



Housing Rehabilitation Program Handbook

Maine Community Development Block Grant Program



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Table of Contents

Community Development Advisory Committee	6
Sample Community Development Advisory Committee By-Laws	7
Sample Housing Rehabilitation Program Guidelines.....	10
Program Guidelines	11
The Application	29
Property Owner Application Form.....	30
What To Expect And What Not To Expect	33
Request For Verification Of Income	35
Request For Verification Of Employment.....	36
Request For Verification Of Benefits	37
Verification Of Deposit	38
Verification Of Mortgage	39
Verification Of Insurance Policy	40
Getting Out To Bid	41
Contractor Application	42
Request For Bid	43
Contractor's Bid Proposal	44
Bid Tabulation Sheet	45
Notice Of Bid Results	46
Notice Of Bid Award	47
Program Loan/Grant Documents And Construction Contract	48
Self Help Contract Agreement.....	49

Rehabilitation Program Selling Agreement.....	50
Owners Agreement.....	51
Truth In Lending Disclosure Statement.....	56
Right Of Recision Notification	57
Agreement And Certifications	58
Rent Regulatory Agreement For Rental Properties	60
Mortgage Deed	62
Promissory Note.....	64
Promissory Note (Amortized Loan)	66
Notice To Proceed.....	68
Improvement Certificate	69
Construction Contract	70
Contractor Payment Schedule.....	75
Minimum Housing Quality Standards – Exhibit A.....	76
Electrical Scope.....	79
Completing The Rehabilitation Work.....	81
Warranty	82
Pre Construction Meeting Report.....	83
Notice To Proceed	85
Contract Change Order Form.....	86
Partial Inspection Report Form	87
Final Inspection Certification	88
Contractor Completion Certificate - Release Of Liens.....	89

Contractor Completion Certificate..... 90
Owner/Agency Certificate Of Completion 91
Warranty 92

INTRODUCTION

This Guidebook is designed to give communities establishing a Housing Rehabilitation Program or a Sewer Hookup Program, a foundation upon which to develop and operate a successful program. This Guidebook is formatted in a reasonable chronological order that will allow a community to establish their rehabilitation program in a structured step by step method.

Each section of the guidebook is preceded by a brief explanation of the intent and usage of the materials contained in that section. This Guidebook provides **EXAMPLES ONLY** and exact duplication of every guideline and/or form is not mandatory or necessarily recommended. Each community should examine their needs and create the kind of program that best addresses those needs.

Guidebook examples have been gathered from several communities that have administered successful programs. These examples are not intended to contain a solution to every potential problem a housing rehabilitation program might encounter. However, do not hesitate to call upon other experienced program administrators for they may have already encountered and solved the same or similar problem you are faced with. Also, OCD staff, and in particular the Program Development Specialist assigned to your community, is available to assist in all phases of your CDBG Program. Formulating your guidelines and operating a housing rehabilitation program is a demanding yet rewarding experience. For this reason it is **VERY IMPORTANT** that you build a good foundation now to insure the efficient and effective delivery of your program services. The quality of a well built home is easily recognized, so is the lack of quality in a poorly built home.

Because the material in the Guidebook has been gathered from successfully administered programs, communities with existing programs may also find the examples helpful for developing improvements or streamlining their current CDBG efforts.

All bold face, and bracketed bold face type contained in the Guidebook samples, offer suggestions, areas for "personalization" and reminders aimed at assisting your community in program design and are not intended to be the same for all programs.

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE

The Community Development Advisory Committee (CDAC) is a very important part of your CDBG program. The CDAC members must represent a broad base of community interests, and must include LMI representation, typically from your program target area.

The CDAC must be approved and or appointed by the governing body of the municipality. After formation, committee should formulate by-laws and have them approved by your community's governing body.

One CDAC role is assessing the needs of the community and aggressively identifying resources available to address those needs. The CDAC can also be very helpful in establishing, reviewing and approving CDBG program policies and procedures and in leading the community effort in the CDBG program application process. The CDAC can be involved in formulating your Program Income Plan and in approving requests for rehabilitation services.

