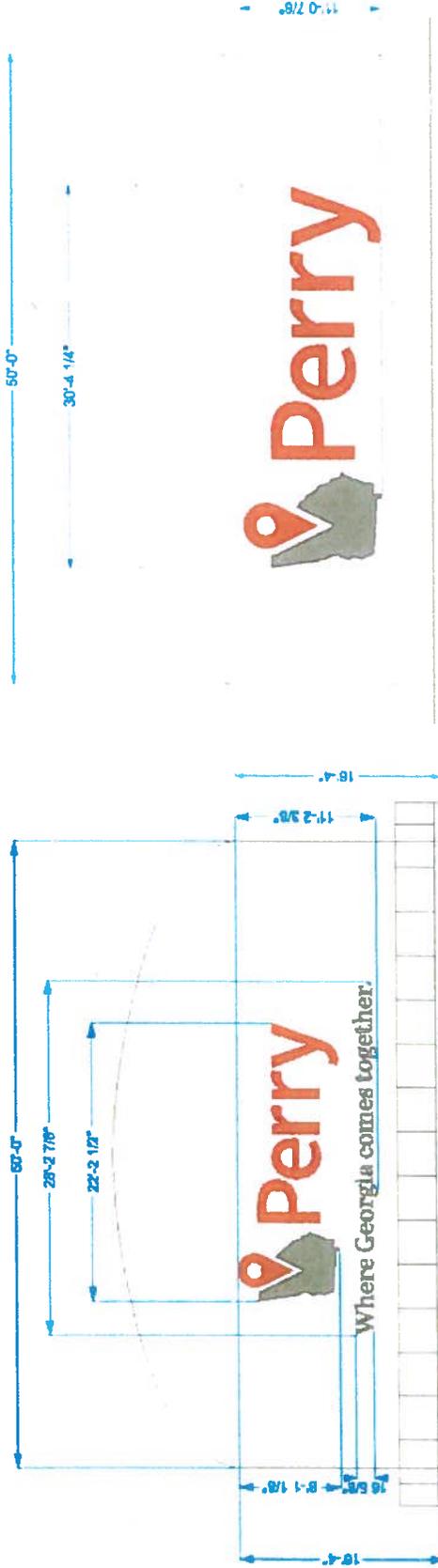
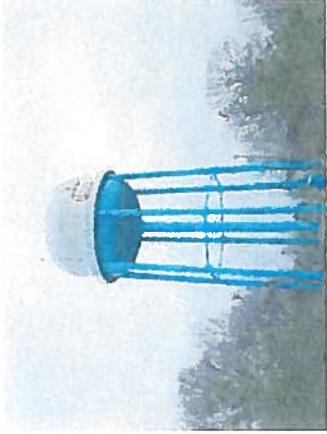
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# Tucker Rd Tank – 250k Gallon Elevated



# Hwy41 Tank – 500k Gallon Elevated

- Currently: 2 sides North and South
- Proposed: 2 sides, with and w/o slogan





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# Hwy41 Tank – 500k Gallon Elevated





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## Pricing

	# Logos	Price
Valley Drive Tank	1	\$ 5,680
Sears Road Tank	2	\$ 7,680
Armory Tank	2	\$ 7,350
Tucker Road Tank	1	\$ 5,600
<u>Hwy 41N Tank</u>	<u>2</u>	<u>\$ 7,515</u>
<b>TOTAL</b>		<b>\$ 33,825</b>





## INTRODUCTION

### CHIP Administrative Manual

#### Background

The HOME Investment Partnerships (HOME) Program was authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended and was signed into law on November 28, 1990 (Pub. L. 101-625). The HOME Program provides funds to expand the supply of affordable housing for individuals and families earning less than 80% of the Area Median Income (AMI). Interim regulations for the HOME Program were first published on December 16, 1991 and are codified at 24 CFR Part 92. The HOME Final Rule was released September 16, 1996. HUD published a Final Rule in the Federal Register on July 24, 2013 to amend the HOME Investment Partnership (HOME) Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years. Click on the links below for additional information about the HOME Final Rule:

- [Overview of the 2013 HOME Final Rule](#)

The Georgia Housing and Finance Authority (GHFA) receive HOME funds from the U.S. Department of Housing and Urban Development (HUD) as the designated Participating Jurisdiction (State PJ) for the State of Georgia. The Georgia Department of Community Affairs (DCA) administers the program on behalf of GHFA. DCA allocates a portion of all HOME funds received each year by DCA to the Community HOME Investment Program (CHIP) for use by small cities, rural counties, non-profits, and local public housing authorities that serve communities that are not designated by HUD as a local Participating Jurisdictions (Local PJs). In order for these entities to receive CHIP funding, they must apply to DCA and, if awarded, become State Recipients or Sub-recipients under CHIP.

State Recipients and Sub-recipients under CHIP are responsible for carrying out all program activities and complying with all HOME regulations as well as many other federal requirements. DCA is responsible for providing technical assistance, developing program allocation and selection policies, managing the funding and distribution process, monitoring grantee compliance with program requirements, and reporting to HUD on the use of the funds. Our goal is to help State Recipients and Sub-recipients do the best job possible in providing affordable housing services while requiring as little paperwork and programmatic oversight as is necessary to meet our due diligence and regulatory responsibilities.

This Administrative Manual covers program administration requirements. Additionally, the HOME Final Rule, the CHIP Program Description, and the Policy & Procedures and Written Rehabilitation Standards outline requirements and should be used in conjunction with the Administrative Manual.

#### Disclaimer

The Administrative Manual provides information required for Recipients to locally administer awarded CHIP funds. However, whenever a conflict exists between the Administrative Manual, the Program Description, and the Final HOME Rule, the HOME Rule must be complied with except where DCA has more narrowly defined any HOME activities or programmatic requirements.

### **CHAPTER 1 – Program Administration Instructions**

#### Section 1. Activating Your New CHIP Award

Upon approval of an application for CHIP funds, GHFA must enter into a written agreement (Agreement) with each selected Recipient. This Agreement is required by HUD for all CHIP recipients and covers both the funding level and planned activities of the Recipient and the applicable HOME Regulations (24 CFR

92), state laws, and program requirements that must be followed. Two copies of the Agreement will be mailed to the Recipient for their execution. Upon return to DCA, the Deputy Executive Director for Housing will execute the Agreement by signing both copies and DCA will then mail a copy of the signed executed agreement to the Recipient for their records.

*Executing Instructions:*

- The Recipient must have their Certifying Representative examine these documents closely before signing and dating all required originals and copies.
- The Certifying Representative (Mayor, Chairman of County Commission, Chairman of the Board of a Non-profit, or other authorized official) must execute the Agreement.
- The Certifying Representative must execute the Agreement and return both original versions to DCA. The documents must be mailed to DCA as follows:

Ms. Samanta Carvalho  
CHIP Program  
Georgia Department of Community Affairs  
60 Executive Park South, N.E.  
Atlanta, Georgia 30329-2231

Section 2. Authorized Signature Cards

A. Signature Card for Draw Request (CA-1)

An Authorized Signature Card authorizes individuals of the Recipient to request payment of funds under the Agreement. The Authorized Signature Card must authorize at least one signatory but no more than four. At least one of the signatories must be an employee of the Recipient. Check the box designating whether one or two signatures will be required on an individual draw request. If the Certifying Representative designates him/herself for authorization of the draw request, then two authorized signatures are required. An employee of the Administrator may not be designated in lieu of an employee of the Recipient.

The Recipient's or Recipient's Certifying Representative must also sign the Authorized Signature Card to certify that the individuals named above are indeed authorized to request payment and that the signatures on the card are their own. No erasures or corrections may appear on the Authorized Signature Card.

The Authorized Signature Card (CA-1) must be received and on-file prior to processing draw request for all Recipients.

If signatories change during the grant period, a new Authorized Signature Card must be completed and re-submitted prior to the submission of any future draw requests. All draw requests must match the signatory authorizations on file at DCA.

Completion of this form is voluntary on behalf of the Authorized Official of the Grantee. If no individual(s) is designated in either Section 1 or Section 2, the Authorizing Official will be required to sign all documents submitted by the Grantee.

B. Signature Card For Program Policy and Activity Documents (CA-9)

DCA has put in place a signature card (CA-9) authorizing the Recipient to designate individual(s) to sign on behalf of the Grantee. This procedure will allow the Recipient to designate an appropriate person to sign documents. Completion of this form is voluntary on behalf of the Authorizing Official of the Recipient. If no individual(s) is designated in either Section 1 or

Section 2, the Authorizing Official will be required to sign all documents submitted by the Recipient. This Authorized Signature Card may be utilized for any CHIP Grant regardless of the year that the grant was awarded.

**PLEASE NOTE:** Federal environmental requirements do not allow for any individual other than the Chief Elected Official of the Grantee to certify compliance of the Tier One Environmental Review or the Site Specific Environmental Screening Checklist required by Tier Two.

### Section 3. Clearing Your General Conditions

Appendix B in each Agreement outlines each of the General Conditions that must be cleared by DCA prior to initiating the program. During the Application review process, DCA cleared some of the General Conditions for the Recipients and provided notice of any clearances issued in Appendix B to the Agreement. As DCA clears any remaining General Conditions that were not approved in the original Agreement, DCA will note its Approval in Appendix B and reissue a revised copy to the Recipient. The Recipient may not initiate any work on its program until DCA has approved all of the General Conditions.

As a recipient and administrator of CHIP funds, you must implement your program following the instructions outlined in the CHIP Administrative Manual and the CHIP Program Description. You must adhere to the DCA Policies and Procedures when administering the program locally. The Policy and Procedures should be used in conjunction with your already accepted design based on your approved application. Any Recipient that does not accept the approved DCA Policies and Procedures will not be allowed to implement the program.

### Section 4. Setting-Up Activities for Homeowner Rehabilitation Assistance

DCA will be monitoring each activity to ensure its compliance with key programmatic requirements during the set-up phase of project implementation. The processes used to ensure programmatic compliance will be based on the activity being implemented – homeowner rehabilitation assistance.

Homeowner Rehabilitation Assistance activities are required to follow a two-step Activity Setup process: (1) Activity Pre-Setup and (2) Activity Setup.

#### 1. Homeowner Rehabilitation Assistance Activity Pre-Setup:

The Homeowner Rehabilitation Activity Pre-Setup process is designed to ensure that the housing unit and household meets certain HOME requirements prior to the Recipient entering into a contract for assistance with the homeowner or the homeowner entering into any construction contract. The Recipient must submit to DCA a Homeowner Rehabilitation Activity Pre-Setup Information Form (CA-3) with required accompanying documentation for any unit proposed for funding. It is suggested that items listed on the Pre-Setup Information Form (CA-3) be submitted in the order of the form for clarity and uniformity.

For any Recipient that proposes reconstruction as part of their program design and where reconstruction is proposed on an individual unit, a Reconstruction Feasibility Test Form (CR-8) must be provided during the activity Pre Set-up phase that provides the following information:

- a. Narrative describing the needs for a unit to be reconstructed instead of rehabilitated. The narrative must identify the costs of reconstruction versus the cost of rehabilitation. The narrative must also describe the Recipient's or Recipient's plans to relocate the unit residents during reconstruction, including the source of funds, the estimated length of time that relocation will be necessary, and a commitment from Recipient that sufficient

resources are available to the Recipient to cover the entire length of time that the relocation will be necessary.

- b. An appraisal or third party documentation of the After Development Value of the Property.

Upon review of the information submitted, as part of the Pre-Setup phase and DCA's determination that the information provided is compliant with CHIP requirements, DCA will issue a Notice of Tier 2 Environmental Clearance and Authority (CR-4) to Enter into Contract with Homeowner within five (5) business days from receipt of documentation to the Recipient and, if applicable, to their Administrator that will include the assigned DCA Project Number for the activity. At that time the Recipient is free to enter into a contract with the homeowner and allow the homeowner to secure a contractor.

If upon review and determination that the information provided is not compliant or is insufficient for DCA to complete its determination, DCA will issue a Pre-Set up Deficiency Determination email to the Recipient and, if applicable, to their Administrator identifying those areas that must be addressed.

When additional information has been submitted in response to a Pre-Setup Deficiency Determination notification, DCA will issue either an additional Pre-Set up Deficiency Determination phone call, and/or email to the Recipient and, if applicable, to their Administrator or the Notice to Proceed Pre-Set up (CR-4) within five (5) business days from receipt of the requested documentation.

DCA will scan and send electronically via email the Notice of Tier 2 Environmental Clearance and Authority (CR-4) to the Recipient and, if applicable, to their Administrator.

Pre-Setup requests can be submitted by the Recipient and, if applicable, their Administrator. via email to DCA.

## 2. Homeowner Rehabilitation Assistance Activity Setup:

In order to receive a drawdown of funds from the CHIP grant, DCA must first commit funds for the specific activity (i.e. household and unit address) in the Integrated Disbursement and Information System (IDIS). It is required that the following information for homeowner rehabilitation activities be submitted to DCA to ensure that the proposed activity meets specific CHIP requirements:

- a. Homeowner Rehabilitation Assistance Activity Set Up Form (CA-4)
  - i. Agreement between Recipient and Homeowner
    - As evidenced by a copy of the Loan Agreement (CL-3) and the Promissory Note for Homeowner Rehabilitation Assistance (CL-4R)
    - Homeowner Rehabilitation Assistance Deed to Secure Debt (CL-1)
    - Notice of Commencement
    - Addendum to Construction Contract (CRA-10)
    - Copy of Current Certificate of Homeowner's Insurance
  - ii. Contract between the Homeowner and Contractor
    - Contractor's Work Write-up
  - iii. Proof of Contractor Clearance
  - iv. Proof of Lead Renovator Certification
  - v. Georgia Security and Immigration Compliance Act of 2006 (CC-2)

- vi. The Inspection/Risk Assessment Reports along with the Lead AND General Work Write Ups must be submitted to DCA PRIOR to soliciting bids from contractors. DCA will review each submission and provide a "Notice to Accept Bids" to the grantee. The Notice to Accept Bids must be retained in each case file

DCA will review the Homeowner Rehabilitation Assistance Activity Set-up Form (CA-4) documentation, identify any deficiencies, and communicate those deficiencies via email within five (5) business days of receipt at DCA. If there are no deficiencies, DCA will issue a Notice to Proceed Rehab Set-up within (5) business days of receipt of the complete Set-up package.

If a request is made for additional information, upon receipt, DCA will review and send a Homeowner Rehabilitation Assistance Activity Deficiency Determination email or issue a Notice to Proceed Rehab Set-up within five (5) business days. DCA will scan and send electronically or fax the Notice to Proceed Rehab Set-up to the Recipient and, if applicable, to their Administrator.

### 3 Lead based Paint Requirements for Homeowner Rehabilitation Activities

Please note that there have been changes to the Lead Safe Housing Rule. Effective April 2010, renovation firms must be certified. At least one certified renovator must be on the job site or available when work is being done. The certified renovator may be a certified lead based paint abatement supervisor who has completed the 4 hour Renovation, Repair and Painting Rule (RRP) Refresher course.

The RRP Training and Certification is good for 5 years, except in Georgia, where refresher training must be taken every 3 years.

DCA will not utilize its grant funds to pay for lead based paint testing and inspections on houses where CHIP funds will not be invested.

### 4. Homeowner Rehabilitation Revised Set-up Submission

- a. All revised Set up requests must be prepared on the Homeowner Rehabilitation Assistance Activity Set up Form (CA-4) by the Recipient and submitted via email or mail to DCA. Make sure you check the "Revision" box" on the upper left hand corner and provide the name and phone number of the person completing the form.
- b. DCA will review the Revised Homeowner Rehabilitation Assistance Activity Set up Form (CA-4) and accompanying documentation, identify any deficiencies, and, if necessary, communicate those deficiencies via email within five (5) business days of receipt at DCA. Once all information is received and reviewed, DCA will issue by fax or email to the Recipient and, if applicable, their Administrator the HUD IDIS confirmation page showing the updated changes within (5) business days of DCA's receipt of a complete set up package.

### 5. Homeowner Rehabilitation Set-up Cancellation Submission

- a. All cancelled Set up requests must be prepared on the Homeowner Rehabilitation Assistance Activity Set up Form (CA-4) and submitted by the Recipient and, if applicable, their Administrator. Submission can be email, mail, courier, or hand delivery to DCA. Make sure to check the cancellation box on the upper left hand corner of the Homeowner Rehabilitation Assistance Activity Set up Form. (CA-4).

- b. A canceled confirmation will be issued within (5) business days of receipt of the canceled setup request.

6. Requests to Exceed Maximum Amount of CHIP assistance

- a. For Amounts Up to 20% of the Original Set Up Amount: A Recipient may exceed the original set up amount for an individual housing unit by up to 20% without seeking DCA approval. In these instances, the Recipient and, if applicable, their Administrator must submit a revised Homeowner Rehabilitation Assistance Activity Set up Form (CA-4) with the following information:

- (1) CHIP Project Number
- (2) Name of Homeowner
- (3) Address of Unit
- (4) Revised HOME Cost
- (5) Accompanying Documentation
  - i. Homeowner Affidavit to Execute Amended Promissory Note (CL-A13)
  - ii. Contract between Homeowner and Contractor
    - \* Must include the Contractor Work Write-Up and Pictures

- b. For Amounts Over 20% of the Original Set Up Amount: A Recipient may not exceed the original set up amount for an individual housing unit by over 20% without seeking DCA approval. In these instances, the Recipient must submit a Request to Exceed Maximum letter clearly describing the reason for the increased request along with a revised Homeowner Rehabilitation Activity Set up Form (CA-4) with the following information:

- (1) CHIP Project Number
- (2) Name of Homeowner
- (3) Address of Unit
- (4) Revised HOME Cost
- (5) Accompanying Documentation
  - a. Narrative describing the reasoning behind the need for the increased assistance request
  - b. Homeowner Affidavit to Execute Amended Promissory Note (CL-A13)
  - c. Signed Change Order Amending the Contract between Homeowner and Contractor
  - d. Contractor's Work Write-Up
  - e. Pictures documenting the need for the revised scope of work

DCA will consider the request and, if approved, issue a Grant Notice. If the request is denied, DCA will issue a Homeowner Rehabilitation Assistance Activity Deficiency Determination email notification to the Recipient and/or Administrator for said grant.

Section 5. Drawing Funds for Homeowner Rehabilitation Assistance Activities

When a Recipient is ready to submit a request to receive funds, the Recipient must prepare and submit with supporting documentation to DCA a CHIP Project Drawdown Request Form (CA-2) or CHIP Admin Drawdown Request Form (CA-2b). The Project Drawdown Request Form must include project delivery costs, for which payment is requested and accompanied by supporting documentation of the cost. Recipients should note invoices that simply reference "project delivery costs" are not detailed or itemized and will not meet HUD's or DCA's requirements for detail and itemization. Instead, an itemized invoice for services rendered and or costs incurred must be with the invoice.

Each interim draw request must be accompanied with a schedule of work completed compared to the construction contract that is prepared by the contractor.

At the time of final construction draw, the Recipient and, if applicable, their Administrator must submit the following information and supporting documentation:

- a. CHIP Project Drawdown Request Form (CA-2)
- b. Homeowner Rehabilitation Assistance Activity Completion Form - (CA-5)
- c. Contractor and Subcontractor Information Form - (CR-2)
- d. Contract and Sub-Contractor Activity Report- (CR-3)
- e. Section 3 Report – (CC-1)
- f. Documentation of HOME Match Contribution Form - (CC-9)
- g. Homeowner Affidavit to Execute Amended Promissory Note (CL-A13)
- h. Deed to Secure Debt (if not provided during pre-setup and rehab set up (CL-1)
- i. Promissory Note for Homeowner Rehabilitation Assistance (CL-4R)
- j. Collateral Assignment (if not provided during pre set up or during set up phase) (CL-5)
- k. Contractor Certification of Work (CR-5)
- l. Owner's Satisfaction Statement (CR-7)
- m. Final Code Inspection by local code official (CR-9)
- n. Supporting Documentation
  - i. Final Schedule of Work Completed compared to the Construction Contract
  - ii. Agreement between Recipient and Homeowner
  - iii. Final Lien Waivers
  - iv. Pictures documenting completed work activity
  - v. Any additional documents that may be required by DCA

At the time of the final construction draw, the Recipient may request payment of administrative funds if funds were awarded as part of the Agreement. The amount requested may not exceed 2% of the funds drawn for the activity.

Upon DCA's determination that the documentation submitted with the CHIP Project Drawdown Request Form (CA-2) and/or CHIP Admin Drawdown Request Form (CA-2b) is complete, DCA will initiate within five (5) business days a formal request to HUD for funding. The Recipient should anticipate receipt of funds in their account within fourteen (14) business days from the time date stamped and entered into the mail-log.

If DCA determines that the documentation submitted with the CHIP Drawdown Request Form CA-2 and/or CA-2b is insufficient, DCA will contact the Administrator via email and telephone to inform them of the draw request deficiency.

#### Section 6. Setting-Up Activities for New Construction Assistance

DCA will be monitoring each activity to ensure its compliance with key programmatic requirements during the set-up phase of project implementation. All new construction activities are required to follow a two-step Activity Set-up process: (1) Activity Pre Set-up and (2) Activity Set-up.

##### 1.) Activity Pre Set-up

The New Construction Activity Pre Set-up process is designed to ensure that the housing unit and proposed development site(s) meet certain HOME requirements prior to the Recipient authorizing the development partner to begin contractor procurement activities. The Recipient must submit to DCA a Pre Set-up Information Form (CN-1) with required accompanying documentation for any unit proposed

for funding. It is suggested that items listed on the CN-1 be submitted in the order of the form for clarity and uniformity.

Upon review of the information submitted, as part of the pre set-up phase and DCA's determination that the information provided is compliant with CHIP requirements, DCA will issue a Notice to Proceed Pre Set-up to the Recipient that will include the assigned DCA Project Number for the activity. Following the receipt of this information, DCA will issue a Grant Notice clearing these special conditions. The Recipient may then notify their development partner that they are free to begin contractor procurement activities for the project.

If upon review and determination that the information provided is not compliant or is insufficient for DCA to complete its determination, DCA will issue a Pre Set-up Deficiency Determination e-mail to the Recipient identifying those areas that must be addressed.

When additional information has been submitted in response to a Pre Set-up Deficiency Determination notification, DCA will issue either an additional Pre Set-up Deficiency Determination phone call, and/or email to the Recipient or the CN-1. DCA will scan and send electronically via email this form to the Recipient. Pre Set-up requests can be submitted by the State Recipient via email or mail (preferred) to DCA.

## 2.) New Construction Activity Set-up

In order to receive a drawdown of funds from the CHIP grant, DCA must first commit funds for the specific activity (i.e. household and unit address) in the Integrated Disbursement and Information System (IDIS). It is required that the following information for homeownership activities be submitted to DCA to ensure that the proposed activity meets specific CHIP requirements:

- a. New Construction Activity Set-up and Completion Form (CN-2)
- b. Agreement between State Recipient and Developer
- c. Documentation of the procurement process including copies of the following:
- d. Notices to potential bidders about the project
- e. Bid Summary Sheet that compares each bid to the cost estimate
- f. Bid Control Sheet that documents summaries of each bid receive and includes signatures of those that attended the bid opening
- g. Contract between the Developer and Contractor
- h. Contractor's Work Write-up
- i. Notice of Commencement
- j. Addendum to Construction Contract (CR-A10)
- k. Proof of Contractor Clearance
- l. Proof of Lead Renovator Certification, if applicable
- m. Georgia Security and Immigration Compliance Act of 2006 (CC-2)
- n. Davis-Bacon wage rates, if applicable.

DCA will review the CN-2 documentation, identify any deficiencies, and communicate those deficiencies via email. If there are no deficiencies, DCA will issue a Notice to Proceed Set-up.

If a request is made for additional information, upon receipt, DCA will review and send a Homeowner Rehabilitation Assistance Activity Deficiency Determination email. DCA will scan and send electronically or fax this Notice to the Recipient

## 3.) New Construction Revised Set-up Submission

All revised set-up requests must be prepared on the CN-2 by the Recipient and submitted via email or mail (preferred) to DCA. Make sure you check the "Revision" box on the upper left hand corner and provide the name and phone number of the person completing the form.

DCA will review the revised CN-2 and accompanying documentation, identify any deficiencies, and, if necessary, communicate those deficiencies via email. Once all information is received and reviewed, DCA will notify the Recipient by email that the change has been approved.

