

Housing Guidelines



**Community & Housing Support Division
City of San Angelo, Texas**

Updated September 2, 2015

TABLE OF CONTENTS

<u>CHAPTER</u>	<u>TITLE</u>	<u>PAGE</u>
Intro	INTRODUCTION	4
1	REQUIREMENTS FOR EMERGENCY REPAIRS AND REHABILITATION PROGRAMS	8
2	REQUIREMENTS FOR NEW/RECONSTRUCTION	17
3	DEMOLITION PROGRAM	27
4	HOMEBUYER'S ASSISTANCE PROGRAM (HAP)	31
5	LEAD-BASED PAINT HAZARDS	39
6	LOAN TERMS AND CONDITIONS	49
7	APPLICATION PROCESS AND WORK PROCEDURES	55
APPENDIX A	GLOSSARY OF KEY TERMS	71
APPENDIX B	HOUSING QUALITY STANDARDS	73
APPENDIX C	TEXAS HISTORICAL COMMISSION REVIEW	77
APPENDIX D	PUBLIC INFORMATION AND PRIVACY ACTS STATEMENTS	88
APPENDIX E	ASSURANCES AND CERTIFICATIONS	98
APPENDIX F	VOLUNTARY TEMPORARY RELOCATION ASSISTANCE POLICY	100
APPENDIX G	APPLICATIONS, VERIFICATION FORMS AND WORK PROCEDURE FORMS	103
APPENDIX H	COLLECTIONS POLICY	106
APPENDIX I	MONITORING PLAN	116
APPENDIX J	ANNUAL INCOME CALCULATIONS GUIDELINES	119

PAGE INTENTIONALLY LEFT BLANK

INTRODUCTION

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

CDBG - PURPOSE AND PRIMARY OBJECTIVES

The primary objective of the Community and Housing Support (CHS) program is the development of viable urban communities by providing decent housing, suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.¹ Consistent with this primary objective, at least 70 percent of the aggregate of the Federal assistance provided to States and units of general local government shall be used for the support of activities that benefit persons of low and moderate income and are directed toward the following specific objectives:

1. the elimination of slums and blight, the prevention of blighting influences and the deterioration of property, neighborhood, and community facilities of importance to the welfare of the community;
2. the elimination of conditions which are detrimental to the health, safety, and public welfare through code enforcement, demolition, interim rehabilitation assistance, and related activities;
3. the conservation and expansion of the nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;
4. the expansion and improvement of the quantity and quality of community services, which are essential for sound Community and Housing Support and for the development of viable urban communities;
5. a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;
6. the reduction of the isolation of income groups within communities and geographical areas, the promotion of an increase in the diversity and vitality of neighborhoods through the spatial de-concentration of housing opportunities for persons of lower income, and the revitalization of deteriorating or deteriorated neighborhoods;
7. the restoration and preservation of properties of special value for historic, architectural, or aesthetic reasons;
8. the alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population out-migration or a stagnating or declining tax base; and
9. the conservation of the nation's scarce energy resources, improvement of energy efficiency, and the provision of alternative and renewable energy sources of supply.

¹ 42 U.S.C. 5301(c) §101(c); 24 CFR 570.1(c).

HOME - PURPOSE AND PRIMARY OBJECTIVES

In general, under the HOME Investment Partnerships Program (HOME), HUD allocates funds by formula among eligible State and local governments to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary and affordable housing for low/moderate income families.²

Generally, HOME funds must be matched by nonfederal resources. State and local governments that become participating jurisdictions may use HOME funds to carry out multi-year housing strategies through acquisition, rehabilitation, and the new construction of housing, and tenant based rental assistance.

Participating jurisdictions may provide assistance in a number of eligible forms, including grants, loans, advances, equity investments, interest subsidies and other forms of investment that HUD approves.

CITY OF SAN ANGELO - OBJECTIVES

The CHS Rehab Program consists of emergency repairs and housing rehabilitation. The **Emergency Repair** 100% Grant Program provides grants up to **\$5,000**. Emergency repairs are provided to alleviate conditions which pose threats to the life, health or safety of the applicant and the neighborhood, such as a gas or sewage problems.

The Community and Housing Support **Rehabilitation Program** (CHS Rehab Program) is a Loan/Deferred Loan program undertaken through the Community Development Block Grant (CDBG) and is designed to improve neighborhoods by rehabilitating homes and to prevent the reduction of existing suitable low/moderate income houses. There are two main subprograms under the housing rehab umbrella: the **Rental Rehab** program and **Neighborhood Blitz**. Further, the program seeks to make substandard homes decent, safe, and sanitary as required by HUD Housing Quality Standards. Rehabilitation projects are undertaken to address conditions such as roof, water, gas, sewer, and electrical problems that have occurred over time, deterioration caused by aging, weather conditions, or water leaks, and pose a future threat to the life, health and/or safety of the occupants. The maximum amount that can be expended on rehabilitation is **\$24,999.00**. If the total rehab costs exceed the maximum, CDBG funded projects can be scoped down as necessary to bring the cost under the cap. Projects under \$5,000.00 will be a deferred loan.

As part of the Rehab Program, the city council authorized an annual **Neighborhood Blitz** where city employees and citizen volunteers perform clean-up, painting, and minor repairs in selected neighborhoods. CDBG and local funds are used as leverage to support the effort for both homeowners and renters.

The **Rental Rehab** program was authorized by council in 2013. This program consists of loans to landlords (see COSA Rental Rehabilitation Supplement to Housing Guidelines).

The **Demolition Program**, funded through CDBG, is designed to assist in the removal of structures that are substandard and not suitable for rehabilitation, thus helping eliminate slum and

² 42 U.S.C. 12701 et seq., 24 CFR 92.1.

blighting influences while improving the appearance and safety of the neighborhoods. The Demolition program provides 100% grants to all citizens below the moderate income limit. Citizens who are over the moderate income level will be offered a two-year 2% interest loan covering the total cost for demolition.

The **Neighborhood Revitalization/Enhancement Program**, funded through CDBG and the HOME Investment Partnerships Program (HOME) is a Loan/Deferred Loan program designed to preserve and increase the number of suitable residences available to low/moderate income families in target areas selected by the City Council through reconstruction of owner-occupied units, new construction for homeownership or rental, and homebuyer assistance leading to overall neighborhood enhancement.

The **Homebuyer's Assistance Program (HAP)**, funded through HOME is designed to assist low and moderate income families in becoming homeowners by providing a No-interest Deferred Payment Loan used for down payment and closing costs not to exceed **\$15,000.00** for homes located within the city limits of San Angelo, not to exceed **15%** of the appraised value of the property, based on need. HOME funds provided for HAP assistance toward purchasing a home carry the restriction that the homebuyer must live in the home a minimum of **five years**.

The implementation and operation of the Rehabilitation, Emergency Repair, Demolition, Neighborhood Revitalization/Enhancement, and Homebuyer's Assistance Programs will conform to the policies and guidelines established by the United States Department of Housing and Urban Development (HUD) and the City of San Angelo's City Council.

INQUIRY LIST

There is no longer an inquiry list as the Homeowner Rehab Program has been discontinued.

Critical Need. There is no longer a Critical Need criteria because the Homeowner Rehab/New Construction program has ended.

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 1

REQUIREMENTS FOR REHABILITATION, NEIGHBORHOOD BLITZ and EMERGENCY REPAIR PROGRAMS

CHAPTER 1

ELIGIBILITY REQUIREMENTS FOR EMERGENCY REPAIRS AND HOUSING REHABILITATION PROGRAMS

1. GENERAL

In general, the eligibility guidelines apply for both the CHS Housing Rehab Program and the HOME Revitalization Program except where differences are specifically noted.

Emergency Repairs: Whenever possible, emergency repairs are undertaken under the CHS Emergency Repair 100% Grant Program, not to exceed **\$5,000** to address conditions such as water, gas, sewer, and electrical problems. These conditions occurred **without warning** and within two (2) weeks of first contact with CHS about the condition, and are detrimental to the life, health and/or safety of the occupants. Emergency repairs require immediate action which is defined as 24-72 hours. Pre-qualified contractors will be used on a rotating basis to complete the emergency repair(s). Trades will be required to be licensed by the state for their respective trade. Generals may be used in circumstances that require several trades to complete the project. Contractors must maintain the required city insurance to include commercial general liability and worker's compensation as outlined by the city's Risk Management Division. Contractors whose insurance is inactive **will not** be contacted for Emergency Repair projects.

If the cost of repairs exceeds \$5,000, CHS staff will seek a second estimate from the next contractor on the rotation list. If both estimates are over \$5000, the client will be placed on the Inquiry List. Staff may also attempt to reduce the scope of work by reducing the cosmetic repairs.

To qualify for an emergency repair grant, the property must be in need of immediate correction of a code violation(s), which constitutes: (a) a serious and urgent, life threatening hazard that comes about suddenly and unexpectedly; and/or (b) an emerging health and safety hazard (i.e., a code violation that, if not repaired, will cause serious structural damage to the property). Eligible repairs include but are not limited to a substandard condition(s) of one or more of the following:

Plumbing systems

- Lack of hot and cold running water
- Defective sewage system
- Leaking waterlines and gas lines or dangerous conditions in plumbing and gas systems
- Leaking or inoperable water heaters

Electrical systems

- Lack of electricity due to electrical hazards
- Exposed or dangerous electrical wiring

Air conditioning/heating units

- Must be elderly (age 62 or older) or disabled and lack of air conditioning/heating must present a health hazard as identified by a physician

- New central air/heat systems will not be installed, but repairs to an existing unit is authorized
- If new heat/air are required wall units will be installed (air conditioning units will not be installed in windows)

Roofing

- Leaking systems due to recent events such as tree damage, high winds, etc
- Long term deterioration is not eligible for emergency repairs
- Will only perform patch work to arrest the condition

Carpentry

- Structural deficiencies posing an immediate safety issue
- Will only perform necessary work to arrest the condition

Other activities necessary to ensure the health and safety of the occupants. Items which are typically considered general maintenance (e.g. simple clogged drain) or weatherization improvements are not eligible under this program.

The emergency repair work may only stabilize the property until a more substantial rehabilitation can be performed. Owner-occupied dwellings requiring substantial rehabilitation will be encouraged to apply for assistance under the city's CHS Rehab Program.

Eligibility Period between emergency repairs for a single household will be **24 months** unless otherwise determined by the CHS Director for extraordinary cases.

Note: All emergency repairs are exempt from HUD's lead-based paint requirements, but must be documented in the file as to the exemption.

Housing Rehabilitations are undertaken to address conditions such as roof, water, gas, sewer, and electrical problems that have occurred over time, deterioration caused by aging, weather conditions, or water leaks. The maximum expenditure for rehabs is **\$24,999.00** which does not include the cost for lead-base paint (LBP) abatement. All LBP related costs will be over and above the cost of the rehab and will not be included in the loan-to-deferred loan ratio. Projects under \$5,000.00 will be a deferred loan.

Assistance under the Rehab program will consist of a **2% loan** and no-interest deferred loan based on a sliding scale determined by family/household income and can only be given to low to moderate income families residing within the city limits of San Angelo. The 2% loan formula is activated for any project over \$5,000.00.

Eligibility Period between Rehabs for a single household will be **10 years** unless otherwise determined by the CHS Director for extraordinary cases.

Neighborhood Blitzes are conducted annually as approved by city council. Certain neighborhoods are selected based on need and located in one of four areas targeted for revitalization. Housing units are selected based on need and household must be income eligible. Homeowners will be required to prove ownership. Rentals will be eligible

if the renters' household income meets income limits and the owner/landlord agrees to rent to low to moderate income tenants for **five (5) years**. Landlords will need to approve repairs and must prove ownership.

Work on housing units eligible for the Blitz will be for exterior repairs only (siding, windows, paint, etc). CDBG funds will be used as a **grant** and will be used as leverage funding along with local funds and donations from partnerships.

Rental Rehab program – see COSA Rental Rehabilitation Guidelines Supplement to COSA Housing Guidelines.

2. LEGAL AUTHORITY

The legal authority for rehab loans is found in HUD statutes and regulations. Rehab loans to rehabilitate residential structures are authorized under Section 115 of Title I of the Housing and Community and Housing Support Act of 1974 as amended (the Act) and Section 312 of the Act.

3. ELIGIBILITY REQUIREMENTS

Eligible applicants for Emergency and Rehabilitation programs (including the Blitz program) must meet the City of San Angelo's eligibility requirements generally described as follows:

- Owner-occupant of residential property or low to moderate income renters in case of the Blitz program
- For emergency repairs, must have lived in the home **within 2 weeks** from onset of emergency condition
- Reside within the city limits of San Angelo, Texas
- Meet the Department of Housing & Urban Development's definition of moderate income households based on verified gross household income and household size.
- Dwelling must be a single family structure
- Dwelling must be household's principal residence
- Must not have been convicted of a felony within five (5) years of application for assistance

Note: The Demolition program does not follow the same criteria as above as it is subject to the national objective of eliminating slum and blight. See Chapter 3 for more details on the demolition program.

a. Owner-Occupant Status. To be eligible for emergency repairs or rehabs an applicant must be an owner-occupant of residential property located within the city limits and have fee simple title to the property. Types of acceptable deeds include:

- General Warranty Deed
- Assumption Deed
- Foreclosure Deed

- Trustees Deed
- Deed Incident to Divorce (note: a Divorce Decree is not sufficient)

A Deed to the property must be on file in the Tom Green County Clerk Real Property Records. A Deed for Life Estate may be used in lieu of the Warranty Deed if the grantee on the Warranty Deed agrees to sign a RELEASE IN FULL OF ALL CLAIMS and also co-signs all of the grant/loan documents.

A Contract for Deed will be acceptable only for Emergency Repairs. The grantee on the Warranty Deed must agree to sign a RELEASE IN FULL OF ALL CLAIMS and also co-sign all of the grant documents. In such instances the applicant (and in the case of a Contract for Deed, the grantee on the Warranty Deed) must cooperate with staff to locate and submit all information that might be needed to establish ownership or occupancy of the residence. **An applicant with a Contract for Deed will not be eligible for rehab.**

If any deviation from the guidelines is requested or needed, the Department Director must approve any added expenditure up to \$15,000, the City Manager must approve any expenditure over \$15,000.

In the event an applicant vacated his or her home within 18 months prior to the date of initial application due to the house not being suitable for occupancy because of condition(s) detrimental to the health, safety, or welfare of the owner-occupant, the house will be eligible for emergency and rehab so long as the applicant provides adequate evidence of occupancy within the past 18 months and that the move from the house was caused by the detrimental condition(s).

For both the CDBG and HOME Programs, the income guidelines set forth in this Chapter must be met. In the event that more than one person is an owner-occupant (for example, spouses, siblings, etc.), each person's income will be considered and the total adjusted household income would be used to determine if the household meets the income requirements.

b. Annual Income. As required by HUD regulations, an applicant must not exceed the income limits according to family size as set by HUD. These figures are updated periodically by HUD and the new income limits automatically replace the previous limits when the revisions are received. These figures will be shared with the applicant upon his or her initial visit. **SEE APPENDIX J** for details.

c. Capacity To Repay. Applicants must be able and willing to make monthly loan payments in at least the minimum amount of \$25. For loans of \$1,000 or more, the applicant must agree to receive counseling through an accredited non-profit credit counseling agency in San Angelo and obtain a favorable report as to their ability to make the proposed monthly payments. This requirement may be waived by the Community and Housing Support Director if the applicant is agreeable to the proposed monthly payments and the Housing Program Administrator has determined that the applicant would be able to make the proposed monthly payment.

d. Taxes. Any property that will undergo emergency repairs or rehab under either program must have all property taxes current unless the applicant has an over-65

Homestead Tax Deferral Affidavit on record. Additionally, an exception may be made for emergency or rehab if there are back taxes owed on the property providing the applicant is making regular monthly payments as agreed upon with the tax appraisal district.

e. Existing City Loans. An applicant with a current rehab loan is eligible for an emergency grant assistance provided that the loan is in good standing. This may apply to an applicant who has received a rehab within the past 10 years and now needs emergency repairs.

f. Location. Assistance can only be provided for properties located within the city limits of San Angelo.

g. One Hundred Year Flood Plain. Homes located in the one hundred year flood plain are not eligible for rehab nor emergency repair unless flood insurance is obtained and carried through the life of the structure. Properties located within the **500 Year Flood Plain** are eligible for assistance.

h. Required Inspections. The property must pass the HUD-required environmental Site Specific Review Checklist inspection and, if necessary, receive clearance from the Texas Historical Commission following submission of a request for historical evaluation by Community and Housing Support. If the house was constructed prior to 1978, or if otherwise necessary, the house will be tested for lead-based paint in accordance with HUD regulations as explained in Chapter 4, "Lead-Based Paint Hazards" of these Guidelines.

i. Condition of the Home. Substandard Condition but Suitable for Rehabilitation are dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction of minor livability problems, or maintenance work. For the CHS Rehab program, the rehabilitated house must be free of any structural defects which will lead to the premature failure of the work put into it (i.e., bad foundation, weak structural framing problems, etc.).

j. Rehab-10 Year Limitation. Houses that have received rehab assistance in the past ten (10) years are not eligible for additional rehab. Once the ten year period has expired, the house will again be eligible. Items of an emergency nature, such as water, gas, sewer, and electrical problems are eligible without regard to the ten year period.

k. Manufactured and Mobile Homes. Under the CHS Rehab Program, manufactured homes are eligible projects for rehab if the manufactured or mobile home has been placed on a permanent concrete or pier and beam foundation, permitted, inspected, and passed by the building permit office.³ Manufactured and mobile homes are eligible for emergency repairs even if not placed on a permanent foundation. For both programs, the land must be owned by the occupant.

³ City Council Minutes, 6-19-79, vol 53, p.306

l. Property Condition/Code Enforcement Standards. Applicant's property must be clear and free of junk vehicles, debris, and tall weeds prior to commencement of rehab work. The property must also be in compliance with all other city, state, and federal requirements. For emergency repairs, the applicant will be notified of property conditions that maybe a violation of City Code. The Housing Programs Administrator will work with the applicant and, if necessary, Code Enforcement to develop a plan to ensure compliance with this provision is met.

m. Debts owed to the City. Applicants who owe money to the City of San Angelo will not be eligible for assistance under any program (includes overdue water bills, code violation fines, loans, etc.).

n. Existing Liens/Mortgages. In the case of rehabilitation, an existing lien or mortgage is acceptable if the following criteria are met:

- Applicant must have lived in the house for at least five (5) years
- Must be in good standing with the mortgage company (mortgage payments up to date)
- Must receive a favorable Consumer Credit Counseling Report
- Contract for Deed will not be eligible

Existing liens/mortgages will not prohibit assistance under the Emergency Repair program.

o. Code Compliance. No work will begin for any of the housing programs to include CDBG and HOME funded projects if there is an active case with the Code Compliance Division. Code violation must be cleared before work begins. Violators will be provided no more than a month to comply after which, the project will be closed and the client will be placed at the end of the waiting list.

4. MAXIMUM AMOUNT OF EXPENDITURES

a. Emergency Repairs. The maximum amount of expenditures for emergency repairs is **\$5,000**. In the event that the cost for emergency repairs exceeds **\$5,000**, the staff will obtain a second estimate. If both estimates exceed \$5000, the applicant will be placed on the Inquiry List for assistance at a later date.

b. Rehabilitation. The maximum amount of expenditures for rehabilitation will exceed **\$24,999** which includes any amount provided for emergency repairs.

The *after-rehab* value must not exceed 95% of the median purchase price for the area as published by FHA for its 203(b) program.

c. Neighborhood Blitz. Expenditures for the Blitz will be kept to a minimum and will focus on exterior siding and paint. The maximum will be **\$5,000** per unit. Units that exceed the \$5,000 limit will be reviewed by the Director, NFS and approve the overage on a case by case basis.

5. LIMITATIONS ON COSTS

For the CHS Rehab Program, costs necessary to meet applicable Housing Quality Standards, City Building Codes, and the correction of incipient violations will be included in the rehab. An incipient violation exists if, at the time of inspection, it is thought that the physical condition of an element in the structure will deteriorate into an actual violation in one to two years. An example of an incipient violation would be a 20-year old non-leaking roof that will likely fail in one to two years as the shingles are starting to curl.

The costs of reduction of lead-based paint hazards through interim controls or abatement, when required, will not be included as part of the rehabilitation project. Costs will be identified and recorded separately from the project costs.

Rehab expenditures will not be provided for materials, fixtures, equipment, or landscaping of a type or quality which, in the opinion of the Housing Program Administrator, exceeds that customarily used in the locality for properties of the same general type as the property to be rehabilitated.

Construction of additions to the main house, and the finishing of unfinished spaces such as an attic, basement, porch, or carport **will not** be included under the CHS Rehab program.

Work on existing structures not connected to the house such as detached secondary residences, garages, carports, or storage buildings normally **will not** be included in the CHS Rehab Program. An exception might be the need for repairing or replacing wiring going from the main house to a detached structure(s) in order for the electrical work to pass the City's electrical inspection.

Major foundation work normally will not be included in the CHS Rehab unless it is financially more feasible to repair the foundation than to demolish and rebuild a new home. Minor foundation work may also be completed in conjunction with replacing plumbing or kitchen base cabinets. Work on existing driveways will not be included in the rehab program unless required to preserve and protect the house from serious drainage problems.

Emergency repairs do not include routine maintenance activities such as the occasional unstopping/cleaning of sewer lines (toilets or drains), the pumping of septic tanks, replacing faucet washers, repairing broken doors or locks, replacing broken windows or broken/missing screens, repairing lighting pilots, cleaning of furnaces, repairing or replacing of non-working light fixtures or electrical wall receptacles, or repairing holes knocked in walls or ceilings. Such activities may be considered, as necessary, when undertaken in conjunction with rehab work.

Costs for land acquisition are only allowable under the new construction component of the Revitalization Program.

6. VOLUNTARY TEMPORARY RELOCATION ASSISTANCE

Voluntary temporary relocation assistance will be provided to assist eligible program participants who must temporarily relocate to facilitate the rehabilitation activities on their home. HUD Guidelines and the Voluntary Temporary Relocation Assistance Policy adopted by the City of San Angelo, Appendix F, will be followed when providing voluntary temporary relocation assistance.

Relocation will only be considered under extreme circumstances when it is determined that it would be an undue hardship on occupants of the home for them to remain at the dwelling during the rehab, if their presence at the home would impede the work process, or if required due to lead-based paint abatement activities.

7. APPLICATION SELECTION AND APPEAL PROCESS

Under normal circumstances, if available funding exists, the eligibility criteria and limitations set forth above will determine if an applicant will receive emergency repair or rehab assistance.

A review of the application will be performed by Community and Housing Support staff. Only those eligible applications that meet the minimum criteria as set forth in these Guidelines will be considered for final approval. Each project site will be reviewed by the Housing Program Administrator. Determinations will be based on the present condition of the house and the condition of the house after any repairs or rehab is performed. In general, the house should be free from any structural defects that will lead to premature failure of the repair or rehab. Additional consideration will be given to health and safety risks to CHS staff, contractors, subcontractors and occupants.

Chapter 7, "Application Process and Work Procedures," provides detailed step by step procedures for submitting and processing applications for rehab work. Also, specific steps to be followed when undertaking emergency repairs and rehab work are given.

Generally, applications for rehab assistance will be approved by the Community and Housing Support Director provided that all activity related to an application for assistance falls within the limitations and restrictions of these Guidelines. Once approved, the applicant must cooperate with Community and Housing Support staff and follow all applicable requirements of Chapter 8 of these Guidelines including signing all specified grant and loan documents before emergency repairs (if applicable) or rehab work can begin.

Applicants not approved under the CHS Rehab will be referred to other services in the City that may be able to help them. If an application for rehab assistance is denied because the house is substandard and not suitable for rehab, the applicant will be informed of the CHS Demolition Program and new/reconstruction under the Revitalization Program if the house is in a City Council designated target area.

Also, if an application is denied, the applicant will be informed of his or her right to present an appeal and the time frame to do so.

Appeal. An appeal must be made in writing and submitted to the Community and Housing Support Department within **30** calendar days of the date the applicant is

informed of the denial. The appeal will be presented first to the Service Area Director and may then be forwarded to the City Manager whose decision is final.

8. AFFORDABILITY REQUIREMENTS

The affordability period for Rehab assistance will be **five (5) years** which requires the household to continue to occupy the home as their primary residence for five years after completion of the rehab assistance.