You must also include your CDAC in the citizen complaint policy of the municipality. **This complaint policy is mandatory, additional details will be contained later in this Guidebook.** Many communities have found it advantageous if the CDAC has the authority to amend local CDBG program policy. This allows a local process to address the unforeseen circumstances that will arise during program administration.

The following "by-laws" provide an example of how a CDAC can be established and provide an outline of its functions.

SAMPLE COMMUNITY DEVELOPMENT ADVISORY COMMITTEE BY-LAWS
TOWN/CITY OF ????????? CDBG HOUSING REHABILITATION PROGRAM

ARTICLE I PURPOSE

1. The purpose of the Community Development Advisory Committee (CDAC) shall be to advise, promote, review, assess and comment on the interest, needs and goals of the **Town/City** of ?????????, with respect to community development activities.

2. The CDAC will be involved with the process by which the Municipality develops its resources to deal effectively with community development issues and public policy to strengthen the local planning and management capacity and processes. To accomplish this the CDAC shall:

A. Maintain communications with local Officials regarding HUD Programs and other applicable federal, state and local administrative and legislative developments that might affect the community development effort of the municipality;

B. Advise in the formulation and implementation of programs to assist in meeting the local community development needs;

C. Prepare and present comments regarding public issues relevant to operation of community development programs for the municipality;

D. Serve as a forum for the development, implementation and assessment of community development programs for the municipality;

E. Perform other advisory activities as deemed necessary and appropriate to the community development program needs, objectives and projects of the municipality;

F. this might be an appropriate place to include the role of the CDAC in the Citizen Complaint Process which will also be outlined in the Program Guidelines.

ARTICLE II SPECIAL FUNCTIONS OF THE COMMITTEE

1. The CDAC shall meet and discuss the various aspects of the municipality's community development program to include but not be limited to the development of the HUD CDBG applications, implementation of the community development program, evaluation of the objectives, goals and policies of the community development program, and participate in the amendment process to the community development program and the housing assistance plan for the **Town/City of ?????????**.

2. The CDAC shall meet once each month, or as necessary, but shall meet at least ten times per year on a date and at a time that is to be determined by the members of the CDAC.

ARTICLE III MEMBERSHIP

1. The CDAC shall consist of not less than **seven (7)** but not more than **eleven (11)** members. The members must be residents of the **Town/City of ????????** (or towns/cities in the case of multi-jurisdictional programs) and shall be appointed and approved by the governing body of the municipality (or lead community of a multi-jurisdictional program).

2. Membership shall conform to the HUD citizen participation requirements but shall, at a minimum, include the following: **(This is a sample membership and not a program requirement)**

- 1 Council Member
- 1 School Board Member
- 5 Residents at large
- 2 LMI residents from within the program target area

3. Members shall serve two-year terms. The terms shall be staggered such that approximately one third (1/3) of the members shall change each year. Any member who misses three consecutive meetings without the permission of the Chairperson or who misses 70% or more of the meetings in a calendar year shall be dismissed from membership on the CDAC and a new member shall be appointed to serve the remainder of the term.

ARTICLE IV OFFICERS

1. The officers of the CDAC shall consist of a Chairperson, Vice Chairperson, and Secretary. The officers shall be nominated and elected annually by the members of the CDAC.

A. Chairperson: The Chairperson shall preside at all meetings of the CDAC, perform duties incidental to the office, act as the CDAC spokesperson and have the authority to call special meetings and to excuse members from CDAC meetings.

B. Vice Chairperson: The Vice-Chairperson shall act in the absence of the Chairperson. In the absence of both the Chairperson and the Vice Chairperson, a member of the CDAC shall be chosen to assume the duties of the Chairperson during that meeting.

C. Secretary: The duty of the Secretary will be to conduct CDAC correspondence, keep and maintain all CDAC documents, and to keep and maintain an accurate record of the proceedings of all CDAC meetings and public hearings and to perform other duties incidental to the office. At the expiration of their term of office, whether voluntary or involuntary, the Secretary shall deliver all CDAC documents to the Chairperson.

ARTICLE V EX OFFICIO MEMBERS

1. The Mayor, Town Manager, Community Development Director, Code Officer, Planner and Welfare Director shall serve as ex-officio members of the CDAC.