#### 4.) New Construction Activity Set-up Cancellation Submission

All cancelled set-up requests must be prepared on the CN-2 and submitted by the Recipient. Submission can be submitted via email to DCA. Make sure to check the cancellation box on the upper left hand corner of the CN-2.

A canceled confirmation will be issued by DCA following the receipt of the canceled set-up request.

#### 5.) Requests to Exceed Original Set-up Amount

A State Recipient may not exceed the original set-up amount for an individual housing structure without seeking DCA approval. In these instances, the State Recipient must submit a cover letter clearly describing the reason for the increased request along with a revised CN-2 with the following information:

- a. IDIS Activity Number
- b. Address of Unit
- c. Revised HOME Cost
- d. Accompanying Documentation
- e. Narrative describing the reasoning behind the need for the increased assistance request
- f. Developer Affidavit to Execute Amended Promissory Note
- g. Signed Change Order Amending the Contract between Developer and Contractor
- h. Contractor's Work Write-Up
- i. Pictures documenting the need for the revised scope of work

DCA will consider the request and, if approved, issue a written notice. If the request is denied, DCA will issue a Homeownership Assistance Activity Deficiency Determination email notification to the Recipient and/or Administrator for said grant.

#### Section 7. Drawing Funds for New Construction Activities

When a Recipient is ready to submit a request to receive funds, the Recipient must prepare and submit to DCA a Project Drawdown Request Form (CA-2) with supporting documentation. The Project Drawdown Request Form must include project delivery costs, for which payment is requested and accompanied by supporting documentation of the cost. Recipients should note invoices that simply reference "project delivery costs" are not detailed or itemized and will not meet HUD's or DCA's requirements for detail and itemization. Instead, an itemized invoice for services rendered and or costs incurred must be with the invoice.

Each interim draw request must be accompanied with a schedule of work completed compared to the construction contract that is prepared by the contractor.

At the time of final construction draw, the Recipient must submit the following information and supporting documentation:

- o. Project Drawdown Request Form (CA-2)

- p. Activity Set-up and Completion Form (CN-2)
- q. Contractor and Subcontractor Information Form (CR-2)
- r. Contract and Subcontract Activity Report (CR-3)
- s. Section 3 Report (HSRC-1)
- t. Documentation of HOME Match Contribution (CC-9), if Recipient agreed to provide Match Contribution
- u. Homeowner Affidavit to Execute Amended Promissory Note (CL-A13)
- v. Deed to Secure Debt (CL-1) (if not provided during pre set-up and rehab set-up)
- w. Promissory Note (CL-AR)
- x. Contractor Certification of Work (CR-5)
- y. Owner's Satisfaction Statement (CR-7)
- z. Final Code Inspection by Local Code Official (CR-9)
- aa. Supporting Documentation
  - i. Final Schedule of Work Completed compared to the Construction Contract
  - ii. Agreement between Recipient and Home Buyer
  - iii. Final Lien Waivers
  - iv. Pictures documenting completed work activity
  - v. Any additional documents that may be required by DCA

At the time of the final construction draw, the Recipient may request payment only of what is needed to pay the contractor to complete the construction contract. Any payment of developer fees to the development entity and project delivery fees to the Recipient shall be made once the unit constructed has been sold to an income-eligible home buyer and all required documentation sent in. This documentation shall include the following:

- a. New Construction Set-up and Completion Form (CN-2)
- b. Homeowner income eligibility form (CC-8)
- c. Citizenship form (CC-3 and CC-4)
- d. Conflict of interest (CC-6)
- e. Use as primary residence (CC-7)
- f. Deed to Secure Debt executed between the Recipient and home buyer (CL-A11)
- g. Loan Agreement (CL-A12)
- h. Promissory Note (CL-AD)
- i. HOME Grant Agreement (CL-2)
- j. The calculations of the Recipient showing how the appropriate amount of home buyer subsidy was determined as per their approved policies.

Upon DCA's determination that the documentation submitted with the CN-2 is complete, DCA will initiate a formal request to HUD for funding. **The Recipient should anticipate receipt of funds in their account within fourteen (14) business days from the date of receipt by DCA.**

If DCA determines that the documentation submitted with the CN-2 is insufficient, DCA will contact the State Recipient via email and telephone to inform them of the draw request deficiency.

DCA will be monitoring each activity to ensure its compliance with key programmatic requirements during the set-up phase of project implementation. The processes used to ensure programmatic compliance will be based on the activity being implemented – homeowner rehabilitation assistance.

#### Section 8. Drawing Funds for New Construction Activities

When a Recipient is ready to submit a request to receive funds, the Recipient must prepare and submit with supporting documentation to DCA a CHIP Project Drawdown Request Form (CA-2) or CHIP Admin

Drawdown Request Form (CA-2b). The Project Drawdown Request Form must include project delivery costs, for which payment is requested and accompanied by supporting documentation of the cost. Recipients should note invoices that simply reference "project delivery costs" are not detailed or itemized and will not meet HUD's or DCA's requirements for detail and itemization. Instead, an itemized invoice for services rendered and or costs incurred must be with the invoice.

Each interim draw request must be accompanied with a schedule of work completed compared to the construction contract that is prepared by the contractor.

At the time of final construction draw, the Recipient and, if applicable, their Administrator must submit the following information and supporting documentation:

- a. CHIP Project Drawdown Request Form (CA-2)
- b. Homeowner Rehabilitation Assistance Activity Completion Form - (CA-5)
- c. Contractor and Subcontractor Information Form - (CR-2)
- d. Contract and Sub-Contractor Activity Report- (CR-3)
- e. Section 3 Report – (CC-1)
- f. Documentation of HOME Match Contribution Form - (CC-9)
- g. Contractor Certification of Work (CR-5)
- h. Owner's Satisfaction Statement (CR-7)
- i. Final Code Inspection by local code official (CR-9)
- j. Supporting Documentation
- k. Final Schedule of Work Completed compared to the Construction Contract
- l. Agreement between Recipient and Homeowner
- m. Final Lien Waivers
- n. Pictures documenting completed work activity
- o. Any additional documents that may be required by DCA

At the time of the final construction draw, the Recipient may request payment of administrative funds if funds were awarded as part of the Agreement. The amount requested may not exceed 2% of the funds drawn for the activity.

Upon DCA's determination that the documentation submitted with the CHIP Project Drawdown Request Form, CA-2 and/or CHIP Admin Drawdown Request Form, (CA-2b), is complete, DCA will initiate within five (5) business days a formal request to HUD for funding. **The Recipient should anticipate receipt of funds in their account within fourteen (14) business days from the time date stamped and entered into the mail-log.**

If DCA determines that the documentation submitted with the CHIP Drawdown Request Form CA-2 and/or CA-2b is insufficient, DCA will contact the Administrator via email and telephone to inform them of the draw request deficiency.

#### Section 9. General Banking Requirements

A Recipient must place all funds received from GHFA into a separate, non-interest bearing local CHIP Housing Account (CHIP Account). Any funds contributed as a minimum balance required by the banking institution must be non-CHIP funds.

All funds placed in the local CHIP Account must be expended (checks written and distributed to the appropriate vendor or other payee) within seven (7) business days of receipt of the funds from DCA. All funds not disbursed for costs associated with an activity must be mailed to DCA within this seven (7) business day period.

Any funds returned to GHFA must be returned to the United States Treasury through the U.S. Department of Housing and Urban Development. DCA cannot control the timing of the application of these funds by HUD to the Recipient's grant.

Any disbursements attempted by DCA that fail to be deposited in the Recipient's bank account as a result of inaccurate wiring instructions provided by the Recipient at time of draw will result in a \$40 reduction in the administrative funds paid to the Recipient for the activity and a corresponding reduction in the administrative grant available to the Recipient. If an administrative grant is not awarded, the Recipient will be invoiced \$40.00 for each failed attempt.

All payments will be made using either a wire transfer or an Automated Clearing House (ACH) transaction unless very limited, special circumstances require a manual check.

#### Section 10. Program Implementation Timeframe

Completion of program activities within the timeframe established by the Program Description and noted in your Agreement is extremely important since future funding decisions will take into account timely implementation. DCA reserves the right to deny any Recipient following year funding request if an acceptable level of a current year's program award has not been drawn down.

Do not delay in getting started – housing program administration is not easy and requires long lead times to accomplish goals.

#### Section 11. Reporting and Monitoring Your Program's Progress

Recipients must constantly monitor their own performance to insure timeframes are being met and to control the quality of the product being delivered. Any problems, delays, or adverse conditions that will affect the Recipient's ability to meet its stated goals should be reported to DCA immediately.

##### *Program Reporting*

The majority of information required by DCA for its annual reporting requirements to HUD will be submitted at the activity level as projects are completed. However, the Recipient must provide additional program reports or information to DCA on an "as needed basis."

##### *Program Monitoring*

As a result of its program set up and draw requirements, DCA will continually monitor each Recipient's progress in carrying out their program activities. As a part of DCA's pre-set up process, recipients must submit verification of income, property ownership, owner occupancy, property type and value, property standards, loan and grant documentation, construction documentation, environmental screening, reconciliation of CHIP checking account, source documentation for all invoices and other financial management review.

Prior to any monitoring visit, DCA will inform grantee via correspondence the date, time, and type of monitoring visit as well as location of the visit. DCA will issue a notice to any Recipient who is significantly behind on the program's implementation scheduled described in the Program Description. In addition, DCA will make site visits to Recipients as frequently as necessary to provide technical assistance. DCA will monitor the following federal requirements:

- a) Subsidy Layering – DCA conducts a subsidy layering review at the time of project set-up. Prior to approving the set up of a project, proposed source of funding is examined and cost reasonableness is determined.
- b) Environmental Review – DCA requires each Recipient to submit a site specific environmental assessment for all proposed project sites prior to approving a set up. The level of review required is predicated upon the type of activity proposed, but at a minimum will include historic preservation, lead-based paint, wetlands, floodplains, site and neighborhood, uniform relocation, and toxic sites. The pre-set up process allows DCA to monitor the clearance of environmental concerns prior to the commitment of HOME funds for that activity.
- c) Uniform Relocation Act – Compliance with acquisition and relocation requirements is monitored during the pre-set up phase of the project. Recipients, when administering down payment assistance activities, are monitored to ensure the property is acquired properly and does not trigger relocation requirements. Owner occupied rehabilitation is not eligible for relocation assistance under CHIP; however, if the level of work requires the family to temporarily vacate their residence, the Recipient is responsible to cover relocation expenses. DCA monitors the recipient's process for relocating the affected families.
- d) Other Federal Requirements – DCA requires Recipients to adopt DCA's Policies and Procedures and Rehabilitation standards that document the Recipient's process for compliance. Recipients are required to provide complete details of their contracting requirements, Minority Business Enterprise and Women Business Enterprise Outreach Plan, Affirmative Fair Housing Marketing Plan, and Section 3 Plan. These requirements must be cleared prior to DCA entering into an agreement to commit funds to the recipient.

Periodically, DCA issues CHIP policy memoranda to all active Recipients and Administrators providing clarification of CHIP programmatic issues and/or to provide updates.

In addition to technical assistance visits, DCA will also review each Recipient record and conduct housing inspections to ensure that all applicable state and federal requirements are being met. Generally, a letter will be sent shortly after each monitoring visit to provide feedback about both positive aspects of the program as well as to discuss solutions to any problems noted during the monitoring visit.

#### Section 12. Avoiding Conflicts of Interest

Whenever a Recipient is directly contracting for goods and services, the entity must comply with the Conflict of Interest provision in 24 CFR §85.36, 24 CFR, and §84.4224 CFR §92.356.

Whenever the Recipient is not a direct party to a contract, the following Conflict of Interest provisions apply:

- A. Conflicts prohibited. No persons described in Paragraph B below who exercise or have exercised any functions or responsibilities with respect to activities assisted with CHIP funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOMECHIP-assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or in the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- B. Persons Covered. The conflict of interest provisions of Paragraph A above apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the

state, or of a unit of general local government, or of any designated public agencies, or recipients that are receiving or administering CHIP funds.

1. Definition of Family or Business Ties. DCA defines the meaning of the term “family or business ties” as follows:

- Family: “A group of people related by ancestry or marriage; relatives.”
- Business: “The buying and selling of commodities and services; commerce, trade.”
- Ties: “Something that connects, binds or joins; bond; link.

C. Exceptions: Upon written request, DCA may grant an exception to the provisions of Paragraph A above on a case-by-case basis, **before federal funds are committed to an activity at Set up**, when it determines that the exception will serve to further the purposes of CHIP. To seek an exception, a written request for an exception must be submitted to DCA by the Recipient that:

1. Fully discloses the conflict or potential conflict of interest, prior to the unit of government undertaking any action which results or may result in a conflict of interest, real or apparent;
2. Describes how the conflict of interest was publicly disclosed; and,
3. Includes a written opinion of the Recipient attorney that the interest for which the exception is sought would not violate state or local law.

D. Factors to be considered for exceptions: In determining whether to grant a requested exception after the Recipient has satisfactorily met the requirement of Paragraph D, DCA will consider the cumulative effect of the following factors, where applicable:

1. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
2. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such a person to receive generally the same interests or benefits as are being made available or provided to the group or class;
3. Whether the affected person has withdrawn from his or her function or responsibilities, or the decision making process with respect to the specific assisted activity in question;
4. Whether the interest or benefit was present before the affected person was in a position as described in Paragraph B;
5. Whether undue hardship will result either to the Recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and,
6. Any other relevant considerations presented to DCA;
7. Owners and Developers. No owner, developer or sponsor of a project assisted with CHIP funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit may occupy a CHIP-assisted affordable housing unit in a project. Any exceptions must be approved in advance by DCA and then only when the Recipient can demonstrate to DCA that the exception will serve to further the purposes of CHIP.

This provision does not preclude an income eligible, volunteer/owner participating in the construction of a single-family dwelling unit as part of a self-help homeownership program (e.g. Habitat for Humanity) when the individual is not an official, employee, agent, or consultant of the developer.

**NOTE:** If you have any questions regarding who may or may not be covered under the conflict of interest provisions above, please call DCA immediately to discuss such matters **prior to** entering into contracts or disbursing money. Also, please see DCA's required "Certification as to Conflict of Interest" (CC-6). **It is important to remember that any exceptions to the conflict of interest regulations must be approved by HUD.**

### Section 13. Amendments, Budget Revisions, and other Adjustments to Your Program

#### Award Adjustment

Recipients that are approved for an award adjustment for project-related funds will also receive a corresponding percentage adjustment of administrative funds.

#### Program Amendment

Recipients must request a program amendment and receive prior approval from DCA in the following instances:

1. If the addition of a new activity or deletion of an approved activity is proposed;
2. If any activity is proposed that deviates from any designated target areas or targeted client population;
3. If a revision is proposed which will result in a transfer between approved budget activities or in a change in any activity's budget allocation of an amount; and,
4. If the Recipient plans to deviate from the planned number of stick-built or modular homes for a homeowner rehabilitation activity and undertake, in lieu of stick-built homes, the rehabilitation of owner-occupied manufactured housing,
5. If the target area changes. (Will need to amend the lower portion of the CHIP-2 form ("Poverty Statistics by Census Tract") included in your original application to identify all of the census tracts that will be included in the revised program target area and identify the corresponding percentage of persons in poverty for each census tract. Please also include a map to identify the new target area.

A request for program amendment must provide sufficient narrative information to adequately explain and justify the proposed amendment. The narrative request must delineate the proposed adjusted program budget and not just the proposed changes. If applicable, the narrative request must be accompanied by a revised target area map and a revised budget if applicable.

If the proposed amendment is approved or denied, DCA will issue a CHIP Grant Notice and, if approved with an amended Appendix A – Use of Grant to the original Agreement if applicable.

#### Request to Exceed Maximum:

All requests to exceed the Recipient's maximum of assistance as set forth in the Recipient's approved award must be forwarded by mail to DCA for review, approval or denial. This includes the cost of lead hazard control activities, increased costs due to change orders and other increases in cost that necessitates a request to exceed the maximum amount of CHIP funds by activity.

All requests to exceed maximum must include a cover letter describing the justification for the request.

If the request to exceed maximum is due to the cost of lead hazard control activities, the request must include the following:

1. The regular rehabilitation work write-up and cost estimate;
2. The lead based paint risk assessment report, if applicable; and,
3. Lead hazard reduction work write-up and cost estimate, based on the results of the lead based paint risk assessment.

CHIP Request to Exceed Maximum letters should be emailed to: [CHIP@dca.ga.gov](mailto:CHIP@dca.ga.gov)

DCA will either approve or deny the request to exceed maximum by issuing a Grant Notice.

#### Section 14. Keeping Records for Your Program

The Recipient must maintain financial and programmatic records covering all financial transactions and demonstrating compliance with all HOME regulations and other state requirements in an accessible manner for a minimum of five (5) years from the date of program close-out except under the following circumstances:

1. Records pertaining to projects which have an applicable affordability period must be maintained for five (5) years after the end of the affordability period;
2. Written agreements must be retained for five (5) years after the agreement terminates;
3. Records pertaining to displacement and relocation must be maintained for five (5) years after the last payment is made to which the displaced or relocated persons are entitled in accordance with §92.353; and,
4. Records pertaining to any disputes, appeals, etc., must be kept until the dispute is resolved or the regular retention period has expired, whichever is later.

The Recipient must provide citizens, public agencies, and other interested parties with reasonable access to records, consistent with applicable state and local laws regarding privacy and obligations to confidentiality.

The State of Georgia, HUD, the Comptroller General of the United States, and any of their representatives have the right to access any pertinent books, documents, papers, or other records of the Recipient in order to make audits, examinations, excerpts, and transcripts.

At program close-out or at any point in time should an Administrator and a Recipient terminate their contractual agreement, all records related to the grant must be turned over to the Recipient. The Recipient should include this provision as part of any agreement with an Administrator. The Administrator and Recipient should jointly sign a letter of transmittal acknowledging the transfer of the records from the Administrator to the Recipient.

#### Section 15. Closing Out Your Program

There are two levels of close-out under CHIP: Activity Close-Out and Program Close-Out.

- A. Activity Close-Out. Activity close-out must be completed at time of final draw.

B. Program Close-Out. Within thirty (30) days of payment of all CHIP-funded costs (with the exception of any unsettled third-party claims), the Recipient should inform DCA that the locally administered program using CHIP funds is ready for close out and when the next annual audit is scheduled. The following shall be used by DCA and the Recipient:

1. DCA may conduct a close out review to monitor program and project records for compliance with HOME regulations including reconciliation of draw down records, outstanding monitoring issues, unused funds return, administrative draws, case file reviews, Section 3 compliance, Fair Housing and Equal Opportunity, and record retention.
2. After review and final resolution of any findings, DCA will notify the Recipient of conditional Close-out pending receipt of an acceptable final audit per the requirements of Chapter 4 – Financial Management.
3. Upon receipt of an acceptable final audit, DCA will issue the Recipient a final close-out notice.

#### Section 16. Sanctions

A. Whenever DCA determines that a Recipient has failed to comply with the CHIP requirements, DCA shall notify the Recipient of the noncompliance and shall request appropriate compliance action. If within a reasonable period of time determined at DCA's sole and absolute discretion the Recipient fails or refuses to comply, DCA may:

1. Refer the matter to the Attorney General with a recommendation that an appropriate action is instituted;
2. Terminate payments to the Recipient;
3. Require repayment of funds spent improperly;
4. Reduce payments to the Recipient by an amount equal to the amount that such payments were not expended in accordance with CHIP requirements;
5. Prohibit the Recipient from participation in future DCA funding opportunities, including those not affiliated with CHIP;
6. Limit the availability of payments to programs or activities not affected by such failure to comply; or,
7. Take such other action as may be provided by law, regulation or program policies.

B. Opportunity for Consultation. Prior to a reduction, withdrawal, or adjustment of a grant or other appropriate action taken pursuant to Paragraph A of this section, the Recipient shall be notified of such proposed action and be given an opportunity within a prescribed time period for a consultation.

### **Chapter 2 – Meeting the Federal Requirements in Administering CHIP Funds**

The following sections provide additional details regarding some of the most important other federal requirements for both Recipients.

#### Section 1. Environmental Review Requirements

The Federal regulation governing the environmental review process is 24 CFR Part 58 "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities" and can be found on the Web at: [http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_8699.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_8699.pdf).

A Recipient may not obligate, drawdown, or expend funds for a covered activity until DCA has issued a Tier One Approval Letter and Authority to Grant Funds.

The Recipient's Certifying Official is responsible for ensuring that all environmental requirements are met and must sign any official environmental documents. The Certifying Official must be the chief elected officer or a person designated as the Certifying Official by resolution of the governing body.

**The Environmental Review Record (ERR):** Each locally administered program using CHIP funds must have a written record of the environmental review undertaken. The purpose of this file is to document that the Recipient has complied with all environmental laws and regulations and considered the environmental effects of the project prior to committing funds for construction.

**This written record or file is called the "Environmental Review Record" (ERR) and must be available for public review.** The ERR must contain a description of the program and of each of its activities, as well as any other document, notice or information, and public comments received pertinent to the environmental review carried out by the Recipient. The ERR will vary in length and content depending upon whether the activities are exempt from all environmental reviews, categorically excluded from NEPA requirements, are found to have no significant impact on the environment, or require preparation of a full environmental impact statement.

The Environmental Review Record generally will contain the following documents:

Homeowner Rehabilitation Assistance or New Construction Activity:

Tier One Review:

- Environmental Assessment Format II and attachments (maps, plans, etc).
- Finding of Exemption for grant administration activities.
- Copies of Environmental Public Notices (including proof of publication):
  - Notice of Intent to Request Release of Funds (NOIRROF) or
  - Concurrent Notice of the Finding of No Significant Effect and Notice of Intent to Request Release of Funds,
  - Comments received pursuant to the Public Notices and the response from the local government.
- Tier One Approval Letter and Authority to Grant Funds

Tier Two Environmental Review:

- Site Specific Environmental Screening Checklist for each address assisted
  - Notice of Early Public Review (if Floodplains and Wetlands are affected)
  - Notice of Explanation (if floodplains and wetlands are affected)
- Notice to Proceed Pre-Set up and Set-up

Section 2. Relocation

Temporary Relocation of Homeowners Whenever primary services (electrical, plumbing, HVAC) are interrupted for a 24-hour period or longer and whenever the scope of rehabilitation constitutes a threat to the health and safety of any resident during rehabilitation, it is the responsibility of the Recipient to require the homeowner to temporarily relocate to another dwelling unit. **CHIP funds may not be used to cover the relocation costs of any CHIP-assisted homeowner.**

Section 3. Housing Loan Program Regulations

Whenever the Recipient operates a loan program on behalf of homeowners or home buyers, all federal Fair Lending and Equal Credit Opportunity laws are in effect. In addition, depending on the type of financial assistance being offered, the following lending regulations may apply to the CHIP-funded program:

- A. The Truth in Lending Act (Regulation Z), Title I of the Consumer Credit Protection Act, 15 U.S.C.A. 1601. This federal law requires lenders (including State Recipients and Sub-recipients) to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate and other charges. A Truth in Lending Disclosure Statement must be conveyed to the borrower within three (3) business days after the lender's (including State Recipients and Sub-recipients) receipt of a written application. This is considered "early disclosure." A final disclosure statement of the terms of the loan, especially the amount of interest paid over the life of the loan.
- B. Equal Credit Opportunity Act, 15 U.S.C. 1601 et seq. Regulation B was issued by the Board of Governors of the Federal Reserve System to implement the provision of the Equal Credit Opportunity Act (ECOA). The law was enacted in 1974 to make it unlawful for creditors to discriminate in any aspect of a credit transaction on the basis of sex or marital status. In 1976, through amendments to the Act, it became unlawful to also discriminate on the basis of race, color, religion, national origin, age, receipt of public assistance and the good faith exercise of rights under the Consumer Credit Protection Act.

The primary purpose of the ECOA is to prevent discrimination in the granting of credit by requiring banks and other creditors to make extensions of credit equally available to all creditworthy applicants with fairness, impartially and without discrimination on any prohibited basis. The regulation applies to consumers and other types of credit transactions.

- C. Real Estate Settlement Procedures Act (RESPA). RESPA requires the use of the HUD 1 Settlement Statement, and requires lenders to give borrowers advance notice of closing costs.

Additionally, DCA recommends that all loan closing documents be reviewed by a local attorney knowledgeable about real estate and lending transactions. This review may occur as part of an initial review of form documents during program start-up. Real estate transactions involving Security Deeds, Restrictive Covenants, and other forms of secured loans must be conducted by a closing attorney who is acceptable to both the Recipient and the borrower. In order to gain financial efficiency, DCA recommends that the attorney selected to close any other financing required for the project also be retained to simultaneously close the CHIP loan.