9. RECAPTURE PROVISIONS

In the event of a sale, short sale and/or foreclosure, the amount recaptured will be limited to the amount of 'net proceeds' available at the time of such occurrence.

10. CONTRACTOR PROVISIONS

In addition to the City of San Angelo's Purchasing policies and procedures, the following provisions apply to contractors participating in the City's Rehab and Emergency Repair Program.

- Contractors must be currently registered with the City of San Angelo Permits office and must have obtained required insurance prior to start of Rehab projects. To be eligible for Emergency Repairs, contractors must maintain insurance at all times due to the nature of the program which requires a timely response.
- Contractors cannot owe money to the City of San Angelo (including but not limited to overdue water bills, code violation fines, outstanding fees, etc.)
- Contractor shall obtain and be responsible for the obtaining of all necessary permits for the work to be performed, and agrees that the job being done or any part thereof shall not be deemed as finished until accepted by Owner and passed by the authorized inspector of the City of San Angelo.
- Contractor shall ensure that all subcontractors have secured the necessary liability insurance to be licensed by the State of Texas.
- Contractor shall ensure and provide proof of a builder's risk policy with adequate coverage of reconstruction. Adequate coverage if further defined by being either the bid amount or a sum greater than the bid amount.
- Contractor shall be responsible for all damages to persons or property that occur as a result of his fault or negligence in connection with the prosecution of the work and shall be responsible for the proper care and protection of all work performed until completion and final acceptance, whether or not payments may have been made by the City of San Angelo for all or part of the work to be done hereunder.
- Contractor shall indemnify and save harmless the City of San Angelo and Owner from any and all liability for injury or death to persons or damages to property resulting from Contractor's work.

- Contractor shall keep the premises clean and orderly during the course of the work, remove all debris at the completion of the work, and provide a competent supervisor to be on the job site at all times during the progress of the work.
- Contractor shall perform all work in conformance with applicable local codes and requirements whether or not covered by the Specifications and drawings for such work.
- Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, disability, sex, familial status or national origin and shall take affirmative action to see that applicants for employment are employed and employees are treated during employment without regard to their race, color, religion, disabilities, sex, familial status or national origin. Such affirmative action shall further include but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- Contractor will pay all costs of construction, including labor, materials, and subcontractors, and will furnish the City with releases from these costs. If any other lien claims are filed, Contractor will pay for their removal or else provide a statutory bond. Failure to pay subcontractors will result in disqualification for future projects.
- Contractor will neither make nor charge for any alterations in the construction described in the plans and specifications unless Contractor, City of San Angelo, and Owner agree otherwise in writing. All extra work done and extra material so agreed to and furnished shall be paid for in cash upon completion, and such sum shall be a part of the indebtedness hereby secured. Any alteration made without a written agreement will be considered performed under the original contract at no additional charge.
- Contractor certifies and warrants to City of San Angelo and Owner that all materials, fixtures and equipment furnished are new, of good quality, and of good title. Should any defects appear within one year from the date of final acceptance and should such defects be caused by faulty materials, fixtures, equipment, or workmanship, Contractor shall promptly remedy these defects and pay for any damage to other work resulting there from. Notice of observed defects shall be given with reasonable promptness. All industry standard warranties are in effect.
- Contractor shall not borrow, lend, or otherwise use Owner's property to include but not limited to the use of trailers, hand tools, and other equipment.

11. AWARD OF BID

In addition to the City of San Angelo's Purchasing Policy and Procedures the following provisions apply to awarding new/reconstruction bids.

- Any contractor awarded a bid must adhere to all Contractor Provisions identified above in Section 11 of the Housing guidelines.
- Bid will be awarded to the lowest responsible bidder
- In the event that the lowest bidder has not previously been awarded a rehab contract by the City of San Angelo, the contractor will be required to show proof of capacity and experience prior to being awarded a contract. The general contractor is the entity that is vetted for previous experience and therefore, the general contractor must be the entity with experience. Ad hoc partnerships created to establish capacity/experience will not be allowed.
- Proof of capacity includes but is not limited to: Previous housing rehab projects successfully completed and within budget, quality of workmanship, proof of financial responsibility.
- Three references must be provided. References must be three of the following: Credit reference, a subcontractor, a client, or a professional reference (realtor, appraiser, etc.)

12. DRAWS

Contractors may request a draw for rehab projects exceeding \$5K when the project is 25% completed. The draw will be 25% of the original bid which covers material and labor.

CHAPTER 2

REQUIREMENTS FOR NEWCONSTRUCTION/RECONSTRUCTION (HOMEOWNERSHIP & RENTAL PROPERTIES)

CHAPTER 2

ELIGIBILITY AND HOUSING REQUIREMENTS FOR NEW/RECONSTRUCTION

1. PURPOSE

The purpose of the Revitalization Program New/Reconstruction component is to provide assistance to low/moderate income families residing within the city limits of San Angelo for building a new home when it is determined that the homeowner's existing house is substandard and not suitable for rehabilitation, or when an income eligible family is willing to relocate into a target area. New or reconstruction would occur when the cost to rehabilitate an existing house exceeds the maximum expenditure cap, or in the case of a household moving into a City Council designated target area through the Neighborhood Revitalization Program. In case of reconstruction, the existing house must be demolished. Consistent with the program objectives which aim to prevent the reduction of existing suitable low to moderate income houses and to expand the supply of decent, safe, sanitary, and affordable housing for low to moderate income families, the housing reconstruction component is voluntary.

New homes will be limited to three (3) bedrooms.

2. DEFINITIONS

New Construction: New construction is defined as the building of a new home in a target area. New Construction will only occur when it is not feasible to build on the existing lot as determined by the Community and Housing Support staff (i.e. the lot is too small for required additions to the house), or in the case of a household moving into a target area through the homebuyer's assistance component of the Revitalization Program.

Reconstruction: Reconstruction is defined as the rebuilding of a new home or in limited cases, the majority of a new home, on the same lot of an existing home. The number of housing units on the lot may not be increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased subject to maximum funding limitations, the City of San Angelo's Code of Ordinances, and family size. Reconstruction also includes replacing an existing substandard manufactured or mobile home with a conventionally constructed single family housing unit.

For both new construction and reconstruction, the Model Energy Code will be followed to ensure that the new unit is energy efficient. All such houses will be free of all architectural barriers for physically handicapped residents.

Substandard Condition and not Suitable for Rehabilitation: Dwelling units that are in such poor condition as to be neither structurally nor financially feasible for rehabilitation.

Substandard Condition but Suitable for Rehabilitation: Dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction of minor livability problems, or maintenance work.

Standard Condition: Dwelling units that meet the minimum requirements as prescribed by the various codes adopted by the City of San Angelo and are in good condition requiring only cosmetic work, correction of minor livability problems, or maintenance work.

3. FUNDING

The funding for new construction will be through the Revitalization Program and special federal grants. Funding for reconstruction will be through the CHS Demolition Program and the Revitalization Program, CDBG, and special federal grants.

The maximum amount that will be spent towards a new construction or reconstruction project will be based on the HUD Per Unit Subsidy limit. Demolition and temporary relocation expenses are excluded from this limitation, but are included in the total project cost. Change orders not to exceed five percent (5%) of the bid amount may be approved by the Community and Housing Support Director upon recommendation of the Housing Program Administrator. Change orders exceeding five percent (5%) of the bid amount must be approved by the Service Area Director. The City will not reimburse homeowners or pay contractors for expenditures not approved.

4. ELIGIBILITY REQUIREMENTS FOR HOMEOWNERSHIP

a. General. To be eligible for new construction, an applicant must apply for housing assistance through the homebuyer's assistance component of the Revitalization Program. To be eligible for reconstruction, a homeowner must first apply for housing rehabilitation through the CHS Rehab Program. Applicants will be selected from existing rehab applications that have been denied because the existing home is substandard and not suitable for rehabilitation. All eligibility requirements set forth in Chapter 1 for an applicant to the rehabilitation component of the CHS Rehab Program apply, except where noted below, including: owner-occupant status; annual income; taxes; location; value of the home; existing loans; and property condition. In addition, a reconstruction applicant must agree to temporarily relocate during demolition and reconstruction and, if a participant in the Revitalization Program, agree to the requisite period of affordability upon occupying the house.

- Owner-occupant of residential property in the case of reconstruction
- Reside within the city limits of San Angelo, Texas
- Meet the Department of Housing & Urban Development's definition of moderate income households based on verified gross household income and household size.
- Dwelling must be a single family structure
- Dwelling must be household's principal residence
- Must not have been convicted of a felony within five years of application for assistance

b. Title Check. Because of the cost and nature of reconstruction, a title check for outstanding liens must be performed before approval can be given for reconstruction. Title problems will remain with the owner as no acquisition is involved. Owners with complicated title problems and judgments will not be accepted.

c. Existing Liens. In the case for reconstruction, the house should be paid for, but if not, there can be an existing lien as long as the lender is willing to subordinate the lien to the City of San Angelo's lien. When appropriate, a local title company will examine the title for proof of ownership, title problems, pre-existing liens, and judgments.

d. Capacity to Repay. The applicant must be able and willing to make monthly loan payments. In no case, will the loan payment exceed thirty percent (31%) of the anticipated adjusted household income.

e. 15 Year Limitation. New homes constructed in the past fifteen (15) years are not eligible for rehab. Once the fifteen year period has expired, the house will be eligible.

5. ADDITIONAL LOAN TERMS AND CONDITIONS FOR HOWEOWNSHIP

The City will provide assistance in the form of a grant for the demolition, a No-interest Deferred Payment Loan (DPL), and a 2% Housing New/Reconstruction Loan (HRL) for replacing the substandard unit or building a new structure on a separate lot. The DPL & HRL portions will be determined by the Grant-To-Loan Ratio Chart shown in Chapter 7, "Loan Terms and Conditions," of these Guidelines.

The HRL will be for a period of fifteen (15) years with 2% interest if funded through the Revitalization Program. The DPL will also be a fifteen (15) year note written off at 1/120th per month, unless the total amount of assistance is less than \$40,000 in the case of new construction, in which case the DPL will be a ten (10) year note written off at 1/180th per month.

Recapture Provisions: In the event of a sale, short sale and/or foreclosure, the amount recaptured will be limited to the amount of 'net proceeds' available at the time of such occurrence.

Community and Housing Support has the right to review and assess special circumstances where recapture will cause homelessness and take appropriate action to avoid harm to include forgiving the HRL.

Legal instruments, forms, and notices will include the following as applicable:

- Application forms
- Release in Full of All Claims
- Housing Rehabilitation Agreement
- Real Estate Lien Note(s)
- Deed of Trust
- Work write-up for Reconstruction
- Notice to Proceed Form
- Change Order form
- Affidavit of Completion of Work (Work Performed by Contractor)
- All Bills Paid Affidavit and Certificate of Warranty and Release
- Waiver of Lien

6. AFFORDABILITY PROVISIONS FOR NEW CONSTRUCTION HOMEOWNERSHIP

Affordability requirements of 24 CFR § 92.254 of the Regulations for the following period (the "Affordability Period") shall be met beginning after project completion for new construction or for the homebuyer's assistance component of the Revitalization Program.

CHS shall be responsible for screening applicants for assistance and maintaining affordability in accordance with those requirements. CHS will ensure that no application for new construction or homebuyer's assistance is approved unless (i) the applicant and the home to be purchased will meet the affordability requirements of 24 CFR § 92.254, and (ii) the affordability requirements are enforced by means of a subordinate lien on the purchased property ensuring resale as set forth in 24 CFR § 92.254 (a)(5)(ii).

The affordability period, occupancy requirements and the term of the DPL is based on the amount of HOME assistance that is provided. The DPL will be forgiven in equal amounts each month during the period of affordability. The following table indicates the term of the note and the number of years the household is required to occupy the home as their principal residence:

Homeownership Assistance HOME Amount Per-Unit			
Amount of Assistance	Up to \$15,000	\$15,000 to \$40,000	More than \$40,000
Affordability Period (Occupancy Requirement)	5 Years	10 Years	15 Years

Verification of Loan Provisions: During the affordability period, CHS will verify the principal-residence requirement annually. Confirmation of residency will be accomplished through a review of tax and water department records. In addition, CHS staff will conduct on-site monitoring of approximately 10% of the HOME assisted properties annually to verify residency. A requirement of the program is that the home buyer will allow CHS staff to conduct on-site monitoring of the property.

7. ADDITIONAL POINTS OF AGREEMENT

The following are additional points of agreement that the applicant must agree to, as required, in order to participate in new/reconstruction, and by which the applicant is to abide:

- VOLUNTARY RELEASE FOR DEMOLITION. If the existing house must be demolished for reconstruction or construction to occur, the applicant will first be required to sign a voluntary release giving the City of San Angelo permission to demolish their existing home using the CHS Demolition Program. In the case of new construction on a different lot, the home will be demolished and the lot will revert to the City of San Angelo in exchange for building on the new lot.

- PRESERVATION OF THE SECURITY. Maintain the property and all improvements and permit the Community and Housing Support staff to inspect the property during the term of the loan.
- HAZARD INSURANCE & PROPERTY TAXES. The owner(s) shall maintain hazard insurance and pay property taxes during the term of the loan. Failure to do so may result in foreclosure and resale of the property.
- TRANSFER OF THE PROPERTY. Owner(s) agrees not to sell, transfer, or move out of the house without repaying the remaining portions of both loans, unless prior written consent from the Community and Housing Support Department is sought and received.

8. PLANS, SPECIFICATIONS, AND CHANGE ORDERS

Work write-ups, specifications, and plans will be prepared by or obtained by the Community and Housing Support staff. Such plans will provide decent, safe, and sanitary housing for the applicant's existing family. The plans will be reviewed with the applicant before bids are requested. If the applicant does not approve the plans and adjustments cannot be made, then the project will not proceed.

The Community and Housing Support Department reserves the right to either bid the project out turnkey to a General Contractor or to act as its' own General Contractor, using in-house labor as feasible and bidding required trades to subcontractors. General or subcontractors will be required to adhere to the plans and specifications and to obtain all applicable permits. Change orders may not be negotiated between the applicant and either the general contractor or subcontractors, but may be negotiated between the applicant or the general contractor and Community and Housing Support.

9. VOLUNTARY TEMPORARY RELOCATION ASSISTANCE

Temporary relocation grant assistance may be provided to assist persons who must temporarily vacate their residence due to the reconstruction activities on their home. This grant and guidelines will be administered under the City of San Angelo's Voluntary Temporary Relocation Assistance Policy, Appendix F, adopted by the City of San Angelo. Any applicant may choose alternative living arrangements paid for by the applicant with no assistance from the City. No eligible applicant will be required to accept the assistance offered to them.

10. TIME FRAME FOR COMPLETION

The City's goal is to keep the family's temporary relocation period to a minimum. The project start date is the date when demolition begins and the project end date will be the date when the house passes inspection and is issued a Certificate of Occupancy by the Building Inspection Department. The actual time frame for completing the project will be set forth in the Contract between the City and the contractor performing the work. The applicant will be given sufficient time as determined by Community and Housing

Support to relocate from the home prior to demolition and to return to the home following reconstruction.

In some cases, such as bad weather, this period may be extended by an amendment to the building Contract. A request for extension must be submitted by the contractor in writing to the Community and Housing Support Director, listing the exact days work could not be performed and the reasons. Extensions will be granted on a day per day basis only.

11. RENTAL PROGRAM

The 2010-2014 Consolidated Plan identified rentals as a growing community need which must be addressed. The city recognizes that not all families can be or should be homeowners and rental property helps fill the housing need. In addition, the Public Housing Authority has difficulty in finding affordable and decent rental properties for their Section 8 clients. HOME funds will be used to construct or purchase new housing units.

12. CONTRACTOR PROVISIONS

In addition to the City of San Angelo's Purchasing policies and procedures, the following provisions apply to contractors participating in the City's New/Reconstruction Program.

- Contractor must be currently registered with the City of San Angelo Permits office
- Contractors cannot owe money to the City of San Angelo (including but not limited to overdue water bills, code violation fines, outstanding fees, etc.)
- Contractor will not be awarded more than one new construction/reconstruction contract at the same time. One project must be 100% completed prior to getting awarded a new project.
- Contractor shall obtain and be responsible for the obtaining of all necessary permits for the work to be performed, and agrees that the job being done or any part thereof shall not be deemed as finished until accepted by Owner and passed by the authorized inspector of the City of San Angelo.
- Contractor shall ensure that all subcontractors have secured the necessary liability insurance to be licensed by the State of Texas.
- Contractor shall ensure and provide proof of a builder's risk policy with adequate coverage of reconstruction. Adequate coverage if further defined by being either the bid amount or a sum greater than the bid amount.
- Contractor shall be responsible for all damages to persons or property that occur as a result of his fault or negligence in connection with the prosecution of the work and shall be responsible for the proper care and protection of all work performed until completion and final acceptance, whether or not payments may have been made by the City of San Angelo for all or part of the work to be done hereunder.

- Contractor shall indemnify and save harmless the City of San Angelo and Owner from any and all liability for injury or death to persons or damages to property resulting from Contractor's work.
- Contractor shall keep the premises clean and orderly during the course of the work, remove all debris at the completion of the work, and provide a competent supervisor to be on the job site at all times during the progress of the work.
- Contractor shall perform all work in conformance with applicable local codes and requirements whether or not covered by the Specifications and drawings for such work.
- Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, disability, sex, familial status or national origin and shall take affirmative action to see that applicants for employment are employed and employees are treated during employment without regard to their race, color, religion, disabilities, sex, familial status or national origin. Such affirmative action shall further include but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- Contractor will pay all costs of construction, including labor, materials, and subcontractors, and will furnish the City with releases from these costs. If any other lien claims are filed, Contractor will pay for their removal or else provide a statutory bond.
- Contractor will neither make nor charge for any alterations in the construction described in the plans and specifications unless Contractor, City of San Angelo, and Owner agree otherwise in writing. All extra work done and extra material so agreed to and furnished shall be paid for in cash upon completion, and such sum shall be a part of the indebtedness hereby secured. Any alteration made without a written agreement will be considered performed under the original contract at no additional charge.
- Contractor certifies and warrants to City of San Angelo and Owner that all materials, fixtures and equipment furnished are new, of good quality, and of good title. Should any defects appear within one year from the date of final acceptance and should such defects be caused by faulty materials, fixtures, equipment, or workmanship, Contractor shall promptly remedy these defects and pay for any damage to other work resulting there from. Notice of observed defects shall be given with reasonable promptness. All industry standard warranties are in affect.
- Contractor shall not borrow, lend, or otherwise use Owner's property to include but not limited to the use of trailers, hand tools, and other equipment.

13. AWARD OF NEW/RECONSTRUCTION BID

In addition to the City of San Angelo's Purchasing Policy and Procedures the following provisions apply to awarding new/reconstruction bids.

- Any contractor awarded a bid must adhere to all Contractor Provisions identified above in Section 11 of the Housing guidelines.
- Bid will be awarded to the lowest responsible bidder
- In the event that the lowest bidder has not previously been awarded a new home/reconstruction contract by the City of San Angelo, the contractor will be required to show proof of capacity and experience prior to being awarded a contract. The general contractor is the entity that is vetted for previous experience and therefore, the general contractor must be the entity with capacity/experience. Ad hoc partnerships created to establish capacity/experience will not be allowed.
- Proof of capacity includes but is not limited to: Previous new/reconstruction projects successfully completed and within budget, quality of workmanship, proof of financial responsibility.
- Three references must be provided. References must be three of the following: Credit reference, a subcontractor, a client, or a professional reference (realtor, appraiser, etc.)
- In the event that the lowest bidder does not have any previous new/reconstruction experience verifiable through a permits office, the contractor is allowed to partner with an established builder who has proof of capacity and adequate references. The joint partnership will be identified in the new/reconstruction contract. Both contractors are required to adhere to Sections E,F,G of the City of San Angelo's Purchasing and Procedures as well as all Contractor Provisions indentified in Section 11 of the Housing Guidelines.

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 3

DEMOLITION PROGRAM

CHAPTER 3

DEMOLITION PROGRAM

1. PURPOSE

The Demolition Program is designed to assist in the removal of structures that are substandard and not suitable for rehab, thus eliminating slum and blight influences while improving the appearance and safety of the neighborhoods. Most structures demolished under the CHS Demolition Program will be vacant. In some cases, however, demolition assistance may be provided for an owner-occupied house so long as the demolition is performed in accordance with CDBG objectives, the City Codes regarding Dangerous or Substandard Buildings, and the City's Voluntary Temporary Relocation Assistance policy. The demolition policy for occupied houses is discussed below under Eligible Project Sites.

2. ELIGIBLE APPLICANTS

In order to receive assistance under the Demolition Program, the applicant must generally meet the minimum requirements set forth for applicants for rehabilitation in Chapter 1 of these Guidelines; however, applicants whose adjusted annual income exceeds the moderate income limit, can qualify for a partial demolition grant (half of the total cost). However, funds will be used primarily for those who meet the low to moderate income limits. For those applicants that exceed the HUD low/moderate income limits, a lien will be placed on the property until the portion owed is repaid.

3. ELIGIBLE PROJECT SITES

- a. The project site must be within City limits;
- b. Vacant structures such as houses, sheds, storage buildings, and detached garages or carports that are determined dangerous or substandard as set forth in the City of San Angelo Code of Ordinances (Article 4.12000 and Article 4.13000) and determined to be substandard and not suitable for rehabilitation as defined in Chapter 2 of these guidelines by the Housing Program Administrator;
- c. Occupied substandard, but suitable for rehab houses are eligible project sites provided that there will be proper documentation that a new house will be constructed and that the occupants have acquired temporary housing;
- d. Occupied substandard and not suitable for rehab are eligible project sites provided that appropriate alternative housing arrangements are made under one of the other programs described in these guidelines.
- e. Lots without a structure but that requires considerable abatement to eliminate the slum and blight affecting the neighborhood.

4. SALVAGE RIGHTS/SALVAGABLE ITEMS

In general, the applicant must remove all items that they wish to salvage prior to the undertaking of the demolition project. Once the Demolition Authorization form has been executed, the entire house and all items not removed will be part of the demolition.

5. STEPS FOR DEMOLITION GRANT

Detailed steps for submitting and processing demolition applications as well as specific steps to be followed when undertaking approved demolition work are included at the end of Chapter 8, "Application Process and Work Procedures."

6. ONE FOR ONE REPLACEMENT OF LOWER INCOME DWELLING UNITS⁴

Federal regulations require that all occupied and vacant substandard but suitable for rehab lower income homes demolished in a federally assisted project must be replaced with comparable lower income homes. Though Federal Regulations grant some exceptions to this requirement at the discretion of the HUD field office, the City of San Angelo will not demolish an occupied substandard but suitable for rehab home without documentation that a comparable dwelling unit will be built. Further, the City of San Angelo will not demolish any vacant substandard but suitable for rehabilitation home.

7. VOLUNTARY TEMPORARY RELOCATION ASSISTANCE POLICY

Voluntary temporary relocation assistance may be provided to assist persons who must temporarily relocate due to the demolition work and reconstruction activities on their home. HUD Guidelines and the City's Voluntary Temporary Relocation Assistance Policy adopted by the City of San Angelo, Appendix F, will be followed when providing voluntary temporary relocation assistance. Under no circumstances will permanent relocation assistance be provided in conjunction with activities assisted under this program, unless made under one of the other programs in these guidelines.

⁴ 24 CFR Subtitle A 42.375

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 4

HOMEBUYER'S ASSISTANCE PROGRAM

Chapter 4

Homebuyer's Assistance Program

1. PURPOSE – The purpose of the Homebuyer's Assistance Program (HAP) is to assist low to moderate income families with the purchase of their first home, thus expanding the supply of decent, safe, sanitary and affordable housing for low to moderate income families.

Assistance for HAP will be provided as down payment and closing cost assistance in the form of a forgivable, no-interest, deferred payment loan (i.e. grant) to income qualified first-time homebuyers on a first-come, first-served basis. The Community & Housing Support Department shall establish the amount of down payment and/or closing cost assistance for each qualified applicant who is eligible to receive assistance in accordance with the guidelines set forth in this chapter.