ARTICLE VI SUBCOMMITTEES

1. The Chairperson, subject to approval of the CDAC, may designate such subcommittees as may be necessary or convenient for the purposes of the CDAC.

ARTICLE VII MEETINGS

1. Meetings of the CDAC shall be scheduled on an assigned day of the month and at a set time. The Chairperson with proper notice may call special meetings. All CDAC meetings will be open to the public and held in a public meeting place.

2. Written notices shall be sent to all CDAC members at least five (5) days prior to regular meetings and no less than two (2) days prior to special meetings. Notices of regular meetings shall be published in a newspaper of local circulation at least five (5) days prior to the meetings.

3. All public hearings held by the CDAC shall be advertised in a newspaper of local circulation at least ten (10) days prior to the hearing. Notices shall state the time, date, place and topic of the meeting. Public hearings pertaining to CDBG applications shall comply with applicable HUD and State statutes.

ARTICLE VIII QUORUM

1. One half (1/2) of the current CDAC membership shall constitute a quorum for the transaction of business at any regular or special meeting of the CDAC.

ARTICLE IX RULES

1. All meetings shall be conducted under Robert's Rules of Order.

ARTICLE X AMENDMENTS

1. The CDAC shall have the authority to amend the policy procedures and guidelines of the community development program. Amendments to the by laws of the CDAC may be recommended by the CDAC but must be approved by the governing body of the municipality and the OCD.

SAMPLE HOUSING REHABILITATION PROGRAM GUIDELINES

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The most important step in establishing a Housing Rehabilitation Program is the development of the policies and procedures that will govern the administration of your program, the "program guidelines". During this process, you must decide on issues such as program objectives, types of properties to be assisted, income eligibility requirements, application process, types of assistance (grants and/or loans), contracting procedures and program administration. These guidelines must be in written form and adopted by the governing body of the municipality as part of the Phase II application process. The Guidelines should be made available to local officials, service agencies, prospective applicants and the general public.

Each municipality has great flexibility in the type of policies and procedures that it develops as program guidelines. However, it is important that the adopted Guidelines are as complete as possible and appropriate for the type of program and goals that the community wishes to provide.

To assist communities in designing a wide range of programs, the following pages contain sample Program Guidelines that offer Housing Rehabilitation grants and loans. In addition, Sewer Hook-up Grants have been included for those communities planning for this activity, either singly or in conjunction with housing rehabilitation. These Guidelines **SHOULD NOT** be adopted as they appear here since they are a combination of several different communities' programs. A "mix and match" approach is urged in developing the Guidelines that will best serve your community needs.

The following is a list of written policies that **MUST** be included in your program guidelines.

- ✓ Complaint policy
- ✓ Code of standards of conduct
- ✓ Fair housing policy
- ✓ State and Federal mandates
- ✓ Replacement housing
- ✓ Conflict of interest policy
- ✓ Lead Base Paint notification/treatment policy
- ✓ Procurement policies
- ✓ Installation of smoke detectors
- ✓ Acquisition/Relocation
- ✓ Benefit Data System
- ✓ Project occupancy list

All bold and bracketed bold face type in the following sample program guidelines, offer suggestions, areas of "personalization" and reminders aimed at assisting you in designing a program and are not intended to be the same for all programs.

PROGRAM GUIDELINES

TOWN/CITY OF ?? HOUSING REHABILITATION AND/OR SEWER HOOKUP PROGRAM

I. Administration

(Explain your program's administrative overview, as below.)

EXAMPLE : The administration of the **Town/City's Housing Rehabilitation and Sewer Hookup Program** will be carried out by the Community Development Office and its staff in conformance with the guidelines established herein. These Guidelines are established, and may be amended, by the Community Development Advisory Committee (and/or the **Town/City of _____**). The administration and operation of the program will conform to all local codes and ordinances as well as all requirements established by the U.S. Department of Housing and Urban Development (HUD) and the State of Maine pertaining to the Community Development Block Grant Program.