#### Section 4. Labor Standards

The Copeland Anti-Kick Back Act generally prohibits federal contractors or subcontractors engaged in building construction or repair from inducing an employee to give up any part of the compensation to which he or she is entitled under his or her employment contract and requires such contractors and subcontractors to submit weekly statements of compliance.

The regulations pertaining to Copeland Act payroll deductions and submittal of the weekly statement of compliance apply only to contractors and subcontractors performing on federally funded contracts in excess of \$2,000 and federally assisted contracts in excess of \$2,000 that are subject to federal wage standards.

#### Section 5. Fair Housing and Equal Opportunity (FH&EO)

Several laws and executive orders address discrimination and economic opportunity. State Recipients and Sub-recipients must certify that they will conduct program activities in accordance with these federal mandates. The following federal and state requirements apply to CHIP-funded activities programs:

- A. Title VI of the Civil Rights Act of 1964, 42 U.S.C. §2000d. Title VI and implementing regulations, as amended, prohibits discrimination on the basis of race, color, national origin, religion, or sex, in program participation or the receipt of program benefits which are funded in whole or in part with federal funds, including CHIP.
- B. Title VIII of Civil Rights Act of 1968, 42 U.S. C. §3601 et seq. Title VIII and implementing regulations as amended, prohibits discrimination in the sale, rental, or financing of a dwelling to any person because of race, color, religion, sex, national origin, handicap, or family status.
- C. The Federal Fair Housing Act, 42 U.S.C. §3601 et seq. 1968 and the Georgia Fair Housing Act, O.C.G.A. §8-3-200 et seq). The Fair Housing Acts requires Recipient to affirmatively further fair housing and provide protection against the following acts, if they are based on handicap, race, color, religion, sex, national origin, or family status:
  - 1. Refusing to sell or rent to, deal or negotiate with any person per Section 804(a);
  - 2. Discriminating in terms or conditions for buying or renting Housing per Section 804(b);
  - 3. Discriminating by advertising that housing is available only to persons of certain family status, race, color, religion, sex, or national origin per Section 804(c);
  - 4. Denying that housing is available for inspection, sale or rent when it really is available per Section 804(d);
  - 5. "Blockbusting" – persuading owners to sell or rent housing by telling them that minority groups are moving into the neighborhood per Section 804(e);
  - 6. Denying to anyone the use of or participation in any real estate services, such as broker's organizations, multiple listing services or other facilities related to the selling or renting of housing per Section 806;
  - 7. Denying or making different terms or conditions for home loans by commercial lenders, such as banks, savings and loan associations and insurance companies per Section 805;
- D. Affirmative Marketing. In order to affirmatively further fair housing practices in accordance with the HOME Act and 24 CFR §92.351, State Recipients and Sub-recipients must develop and adopt an Affirmative Fair Housing Marketing Plan outlining marketing procedures and requirements which provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The Affirmative Fair Housing Marketing Plan must conform to the guidelines provided in this manual and must be approved by DCA prior to initiation of the program by the Recipient.

For more information on writing and adopting your plan, please contact CHIP staff directly or by email at [CHIP@dca.ga.gov](mailto:CHIP@dca.ga.gov).

- E. Executive Order 11063 – Equal Housing Opportunity, as amended by Executive Order 12259. A Recipient must take all action necessary and appropriate to prevent discrimination based on race,

color, religion, creed, sex, national origin, familial status or disability in the sale, rental, leasing or other disposition of residential property and related facilities, or in the use or occupancy thereof, where such property or facilities are owned or operated by the Federal Government, or provided with CHIP funds and in the lending practices with respect to residential property and related facilities of lending institutions insofar as such practices relate to loans insured, guaranteed or purchased by the U.S. Department of Housing and Urban Development (HUD).

F. Executive Order 11246 – Equal Employment Opportunity, as amended by Executive Order 11375.

The Recipient must agree to the following provisions:

1. Take affirmative action to ensure that applicants and employees are not discriminated against on the basis of race, color, religion, sex, or national origin;
  2. Post government supplied notices containing the provisions of this Section;
  3. State in all advertising that applicants will be considered without regard to race, color, religion, sex, or national origin;
  4. Send notices to appropriate labor unions advising them of the Recipient's commitments and to post copies of these notices;
  5. Comply with all the provisions of Executive Order 11246 along with all of the rules, regulations and relevant Orders of the Secretary;
  6. Furnish information and reports as required by the Order and the relevant rules, regulations and Order of the Secretary and permit access to materials for the purposes of investigating the employer's compliance with the rules, regulations and order;
  7. Submit to the possible cancellation, termination, or suspension of the CHIP-funded program, or to being declared ineligible for future government contracts in the event of noncompliance with this Section or the applicable regulations;
  8. Submit to the other sanctions provided for by this Order and the applicable rules, regulations and orders of the Secretary or as otherwise provided by law; and,
  9. Include this Section in all non-exempt subcontracts.
- G. Minority Business Enterprise Executive Orders 11625, 12432 and 12138. State Recipients and Sub-recipients must make reasonable efforts to encourage the use of minority and women-owned business enterprises (MBE/WBE) in CHIP funded projects. State Recipients and Sub-recipients are required to complete and submit a MBE/WBE Outreach Plan for DCA's approval prior to initiating program implementation.

For more information on writing and adopting your plan, please contact CHIP staff directly or by email at [CHIP@dca.ga.gov](mailto:CHIP@dca.ga.gov).

- H. Age Discrimination Act of 1975, 42 U.S.C. §6101-07. This Act and its implementing regulations, as amended, prohibit discrimination against any person on the basis of age.
- I. Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794. Recipient must comply with Section 504 of the Rehabilitation Act of 1973, as amended and HUD published implementing regulations (24 CFR Part 8) as a Final Rule on June 2, 1988. The general requirement is that no otherwise qualified

individual with handicaps shall, because a Recipient facilities are inaccessible to or unusable by individuals with handicaps, be excluded for participation in, denied benefits, or otherwise be subjected to discrimination under any program or activity that receive CHIP assistance. The definition of handicapped includes physical and mental factors and also includes those who may be regarded as handicapped. Building accessibility and employment practices are governed by Section 504.

- J. Americans with Disabilities Act of 1990 (ADA, 42 U.S.C. §12116 et seq.). This Act prohibits discrimination in employment on the basis of disability (Title I) and prohibits discrimination on the basis of disability in state and local government services (Title II). Transitional housing must be in compliance with Title III of the ADA including but not limited to the Americans with Disabilities Act Accessibility Guidelines (ADAAG).
  
- K. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. §171U et seq.). This Act requires that, to the greatest extent feasible, opportunities for training and employment arising in connection with planning and carrying out any program grant assisted with HOME funds that receives in excess of \$200,000 (or in excess of \$100,000 to a single contractor) in Federal Funds, be given to low-income persons residing within the program service area. In addition, to the greatest extent feasible, contracts for work (of all types) to be performed in connection with any project must be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, maintenance or repair, which are located in or owned in substantial part by persons residing in the program service area. State Recipients and Sub-recipients are required to develop a Section 3 Plan for DCA's approval prior to initiating program implementation. If the grant is for down payment only, the Section 3 requirement does not apply. However, if the grant is for down payment and rehabilitation, then the Section 3 requirements apply.

For information on DCA's Fair Housing Statement, see [www.dca.ga.gov/main/Fairhousing.asp](http://www.dca.ga.gov/main/Fairhousing.asp)

For more information on writing and adopting your plan, please contact CHIP staff directly or by email at [CHIP@dca.ga.gov](mailto:CHIP@dca.ga.gov).

### **Chapter 3 – Written Agreements**

#### **Section 1. Written Agreements and Contracts**

Before disbursing any HOME funds to any entity, a Recipient must either enter into or oversee the execution of written agreements with that entity, including administrators, contractors, and property owners, that ensure the proper use of HOME funds and compliance with applicable HOME regulations.

The following must be covered in all written agreements:

- A. Written Agreement between Recipient and Administrator. If the Recipient selects a contractor ("Administrator") through applicable procurement procedures and requirements to administer all or a portion of its CHIP funds, the Administrator must provide goods or services in accordance with a written agreement (the contract). The contract must include at a minimum the following provisions:
  - 1. Use of the HOME funds. The agreement must describe the use of the HOME funds, including the tasks to be performed, a schedule for completing the tasks, a budget, and length of the agreement.

2. Program Requirements. The agreement must provide that the Administrator is subject to the requirements of 24 CFR Part 92 that are applicable to Participating Jurisdiction, except that §92.505 and §92.506 do not apply, and the Administrator cannot assume the Participating Jurisdiction's responsibilities for environmental review or decision making and action under 24 CFR §92.352. Where the Administrator is administering only a portion of the program, the agreement must list the requirements applicable to the activities the Administrator is administering.

B. Home Buyer and Homeowner Written Agreements.

1. Home Buyers: The Recipient must enter into a written agreement that conform to the requirements in 24 CFR §92.254 (a) including the value of the property, principal residence, lease-purchase, if applicable, and the recapture provisions. The agreement must specify the amount of the HOME funds, the form of assistance (e.g., grant, down payment, amortizing loan, deferred payment loan, the use of the funds (e.g., down payment, closing costs, rehabilitation) and the time by which the housing must be acquired.

The Recipient and the Borrower will execute up to eight documents in connection with the CHIP assistance:

- a. Grant Agreement (CL-2)
- b. Promissory Note for Down Payment Assistance Activity (CL-4D)
- c. Collateral Assignment Agreement (CL-5)
- d. The Truth-in-Lending-Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) disclosure forms
- e. Down Payment Assistance Subordinate Deed to Secure Debt (CLA-11)
- f. Down Payment Assistance Loan Agreement (CLA-12)
- g. Real Estate Note (CL-A10)
- h. Estoppel Certificate, if applicable

The required CHIP Loan/Grant documents for Home Buyer Assistance activities are provided in this Manual. (See Tab "Loan Documents")

2. Homeowners:

The Recipient must enter into a written agreement that conform to the requirements in 24 CFR §92.254(b) and specify the amount and form of assistance, rehabilitation work to be undertaken, date for completion, and property standards to be met.

The Recipient and the Borrower will execute ten documents in connection with a CHIP homeowner rehabilitation or re-construction project:

- a. Homeowner Rehabilitation Assistance Deed to Secure Debt (CL-1)
- b. Grant Agreement (CL-2)
- c. Homeowner Rehabilitation Assistance Loan Agreement (CL-3)
- d. Promissory Note for Homeowner Rehabilitation Assistance (CL-4R)
- e. Collateral Assignment Agreement (CL-5)
- f. The Truth-in-Lending-Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) disclosure forms
- g. Homeowner Notice of Right to Rescind (CL-9)
- h. Homeowner Rehabilitation Real Estate Note (CLA-10)

- i. Homeowner Affidavit to Execute Amended Promissory Note (CLA-13)
- j. Estoppel Certificate, if applicable

The required CHIP Loan/Grant documents for Homeowner Rehabilitation Assistance activities and are provided in this Manual. (See Tab "Loan Documents")

- C. Contract between the Construction Contractor and the Homeowner: This agreement must be between the homeowner and a company that is providing construction services. This document should contain provisions that define a sound and complete agreement including pricing, timeframes, general conditions, (job site behavior, insurance requirements, licensing, draw procedures, change order procedures, warranties, retainage and contingency, etc), scope of work (work write-up), material specifications and minimum workmanship, subcontractor requirements (licensed trades, etc.) and any other local requirements. In order to cover CHIP regulatory issues, the DCA Addendum to Construction Contract CRA10 must be added to all construction contracts.

#### **Chapter 4 - Financial Management**

The financial management and administration of CHIP funded programs is regulated by the HOME Act and four federal circulars: Governmental entities are covered under 24 CFR Part 85 (The "Common Rule" – See Appendix R for the copy of the rule) and OMB Circular A-87; and Non-profit (sub-recipients) under OMB Circular A-122 and 24 CFR part 84.

This chapter attempts to clarify the requirements contained in the regulations and federal circulars. In addition, suggested formats and procedures have been included whenever appropriate.

##### **Section 1. Financial Management System – General Requirements**

- A. Provide accurate, current, and complete disclosure of the financial activities funded by CHIP awards and adequately meet the reporting goals set forth in Chapter 1, Section 11 of this Manual – "Monitoring and Reporting Your Program's Progress." Financial records should be established and maintained in such a manner as to facilitate the reporting and monitoring of expenditures and obligations for each housing unit receiving assistance under your local program.
- B. Maintain records on an activity by activity basis that identify clearly and adequately the source and application of funds of all CHIP funded activities.
- C. Maintain effective control over and accountability for all funds, property, and other assets, safeguarding these assets and insuring that they are used solely for authorized purposes.
- D. Provide comparison of actual expenditures to budgeted expenditures;
- E. Include procedures to minimize the time elapsing between the drawdown of funds from DCA and the disbursement of those funds by the Recipient within seven (7) business days or less.
- F. Provide procedures for ensuring the reasonableness, allocability and allow ability of cost in accordance with OMB Circular A-87 (or A-122 for Sub-recipients) and the applicable grant award;
- G. Include source documentation to support the accounting records.

- H. Provide for audits made by qualified and independent audit firms of established management systems and internal control procedures. An audit shall be conducted annually and in accordance with Section 7 of this chapter entitled "Audit Requirements."
- I. Maintain source documents (appropriation ordinances, purchase orders, invoices, journal vouchers, cash receipts, banks deposit receipts, etc.) that support all financial transactions relating to CHIP funded activities.
- J. Maintain accounting records that make it possible to identify the source and application of all funds committed to CHIP-supported activities. Local contributions to the program and income applied to the program should also be clearly identified.
- K. Include procedures to ensure that sound internal accounting controls are maintained over financial transactions and that effective control is maintained to safeguard physical assets.
- L. Ensure that costs incurred in CHIP activities are allowable only under the following conditions:
  - 1. The award has been properly accepted as described in Chapter 1, Section 1 of this Manual;
  - 2. Costs are incurred on or after the date of receipt of Tier One Environmental Clearance or receipting of a Finding of Exemption.
  - 3. Costs are accounted for in accordance with Generally Accepted Accounting Principles (GAAP) and are not prohibited by Federal, State or local laws:
  - 4. Costs are authorized in the award made by GHFA;
  - 5. Costs are incurred for activities eligible under CHIP;
  - 6. All appropriate credits have been applied;

## Section 2. Suggested Accounting Procedures

### A. Organization of the Accounting System

- 1. One individual should be designated to oversee the financial transactions related to CHIP. This individual, who serves as fiscal coordinator, should approve all purchase documents, contract invoices, payroll actions, etc. that affect CHIP funds; however, this person should not perform the disbursing and recording functions which are typically accomplished by the accounting staff.
- 2. The CHIP accounting system should be designed to maximize internal control. The concept of internal control refers to policies and procedures of your jurisdiction designed primarily to safeguard assets such as cash, inventory, and equipment.
- 3. The person designated as the fiscal coordinator might be a member of the finance or accounting department or a member of the chief elected official or city or county manager's staff if a Recipientand, in the case of a Sub-recipient, a board member of the nonprofit entity. Where a community development department has been established, a fiscal coordinator may be designated within the department to perform these duties.

### B. Fund Structure and Double Entry Bookkeeping

1. A separate special revenue fund entitled the "Community HOME Investment Program Fund" must be established in conformance with the Uniform Chart of Accounts (H.B. 491) requirements. CHIP monies should only be accounted for within this fund.
2. A complete set of general ledger and subsidiary accounts should be maintained for the fund. Accounting within this fund should be conducted on the double entry basis where debit (DR) and credit (CR) balances are maintained for each general ledger account and the sum of all debits equals the sum of all credits.
3. The first step in the accounting process is to establish all the accounting records and files that should be maintained, including:
  - \* Open Purchase Order File
  - \* Open Contracts File
  - \* Pending Payment File
  - \* Pending Receipts File
  - \* Personnel Payroll File
  - \* Cash Receipts Register
  - \* Cash Disbursements Register
  - \* General Journal
  - \* General Ledger
  - \* Fixed Assets Ledger
  - \* Cash Control Ledger
  - \* Expenditure Summary Report
  - \* Receivable and Payable Subsidiary Ledgers, and
  - \* Permanent Files
4. Establishing the Accounting Records. The following steps are suggested:
  - a. Establish the **Open Purchase Order File**, which contains purchase orders that have been issued but not filed. These unfilled purchase orders should be filled in sequence according to purchase order number.
  - b. Establish the **Open Contracts File** with a Section for each open contract. Contract summary forms, a copy of the contract, contract invoices, and related correspondence should be filed in each Section.
  - c. Establish the **Pending Payments File**, which contains all invoices and payment vouchers that have been approved for payment. The supporting documentation should be filed by due date with periodic reviews of the file to ensure timely payment.
  - d. Establish the **Pending Receipts File**, which contains documents to identify payments expected to be received. When the amounts are received, supporting documentation should be attached to the invoice or other form; the transaction should be recorded on the Federal Cash Control Register and posted to the Receivables Subsidiary Ledger; and the funds should be deposited on a timely basis.
  - e. Establish the **Personnel Payroll File**, which contains a Section for each city employee or not for profit employee who has worked on CHIP activities. Items within each Section should be filed by date. For each employee, the file will contain the following:
    - \* Personnel Service Rate Computation

- \* CHIP Personnel Timesheet
- \* Personnel Payroll Distribution Worksheet

- f. Establish the **Cash Receipts Register**. This register should be maintained in a loose-leaf binder to document all cash receipts.
- g. Establish the **Cash Disbursements Register**. This register should be maintained in a loose-leaf binder to document cash disbursements.
- h. **General Journal** entries are prepared to record accounting transactions that do not involve cash receipts or disbursements. Journal entries should be prepared for adjustments and special actions such as CHIP budget, year-end accruals, etc.
- i. Establish a **General Ledger** account page for each general ledger account in the chart of accounts. These pages can be maintained in a loose-leaf binder so that new accounts or continuation pages can easily be added.
- j. Establish the **Fixed Asset Ledger**. This ledger should be maintained in loose-leaf form to control all fixed assets acquired in whole or in part using CHIP funds.
- k. Establish a **Cash Control Register**. Enter the fiscal year at the top. A separate Cash Control Register should be maintained for each fiscal year.
- l. Establish an **Expenditure Summary Report** page for each budget line item. It is possible to combine more than one project on a page, depending on the volume of transactions. These pages should be maintained in loose-leaf form.
- m. Establish a **Receivable and Payable Subsidiary** Ledger if and when advances or loans are made or goods and services are purchased on account. The ledger should be maintained in loose-leaf form. A separate record should be established for each person who has received a loan or an advance, and for each individual vendor to whom money is owed.
- n. Establish the **Permanent Files**, which should parallel the organization of the aforementioned accounting records, files and reports.

### Section 3. Uniform Chart of Accounts

For all State Recipients, in 1997, the Georgia General Assembly passed the Local Government Uniform Chart of Accounts and Reporting Act (HB 491). Beginning in state fiscal year 2002, local governments must adopt and use a state published uniform chart in their accounting records; audited financial statements, including Comprehensive Annual Financial Reports (CAFRs); and reports to state agencies. All transactions must be classified in conformity with the fund, balance sheet, revenue, and expenditure classification descriptions contained in the state publications "Uniform Chart of Accounts for Local Governments in Georgia," available from DCA.

If assistance in setting up your financial system is required, DCA should be contacted immediately.

### Section 4. Recordkeeping and Retention Requirements

- A. General Requirements. The Recipient must establish and maintain sufficient records to enable DCA and HUD to determine compliance with all applicable HOME regulations, CHIP policies, and local program policies and procedures.

- B. Records During Program Operation. During program operation, records pertaining to all program and project activities must be kept in a well organized manner (see sample filing format below) and in a location accessible to DCA (and others as needed).
- C. Records After Program Close-out. The Recipient have a fiduciary responsibility to maintain the original files associated with the CHIP grant for the required record retention period. All programs records (including expired loan documents) may be stored in an acceptable record storage facility during the required retention period.
- D. Record Retention Period. All CHIP program records must be kept in accordance with Chapter 1 of this Manual and the HOME Final Rule.
- E. Sample Program Records Filing Format

While the format of the filing system may vary from community to community, the basic files listed below should be maintained by all State Recipients and Sub-recipients to ensure compliance with your Agreement with DCA and to facilitate your day to day administration of the funds. Individual case files should be maintained for each household. Please see the Appendices for the Checklist for Down Payment Assistance Projects and the Checklist for Homeowner Rehabilitation Projects.

1. *Grant Application File*

- \* Copy of Application
- \* Correspondence about application
- \* Low/very low income data - Copy of HUD's Income Guidelines
- \* Target area surveys

2. *Grant Award File*

- \* Grant Agreement with GHFA with Appendices
- \* Revisions to the Grant Agreement Appendices
- \* Correspondence with DCA
- \* Grant Adjustment Notices
- \* DCA Notices
- \* Administrator Agreement, if applicable
- \* Policies and Procedures

3. *Application/Project Files*

- \* Application Form
- \* Income Verification Documents
- \* Certification as to Income and Principal Residence
- \* Conflict of Interest
- \* Correspondence
- \* Declaration of Citizenship Status
- \* Work Write-up and Cost Estimates
- \* Project Budget (Sources and Uses) Worksheets
- \* Documentation of other private/public funds
- \* Approvals/Denials
- \* Project Set-Up Reports
- \* U.S. Citizenship Verification – Contractors and Subcontractors

- \* Contractor Bid and Award Notice
- \* Contract Addendum
- \* Notices to Proceed
- \* Contractor Payment Request
- \* Change orders
- \* Certificate of Occupancy if new construction
- \* Inspection Reports
- \* Homeowner Rehabilitation Assistance Activity Completion Form
- \* Source of verification of Property Ownership
- \* Award letter to borrower
- \* Proof of Ownership of Land for Mobile Home
- \* Documentation for age of Home
- \* Actual Closing Cost HUD 1 Settlement Statement
- \* Defective Paint Inspection Report
- \* Visual Assessment Inspection Report
- \* Homeowner Rehabilitation Assistance Loan Agreement
- \* Grant Agreement
- \* Homeowner Rehabilitation Assistance Deed to Secure Debt
- \* Promissory Note for Homeowner Rehabilitation Assistance
- \* Good Faith Estimate of Closing Costs
- \* Truth in Lending Disclosure Statement
- \* Homeowner Notice of Right to Rescind
- \* Certificate of Homeowner's Insurance
- \* Homeowner Receipt of Lead Based Paint Pamphlet and Reports
- \* URA Contract Addendum
- \* Guide Form Notice for Prospective Tenant

#### 4. *Drawdown Information*

- \* Authorization Agreement for Automatic Deposits
- \* Grantee Authorized Signature Card
- \* Certification
- \* CHIP Drawdown Request Form
- \* Invoices for Project Delivery Costs and Administration costs

#### 5. *Reports*

- \* Section 3 Report
- \* Documentation of HOME Match Contribution
- \* Contractor and Subcontractor Activity Report

#### 6. *Environmental Review Record*

- \* Environmental Assessment Format II
- \* DCA CHIP/HOME Environmental Screening Checklist for each project
- \* Site Specific Environmental Screening Checklist
- \* Treatment Documentation for triggered regulations (e.g. Historic Preservation)
- \* Selected Professionals used for treatment (e.g. Qualified Professional selected under the Programmatic Agreement for Historic Preservation)

#### 7. *Fair Housing and Equal Opportunity Files*

- \* Beneficiary Data (race, ethnicity, disability, age, income of applicants and recipients of direct benefits)
- \* Affirmative Marketing Plan, Actions taken, and Accomplishments
- \* MBE/WBE Outreach Plan, Actions taken, and Accomplishments
- \* Section 3 Plan and Related Accomplishments

8. *Labor and Contract Documentation*

- \* Request for proposals
- \* Invitation to Bid
- \* Bid openings minutes
- \* Contract (actual contracts in project files)
- \* Contract Change orders (actual change orders in project files)
- \* Contract budget spreadsheets
- \* Contract monitoring activities
- \* Contractor approval forms
- \* Notice to Proceed
- \* HUD Debarment Clearance Letter
- \* Certificate of Contractor's Insurance
- \* Evidence of Site Inspections
- \* Copy of Final Code Inspection by local code official
- \* Release of Liens by General Contractor and subcontractors
- \* Appliance/Mechanical Equipment Warranty
- \* Signed Owner's Satisfaction Statement

9. *Financial Expenditure Documentation*

- \* Itemized Invoices for project Delivery Costs and Administration Costs
- \* Approved payment forms
- \* Copy of checks paid for project cost
- \* CHIP Drawdown Request form

10. *Audit*

Section 5. Procurement Standards for Contracts Entered into by Recipients

The Recipient is the responsible authority with regard to all contracts entered into directly between the Recipient and the Administrator contractor, and without recourse, to DCA regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into, in connection with a CHIP-funded activity. Matters concerning violation of law are to be referred to such local, State or Federal authority as may have proper jurisdiction. However, Recipient are encouraged to contact DCA for assistance in any procurement matter.