2. LEGAL AUTHORITY – Grants are available to the City of San Angelo from HUD through the HOME Investment Partnerships Program (HOME) pursuant to regulations 24 CFR Part 92 (the "Regulations") promulgated under the Cranston-Gonzales National Affordable Housing Act.
3. ELIGIBLE APPLICANTS – To be eligible for the HAP, families or single individuals must be low/moderate income at the time the household initially occupies the property or at the time the HOME funds are invested, whichever is later, and must be first-time home buyers. All income information must be verified. Income verification is valid for a six-month period following determination of income. If the home buyer does not close on the loan within six months of the income determination, income information must be provided and verified again. The family's income will be calculated based upon the "Annual Income" definition adopted by the City Council for the HOME program as set forth in Section 3b of Chapter 1 and must not exceed the HUD established income limits for San Angelo, Texas, then in effect. In addition, the low/moderate income family may have no more than \$5,000.00 in savings or cash on hand at the time application for the HAP is made.

In addition to the income eligibility requirements, the applicant must be approved by a lending institution prior to applying with the City; and the applicant must not owe debts to the City of San Angelo or any other local taxing entities.

4. ELIGIBLE PROPERTIES – Eligible properties include existing single-family dwellings or single-family homes yet to be constructed. Newly constructed homes, including those developed by Community Housing Development Organizations (CHDO) or their partners, must have a Certificate of Occupancy issued prior to final assistance payment.

One Hundred Year Flood Plain: Homes located in the one hundred year flood plain are not eligible for HAP funding. Properties located within the **500 Year Flood Plain** are eligible for assistance.

- A. Amount of Funds per Unit – The amount of HOME funds invested on a per-unit subsidy basis in affordable housing may not exceed the per-unit dollar amounts established under Section 221(d)(3)(ii) of the National Affordable Housing Act, then in effect.

The total amount of HOME assistance provided, including assistance provided under the HAP, Revitalization Program housing rehab component or any other HOME funded program, must not exceed the maximum per-unit subsidy established by HUD for San Angelo, Texas, then in effect.

- B. Property Inspection and Environmental Review – Following the receipt and approval of the completed application and initial qualification, CHS will conduct an inspection of the property to determine property condition, compliance with property and environmental standards, Lead-Based Paint Inspection Standards (Refer to Chapter 6, “Lead Based Paint Hazards”), and local codes. The property must meet HUD Housing Quality Standards to insure all health and safety violations are corrected prior to closing. If the structure is determined to be a health or safety risk, the applicant and the lending institution will be notified in writing of the property's deficiencies. CHS will make the first two HOME program required property inspections at no cost to the participating lending institution or buyer. All inspections thereafter of the same property will cost \$25.00 each. It should be noted that this does not include FHA or VA inspections, but these costs may be included in closing costs.

CHS will perform a limited environmental inspection of the property. Activities to assist home buyers are categorically excluded, not subject to 24 CFR §58.5. However, CHS must review the property for compliance with 24 CFR §58.6. (Flood Disaster Act, Coastal Barrier Resource Act, Runway Clear Zone).

- C. Property Appraisal – A full appraisal of the property by a qualified third-party is necessary. A signed copy of the full appraisal must be provided to CHS before disbursement of HOME funds is approved. **The property purchase price must not exceed 95% of area median purchase.**

5. FORMS OF ASSISTANCE AND COST REQUIREMENTS

- A. Amount of Assistance – For income qualified applicants, down payment assistance will be a minimum of \$1,000.00 up to an amount that will keep the monthly housing cost (principal, interest, property taxes, and insurance, “PITI”) at or below 31% of the applicant's gross monthly income and up to 100% of all eligible closing costs with the total amount of all assistance being a maximum of \$15,000, not to exceed 15% of the appraised value of the home. The home must be located within the city limits of San Angelo, TX. Subject to the \$15,000.00 or 15% maximum, closing cost assistance may also include \$750.00 for the purchase of a City tax lot in a designated area identified in the city's Neighborhood Revitalization Plan.

Applicant must provide at least \$500 earnest money that can be contributed towards the down payment. The applicant's personal funds (if any) may be used toward reducing the monthly payment to less than 31% of the monthly gross income, if the applicant so chooses.

- B. Forms of Assistance – Homebuyer's assistance will be provided in the form of a forgivable, no-interest, deferred payment loan (DPL). The DPL will be forgiven after 60 months subject to the affordability provisions of Section 8B of this chapter. If the

program participant occupies the home as set forth in Section 8B, no portion of the loan will have to be repaid. The DPL will be reflected in a Second Subordinate Deed of Trust as a second lien.

C. Eligible Costs – Eligible down payment and closing costs may be paid in an amount up to 100% of the maximum assistance of \$15,000.00 or 15% of the appraised value, which may include:

- the amount of the down payment,
- no more than 1% origination fee,
- no more than 1% discount fee,
- the full appraisal fee,
- credit report,
- 50% of the escrow/closing fee,
- note and deed of trust fee,
- mortgagee title policy,
- recording fees,
- survey,
- TREC inspection,
- pest inspection,
- Home warranty
- flood certification,
- required prepaid insurance, taxes, & MIP,
- document preparation fees, and \$750.00 for the purchase of a city tax lot in a designated area of the City's Neighborhood Revitalization Plan.

D. Qualifying Ratios - Housing (front end) and debt-to-income (back end) ratios will be set to FHA standards and adjusted accordingly. The 2008 approved FHA qualifying ratios are **31% and 43%**. Therefore, in order to receive assistance through the HAP program, the loan offered by an approved lending institution cannot exceed 31% of an applicant's gross monthly income and the debt-to-income ratio cannot exceed 43% of the applicant's gross monthly income.

This change will allow a larger number of deserving families to purchase their first home while not increasing the risk of default. As always, if either or both ratios are exceeded on a manually underwritten or FHA mortgage, the lender must describe the compensating factors used to justify mortgage approval. If the ratios are higher and the loan is going FHA, then our department would be able to approve assistance. For those borrowers who qualify under FHA's Energy Efficient Homes (EEH), as described in handbook HUD-4155.1 REV-5, paragraph 2-19, the "stretch ratios" are increased to 33% and 45%.

At the time of closing, any earnest or option fee money collected for the transaction **WILL NOT** be paid back to the buyer. **NO funds** go back to the buyer at closing.

6. APPLICATION PROCESS

Applicants for the HAP may apply through a participating lending institution or a participating mortgage broker. Once approved, applicants will be referred to CHS with a complete application. The lending institution or mortgage broker must qualify the applicant according to the lending institution's requirements for mortgage loans. In order to participate in this program, applicants must meet the lending institution and HAP requirements. Applicants must also sign a Confidential Release of Information Form. Assistance will only be provided when the prospective program participant has been approved for a mortgage loan with a participating

lending institution and either the participating lending institution or mortgage broker has signed a Letter of Understanding with CHS for HAP.

CHS, the participating lending institution or the participating mortgage broker will explain the basic program requirements to give the applicant a fundamental understanding of the application process and approximate time frames involved, including, but not limited to, the following:

1. Assistance provided by the HAP;
2. Basic conditions of the deferred payment loan;
3. Income verification requirements;
4. Need for property inspection by CHS;
5. How HQS and local codes affect property eligibility;
6. Basic resale provisions; and
7. Lead based paint notice.

The lending institution or mortgage broker must provide CHS with a copy of the mortgage application containing such information as borrower's name and income, property address, sales price, loan approval amount, down payment and closing costs required, and total monthly housing costs including principal, interest, estimated taxes and insurance. CHS must also be provided a copy of the good faith estimate containing such information as itemized closing costs, a breakdown of prepaid items, and a total of settlement charges. All these items must be provided prior to approval of assistance.

During the application process, the applicant must cooperate with CHS staff by completing the HAP application, providing all specified information and documentation to determine eligibility or any other applicable information necessary to determine eligibility and amount of assistance and, if approved, must sign all specified documents before HAP assistance can be provided. Failure to cooperate with CHS may result in a delay or denial of the applicant's approval for HAP assistance. The Program Forms prepared by the CHS Department are the forms which must be used for the approval of an applicant's participation in HAP.

Upon closing, a copy of the signed closing statement, recorded deed, recorded first lien deed of trust, and original second lien deed of trust must be provided to CHS.

7. RESPONSIBILITIES

A. CHS's Responsibilities – CHS will process applications for HAP, counsel applicants concerning HAP, answer their questions, give other assistance to applicants as needed, and conduct an inspection of the property. CHS will also determine eligibility and amount of assistance in accordance with these Guidelines and otherwise act as servicing agent for the applications. CHS will provide the Written Notice prescribed by HUD to sellers that states the City will not enact its eminent domain to acquire the property its applicant is trying to acquire. CHS will notify the lending institutions and/or applicants promptly of any changes in the HAP.

B. Applicant's Responsibilities – During the application process, the applicant must cooperate with CHS staff by completing the HAP application with a participating lender, providing all specified information and documentation to determine eligibility and amount of assistance. If approved, applicant must sign all specified documents. Failure

to cooperate with CHS may result in a delay or denial in the applicant's approval for HAP assistance.

HAP funds can only be provided under certain provisions. These include:

- The buyer(s) must be first-time home buyers.
- The buyer(s) must occupy the property as their principal residence.
- The buyer(s) must occupy the property in accordance with the affordability period determined by CHS
- Property cannot be rented or subleased during the period of affordability.
- The buyer(s) must hold the property in fee-simple title.
- The ownership interest must be subject only to the first mortgage and Deed of Trust prior to the Second Deed of Trust.

Participants must attend Home Buyers Education programs or seminars sponsored by a participating lending institution or through the class offered at www.homebuyerfunds.com.

The education programs must focus on home ownership and meet Fannie Mae or HUD guidelines for homebuyer education. A copy of the certificate of completion of the Home Buyers Education program must be provided to CHS.

C. Lending Institution/Mortgage Broker Responsibilities

The lending institution or mortgage broker will pre-approve potential homebuyers based on an affordable fixed rate mortgage for eligibility in the HAP and refer eligible homebuyers accepted into the lending institution or mortgage broker's Community Home Buyers Program or equivalent program, to CHS. Referral of homebuyers will not be made until a determination is made that other financial resources are generally unavailable to the homebuyer.

The lending institution or mortgage broker will ensure that the applicant completes a Confidential Release of Information form so that CHS, the lending institution and the mortgage broker can share such information and provide a copy of the Confidential Release of Information form to CHS.

The lending institution or mortgage broker will complete the CHS application with the buyer and provide CHS with the ORIGINAL HAP application, and copies of the homebuyer's loan application, income verifications, and other items as specified in the HAP application, upon referral of the homebuyer for HAP.

The lending institution or mortgage broker will originate the mortgage loans made under this program. Sale of the mortgage loans and servicing is at the discretion of the lending institution.

The credit-worthiness of each homebuyer and the suitability of the property as collateral for the mortgage loan will be determined by the lending institution or mortgage broker.

The risk of nonpayment or other event of default by the homebuyer of the first mortgage lien is solely that of the lending institution or mortgage broker. The lending institution or mortgage broker acknowledges the only financial obligation of CHS is to pay, out of

available HAP funds, down payment and approved closing costs as set forth in a Letter of Understanding between CHS and the lending institution and/or mortgage broker.

8. Payment and Loan Provisions

- A. Payment Process – HAP funds will be paid to the appropriate closing agency on behalf of the program participants after eligible amounts have been determined by CHS in accordance with these Guidelines.

Closing agents must provide CHS adequate time to review and confirm the assistance amount, which is based on the final HUD-1 settlement statement. Incomplete or inaccurate information will delay the process. Charges left out or incorrectly reported on the settlement statement are not CHS's responsibility. If changes are necessary due to errors or the date of the closing after CHS approves the funding amount, the HAP assistance amount may be changed accordingly, up to the maximum amount of assistance (\$15,000 or 15%). If such changes affect the 31% monthly payment rule, other funds must be provided to ensure that the 31% rule is met.

- B. Affordability Requirements – The housing shall meet the affordability requirements of 24 CFR § 92.254 of the Regulations for the appropriate period determined by the amount of HOME investment (the "Affordability Period"), beginning at the time HOME assistance is provided for down payment and closing cost assistance or at completion of rehabilitation or construction with HOME assistance.

CHS shall be responsible for screening applicants for down payment and closing cost assistance and maintaining affordability in accordance with those requirements. CHS will ensure that no application for HAP is approved unless (i) the applicant and the home to be purchased will meet the affordability requirements of 24 CFR § 92.254 of the Regulations, and (ii) the affordability requirements are enforced by means of a subordinate lien on the purchased property ensuring resale as set forth in 24 CFR § 92.254 (a)(5)(ii).

The affordability period, occupancy requirements, and the term of the DPL is based on the amount of HOME assistance that is provided. The DPL will be forgiven in equal amounts each month during the period of affordability. The following table indicates the term of the note and the number of years the household is required to occupy the home as their principal residence to fully comply with the HAP. The maximum amount of assistance from the HAP will not exceed \$15,000.00 or 15% of the appraised value. However, if additional HOME funds have been invested in the property, the period of affordability will be as shown:

Homeownership Assistance HOME Amount Per-Unit			
Amount of Assistance	Up to \$15,000	\$15,000 to \$40,000	More than \$40,000
Affordability Period (Occupancy Requirement)	5 Years	10 Years	15 Years

- C. Loan Resale Provisions – If the original homebuyer occupies the property for the full period of affordability, no resale restrictions will apply and the DPL will be reduced to zero at the time of the expiration of the affordability period. A Release of Lien will be filed by CHS.

If the house does not continue to be the principal residence of the homebuyer family for the duration of the period of affordability:

- A. The property must be made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will occupy the property as their primary residence;
- B. The price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvements). If property is sold before the end of the affordability period, the order of distribution of net proceeds are as follows:
 - i. Payment of debt (mortgage/loans incurred to acquire the property, not including HOME second mortgages)
 - ii. Payment of closing costs
 - iii. Payment of homebuyer equity (i.e. down payment and significant improvements to the property)
 - iv. Payment of second mortgage, except where the second lien will be assumed by an approved subsequent homeowner
 - v. Any remaining balance from the net proceeds will be disbursed to the original homeowner
- C. The housing must remain affordable to a reasonable range of low-income homebuyers.

If the buyer fails to occupy the property as his/her primary residence during the period of affordability, the entire amount of the DPL must be repaid to the City of San Angelo.

It should be noted, however, that in cases where the property is sold to a subsequent homeowner who meets all program guidelines and is approved by Community & Housing Support, the loan may be assumed. The affordability period in which occupancy requirements are in effect will be enforced through recorded Second Deed of Trust as a Second Lien.

- D. Verification of Loan Provisions – During the five to fifteen year affordability period, CHS will verify the principal-residence requirement annually. Confirmation of residency will be accomplished through a review of tax and water department records. In addition, CHS staff will conduct on-site monitoring of approximately 10% of the HOME assisted properties annually to verify residency. A requirement of the program is that the home buyer will allow CHS staff to conduct on-site monitoring of the property.

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 5

LEAD-BASED PAINT HAZARDS

CHAPTER 5

LEAD-BASED PAINT HAZARDS

1. GENERAL

The CDBG and HOME Programs must adhere to title 24 of the Code of Federal Regulations as part 35, subpart J (24 CFR 35 Subpart J-Rehabilitation). Lead Hazard Reduction activities complying with the regulation, which took effect on September 15, 2000, will be done in order to safely reduce lead-based paint hazards in and around homes built prior to 1978, when lead-based paint was banned for residential use, for low/moderate income owner-occupied homes that receive housing rehabilitation assistance under any of the programs described in these guidelines.

This chapter summarizes requirements and serves as an overview for the main objectives of the regulations. It will be used as a guide for carrying out lead hazard reduction activities in the CDBG and HOME programs. Also, any lead hazard reduction activities during housing rehabilitation will adhere to the Texas Department of Health's **Texas Environmental Lead Reduction Rules**, as applicable.

2. LEAD POISONING PREVENTION

The primary reason for the reduction of lead-based paint hazards in homes built prior to 1978 is to protect children and families in these homes from the health risks of lead poisoning. Lead poisoning can cause permanent damage to the brain and other organs and can result in reduced intelligence and behavioral problems. Lead can also harm the developing fetus in an expectant mother. At greatest risk are children younger than 6 years old. Although special emphasis will be placed on homes with children younger than 6 years old, all homes receiving rehabilitation services will be evaluated and assessed for lead hazards and appropriate lead reduction activities will be carried out in a safe manner for the protection of both the household occupants and the workers according to the new regulations.

3. LEGISLATIVE BACKGROUND

The regulation falls under sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, Title X of the Housing and Community and Housing Support Act of 1992. Sections 1012 and 1013 of Title X amended the Lead-Based Paint Poisoning Prevention Act of 1971, which is the basic law covering lead-based paint in federally assisted housing. The regulation for housing rehabilitation activities appears at title 24 of the Code of Federal Regulations as part 35, subpart J (24 CFR 35 Subpart J-Rehabilitation).

4. TYPES OF HOUSING COVERED/NOT COVERED

COVERED

- All owner-occupied residential homes that have been approved for rehabilitation work and were built prior to 1978 (includes Emergency Repair Program projects).
- Any post-1978 constructed home where a child or person resides who has been identified with an Elevated Blood Lead Level (EBLL). A Lead Inspection and or Risk Assessment will be done on these homes to determine if there is any lead-based paint in the home or in the soil around the home. If lead is found, a determination of the lead-based paint hazards associated with the presence of the detected lead will be conducted.
- **Outbuildings and fences are covered under subpart J.** Under that subpart, treatment (paint stabilization, if the federal rehab assistance is up to \$5,000 per housing unit; or interim controls, over \$5,000 and up to \$25,000; or LBP hazard abatement, over \$25,000) is required only if the paint is deteriorated (up to \$5,000) or the paint is deteriorated paint and, as is required for a risk assessment for over \$5,000, found to be LBP. **Note:** For outbuildings and fences - If the paint is in good condition, it doesn't need to be treated, even if it is tested and found to be LBP.

NOT COVERED

- Owner-occupied residential homes built after January 1, 1978, except for the above noted exception
- Property that has already been found to be free of lead-based paint by a certified lead inspector
- Property where all lead-based paint has been removed by abatement
- Unoccupied residential homes that will remain vacant until demolished
- Non-residential properties
- Homes receiving rehabilitation or housing improvements that do not disturb a painted surface

5. OVERVIEW OF REQUIREMENTS

The "Lead-Safe Housing Rule - Applicability Form" and the "Lead-Safe Housing Rule Checklist for General Compliance Documentation" must be completed to insure all lead requirements are met as applicable for each project.

APPROACH TO LEAD HAZARD EVALUATION AND REDUCTION

The requirements for rehabilitation will correspond to the three approaches of lead hazard evaluation and reduction. Complete rehabilitation work must meet more stringent requirements than emergency repairs. The three approaches and the levels of rehabilitation assistance (costs) are:

- 1) **Do No Harm (<\$5,000)** - Perform the rehabilitation in a way that does not create additional lead hazards. Clearance of work site.
- 2) **Identify and Control Lead Hazards (\$5,000 to \$25,000)** - Identify lead-based paint and hazards and use a range of interim control and abatement methods to address the hazards. Clearance of unit.
- 3) **Identify and Abate Lead Hazards (>\$25,000)** - Identify lead-based paint hazards and remove them permanently by abatement. Clearance of unit.

For the Homebuyer's Assistance Program:

- 4) **Identify and Stabilize deteriorated paint** – Identify lead-based paint hazards and repair any physical defects causing paint deterioration, removing loose paint, and applying a new protective coating or paint. Assistance will be provided through the CHS Housing Rehabilitation Program.

6. NOTIFICATION REQUIREMENTS

The following lead-based paint notification requirements apply to all homes receiving homebuyer's or rehabilitation assistance:

1. **Lead Hazard Information Pamphlet** (24 CFR 35.910 & 35.130) "Protect Your Family From Lead In Your Home" pamphlet must be given to each rehab applicant at time of application, with applicant signing an acknowledgment of receipt.
2. **Notice of Hazard Evaluation or Presumption.** (24 CFR 35.910 & 35.125). Applicant must be given notification of any lead hazard evaluation results (or the presumption of lead-based paint/hazards) within 15 days of completion.
3. **Notice of Hazard Reduction and Clearance.** (24 CFR 35.125). Applicant must be given a summary of the nature and scope of the completed hazard reduction activities. Also results of the final clearance testing must be given within 15 days of completion.

The following chart summarizes the requirements of the regulation:

REQUIRED ACTIVITIES TO ADDRESS LEAD-BASED PAINT

	Rehabilitation			Homebuyer
Cost of Rehab	\$5,000	\$5,000 to \$25,000	>\$25,000	N/A
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm.	2. Identify and control lead hazards	3. Identify and abate lead hazards	4. Identify and stabilize deteriorated paint.
Notification	All 3 types	All 3 types	All 3 types	All 3 types.
Lead Hazard Evaluation	<ul style="list-style-type: none"> • Paint testing of surfaces to be disturbed by rehabilitation 	<ul style="list-style-type: none"> • Paint testing of surfaces to be disturbed by rehabilitation • Risk Assessment 	<ul style="list-style-type: none"> • Paint testing of surfaces to be disturbed by rehabilitation • Risk Assessment 	<ul style="list-style-type: none"> • Visual Assessment
Lead Hazard Reduction	<ul style="list-style-type: none"> • Repair surfaces disturbed during rehabilitation • Safe work practices • Clearance of work site 	<ul style="list-style-type: none"> • Interim Controls • Safe work practices • Clearance of unit 	<ul style="list-style-type: none"> • Abatement • Safe work practices • Clearance of unit 	<ul style="list-style-type: none"> • Paint Stabilization • Clearance of unit
Options	<ul style="list-style-type: none"> • Presume lead-based paint • Use safe work practices on all surfaces 	<ul style="list-style-type: none"> • Presume lead-based paint and/or hazards • Use standard treatments 	<ul style="list-style-type: none"> • Presume lead-based paint and/or hazards • Abate all applicable surfaces 	<ul style="list-style-type: none"> • Test deteriorated paint. • Use safe work practices only on lead-based paint surfaces.

As shown in the preceding chart, the lead hazard evaluation and reduction activities required for rehabilitation projects depends on the dollar amount of rehabilitation assistance committed to the project. This level of assistance is determined by the rehabilitation project hard costs. The rehabilitation hard costs exclude the following soft costs when calculating the level of assistance:

- Administrative costs
- Inspections and specification preparation fees
- Environmental reviews
- Temporary relocation costs
- Lead hazard evaluation and reduction work

7. Lead-Based Paint Reduction Activities During Property Inspection

The property inspection for complete rehabilitation on types of housing covered will also include a lead hazard evaluation and paint testing. The lead hazard evaluation will be carried out either by a Community and Housing Support staff member who is a State Certified Lead Inspector/Risk Assessor or by a private Certified Lead Inspector/Risk Assessor. A post-1978 constructed home that is being inspected for complete rehabilitation, in which a child having an identified (EBLL) resides requires an interior and exterior risk assessment to determine if there are any lead-based paint hazards in the home or lead in the exterior soil that is causing the child to be poisoned. If any lead is found, then lead reduction activities will be included as part of the project.

Based on the inspection, CHS Housing Programs staff will prepare a work write-up and cost estimates for the project, keeping in mind that only the hard cost estimate will be used to determine the appropriate approach and lead hazard reduction activities to be carried out. The approach to "Identify and Control Lead Hazards" which involves interim controls will be followed.

Property inspection for emergency rehab work, less than \$5,000 in hard costs, on pre-1978 constructed homes will automatically use the presumption of lead in the home and follow the "Do No Harm" approach with required activities as outlined in the preceding chart.

8. Planning the Work

Once the location and nature of lead hazards have been determined, the rehab staff and Lead Inspector/Risk Assessor will determine how these hazards can be best addressed in conjunction with the regular rehabilitation work. Key issues to consider will be:

- What interim controls and what abatement work will be accomplished
- What methods will be used to reduce lead-based paint hazards (i.e. paint stabilization or component removal)
- How lead reduction work will be coordinated with the regular rehabilitation work
- If occupants need to be temporarily relocated to protect them and/or will household contents need to be removed from the home to speed the work

9. Coordinating Rehabilitation and Lead Hazard Reduction Work

For most projects on pre-1978 constructed homes, the CHS Department will use Certified Lead Abatement workers to perform both the carpentry work and lead-based paint reduction work. When financially feasible, and when Certified Lead Firms are available, entire rehab projects involving lead reduction activities may be bid out on a turn-key basis (Details of lead-based paint requirements must be incorporated into bid specifications). In conjunction with the carpentry work and lead reduction work, contractors will be used to perform the plumbing, electrical, roofing, and painting work.