II. Program Objectives (remember, these are just examples)

The objectives of the **Town/City's** Housing Rehabilitation and/or Sewer Hookup Program are as follows:

(Select objectives applicable to your program needs or substitute additional objectives. Be sure your objectives match the method(s) by which your program will be administered)

1. To prevent hazardous health conditions and code violations in **Town/City**.
2. To prevent blighting influences and deterioration of property and neighborhoods.
3. To improve the quality of the **Town/City** housing stock for low-moderate income persons.
4. To provide financial assistance to low-moderate income property owners for housing rehabilitation activities.
5. To provide financial assistance to low-moderate income property owners for the purpose of sewer hookups.
6. To provide financial assistance for the purpose of housing rehabilitation assistance to benefit low-moderate income property owners and tenants.
7. To stimulate public and private investment within the target area neighborhood.

III. Funding and Financing

This section will explain the type and amount of assistance available to the income group(s) and housing types your community wishes to serve. **Remember that assistance cannot be given to households that exceed the LMI income limits for the county in which your community is located.** The only exception to this is a duplex where 1 out of 2 families must be within LMI income limits and in buildings containing 3 or more units where 51% of the families must be within LMI income limits. In these instances, the entire building may be rehabilitated.

Carefully think over and decide upon the appropriate loan/grant types and maximum dollar amounts for your program. Please note that assistance for sewer hookups alone must be made in the form of direct grants only. If it is offered in conjunction with housing rehabilitation on the same unit, then a loan status can be applied.

You may wish to offer different forms of assistance to different income groups and/or types of housing. Examples of this would be to offer 100% CDBG assistance to **very low** income applicants in the form of a conditional grant (explained below in Section C), and 100% CDBG assistance to **low income** applicants in the form of no interest or low interest loans, conditional loans or a grant/loan combination.

The following are examples only:

Financial assistance in the form of grants or interest free or low interest loans will be made in accordance with the provision for each category as prescribed below:

Housing Rehabilitation

Example #1: Owner-Occupant **Low/Moderate** Income 100% Community Development Financing: Applicant income must not exceed HUD Section 8 Income Limits for housing assistance to low/moderate income households as established for the County LMA or other income limits as may be established by the State relative to this program.

Applicant meeting said income limits may qualify for 100% CDBG financing up to a maximum of \$. This amount shall be in the form of a conditional grant. The CD Office may permit larger amounts in extreme cases, as determined by Community Development staff and the Community Development Advisory Committee within the CDBG Program regulations.

Example #2: Owner-Occupant **Very Low** Income 100% Community Development Financing

Applicant income must not exceed HUD section 8 Income Limits for housing assistance to very low income households as established for the County LMA or other income limits as may be established by the State relative to this program.

Applicant meeting said income limits may qualify for 100% CDBG financing up to a maximum of \$_____. This amount shall be in the form of a conditional grant. The CD Office may permit larger amounts in extreme cases, as determined by Community Development staff and the Community Development Advisory Committee within the CDBG Program regulations.

Example #3: Owner-Occupant Low Income 100% Community Development Financing:

Applicant income must not exceed HUD section 8 Income Limits for housing assistance to low income households as established for the _____County LMA or other income limits as may be established by the State relative to this program.

Applicant meeting said income limits may qualify for 100% CDBG financing up to a maximum of \$_____. This amount shall be in form of a ___% interest loan amortized for a ____ year period. If the property is sold, the balance of the loan becomes due and payable.

The CD Office may permit larger loans in extreme cases, as determined by Community Development staff and the Community Development Advisory Committee within the CDBG Program regulations.

Example #4: Owner Occupied Rental Property 100% Community Development Funding:

Owner-occupants of rental property may be eligible for housing assistance provided that least 51% of the property's occupants are within the LMI income guidelines. In addition, owners must agree that rehabilitation will not displace tenants and that increases in rent levels will be limited to ??? % per year plus overhead cost increases (utilities, maintenance, etc.), while still staying within the Fair Market Rent (FMR) published annually by HUD for _____ County. Violation of this limit shall be cause for termination of the agreement and basis to require the immediate repayment of the remaining loan balance.

Applicants and properties meeting these eligibility guidelines may be eligible for a grant of up to ?? % of the rehab cost or \$_____ per unit, whichever is less. The applicant may also be eligible for a ?? % interest loan amortized for a _____ year period. In the event that the property is sold, the balance of the conditional grant and the loan becomes due and payable.