The following procurement standards shall apply to all transactions entered into directly between the Recipient and the Administrator:

- A. Recipients may use their own procurement regulations which reflect applicable State and local law, rules and regulations provided that all procurement made with CHIP funds meets the following standards:
1. The Recipient must maintain written codes or standards of conduct to govern the performance of its officers, employees or agents in contracting with and expending CHIP funds. A Recipient's

or Recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. No employee, official or agent of the Recipient may participate in the selection, or in the award or administration of a contract supported by CHIP funds if a conflict of interest, real or apparent, is involved. (See Chapter 1, Section 12: Avoiding Conflicts of Interest)

Recipients may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

To the extent permissible by State or local law, rules or regulations, the Recipient's standards must provide for penalties, sanctions, or other disciplinary actions to be applied for violations of such standards by either the Recipient officers, employees, or agents, or by contractors or their agents.

2. It is national policy to award a fair share of contracts to small, minority, and women business enterprises. Accordingly, affirmative steps must be taken to assure that small and minority businesses are utilized where possible as sources of supplies, equipment, construction and services. Each Recipient must develop a Minority and Women Business Enterprise Outreach Plan which conforms to the MBE/WBE Outreach Plan Guide form.
3. All procurement transactions entered into by the Recipient regardless of whether negotiated or advertised and without regard to dollar value shall be conducted in a manner so as to provide maximum open and free competition. The Recipient must be alert to organizational conflicts of interest or non-competitive practices among contractors which may restrict or eliminate competition or otherwise restrain trade.

Examples of what is considered to be restrictive of competition include, but are not limited to:

- a. Placing unreasonable requirements on firms in order for them to qualify to do business;
  - b. Non-competitive practices between firms;
  - c. Organizational conflicts of interest; and
  - d. Unnecessary experience and bonding requirements.
4. Each Recipient must have written selection procedures which provide, at a minimum, the following procedural requirements:
    - a. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, set forth minimum essential characteristics and standards to which it must conform to be satisfactory. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other important requirements related to procurement. The specific features of the named brand which must be met by bidders must be clearly stated;
    - b. All requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals;

- c. Awards shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources;
- d. Proposed procurement actions must be reviewed by Recipient officials to avoid purchasing unnecessary or duplicative items. Where appropriate, an analysis must be made of lease and purchase alternatives to determine which would be the most economical and practical procurement. Consideration should be given to consolidating or breaking out purchases to obtain a more economical proposal.
- e. A Recipient must perform some type of cost or price analysis in connection with every procurement action including contract modifications and must only permit allowable costs to be included. *THE COST PLUS A PERCENTAGE OF COST METHOD OF CONTRACTING SHALL NOT BE USED. IN ADDITION, CONTRACTS WITH OTHER PUBLIC AGENCIES WILL ONLY ALLOW ACTUAL COST TO BE PAID. NO PROFIT IS ALLOWABLE WHEN CONTRACTING WITH OTHER PUBLIC AGENCIES.*
- f. Recipients must maintain records sufficient to detail the significant history of all procurements. These records must include, but are not necessarily limited to, information pertinent to rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the cost or price.
- g. Recipients must maintain a contract administration system that insures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase order.

B. Method of Procurement. There are 4 methods of procurement which can be used by Recipients if authorized by DCA's adopted standards:

1. **Small purchase procedures** which can be used for procurement under \$25,000 and which require that price or rate quotations be obtained from an adequate number of qualified sources. These quotations should be clearly documented in the Recipient's or Recipient's files. Refer to the "Small Purchase Procedures Manual" for assistance. **NOTE that this method is not appropriate for procurement of professional services.**
2. **Competitive sealed bids (formal advertising)** where sealed bids are publicly solicited and a firm-fixed-price contract (lump-sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is lower in price.

In order for formal advertising to be feasible, appropriate conditions must be present, including, as a minimum the following:

- a. A complete, adequate and realistic specification or purchase description;
- b. Two or more responsible suppliers are willing and able to compete effectively for the grantee's business;
- c. The procurement lends itself to a firm-fixed price contract, and selection of the successful bidder can appropriately be made principally on the basis of price;

- d. A sufficient time prior to the date set for opening of bids, bids must be solicited from an adequate number of known suppliers. In addition, the invitation must be publicly advertised;
  - e. The invitation for bids, including specifications and pertinent attachments, must clearly define the items or services needed in order for bidders to properly respond to the invitation;
  - f. All bids must be opened publicly at the time and place stated in the invitation for bids;
  - g. A firm-fixed-price contract award must be made by written notice to that responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation cost and life cycle cost must be considered in determining which bid is lowest; and,
  - h. Any or all bids may be rejected when there are sound documented business reasons that to do so would be in the best interest of the program.
3. **Competitive negotiation** is a method of procurement where proposals are requested from a number of sources and the Request for Proposal (RFP) is publicized. Negotiations should be conducted with more than one of the sources submitting offers, and either a fixed-price or cost-reimbursable type contract is awarded, as appropriate. A Recipient should perform a systematic analysis of each contract item or task to assure adequate service and to offer reasonable opportunities for cost reductions. Competitive negotiation may be used if conditions are not appropriate for the use of formal advertising. If competitive negotiation is used for procurement under a grant, the following requirements apply:
- a. Proposals must be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The Recipient should send a letter with a copy of the RFP to a number of "known providers". When soliciting firms to develop application/administer projects, RFPs should be sent to at least 7 known providers. When soliciting engineering/architectural services, RFP's should be sent to at least 10 known providers. As a service to applicants, recipients and others, DCA maintains a list of professionals who have expressed an interest in proposing on CHIP projects. This is not an "approved" list. DCA does not approve or disapprove professionals. This is the applicant or recipient's responsibility. The Request for Proposals must be publicized and reasonable requests by other sources to compete must be honored to the maximum extent practicable. A "Solicitation" request by the Recipient for contracts other than application development/project administration and architectural/engineering services must be specifically addressed to a list of several potential bidders identified by the Recipient. To "publicize" the RFP, the Recipient must offer the RFP through publication in a newspaper with adequate circulation or publication by other means such that reasonable exposure to potential bidders can be expected.
  - b. The Request for Proposals must identify all significant evaluation factors, including price or cost where required and their relative importance.
  - c. The Recipient must have mechanisms for technical evaluation of the proposals received; for determining responsible bidders; and for engaging in written or oral communication with the providers in the selection process.

- d. Award may be made to the responsible bidders whose proposal will be most advantageous to the procuring party, price and other factors considered. Unsuccessful bidders should be notified promptly.
  - e. State Recipients and Sub-recipients may utilize competitive negotiation procedures for procurement of architectural/engineering professional services, whereby competitors' qualifications are evaluated and the most qualified competitor is selected subject to negotiation of fair and reasonable compensation.
  - f. If "competitive negotiation" is not successful, then the Recipient must receive "sole source" approval from DCA prior to contracting.
4. **Non-competitive** or "sole source" procurement requires prior DCA approval for professional services regardless of the contract amount and for all other contracts if over \$25,000 and may be used when:
- a. The item or service is available from only one source;
  - b. Urgent public need will not allow for the delay caused by advertising;
  - c. Although a number of bids were solicited, only one response was received; and,
  - d. Such contracts shall be made with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and other technical resources, or accessibility to other necessary resources.

C. **Contract Requirements.** The Recipient must include, in addition to the provisions needed to define a sound and complete agreement, the following provisions in all contracts and sub grants:

- 1. Contracts other than small purchases must contain such contractual provisions or conditions which will allow for administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for appropriate sanctions and penalties.
- 2. All contracts in excess of \$10,000 must contain provisions for terminations "for convenience" by the Recipient, including when and how terminations may occur and the basis for settlement. In addition, all contracts must describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.
- 3. All contracts awarded by the Recipient and their contractors or sub-grantees having a value of more than \$10,000 must contain a provision requiring compliance with Executive Order 11246, entitled " Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in the Department of Labor regulations (41 CFR, Part 60).
- 4. All contracts and subcontracts over \$2,000 for construction or repair must include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (23 CFR, Part 3. This act provides that each contractor or sub-grantee shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work to give up any part of the compensation to

which he is otherwise entitled. The Recipient must report all suspected or reported violations to DCA. (See Chapter 2, Section 5 of this Manual entitled "Labor Standards.")

5. All negotiated contracts (except those of \$10,000 or less) must include a provision that DCA, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purposes of making audit, examination, excerpts, and transcriptions for 3 years after final payment to the Recipient or all pending matters are closed, whichever is longer.
6. Contracts must recognize mandatory standards and policies relating to energy efficiency which are contained in the State Energy Conservation Plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163).

#### Section 6. Bonding and Insurance

Whenever a Recipient enters into direct contracts for services, local procedures relating to bonding and insurance will be followed by Recipient for all contracts of \$40,000 or less. For construction contracts entered into by the Recipient that are over \$40,000 the minimum bonding requirements are as follows:

- A. Contracts between \$40,000 and \$100,000 (as required by State law).
  1. A performance bond from contractors executed in connection with each contract;
  2. A payment bond on the part of the contractor for 100% of the contract price.
- C. DCA strongly suggests that a Recipient require adequate liability insurance from all contractors.

#### Section 7. Audit Requirements

- A. Recipients must contract for annual independent audits of their financial operations, including compliance with Federal and State law and regulations. The contracts for independent audit must be done in accordance with OMB Circular A-133 if the following circumstances occur:
  1. If a Recipient expends \$500,000 in a year in total Federal Awards for the year;
  2. If a Recipient expends \$500,000 or more in a year, it must submit an annual audit that should be made in accordance with the General Accounting Office Government Auditing Standards and the Single Audit Act amendments of 1996.
- B. Recipients that expend less than \$500,000 in a year in total federal awards are exempt from Federal (but not State of Georgia) audit requirements for that year. However, records must be available for review.
- C. Recipients that are not required to submit an annual audit because they do not meet the OMB Circular A-133 threshold and use CHIP funds within their fiscal year will be required to submit the Project Cost Schedule and the Source and Application Schedule required by DCA. CHIP administrative funds may be used to pay for these financial schedules.
- D. Recipients are required to submit audits according to State laws and regulations.

- E. Audits must be made in accordance with the General Accounting Office Government Auditing Standards, 1994 Revision, OMB Circular A-128, and the Single Audit Act of 1984.
- F. Small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts for audit services awarded with CHIP funds. State Recipients and Sub-recipients shall take the following affirmative action to further their goal:
  - 1. Assure that audit firms owned and controlled by socially and economically disadvantaged individuals as defined in P.L. 95-507 are used to the fullest extent practicable.
  - 2. Make information on forthcoming opportunities available, and arrange timeframes for the audit so as to encourage and facilitate participation by small or economically disadvantaged firms.
  - 3. Consider in the contract process whether firms competing for large audits intend to subcontract with small or economically disadvantaged firms.
  - 4. Encourage contracting with small or economically disadvantaged audit firms which have traditionally audited government programs, and in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.
  - 5. Encourage contracting with consortiums of small or economically disadvantaged audit firms as described in paragraph (a) when a contract is too large for an individual small or economically disadvantaged firm.
  - 6. Use the services and assistance, as appropriate, of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the Community Services Administration in the solicitation and utilization of small or economically disadvantaged audit firms.
- G. A copy of all audit reports shall be provided by the Recipient to DCA no later than 30 days after issuance of the reports and no later than one year after the end of the audit report.
- H. Audits will include at a minimum an examination of internal control systems established to ensure compliance with laws and regulations affecting the expenditure of CHIP funds, financial transactions, and accounts and financial statements, and reports of the Recipient organization. These examinations are to determine whether:
  - 1. There is effective control over and proper accounting for revenues, expenditures, assets and liabilities.
  - 2. The financial statements are presented fairly in accordance with generally accepted governmental accounting principles.
  - 3. CHIP funds are being expended in accordance with the terms of the grant award and those provisions of Federal and State Law or DCA regulations that could have a material effect on the financial statements.
- I. In order to accomplish the purposes set forth above, a representative number of charges to the CHIP award shall be tested. The test shall be representative of all cost categories that materially affect the award. The test is to determine whether the charges:

1. Are necessary and reasonable for the proper administration of the program;
  2. Conform to any limitations or exclusions of the CHIP award itself.
  3. Were given consistent accounting treatment and applied uniformly to both CHIP assisted and other activities of the Recipient;
  4. Were net of applicable credits;
  5. Did not include costs properly chargeable to other programs;
  6. Were properly recorded (i.e., correct amount and date) and supported by source documentation.
  7. Were approved in advance if subject to prior approval;
  8. Were incurred in accordance with competitive purchasing procedures if covered by Section 5 above; and,
  9. Were allocated equitably to benefiting activities, including non-CHIP activities.
- J. Audits should be made annually. If an acceptable annual audit is completed within a short period of time prior to close out of a CHIP program, DCA will request payment documentation of the un-audited funds and then formally close the grant.
- K. If the auditor becomes aware of irregularities in the Recipient's or Recipient's organization, the auditor shall promptly notify DCA and the Recipient management officials above the level of involvement. Irregularities include such matters as conflicts of interest, falsification of records and reports, and misappropriation of funds or other assets.
- L. The annual audited financial statements shall include:
1. A statement that the audit was conducted in accordance with OMB Circular A-128
  2. Financial statements, including footnotes, of the Recipient organization.
  3. The auditor's report on the financial statement which should:
    - a. Identify the statements examined and the period covered.
    - b. State that the audit was done in accordance with the generally accepted government auditing standards.
    - c. Express an opinion as to whether the financial statements are fairly presented in accordance with generally accepted governmental accounting principles. If an unqualified opinion cannot be expressed, the nature of the qualification should be stated.
  4. A source and application of funds schedule and a "Project Cost Schedule" for all CHIP funds. The appropriate grant number(s) should also be shown. Please note that the Federal Schedule of Financial Assistance can be substituted for the "Source and Application" schedule.
  5. The auditor's reports on compliance and internal control which should:

- a. Include comments on weaknesses or noncompliance with the systems of internal control, separately identifying material weaknesses.
  - b. Identify the nature and impact of any noted instances of noncompliance with the terms of agreements or with provisions of Federal and State law or regulations that could have a material effect on the financial statements and reports.
  - c. Contain an expression of positive assurance with respect to compliance with the requirements for tested items and negative assurance for untested items.
6. Comments on the accuracy and completeness of financial reports and claims for advances or reimbursement to DCA.
  7. Comments on corrective action taken or planned by the Recipient.
- M. Work papers and reports shall be retained for a minimum of three years from the date of the audit report unless the auditor is notified in writing by DCA of the need to extend the retention period. The audit work papers shall be made available upon request to DCA or its designees and the General Accounting Office or its designees.
- N. Whenever an audit discloses significant findings, the Recipient will be called upon by DCA to take corrective action. Depending upon the nature and seriousness of the inadequacies, drawdown of funds, final close out or a subsequent award of funds from DCA (not limited to CHIP) may be delayed or denied until corrective action has been taken. Additionally, DCA may take any of the actions listed in Chapter 1, Section 15 of this Manual entitled "Sanctions."
- O. All Sub-recipients must submit a copy of their annual audit to the State of Georgia in compliance with OCGA. 50-20-1 through 50-20-8. This requirement does not apply to State Recipients.

## **Chapter 5 – Compliance**

### **Section 1. CHIP Program Monitoring**

CHIP staff will be monitoring the work of the Recipients when a Pre-Set Up (for homeowner rehabilitation activity), Set Up, and/or Draw is requested.

DCA will conduct an in-house desk review during the pre-set up and/or set up phase of all activities. All Recipients will be evaluated for their adherence to locally established policies and procedures.

After all project funds have been drawn, DCA may conduct an on-site close-out review to monitor program and project records for compliance with HOME regulations including reconciliation of draw down records, final quarterly reporting, outstanding monitoring issues, unused funds return, administrative draws, case file reviews and record retention.

DCA staff will provide technical assistance during the program year at the request of Recipients and/or the recipient administrators.

Periodically, DCA issues CHIP policy clarification to all active Recipients and administrators providing explanation of CHIP programmatic issues and/or updates.

### **Section 2. HUD Monitoring and Associated Forms to Ensure Compliance**

When a Participating Jurisdiction (PJ) like the Georgia Housing and Finance Authority accepts HOME funds, it also accepts the responsibility to see that those funds are spent for the program purpose, and in accordance with all applicable Federal regulations and state and local laws. The PJ retains the responsibility even when it relies on other housing partners to carry out all or a portion of its HOME Program activities. Noncompliance with HOME Program rules by any entity can lead to any number of consequences, including the repayment of HOME funds to HUD by the PJ. In regard to Recipients administering the HOME program on behalf of GHFA please reference the sanctions that DCA can impose in the event the local government fails to comply with program requirements.

When HUD monitors DCA's implementation of CHIP, they also randomly select a Recipient to monitor. Whether HUD is monitoring DCA or the Recipient, their review evaluates several functions within the organization's operational system including Financial and Administrative, Program Operations, and Projects. While monitoring may uncover specific instances of noncompliance with program rules, it is generally focused on evaluating whether or not an organization has an effective flow of work and has incorporated checks and balances into its operations so that compliance is built into the standard operating procedures.

Because HUD monitors both DCA and its Recipients, DCA will use the actual HUD monitoring forms found in the "Monitoring HOME Program Performance" booklet prepared by HUD. A copy of the monitoring forms is provided for you in your manual.

**Georgia Department of Community Affairs  
Community HOME Investment Program  
Homeowner Rehabilitation  
Policies and Procedures Manual**

**INTRODUCTION**

CHIP funds may be used to assist existing low income homeowners with the repair, rehabilitation or reconstruction of their homes. Whenever CHIP funds are used for rehabilitation, the work must be performed according to the DCA's Written Rehabilitation Standards and Specifications which describe the methods, materials, health and safety, habitability and functionality, useful life of major systems, lead-based paint, accessibility, disaster mitigation, and other improvements, work write-ups and cost estimates, property inspections procedures, frequency of inspections, and payment schedule.

**ELIGIBLE ACTIVITY AND PROGRAM DESIGN**

All Homeowner Rehabilitation Assistance Activities, including Reconstruction, will be classified as a Rehabilitation activity. At a minimum, when performing rehabilitation, the unit must be brought up to state and local codes and must pass an inspection that addresses all of the inspectable items under HUD's Uniform Physical Condition Standards (UPCS). **State Recipients or Subrecipients will be required to adopt and submit as an addendum to DCA's Written Rehabilitation Standards the local codes applicable to their locality.**

All construction hard costs, except those associated with the identification, mitigation, abatement, or clearance of lead based paint issues, will be made available to the homeowner as a 0% deferred payment second mortgage loan payable only when the home is sold, refinanced, or no longer used for their principal residence per the Recapture Requirements for Homeowner Rehabilitation Activities. The term of the second mortgage loan will equal the Period of Affordability established for the assistance amount to the homeowner and all costs associated with the identification, mitigation, abatement or clearance of lead-based paint will be made available to the homeowner as a grant. All funds made available for project delivery costs of the activity will be made as a grant to the homeowner and paid to the State Recipient or Subrecipient on behalf of the homeowner.

Because units being rehabilitated must be brought up to state and local codes, Applicants may not undertake any form of special purpose homeowner repair program such as: weatherization programs, emergency repair programs, or handicapped accessibility programs. All of these types of repairs are eligible if they are undertaken within a more comprehensive scope of work that brings the unit up to state and local codes.

A State Recipient or Subrecipient that has been awarded CHIP funds for homeowner rehabilitation has already established the basic program design. The basic program design was set forth in the CHIP application and approved by DCA through the issuance of a Grant Agreement with Appendix A, B, and C outlining General and Special Conditions. Implementation of the program must be in keeping with the approved CHIP award in all General and Special Conditions; the HOME Program Regulations; Program Description, Manuals, and all DCA CHIP policy memorandums and clarifications.

### Role of State Recipient or Subrecipient

The State Recipient or Subrecipient will act as the lender for all loans entered into by the State Recipient or Subrecipient. Each State Recipient or Subrecipient will assume all responsibilities that a conventional lender normally undertakes when processing a home rehabilitation loan application. All loans will be made to the benefit of the Georgia Housing and Finance Authority. The specific fair lending and credit laws that must be followed are covered in the Administrative Manual.

The State Recipient or Subrecipient must also review the entire project and financial interface requirements with DCA as outlined in the CHIP Administrative Manual in order to be prepared to set up projects, draw down funds, and meet established reporting requirements.

### Borrower Eligibility Requirements

To be eligible, borrowers must meet program income, property, ownership/occupancy, and other requirements including paid property taxes, homeowner insurance and clear and acceptable forms of title.

The program will serve homeowners with incomes at or below 80% of the area medium, adjusted for household size. The current income limits published by HUD can be found by visiting the HUD website located here:

[https://www.huduser.gov/portal/datasets/il/il2016/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/il/il2016/select_Geography.odn)

Methods for determination of annual income must be consistent with HUD requirements under 24 CFR §92.203. All income and assets must be documented by either a review of documents or third party verification. The requirement for third party verification of income and assets should be clearly set forth as well as the requirement that income is projected for the coming twelve month period from time of verification. All income and asset verification documentation must be current to within six (6) months of the CHIP loan closing.

### Units and Area Serviced

The State Recipient or Subrecipient has outlined the number of units to be rehabilitated in their application. Units assisted by the CHIP Housing Rehabilitation Program must be located within the specific target area as outlined in the State Recipient's or Subrecipient's application.

### Homeowner Requirements

As set forth in Eligible Activity and Program Design, a CHIP homeowner rehabilitation loan is made in the form of a deferred payment loan at zero percent interest and payable only in the event the household sells, transfers title or fails to occupy the property as their principal residence during the affordability period. Any other State Recipient or Subrecipient qualification requirements are clearly addressed in the CHIP application.

State Recipient and Subrecipient must verify property ownership, status of any current mortgage, taxes and insurance.

When a State Recipient and Subrecipient provides rehabilitation assistance to an existing homeowner, the housing must meet the definition of "homeownership" at §92.2. §92.254(c) is amended to permit the PJ to provide rehabilitation assistance in four additional situations:

- Inherited property with multiple owners. This provision is for housing for which title has passed, by inheritance, to several heirs, not all of whom reside in the housing. This most often occurs when siblings inherit a family home that is occupied by one sibling. The State Recipient or Subrecipient is able to provide rehabilitation assistance to the owner-occupant when he/she: (1) is low-income, (2) occupies the housing as his or her principal residence, and (3) pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).
- Life estate. Under a life estate, the occupant of the property has the right to live in the housing for the remainder of his or her life and does not pay rent. This might be a situation where a disabled adult occupies a dwelling owned by another family member under a life estate, or in which a deceased spouse leaves a property to the children of a previous marriage but permits the other spouse to occupy the property for the remainder of his or her life. State Recipient and Subrecipient are permitted to provide rehabilitation assistance to the person holding the life estate, provided the person is low-income and occupies the housing as his or her principal residence.
- Inter vivos trust, also known as a living trust. A living trust is created when the owner of property conveys his or her property to a trust for his or her own benefit or for that of a third party (the beneficiaries). The trust holds legal title and the beneficiary holds equitable title. The trustee is under a fiduciary responsibility to hold and manage the trust assets for the beneficiary. This is a common estate planning tool. The regulation is revised to permit State Recipient and Subrecipients to provide rehabilitation assistance to a property if all beneficiaries of the trust qualify as a low income family and occupy the property as their principal residence. The contingent beneficiaries, who receive no benefit from the trust and have no control over the trust assets until the beneficiary is deceased, need not be low-income. The trust must be valid and enforceable and must ensure that each beneficiary has the legal right to occupy the property for the remainder of his or her life.
- Beneficiary deed. A beneficiary deed conveys an interest in real property, including any debt secured by a lien on real property, to a grantee beneficiary designated by the owner and that expressly states that the deed is effective on the death of the owner. Upon the death of the owner, the grantee beneficiary receives ownership in the property, subject to all conveyances, assignments, contracts, mortgages, deeds of trust, liens, security pledges, and other encumbrances made by the owner or to which the owner was subject during the owner's lifetime. The State Recipient and Subrecipient may assist the owner if he or she qualifies as low-income and occupies the property as his or her principal residence. In these situations, the State Recipient and Subrecipient have the right to establish the terms of assistance.