Close attention to detail will be necessary to safely coordinate the lead reduction work with the regular rehabilitation work and to prevent exposure of both the home's occupants and the workers to lead contaminated dust during the rehabilitation process.

In any project requiring lead reduction work, a pre-construction conference will be held. The pre-construction conference will be used as an opportunity for program staff/workers, contractor(s), and the homeowner(s) to meet in person and review key aspects of the rehabilitation work and any related lead hazard reduction activities. It also will be an opportunity to establish open lines of communication, make expectations and roles clear, and to bring up concerns. The following persons will attend pre-construction conferences when called for:

- All Community and Housing Support staff and workers involved with the project
- The general contractor and subcontractors as applicable
- Homeowner(s) and owner's representative (Usually a Son or Daughter)
- Building Permit staff as applicable

The Housing Program Administrator will coordinate the work without creating additional hazards to either the home or the persons working on the project. Some possible scenarios include:

- Abate all lead-based paint before any other work is performed; or
- If feasible and safe, have some or all of the plumbing and electrical work done first;
OR
- Perform lead hazard reduction work and rehabilitation in stages;
- Painting will be performed as the next to last stage; and
- Carpeting and other required flooring will be done as the last stage.

10. Voluntary Temporary Relocation

Occupants of homes with lead-based paint hazards must voluntarily temporarily relocate if necessary to facilitate the lead reduction activities. Temporary relocation assistance is available under the City's Voluntary Temporary Relocation Assistance Policy. Not all lead reduction activities or related rehabilitation work will require temporary relocation. The Lead Inspector/Risk Assessor will determine this need based on the extent of the rehabilitation and hazards associated with the lead hazard reduction work.

Some situations requiring temporary relocation in connection with lead reduction activities are as follows:

- A child under the age of six occupies the home;
- Occupants cannot enter the work site due to containment measures;
- Situations in which lead contaminated debris and dust cannot be contained in the work site and may be spread to other areas of the home.

11. Supervising Lead Hazard Reduction Activities

The Certified Lead Supervisor will oversee the lead hazard reduction work by making site visits as required to ensure that the proper safe work practices are being carried out. The safe work practices that will be adhered to are as follows:

- **Occupant Protection.** Eliminating risks of exposing occupant(s) to lead contamination by restricting access to the work site, containing debris and dust during work, using

safe work practices, and cleaning the work site frequently. Also, it may mean temporarily relocating occupants.

- **Work Site Preparation.** Taking the following measures to reduce the spread of debris and dust to other parts of the home: sealing doorways with poly sheeting; sealing off AC vents; covering floors, furniture, ground, and shrubs with poly sheeting; wrapping removed debris/building components with poly sheeting before disposal; removing lead contaminated protective clothing before leaving the work site; and by posting warning signs at entrances to the work site that are visible up to 20 feet from the work site.
- **Worker Protection.** Following the Texas Department of Health (TDH) safety regulations applicable to workers who come into contact with lead, such as using safe work practices, wearing NIOSH-approved respirators; and wearing disposable gloves, work suits, booties, and head coverings.
- **Daily Cleanup.** Performing daily cleanup to rid job site of debris consisting of removed components, paint chips, and dust in an effort to reduce occupant and worker exposure to lead hazards. A good daily cleanup will also reduce the chance that lead dust will be tracked to other parts of the dwelling and it will also facilitate the final cleanup for clearance. Daily cleanup will be monitored closely by the Housing Program Administrator or onsite Lead Supervisor.
- **Safe Work Practices (Treatment Methods).** Safe work practices will minimize dust and the spread of lead contamination. Safe work practices will be required when disturbing more than 20 sq ft of exterior surfaces, 2 sq ft of interior surfaces, or more than ten percent (10%) of the total surface area of deteriorated paint on the exterior component.

The following chart summarizes safe work practices for treating lead-based paint.

HUD STANDARDS FOR SAFE AND PROHIBITED METHODS FOR TREATING LEAD-BASED PAINT

Examples of Safe Treatment Methods

Removal of defective paint by:

- ❑ Wet scraping;
- ❑ Wet sanding;
- ❑ Chemical stripping off site;
- ❑ Replacing painted components;
- ❑ Scraping with infrared or coil-type heat gun with temperatures below 1,100 F;
- ❑ HEPA vacuum sanding;
- ❑ HEPA vacuum needle gun; and
- ❑ Abrasive sanding with HEPA vacuum.

Covering of defective paint with:

- ❑ Durable materials (such as, wallboard, or vinyl siding) with joints sealed and caulked.

Prohibited Treatment Methods (24 CFR 35.140)

- ❑ Open flame burning or torching;
- ❑ Machine sanding or grinding without HEPA local exhaust;
- ❑ Abrasive blasting or sandblasting without HEPA local dust;
- ❑ Heat guns operating above 1,100 F or charring paint;
- ❑ Dry scraping or dry sanding except in conjunction with heat guns or within one foot of electrical outlets; and
- ❑ Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance.

12. Final Inspection and Clearance

When all rehabilitation work and lead reduction activities are completed, the Housing Program Administrator and the Lead Abatement Supervisor will perform checks to ensure that all work is complete and proper cleanup procedures have been done.

The following procedures are necessary in order to clear a house that has undergone lead reduction activities:

- **Final Inspection.** The final inspection includes ensuring that all lead hazard reduction work has been completed properly and that proper cleanup has been performed. As part of the inspection process, the inspector will complete the Housing Quality Standards Inspection Form and check for completion of all work against the work write-up(s) and specifications.

- **Clearance.** The purpose of clearance is to make sure that the home is safe for occupants to return. Occupants will not be permitted to return to the home or contained work area until it has passed clearance. It is crucial that the work site is thoroughly cleaned before the clearance examiner arrives to take samples. If the home does not pass clearance, additional cleaning and another clearance inspection will be required. If the lead reduction activities are being done by a contracted Lead Firm, then it will be the responsibility of the firm to do the additional cleaning and testing at its cost and with no additional charge to Community and Housing Support Department.
- **Occupant Notification.** Community and Housing Support staff will notify applicant of the results of the hazard reduction and clearance testing within 15 days of receiving the results.
- **Documentation.** The Community and Housing Support staff will properly document key activities and retain the following records for the life of the structure;
 - all Lead Inspection/Risk Assessment reports;
 - all work write-ups;
 - specifications,
 - any warranties/guarantees;
 - results of all lab tests before and after work;
 - copies of all notices given to homeowner; and
 - before and after photographs of home.

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 6

LOAN TERMS AND CONDITIONS

CHAPTER 6

LOAN TERMS AND CONDITIONS

1. CHS REHAB AND HOME REVITALIZATION PROGRAMS GRANT-TO-LOAN RATIO CHART

Once annual income has been determined, eligibility established, and program participation agreed upon, emergency repairs not funded under the Emergency Repair 100% Grant Program, rehabs, reconstructions, and new constructions* will be funded with a combination deferred loan and no-interest loan using the ratios based on the following sliding scale:

Income as a % of 80% of the median for family size:	% Grant	% Loan
0% to 30%	75	25
31% to 50%	65	35
51% to 60%	50	50
61% to 80%	40	60

2. DEMOLITION PROGRAM GRANT-TO-LOAN RATIO CHART

Once annual income has been determined, eligibility established, and program participation agreed upon, the cost of demolition will be funded with a combination of grant and 2% interest loan using ratios based on the following sliding scale:

Income as a % of 80% of the median for family size	% Grant	% Loan
0% to 100%	100	0
100% to 110%	90	10
111% to 120%	80	20
121% to 130%	70	30
131% to 140%	60	40
141% to 150%	50	50
151%	49	51
152% to 200%	For every 1% increase over 150% decrease the grant percent by 1.	For every 1% increase over 150% increase the loan percent by 1.

Example # 1: Extremely Low Income Family

- a. As of February 2005, the moderate income limit for a family of four (4) is \$36,100
- b. If a family of four (4) has an annual income of \$9,295, divide \$9,295 by \$36,100 (annual income divided by moderate income limit for a family of four) which is equal to 0.257 or 26%.
- c. According to the Demolition Grant-to-Loan Ratio Chart, this family falls in the 0% to 100% category and would have a Grant to Loan Ratio of 100% grant and 0% loan.
- d. If the total bid cost to demolish the home was \$5,000, then the grant would cover all costs to demolish the house.

Example #2:

- a. As of February 2005, the moderate income limit for a family of three (3) is \$32,450.
- b. If a family of three (3) has an annual income of \$40,000, divide \$40,000 by \$32,450 which is 1.232 or 123%
- c. According to the Demolition Grant-to-Loan Ratio Chart, this family falls in the 121% to 130% category and would have a grant-to-loan ratio of 70% grant, 30% loan
- d. If the total bid cost to demolish the house/building was \$5,000, then the loan portion would be \$1,500 ($\$5,000 \times .30$ ((30%)) = \$1,500) and the grant portion would be \$3,500 ($\$5,000 \times .70$ ((70%)) = \$3,500)
- e. Their monthly payments would be \$25 a month for 60 months.

Example # 3:

- a. As of February 2005, the moderate income limit for a family of three (3) is \$32,450.
- b. If a family of three (3) has an annual income of \$60,000, divide \$60,000 by \$32,450 which is 1.848 or 185%
- c. According to the Demolition Grant-to-Loan Ratio Chart, this family falls above 150% income at 185% and would have a grant-to-loan ratio of 15% grant (185% - 150% = 35%, thus 50% - 35% = 15%) and a 85% loan (185% - 150% = 35%, thus 50% + 35% = 85%)
- d. If the total cost to demolish the home/building is \$5,000, then the loan portion would be \$4,250 ($\$5,000 \times .85$ ((85%)) = \$4,250) and the grant ratio would be \$750 ($\$5,000 \times .15$ ((15%)) = \$750).
- e. Their monthly payments would be \$35 for 119 months and a final payment of \$85.

3. MAXIMUM LOAN AMOUNT

In accordance with Chapter 1 of these guidelines, the maximum loan amount for the CHS Rehab Program will be **\$24,999**. The maximum time to pay off the loan will be ten years (120 months). The maximum time to pay a new/reconstruction loan is 15 years (180 months), unless the loan amount exceeds \$30,000, in which case, the loan may be up to fifteen years (180 months). New construction will be financed under terms applicant selects after all amounts of assistance have been determined.

For both Programs, the minimum monthly payment for any loan is \$25, except the final payment could be less than \$25 to pay the remaining balance. Generally, the monthly payment should not exceed 30% of total adjusted household income. Emergency repairs not covered by the 100% Grant Program or minor repair loans will be set in amount and duration in accordance with these guidelines. In most complete rehab loans, the monthly payment amount will be determined by dividing the amount of the loan by 120; however, the CHS Department may reduce the number of months if the loan will be affordable to the homeowner. New/reconstruction loans will be calculated by dividing the amount of the loan by 120 or 180 months for the monthly payment as applicable.

All loan payments will be in whole dollar amounts except for the last payment which will be used for any adjustments.

Example #1: \$500 loan = 20 monthly payments @ \$25.

Example #2: \$10,000 loan for 10 years = 119 monthly payments @ \$84 and 1 @ \$4.

Example #3: \$4,000 loan = 117 monthly payments @ \$34 and 1 @ \$22.

Example #4: \$12,500 loan for 10 years = 119 monthly payments @ \$104 and 1 @ \$124.

Example #5: \$15,000 loan for 10 years = 120 monthly payments @ \$125.

Example #6: \$32,000 loan for 15 years = 179 monthly payments @ \$178 and 1 @ \$138.

The actual terms of the loan will be set forth in the Real Estate Lien Note. Under no circumstances will an applicant be forced to sign a Real Estate Lien Note; however, no rehabilitation or reconstruction work can begin without a signed Real Estate Lien Note.

4. PAYMENTS AND PAST DUE ACCOUNTS

Payments shall be due on the 5th day of every month and are late if paid after the 15th of the month, unless the 15th falls on a weekend or holiday, in which case payment is due on the next business day.

A Late Payment Fee in the amount of **\$5.00** will be charged for each and every month for which payment is not received by the 15th of the month in which payment was due, with appropriate exceptions made for those instances when the 15th falls on a weekend or holiday.

Late Payment Fees for past due accounts will be noted on the next month's statement with the total amount due being the amount of the current month's payment, all past due monthly payments, and all Late Payment Fees.

Semi-annually, all loan accounts will be reviewed for payment status. All delinquent account holders will be sent a letter requesting the account holder to contact the CHS Department for a counseling session. If appropriate, the account holder will be referred to an approved non-profit credit counseling agency to work out a plan to pay the amount past due, including Late Payment Fees, and resume monthly payments.

If the account holder fails to contact the CHS Department or fails to meet the plan worked out with the credit counseling agency, a letter will be sent notifying the account holder that until the loan is made current they will not be eligible for further assistance under either the CHS Rehab Program or the Revitalization Program. Accounts will be turned over to the City Attorney if no payments are made during a 12-month period.

PAGE INTENTIONALLY LEFT BLANK

CHAPTER 7

APPLICATION PROCESS AND PROGRAM WORK PROCEDURES

CHAPTER 7

APPLICATION PROCESS AND PROGRAM WORK PROCEDURES

This chapter sets forth the application process and program work procedures for all programs outlined in these guidelines. For all programs, interested residents' of San Angelo are placed on an inquiry list by date and time. Interested residents are responsible for contacting CHS with any change to their phone number or address. When the resident reaches the top five on the inquiry list and CHS staff is ready to proceed with work on their home, CHS staff will schedule an application appointment with the resident. If the applicant is physically unable to make the appointment, arrangements will be made for an on-site application interview.

The applicant will need to bring to their appointment:

- Photo ID card(s) for all adults living in the household
- Social Security Cards for all individuals living in the household
- Birth Certificate(s) or Social Security Card(s) for all children staying in the household
- Verification of all income for anyone that is working or receiving income and living in the house including: Social Security, child support, TANF, unemployment, worker's comp, retirement income, and/or job earnings, with the names, addresses and phone numbers needed for verification purposes. Each individual's last 3 months of paycheck stubs must also be provided and if necessary, previous years' tax returns
- Payments of any outstanding debts or credit cards
- Two most recent statements of checking and/or saving accounts and account numbers
- Copy of Divorce Decree if applicable (i.e. Child Support, property settlement purposes, name change, etc)
- Copy of the Warranty Deed on their property (not applicable for new construction or the Homebuyer's Assistance Program)

For all programs except emergency repairs, applicants must complete Part 1 (Initial Application) and Part 2 (Income Verification). All necessary forms can be found in Appendix G.

1. Initial Application.

Fill out as much of application as possible upon initial office visit by applicant. Complete all applicable parts of the following forms and get required signatures/dates. As applications are received, date and stamp all documents.

- Application Forms
 - Supplemental Application for Additional Household Members (if necessary)
- Acknowledgment Form
- Income Inclusion And Exclusion Form
- Eligibility Release Form

- ❑ Give Applicant EPA pamphlet, "Protect Your Family From Lead In Your Home," and have them sign/date acknowledgment of receipt at bottom of form.
- ❑ **Verify ownership.** Make copy of: Warranty Deed, Deed for Life Estate, Contract for Deed, Affidavit of Heirship or Probated Will, or Quitclaim Deeds as appropriate.
- ❑ **Verify Valid Photo I.D.** Make copies of Driver's License or TX DPS Photo I.D. with **correct address** for all adults staying in the house.
- ❑ Make copies of **Social Security Cards** for all individuals who may be staying in home. **Verify** correct names, birth dates, address, and social security numbers on the application.
- ❑ Verify minor children in home by making copy of official Birth Certificates or Social Security Cards.
- ❑ **Verify income** from employment by making copies of last two check stubs, if available, and complete Verification of Employment Income Form, which will be mailed or faxed to Employer(s). This will be done for each employed adult household member.
- ❑ Verify child support by making copy of Divorce Decree or statement from Attorney General's Office if amount of support is different from Divorce Decree.
- ❑ Verify Social Security benefits received by completing Social Security Benefits Verification Form & send by mail or fax to Social Security Office. Applicants may bring in current statements of social security benefits to speed up the verification process.
- ❑ Verify VA benefits by either having applicant bring in current statement from VA or by completing VA verification form and mailing to County VA office.
- ❑ Verify any unemployment or worker's compensation benefits by having applicant bring in current statement from appropriate office.
- ❑ Verify Retirement benefits by having applicant bring in current statement from retirement provider and completing "Verification of Pension and Annuities Form."
- ❑ Verify Self Employment income by having applicant bring in copy of previous year's tax return and record of current year's income.
- ❑ Verify income from military service by having applicant complete applicable form.
- ❑ Verify any miscellaneous income with appropriate documentation, (e.g., Statement from Department of Human Services on any TANF received from the state).
- ❑ Verify recurring cash by having applicant bring in a notarized statement listing the monthly income received (Not Applicable for HAP)

- ❑ Verify PHA and make copy of PHA card (Only applicable for applicants applying to the Elderly Duplexes).
- ❑ Verify assets by having applicant complete "Verification of Assets on Deposit Form"

3. Steps for Emergency Repairs.

- ❑ **Verify income eligibility** by initially examining all income documents for all occupants of the household. Copies of the income documents must be placed in the file within one week of initial examination. Complete the "Form for Calculation of Annual Income" upon examination of the income documents. Immediately complete the "Income Eligibility Verification" form to determine if the household is income eligible. Have applicant sign a Release In Full Of All Claims form (Notarization Required).
- ❑ **Verify ownership.** Visually examine the Warranty Deed, Deed for Life Estate, Contract for Deed, Affidavit of Heirship or Probated Will, or Quitclaim Deeds as appropriate. Copies of the ownership documents must be placed in the file within one week of initial examination.
- ❑ **Verify Valid Photo I.D.** Copies of Driver's License or TX DPS Photo I.D. with **correct address** for all adults staying in the house must be placed in the file within one week of initial examination.
- ❑ Copies of **Social Security Cards** for all individuals who may be staying in the home must be placed in the file within one week of initial examination.
- ❑ **Inspect home** to determine if an emergency condition exists and complete Preliminary Inspection notes.
- ❑ Take photos of items in need of emergency repair and also exterior front and rear shots of house. Process photos.
- ❑ Complete Certification of Categorical Exclusion and the Lead-Safe Housing Rule-Applicability Form.
- ❑ Call the pre-approved contractors on a rotating basis for a quote to complete the repair(s) needed.
- ❑ The Housing Program Administrator will make recommendations based on the quote received. Community and Housing Support Director must approve emergency repairs.
- ❑ CHS staff must verify all contractor(s)/subcontractor(s) to work on the emergency repair are not debarred by the Federal government prior to commencement of the work.
- ❑ CHS staff will call the contractor to have work begin immediately.
- ❑ Housing Program Administrator or other designated inspector will inspect all work to ensure that it is performed and completed in a proper manner, and will also confer with contractor(s) as necessary regarding the work performed.
- ❑ Meet with applicant(s) to sign documents and acquire any documents not previously provided.

- ❑ Double check forms for completeness. Give case folder to Assistant Program Administrator to set up the folder, requisition the quote for the emergency repair.
- ❑ Contractors will turn in invoices for completed work for payment.
- ❑ Invoice Processing: Stamp received, enter date, enter case number and address if necessary, and enter budget account number(s). Obtain appropriate approvals as required and give to Assistant Program Administrator for payment processing through HTE system. **NOTE: All work must be completed or inspected before processing invoices.** Turn original invoices in to Finance for payment. Copies of completed invoices will be filed in appropriate case folder and amount entered on Expenditure Ledger by Assistant Program Administrator.
- ❑ Housing Program Administrator will insure all Inspection Reports are completed and placed in project folder.
- ❑ Complete check list and ensure that all required documents are in folder.

4. Steps for Rehabs.

Eligibility Verification

Verify income eligibility by completing "Form for Calculation of Annual Income" once all income verification forms have been obtained.

- ❑ Send Notification Letter to applicant if calculation of adjusted income is over current income limits.

Case Number Assignment

If applicant is income eligible, Assistant Program Administrator will assign case number and prepare case folder in specified format with appropriate entries:

- ❑ Enter applicant's name, address, and case number into Paradox Database for cross-referencing purposes.
- ❑ Check file to determine if any existing loans are current. If not, send a collection letter stating project will proceed once existing loans are current.

Verify household composition.

- ❑ Look up Tom Green County Appraisal District to determine ownership of the property and order title search from abstract company.
- ❑ Inspect home and complete Preliminary Inspection notes as applicable.
- ❑ Complete Site Specific Check List and the Lead-Safe Housing Rule-Applicability Form.

- ❑ Take photos of items in need of minor repair and also exterior front and rear shots of house. Process photos.
- ❑ For houses built prior to 1978, perform lead hazard evaluation and paint testing on all surfaces to be disturbed by minor repairs and if necessary design steps to reduce lead hazards (Refer to Chapter 5 "Lead-Based Paint Hazards" for further requirements).
- ❑ Using inspection notes and photos, prepare preliminary cost estimate and grant-to-loan ratio amounts along with estimated monthly loan payment. Contact applicant by phone to discuss and determine if applicant is agreeable to loan amount.
- ❑ If applicant is agreeable, using inspection notes and photos, prepare written bid documents for **rehab** work including specifications, insurance requirements, notice of City's policy for lowest responsible bidder.
- ❑ Mail or fax out finished minor repair specifications to approved contractors for bids. Depending on the urgency of the job, give a due date for the bids ranging from 2 to 10 working days.
- ❑ On due date/time, open bids and record results on a Bid Tabulation form. Also on Bid Tabulation form, record name of persons present at bid opening. At least two must be present. Under comments section, the Housing Program Administrator will make recommendations based on the low bid submitted.
- ❑ Figure total cost of rehab work based on low bid, recording fees.
- ❑ Compute amount of grant and amount of loan that can be offered to applicant based on adjusted income from "Form for Calculation of Annual Income" and figuring percentages using the Grant-To-Loan Ratio Worksheet.
- ❑ Discuss the estimated total cost for rehab and estimated grant-to-loan ratio with the Community and Housing Support Director before the offer is discussed with the applicant.
- ❑ Check files to determine if income is current within 6 months. If not, call the applicant, update the application and reverify all sources of income.
- ❑ Contact applicant to inform him or her of the total cost of the project with a breakdown on the amount of grant and the amount of loan available to them and an estimate on their monthly payment.
- ❑ After completion of the budget analysis by the credit counseling agency, if required, make any adjustments as necessary to the monthly payment amount to fit the household budget with minimum payment of no less than \$25. (If applicant is unable to pay the \$25 minimum, approval from the Community and Housing Support Director is required).

- ❑ Prepare request for approval to Community and Housing Support Director, giving all pertinent details, costs involved, and with the breakdown amounts for the grant-to-loan ratio. Present request to Community and Housing Support Director for approval.
- ❑ Inform applicant of approval and set up appointment for signing of all loan documents.
- ❑ Prepare all loan documents: 1. RELEASE IN FULL OF ALL CLAIMS; 2. Real Estate Lien Note; 3. Deed of Trust; and 4. Housing Rehab Agreement.
- ❑ Meet with applicant(s) at appointed time to sign documents and any incomplete application forms, e.g., Income Eligibility Verifications, Grant-to-Loan Worksheets, etc.
- ❑ Explain and have applicant sign: 1. RELEASE IN FULL OF ALL CLAIMS; 2. Real Estate Lien Note; 3. Deed of Trust; and 4. Housing Rehab Agreement. **NOTE:** Notary Acknowledgment must be included on RELEASE IN FULL OF ALL CLAIMS and Deed of Trust.
- ❑ Provide the applicant with copies of all four above documents.
- ❑ Explain monthly statements, payment procedures, and policy on late payment fees.
- ❑ Have contractor sign Housing Rehab Agreement and set Notice to Proceed date to start project.
- ❑ Double check all application forms and loan documents for completeness. Give case folder to Assistant Program Administrator to set up new loan and to requisition purchase orders on bids.
- ❑ File Deed of Trust with County Clerk prior to commencement of work.
- ❑ Housing Program Administrator or other designated inspector will inspect all work to ensure it is performed and completed in a proper manner, and will also confer with contractor(s) as necessary regarding the work performed.
- ❑ Carpenters and contractors will turn in invoices for completed work for payment.
- ❑ Invoice Processing: Stamp received and enter date, enter case number and address if necessary, and enter budget account number(s). Obtain appropriate approvals as required and give to Assistant Program Administrator for payment processing through HTE system. **NOTE: All work must be completed and inspected before processing final invoices.** Turn original invoices in to Finance for payment. Copies of completed invoices will be filed in appropriate case folder and amount entered on Expenditure Ledger by Assistant Program Administrator.