#### U.S. Citizenship Qualification

Each member of a household that receives assistance must be lawfully within the United States. Each household member over the age of eighteen (18) years must complete a "Declaration of Citizenship Status" form. The parent/guardian must complete a "Declaration of Citizenship Status" form for each minor child under the age of eighteen (18) years. Evidence of citizenship status for all household members must be in the file.

#### Conflict of Interest Qualification

The Borrower must sign a document stating that they have no relationship to anyone who has a decision-making role or inside knowledge of the HOME process, financial or contractual interests in a HOME activity, or anyone who can obtain benefits of any kind from a HOME

activity. This extends to anyone with whom a person has familial or business ties during the funding process and up to one year thereafter. If an individual knowingly has any of the aforementioned connections to a HOME activity, and has not disclosed this connection, then she/he has violated Federal Conflict-of-Interest statutes.

### Occupancy

A Borrower must own **and** occupy the property to be improved as their principal residence. Occupancy will be determined by review of income tax statements showing borrower's address as the property to be improved, property tax bills mailed to the owner at the property address, utility bills addressed to the property address in the name of the borrower, bank statements addressed to property in the name of the borrower, or other similar documentation demonstrating that the property is the borrower's primary residence.

### Cash Contribution

All Homeowner Rehabilitation Activities using CHIP funds must not require any contribution for eligible project costs from an eligible homeowner.

### Mortgage Status

To be eligible for assistance, the borrower must demonstrate that all payments for mortgage(s) or loans secured by the property are current and up to date. This will be verified by a statement from the mortgage servicer(s).

### Program Implementation Timeframe

Completion of program activities within the timeframe established by the Recipient Grant Agreement is extremely important since future funding decisions will take into account timely implementation. DCA reserves the right to deny any State Recipient additional CHIP funding if an acceptable level of progress in carrying out the proposed housing activities has not been achieved as determined by DCA staff.

### Reporting and Monitoring Your Program's Progress

Recipients must constantly monitor their own performance to insure timeframes are being met and to control the quality of the product being delivered. Any problems, delays, or adverse conditions that will affect the recipient's ability to meet its stated goals should be reported to DCA immediately.

### Program Reporting

The majority of information required by DCA for its annual reporting requirements to HUD will be submitted at the activity level as projects are completed. However, the recipient must provide additional program reports or information to DCA on an "as needed basis." This includes contractor information related to Section 3 and MBE/WBE participation.

### Program Monitoring

As a result of its program set-up and draw requirements, DCA will continually monitor each recipient's progress in carrying out their program activities. As a part of DCA's Pre Set-up process, recipients must submit verification of income, property ownership, owner occupancy,

property type and value, property standards, loan and grant documentation, construction documentation, environmental screening, reconciliation of CHIP checking account, source documentation for all invoices and other financial management review.

Prior to any monitoring visit, DCA will inform Grantee via correspondence the date, time, and type of monitoring visit as well as location of the visit. DCA will issue a notice to any recipient who is significantly behind on the program's implementation schedule described in the Program Description. In addition, DCA will make site visits to State Recipients as frequently as necessary to provide technical assistance. DCA will monitor the following Federal requirements:

- a) Subsidy Layering – DCA conducts a subsidy layering review at the time of project set-up. Prior to approving the set-up of a project, proposed source of funding is examined and cost reasonableness is determined.
- b) Environmental Review – DCA requires each State Recipient to submit a site specific environmental assessment for all proposed project sites prior to approving a set-up. The level of review required is predicated upon the type of activity proposed, but at a minimum will include historic preservation, lead-based paint, wetlands, floodplains, site and neighborhood, uniform relocation, and toxic sites. The pre set-up process allows DCA to monitor the clearance of environmental concerns prior to the commitment of HOME funds for that activity.
- c) Uniform Relocation Act – Compliance with acquisition and relocation requirements is monitored during the pre set-up phase of the project. Recipients are monitored to ensure the property is acquired properly and does not trigger relocation requirements.
- d) Other Federal Requirements – DCA requires recipients to adopt DCA's Policies and Procedures Manual that document the recipient's process for compliance. Recipients are required to provide complete details of their contracting requirements, Minority Business Enterprise and Women Business Enterprise Outreach Plan, Affirmative Fair Housing Marketing Plan, and Section 3 Plan. These requirements must be cleared prior to DCA entering into an agreement to commit funds to the recipient.

In addition to technical assistance visits, DCA will also review the record that the State Recipient or Subrecipient has for the recipient and conduct housing inspections to ensure that all applicable State and Federal requirements are being met. Generally, a letter will be sent shortly after each monitoring visit to provide feedback about both positive aspects of the program, as well as to discuss solutions to any problems noted during the monitoring visit.

## PROPERTY ELIGIBILITY REQUIREMENTS

### Property and Ownership Type

To be eligible for CHIP homeowner rehabilitation assistance, in addition to the borrower's eligibility requirements listed above, the property must meet one of the four eligible property types listed below.

1. A traditional single-family structure (one unit, stick-built or modular) that is owned in fee simple. This property may contain one to four dwelling units.
2. A condominium unit (stick-built or modular)
3. A cooperative unit or unit in a mutual housing project; and
4. Manufactured housing that is:

- On land owned by the homeowner or having a lease in the name of the homeowner extending beyond the required Period of Affordability and
- On a permanent foundation

*Note: If CHIP funds are used to assist a homeowner in a two-to-four-unit property, the State Recipient or Subrecipient must contact DCA for guidance in calculating the eligible amount of assistance that may be provided and the additional federal requirements that will be set forth as result of the building type.*

To be eligible for assistance, property tax payments must be up-to-date for the property to be improved. A printed copy of the tax record indicating the status of property tax payments for the property to be improved will be placed in the file as documentation.

Properties to be assisted must be insured and list the county/city and the Georgia Housing and Finance Authority (GHFA) as a loss payee on the policy prior to loan closing. Written notification from the insurance company will be placed in the project file to demonstrate compliance. In addition, property insurance must be maintained throughout the term of the CHIP loan. Upon any notification of policy cancellation, the county/city may purchase insurance for the property and charge the property owner for the cost of the insurance.

#### Uniform Physical Condition Standards (UPCS)

CHIP funded properties must meet certain property standards. At minimum, all units must meet HUD's Uniform Physical Condition Standards (UPCS). The UPCS are uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to 24 CFR §5.703. These standards became effective on January 24, 2015 for HOME rehabilitation, acquisition, and tenant-based rental assistance projects in accordance with revisions made to the property standards requirement at 24 CFR §92.251.

In addition, the HOME regulation also requires that all housing that is rehabilitated or financed with HOME funds must meet all applicable local codes (including state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

#### Mandatory Residential Construction Codes

The State of Georgia has mandatory residential construction codes that are applicable to CHIP and that must be adhered to regardless of whether or not the local government enforces the codes. There are no exceptions to meeting these requirements for construction of CHIP assisted homes.

These mandatory codes are as follows (the latest edition as adopted and amended by DCA):

- Georgia State Minimum Standard Building Code (International Building Code)
- Georgia State Minimum Standard One- and Two Family Dwelling Code (International Residential Code for One- and Two-Family Dwellings)
- Georgia State Minimum Standard Fire Code (International Fire Code)
- Georgia State Minimum Standard Plumbing Code (International Plumbing Code)
- Georgia State Minimum Standard Mechanical Code (International Mechanical Code)
- Georgia State Minimum Standard Gas Code (International Fuel Gas Code)
- Georgia State Minimum Standard Electrical Code (National Electrical Code)
- Georgia State Minimum Standard Energy Code (International Energy Conservation Code)

The permissive codes are as follows (the latest edition as adopted and amended by DCA):

- International Property Maintenance Code
- International Existing Building Code
- Residential Green Building Standard
- International Swimming Pool and Spa Code

As noted above, the building, one and two family dwelling, fire, plumbing, mechanical, gas, electrical and energy codes are mandatory codes, meaning that under Georgia law, any structure built in Georgia must comply with these codes whether or not the local government chooses to locally enforce these codes.

#### Administration and Enforcement of the State Minimum Standard Codes

In order to properly administer and enforce the state minimum standard codes, local governments must adopt reasonable administrative provisions. The power to adopt these administrative procedures is set forth in O.C.G.A. §8-2-26(a)(1). These provisions should include procedural requirements for the enforcement of the codes, provisions for hearings, provisions for appeals from decisions of local inspectors, and any other procedures necessary for the proper local administration and enforcement of the state minimum standard codes.

These powers include:

- Inspecting buildings and other structures to ensure compliance with the code;
- Employing inspectors and other personnel necessary for the proper enforcement of codes;
- Requiring permits and to establishment charges for said permits; and
- Contracting with other local governments for code enforcement.

DCA periodically reviews, amends and/or updates the state minimum standard codes. If a local government chooses to locally enforce any of these codes, it must enforce the latest editions and the amendments adopted by DCA.

DCA has developed a sample resolution/ordinance that may be used as a guide for local governments in the development of their administrative procedures. Please contact DCA for a copy of this sample resolution/ordinance and for any technical assistance needed in the development of a local code enforcement program.

#### Appendices

It should be noted that The Uniform Codes Act states that the appendices of the codes are not enforceable unless referenced in the body of the code, adopted by DCA, or specifically adopted by a municipality or county. If any appendices have been adopted by DCA, they will be noted in the Georgia amendments to the base code.

Georgia Amendments to all of the codes listed can be found at:

<http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp>

Please contact the Construction Codes and Industrialized Buildings Section for more information concerning these amendments.

#### GENERAL PROPERTY IMPROVEMENTS

General Property Improvements (GPI) outside the scope of bringing a unit to the state and local standards are generally not permitted unless the purpose of the improvement is to increase

efficiency or handicapped accessibility of the unit. The costs of weatherization and handicapped accessibility improvements may not exceed \$15,000 or more than 50% of the total cost of rehabilitation work.

Homeowners who requests GPI's can do so as long as they pay for the GPI's with their funds. GPI's will not be a part of the rehabilitation contract or change orders. The homeowner and contractor must handle GPI's separate from the contract. Neither the Housing Specialist nor the State Recipient or Subrecipient will be a part of GPI's.

#### Useful Life of Major Systems

A State Recipient or Subrecipient must estimate the remaining useful life of major systems based on age and current condition of the systems and determine the necessary annual replacement reserve contributions to facilitate system replacement at the appropriate time.

#### Visitability

State Recipients and Subrecipients who received points under this category must adhere to the completion of visitability improvements identified in O.C.G.A. §8-3-172 within all units receiving CHIP assistance to the extent compatible with the rehabilitation work. (i.e. if code related improvement affect an entrance to the property, bathroom door or other applicable item, the improvement will incorporate work necessary to meet visitability requirements). State Recipients and Subrecipient will document why any visitability improvements required by this law were not incorporated into the assisted improvements for each home.

All units that will be reconstructed must be re-built to conform with the requirements of O.C.G.A. §8-3-172.

#### Energy Audits

State Recipients and Subrecipients who received points for Energy audits must adhere to the requirements for each unit assisted. The audit will include a blower door test, duct blaster test, Combustible Area Zone test (if applicable), and evaluation to determine the need for weatherization related improvements. Identified improvements that are economically and structurally feasible will be included in the work write up. The audit will also include testing and an evaluation after work is complete to determine the effectiveness of the improvements.

#### Lead Hazard Reduction

Based on the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831-5 et al) and HUD implementing regulations at 24 CFR Part 35, whenever housing built before 1978 is under consideration for CHIP funding, the local government, State Recipient or Non-Profit Subrecipient must follow HUD's regulation, "Requirements for Notification, Evaluation and Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance." The regulations can be assessed at: <http://www.hud.gov/offices/lead/>.

Please note that changes to the Lead Safe Housing Rule, effective April 22, 2010, incorporated one major change - renovation firms must be certified. At least one certified renovator must be on-site during phases of work and be available by phone during all other stages of the project and must be able to be on the job site within one hour at all times while renovations are being conducted. The certified renovator may be a certified Lead Based paint abatement supervisor who has completed the 4-hour Renovation, Repair and Painting Rule (RRP) refresher course.

DCA requires all Recipients to provide updated certification information based on Georgia EPD requirements.

### Lead-Based Paint Hazards

The U.S. Department of Housing and Urban Development has published a final rule entitled "Requirements for Notification, Evaluation and Reduction of Lead-based paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance." The regulation is being issued under sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which are part of Title X of the Housing and Community Development Act of 1992. Sections 1012 and 1013 of Title X amended the Lead-Based Paint Poisoning Prevention Act of 1971. The regulation appears within title 24 of the Code of Federal Regulations as part 35 (24 CFR 35). This rule, which updates and expands previous rules, directly effects federally assisted housing rehabilitation and home buyer programs.

Whenever housing under consideration for CHIP funding was built before 1978, HUD's regulations on lead based paint must be followed. A state certified lead risk assessor must conduct the clearance testing and risk assessment. The evaluation must be discussed with the homeowner and all appropriate pamphlets, notifications, and reports on lead-based paint hazards should be shared for review. The homeowner must sign a lead based paint notification stating that they are aware of the possible hazards on the property.

The cost of the lead hazard control work will be provided as a grant to the homeowner.

Occupants will not be permitted to enter the worksite during hazard reduction activities. The dwelling unit and the worksite shall be secured against unauthorized entry, and the homeowner's belongings protected from contamination from dust-lead hazards and debris during hazard reduction activities. Occupant belongings in the containment area shall be relocated to a safe and secure area outside the containment area, or covered with an impermeable covering with all seams and edges taped or otherwise sealed. The worksite shall be prepared to prevent the release of leaded-dust, and contain lead-based paint chips and other debris from hazard reduction activities within the worksite until they can be safely removed.

Rehabilitation of all housing constructed prior to 1978 is subject to these regulations (Subpart J) unless considered an "exempt property" as outlined below:

#### A. Requirements Disclosure:

1. Written verification of the receipt of each of the following items must be in the case file:
  - a. Distribution of the EPA "Protect Your Family From Lead In Your Home" pamphlet within sixty (60) days of rehabilitation activity. (It is a good idea to give out the pamphlet at the time of the application for assistance AND at contract signing)
  - b. Disclosure of results of all testing and risk assessment
  - c. Disclosure of all planned Lead hazard reduction activities
  - d. Disclose results of all clearance examinations

#### B. Lead Hazard Evaluation:

1. Conduct visual assessment, paint testing and/or risk assessment.
2. Presume the presence of Lead-Based Paint

#### C. Lead Hazard Reduction:

1. Conduct Lead hazard reduction activities, including paint stabilization, interim controls, standard treatments, or abatement depending on the activity type.
  - a. Only Qualified Safe Work Practice Trained Contractors may perform paint stabilization, interim controls or standard treatment activities.
  - b. Only Georgia EPD Certified Abatement Contractors can perform abatement.
2. Conduct Clearance Examination to confirm that no lead-based paint hazards remain when work is complete.

D. Exemptions

- 1 Exemptions Still Applicable from the Current Regulations.
  - a) Residential Structures built after January 1, 1978.
  - b) Emergency action activities
- 2 Existence of Lead-Based Paint Unlikely.
  - a) Areas where state and local governments banned lead-based paint prior to January 1, 1978.
  - b) Properties found not to have lead-based paint during earlier testing that meets the requirements of prior evaluations.
  - c) Properties where all lead-based paint has been identified and removed using approved methods.
- 3 Human Treat Unlikely.
  - a) Unoccupied units that will be demolished.
  - b) Property not used for human residential rehabilitation.
  - c) Rehabilitation that does not disturb paint.
- 4 Child Occupancy Unlikely.
  - a) Zero-room dwelling units.
  - b) Elderly and disabled housing.

NOTE: "Elderly" and "disabled housing" refer to units built for the EXCLUSIVE use by these populations. The terms do not mean any housing occupied at present by this population.

In summary, the rule requires the following:

1. Prohibits the use of lead-based paint.
2. For properties constructed prior to 1978, applicants for rehabilitation assistance of property to be rehabilitated must be notified:
  - a. that the property may contain lead-based paint;
  - b. of the hazards of lead-based paint;
  - c. of the symptoms and treatment of lead-based point poisoning;
  - d. of the precautions to be taken to avoid lead-based paint poisoning;
  - e. of the advisability and availability of blood lead level screening for children under seven years of age; and
  - f. that in the event lead-based paint is found on the property, appropriate hazard control methods will be used to remove identified hazards.
  - g. Copies of all reports (Inspection, work write-up, risk assessment, clearance) are provided to the owner. (Written evidence of receipt must be in the file.)
  - h. That the housing unit must pass clearance prior to re-occupancy of the unit.

3. The State Recipient and Subrecipient must complete the "Watch Out For Lead Paint Poisoning" disclosure notice for all heads of households and owners of vacant units and retain a signed copy at which time a copy of the EPA pamphlet "Protect Your Family from Lead in Your Home" shall be distributed to the occupant of each unit constructed prior to 1978 within 60 days of the start of rehabilitation work. (Written evidence of receipt must be in the file.)
4. For properties constructed prior to 1978, procedures are established to eliminate lead-based paint hazards. The elimination procedures, described below, include evaluation, testing and Hazard Control actions that must be implemented.

**C. Lead Hazard Control for Rehabilitation Programs**

The amount of federal assistance that will be provided in a unit is the key to determining the minimum level of Lead Hazard Control required. The amount used for this determination should include only the hard costs involved in the rehabilitation disregarding lead hazard reduction costs and soft costs (administration, relocation, environmental review, etc). The minimum required level of Hazard Control is broken down into three categories according to the amount of Federal assistance per unit. The following chart describes the three levels of activity:

REHABILITATION - Subpart J			
Amount of Federal Assistance	<\$5,000	\$5,000-\$25,000	>\$25,000
Approach to Lead Hazard Evaluation and Reduction	DO NO HARM	Identify and Control Lead Hazards	Identify and Abate Lead Hazards
Notification	YES	YES	YES
Lead Hazard Evaluation	Paint Testing (on Surfaces to be Disturbed Only)	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment
Lead Hazard Reduction	Repair Surfaces Disturbed During Rehabilitation	Interim Controls	Abatement (Interim controls on Exterior Surfaces not Disturbed by Rehabilitation)
Options	Presume Lead-based Paint & Use Safe Work Practices on All Surface Areas	Presume Lead-based Paint and/or Hazards & Use Standard Treatments	Presume Lead-based Paint and/or Hazards & Abate all Applicable Surfaces
Clearance Requirement	Clearance of Work Site	Clearance of Unit	Clearance of Unit

Clearance Standards for Federally assisted projects:	
Floors	40µg/SF
Interior window sill (stool)	250µg/SF
Window trough	400µg/SF
Exterior Concrete Surfaces	800µg/SF
Soil*	1200µg/SF - in child play area
*Applies only to risk assessment	

Level I: For units where the amount of Federal assistance provided will total up to (and including) \$5,000, the painted surfaces that will be disturbed during rehabilitation need to be evaluated (tested for presence of lead-based paint) before rehabilitation activities begin. *This must include all defective paint surfaces.* If lead-based paint is discovered, the contractor must use safe work practices in the areas that lead-based paint is found. *The contractor must provide documentation that they have attended and passed the HUD Safe Work Practices Training Course.* Safe work practices include wet scraping, wet-sanding, repair (painted components to be repaired should be thoroughly wetted prior to repair), HEPA vacuum sanding, HEPA vacuum needle gun, or covering defective surfaces with durable materials (wallboard or vinyl siding) with all joints sealed and caulked. Safe work practices are required on surfaces larger than 2 ft<sup>2</sup> in any one interior room or space and on exterior surfaces totaling more than 20 ft<sup>2</sup>. If all painted surfaces to be disturbed (or in deteriorated condition) are going to be repaired, the assumption can be made that lead-based paint is present and testing can be skipped. Safe work practices must be used since presence of lead is assumed. Regardless of which approach is used, a clearance examination must be conducted (and passed) at the worksite(s) where lead-based paint is found or assumed. A **clearance examination** is defined as: an activity conducted by a Georgia EPD Certified Lead-based Paint Inspector or Risk Assessor following lead-based paint hazard reduction activities to determine that no soil-lead hazard or settled dust-lead hazards exist in the dwelling unit or worksite (as applicable). Clearance must be performed by a "neutral" third party not otherwise involved in the actual hazard control work. In no cases can the contractor performing work in the unit in any capacity or any designee of the contractor perform the clearance examination. The clearance process includes a visual assessment and collection and analysis of environmental samples, and a report detailing hazard control methods used and sample information. Clearance is not required if rehabilitation did not disturb painted surfaces measuring total surface area parameters listed above.

Level II: For units where the amount of Federal assistance provided falls between \$5,000 and \$25,000, the entire unit must be visually inspected for presence of deteriorated paint. Deteriorated paint and all coated surfaces that will be disturbed by rehabilitation activities must be tested for lead-based paint and, if present, a risk assessment must be completed. The rehab advisor may choose to have a lead-based paint inspection done, especially for a unit requiring extensive rehab. Generally, an inspection will be less costly than a risk assessment and if inspection results are negative, will preclude a risk assessment since no lead-based paint is present. If inspection reveals presence of lead-based paint a risk assessment is necessary. Provided that the person performing the inspection is a certified Risk Assessor, they may be instructed to complete a Risk Assessment while still at the property.

Lead-based paint inspection is defined as a surface by surface investigation to determine the presence and location of lead-based paint on all painted, varnished or coated surfaces performed by a Georgia certified Lead Inspector and provision of a report detailing results of the investigation.

Risk assessment is defined as an on-site investigation by a Georgia certified risk assessor to determine the existence, nature, severity, and location of lead-based paint hazards; and provision of a report by the firm or individual conducting the risk assessment detailing results of the investigation and options for reducing the lead-based paint hazards.

Using the risk assessment report as a guide, the Rehab advisor must make a decision as to the implementation of the recommendations using cost, long-term benefits, effectiveness, and rehab goals as some of the factors. Interim control measures are allowed to reduce lead hazards in this category. **Interim controls** are defined as: a set of measures designed to temporarily reduce human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, paint-film stabilization, temporary containment, specialized cleaning, clearance activities and operation of management and resident education programs. Generally speaking, interim controls will be less expensive than abatement (see level III below) and will provide more flexibility to the rehab advisor when completing the work write-up but cannot be used in all situations. If planned rehab activities include replacement of components that test positive for lead-based paint, such activity *may be* deemed abatement and the rules for abatement are triggered. Similarly, some interim controls cannot be used on defective substrate materials such as rotted wood or damaged drywall. In these instances, the cause of the damage should be corrected then the damaged component should be replaced.

On April 19, 2001, EPA and HUD issued a joint notice that basically states that only activity intended as abatement shall be covered by the strict abatement guidelines. Intent is defined as “when “abatement” is specified in work specifications, job write-ups, cost allocation or similar documents or when abatement is specifically ordered by responsible state or local agency or court order.” **However, Georgia EPD is the agency responsible for regulating lead-based paint activity. Georgia EPD has indicated that any work that can be deemed an abatement technique (e.g., component removal regardless of intent) must be performed by a certified lead contractor).**

In all cases where interim controls are used, the contractor **MUST** utilize safe work practices. The contractor must provide documentation of a “Notice of Completion” of the HUD approved one day safe work practices training course. Only a certified abatement contractor can perform abatement activity. The rehab advisor may use a combination of abatement and interim controls to eliminate the lead hazards in the property. Clearance of the entire unit must be achieved after work is completed. The contract language should contain a clause making the contractor responsible for costs associated with failure to pass clearance (i.e.: re-cleaning, additional testing, additional relocation etc.).

**Level III:** For average per unit cost above \$25,000 abatement of all lead hazards is required. **Abatement** is defined as: a set of measures designed to *permanently* eliminate lead-based paint or lead-based paint hazards. (Permanent means an expected design life of at least 20 years.) Abatement includes: (1) The removal of lead-based paint and dust-lead hazards, the permanent enclosure or encapsulation of lead-based paint, the replacement of components or fixtures painted with lead-based paint, and the removal or permanent covering of soil-lead hazards; and (2) all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures. Abatement activities can only be performed by Georgia certified lead firms and individuals. Only Georgia certified lead contractors may perform abatement work. All abatement work is governed by rules and regulations promulgated by the Georgia Department of Natural Resources, Environmental Protection Division. EPD requires notification of all abatement work and issues fee based permits for abatement work. Abatement activities can be subcontracted to a certified contractor for completion of the lead abatement activities.

All contractors working on rehabilitation of housing units associated with a CHIP-funded project are to attend HUD approved Safe Work Practices training (This training is MANDATORY for contractors hired to perform interim controls). Contractors interested in becoming Certified Lead Abatement firms must attend EPA certified training and pass a Georgia EPD certification exam.

**Hazard Control without testing:** The grantee may forego testing and control all interior and exterior surfaces covered by the rule in accordance with the methods described above. Under this assumption, all coated surfaces are assumed to have lead-based paint and all surfaces must be treated accordingly. **A risk assessment is required prior to rehabilitation activities in all units receiving over \$5000 in Federal assistance (Levels II and III) even if lead-based paint is presumed (24 CFR §35.930).** Presumption of lead-based paint in units receiving under \$5,000 in Federal assistance requires that all defective paint and all coated surfaces to be disturbed are assumed lead-based paint, and approved hazard control methods must be utilized and clearance passed.

**Exemptions: *De Minimus Levels.*** Safe work practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total no more than: (1) 20 square feet (2 square meters) on exterior surfaces; (2) 2 square feet (0.2 square meters) in any one interior room or space; or (3) 10 percent of the total surface area on an interior or exterior type of component with a small surface area. (Examples included window sills, baseboards and trim.)

These lead-based paint regulations require all State Recipients and Subrecipients utilize certain housing rehabilitation forms and procedures:

1. A "Watch Out for Lead-Based Paint" disclosure receipt form must be completed. It or an equivalent notice with the required disclosure must be completed for every owner (where applicable) of a pre-1978 unit.
2. A copy of the EPA pamphlet "Protect Your Family from Lead in Your Home" shall be distributed to the occupant of each unit constructed prior to 1978. The "Watch Out for Lead-Based Paint" disclosure receipt will serve as the signed acknowledgement of receipt of the pamphlet.
3. Applications for Rehabilitation Assistance should contain certifications from the homeowner that:
  - a. They received a copy of the "Watch Out for Lead-Based Paint" form and a copy of the EPA pamphlet "Protect Your Family from Lead in Your Home", and
  - b. The unit will or will not be occupied by a child under seven years of age, a pregnant woman, or an EBL child.
4. Work write-up should indicate whether the unit: (a) has been built prior to 1978; (b) that a lead-based paint inspection and risk assessment has been performed; (c) whether hazard control measures are required and are included. If hazard control procedures are required, the write-up must reflect what method will be used.
5. The Certificate of Final Inspection must show that the property conforms to the Federal and State Lead-Based Paint Regulations and Policies.

6. Bid Document Specifications must require that the Contractor has completed a HUD approved safe work practices training course.
7. Minimum Property Standards must include the following verbatim:

**Inspection and Testing:** A State Recipient and Subrecipient is required to perform lead-based paint inspection and risk assessment in all units constructed prior to 1978. Elimination of lead-based paint hazards by recognized hazard control methods shall be included in the work write-up. If testing reveals presence of lead-based paint hazards, elimination those hazards will be a part of the work write-up and bid document specifications. Testing is required for all units constructed prior to 1978.

**Compliance Standards:**

1. Testing of paint surfaces and Hazard Control activities to eliminate the hazard of lead-base paint poisoning shall be in compliance with HUD lead-base paint regulations (24 CFR, Parts 35 and 570).
2. The dwelling unit shall be in compliance with HUD Lead-Based Paint regulations, 24 CFR, Part 35 and 570 (Subpart "J") issued pursuant to the Lead-Based Paint Poisoning Prevention Act. Also, the State Recipient and Subrecipient shall provide a certification that the dwelling is in accordance with such HUD Regulations and the Georgia Department of Community Affairs Policies and Procedures on Lead-Based Paint Poisoning and Prevention.
3. If the property was constructed prior to 1978, the Family upon occupancy shall have been furnished the notice required by HUD Lead-Based Paint regulations and procedures regarding the hazards of lead-based paint poisoning, the symptoms and treatment of lead poisoning and the precautions to be taken against lead poisoning."

**D. Testing**

Testing must be performed by a Georgia EPD Certified Inspector or Risk Assessor:

1. **Method.** Lead concentrations must be determined either (1) on-site using a portable X-ray fluorescence (XRF) analyzer or (2) by taking paint samples and having them analyzed in a laboratory.
2. **Standards.** Test readings of 1.0 milligrams per square centimeter (mg/cm<sup>2</sup>) or greater, using an XRF, shall be considered positive for presence of lead-based paint. This standard can be used with laboratory analysis, if it is possible to take a paint sample of known area. If not, the standard for presence of lead-based paint shall be a level equal to or greater than 0.5 percent by weight (equal to 5,000 parts per million).
3. **Paint samples.** Paint samples for laboratory analysis must include all layers of paint down to the substrate material (e.g., plaster or wood). If the paint sample is not of known area, it must not include any substrate material. Inclusion of substrate material dilutes the lead concentration of the sample. This method of testing is destructive and is not recommended (in most cases) as the primary means of performing a lead-based paint inspection.
4. **Qualifications** of testers and laboratories. An inspector or risk assessor certified by the State of Georgia Environmental Protection Division must conduct testing.

Documentation of current certification is required. The U.S. Environmental Protection Agency (NLLAP) must accredit all laboratories used for analysis by the inspector for analysis of heavy metals.

#### **E. Occupant Protection**

The dwelling unit occupants and environment must be protected from contamination from lead-containing materials during hazard reduction activities.

1. Occupants shall not be permitted to enter worksite during hazard reduction activities and not permitted to re-occupy until all hazard control work has been completed and clearance has been achieved.
2. Occupants shall be temporarily relocated before and during hazard control activities. (Certain exemptions to this requirement may apply. Contact DCA for guidance on this subject.)
3. The dwelling unit and the worksite shall be secured against unauthorized entry, and occupant belongings protected from contamination from dust-lead hazards and debris during hazard reduction activities.
4. Occupant belongings in the containment area shall be relocated to a safe and secure area outside the containment area, or covered with an impermeable covering with all seams and edges taped or otherwise sealed.
5. The worksite shall be prepared to prevent the release of leaded-dust, and contain lead-based paint chips and other debris from hazard reduction activities within the worksite until they can be safely removed.
6. Warning signs shall be posted in accordance with 24 CFR §35.1345(b)(2).

#### **F. Clearance**

All lead hazard control activity MUST pass clearance. "Clearance" is defined as an activity conducted following lead-based paint hazard reduction activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards exist in the unit (or, if Federal Assistance is less than \$5,000, worksite only). In all cases, the clearance examination must be performed by a Georgia EPD certified inspector or risk assessor. In most cases this will be the same personnel that conducted the risk assessment. While this is not mandatory, the clearance examination MUST be performed by a certified individual who is a "neutral third party" that has no relationship with the contractor who performed the hazard control activity. In NO case should the contractor or their designee perform the examination. The lead hazard control contract should have provisions that make the contractor responsible for any costs associated with failure to pass clearance (additional cleaning, continued relocation, additional testing, etc).

The rehabilitation advisor should keep in mind that for Level II and III activity, the ENTIRE unit must pass clearance, even if work was not performed in the entire unit. This means that write-ups for these units must include the specification of specialized cleaning in preparation for clearance testing that must be performed for the entire unit, including any outbuildings or other appurtenances.

**NOTE: The Inspection/Risk Assessment Reports along with the Lead AND General Work Write Ups must be submitted to DCA PRIOR to soliciting bids from contractors.**

#### After Rehabilitation Value

HUD has issued new HOME Property Value Limits ("95% limits") that are effective August 23, 2013. In 24 CFR §92.254(a)(2)(iii) of the HOME Final Rule published on July 24, 2013, HUD established new property value limits for homeownership activities. These new limits apply to all homeownership housing to which HOME funds are committed on or after August 23, 2013, and will remain in effect until HUD issues new limits.

24 CFR §92.254(a)(2)(iii) is revised so that PJs are no longer permitted to use the FHA Single Family Mortgage Limit [known as the 203(b) limit] as a surrogate for 95 percent of area median purchase price, as was permitted in the pre-2013 Rule.

This change was necessitated by statutory changes to the 203(b) statute, which, over time, increased the FHA Section 203(b) floor. With these increases, the 203(b) limits became a less reliable surrogate for 95 percent of area median purchase price. The HOME program statute requires that no housing have a purchase price or after-rehabilitation value that exceeds 95 percent of area median purchase price, in order to ensure that HOME-assisted housing is modest and non-luxury.

In the 2013 Rule, 24 CFR §92.254(a)(2)(iii) is amended to eliminate the use of 203(b) limit and to change the methods for determining 95 percent of area median purchase price. HUD will determine and issue limits that represent 95 percent of the area median purchase price separately for newly constructed and existing single family housing units.

The HOME Rule requires the State to evaluate the property value of a unit assisted based on whether the unit is considered "existing" or "new construction". For Homeowner Rehabilitation Assistance Activities, the new construction property value should only be used in cases where the unit will be reconstructed. For all other activities associated Homeowner Rehabilitation, the property value limits for Existing Homes should be followed.

The most current HOME Property Value Limits can be found on HUD's website at: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

## OTHER FEDERAL REQUIREMENTS

### Environmental Clearance

A complete and clear project description is the first step in the environmental review process. The project description should provide location specific information and geographic boundaries, as well as a delineation of all activities included in the overall scope of the project.

### Tier One Environmental Review

#### State Recipients

Under HUD requirements, State Recipients are permitted to complete the Environmental Review process as the Responsible Entity. The Environmental Review process, including DCA approval, must be concluded within sixty (60) days of the effective date of the CHIP Agreement with GHFA. Also, the Environmental Review process must be completed and submitted to DCA within forty-five days (45) days after entering into the CHIP Agreement with GHFA. DCA will review and provide notice back to the State Recipient within fifteen (15) days of submission in order to complete this sixty day process.

#### Subrecipients

Under HUD requirements, Subrecipients are not permitted to complete Tier One of the Environmental Review process. DCA will complete its role in Tier One process scope of work on behalf of the Subrecipient within forty-five (45) days of the effective date of the CHIP Agreement with GHFA. DCA will be required to submit its determination to HUD for approval. In general, as guidance only, the HUD approval process takes fifteen (15) days to complete.

### Tier Two Environmental Review

#### State Recipients

Once State Recipients, as Responsible Entities, have completed the Tier One process, an individual project site has been identified, and prior to beginning any work that will have a physical impact on any property proposed to be served, the State Recipient must complete the pre-set process which includes the submittal of an Owner Occupied Rehabilitation or Reconstruction – New Construction Site Specific Environmental Screening Checklist which reviews each of the items on the Statutory Checklist for applicability to the specific property proposed. Any items that are triggered by regulations listed on the Screening Checklist must be addressed in accordance with the appropriate statute. For example, if the property is fifty (50) years of age or older, any activity must be reviewed for its possible effect under the National Historic Preservation Act.

The State Recipient must submit to DCA the Screening Checklist along with all documentation to show how the federal regulation was cleared. Upon review and approval of these items, DCA will then issue a notice to proceed for the project.

During this period as DCA and HUD are completing the Environmental Review process, the State Recipient may initiate activities that have no physical impact on the property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the State Recipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances.

#### Subrecipients

Once Subrecipients have completed the Tier One process, an individual project site has been identified, and prior to beginning any work that will have a physical impact on any property proposed to be served, the Subrecipient must complete an Owner Occupied Rehabilitation or Reconstruction – New Construction Site Specific Environmental Screening Checklist which DCA will utilize to review each of the items on the Statutory Checklist for applicability to the specific property proposed. Any items that are triggered by regulations listed on the Screening Checklist must be addressed in accordance with the appropriate statute. For example, if the property is fifty (50) years of age or older, any activity must be reviewed for its possible affect under the National Historic Preservation Act.

During this period as DCA and HUD are completing the Environmental Review process, the Subrecipient may initiate activities that have no physical impact on the property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the Subrecipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances.

### Georgia Security and Immigration Compliance Act

The Georgia Security and Immigration Compliance Act require employers to ensure that anyone they pay, whether as an employee or an independent contractor, is legally able to work. Employers who do not verify workers would not be able to deduct payments made to illegal workers on state income tax returns and would not be eligible for state contracts. To insure

compliance with the Georgia Security and Immigration Compliance Act, all contractors must complete the Immigration and Security Form. The State Recipient and Sub Recipient must retain copies of the completed Immigration and Security Form within (See Administration Manual) and submit to DCA.

The new immigration law went into effect on July 1, 2013. The new immigration law changes the requirements for immigration compliance in two key areas that will impact DCA.

#### CONTRACTS – E-Verify

- The *“physical performance of services”* related to using E-Verify for the award of contracts by a public entity has been redefined by the law as follows: *“any performance of labor or services for a public employer using a bidding process or by contract wherein the labor or services exceed \$2,499.99.”*
- Individuals licensed by the State of Georgia (O.C.G.A. Titles 26 & 43) or by the State Bar of Georgia are exempt from the contract requirement above.
- Every state agency, city, county or other public entity must comply with the E-Verify provisions for hiring employees and for contracts regardless of their number of employees.

#### PUBLIC BENEFITS – S.A.V.E.

- *“Public benefits”* are now clearly defined in state law (O.C.G.A. §50-36-1) and contracts have been removed as a category of public benefit. (Since contracts are covered by the E-Verify provisions above, affidavits may still be required, but contracts executed after July 1, are no longer considered public benefits.)
- *“A copy or facsimile of”* an applicant’s secure and verifiable document is acceptable on or after July 1. Applicants may now also submit their documents up to nine months prior to the date of their application as long as the documents remain valid during that period.
- Applicants who are younger than 18 years old at the time of their application for a public benefit must submit a completed affidavit attesting to lawful presence within 30 days of the applicant’s eighteenth birthday.
- Documents may be submitted by applicants in person, by mail or electronically.
- U.S. Citizens renewing an application for a public benefit issued within the same agency, or applying for a new public benefit within the same agency after they have already been verified for one, do not have to repeat the affidavit and document verification process.

#### Reporting

- A new combined report covering the immigration compliance requirements for both E-Verify and S.A.V.E. is now due to the Georgia Department of Audits and Accounts (DOAA) by December 31st of each year. The report due this December will ask for DCA’s contract and public benefit data for the period December 1 through June 30; the old immigration laws will apply to this period. The same report will ask for DCA’s contract and public benefit data from July 1 through November 30, under the requirements of the new immigration law.
- The new law states that *“Any agency or political subdivision failing to provide a report... shall not be entitled to any financial assistance, funds or grants from the Department of Community Affairs.”* The Community Development Division will provide the list of ineligible governments and political subdivisions to all DCA offices after the list is published by DOAA in January.

For more information about the immigration laws or assistance with affidavits or the S.A.V.E. verification system, contact: Georgia Department of Community Affairs, 404-679-4840.

#### Historic Preservation (Section 106) Compliance

All CHIP grants (other than down payment assistance) are subject to compliance with Section 106 of the National Historic Preservation Act and the Regulations of the Advisory Council on Historic Preservation (36 CFR Part 800). This is accomplished through compliance with the Programmatic Agreement described in the next section.

The Advisory Council web site has additional information about the regulation at <http://www.achp.gov/work106.html>.

#### Housing Activities Compliance with Section 106

During 1997, DCA entered into a Programmatic Agreement with the State Historic Preservation Division and the Advisory Council on Historic Preservation. This Agreement is applicable to **all** housing activities **except down payment assistance**.

Compliance with Section 106 regulations must be completed as part of the Site Specific Review.

#### Fair Lending and Equal Credit Opportunity Laws

State Recipient or Subrecipient will comply with all federal Fair Lending and Equal Credit Opportunity laws. The State Recipient or Subrecipient will not discriminate on the basis of race, religion, creed, color, national origin, sex, religion, familial status, age, handicap, etc.

#### Affirmative Fair Housing Marketing Strategy

The State Recipient or Subrecipient will adhere to the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988) and the Georgia Fair Housing Law, O.C.G.A., §8-3-200 and will comply with the marketing strategy as set forth in their approved CHIP Award Affirmative Fair Housing Marketing Plan, the HUD HOME Regulations, and DCA policy regarding fair housing and equal opportunity to ensure that all citizens, (especially those least likely to apply), will hear about the program and have an opportunity to apply and participate in the program. This marketing strategy will market and outreach to contractors including minority and women owned business contractors.

Marketing efforts must be multifaceted to ensure homeowners in need are informed of the program. Marketing efforts must be ongoing to ensure a sufficient number of applicants are qualified for available funds.

The Fair Housing logo must be placed on all documents relating to the grant and accompanied by a statement of commitment to provide all persons with equal access to services, activities, education and employment regardless of race, color, national origin, religion, sex, familial status, disability, or age.

The State Recipient or Subrecipient will also provide reasonable accommodations to all persons in need.

State Recipients or Subrecipients serving a county in which more than 5% of the county's population is of Limited English Proficiency (LEP) must provide marketing and other program materials in the primary language of the LEP population. As of November 2013, the State of

Georgia has identified the following 18 counties where LEP populations exceed the Department of Justice's Safe Harbor threshold of 5% and which require translation of program materials into Spanish:

Atkinson, Clayton, Cobb, Colquitt, DeKalb, Echols, Evans, Gilmer, Gordon, Grady, Gwinnett, Habersham, Hall, Murray, Polk, Telfair, Tift, and Whitfield.

Programs operated within these counties must take steps to provide access to the program and promote the full participation of interested households of LEP in the program, including minimally (1) employing interpreters and (2) maintaining contracts for the interpretation of documents as needed.

## HOUSING REHABILITATION PROCEDURES

### Housing Specialist

If a State Recipient or Subrecipient contracts with a Housing Specialist to give technical assistance to ensure that all housing rehabilitation complies with the following procedures, a signed contract must be submitted to DCA for review and approval. This contract will be placed in the file.

### Application In-take Process

In order to make the CHIP-funded program successful, the intake process has to be clearly defined as a fair and equitable. The State Recipient or Subrecipient must follow the intake process as set forth in the DCA approved CHIP award. Initial contact and application should include the following:

1. Conduct initial assessment at the office of the State Recipient or Subrecipient unless alternate arrangements were made to accommodate the client.
2. Record the date, client name, addresses, and phone number.
3. Continue the application process until the number of applications times the maximum loan amount reaches the available funding limit.

Once the maximum funding amount has been reached, create a waiting list with date and time of inquiry, and contact those individuals once additional funding becomes available.

### Loan Terms and Conditions and Minimum/Maximum Subsidy

All loans will be deferred-payment, zero interest loans with no cash contribution due by the homeowner. All CHIP funds provided to the homeowners are subject to a promissory note and a deed to secure debt between the Owner Occupant as mortgagor and GHFA as the mortgagee.

The subsidy amount for stick built & modular housing must be between \$1,000 - \$49,000 (including lead costs and a project delivery cost which may not exceed \$3,000). Manufactured Housing must be between \$1,000 - \$8,000 (including project delivery costs, which may not exceed \$1,000).

All construction hard costs, except those associated with the identification, mitigation, abatement, or clearance of lead based paint, asbestos, or mold/mildew issues will be made available to the homeowner at a 0% deferred payment second mortgage loan payable only

when the home is sold, refinanced, or no longer used for their principal residence during the affordability period. A percentage of the loan will be forgiven annually in equal installments over the applicable period of affordability as stated below. Any funds subject to recapture will be paid to the Georgia Housing and Finance Authority unless approved by DCA.

The length of the affordability period depends on the amount of CHIP investment in the property and the nature of the activity funded. The amount of CHIP investment includes all funds invested in a unit, including all Project Soft Costs.

Length of required affordability period is five years. The amount of CHIP investment includes all funds invested in a unit, including all Project Soft Cost. The table below provides the required affordability periods:

CHIP funds that are invested in projects that do not meet the established Period of Affordability requirements will be subject to recapture based on policies outlined in the Program Description and Administration Manual.

The State Recipient or Subrecipient may increase the amount of assistance provided to any Homeowner Rehabilitation Activity by up to 20% above the original project cost without seeking approval from DCA for the increased costs. All costs must meet eligibility requirements under the HOME Final Rule and the CHIP Program Description. Any increases in project cost above 20% of the original project cost must be approved by DCA prior to initiating any work associated with the cost amendment. **Any Increase for Reconstruction must be approved by DCA prior to initiating any work associated with the cost amendment.**

The following eligible Project-Related Soft Costs may be charged to the rehabilitation activity:

- Lead based paint inspections, risk assessments and clearance testing.
- Asbestos testing.
- Architectural, engineering or related professional services required to prepare plans, drawings or specifications of a project.
- Fees for recordation and filing of legal documents, building permits, attorneys, private appraisals, and independent cost estimates.
- Preparation of work write-ups and work specifications.
- Construction inspections.
  
- Project Delivery Costs:
  - Processing of applications from the homeowner.
  - Project underwriting.
  - Project document preparation.
  - Tier One Environmental Review.
  - Tier Two Site - Specific Environmental Review.
  - Costs associated with informing a homeowner about relocation rights or benefits.

All loans made to the borrowers using CHIP funds will be secured by a lien attached to the property occupied by the borrower. The following documents must be provided by the lender at closing:

1. Deed to Secure Debt (CL-1)
2. Grant Agreement (CL-2)

3. Loan Agreement (CL-3)
4. Promissory Note (CL-4R)
5. Collateral Assignment (CL-5)
6. Closing Instructions (CL-6)
7. Homeowner Notice Right to Rescind (CL-9)
8. Real Estate Note (CL-A10)
9. Affidavit to Execute Amended Promissory Note (CL-A13)

### Transfer of Loan

In the event of the death of a homeowner(s) during the required period of affordability, transfer of property to an eligible low or moderate income household that is an immediate family member of the original homeowner will be permitted.

An “immediate family member” is defined as a spouse, parent, brother, sister, or child of that person, or an individual to who that person stands loco parentis.

Any immediate family member that wishes to assume responsibility of the loan must contact the Housing Specialist for an assessment. The family member must meet all qualification criteria for CHIP funds, including:

- Borrower Eligibility Requirements
  - Income
  - Age
  - Occupancy
  - Mortgage Status
- Property Eligibility Requirements
  - Property ownership and type
  - Property tax
  - Property insurance

The Housing Specialist will conduct third party verification and obtain all required documentation to determine if the household meets all the eligibility requirements.

The immediate family member that is to assume responsibility of the loan is responsible for transferring title of the property into his/her name. The immediate family member is also responsible for preparation and processing of all documents related to loan assumption. All costs associated with transferring the title of the property and loan assumption will be the sole responsibility of the immediate family member, including any legal fees, filing fees, taxes, and any other costs incurred with such process. The immediate family member will have 180 days after the death of the original homeowner to complete the title transfer and loan assumption. If an immediate family member has not completed the process of title transfer and loan assumption within the specified timeframe, the original loan is considered “*in default.*”

All assumed loans will continue with the original loan terms outlined in the Loan Agreement, Deed to Secure Debt, and Promissory note.

### Recapture Provisions

All recaptured CHIP funds will be returned to GHFA. This provision will also be in the Loan Agreement, Note and Deed to Secure Debt.

### Temporary Relocation

No temporary relocation payments shall be made with CHIP funds. All homeowners must be responsible for all payments relating to temporary relocation from their home while construction is underway. Should the homeowner receive assistance from the State Recipient or Subrecipient, documentation will be required demonstrating commitment from the State Recipient or Subrecipient that sufficient resources are available to the homeowner to cover the entire length of time that the relocation will be necessary.

### INSPECTIONS , WORK WRITE-UPS, AND BIDDING PROCEDURES

Initial Property Inspection: The initial property inspection will be completed once an applicant has met income, occupancy and ownership compliance requirements. The purpose of the inspection is to determine if the property is feasible for rehabilitation, determine code required improvements and estimate the total cost of the regular (non-lead) rehabilitation work.

A standard Housing Rehabilitation Program Inspection Form will be used in conducting inspections to ensure completeness and consistency in the inspection process. This form will record the work required to meet the minimum property standards.

Reconstruction Provision: After conducting the initial property inspection, the State Recipient or Subrecipient may determine that the house is not structurally or economically feasible to rehabilitate. In some cases, reconstruction may be a viable option. **Reconstruction** means: the rebuilding on the same lot of a housing unit eligible for CHIP assistance that is not economically or structurally feasible to rehabilitate. Rooms may be added outside the foundation or footprint of the housing being reconstructed, but the reconstructed housing must be substantially similar to the original housing.