- Housing Program Administrator will insure all Inspection Reports are completed and placed in project folder. Amount of CHS labor expended will be entered on Expenditure Ledger by Assistant Program Administrator.

5. Steps for New/Reconstruction.

The following steps are to be taken for new/reconstruction under the Revitalization Program except when specific to either program. Part 1 (Initial Application) and Part 2 (Income Verification) must be completed before proceeding

Eligibility Verification

- Verify income eligibility by completing appropriate "Form for Calculation of Annual Income" once all income verification forms have been obtained.
- Send Notification Letter to applicant if they qualify or if the adjusted income is over current income limits.

Case Number Assignment.

If applicant is income eligible, Home Program Administrator will assign case number and prepare case folder in specified format with appropriate entries:

- Enter applicant's name, address, and case number into Paradox Database for cross-referencing purposes.
- Determine if location of structure is in a City Council designated Target Area.
- Check for any existing rehab loans.

Verify Household Composition.

- Look up Tom Green County Appraisal District to determine homeownership and Value of Building and order title search from abstract company.
- Inspect home: conduct complete survey of house and completely fill out Preliminary Inspection Notes.
 - Complete Certification of Categorical Exclusion and the Lead-Safe Housing Rule-Applicability Form. Complete Site Specific Review Checklist if applicable.
 - Make sketches as appropriate for new cabinets or for new layouts for kitchen or bath.
 - Take all necessary measurements and notes on Preliminary Inspection Notes.
 - On all homes built prior to 1978, perform lead hazard evaluation and paint testing on all surfaces to be disturbed by rehabilitation work and if necessary, design steps to reduce lead hazards (Refer to Chapter 6 "Lead-Based Paint" for further requirements).

- Take photos of the house obtaining front, rear, and side photos of exterior; interior photos as required including photos of both exterior/interior items that will depict the existing conditions of home.
 - Before leaving the home, discuss with owner the work that needs to be accomplished to bring house into compliance with applicable City Building Codes and Housing Quality Standards.
 - Ask owner about any special requests such as handrails, ramps, etc. that have not already been discussed.
- Process photos of house, making extra copies of exterior front/rear/side shots to send to Texas Historical Commission for historical clearance.
 - For homes eligible for reconstruction, have applicants choose from a set of floor plans suitable for household size and lot.
 - Once bids are opened, review the low bids to ensure they are within budget and that the contractor meets the required insurance requirements as set forth by the City of San Angelo's Risk Management Office and has signed a Drug Free and Debarment forms within the last 12 months.
 - Using the low bids and in-house estimates from the CHS carpenter or the complete turn-key bids from the general contractors, revise the total job estimate and enter on the Work Write-up application form as the Total Estimate Based On Bids.
 - Based on calculations from the "Grant-To-Loan Ratio Worksheet," determine the amounts for the grant and loan and the monthly loan payment. Schedule meeting with applicant to discuss the amount of the loan/grant that can be offered and the monthly payment. If applicant agrees to the offer and if loan is over \$3,000, refer them to an accredited non-profit credit counseling agency for a monthly Budget Analysis. Minimum monthly payment is \$25.
 - If applicant is not agreeable, then discuss possible minor repairs to address the most urgent problems.
 - For applicants who agree with the proposed terms, prepare memo including either the Work Write-up application form, or the Bid Tabulation sheet from Purchasing (when using general contractors) for approval by the Community and Housing Support Director. If the project deviates from the Guidelines, appropriate approvals must be obtained from the City Manager up to \$25,000 or from the City Council if over \$25,000.
 - Arrange for voluntary temporary relocation, if applicable. Have applicant complete "Agreement for Voluntary Temporary Relocation Assistance."
 - For CHS Rehab, Housing Program Administrator will then allocate project costs to grant and loan funds and prepare the loan documents and the Revitalization Agreement for signatures as set out above in Section 5 for new construction.

- ❑ Housing Program Administrator will schedule work to proceed as soon as feasible coordinating start of job with all parties concerned, i.e. applicant, general contractors, CHS carpenters, sub-contractors, suppliers, etc.
- ❑ If lead-based paint abatement is involved, then a lead abatement plan will be completed along with an Owner/Worker Occupant Protection Plan. Notify Texas Department of Health of start/stop dates at least 10 working days prior to start of job.
- ❑ Housing Program Administrator will closely monitor and supervise work while in progress with on-site inspections to ensure that it is performed and completed in a proper manner. Housing Program Administrator will confer daily with CHS's lead carpenter and sub-contractors, if applicable, or with the general contractor as necessary regarding the work performed.
- ❑ After all work is completed, a final inspection will be made by the CHS Staff accompanied by the applicant. A CDBG Rehab or HOME Revitalization "Acknowledgment Form" will be signed by both the applicant and the CHS Staff. Also, the CHS Staff will take final "After Pictures" of house using the same views as the original pictures to show a comparison of the rehab improvements and file in case folder.
- ❑ The Housing Program Administrator, CHS Lead Carpenter, if applicable, and the general contractor, as well as the homeowner will complete the Final Punch List Inspection Form. Amount of CHS labor expended will be entered on Expenditure Ledger by Assistant Program Administrator and a copy the time card will be filed in the Inspections section of case folder for documentation.
- ❑ Upon completion of all items on the Final Inspection Punch List, carpenters and contractors will turn in invoices as soon as possible for payment for completed work and supplies purchased.
- ❑ Invoice Processing: Stamp received and enter date, enter case number and address if necessary, and enter budget account number (s). Obtain appropriate approvals as required and give to Assistant Program Administrator for payment processing through HTE system. **NOTE: All work must be completed and inspected before processing final invoices.** Turn original invoices in to Finance Department for payment. Copies of completed invoices will be filed in appropriate case folder and amount entered on Expenditure Ledger by Assistant Program Administrator.
- ❑ After case folder is completed, it will remain filed in accordance with HUD Requirements.

6. Steps for Demolition Grant

The steps for demolition must be completed before reconstruction occurs; however, in the case of new construction, the demolition process may occur after the completion of new construction. The following steps for demolition will also be taken for individuals wishing only to demolish a structure that is substandard and not suitable for rehabilitation. Complete Part 1 (Initial Application) and Part 2 (Income Verification) before proceeding.

Eligibility Verification

- ❑ **Verify income eligibility** by completing appropriate "Form for Calculation of Annual Income" once all income verification forms have been obtained.
- ❑ Send Notification Letter to applicant if calculation of adjusted income is over current income limits. **NOTE: Applicants qualify income-wise for the Demolition Grant if there income is less than 200% of the median income limits.**
- ❑ **Inspection of Structure.** If applicant is income eligible, inspect structure proposed for demolition for determination of eligibility.
 - Inspect for determination that structure is substandard and not suitable for rehabilitation.
- ❑ Complete "Determination of Dangerous Building" and/or "Determination of Substandard Building or Structures" form(s).
- ❑ If structure is not eligible for demolition, send Notification Letter to applicant.

Property Ownership Verification

- ❑ Verify ownership of the property through ordering a title search from abstract company or by making a copy of the Warranty Deed, Deed for Life Estate, Contract for Deed, Affidavit of Heirship or Probated Will, or Quitclaim Deeds as appropriate.

Case Number Assignment.

If eligible, Assistant Program Administrator will assign Demo case number and prepare case folder in specified format with appropriate entries:

- ❑ Enter applicant's name, address and case number into Paradox Database for cross-referencing purposes.

Required Reviews and Necessary Clearances.

- ❑ Environmental Assessment must be performed to identify any hazardous materials such as asbestos or high concentrations of lead based paint.
- ❑ Take necessary photographs and prepare request for demolition clearance to be sent to Texas Historical Commission. Clearance must be received from Historical Commission before demolition can begin. (See Appendix C)
- ❑ If the proposed demolition project fails environmental assessment or if work can not proceed because the structure is eligible for the National Register of Historic Places, send Notification Letter to applicant.

Approval, Authorization, and Order to Demolish.

- ❑ Prepare request for approval to Community and Housing Support Director, summarizing pertinent details, and obtain approval.
- ❑ Prepare DEMOLITION AUTHORIZATION FORM.
- ❑ Double check all application forms and demolition documents for completeness.
- ❑ Meet with applicant(s) at appointed time to sign DEMOLITION AUTHORIZATION FORM and any incomplete forms.
- ❑ Insure all utilities have been removed or disconnected; and also insure all beehives have been eradicated, if applicable.
- ❑ Spray an "X" on all structures to be removed on the property.
- ❑ After all paperwork has been completed, prepare memo for Street and Bridge Department ordering demolition to proceed.

Billing, Final Inspection, and Payment.

After demolition is complete the following steps will be taken:

- ❑ Street and Bridge Department will send an Interfund Billing and Payment Authorization for the demolition cost and the Inspections and Permits Department will send an Interfund for the permit cost for Reimbursement by the CHS Department.
- ❑ Conduct final site inspection to insure structure is removed and lot is clean.
- ❑ Present billing and authorization form to Community and Housing Support Director for payment authorization and file copy of form in case folder.
- ❑ After case folder is completed, it will remain filed in accordance with HUD Requirements.

7. Steps for the Homebuyer's Assistance Program (HAP)

- ❑ **Complete Part 1 (Initial Application) and Part 2 (Income Verification) before proceeding.**
- ❑ Have applicant sign "Confidential Release of Information" form so that the applicant's information can be shared between CHS and the Lending Institution and/or Broker

Eligibility Verification

- ❑ **Verify income eligibility** by completing appropriate "Form for Calculation of Annual Income" once all income verification forms have been obtained. Also determine

the estimated affordable monthly housing cost. *Monthly housing cost (including Principal, Interest, Property Taxes, and Insurance, "PITI") cannot exceed 30% of the applicant's gross monthly household income.*

- ❑ Send Notification Letter to applicant if calculation of adjusted income is over current income limits.
- ❑ For Income Eligible Applicants prepare a referral letter to the appropriate Lending Institution and assist the applicant in scheduling an appointment with a representative from a Lending Institution.

Approval Process

- ❑ Once applicant is approved for a mortgage loan by a lending institution, have the lending institution or realtor fax a "Good Faith Estimate" to the CHS Department.
- ❑ Send a "Letter of Understanding" to the lending institution for necessary signatures. The "Letter of Understanding" lists the responsibilities of the Community and Housing Support Department and the lending institution. If the lending institution refuses to sign the letter, send a second "Letter of Understanding" listing responsibilities for the CHS Department, the lending institution and the broker. If the lending institution still refuses to sign the letter, send a third "Letter of Understanding" to the broker listing the responsibilities of the CHS Department and the broker.
- ❑ Complete the "Down Payment and Closing Cost Calculation Worksheet" to determine the amount of eligible assistance.
- ❑ Ensure that the proposed monthly payment does not exceed the applicant's monthly affordable housing payment (i.e. 30% of the gross monthly income). If the proposed monthly payment exceeds the affordable monthly housing payment, contact the bank to determine if a greater amount of assistance will bring the monthly payment to an affordable amount (Amount of assistance cannot exceed \$15,000 or 15% of the appraised value, whichever is less). If the proposed monthly payment is determined to be affordable, proceed with the following inspections:
 - Initial inspection of property including HQS inspection for health and safety risks and Lead-Based paint.
 - The required Environmental Review Record Form, if the property is existing or currently under construction, OR the Site Specific Review for new construction. If the property has deficiencies, or if environmental conditions exist, inform applicant and the Lending Institution. If not, proceed with processing application.
 - Take photos of all four sides of the house and each room
- ❑ If the Certification of Homebuyer Education has not been received, coordinate with the Lending Institution and the applicant to find an appropriate course.
- ❑ Upon notification of a closing date and a HUD-1 settlement from the title company, confirm actual down payment and closing costs. Obtain the full appraisal from the lender/realtor.

- Prepare a memo to be approved by CHS Director. Once approved, request a check from Finance in the appropriate amount. Any deviation from these guidelines for HAP must be approved by City Council.

Final Authorization

- Prepare the HOME Program Set-Up and Completion Reports.
- Prepare Second Lien Note and Deed of Trust
- Request copies of the First Lien Holder's Deed of Trust.
- Confirm that all documents are recorded at the County Clerk's office.
- Meet with applicant to have them sign Second Lien Note, and to receive the check for assistance.
- Complete the HOME Program Summary Sheet with the following required information:

APPENDIX A

GLOSSARY OF KEY TERMS

Abandonment: When all of the following have occurred in the duplexes: (1) everybody appears to have moved out in the City's reasonable judgment; (2) clothes, furniture, and personal belongings have been substantially removed in the City's reasonable judgment; (3) resident has been in default for non-payment of rent for 5 consecutive days, or water, gas or electric service for the apartment not connected in the City's name has been terminated; (4) resident has not responded for 2 days to the City's notice left on the inside of the main entry door, stating the City considers the apartment abandoned.

Affordable: Monthly payment may not exceed 30% of adjusted household income

Applicant: An individual of low/moderate income as defined by HUD, or the legal guardian or conservator of such individual(s) acting on his/her behalf, who completes an application for assistance.

City: The City of San Angelo.

City Council: (the Council) The City's elected governing body.

Community and Housing Support Block Grant Program: (CDBG) A Federal Community and Housing Support block grant program authorized under title I of the Housing and Community and Housing Support Act of 1974 as amended, 42 U.S.C. 5301-5320, 24 CFR 570.

Complete Rehabilitation: Complete rehabilitation (complete rehab) is when all the necessary repairs to bring the house up to applicable Codes and HUD Housing Quality Standards are undertaken, in addition to all necessary emergency repairs. Cosmetic repairs of a non-luxury nature will be considered as part of complete rehab within maximum cost limitations.

Contract for Deed: (Installment contract) A contract for the sale of real estate wherein the purchase price is paid in installments over an extended period of time by the purchaser who is in possession and title is retained by the seller until final payment. Purchaser's payments usually will be forfeited upon default.

Deed: The legal document conveying title to or an interest in a property.

Deed of Trust: (Also called Trust Deed) An instrument used to create a mortgage lien by which the mortgagor conveys her/his title to a trustee who holds it as security for the benefit of the note holder (the lender).

Demolition: The removal of an existing dwelling unit that is substandard and not suitable for rehabilitation or an accessory structure that has been determined to be dangerous or substandard in accordance with Articles 4.12000 and 4.13000 of the City of San Angelo Code of Ordinances.

Displaced Homemaker: An individual who: (1) is an adult, (2) has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; or (3) lost their primary home as part of a divorce settlement.

Minor Repairs: Repairs to alleviate conditions which pose threats (not of an emergency nature), to the life, health or safety of the applicant and the neighborhood, such as a gas or sewage problem. Assistance is in the form of a combination grant and loan providing up to \$12,500.

Emergency Repairs: Repairs that are of an emergency nature. An emergency is a situation or condition that occurred without warning (within two (2) weeks), is detrimental to life, health, or safety and requires immediate action. Immediate action is defined as 24-72 hours.

Fee Simple: An ownership interest under which the owner has unrestricted powers to dispose of the property.

First-time Home Buyer: An individual and his or her spouse who have not owned a home during the three year period prior to purchase of a home. The term first-time homebuyer also includes an individual who is a displaced homemaker or single parent, as those terms are defined in this section. An individual shall not be excluded from consideration as a first-time homebuyer on the basis that the individual owns or owned, as a principal residence during the three-year period, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations or is not in compliance with State, local, or model building codes, or other applicable codes, and cannot be brought into compliance with the codes for less than the cost of constructing a permanent structure.

Half-Cent Sales Tax Affordable Housing Program: The housing program to be implemented following the implementation of the Half-Cent Sales Tax authorized at a special election held September 11, 2004 to be conducted in accordance with 42 USC., Section 12745 as determined by the City of San Angelo Development Corporation and the City of San Angelo City Council.

HOME Investment Partnerships Program : (HOME) A Federal affordable housing program created by title II of the Cranston-Gonzalez National Affordable Housing Act as amended, 42 U.S.C. 12701 *et seq.*, 24 CFR Part 92.

Homebuyer's Assistance: Funding up to \$14,999.99 for the down payment and closing costs for the purchase of a home for eligible first-time homebuyers, or 15% of the appraised value of the home, whichever is lower.

Housing Conditions:

1. Standard Condition: Dwelling units that meet the minimum requirements as prescribed by the various codes adopted by the City of San Angelo and are in good condition requiring only cosmetic work, correction of minor livability problems, or maintenance work.
2. Substandard Condition but Suitable for Rehabilitation: Dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction of minor livability problems or maintenance work.

3. Substandard Condition and not Suitable for Rehabilitation: Dwelling units that are in such poor condition as to be neither structurally nor financially feasible for rehabilitation.

Housing Quality Standards (HQS): The requirements set forth by HUD in determining whether houses used in its Section 8, Housing Choice Voucher Program, meet minimum standards for safe, healthy, and sanitary living. The City has elected to use the Housing Quality Standards in addition to City Building Codes as applicable.

Incipient Violation: Conditions in a project which have not yet become an actual violation but that show signs of or have the potential for becoming a violation of serious nature within the next one to two years.

Income Limits. Income limits are received from HUD and are subject to change annually. Extremely Low, or L-30, means the family's annual income falls at or below 30% of the median income level for family size. Low, or L-50, would fall at or below 50% of the median income level, and Moderate, or L-80, would fall at or below 80% of the median income level.

Interim Rehabilitation: All rehabilitation performed under this program is interim work, meaning that it is not on going. Ongoing work, maintenance, etc. is not to be performed under this program.

Lead-Based Paint: A paint surface, whether or not defective, identified as having a lead content greater than or equal to 1 milligram per centimeter squared. The presence of lead based paint does not necessarily mean a lead hazard exists.

Lead-Based Paint Abatement: The term "abatement" means any set of measures designed to permanently eliminate lead-based paint hazards in accordance with standards established by appropriate Federal agencies. Such term includes:

- (A) the removal of paint and dust, the permanent enclosure or encapsulation of lead-based paint, the replacement of painted surfaces or fixtures, or the removal or permanent covering of soil; and
- (B) all preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

Lead-Based Paint Hazard: The term "lead-based paint hazard" means any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, lead-contaminated paint that is deteriorated or present in accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects.

Lead-Based Paint Interim Controls: The term "interim controls" means a set of measures designed to temporarily reduce human exposure or likely exposure to lead-based paint hazards, including specialized cleaning, repairs, maintenance, painting, temporary containment, ongoing monitoring of lead-based paint hazards or potential hazards, and the establishment and operation of management and resident education programs.

Life Estate: A right to use land and/or structures on land only for the life of the tenant (the beneficiary).

New Construction: This involves construction on a site where there was no existing house at the time of project commencement.

Owner-Occupant: A person who has a legal interest in real property and is currently occupying the same property.

Permanent Housing: A residential dwelling unit that is not intended to be mobile. Unless otherwise noted, all uses of the terms "house", "home" or "housing" means permanent housing.

Project: A single undertaking where construction work will be performed under the housing programs described in these guidelines with the consent of the owner.

Quitclaim Deed: A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

Rehabilitation: Performing all the necessary repairs in order to bring the house up to Housing Quality Standards.

Reconstruction: This involves rebuilding a house on the same site where housing exists at the time of project commencement. Reconstruction is the most extreme form of rehabilitation.

Single Parent: An individual who: (1) is unmarried or legally separated from a spouse; and (2) Has one or more minor children of whom the individual has custody or joint custody, or is pregnant.

Special Federal Grant: Congressional appropriations for the City of San Angelo for designated housing initiatives.

Specifications: The requirements of how the rehabilitation/reconstruction and emergency work is to be performed and the quality of materials to be used.

Surrender: The move-out date for the duplexes has passed and no one is living in the apartment in the City's reasonable judgment; or all apartment keys/access devices have been turned in to the City.

Target Area: An area within the City limits in which a majority of the residents are low/moderate income according to the U.S. Census Bureau data designated by the City Council as an area eligible for the HOME funded Revitalization program.

Warranty Deed: A conveyance or transfer of real property in which the person granting the deed agrees to defend the title from claims of others. In general, the seller is representing that they fully own the property and will stand behind this promise.

ACRONYMS

ADA	Americans with Disabilities Act
CHS	Community and Housing Support
CDBG	Community and Housing Support Block Grant
CHDO	Community Housing Development Organization
EBLL	Elevated Blood Lead Level

FHA	Federal Housing Administration
HAP	Homebuyer's Assistance Program
HOME	Home Investment Partnerships Program
HQS	Housing Quality Standards
HRL	Housing New/Reconstruction Loan
HUD	U.S. Department of Housing and Urban Development
L-30 income.	Applicant's household income is at or below 30% of the median household
L-50 income.	Applicant's household income is at or below 50% of the median household
L-80 income.	Applicant's household income is at or below 80% of the median household
MIP	Monitoring of Monthly Mortgage Insurance Premium
NIDPL	No-Interest Deferred Payment Loan
PHA	Public Housing Authority

APPENDIX B
HOUSING STANDARDS

The City of San Angelo requires that all rehabilitation work performed under either the CHS Rehab Program or the HOME Revitalization Program meet applicable City Building Codes. In addition, the City of San Angelo has elected to use the local standards that are compatible with the International Building Code, to supplement the City Building Codes, as applicable to the rehab work, to meet the health, safety, and sanitation standards for houses assisted under these programs. Houses assisted under these programs must meet or exceed these standards. Houses receiving emergency assistance do not specifically have to meet standards but should not pose serious health or safety threats to the occupants of the home. Routine maintenance will not be performed as part of the Rehab or Revitalization Programs. The occupants of the house should take reasonable action to ensure that the house continues to meet set housing standards.

Housing Standards are the performance requirements set forth by HUD in determining whether houses meet minimum standards for safe, healthy and sanitary living. In addition, these standards are often adopted and applied for other Federal programs (such as HUD's HOME Program). One of the primary objectives of the CDBG program described in the previous section is "the elimination of conditions which are detrimental to the health, safety, and public welfare through code enforcement, demolition, interim rehabilitation assistance, and related activities."

The Housing Standards set forth a performance requirement and acceptability criteria for categories such as general sanitation, food preparation facilities, air quality, water supply, and lead-based paint. The performance requirement is the desired condition (ex. the housing unit must include sanitary facilities), while the acceptability criteria is used to determine if the house has met or exceeds the desired condition (ex. the unit includes a bathroom in a private room with a flush toilet, the unit must have a fixed basin in operating condition with hot and cold water, etc.).

Below is a standard checklist questions used for CHS programs:

General Health and Safety
Can the unit be accessed without having to enter another unit?
Is there an adequate fire exit from this building that is not blocked?
Do all rooms that are used for living have fire exits?
Is the unit free from rats or severe infestations of mice or vermin?
Is there any kind of insect infestation apparent?
Is there evidence of termite infestation?
Is the unit free from heavy accumulation of garbage or debris inside and outside? (include all enclosed areas, porches, out buildings, and yards)
Are there adequate covered facilities for temporary storage of food waste (i.e. garbage cans) and is there a regular method of removal?
Are all stairs and walkways free from hazards to the occupant because of loose, broken or missing steps on stairways, absent or insecure railing, inadequate lighting or other hazards?
Is the unit free from abnormally high levels of air pollution from vehicular exhaust, sewer gas, fuel gas, dust, or other pollutants?
Is the site and the immediate neighborhood free from conditions which would seriously and continuously affect the health and/or safety of the residents?
If the owner of the unit is required to treat or cover any interior or exterior surfaces for lead-based paint, has the certification of compliance been obtained? If no lead treatment is required, indicate N/A.
Is the unit free from any exterior hazards not specifically identified in this list?
Building Exterior
Are the roof, gutters and down spouts sound and free from hazards?
Are all vent jacks, leads, turbines, skylights and caps in good condition?
Is there any buckling or sagging evident in the roof surface?
Is roof free from incipient deficiencies?