Upon DCA approval, the project may be approved for set-up as a reconstruction if all of the following conditions are met:

- Unit is “unsuitable for rehabilitation” both structurally and economically as indicated on the Rehabilitation Feasibility Test Form.
- The estimated cost of reconstruction (constructing a comparable replacement house on the same property) will be substantially less than the estimated cost to purchase the comparable house (including land) that would be newly constructed in a comparable neighborhood within the community’s jurisdiction.
- The estimate cost of reconstruction will be less than the fair market value of the property (dwelling and land) after reconstruction. This is determined by obtaining an appraisal prior to reconstruction on the projected value of the property including the reconstructed house and land. The Rehabilitation Feasibility Test Form must be submitted to DCA for prior approval of each unit.
- If a property received a Tier II Environmental Review for a reconstruction scope of work, however later request for rehabilitation, the project may proceed under the standing Tier II. However, if a property received a Tier II Environmental Review for a

rehabilitation scope of work, and later discover the unit is feasible for a reconstruction, the property must be re-submitted to DCA for a Tier II Environmental Review re-assessment capturing the reconstruction scope of work.

- Only feasibility change requests submitted after the time of grant award signing must be reviewed by and receive written approval by DCA prior to moving forward. This shall only occur in limited instances: including when the prescribed scope of work is no longer feasible as determined by the CHIP program manager.

All reconstruction activities must meet all of the following visitability requirements of O.C.G.A. §8-3-172:

1. One No Step Entry through 36 inch door
2. On first floor:
  - a. Each interior door is at least a standard 32 inch door, unless the door provides access only to a closet of less than 15 square feet in area
  - b. Each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold
  - c. Each bathroom wall is reinforced for potential installation of grab bars
  - d. Each electrical panel or breaker box (located inside on first floor), light switch, or thermostat is not higher than 48 inches above the floor
  - e. Each electrical plug or other receptacle is at least 15 inches above the floor

Interim Property Inspection: The State Recipient or Subrecipient will perform interim inspections during the course of the rehabilitation work. At a minimum, the State Recipient or Subrecipient will perform two (2) interim inspections to ensure that the funds are used for eligible purposes and the work is being completed in accordance with the Rehabilitation Standards. Inspections will be conducted in the presence of the owner and contractor, whenever possible, so that any problems can be identified, discussed and resolutions developed.

The State Recipient or Subrecipient will inspect the job each time a request for payment is submitted to ensure all work for which payment is being requested is complete. The number of allowable draws for each job will be identified in the construction contract. If only one final payment is allowed by the contract, the State Recipient or Subrecipient will perform two progress inspections during the course of the job.

If the job is complicated or problems arise with any of the parties involved, or if unforeseen conditions arise, the State Recipient or Subrecipient will make additional inspections as necessary to resolve issues or prevent serious problems.

Final Inspection: Final inspections will be conducted by the Housing Specialist at the request of the contractor. Prior to the final inspection, the contractor must submit documentation that all required inspections per permit, have been completed and signed off by the appropriate building official.

The work write-up and all of the change orders will be used as a checklist to ensure completion of all work items and compliance with the Written Rehabilitation Specifications. A “punch” list will be given to the contractor identifying any remaining work items. Upon satisfactory completion of the “punch” list items, the State Recipient or Subrecipient will prepare the Certificate of Final Inspection.

After the final inspection has occurred and the releases of liens have been obtained, the Certificate of Final Inspection is executed, and applicable warranties and contacts are given to the homeowner, the owner can authorize final disbursement funds, by signing the statement of satisfaction. The State Recipient or Subrecipient may then request the final payment for the contractor.

### Work Write-Ups

A work write-up is a set of specifications which sets forth the work to be done and materials to be used plus a cost estimate.

A Rehabilitation Feasibility Test Form will be completed and a separate work write-up will be done for the lead interim control requirements for the home after the testing is completed by the lead risk assessor. The scope of repairs will be clearly stated and specifications will be sufficiently detailed to form a basis for obtaining bids from contractors. Generally, if it is determined that the hard cost of rehabilitation of a property is greater than \$25,000 and the expenditure of funds is not justified, a determination of economic unfeasibility will be made. Although this determination must be based on a strong element of subjective judgment, certain relative objectives threshold criteria must also be applied. In the event that it is determined the property is not economically feasible for rehabilitation, the homeowner must be notified in writing.

### Bidding Procedures

All contractor bids will be obtained through either an “open, free competitive bidding” or “negotiation” method that is in compliance with 24 CFR §85.36(b)(8), which states contract awards shall only be made to responsible contractors possessing the ability to perform under the terms and conditions of the proposed contract. The homeowner does retain the right to the negotiation process to ensure all housing goals and objectives are met to the fullest extent.

If the open, free competitive method is chosen, the State Recipient or Subrecipient will provide a list of qualified contractors to the homeowner with a bid package for each containing the following:

- Contractor bidding instructions.
- Lead based paint work write-up (if applicable)
- Rehabilitation Work Write-up
- Housing Rehabilitation Specifications
- Bid and Proposal form

### CONTRACTORS QUALIFICATIONS

Only those contractors who have submitted a complete application to the State Recipient or Subrecipient and have received approval from the State Recipient or Subrecipient shall be eligible to perform rehabilitation work under this program. Prior to issuing a notice to proceed to any contractor, the State Recipient or Subrecipient will confirm that the contractor is not on the current HUD debarment list by checking the Excluded Parties List at: <https://www.epls.gov/>

### Eligible Contractor Requirements

All Contractors will have to provide:

- State Certified License
- Certificate of Insurance
- Model Accredited Renovator Certification
- Pass the State Clearance Process

In addition to the aforementioned; Lead Contractors have to Provide:

- Lead Certification
- Lead Abatement Certification

The homeowner will choose from the list of qualified contractors and invite them to bid on the property. Criteria for selecting a contractor can include, but is not limited to:

- a) Quality of workmanship and response time on warranty work based on three references;
- b) Paying of material dealers and suppliers in a timely fashion based on references;
- c) Paying of sub-contractors in a timely fashion based on references;
- d) Adequate and valid insurance; etc.

The approved contractors will schedule an appointment with the homeowner to inspect the property and complete the bid package. All bids must be submitted in a sealed envelope with the address of the property to be rehabilitated clearly marked on it by the deadline noted in the bid package.

The Housing Specialist and homeowner will agree on a time to open the bids to identify the lowest bidder. A Bid Control Sheet will be used to document bids submitted, and will include signatures documenting all who attended. This sheet will be placed in the homeowner's file.

The Housing Specialist will review all bids for responsiveness, accuracy, and reasonableness; record findings on Bid Control Sheet; and prepare a Bid Summary. The Bid Summary will compare each bid to the cost estimate. Bids will be considered reasonable if they are within fifteen (15%) of the cost estimate. If the bids are not within 15% of the estimate, the Housing Specialist will determine if the discrepancy is justified based on a careful review of the cost of individual work items.

The next step is to search the Excluded Parties List System (EPLS) to ensure the contractor has not been debarred from performing work in the state of Georgia. Upon clearance, the homeowner will select the contractor for the proposed work. The bid selected should reflect the lowest responsible bid complying with all program requirements, provided such bid is reasonable and in the best interest of the homeowner. A bid award will be provided to the selected contractor.

#### Contractor and Homeowner Negotiations

The negotiation method may be chosen in instances where multiple contractors cannot be attracted to form a contractor pool or when a homeowner requests using a contractor of their choosing.

All contractors must meet the contractor eligibility requirements and all bids must be determined reasonable based on criteria identified above. If the bid does not meet the requirement, the Housing Specialist may negotiate a price in order to get the bid within

qualifying range. If the negotiations are not successful, the job should be re-bid or the owner may pay the difference between the contractor's price and the price of the cost estimate.

Similarly, should the owner choose to use a contractor that is not determined to be the most advantageous to the program by the Housing Specialist because of a high bid, the owner may pay the difference to the contractor of their choosing.

The homeowner and Housing Specialist may reserve the right to reject any and all bids or any portion thereof and waive any and all irregularities per these Policies and Procedures.

#### INELIGIBLE CONTRACTOR REQUIREMENTS

The local government, State Recipient or Non-Profit Subrecipient or the Housing Specialist shall remove any contractor from the approved contractors list for one or more of the following reasons:

1. Continuous performance of unsatisfactory (poor quality) work, as deemed by the City or project Housing Specialist.
2. Failure to maintain REQUIRED insurance.
3. Failure to pay sub-contractors and/or material dealers.
4. Failure to respond to grievances from homeowners.
5. Failure to respond to warranty work in a timely fashion.
6. Failure to maintain current license and/or registration.
7. Insolvency, bankruptcy, or other conduct or condition which has resulted in a monetary loss to a homeowner in connection with any contract funded through a state or federal program.
8. Failure to complete contract work or abandonment of a job.
9. Withdrawal of bid without justification.
10. Conviction of a crime in connection with any contract work, or connection with payment, or receipt of funds from ANY state or federally funded program.

All applicable state and federal regulations, equal opportunity provisions (including Section 3), conflicts of interest, etc. are incorporated into all construction contracts for housing rehabilitation to ensure that all housing goals and objectives are met.

#### Applicants and Contractors Terms and Conditions

The contractor and homeowner will agree on the commencement date and the contractor will be given 45 calendar days from that agreed upon date to complete the project. In the event of inclement weather or other conditions beyond the contractor's control, he/she will be given extra days equal to the actual time lost. If there are change orders or amendments to the original contract, the contractor will be given additional time to accomplish the changes. This additional time and cost will be agreed upon by the contractor, homeowner and the Housing Specialist. If the contractor fails to complete the project within the allotted time, he will be penalized for the agreed upon amount as per the contract for each calendar day he exceeds the agreed upon completion date.

A contractor will be paid the contract price in one lump sum, less ten percent (10%) retainage after the work is satisfactorily completed on all contracts of \$5,000 or less. This payment will be contingent on approval of the final inspection made by the Housing Specialist and the satisfaction of the homeowner.

On all contracts over \$10,000 but not exceeding \$15,000, the contractor may request one (1) partial payment after a minimum of fifty percent (50%) of the total contract work per the partial payment schedule is satisfactorily completed. A ten percent (10%) retainage will be withheld until 30 days following satisfactory completion of the project.

On all contracts over \$15,000, two (2) partial payments may be requested by the contractor. The first partial payment will be given after completing fifty percent (50%) of the total contract work per the partial payment schedule is satisfactorily completed; and a second payment will be given after completing seventy percent (70%) of the total contract work per the partial schedule is satisfactorily completed. A 10% retainage will be held from each payment until 30 days following satisfactory completion of the project.

The owner of the property must sign an Owner's Satisfaction Statement certifying that they are satisfied with the rehabilitation work each time a request for payment is submitted by the contractor and prior to any payment being issued to the contractor. In addition to the signed satisfaction statement by the owner for a partial for full payment to the contractor, the releases of liens must be obtained from the general contractor and all sub-contractors prior to releasing any payments.

No payment made under the contract shall act as a waiver for the right of the owner to require the fulfillment of all terms of the contract.

#### Change Orders

Should unforeseen conditions arise that could not be detected in the original scope of work, a change order must be completed per the process below. Unforeseen conditions might include a collapsed wall, rotted wood that was undetected, unavailability of materials due to matters beyond reasonable control, or unforeseen terminate damage. While it is sometimes impossible to detect every hidden code or property standard violation at the inspection completed prior to construction, simply failing to include an otherwise noticeable work item on the original bid is not generally allowed to be addressed after construction begins. Additionally, contractor error in estimating the project or doing the work is not typically allowed in a change order if the result is an increase in the cost of the job. If a need for a change order should arise and additional time is needed, the contractor will be given additional time to accomplish the changes. This additional time and cost will be agreed and approved by the signatures of the contractor, homeowner and the Housing Specialist.

The Housing Specialist shall prepare an itemized list of work to be performed or modification on a Change Order form describing in detail, as in the work write-up. Justification for added or deleted items will need to be described in detail. The contractor will price each item as requested on the Change Order form and return it to the Housing Specialist. The Housing Specialist will then determine if the figures are justified by comparison to the Local Cost Index and if so, discuss the changes with the homeowner for final approval. When approved by the homeowner, the Change Order form will be executed by the homeowner, contractor and Housing Specialist, and will become a part of the contract.

If the original budget as stated in the grant application will be exceeded, an Exceed Maximum letter of request must be prepared by the Housing Specialist and submitted to DCA for approval.

#### Appeals and Disputes

The State Recipient or Subrecipient will administrate the following appeal procedure to settle any disputes that may arise between the homeowner and the contractor. Per this policy, all persons submitting an application for assistance and receiving CHIP assistance within the project activity location has the right to appeal any and all decisions for assistance and any types of assistance they may be eligible for.

If an Arbitration board/committee has been appointed by the county/city, a mandatory arbitration using the Construction Industry Rules of the America Arbitration Association must be held; if an Arbitration board/committee does not exist, grievances between the property owners and the contractor must be filed in writing to the Local Official/Authorized Official within five (5) business days of the incident. The Local Official/Authorized Official will have ten (10) business days to inform both parties of his/her decision. The decision of the Local Official/Authorized Official shall be final and conclusive.

### Project Closeout

The State Recipient or Subrecipient will submit a Project Completion Report to DCA along with the final request for project reimbursement. DCA will provide a notice of project completion. The date of this notice is the beginning date of the affordability period of the loan.

Within thirty (30) days of payment of all CHIP funded costs (with the exception of audit costs and any unsettled third-party claims), the State Recipient or Subrecipient will inform DCA that the CHIP Program is ready for close-out and the date of the next scheduled annual audit review.

The following will be performed by DCA:

1. DCA will conduct a review to ensure that any monitoring findings are resolved, and that any excess grant funds have been refunded. DCA will also verify that the accomplishments projected in the application have been satisfactorily met.
2. After review and final resolution of any findings, DCA will notify the State Recipient or Subrecipient of the grant's conditional close-out pending receipt of an acceptable final audit.

### Record Retention

All CHIP program records will be kept for a minimum of five (5) years after the program close-out or five (5) years after the termination of all applicable periods of affordability, written agreements, and loan terms, whichever is longer. All program records will be stored in an acceptable record storage facility during the required retention period.

Records pertaining to any litigation, claim negotiation, or audit, monitoring, inspection, or other action, which may have started before the expiration of the required record retention period, will be retained until completion of the action and resolution of all issues that arise from it, or until the end of the required period, whichever is later.

### Section 3 Outreach Plan and Policy Compliance

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with Federal, State, and local laws and regulations, be directed to low and very low income persons, particularly

those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low income persons.

The State Recipient and Subrecipient will develop procedures that are consistent with all applicable regulations and the approved Section 3 Plan in order to meet the requirements of Section 3 and Federal Procurement laws.

#### Minimum Requirements

The Scope of the Work shall include all labor, materials, equipment, permits, drawings and services necessary for the proper completion of the rehabilitation of the property as identified in the "Work Write-Up" and all such work called for shall be done in accordance with the Basic General Specifications as outlined in the Policy and Procedures of the Community HOME Investment Program.

The homeowner(s) must certify that he/she has participated in the development of the Work Write Up (WWU) with the "Date inspected". Homeowner(s) will accept the work described & initial & date each page of the Work Write Up.

The contractor must certify he/she has carefully reviewed & agrees to perform the work described in the Work Write Up (WWU) with the "Date Inspected". The contractor shall initial & date each page of the WWU.

At a minimum, State Recipients and Subrecipients must include in the contractors agreement:

- A. The Work Write-up. Shall take precedence over the Basic General Specifications and, when in conflict, the material, equipment or workmanship called for in the Work Write-up will be required.

**AS DESCRIBED IN THIS SECTION, ALL ITEMS MUST BE LISTED ON THE WORK WRITE-UP. IF REPAIR/REPLACEMENT OF LISTED ITEMS IS NOT NEEDED, REFERENCE EACH SECTION AS N/A – NO CODE VIOLATION. IF HOMEOWNER REQUEST NOT TO INCLUDE CODE ITEMS AS DESCRIBED IN THIS SECTION, THE HOMEOWNER WILL BE INELIGIBLE TO RECEIVE CHIP ASSISTANCE.**

- B. State Certification. All contractors or subcontractors engaged in the practice of electrical contracting, plumbing contracting, low-voltage contracting, heating and cooling contracting or the installation, alteration and/or repair of plumbing, HVAC, electrical or low-voltage wiring systems are required to be licensed by the State of Georgia Construction Industry licensing board.
- C. Bids and Proposals. Will be submitted at the bidder's risk prior to a time and date certain, and the homeowner or CHIP Recipient reserves the right to reject any or all bids or proposals.
- D. Subcontractors. Shall be bound by the terms and conditions of this contract, insofar as it applies to their work. This shall not relieve the General Contractor from the full responsibility to the owner for the proper completion of all work to be executed under this

contract; and he shall not be released from this responsibility by any sub-contractual agreement he may make with others.

- E. Fitting and Coordination of the Work. The contractor shall be responsible for the proper fitting of all work and for the coordination of the operations of all trades, subcontractors or material men engaged upon this and measurements which they may required for the fitting of their work to all surrounding work.
- F. Trade Names. Must be used in the Basic General Specifications to establish quality and type of materials required. Exact materials to be used on a specific property may be described in the Work Write-up for the particular property.
- G. Adjacent Property. When adjacent property is affected or endangered by any work done under this contract, it shall be the responsibility of the contractor to take whatever steps are necessary for the protection of the adjacent property and to notify the owner thereof of such hazards.
- H. Repairs. Shall be made to all surfaces damaged by the contractor resulting from his work under this contract at no additional cost to the owner. Where "repair of existing" work is called for by the contract, the feature is to be placed in "equal to new condition" either by patching or replacement. All damaged, loose or rotted parts shall be removed and replaced and the finished work shall match adjacent work in design and dimension.
- I. Payments.
  1. In the event the contract amount is \$15,000.00 or more and satisfactory progress is being maintained, as determined by the State Recipient or Subrecipients, the homeowner agrees to approve the contractor's requisition for progress payment(s) as specified. This progress payment(s) will be based on the work and materials, fixtures and equipment satisfactorily placed at the time of the requisition and shall not exceed eighty percent (80%) of the amount due for the work satisfactorily completed with deductions for the amounts of previous progress payments. The remainder due to contractor shall be withheld pending satisfactory completion of all work covered in this contract.
  2. After Recipient's/Administrator's inspection, the contractor shall submit to the owner, for approval, his requisition for payment. When the required Affidavits and Release of Claims (warranties and the release of liens) have been executed by the contractor, subcontractors, and material suppliers, a payment will be made that will include any amounts due under the contract as adjusted in accordance with approved contract amendments and subject to the payment of any amounts due the owner for liquidated damages as may be necessary to protect the owner against any claim arising from the contractor's operation under the contract.

3. No payment made under the contract shall act as a waiver of the right of the owner to require the fulfillment of all the terms of the contract.
4. The contractor will be paid the contract price in one lump sum, less a 10% retainage, after the work is satisfactorily completed on all contracts of \$5,000.00 or less.
5. When progress payments are applicable, the contract will include a payment schedule that specifies the stages at which payments will be made and the percentage (or amount) of the contact price that will be paid for the satisfactory completion of each stage:
  - i. Contracts over \$5,000 but not exceeding \$15,000: one (1) partial payment may be requested by the contractor after a minimum of fifty percent of the total contract work per the partial payment schedule is satisfactorily completed. A 10% retainage will be withheld until 30 days following satisfactory completion of the project.
  - ii. Contracts over \$15,000: two (2) partial payments may be requested by the contractor, 1) First Partial Payment – after a minimum of forty percent (40%) of the total contract work per the partial payment schedule is satisfactorily completed; and 2) eighty percent (80%) of the total contract work per the partial payment schedule is satisfactorily completed. A 10% retainage will be withheld from each payment until 30 days following satisfactory completion of the project.

**IMPORTANT: All progress payments are contingent upon the contractor maintaining satisfactory progress in the prescribed work. This will be determined by the State Recipient or Subrecipient.**

- J. General Guarantee and Warranty. The general contractor warrants that all materials, fixtures and equipment furnished by him and his subcontractors shall be new, of good quality, of good title, and that the work will be done in a neat and workmanlike manner. Neither the final payment nor any provision in the contract nor partial or entire use of occupancy of the premises by the owner shall constitute an acceptance of work not done in accordance with the contract or relieve the contractor of liability in respect to any express warranties of responsibility for faulty materials or workmanship. The contractor shall promptly remedy any defects in the work and pay for any damage to other work resulting therein which may appear within a period of one year from the date of final acceptance of the work unless a longer period is specified. The homeowner or Recipient/Administrator will give notice of observed defects with reasonable promptness.
- K. Changes in the Work
  1. Change Order defined. The owner with Recipient's/Administrator's concurrence may make changes in the work required to be performed by the contractor by making additions thereto, or deleting work from; or by changing materials, fixtures or equipment from those specified without invalidating the contract and without relieving or releasing the contractor from any of his obligations under the contract. All such work

will be in writing and executed under the terms of the original contract unless it is expressly provided otherwise.

2. Except for the purpose of affording protection against any emergency endangering life or property, the contractor shall make no change in the work or rehabilitation, provide any extra or additional work or supply additional labor, services or materials beyond that actually required from the execution of the contract unless in pursuance of a written order from the owner authorizing the change. No claim for an adjustment of the contract price will be valid unless so ordered.
  3. Each "Change Order" shall include in its final form a detailed description of change of work, the contractor's definite statement as to the work, the contractor's definite statement as to the resulting change in the contract price and/or time and the statement that all work involved in the change shall be performed in accordance with contract requirements except as modified by the amendment.
  4. Any request for a Change Order", either by the owner or contractor, regardless of whether it involves an increase or decrease in work to be done, cost and/or time, must be approved by the State Recipient or Subrecipient before the change takes effect. Unless otherwise specified, any change order resulting in an increase in the work to be done and a resulting increase in cost shall be the responsibility of the owner.
- L. Excusable Delay. The contractor shall not be charged with liquidated damages for any delays in the completion of the work due to:
1. Any acts of the government including controls or restrictions upon or requisitioning of materials, equipment, tools or labor by reason of war, National Defense or any other national emergency.
  2. Any acts of the owner that will hinder the progress of the work as determined by the State Recipient or Subrecipient.
  3. Causes not reasonably foreseeable by the parties to the contract at the time of the execution of the contract which are beyond the control and without the fault or negligence of the contractor; including but not limited to acts of God or of the public enemy, acts of another contractor in the performance of some other contract with the owner, fire, floods, epidemics, quarantine restriction, strikes, freight embargoes and weather of unusual severity such as hurricanes, tornadoes, cyclones and other extreme weather conditions.
  4. Any delay of the subcontractor occasioned by any of the cause specified in subparagraphs a, b, and c above; provided, however, that the contractor promptly (within 10 days) notifies the owner and Recipient/Administrator in writing of the cause of the delay. If the facts show the delay to be properly excusable under the terms of this contract, as determined by Recipient/Administrator, the owner shall extend the

contract time by a period commensurate with the period of excusable delay to the completion of the work as a whole, in the form of an amendment to the contract.

- M. Permits and Codes. The contractor shall give all notices required by and comply with all applicable laws, ordinances and codes of the local government including the obtaining of and payment for all required permits; provided, however, that the contractor shall not be held responsible for pre-existing violations of any law including but not restricted to zoning or building codes or regulations except compliance for any new or replaced work included in this contract will be required. Before beginning the work, the contractor shall examine the "Work Write-up" for compliance with the applicable ordinances and codes for the new or replaced work and shall immediately report any discrepancy to the State Recipient or Subrecipient and the owner. Where the requirements of the "Work Write-Up" fail to comply with such applicable ordinances or codes for the new or replaced work, the owner will adjust the contract by amendment to conform to such ordinances or codes and make appropriate adjustment in the contract price unless waivers in writing covering the difference have been granted by proper authority.
- N. Insurance.
1. The Contractor shall provide for Workman's Compensation Insurance for all his employees and shall be responsible for compliance of his subcontractors engaged in work at the site in accordance with State or Territorial Workman's Compensation Laws, if applicable.
  2. The contractor shall provide for Manufacturer's and Contractor's Public Liability Insurance with minimum limits of \$500,000 on each accident (\$100,000 on each person) to protect the Contractor and his subcontractors against claims for injury to or death of one or more persons because of accidents which may occur or result from operations under this contract. Such insurance shall cover the use of all equipment including, but not limited to, excavating machinery, trenching machines, cranes, hoists, rollers, concrete mixers and motor vehicles in the construction of the rehabilitation embraced in this contract.
  3. The Contractor shall provide for, during the life of the contract, property damage insurance in the amount not less than \$50,000 to protect him and his subcontractors from claims for property damage which might arise from operations under this contract.
  4. Prior to the execution of the contract, the contractor shall submit evidence of the coverage required above by an insurance certificate or its equivalent.
- O. Inspection of Work. HUD, DCA, and the State Recipient or Subrecipient shall have the right to examine and inspect rehabilitation work included in this contract. The work shall be subject to the inspector's approval and acceptance. The contractor will be informed of rejected work in writing. Also, these representatives shall be permitted to examine and inspect all subcontracts, materials, equipment, payrolls and conditions of employment pertaining to the work including all relevant data and records.

- P. Surplus Material. All surplus materials delivered to the job site and all material, fixtures and equipment replaced become the property and responsibility of the contractor and/or its subcontractors and shall be removed from the job site promptly after completion as well as all rubbish and debris resulting from the contractor's operations. The premises shall be left in clean condition.
- Q. Interest of Certain Federal and Other Officials.
1. No member of the Delegate to the Congress or the United States and no Resident Commissioner shall be admitted to any share or part of the contract or to any benefit to arise from same.
  2. No member of the governing body of the State Recipient or Subrecipient, who exercise any functions or responsibilities in connection with the administration of the Housing Rehabilitation Program to which this contract pertains and no other officer or employee of the State Recipient or Subrecipient who exercises any such functions or responsibilities shall have any interest, direct or indirect, in this contract which is incompatible or in conflict with the discharge or fulfillment of these functions and responsibilities in connection with the carrying out of the program to which this contract pertains.
  3. No member of the governing body of the State Recipient or Subrecipient and no other public official who exercises any functions or responsibilities in connection with the administration of the Housing Rehabilitation Program shall have any interest, direct or indirect, in this contract.
- R. DCA's Section 3 Policy. DCA published its revised Section 3 Policy for State Recipients and Subrecipients (i.e., grantees) and contractors/subcontractors on November 1, 2013. Section 3 of the U. S. Housing and Urban Development (HUD) Act of 1968 and the Housing and Community Development Act of 1992, requires that economic opportunities generated by federal Housing and Community Development programs shall, to the greatest extent feasible, be given to low- and very low-income persons, and to businesses that provide economic opportunities for these persons.
- S. Equal Employment Opportunity. If the contract amount is \$10,000 or more, the following conditions shall apply during the performance of this contract:
1. The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated, during employment, without regard to their race, creed, color or national origin. Such action shall include, but is not limited to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants

for employment, notices to be provided by the municipality setting forth the provisions of this nondiscrimination clause.

2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.
  3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, notice to be provided advising the labor union or workers representative of the contractor's commitments under Section 202 Executive Order 11246 of September 24, 1965, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.
  4. The contractor will furnish all information and reports by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor or the Secretary of Housing and Urban Development pursuant thereto, and will permit access to his books, records and accounts by the Secretary of Housing and Urban Development, or his designee, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
  5. In the event of the contractor's noncompliance with the nondiscrimination clause of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated or suspended, in whole or in part, and the contractor may be declared ineligible for further government contracts of federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies involved as provided in Executive Order 11246 or by rule or regulation by order of the Secretary of Labor or as otherwise provided by law.
  6. The contractor will include the provisions of paragraphs (a) through (f) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 202 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the property owner may direct as a means of enforcing such provisions, including sanctions for non compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the property owner, the contractor may request the United States to enter into such litigation to protect the interest of the United States.
- T. Certification of Non-segregated Facilities. The building contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under

his control, where segregated facilities are maintained. The bidding contractor certifies further that he will not maintain or provide for his employees any segregated facilities any of his establishments, and that he will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The bidding contractor agrees that a breach of this certification will be a violation of the Equal Opportunity clause in any contract resulting from acceptance of this bid. As used in this certification, the terms **segregated facilities** means: any waiting rooms, work areas, restrooms, restaurants, any other eating areas, time clocks, etc. The bidding contractor agrees that, except where he has obtained identical certification from proposed subcontractors for specific time periods he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause, and the he will retain such certification in his file.

- U. Clean Up. The contractor is required to keep the premises clean and orderly during the course of the work and to remove all debris at the completion of the work. Clean up and removal of all debris and materials resulting from his work shall be the responsibility of the contractor who will, upon completion of his work, leave the premises in clean condition. Remove from site all construction materials, tools and debris. Sweep clean all exterior work areas. Vacuum all interior work areas, removing all visible dust, stains, labels and tags. Clean all windows referenced in specifications.
- V. Statewide Uniform Construction Codes Act. The General Contractor and his subcontractors are legally obligated to comply with all applicable state and local codes.

## **REHABILITATION STANDARDS AND SPECIFICATIONS**

Written Rehabilitation Standards establish the standards for the actual rehabilitation work that will bring substandard housing into compliance with the property standard and code(s). The Written Rehabilitation Standards prescribe the method and materials to be used in the rehabilitation of the property. The Written Rehabilitation Standards are sometimes referred to as "specs" or "specifications" and include details such as the grade of lumber to be used, the number of nails per square foot, the type of material that can or cannot be used for doors serving as fire exits, the distribution pattern and material of roofing tiles, etc.

The Written Rehabilitation Standards provide a common basis for contractor bids. This commonality is particularly important because by ensuring that all contractors are bidding on work using identical methods and materials, the State Recipient or Subrecipient can make an accurate determination of the cost reasonableness of bids. By holding all contractors to a single rehabilitation standard, consistent and high quality rehabilitation is assured.

Applicants must adhere to the methods and materials set forth in these Written Rehabilitation Standards as set forth in the Policy and Procedures, CHIP Manuals, and the HOME Final Rule, and as adopted by the State Recipient or Subrecipient.

## **GENERAL REQUIREMENTS**

### **State Certification**

All contractors or subcontractors engaged in the practice of electrical contracting, plumbing contracting, low-voltage contracting, heating and cooling contracting or the installation, alteration and/or repair of plumbing, HVAC, electrical or low-voltage wiring systems are required to be licensed by the State of Georgia Construction Industry licensing board.

#### CONSTRUCTION DEFINITIONS

- **Install** means: to purchase, set up, test and warrant a new component.
- **Replace** means: to remove and dispose of original material, purchase new material, deliver, install, test and warrant.
- **Repair** means: to return a building component to like new condition through replacement, adjustment and recoating of parts.
- **Reinstall** means: to remove, clean, store and install a component.

#### VERIFY QUANTITIES/MEASUREMENTS

All quantities stated in the attached specifications for this address using units of measure other than Each (EA), Room (RM) or Dwelling Unit (DU) (e.g. SF of Drywall) are for the contractor's convenience and must be verified by the contractor at a mandatory site inspection prior to bid submission. All quantities stated in the units of measure Each (EA), Room (RM) or Dwelling Unit (DU) is as stated. Discrepancies in quantities found by the contractor must be communicated to the Housing Rehabilitation Specialist prior to the submission of a bid. Claims for additional funds due to discrepancies in quantities shall not be honored if submitted after the bid submission.

#### ELECTRICAL PERMIT REQUIRED

Prior to the start of work, the contractor shall create any documentation necessary to apply for, pay for and receive an electrical permit on behalf of the owner.

#### PLUMBING PERMIT REQUIRED

Prior to the start of work, the contractor shall: create a riser diagram, septic layout and all other documentation needed to apply for, pay for and receive a plumbing permit on behalf of the owner.

#### HVAC PERMIT REQUIRED

Prior to the start of the heating/cooling work, the contractor shall create a heating distribution layout and perform heat/cooling loss calculations and all other documentation needed to apply for, pay for and receive an HVAC permit on behalf of the owner.

#### CONTRACTOR PRE-BID SITE VISIT

The contractor must inspect the property. Submission of a bid is presumptive evidence that the bidder has thoroughly examined the site and is conversant with the requirements of the local jurisdiction.

#### WORK TIMES

Contractors and their sub-contractors shall schedule working hours between 8:00 am and 6:00 pm Monday through Friday. Requests to work on weekends and before or after these hours must be approved by the homeowner.

#### NEW MATERIALS REQUIRED

All materials used in connection with this work write-up are to be new, of first quality and without defects - unless stated otherwise or pre-approved by Owner and Construction Specialist.

### FINAL CLEAN

Remove from site all construction materials, tools and debris. Sweep clean all exterior work areas. Vacuum all interior work areas, removing all visible dust, stains, labels and tags. Clean all windows referenced in specifications.

### 1 YEAR GENERAL WARRANTY

Contractor shall remedy any defect due to faulty material or workmanship and pay for all damage to other work resulting there from, which appear within one year from final payment. Further, contractor shall furnish owner with all manufacturers' and suppliers' written warranties covering items furnished under this contract prior to release of the final payment.

### SITE WORK

#### FENCE, CHAIN-LINK 4' HIGH

Dispose of any existing fence. Install a 4' high, galvanized, chain-link fence using 11-gauge wire, 1-5/8" line posts and 2" corner posts on 10' centers, with a 1-3/8" top rail. Gate posts shall be 2-1/2". Set posts at least 36" deep in a 9" diameter concrete sleeve. Installation of sections shall be in a straight line unless otherwise stated.

#### GATE, CHAIN-LINK 4' HIGH

Hang a 4' high, 42-inch wide, 11-gauge galvanized gate with a 1 3/8" frame, two off- set type hinges and latch.

#### FENCE, STOCKADE 6' HIGH

Dispose of any existing fence. Install a 6" high wood stockade fence. Use all preservative treated lumber, 4"x4" ground contact rated posts set at least 36" deep in 9" diameter concrete sleeves 8' on center. 2"x4" top and bottom rails, 1"x3" split rail fence boards. Installation of sections shall be in a straight line unless otherwise stated.

#### SOD

Finish grade and lay 1" deep sod on prepared ground. Rototill, rake out debris and fertilize with 10-10-10 roll and water to saturation.

#### TREE, PLANT

Contact "One Call" prior to locating the tree to identify the location of underground utilities. Do not plant the tree close to underground or overhead utilities. Locate the tree at least 20 feet away from any building. Mark out a planting area four times wider than the root ball diameter. Loosen this area to an 8-inch depth. In the center of the planting area, dig a hole at least twice as wide as the root ball and no deeper than the depth of the soil in the root ball. The bottom of the ball should rest on solid, undisturbed soil. When finished the soil at the base of the tree must be at the same level on the tree as it was in the container. Plant a 1-1/2 inch caliper Live oak (requires significant room to grow), Bald cypress (suitable for wet sites), crape myrtle, winged elm, magnolia, red oak (avoid in high clay content soils), or American holly including staking and a 3" mulch except at the trunk where the soil must be exposed a minimum of four inches.

#### GROUND COVER, PACHYSANDRA

Plant pachysandra ground cover in prepared bed, 12" on center in all directions.

#### REMOVE TREE AND GRIND STUMP

Cut and remove tree to legal dump. Grind stump to 12" below grade. Install top soil and reseed all disturbed areas.

LANDSCAPING ALLOWANCE

The following allowance is provided to the contractor as a limit to the level of work required to the specified landscaping work.

DEMOLITION & DISPOSAL

DEMO OUTBUILDING

Disconnect and cap off all electrical and plumbing services. Demolish outbuilding to 12" below grade and dispose of debris in code legal dump. Rake yard clean including nails and glass. The contractor shall protect and secure from damage all other structures, sidewalks, paved areas, shrubbery, and lawn areas.

DEMO PORCH

Demolish entire porch including roof, columns/posts, deck, railing/walls, substructure, lattice and steps and dispose of in code legal dump. Rake yard clean. Patch trim and siding matching as closely as possible in like kind.

HAUL DEBRIS TO LANDFILL

Remove, temporarily store on site, and legally dispose of all debris resulting from construction activities. Interior shall be vacuumed clean, yard raked and free of glass, nails and lead suspect paint chips.

CONCRETE & PAVING

STEPS, REPAIR CONCRETE

The following allowance is provided to the contractor as a limit to the level of repairs required to the specified concrete step(s).

STEPS AND LANDINGS, CONCRETE

Excavate, level & compact to 85% a well drained subgrade. Reinforce with 6x6 welded wire fabric. Form and pour 4000-psi, 3% air entrained, concrete steps on 12"x12" continuous footing, leading to a 4'x5' landing. Steps shall be uniform and even, 3' wide, 7-3/4" rise and 10" run. Cure with a sprayable membrane. Broom finish across direction of traffic and remove forms.

DEMO CONCRETE

Break up concrete and remove off site to code legal dump.

FOOTING, PIER

Excavate a square, straight sided 4' deep hole below the frost line to solid bearing. Pour a 24" x24"x18" pier footing. Cast a rod to anchor pier.

CONCRETE SLAB, PATCH

Break up deteriorated slab section. Grade and compact soil to 95%. Apply a bonding agent per manufacturer's specs on exposed concrete. Pour a 4", 2200 psi concrete slab to match elevation of surrounding slab. Float and steel trowel finish.

CONCRETE REPAIR, OVERLAY

Remove portions of deteriorating concrete to solid surface or 1/2" minimum depth. Clean, acid wash and thoroughly rinse area. Apply a latex bonding agent per the manufacturer's specs. Resurface with a plastic, patching cement mixture. Finish to match surrounding surface.

## MASONRY

### FOUNDATON, PARGET

Remove all loose broken and deteriorated material. Parget foundation wall with 3/8" coat of waterproof cement. Match existing finish as closely as possible.

### FOUNDATION VENT, SMALL

Install an operable galvanized steel foundation vent protected by heavy gauge steel screening with at least 45-square-inches of free open space.

### FOUNDATION VENT, LARGE

Install an operable galvanized steel foundation vent protected by heavy gauge steel screening with at least 100-square-inches of free open space.

### FOUNDATION VENT SCREEN, REPLACE

Replace foundation vent screen with heavy duty galvanized steel screening.

### BLOCK WALL REPAIR

Remove damaged block and patch wall by toothing replacement block of same dimensions into wall.

### GLASS BLOCK

Block opening with 6"x 6"x 4" thick glass block with tooled joints both sides.

### MASONRY, CLEAN

Remove stains, graffiti and dirt from masonry wall using high pressure water and chemical mix.

### MASONRY, REPOINT

Cut out mortar at least 1/2". Remove all loose material with clear water. Saturate joints with water and repoint in 1/ 2" lifts using portland cement mortar. Reinstall flashing, tool concave joints and clean brick face.

### BRICK WALL REPAIR

Remove damaged brick and tooth replacement brick into wall. Match brick and tooling as closely as possible.

### CHIMNEY, RE-POINT

Repair chimney above roof area by cutting out mortar at least 1/2", removing all loose material, and re-pointing using portland cement mortar. Saturate joints with water before applying mortar. Match color as closely as possible. Replace all missing and defective materials with matching materials. Clean mortar and other debris from adjoining surfaces and gutter.

### CHIMNEY CAP

Replace chimney cap with a 2'x2' precast, concrete cap cemented in place.

### MASONRY CHIMNEY, REBUILD

Tear down chimney to below lowest point on roof. Rebuild chimney using new 4" thick solid bricks without cored holes. Color of brick to match existing as close as possible. Chimney to a height required by the Building Code. Install roof flashing, chimney cap and terra cotta flue liner.

## METAL WORK

### METAL GUARD RAIL, WROUGHT

Design, fabricate, prime, topcoat and install a one-piece steel railing of 2" flat top and bottom rails and 1/4" balustrades 6" on center.

## CARPENTRY

### FLOOR, TONGUE AND GROOVE

Chisel out damaged flooring, stagger end joints at least 6". Blind nail where possible using tongue and groove wood strip flooring to match original as closely as possible. Apply 3 coats of floor varnish to patched area.

### FLOOR, BAMBOO T&G

Prepare floor by renailling deck tightly to joists with screw shank nails, 8" OC. Install prefinished tongue and groove bamboo, with moisture content of 6-8% using a flooring nailer. Apply one coat of polyurethane floor coating. Install finger-jointed ranch baseboard and 3/4" oak shoe molding with finish nails or tee headed brads.

### BASEBOARD, RANCH

Install finger jointed 9/16" x 3-1/2" ranch base with finish nails or tee headed brads.

### BASEBOARD, 1"x4"

Install 1"x4", #2-grade pine base with finish nails or tee headed brads.

### SHOE MOLDING

Install pine shoe molding nailed 2' on center to create the tightest possible seal between the baseboard and floor using finish nails or tee headed brads.

### RAILING, WOOD REPAIR

Tighten loose balusters and replace broken and missing ones. Tighten top and bottom rails and posts. Match existing parts with replacements as closely as possible.

### TREAD REPLACEMENT, INTERIOR

Chisel out damaged tread. Install nailers on each stringer for replacement tread. Install 5/4" pine stepping stock tread with glue and screw shank nails.

### HANDRAIL BRACE

Install brass handrail brace screwed directly to stud and handrail.

### HANDRAIL, REPLACE INTERIOR

Install 2" round hardwood handrail with braces screwed to studs and handrail.

### HANDRAIL WITH BALUSTERS

Install oak handrail and newel post, and pine turned balusters 6" on center.

### STAIRCASE, INTERIOR CLOSED

Remove closed staircase and dispose of in code legal dump. Resize opening to accept a 36" wide prefabricated staircase. Double all headers with 2" stock. Install staircase with white pine stepping stock treads, balusters, and railing. Apply 2 coats of clear finish to all exposed wood and trim.

#### STAIRCASE, REPLACE BASEMENT

Dispose of entire basement staircase and handrail. Construct an open staircase using 2"x12" pine stringers and 5/4" pine stepping stock treads. Install wood handrail, one side, 32" above tread nosing. Stringers to rest on a 2"x12" preservative treated pine sill.

#### SIDING, CLAPBOARD REPLACE

Remove damaged siding to the joint over nearest stud. Apply matching pine siding to walls with galvanized nails. Break all seams over studs. Prime ready for top coat.

#### SIDING, CEDAR SHINGLE REPAIR

Remove damaged and deteriorated shingles. Install 18" #1 cedar shingles with an 8" exposure using aluminum or galvanized nails.

#### SIDING, VINYL

Hang Alside Conquest vinyl clapboard siding including all cornice, corner, door and window trim after replacing all deteriorated exterior building components. Wrap home with Tyvek vapor/infiltration barrier and apply owner's choice of siding color, exposure and texture with 50 year warranty.

#### TRIM, WRAP WITH VINYL

Replace missing or rotten trim with dimensional pine stock. Wrap all exposed trim with vinyl, including required starter pieces.

#### SIDING, ALUMINUM REPAIR

Secure aluminum siding and replace missing or damaged siding, matching existing as closely as possible. Use pop rivets, if needed.

#### STUCCO, PATCH

Remove damaged stucco and wire, attach new wire to patch area and apply scratch, brown and color coats. Feather patch into the surrounding surface. Match existing color as closely as possible.

#### SIDING, REPAIR CEMENT SHINGLES

Replace all damaged and missing cement shingles with fiberglass-cement shingles with matching edge detail. Use galvanized 6d nails and caulk all seams at openings and trim.

#### SASH LOCK

Screw a brass plated sash lock on double hung window to tightly draw sash together.

#### SASH CORDS

Install nylon reinforced cotton sash cords or chain to sash and counterweights.

#### WINDOW REPAIR

Repair window without replacing sash. Replace broken and cracked glass with double strength glass. Remove loose glazing compound and reglaze. Repair and adjust window to open and close smoothly, with brass plated lifts and locks, and sash chains or nylon reinforced cords. Raise the top sash, secure it in place with exposed finish nails or screws and caulk.

#### GLASS REPLACE, WOOD SASH

Remove broken pane of glass, glazing and points. Install double strength glass, points and glazing compound ready for paint.

#### GLASS BLOCK

Install 4" thick glass block in opening, per manufacturer's specs, tool joints, install expansion spacers around perimeter and mortar to existing foundation or framing. Trim exterior and interior to match existing.

#### TRIM, WINDOW SET, INTERIOR

Trim window including header, stops, casings, stool and apron in 2-1/2" wide finger jointed pine.

#### WOOD SASH, SINGLE GLAZED

Field measure, order and install a single glazed replacement sash matching existing mullion configuration, including vinyl replacement channels. Prime both sides.

#### WOOD SASH, DOUBLE GLAZED

Field measure, order and install a double glazed replacement sash that matches the existing million configuration including vinyl replacement channels. Prime both sides.

#### WINDOW, WOOD DBL HNG/SGL GLZ

Dispose of and replace a wood, double hung, single glazed, one-over-one window and jamb, complete with screen, snap-in mullion, hardware, weatherstripping, interior stool, apron, casing, and outside casing. Prime before installing. Repair all walls disturbed by removal and installation. Paint enamel both sides. Clean glass. In bathroom, use obscure glass.

#### WINDOW, WOOD DBL HNG/DBL GLZ

Dispose of window unit and install a wood, double hung, double glazed, one-over-one window and jamb complete with screen, snap-in mullion, hardware, weatherstripping, interior stool, apron, casing, and outside casing. Prime before installing. Repair all walls disturbed by removal and installation. Paint acrylic both sides. Clean glass. In bathroom, use obscure glass.

#### WINDOW, WOOD DBL HNG/DBL GLZ, REPLACEMENT PAC

Replace existing window unit with a wood, exterior aluminum clad, double hung, double glazed, one-over-one replacement window kit complete with 2 sash, insulated and weather stripped vinyl jamb liners, screen, hardware, and weather-stripping. Use Marvin Tilt Pac Kit or Kolbe and Kolbe Classic Replacement Sash Kit. Repair all walls disturbed by removal and installation. Clean glass. In bathroom, use obscure glass.

#### WINDOW, WOOD BASEMENT UNIT

Dispose of basement window unit. Install a single-lite window, plumb and level, back primed, caulked. Repair masonry as necessary to complete installation. Provide screen and storm insert.

#### WINDOW, VINYL DOUBLE HUNG/DOUBLE GLAZE

Field measure, order and install a vinyl, double hung, double glazed, one-over-one window and jamb including screen, caulk, interior casing and exterior trim. Install half screen.

#### STORM WINDOW, ALUMINUM

Field measure, fabricate, caulk and install an enameled, white aluminum, double hung, triple track storm window with fiberglass screen. Storm window meeting rails must align with meeting rails on prime window and weep holes must drain.

#### DOOR, REWORK EXTERIOR

Plane, sand, adjust and/or repair exterior door and jamb to assure weather tight, smoothly operating door and lock set.

DOOR CASING, REPLACE

Dispose of all cracked, split or damaged door casing. Install casing to match existing as closely as possible. Include drip cap.

DOOR, REPLACE ENTRANCE HARDWARE

Replace exterior door mortise lock with a "Weslock Modernizer" or equal. Install double cylinder mortised deadbolt. Locks shall be keyed alike. Provide 2 sets of keys to the owner.

DOOR, EXTERIOR FLUSH, SOLID CORE

Install a 1-5/8" solid core, flush panel, exterior wood door with entrance lock set, and mortised dead bolt keyed alike. Include three 3"x4" butt hinges, vinyl bulb threshold, spring metal weather-stripping, and wide angle peep sight. Prime and topcoat.

DOOR, EXTERIOR PANELED

Install a 1-5/8" 4-panel, exterior wood door with entrance lock set and mortised dead bolt keyed alike. Include three 3"x4" butt hinges, interlocking threshold, spring metal weather-stripping, and wide angle peep sight. Prime and top coat.

DOOR, PRE-HUNG METAL ENTRANCE

Dispose of door and frame. Install a pre-hung metal, insulated, 6-panel entrance door and jamb including interior and exterior casing, spring metal weather-stripping, interlocking threshold, one entrance and one mortised deadbolt keyed alike. Prime and top coat.

DOOR, CRAWL SPACE ACCESS

Install a 3/4" CDX plywood access door in a 2"x 4" preservative treated frame. Provide galvanized iron hinges and hasp.

SCREEN DOOR-WOODEN

Replace screen door with wood framed screen door, wood paneled lower half, screen on top half. Include closer and screen door type latch-set. Prime and paint.

STORM DOOR, ALUMINUM

Install an aluminum combination storm and screen door with white baked enamel aluminum finish and top chain.

DOOR, REMOVE

Dispose of interior door. Remove butts. Fill holes in jamb. Sand smooth.

RE-WORK INTERIOR DOOR

Re-hang door. Adjust door and lock set to operate properly. If door rubs carpeting, trim bottom of door to clear carpeting.

PASSAGE LOCK

Install a brass-plated, 2-1/2" back-set door knob set.

LOCKSET, BEDROOM

Install a back-set, brass plated privacy lock set.

LOCKSET, BATHROOM

Install a back-set, privacy lock set with a brass plated exterior knob and a chrome plated interior knob.