Check all soffits, look-outs and fascia for damage.
Are all gutters free from debris and in working order?
Are exterior surfaces sound and free from hazards?
Is any rot or termite damage evident? Check all surfaces including soffit, fascia, eaves, siding, water tables, decks, porch floors, etc.?
Check exterior trim including all window sills and door jambs for damage and proper sealing.
Are windows in working order, free from rot, and sealed? Replace any cracked or missing panes and re-caulk any areas with dry, cracked or missing caulk.
Are screens present on all operable windows, are they in good repair and easily removable? Repair or replace as needed. Note location and measured size of repair.
Is the chimney sound and free from hazards?
Are all exterior surfaces free from cracking, scaling, peeling, chipping, and loose paint or adequately treated or covered to prevent exposure to lead-based paint hazards?
Electric service should be of three-wire type with weather-head located at least 10' from grade.
Electric service should be adequate to properly distribute loads.
All exterior entrances must include a light fixture controllable from the interior.
Check for exposed wiring including knob-and-tube, and replace. All wiring should be shielded or conduited. All connections should be in approved j-boxes.
What type of foundation is apparent?
Condition of stairs, rails, and porches should be free from hazards and structural defects.
If more than two steps are present, a hand rail is required. If more than two steps are present, is a hand rail installed?
Are there any other evident hazards?
Living Room
Is there a living room present?
Is there at least two working outlets or at least one working outlet and one light fixture present?

Are the outlets properly grounded and in working order? If not then at least one GFCI must be installed in place of an ungrounded outlet.
Are any shorts, overloaded circuits, or frayed wires present?
Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?

Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?
Are all windows in operable and lockable condition?
Are all doors in operable and lockable (where required) condition?
Are all exterior doors equipped with workable deadbolts?
Are all exterior doors solid core?
Are all doors and windows properly weather-stripped and sealed?
Is the ceiling sound and free from hazardous defects
Are all walls sound and free from hazardous defects?
Is there any evidence of sub-floor rot or termite damage?
Is the floor sound and free from hazardous defects?
Is there evidence of lead-based paint?
Is there a smoke alarm for this room? There should be a smoke alarm adjacent to every sleeping area.
Is there adequate direct or indirect heating or cooling in this room?
Are there any other unusual features present? (i.e. low ceilings, angled or narrow spaces, cantilevered loads, etc.)

Kitchen
Is there a kitchen present?
Do any outlets which are six feet or less measurable to the nearest source of standing (sinks or tubs) or running water have properly installed and functioning GFCI outlets?
Is there at least one working outlet and at least one working and permanently installed light fixture present.

Are the outlets properly grounded and in working order? If not then at least one GFCI must be installed in place of an ungrounded outlet.
Are any shorts, overloaded circuits, or frayed wires present?
Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?
Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?

Are all windows in operable and lockable condition?
Are all doors in operable and lockable (where required) condition?
Are all exterior doors equipped with workable deadbolts?
Are all exterior doors solid core or metal?
Are all doors and windows properly weather-stripped and sealed?
Is there at least one window and is it free from severe deterioration or broken panes?
Is the ceiling sound and free from hazardous defects?
Are all walls sound and free from hazardous defects?
Is there any evidence of sub-floor rot or termite damage?
Is the floor sound and free from hazardous defects?
Is there evidence of lead-based paint?
Is there a working oven and a stove (or range) with working top burners?
Is there a working refrigerator that maintains a temperature low enough so that food does not spoil over a reasonable period of time?
Is there a sink that works and provides hot and cold running water?
Is the sink attached and sealed properly to prevent movement or leaks? Is it free from holes, rust, or cracks?
Do the faucets work properly? Check for leaks, free operation, proper water mixing, and complete shut off.
Are the drain lines properly installed with working, un-deteriorated p-traps (check for leaks and proper rate of draining)?

Are supply lines properly installed and not leaking?
Are hot and cold water shut off valves present and working properly?
Is there a space to store and prepare food?
Are all counter surfaces level, properly fastened, free from delamination, washable and free from deterioration?
In general, are the cabinets properly fastened to the walls and in good usable condition?
Is there smoke alarm coverage for this room?
Is there adequate direct or indirect heating and cooling in this room?

Are there any other unusual features present? (i.e. low ceilings, angled or narrow spaces, cantilevered loads, etc.)
Bathroom
Is there a bathroom present?
Is there at least one permanently installed and working light fixture present?
All outlets must have properly installed and functioning GFCI outlets?
Are any shorts, overloaded circuits, or frayed wires present?
Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?
Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?
Are all doors in operable and lockable (where required) condition?
Is the ceiling sound and free from hazardous defects
Are all walls sound and free from hazardous defects?
Is there any evidence of sub-floor rot or termite damage?
Is the floor sound and free from hazardous defects?
Is there evidence of lead-based paint?
Is there a working toilet in the unit in an enclosed room to be used exclusively by the resident? Check the toilet for operation. Does it flush freely and completely?

Is the supply line working properly and is it free from leaks? Check the float system operation.
Is there a working shut off valve? (drain toilet and check operation)
Is the toilet properly secured to the floor?
Is there a working and permanently installed wash basin with hot and cold running water?
Is the basin attached and sealed properly to prevent movement or leaks? Is it free from holes, rust, or cracks?
Do the faucets work properly? Check for leaks, free operation, proper water mixing, and complete shut off.
Are the drain lines properly installed with working, un-deteriorated p-traps (check for leaks and proper rate of draining)?
Are supply lines properly installed and not leaking?

Are hot and cold water shut off valves present and working properly?
Is there a working tub or shower with hot and cold running water in the unit?
Is the tub/shower attached and sealed properly to prevent movement or leaks? Is it free from holes, rust or cracks?
Do the bath faucets work properly? Check for leaks, free operation, proper water mixing and complete shut off.
Are there operable windows or a working ventilation system?
Is there smoke alarm coverage for this room?
Are there any other unusual features present? (i.e. low ceilings, angled or narrow spaces, cantilevered loads, etc.)
Bedroom
Is there at least two working outlets or at least one working outlet and one light fixture present?
Are the outlets properly grounded and in working order? If not then at least one GFCI must be installed in place of an ungrounded outlet.
Are any shorts, overloaded circuits, or frayed wires present?
Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?
Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?
Are all windows in operable and lockable condition?
Are all doors in operable and lockable (where required) condition?
Are all exterior doors equipped with workable deadbolts?
Are all exterior doors solid core or metal?
Are all doors and windows properly weather-stripped and sealed?
Is the ceiling sound and free from hazardous defects?
Are all walls sound and free from hazardous defects?
Is there any evidence of sub-floor rot or termite damage?
Is the floor sound and free from hazardous defects?

Is there evidence of lead-based paint?
Is there smoke alarm coverage for this room?
Is there adequate direct or indirect heating and cooling in this room?
Are there any other unusual features present? (i.e. low ceilings, angled or narrow spaces, cantilevered loads, etc.)
Other Rooms Not Used for Sleeping (including all enclosed areas)
Is there a safe means of illumination?
Are the outlets properly grounded and in working order? If not then at least one GFCI must be installed in place of an ungrounded outlet.
Are any shorts, overloaded circuits, or frayed wires present?
Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?
Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?
Are all windows in operable and lockable condition?
Are all doors in operable and lockable (where required) condition?
Are all exterior doors equipped with workable deadbolts?
Are all exterior doors solid core or metal?
Are all doors and windows properly weather-stripped and sealed?
Is the ceiling sound and free from hazardous defects
Are all walls sound and free from hazardous defects?
Is there any evidence of sub-floor rot or termite damage?
Is the floor sound and free from hazardous defects?
Is there evidence of lead-based paint?
Secondary Rooms
Are all windows and doors that are accessible from the outside lockable in each room?
Are all rooms free from electrical hazards?
Are the outlets properly grounded and in working order? If not then at least one GFCI must be installed in place of an ungrounded outlet.

Are all outlet covers and switch plate covers properly installed and free from cracks or gaps?
Are all switches and outlets in working order?
Are there any other conditions not mentioned which would constitute an electrical hazard?
Are all rooms free from any other potentially hazardous feature? Explain any hazard.
Heating
Is the heating equipment capable of providing adequate heat (either directly or indirectly) to all rooms used for living?
Are fuel supply tanks an adequate distance from the house and are all supply mains buried or concealed and properly attached under a properly vented crawl space? Is there an exterior shut off?
Are all unused interior shut offs removed and capped beneath the floor?
Are all working shut off valves updated to include no "Texas Trees" and does every appliance have an accessible shut off?
If an un-vented heater is used, it must have an ODS system and a U.I. tag indicating same. Does it?
Are all heat exchangers, burners, and plenums free from rust or corrosion and in serviceable and safe condition?
Is the heater too large for the space in which it is used, thus creating a hazard? Is it installed near combustible material thus creating a hazard?
Does the unit have adequate ventilation and cooling by means of operable windows or a working cooling system.
Water Heater
A TPL valve should be properly installed and flowing water to the exterior of the building.
Is the water heater providing adequate hot water to the unit?
If the water heater is gas, propane or oil fired, is combustion air supplied from the exterior?
If the water heater is located in an exterior closet, is it sealed to prevent freezing of lines?
Is a working water shut-off valve installed?
Is a working gas shut-off installed?
Are leaks evident at the floor? Is the placement solid? Can you shake the water heater?

Plumbing
Is the plumbing free from major leaks or corrosion that causes serious or persistent levels of rust or contamination of the drinking water?
Sewer Connection
Is the plumbing connected to an approvable public or private waste disposal system and is it free from sewer back-up?
Is there any evidence of sewage leakage?

APPENDIX C

TEXAS HISTORICAL COMMISSION REVIEW

1. General

In accordance with the National Historic Preservation Act and the Antiquities Code of Texas, the Texas State Historical Commission is responsible for reviewing site eligibility for the National Register of Historic Places. The National Register's standards for evaluating the significance of properties were developed to recognize the accomplishments of all peoples who have made a significant contribution to our country's history and heritage. The criteria are designed to guide State and local governments, Federal agencies, and others in evaluating potential entries in the National Register. Properties generally must be at least 50 years of age.

The Community and Housing Support Department will take all steps to determine if a site is eligible for the National Register; and if a site is eligible, all rehab work will be performed in a manner which will not disturb the historical integrity of the project site. Further, any rehab work performed on sites that are eligible for the National Register will be performed in consultation with the Texas State Historical Commission.

No demolition work will be undertaken without first consulting with the Texas State Historical Commission regardless of whether the structure is 50 years of age or not.

2. Criteria for Evaluation

The quality of significance in American history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling, and association, and:

- a. That are associated with events that have made a significant contribution to the broad patterns of our history; or
- b. That are associated with the lives of significant persons in or past; or
- c. That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- d. That have yielded or may be likely to yield, information important in history or prehistory.

3. Criteria Considerations

Ordinarily cemeteries, birthplaces, graves of historical figures, properties owned by religious institutions or used for religious purposes, structures that have been moved from their original locations, reconstructed historic buildings, properties primarily commemorative in nature, and properties that have achieved significance within the past 50 years shall not be considered eligible for the National Register. However, such

properties will qualify if they are integral parts of districts that do meet the criteria or if they fall within the following categories:

- a. A religious property deriving primary significance from architectural or artistic distinction or historical importance; or
- b. A building or structure removed from its original location but which is primarily significant for architectural value, or which is the surviving structure most importantly associated with a historic person or event; or
- c. A birthplace or grave of a historical figure of outstanding importance if there is no appropriate site or building associated with his or her productive life; or
- d. A cemetery that derives its primary importance from graves of persons of transcendent importance, from age, from distinctive design features, or from association with historic events; or
- e. A reconstructed building when accurately executed in a suitable environment and presented in a dignified manner as part of a restoration master plan, and when no other building or structure with the same association has survived; or
- f. A property primarily commemorative in intent if design, age, tradition, or symbolic value has invested it with its own exceptional significance; or
- g. A property achieving significance within the past 50 years if it is of exceptional importance.

APPENDIX D

PUBLIC INFORMATION AND PRIVACY ACTS STATEMENTS

Generally, City records regarding CDBG and HOME activities are subject to inspection by HUD and are open to the public as required by Federal and State Law.⁵ Such information includes: the program participant's name, location of rehab properties, amount of assistance provided, and the applicant's income category. However, certain information deemed private and confidential by law regarding program participants will not be disclosed by any means of communication to any person, or to any other agency without the prior consent of the program participant. Examples of such confidential information would include: applicant's social security number, the applicant's exact household income, and debt and assets information.

A person or a person's authorized representative has a special right of access, beyond the right of the general public, to information held by the City that relates to the person and that is protected from public disclosure by laws intended to protect that person's privacy. The City will process such requests for information in a manner consistent with Federal and State Law. Further, an applicant has the right to request an amendment to a record pertaining to him or her and the City will abide by Federal and State Law when processing such requests.

⁵ Chapter 552, Texas Government Code; 5 U.S.C. Section 552a.

PRIVACY ACT 5
U.S.C. SECTION 552

Sec. 552. Public information; agency rules, opinions, orders, records, and proceedings

Each agency shall make available to the public information as follows:

- (1) Each agency shall separately state and currently publish in the Federal Register for the guidance of the public -
 - (A) descriptions of its central and field organization and the established places at which, the employees (and in the case of a uniformed service, the members) from whom, and the methods whereby, the public may obtain information, make submittals or requests, or obtain decisions;
 - (B) statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal and informal procedures available;
 - (C) rules of procedure, descriptions of forms available or the places at which forms may be obtained, and instructions as to the scope and contents of all papers, reports, or examinations;
 - (D) substantive rules of general applicability adopted as authorized by law, and statements of general policy or interpretations of general applicability formulated and adopted by the agency; and (E) each amendment, revision, or repeal of the foregoing. Except to the extent that a person has actual and timely notice of the terms thereof, a person may not in any manner be required to resort to, or be adversely affected by, a matter required to be published in the Federal Register and not so published. For the purpose of this paragraph, matter reasonably available to the class of persons affected thereby is deemed published in the Federal Register when incorporated by reference therein with the approval of the Director of the Federal Register.

- (2) Each agency, in accordance with published rules, shall make available for public inspection and copying
 - (A) final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;
 - (B) those statements of policy and interpretations which have been adopted by the agency and are not published in the Federal Register;
 - (C) administrative staff manuals and instructions to staff that affect a member of the public;
 - (D) copies of all records, regardless of form or format, which have been released to any person under paragraph (3) and which, because of the nature of their subject matter, the agency determines have become or are likely to become the subject of subsequent requests for substantially the same records; and
 - (E) a general index of the records referred to under subparagraph (D); unless the materials are promptly published and copies offered for sale. For records created on or after November 1, 1996, within one year after such date, each agency shall make such records available, including by computer telecommunications or, if computer telecommunications means have not been established by the agency, by other electronic means. To the extent required to prevent a clearly unwarranted invasion of

personal privacy, an agency may delete identifying details when it makes available or publishes an opinion, statement of policy, interpretation, staff manual, instruction, or copies of records referred to in subparagraph (D). However, in each case the justification for the deletion shall be explained fully in writing, and the extent of such deletion shall be indicated on the portion of the record which is made available or published, unless including that indication would harm an interest protected by the exemption in subsection (b) under which the deletion is made. If technically feasible, the extent of the deletion shall be indicated at the place in the record where the deletion was made. Each agency shall also maintain and make available for public inspection and copying current indexes providing identifying information for the public as to any matter issued, adopted, or promulgated after July 4, 1967, and required by this paragraph to be made available or published. Each agency shall promptly publish, quarterly or more frequently, and distribute (by sale or otherwise) copies of each index or supplements thereto unless it determines by order published in the Federal Register that the publication would be unnecessary and impracticable, in which case the agency shall nonetheless provide copies of such index on request at a cost not to exceed the direct cost of duplication. Each agency shall make the index referred to in subparagraph (E) available by computer telecommunications by December 31, 1999. A final order, opinion, statement of policy, interpretation, or staff manual or instruction that affects a member of the public may be relied on, used, or cited as precedent by an agency against a party other than an agency only if –

- (i) it has been indexed and either made available or published as provided by this paragraph; or
- (ii) the party has actual and timely notice of the terms thereof.

(3)

- (A) Except with respect to the records made available under paragraphs (1) and (2) of this subsection, each agency, upon any request for records which (i) reasonably describes such records and (ii) is made in accordance with published rules stating the time, place, fees (if any), and procedures to be followed, shall make the records promptly available to any person.
- (B) In making any record available to a person under this paragraph, an agency shall provide the record in any form or format requested by the person if the record is readily reproducible by the agency in that form or format. Each agency shall make reasonable efforts to maintain its records in forms or formats that are reproducible for purposes of this section.
- (C) In responding under this paragraph to a request for records, an agency shall make reasonable efforts to search for the records in electronic form or format, except when such efforts would significantly interfere with the operation of the agency's automated information system.
- (D) For purposes of this paragraph, the term "search" means to review, manually or by automated means, agency records for the purpose of locating those records which are responsive to a request.

(4)

- (A)
 - (i) In order to carry out the provisions of this section, each agency shall promulgate regulations, pursuant to notice and receipt of public comment, specifying the

schedule of fees applicable to the processing of requests under this section and establishing procedures and guidelines for determining when such fees should be waived or reduced. Such schedule shall conform to the guidelines which shall be promulgated, pursuant to notice and receipt of public comment, by the Director of the Office of Management and Budget and which shall provide for a uniform schedule of fees for all agencies.

- ii) Such agency regulations shall provide that -
 - (I) fees shall be limited to reasonable standard charges for document search, duplication, and review, when records are requested for commercial use;
 - (II) fees shall be limited to reasonable standard charges for document duplication when records are not sought for commercial use and the request is made by an educational or noncommercial scientific institution, whose purpose is scholarly or scientific research; or a representative of the news media; and (III) for any request not described in (I) or (II), fees shall be limited to reasonable standard charges for document search and duplication.
- (iii) Documents shall be furnished without any charge or at a charge reduced below the fees established under clause (ii) if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government and is not primarily in the commercial interest of the requester.
- (iv) Fee schedules shall provide for the recovery of only the direct costs of search, duplication, or review. Review costs shall include only the direct costs incurred during the initial examination of a document for the purposes of determining whether the documents must be disclosed under this section and for the purposes of withholding any portions exempt from disclosure under this section. Review costs may not include any costs incurred in resolving issues of law or policy that may be raised in the course of processing a request under this section. No fee may be charged by any agency under this section -
 - (I) if the costs of routine collection and processing of the fee are likely to equal or exceed the amount of the fee; or
 - (II) for any request described in clause (ii) (II) or (III) of this subparagraph for the first two hours of search time or for the first one hundred pages of duplication.
- (v) No agency may require advance payment of any fee unless the requester has previously failed to pay fees in a timely fashion, or the agency has determined that the fee will exceed \$250.
- (vi) Nothing in this subparagraph shall supersede fees chargeable under a statute specifically providing for setting the level of fees for particular types of records.
- (vii) In any action by a requester regarding the waiver of fees under this section, the court shall determine the matter de novo: Provided, That the court's review of the matter shall be limited to the record before the agency.
- (B) On complaint, the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, or in the District of Columbia, has jurisdiction to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the complainant. In such a case the court shall determine the matter de novo, and may examine the contents of such agency records in camera to determine whether such records or any part thereof shall be withheld under any of the

exemptions set forth in subsection (b) of this section, and the burden is on the agency to sustain its action. In addition to any other matters to which a court accords substantial weight, a court shall accord substantial weight to an affidavit of an agency concerning the agency's determination as to technical feasibility under paragraph (2)(C) and subsection (b) and reproducibility under paragraph (3)(B).

- (C) Notwithstanding any other provision of law, the defendant shall serve an answer or otherwise plead to any complaint made under this subsection within thirty days after service upon the defendant of the pleading in which such complaint is made, unless the court otherwise directs for good cause shown.
- (D) Repealed. Pub. L. 98-620, title IV, Sec. 402(2), Nov. 8, 1984, 98 Stat. 3357.)
- (E) The court may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred in any case under this section in which the complainant has substantially prevailed.
- (F) Whenever the court orders the production of any agency records improperly withheld from the complainant and assesses against the United States reasonable attorney fees and other litigation costs, and the court additionally issues a written finding that the circumstances surrounding the withholding raise questions whether agency personnel acted arbitrarily or capriciously with respect to the withholding, the Special Counsel shall promptly initiate a proceeding to determine whether disciplinary action is warranted against the officer or employee who was primarily responsible for the withholding. The Special Counsel, after investigation and consideration of the evidence submitted, shall submit his findings and recommendations to the administrative authority of the agency concerned and shall send copies of the findings and recommendations to the officer or employee or his representative. The administrative authority shall take the corrective action that the Special Counsel recommends.
- (G) In the event of noncompliance with the order of the court, the district court may punish for contempt the responsible employee, and in the case of a uniformed service, the responsible member.

(5) Each agency having more than one member shall maintain and make available for public inspection a record of the final votes of each member in every agency proceeding.

(6)

- (A) Each agency, upon any request for records made under paragraph (1), (2), or (3) of this subsection, shall -
 - (i) determine within 20 days (excepting Saturdays, Sundays, and legal public holidays) after the receipt of any such request whether to comply with such request and shall immediately notify the person making such request of such determination and the reasons therefore, and of the right of such person to appeal to the head of the agency any adverse determination; and (ii) make a determination with respect to any appeal within twenty days (excepting Saturdays, Sundays, and legal public holidays) after the receipt of such appeal. If on appeal the denial of the request for records is in whole or in part upheld, the agency shall notify the person making such request of the provisions for judicial review of that determination under paragraph (4) of this subsection.
- (B)
 - i) In unusual circumstances as specified in this subparagraph, the time limits prescribed in either clause (i) or clause (ii) of subparagraph (A) may be extended by

written notice to the person making such request setting forth the unusual circumstances for such extension and the date on which a determination is expected to be dispatched. No such notice shall specify a date that would result in an extension for more than ten working days, except as provided in clause (ii) of this subparagraph.

- (ii) With respect to a request for which a written notice under clause (i) extends the time limits prescribed under clause (i) of subparagraph (A), the agency shall notify the person making the request if the request cannot be processed within the time limit specified in that clause and shall provide the person an opportunity to limit the scope of the request so that it may be processed within that time limit or an opportunity to arrange with the agency an alternative time frame for processing the request or a modified request. Refusal by the person to reasonably modify the request or arrange such an alternative time frame shall be considered as a factor in determining whether exceptional circumstances exist for purposes of subparagraph (C).
- (iii) As used in this subparagraph, "unusual circumstances" means, but only to the extent reasonably necessary to the proper processing of the particular requests -
 - (I) the need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request;
 - (II) the need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request; or
 - (III) the need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more components of the agency having substantial subject-matter interest therein.
- (iv) Each agency may promulgate regulations, pursuant to notice and receipt of public comment, providing for the aggregation of certain requests by the same requestor, or by a group of requestors acting in concert, if the agency reasonably believes that such requests actually constitute a single request, which would otherwise satisfy the unusual circumstances specified in this subparagraph, and the requests involve clearly related matters. Multiple requests involving unrelated matters shall not be aggregated.
- (C)
 - (i) Any person making a request to any agency for records under paragraph (1), (2), or (3) of this subsection shall be deemed to have exhausted his administrative remedies with respect to such request if the agency fails to comply with the applicable time limit provisions of this paragraph. If the Government can show exceptional circumstances exist and that the agency is exercising due diligence in responding to the request, the court may retain jurisdiction and allow the agency additional time to complete its review of the records. Upon any determination by an agency to comply with a request for records, the records shall be made promptly available to such person making such request. Any notification of denial of any request for records under this subsection shall set forth the names and titles or positions of each person responsible for the denial of such request.
 - (ii) For purposes of this subparagraph, the term "exceptional circumstances" does not include a delay that results from a predictable agency workload of requests under this section, unless the agency demonstrates reasonable progress in reducing its backlog of pending requests.

- (iii) Refusal by a person to reasonably modify the scope of a request or arrange an alternative time frame for processing a request (or a modified request) under clause (ii) after being given an opportunity to do so by the agency to whom the person made the request shall be considered as a factor in determining whether exceptional circumstances exist for purposes of this subparagraph.
- (D)
 - (i) Each agency may promulgate regulations, pursuant to notice and receipt of public comment, providing for multitrack processing of requests for records based on the amount of work or time (or both) involved in processing requests.
 - (ii) Regulations under this subparagraph may provide a person making a request that does not qualify for the fastest multitrack processing an opportunity to limit the scope of the request in order to qualify for faster processing.
 - (iii) This subparagraph shall not be considered to affect the requirement under subparagraph (C) to exercise due diligence.
- (E)
 - (i) Each agency shall promulgate regulations, pursuant to notice and receipt of public comment, providing for expedited processing of requests for records -
 - (I) in cases in which the person requesting the records demonstrates a compelling need; and
 - (II) in other cases determined by the agency.
 - (ii) Notwithstanding clause (i), regulations under this subparagraph must ensure -
 - (I) that a determination of whether to provide expedited processing shall be made, and notice of the determination shall be provided to the person making the request, within 10 days after the date of the request; and
 - (II) expeditious consideration of administrative appeals of such determinations of whether to provide expedited processing.
 - (iii) An agency shall process as soon as practicable any request for records to which the agency has granted expedited processing under this subparagraph. Agency action to deny or affirm denial of a request for expedited processing pursuant to this subparagraph, and failure by an agency to respond in a timely manner to such a request shall be subject to judicial review under paragraph (4), except that the judicial review shall be based on the record before the agency at the time of the determination.
 - (iv) A district court of the United States shall not have jurisdiction to review an agency denial of expedited processing of a request for records after the agency has provided a complete response to the request.
 - (v) For purposes of this subparagraph, the term "compelling need" means -
 - (I) that a failure to obtain requested records on an expedited basis under this paragraph could reasonably be expected to pose an imminent threat to the life or physical safety of an individual; or
 - (II) with respect to a request made by a person primarily engaged in disseminating information, urgency to inform the public concerning actual or alleged Federal Government activity.
 - (vi) A demonstration of a compelling need by a person making a request for expedited processing shall be made by a statement certified by such person to be true and correct to the best of such person's knowledge and belief.

- (F) In denying a request for records, in whole or in part, an agency shall make a reasonable effort to estimate the volume of any requested matter the provision of which is denied, and shall provide any such estimate to the person making the request, unless providing such estimate would harm an interest protected by the exemption in subsection (b) pursuant to which the denial is made.
 - (b) This section does not apply to matters that are -
 - (1)
 - (A) specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified pursuant to such Executive order;
 - (2) related solely to the internal personnel rules and practices of an agency;
 - (3) specifically exempted from disclosure by statute (other than section 552b of this title), provided that such statute (A) requires that the matters be withheld from the public in such a manner as to leave no discretion on the issue, or (B) establishes particular criteria for withholding or refers to particular types of matters to be withheld;
 - (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential;
 - (5) inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency;
 - (6) personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;
 - (7) records or information compiled for law enforcement purposes, but only to the extent that the production of such law enforcement records or information (A) could reasonably be expected to interfere with enforcement proceedings, (B) would deprive a person of a right to a fair trial or an impartial adjudication, (C) could reasonably be expected to constitute an unwarranted invasion of personal privacy, (D) could reasonably be expected to disclose the identity of a confidential source, including a State, local, or foreign agency or authority or any private institution which furnished information on a confidential basis, and, in the case of a record or information compiled by criminal law enforcement authority in the course of a criminal investigation or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source, (E) would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law, or (F) could reasonably be expected to endanger the life or physical safety of any individual;
 - (8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or
 - (9) geological and geophysical information and data, including maps, concerning wells. Any reasonably segregable portion of a record shall be provided to any person requesting such record after deletion of the portions which are exempt under this subsection. The amount of information deleted shall be indicated on the released portion of the record, unless including that indication would harm an interest protected by the exemption in this

subsection under which the deletion is made. If technically feasible, the amount of the information deleted shall be indicated at the place in the record where such deletion is made.

- (c)
 - (1) Whenever a request is made which involves access to records described in subsection (b)(7)(A) and -
 - (A) the investigation or proceeding involves a possible violation of criminal law; and
 - (B) there is reason to believe that (i) the subject of the investigation or proceeding is not aware of its pendency, and (ii) disclosure of the existence of the records could reasonably be expected to interfere with enforcement proceedings, the agency may, during only such time as that circumstance continues, treat the records as not subject to the requirements of this section.
 - (2) Whenever informant records maintained by a criminal law enforcement agency under an informant's name or personal identifier are requested by a third party according to the informant's name or personal identifier, the agency may treat the records as not subject to the requirements of this section unless the informant's status as an informant has been officially confirmed.
 - (3) Whenever a request is made which involves access to records maintained by the Federal Bureau of Investigation pertaining to foreign intelligence or counterintelligence, or international terrorism, and the existence of the records is classified information as provided in subsection (b)(1), the Bureau may, as long as the existence of the records remains classified information, treat the records as not subject to the requirements of this section.
- (d) This section does not authorize withholding of information or limit the availability of records to the public, except as specifically stated in this section. This section is not authority to withhold information from Congress.
- (e)
 - (1) On or before February 1 of each year, each agency shall submit to the Attorney General of the United States a report which shall cover the preceding fiscal year and which shall include -
 - (A) the number of determinations made by the agency not to comply with requests for records made to such agency under subsection (a) and the reasons for each such determination;
 - (B)
 - (i) the number of appeals made by persons under subsection (a)(6), the result of such appeals, and the reason for the action upon each appeal that results in a denial of information; and (ii) a complete list of all statutes that the agency relies upon to authorize the agency to withhold information under subsection (b)(3), a description of whether a court has upheld the decision of the agency to withhold information under each such statute, and a concise description of the scope of any information withheld;
 - (C) the number of requests for records pending before the agency as of September 30 of the preceding year, and the median number of

days that such requests had been pending before the agency as of that date;

- (D) the number of requests for records received by the agency and the number of requests which the agency processed;
 - (E) the median number of days taken by the agency to process different types of requests;
 - (F) the total amount of fees collected by the agency for processing requests; and
 - (G) the number of full-time staff of the agency devoted to processing requests for records under this section, and the total amount expended by the agency for processing such requests.
- (2) Each agency shall make each such report available to the public including by computer telecommunications, or if computer telecommunications means have not been established by the agency, by other electronic means.
 - (3) The Attorney General of the United States shall make each report which has been made available by electronic means available at a single electronic access point. The Attorney General of the United States shall notify the Chairman and ranking minority member of the Committee on Government Reform and Oversight of the House of Representatives and the Chairman and ranking minority member of the Committees on Governmental Affairs and the Judiciary of the Senate, no later than April 1 of the year in which each such report is issued, that such reports are available by electronic means.
 - (4) The Attorney General of the United States, in consultation with the Director of the Office of Management and Budget, shall develop reporting and performance guidelines in connection with reports required by this subsection by October 1, 1997, and may establish additional requirements for such reports as the Attorney General determines may be useful.
 - (5) The Attorney General of the United States shall submit an annual report on or before April 1 of each calendar year which shall include for the prior calendar year a listing of the number of cases arising under this section, the exemption involved in each case, the disposition of such case, and the cost, fees, and penalties assessed under subparagraphs (E), (F), and (G) of subsection (a)(4). Such report shall also include a description of the efforts undertaken by the Department of Justice to encourage agency compliance with this section.
- (f) For purposes of this section, the term -
 - (1) "agency" as defined in section 551(1) of this title includes any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency; and
 - (2) "record" and any other term used in this section in reference to information includes any information that would be an agency record subject to the requirements of this section when maintained by an agency in any format, including an electronic format.

- (g) The head of each agency shall prepare and make publicly available upon request, reference material or a guide for requesting records or information from the agency, subject to the exemptions in subsection (b), including -
 - (1) an index of all major information systems of the agency;
 - (2) a description of major information and record locator systems maintained by the agency; and
 - (3) a handbook for obtaining various types and categories of public information from the agency pursuant to chapter 35 of title 44, and under this section.

APPENDIX E

ASSURANCES AND CERTIFICATIONS

The City of San Angelo hereby assures and certifies that:

1. It will comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d) and regulations pursuant thereto (Title 24 CFR Part 1) which state that no person in the United States shall, on the grounds of race, color, national origin, religion, sex, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives financial assistance and will immediately take any measures necessary to effectuate this agreement. With reference to the real property and structure(s) thereon which are provided or improved with the aid of Federal financial assistance extended to the City, this assurance shall obligate the City of San Angelo, or in the case of any transfer of property, the transferee, for the period during which the real property and structure(s) are used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
2. It will affirmatively further fair housing, taking appropriate actions to overcome any impediments to fair housing choice within the City and will maintain records reflecting the actions taken in this regard.
3. It will comply with the Fair Housing Act (42 USC 3601-5619) regarding equal opportunity in housing and nondiscrimination in the sale and rental of housing provided with Federal financial assistance.
4. No person shall be discriminated against on the basis of race, color, religion, sex, disability, or national origin in all phases of employment during the performance of Federal or federally assisted contracts and shall take affirmative action to insure equal employment opportunity.
5. It will comply with the National Housing Act as amended (12 U.S.C. 1701(u)) which requires that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
6. It is in full compliance and is adhering to the procedures described on the Citizen Participation Plan as required by 24 CFR 91.105.
7. It has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate income families or aid in the elimination of slums or blight.
8. It has developed its Action Plan to ensure that the aggregate use of CDBG funds shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period.

9. It will comply with the all Federal notification, inspection, testing, and abatement procedures concerning lead-based paint set forth in 24 CFR 570.608 and 24 CFR part 35. It will also comply with the lead-based paint procedures as set forth in the Texas Environmental Lead Reduction Rules (TELRR 295).
10. It will or will continue to provide a drug-free workplace by publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
11. It has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction and against any individuals engaged in non-violent demonstrations and has adopted and is enforcing a policy enforcing applicable state and local laws against barring entrance to or exit from a facility or location in which is the subject of such non-violent civil rights demonstrations.
12. It is using its HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.
13. Before committing any funds to a project, it will evaluate the project in accordance with these guidelines it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.
14. It will comply with applicable laws.

APPENDIX F
CITY OF SAN ANGELO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN ANGELO AMENDING A RESOLUTION ESTABLISHING A POLICY FOR PROVIDING VOLUNTARY TEMPORARY RELOCATION ASSISTANCE TO VOLUNTARY PARTICIPANTS UNDER CDBG AND HOME PROGRAMS.

WHEREAS, the City of San Angelo (the City) has received grants from the U.S. Department of Housing and Urban Development (HUD) under the Community and Housing Support Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME) for the benefit of low/moderate income families residing within the incorporated city limits;

WHEREAS, the City has undertaken a Housing Rehabilitation Program through the Community and Housing Support Department to prevent the reduction of suitable low/moderate income houses;

WHEREAS, the City has undertaken a Neighborhood Revitalization Program through HOME to preserve and increase the number of suitable residences available to low/moderate income families in target areas selected by the City Council leading to overall neighborhood enhancement;

WHEREAS, the City Council determines voluntary temporary relocation assistance to be appropriate to the City's CDBG Program in accordance with 24 CFR 570.201(i), the HOME Program in general accordance with 24 CFR 92.353(b)(1), and Section 105(a)(11) of the Housing and Community and Housing Support Act of 1974 as amended (the Act);

WHEREAS, the City Council originally adopted a Resolution establishing a Policy for providing Voluntary Temporary Relocation Assistance to Voluntary Participants under CDBG and HOME Programs on August 7, 2001; and

WHEREAS, the policy needs to be amended to provide for accommodating eligible participants at local hotels or motels for periods of occupancy of less than a month and to provide a meal per diem for each family member.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANGELO:

That the City Council of the City of San Angelo, Texas, hereby adopts a Resolution establishing the following amended policy for providing **Voluntary Temporary Relocation Assistance** to voluntary eligible program participant homeowners under the Community and Housing Support Rehabilitation Program and the HOME Neighborhood Revitalization/Enhancement Program, as follows:

1. Eligibility for voluntary temporary relocation assistance shall be established as follows:
 - A. Owner-Occupant

- B. Be an eligible Housing Rehabilitation (Rehab) or Neighborhood Revitalization applicant having met all eligibility criteria of either the Rehab Program or Revitalization Program including current income limits as set forth by HUD; and
 - (1.) Have been awarded or approved for a Rehab or Revitalization grant/loan under the City's Programs; and
 - (2.) Have completed and signed the Agreement for Voluntary Temporary Relocation Assistance attached hereto and incorporated herein for all purposes; and
 - (3.) Have signed a Voluntary Rehabilitation or Reconstruction Agreement, agreeing to all assistance offered and the terms thereof; and
 - (4.) In the case of reconstruction, have signed a release authorizing the City to demolish the homeowner's currently occupied dwelling when it becomes vacant and releasing the City from all claims arising there for the purposes of constructing a new dwelling unit at the same site.
- 2. The City will provide relocation assistance in the form of a grant to eligible applicants which will be used for *the direct payment of eligible expenses and/or* reimbursement of all reasonable out-of-pocket expenses incurred as follows:
 - A. Expenses of renting a comparable, decent, safe, and sanitary temporary dwelling unit meeting HUD Housing Quality Standards available in the City with monthly rental not to exceed the applicable fair market rent established by HUD for the appropriate unit with the specified number of bedrooms; and
 - B. In cases where the period for voluntary temporary relocation is anticipated to be less than one month, expenses for lodging at a local hotel or motel and if the family will not have access to adequate appliances for cooking meals during voluntary temporary relocation, a per diem of \$15.00 per day for each family member to off set the cost of meals; and
 - C. Expenses for moving the personal property in the applicant's dwelling to and from the temporary dwelling, or, if approved, to and from storage; and
 - D. Utility transfer fees and deposits; and
 - E. Expense for the temporary storage of household furnishings that are required to be removed from the home in order for approved work to be accomplished.
- 3. Direct payments or reimbursement payment will be made in accordance with the Community and Housing Support Department policy as set out in Chapter 4 of the Community and Housing Support Housing Rehabilitation and Demolition Programs Guidelines and HOME Neighborhood Revitalization/Enhancement Program

Housing Rehabilitation and Reconstruction Guidelines, as approved by the City Council of San Angelo on June 19, 2001.

PASSED, APPROVED and ADOPTED on this the 18th day of February, 2003.

THE CITY OF SAN ANGELO

|s| Ruddy Izzard
RUDY IZZARD, MAYOR

ATTEST:

|s| Kathy Keane
KATHY KEANE, CITY CLERK

APPENDIX G

APPLICATION, INCOME VERIFICATION AND WORK PROCEDURE FORMS

APPLICATION PROCESS

Forms

CDBG and HOME Programs Application

CDBG and HOME Programs Supplemental Application for Additional Household Members

CDBG and HOME Programs Acknowledgement Form

Home Buyers Assistance Program Participant Referral Sheet

Home Buyers Assistance Program Confidential Release of Information

VERIFICATION PROCESS

Verification forms are for all programs when applicable. All applicants must sign the **Income Inclusion & Exclusion Form and the Eligibility Release Form**

Forms

CDBG/HOME Programs: Income Inclusion & Exclusion

CDBG and HOME Funded Programs Eligibility Release Form

Verification of Employment Income Form

Verification of Child Support Payments

Verification of Social Security Benefits

Verification of Veterans Administration (VA) Benefits

Verification of Unemployment Benefits

Verification of Pension and Annuities

Verification of Income from Military Service

Verification of Income from Business

Forms

Verification of Recurring Cash Contributions

Verification of Public Assistance

Verification of Assets on Deposit

Calculation of Annual Income

WORK PROCEDURES

Homebuyer's Assistance Program

Forms

Down Payment and Closing Cost Calculation Worksheet

Summary Sheet

Environmental Review

Site Specific Review Checklist (if new construction)

Inspection Form

Letter of Understanding – CHS and Lending Institution

Letters of Understanding – CHS, Lending Institution and Broker

Letter of Understanding – CHS and Broker

Emergency Repair//Demolition/Rehabilitation and New/Reconstruction

Forms

CDBG and HOME Programs Grant-to-Loan Ratio Worksheet

CDBG Emergency Repairs Agreement to Pay Loan

Demolition Grant-to-Loan Ratio Worksheet

Agreement for Voluntary Temporary Relocation Assistance

Determination of Dangerous Building

Determination of Substandard Building or Structures

Forms

Demolition Authorization Form – Release in Full All Claims

Inspection Form

Preliminary Inspection Notes

Assignment Sheet for Housing Rehabilitation Inspection and Spec Writer Services

Site Specific Review Checklist

Bid Tabulation Form

Release in Full All Claims

Real Estate Lien Note

Deed of Trust

Memorandum of Understanding For Project Design, Specifications, and Change Orders Under the Housing Rehabilitation and HOME Neighborhood Revitalization Programs

Notice to Proceed Form

Community and Housing Support Housing Rehab and HOME Revitalization Housing Rehab/Reconstruction Punch List Inspection Form

CDBG Rehab and HOME Revitalization Acknowledgement Form

Housing Rehab Specification Writer Certification Form

Contractor's Affidavit

Housing Rehab Agreement

EPA Pamphlet, "Protect Your Family"

EPA Pamphlet, "Proteje Su Familia"

Lead – Safe Housing Rule Checklist For General Compliance Documentation

Lead – Safe Housing Rule – Applicability Form

Forms

Lead – Based Paint Risk Assessment Model Curriculum

APPENDIX H
COLLECTIONS POLICY

Account Collection Procedures

Introduction

The City Council has directed the Community and Housing Support Department (CHS) to regularly service all loans for the CDBG and HOME programs. All programs relating to home repairs, home reconstruction and new construction require that up to 50% of the work be paid back through 2% interest loans. The Emergency Repair program allows for all costs up to \$5,000 to be granted and loans are only written for amounts exceeding \$5,000. The Homebuyers Assistance Program (HAP) provides up to \$12,000 in the form of a no payment, 2% interest loan, with the stipulation that the homeowner live in the home for five (5) years. All loans are secured by lien on the property.

The goals of the Community and Housing Support Programs are to provide decent, safe and sanitary housing and to provide homeownership opportunities to low and moderate income families and individuals, not to repossess homes. Therefore, a reasonable effort will be made to work-out a payment arrangement plan to keep the homeowners in their homes. However, with the servicing of loans comes the responsibility of collecting delinquencies & defaulted loans. This procedure outlines the collection steps for all loans for home repairs, home rehabilitation, reconstruction, new construction and homebuyer's assistance program in delinquent or default status.

Collection Procedure for Home Repairs, Reconstruction and New Home Loans

Initial Monthly Billing:

Each client will be mailed a monthly statement that reflects the amount due, monthly payment required and the due date. All loan payments are required to be received by the 15th of each month or a late fee of \$5.00 is incurred. Note: Monthly statements are not sent for the HAP no-payment, 2% interest loans.

Account Review:

CDBG and HOME Program Loans will be reviewed monthly for payments received. Any account in which a payment has not been received by the 15th of each month will be sent a Reminder Notice.

Homebuyers Assistance Loans (no payment, 2% interest) will be reviewed annually to ensure that the home is the primary residence of the client.

30 Day Reminder Notices:

Reminder Notices by the Community and Housing Support Department will be mailed at thirty (30) day intervals. See Attachment 1.

60 Day Reminder Notices:

A second Reminder Notice by the Community and Housing Support Department will be mailed at sixty (60) days. The reminder will state that the account is approaching default status and encourage the client to contact the department to make payment arrangements

in order to avoid more serious collection efforts up to and including foreclosure and eviction. See Attachment 2.

Payment Arrangements:

The goal of the CHS Department will be to assist the customer on getting current on their loan by offering to make suitable payment arrangements for past due amounts (including late fees) on all accounts that are thirty (30) to ninety (90) days in arrears.

1. Extensions to the due dates may be granted but generally should not exceed the next billing cycle.

2. The CHS Department shall not entertain more than three requests for extensions within a one-year period. In the event that circumstances warrant a revision to the monthly payment date of the note, client shall be responsible for making amending the monthly payment date subject to the approval of the CHS Department.

3. When an account is ninety (90) days delinquent, the client's may be required to have their debit-to-income reassessed by CHS staff and/or Consumer Credit Counseling.

A. If the client has a surplus in their household budget, based on the debt-to-income analysis, payment arrangements on the past due amount, may not exceed the surplus. See attachment 3.

B. If the client does not have a surplus and/or is unwilling to establish suitable payment arrangements, the account will be forwarded to the City Council to terminate the loan and to the Legal Department to begin foreclosure/eviction.

4. Clients that do not keep their revised payment arrangements will have their accounts forwarded to City's Legal Department to initiate legal action, including, but not limited to, foreclosure and/or eviction.

5. If a client fails to make an appointment relating to the reassessment of their debit/income or call to reschedule the appointment, the case will be forwarded to City's Legal Department to initiate legal action, including, but not limited to, foreclosure and/or eviction.

6. Once an account has exceeded 90 days and been forwarded to the Legal Department to begin foreclosure, CHS Department will not be able to negotiate directly with the client regarding any arrangements.

Account Default Notice:

An Account Default Notice will be sent via certified mail, by the Community and Housing Support Department at ninety (90) days informing the client that the account has been classified as being in default under the terms of the loan and demand immediate full payment on the past due amount or that payment arrangements agreeable to the Department must be established within thirty (30) days. The letter will also state that this is the final attempt to assist

the client in avoiding the account being forwarded to the City's legal department to begin foreclosure and eviction procedures. See Attachment 4.

Legal Department Request:

In the event a client does not respond to the Account Default Notice through immediate payment of the delinquency, or by making suitable payment arrangements as set forth above, the Community and Housing Support will request the Legal Department to begin foreclosure and eviction

Initiation of Termination:

In the event that the client does not make formal payment arrangements or pay the delinquent balance in full, the Legal and Community Department Departments will present the City Council with a resolution of adoption of termination proceedings against the client. Upon passing of the resolution to terminate, the Legal Department will begin the legal process of foreclosure and eviction. See Attachment 5.

Legal Termination:

The Legal Department will follow the necessary and proper legal procedures for foreclosure and eviction of the client.

NOTE: The Director, Neighborhood and Family Services will review each case prior to forwarding to the Legal Department and will use discretion to ensure hardship on the families is kept to a minimum.

Procedures for Property Ownership Transfers

All Homebuyers Assistance Program no-payment, no-interest loans, CHDO constructed homes and CHS's home constructed or rehabilitated with HOME funds require that the homeowner maintain the home as their primary place of residence for term of the contract. Normally, this affordability period is from five (5) years to fifteen (15) years depending on the level of assistance provided. The CHS and CHDO staff is required by HUD to verify residency on these loans annually until the affordability period expires.

In addition, all accounts (CDBG & HOME) in default status should be reviewed to ensure ownership has not changed without the lien being satisfied. If the ownership at any time during the affordability period has changed, the CHS department will pursue payment as outlined below.

Annual Ownership Verification Steps:

1. Annually, all HOME funded loans will be verified by comparing the name(s) on the loan documents to the name(s) listed on the Tom Green County Tax Appraisal District website <http://www.tomgreencad.com>. If the name (s) matches the loan documents and Deed of Trust on file, no further action is required and a copy of the webpage will be placed in the case file.
2. If the name on the account does not match the Tom Green County Tax Appraisal District website, current ownership will be verified by sending a written request to the Water Utility Billing Department for verification and/or a title search requested from a local title company.
3. Upon receipt of the verification and/or title search a certified letter will be sent to the current

owner stating that the City of San Angelo holds a lien on the property that was not cleared before the property was transferred, request that they contact the Community and Housing Support department and inform them a formal request is being forwarded to Legal Department to pursue collection. See Attachment 6

4. If the client does not respond to the certified letter informing them of the lien on the property, CHS will complete a request for Legal Services to foreclose on the property and forward it to the Legal Department along with copies of the original Deed of Trust, Loan Documents, Account Ledger, Tom Green County Tax Appraisal District verification and Title Search.
5. Should the new owner of the property pay off the lien, the CHS Department will prepare a formal Release of Lien, have it recorded at the Tom Green County Court House, place a copy in the case file and mail the original to the property owner.
6. In the event that the client does not make formal payment arrangements or pay the lien in full, the Legal and Community Department Departments may present the City Council with a resolution of adoption of termination proceedings against the client. Upon passing of a resolution to terminate, the Legal Department will begin the legal process of foreclosure and eviction.

30 Day Reminder Notices

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

Re: **REMINDER NOTICE** – Account: L-0000

Dear Mr. Jones:

According to our records, your home rehabilitation loan(s) is past due and has been charged with a \$5.00 late fee.

In order to reduce your loan balance in a timely manner and avoid future late fees, it is critical that you honor the loan agreement and repay the loan by making your regular payments before the 15th of each month.

If you are unable to make your payment, please contact us immediately to establish a new payment agreement (325) 655-0824.

Sincerely,

City of San Angelo, Community and Housing Support

60 Day Reminder Notices

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

RE: REMINDER NOTICE-2: Account - L-0000

Dear Mr. Jones:

Please be advised that according to our records, your account now sixty (60) days past due in the payment of your home rehabilitation loan and approaching loan default status. Pursuant to the terms of your loan, monthly payments are required to be received by the 15th of each month. Each month that a payment is not received or not received by the 15th, your account incurs a late fee of \$5.00. In addition, we hold a lien on your home as payment security that will not be released until the loan, including any late fees are paid.

Your payment of \$60.00 (including late fees) must be received by our office **no later than October 15, 2007** and payments must continue monthly to avoid further collection efforts, which may include requesting the City Council to terminate the loan by foreclosure and eviction.

If you are unable to make your payment, please contact us immediately to establish a new payment agreement (325) 655-0824.

Sincerely,

Roger S. Banks
Senior Program Administrator

Payment Arrangements

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

RE: Past Due Payment Arrangments-L-0001

Dear Mr. Jones:

This letter is to confirm your new payment schedule on the above account following our meeting on July 10, 2007. Based on the reassessment of your current income and debits we agreed to revise your payment schedule as reflected below:

1. \$20.50 is to be received in Community and Housing Support on or before the 1st of each month until the past due amount of \$1,200.00 is paid; and
2. \$25.00 (regular monthly loan payment) is to be received by Community and Housing Support on or before the 15th of each month.

Failure to make these payments, as mutually agreed, on both the past due amount and/or the loan balance monthly may result in the termination your loan, foreclosure and eviction procedures.

Please contact us immediately at (325) 655-0824 should you have any questions regarding your new payment schedule.

Sincerely,

Roger S. Banks
Senior Program Administrator

Account Default Notice

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

Original Loan Amount: \$7,035.00
Current Balance: \$7,080.00
Past Due Amount: \$1,216.00

RE: NOTICE OF DEFAULT ACCOUNT – L-0000

Dear Mr. Jones:

Your account is currently ninety (90) days past due. The total amount past due on your loan is now approximately \$1,216.00 including late fees. As of the date of this letter, no payments have been received or suitable payments arrangements made. Your loan has now been classified as being in default and is subject to property foreclosure and eviction.

Your payment on the past due amount of \$1,216.00 must be received by our office no later than July 30, 2007. Failure to pay this amount or make payment arrangements may generate a formal request to the City Council requesting a vote to terminate your loan and the City of San Angelo's Legal Department to begin foreclosure and your eviction from the property.

This is our final attempt to help you avoid pending foreclosure and eviction. Please call our office at (325) 655-0824 should you have any questions.

Sincerely,

Robert Salas
Director of Community and Housing Support

Loan Termination Notice

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

Original Loan Amount: \$7,035.00
Current Balance: \$7,080.00
Past Due Amount: \$1,216.00

RE: NOTICE OF LOAN TERMINATION – L-0000

Dear Mr. Jones:

No payments on the past due amount or regular payments have been received on the above account. Your failure to pay the past due amount (including late fees) and/or make regularly monthly payments constitutes a breach in the terms of the loan.

Please be advised that the Community and Housing Support and the Legal Departments for the City of San Angelo have requested that the City Council vote to terminate your loan and evict you from the property. The request that the loan be terminated and eviction has been requested for the December 3, 2007 San Angelo City Council consent agenda.

If you have any questions concerning these matters, please contact me at the above address or telephone number.

Sincerely,

Jane Smith
Asst. City Attorney

Notice of Property Lien

Mr. Tom Jones
123 Elm Street
San Angelo, Texas 76900

Original Loan Amount: \$7,035.00
Current Balance: \$7,080.00

RE: NOTICE OF PROPERTY LIEN – 123 Elm Street-L-0000

Dear Mr. Jones:

A recent audit of property ownership records indicates that you are the current owner of the above property. Please be advised that the City of San Angelo holds a lien on the property that was not cleared at the time the property was transferred in the amount of \$7,080.00 (including late fees). The lien was placed on the account to secure a loan for home repairs through the Community and Housing Support Department and was recorded in the property records of Tom Green County on July 5, 2004, in Volume 10, Pages 1-5.

In order to have the property lien released and avoid other collection efforts, up to and including property foreclosure, please send at check or money order in the amount of \$7,080.00, by July 30, 2007 to:

City of San Angelo
Community and Housing Support
P.O. Box 1752
San Angelo, Texas 76902

Upon receipt of your check, a Release of Lien will be recorded and mailed to you. Failure to pay this amount will generate a request to the City Council and Legal Department to initiate foreclosure and eviction proceedings.

Please call our office at (325) 655-0824 should you have any questions.

Sincerely,

Robert Salas
Director of Community and Housing Support

APPENDIX I

MONITORING PLAN

It is incumbent upon the City to require compliance with all applicable federal requirements and to assure the appropriate expenditure of funds. To ensure accountability for public funds and timely progress toward Consolidated Plan goals, the City of San Angelo employs and will continue to utilize a comprehensive monitoring plan. To assure adequate quality control and to demonstrate compliance with the applicable federal rules, the essential aspects of this monitoring plan include both quantitative and qualitative elements as follows:

- the establishment and clear communication of performance standards and goals through the Annual Action Plan and Subrecipient Agreements;
- consistent maintenance of accurate and complete records by both the Department and Subrecipients;
- verification of accountability throughout term of contract and documentation of same by monitoring and preparing a written report concerning each request for reimbursement, which will be shared with the respective Subrecipient;
- frequent communication with Subrecipients through written correspondence, telephone conversations, and meetings as appropriate;
- provision of technical assistance for assurance of compliance with federal regulations and contract requirements; and
- on-site monitoring visits as needed and documentation regarding same, which will be shared with the respective Subrecipient.

These activities are within the Community and Housing Support Department's staff capabilities, time, and financial capacity and will provide a reasonable and accurate test for program and contract compliance.

Compliance monitoring will occur on both projects implemented directly by the City and those operated by Subrecipients. For example, all housing rehabilitation activities must meet the Housing Quality Standards prescribed by HUD and the City's applicable minimum code requirements. The Housing Rehabilitation Program Administrator will conduct periodic interim inspections and final inspections to verify correct methods and materials as well as quality workmanship and timely completion of the specified work. All rehabilitation projects will include a quality control interview to ascertain owner satisfaction.

Ultimately, the nature of each Subrecipient project will determine the exact scope and method of monitoring activities for that project undertaken by the City. All Subrecipients receiving grant funding from the City Council to implement certain Consolidated Plan activities and goals will be required to enter a written funding agreement with the City. The agreement will define the responsibilities and scope of work related to each project or program. Each contract will provide for correction of deficiencies or continued non-compliance with requirements of the contract. All contractors will be required to carry the minimum levels of insurance prescribed by the City and Certificates of Insurance must be provided before the project can be started.

On-site monitoring of each Subrecipient will occur as needed to ensure compliance, maintenance of adequate and accurate records, and proper use of funds. Subrecipients will be required to develop a system to verify client eligibility as well as a system for maintaining grant-funded project files. Subrecipients will be required to provide periodic reports supplying pertinent program information, which will be reviewed for compliance with contract terms and federal regulations. Technical assistance will be

provided to each contractor and Subrecipient as appropriate to achieve compliance with the monitoring plan requirements.

PUBLIC SERVICES

1. Site visits of CDBG Subrecipients occurs as follows:

- Conducted by CDBG Program Administrator and other staff members as needed
- Meeting with CDBG recipient on site to review contract compliance, program and agency management
- Reviewing clients' files to ensure recipient's compliance with HUD income eligibility requirements
- Reviewing recipient's capacity in collecting and reporting "client's demographic data" as mandated per HUD guidelines; and providing technical assistance as needed
- Reviewing the "proposed" number of unduplicated clients to be served by the program against the "actual" number reported by Subrecipients; and discussing the need to reassess these figures where discrepancies and/or inconsistencies are identified
- Reviewing recipient's "performance measure" process and providing technical assistance as needed
- Identifying and addressing areas of concerns in order to ensure recipient's compliance with all of HUD mandated rules/regulations
- Observing program/s where applicable; and visiting facilities (for new recipient/program)
- The CDBG Project Administrator prepares a final monitoring report that synthesizes the information gathered during the site visit; and forwards a copy of the report to each CDBG Subrecipient. The report includes a "Monitors' Result/Summary" section that summarizes the monitor's assessment of the site visit and identifies any issues/concerns to be addressed by each recipient, with the assistance of the monitor if necessary

2. Financial monitoring of Subrecipients occurs as follows:

- Reviewing Subrecipient's monthly/quarterly invoices and supporting documentation to ensure that all costs correspond to project services as outlined in recipient's contract budget; and conducting random review of invoices during site visits where applicable
- Collecting and submitting to City Auditor for reviewing the following recipient's documentation
 - Its most recent audited financial statements, together with all related reports on internal controls and compliance and Management Letter if applicable

3. Ongoing review of monthly and annual reports submitted by Subrecipients

- Monthly Reports
 - At the end of each month, Subrecipients submit a report indicating the "total number of unduplicated clients served" during this period, as well as the corresponding clients' demographic data as mandated per HUD guidelines
- Follow-up
 - Upon review of the reports Subrecipients are contacted to clarify any discrepancies and/or incomplete data identified on their reports, if applicable
- At the end of the contract year, the CHS staff compiles all the client demographic data reported by the Subrecipients; and prepares a comprehensive clients' statistical report that becomes part of CAPERS (a mandated yearly HUD report)

HOUSING

The City of San Angelo intends to use the existing housing delivery system to achieve its production and service goals. While this will include managing some in-house programs, many programs and services will be contracted out to sub-grantees such as Community Housing Development Organizations (CHDO). For specific development projects, funds will be allocated to eligible projects on a competitive basis.

The City monitors housing rehabilitation, new construction, and tenant-based rental assistance activity and all other Community and Housing Support activity carried out by sub-recipients on an as needed basis. The monitoring process also includes an ongoing review of production levels as benchmarked in the Five-Year Consolidated Plan.

On a regular basis, the City reviews applications for specific project funding, reviewing all available funds against the needs of projects in the pipeline. This is in addition to reviewing project feasibility, providing technical assistance, and monitoring the progress of projects under construction on an on-going basis.

On a monthly basis, the City reviews all sub-grantee operating expenses by examining bills and supporting documentation for monthly program expenditures, including administrative and construction costs.

The City comprehensively reviews Subrecipient/Sub-grantee performance levels; reviews overall performance against goals, as well as analyze consolidated budget statements. The City conducts regular ongoing site visits as well as program and tenant file monitoring of the Home Neighborhood Revitalization Programs that include Homebuyers Assistance Program (HAP), Home Ownership Program, Tenant-based Rental Assistance, and CHDO housing program to ensure compliance with program goals and federal regulations. On-site visits are scheduled based on the experience and performance of subrecipients/sub-grantees. The more experience and the better a subrecipient/sub-grantee performs, the less often the city needs to monitor on site. However, the city regularly, if not monthly monitors client information to ensure eligibility.

Property inspections are built into our service delivery system and are conducted as prescribed by HUD. Properties are closely monitored beginning at the time funds are committed to the completion of construction or rehabilitation, with monitoring that follow in subsequent years.

Pre-Inspection: Once a client is eligible for assistance, a pre-inspection of the residential structure will be conducted for:

- Emergency repair
- Rehabilitation
- Homebuyers assistance (HAP)
- Tenant-based rental assistance (TBRA)

Pre-inspection is necessary to access the level of rehab assistance required and to confirm problems reported by client in the case of rehab and emergency repair activity. Pre-inspection is also necessary to ensure homebuyer and TBRA dwelling meet minimum Housing Quality Standards (HQS) and are acceptable candidates for both HAP and TBRA programs. A standard housing quality checklist which was derived from the city's latest building codes is used for determining suitability for HAP & TBRA programs. For rehab, a local CHS Construction Inspection form will be used to assess required assistance. For emergency repairs, a visual inspection accompanied by photo records will be conducted.

Final Inspection: A final inspection is conducted to ensure all work identified in the specifications are completed for rehab, reconstruction, and new construction. The CHS Construction Inspection form will be used for the final inspection in these cases. For emergency repairs, only a visual and photo record are conducted to ensure completion of work.

One-year Housing Quality Standards Inspection: For new home construction a one-time quality inspection will be conducted by the Housing Rehab Program Administrator at the one year anniversary of project completion to ensure all items under warranty are in compliance to local codes and quality standards. Contractors will be required to remedy findings by the Inspector per contract specifications.

Affordability Periods: Annually, the HOME Program Administrator and Housing Rehab Program Administrator conduct inspections on HOME and CDBG funded units to include CHDO built units to ensure compliance to the affordability period as stated in the legal documents. This will be accomplished by the following:

1. Check the current water bill with the Water Billing Department to ensure the client is still the main recipient at the appropriate address
2. Check with the Tom Green County Appraisal District to ensure name on tax roles has not changed
3. If the name listed in either the water bill or tax role does not match original client's name, a title search will be conducted followed by a site visit.
4. If non-compliance to the affordability period is discovered, action to recapture funds will be taken.

APPENDIX J

ANNUAL INCOME CALCULATION GUIDELINES

PURPOSE. To provide guidance on the calculation of household or family income for purposes of determining eligibility of potential CDBG program beneficiaries in order to meet the requirement of serving Low to Moderate Income (LMI) households or families.

BACKGROUND. Subpart F of Part 5 consolidates the requirements pertaining to income for many of HUD's programs, including Section 8 and the Community and Housing Support Block Grant Program.

DISCUSSION.

1. What income group households are eligible for CDBG assistance?

Beneficiaries of CDBG assistance must be within the "Targeted Income Group". The Targeted Income Group (TIG) is those households earning less than 80% of the median income for a family of similar size. Median incomes are calculated by HUD annually for each county and vary throughout the state. CHS provides a copy of these "Annual Income Limits" to all eligible Subrecipients. Subrecipients are required to use the most current median income limits when qualifying applicants.

2. For what time period must household income be calculated?

Household income eligibility must be based on the "annual income" definition for "adjusted income" which is defined at 24 CFR Subpart D §570.3 as follows:

"Adjusted gross income defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes."

Estimate the annual income for a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from **all** family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

3. What 12-month period should be used to determine CDBG eligibility?

Based on the above definition of "annual income," Subrecipients should do the following and use the online HUD Income Calculator or provided Excel spreadsheet:

- a. Start with the present and calculate for the next 12 months. Use current circumstances to anticipate income for the next 12 months, unless verification forms indicate an imminent change. **For employed applicants and family/household members who did not file a 1040 (did not work last year), a minimum of three (3) consecutive pay stubs are required plus a 3rd party verification must be completed.** Convert all income (weekly, monthly, etc.) to an annual figure to complete income eligibility calculations. This may be done by annualizing current income or averaging known sources of income that vary to compute an annual income.
- b. Permanently employed applicants. For all full-time permanently employed applicants, regardless of the length of time employed at the time of application for assistance, the income must be evaluated based on what the earnings are on an annual basis. This means

that grantees should not count just what the applicant has earned so far in the year, but what the applicant's income is **projected** to be over the next 12 months. **This will be achieved by submitting the most recent year's 1040 Form which was prepared by an established tax preparation service. If the family member does not have this form, it may be requested by calling 1-800-829-1040, or by mailing or faxing the [IRS Form 4506-I](#).**

- c. Applicants with special circumstances (e.g., guaranteed imminent layoff, seasonal or part-time employment). The grantee shall take those factors into consideration when calculating what the earnings would be on an annual basis. Notwithstanding the special circumstances, income for all applicants shall be calculated on an annual basis, not on the basis of what may have been earned so far in a given year at the time of application for assistance. **For employed applicants and family/household members who did not file a 1040 (did not work last year), a minimum of three (3) consecutive pay stubs are required plus a 3rd party verification must be completed.**

4. What must be included as income and what may be excluded?

Paragraphs b. and c. of the attached Part 5 income regulations contain detailed lists of what should be included in annual income and what may be excluded. These would be used if the 1040 is *not* available.

5. Who are the applicants and should grantees calculate "household" or "family" income?

Use **Household** income for activities that benefit the occupants of a housing unit, such as in housing rehabilitation, housing new construction, and public works projects that benefit specific housing units.

When "household" is used as the basis for the calculation, "household" means "all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any group of related or unrelated persons who share living arrangements" (24 CFR 570.3). Therefore, the income of all persons residing in the residence must be included. This means Subrecipients must include the income from unrelated household members (e.g., a roommate of the applicant, someone who may be renting a room in the residence from the CDBG applicant, etc.) and persons who are living in the residence more than half time.

Use **Family** income for activities where a family rather than a specific housing unit is the main beneficiary, such as in economic development/job creation activities, community facilities and public services that benefit individuals.

When "family" is used as the basis for the calculation, "family" means "all persons living in the same household who are related by birth, marriage or adoption" (24 CFR Part 570.3.)

[Code of Federal Regulations]

[Title 24, Volume 1]

[Revised as of April 1, 2003]

From the U.S. Government Printing Office via GPO Access

[CITE: 24CFR5.609]

[Page 80-82]

TITLE 24--HOUSING AND URBAN DEVELOPMENT

PART 5--GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS--Table of Contents

Subpart F--Section 8 and Public Housing, and Other HUD Assisted Housing
Serving Persons with Disabilities: Family Income and Family Payment;

Occupancy Requirements for Section 8 Project-Based Assistance

Sec. 5.609 Annual income.

(a) Annual income means all amounts, monetary or not, which:

(1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or

(2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph (c) of this section.

(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (currently 2%);

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) Welfare assistance payments. (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this section.

(ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

[[Page 81]]

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in Sec. 5.403;

(6) The full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8)(i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received

[[Page 82]]

in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

(d) Annualization of income. If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

Income Limits

A copy of the income limits to be used for the CDBG Program can be obtained on the internet at: [2007 CDBG Income Limits](#) or you may obtain a copy by contacting the Community and Housing Support Department.

Links:

2007 CDBG Income Limits -

http://www.huduser.org/datasets/il/il2007/2007summary.odt?inputname=METRO41660M41660*San+Angelo%2C+TX+MSA&selection_type=hmfa&year=2007

IRS Form 4506-T - <http://www.irs.gov/pub/irs-pdf/f4506t.pdf>

HUD Income Calculator - <https://webapps1.hud.gov/hfc/calculator/>

Exhibit 3.15 – IRS Form 1040 Adjusted Gross Income Inclusions and Exclusions

Inclusions	Exclusions
<ol style="list-style-type: none">1. Wages, salaries, tips, etc.2. Taxable interest.3. Dividends.4. Taxable refunds, credits or offsets of state and local income taxes. There are some exceptions – refer to Form 1040 instructions.5. Alimony (or separate maintenance payments) received.6. Business income (or loss).7. Capital gain (or loss). There are some exceptions – refer to Form 1040 instructions.8. Other gains (or losses) (i.e., assets used in a trade or business that were exchanged or sold).9. Taxable amount of individual retirement account (IRA) distributions. (Includes simplified employee pension [SEP] and savings incentive match plan for employees [SIMPLE] IRA.)10. Taxable amount of pension and annuity payments.11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.12. Farm income (or loss).13. Unemployment compensation payments.14. Taxable amount of Social Security benefits.15. Other income, including prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit.	<ol style="list-style-type: none">1. Child support.2. Money or property that was inherited, willed or given as a gift.3. Life insurance proceeds received as a result of someone's death.

Income Calculator Guide

Technical Guide for Determining Income for HOME Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help Address <https://webapps1.hud.gov/hfc/calculator/>

There are two versions of the Income & Allowances Calculator; the step-by-step method and the short form. In the step-by-step method, you are presented with one or two questions per screen, accompanied by descriptive text. The short form method uses a spreadsheet style input for the more experienced user.

Please select the version you would like to use.

STEP-BY-STEP METHOD **SHORT FORM METHOD**

Select Short Form Method

Technical Guide for Determining Income for HOME Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help Address <https://webapps1.hud.gov/hfc/calculator/household.cfm?visit=3936612>

Examine source documentation of income for all members of this household.

What is the last name of this household?

How many members are in this household? **HELP** **Will always be 0.2 (for 2%)**

What is the current HUD Passbook Rate? **HELP** (i.e. enter 2.5 for 2 and one-half percent)

Household Area (i.e. Baltimore, MD.)

Income Limit for household size in area **HELP** (i.e. 33,000) (From Client Profile Form)

NEXT

Next

Please see the definition of "Family" or "Household" to determine the members in the household. For most public service, the "Family" definition will be used.

Technical Guide for Determining Income for HOME Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help Address https://webapps1.hud.gov/hfc/calculator/depnames.cfm?visit=39366121736

Income determinations are based on the gross income anticipated by all **adults** in the household in the next 12 months.

Please enter the first names of the members of the **Smith** household.

Member 1:

Member 2:

Member 3:

Member 4:

Enter all family member's names

HOME - Microsoft Internet Explorer

Edit View Favorites Tools Help Address https://webapps1.hud.gov/hfc/calculator/taxcredits.cfm?visit=39366121736

Is this income determination being conducted for housing in which **Low Income Housing Tax Credits** are involved?

Will always be "no"

Technical Guide for Determining Income for HOME Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help Address https://webapps1.hud.gov/hfc/calculator/typecalc.cfm?visit=39366121736&TCP=1&TCA=1

You may choose one of the following definitions of income to use when calculating annual income for the **Smith** household.

Part 5 Annual Income

IRS Form 1040 Adjusted Gross Income

Census Long Form Annual Income

Always use IRS Form 1040 Adjusted Gross Income

IRS Form 1040 Adjusted Gross Income

Anticipated Annual Income

1. Household Name:	Smith	Number of household members:	4
2. Household Area:	San Angelo, TX	Income Limit:	\$39,300.00

	John	Jane	Jack	Jill	TOTALS
1. Wages, salaries, tips	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
2. Taxable interest	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
3. Dividend income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
4. Taxable refunds/ credits/offsets of state/ local income taxes	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
5. Alimony received	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
6. Business income (or loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
7. Capital gain (or loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
8. Other gains (or losses)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
9. Taxable amount of IRA distributions	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
10. Taxable amount of pensions and annuities	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
11. Rental real estate, royalties, partnerships, trusts, etc.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
12. Farm income (or loss)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
13. Unemployment compensation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
14. Taxable amount of Social Security benefits	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
15. Other income	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
16. Subtotal (lines 1-15)	0.00	0.00	0.00	0.00	0.00

You will enter each family member's income from form 1040 here. If the member was not previously employed or did not file last year, you must collect the last three (3) consecutive paystubs to determine the projected annual income.

17. IRA deduction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
18. Medical savings account deduction	800	400	<input type="text"/>	<input type="text"/>	0.00
19. Moving expenses	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
20. One-half of self-employment tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
21. Self-employed health insurance deduction	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
22. Keogh and self-employed SEP and SIMPLE plans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
23. Penalty on early withdrawal of savings	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
24. Paid alimony	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0.00
25. Subtotal (lines 17-24)	0.00	0.00	0.00	0.00	0.00
26. This is Adjusted Gross Income.	0.00	0.00	0.00	0.00	0.00

SUBMIT ←

Click here once all information is entered

Royalties, partnerships, trusts, etc.					0.00
12. Farm income (or loss)					0.00
13. Unemployment compensation					0.00
14. Taxable amount of Social Security benefits					0.00
15. Other income					0.00
16. Subtotal (lines 1-15)	15,000.00	10,000.00	4,000.00	0.00	29,000.00
17. IRA deduction					0.00
18. Medical savings account deduction	800.00	400.00			1,200.00
19. Moving expenses					0.00
20. One-half of self-employment tax					0.00
21. Self-employed health insurance deduction					0.00
22. Keogh and self-employed SEP and SIMPLE plans					0.00
23. Penalty on early withdrawal of savings					0.00
24. Paid alimony					0.00
25. Subtotal (lines 17-24)	800.00	400.00	0.00	0.00	1,200.00
26. This is Adjusted Gross Income.	14,200.00	9,600.00	4,000.00	0.00	27,800.00

Based upon the information submitted, the annual income of the Smith household has been determined to be below the income limit for this area.

PRINT SUMMARY

Click here to print a summary of this information to include in your files.

RECALCULATE

Click here to recalculate Annual Income for the **Smith** household.

ADJUSTED INCOME

Click here to calculate Adjusted Income for the **Smith** household. [HELP](#)

ANOTHER HOUSEHOLD

Click here to calculate **Annual Income** for another household.

Print the summary for your files and submit a copy to me. You must keep backup documentation as required in the Calculation Procedures.