Example#5: Owner/Absentee Landlord 50% Community Development Funding:

Owner-absentee landlords of rental property may be eligible for housing assistance provided at least 51% of the property's occupants are within the LMI income guidelines. In addition, owners must agree that rehabilitation will not displace tenants and that increases in rent levels will be limited to ??? % per year plus overhead cost increases (utilities, maintenance, etc.), while still staying within the Fair Market Rent (FMR) published annually by HUD for _____County. Violation of this limit

shall be cause for termination of the agreement and basis to require the immediate repayment of the remaining loan balance.

Applicants and properties meeting these eligibility guidelines may be eligible for a **???** % interest loan amortized for a ____year period. In the event that the property is sold, the balance of the loan becomes due and payable. Rehabilitation costs not funded by the program shall be borne by the owner and must be placed in the CDBG escrow account prior to contract signing. The owners' portion of the funding shall be used first.

Sewer Hookups

Applicant income must not exceed HUD Section 8 Income Limits for housing assistance to Low/Moderate income households as established for the _____ County LMA or other income limits as may be established by the State relative to this program.

Applicants meeting said income limits may qualify for 100% CDBG financing in the form of a direct grant.

Conditional Grant Repayment Methods

The method of repayment or "conditional" nature of your grants will vary with the intent of your program. The agreements can be relatively simple with a term of five or ten years and recorded at the Registry of Deeds in your county as a "terms of sale" agreement, or they can be more involved and include a formal note and mortgage agreement. Samples of these are provided below.

A Conditional Grant Agreement will be signed in advance of the start of rehabilitation activities and be recorded at the _____ Registry of Deeds. The grant repayment conditions shall be as follows if the property is sold within the specified time from project completion:

Example 1	Percent of Repayment
Term	
1st year	100%
2nd year	80%
3rd year	60%
4th year	40%
5th year	20%
6th year	No Repayment

Example 2	Percent of Repayment
Term	
1st year	100%
2nd year	90%
3rd year	80%
4th year	70%
5th year	60%
6th year	50%
7th year	40%
8th year	30%
9th year	20%
10th year	10%
11th year	No Repayment

If the death of the owner occurs within the repayment period, the repayment requirements will be reviewed on a case by case basis.

(Samples of program notes and a mortgage deed are included in another section of these guidelines with other sample program forms for use with a loan program)

IV. Definition of Income

This section will define what is considered income and will be used in the process of qualifying applicants for your program. Care should be taken to assure that the application you develop closely reflects the definition of income section of your guidelines. Income eligibility is based on total household income for the twelve month period prior to the date of application for program benefits.

Total Household Income. For the purpose of this program, total household income shall include the combined gross income of all household members, excluding dependents under the age of 18 or dependents attending school on a full-time basis. In cases involving household members who are earning an income but are not owners of the property or dependents as listed above, only that income which they contribute to the household shall be considered in determining the gross income of the household. Said contribution not to be less than twenty (20) percent of that household member's gross income.

1. Examples of sources of income include, but are not limited to, are: wages, salaries, commissions, pensions, annuities, social security, AFDC, general assistance payments, aid to the disabled, VA benefits, unemployment benefits, support/alimony, and other income such as interest, dividends, and rental income. The amount of rental income will be determined by deducting, on a pro rata basis, such items as mortgage interest payments, taxes and insurance. Depreciation shall not be considered to be a deductible expense.
2. An applicant who is unemployed and wishing to qualify for assistance as an owner-occupant must have been unemployed for a period of 90 continuous days in order for income to be calculated on the basis of unemployment status at the time of application.
3. Items not considered income are:
 - a. Casual, sporadic or irregular gifts, inheritances or tax refunds.
 - b. Amounts which are specifically for or in reimbursement of the cost of medical expenses.
 - c. 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. Applicants must not however, exceed the asset limits.

- d. Amounts of educational scholarships paid directly to the students or to the educational institution and amounts paid by the Government to a veteran for use in meeting the costs of tuition, fees, books, and equipment. Any amounts of such scholarships or payments to veterans, not used for the above purposes or which are available for subsistence, are to be included as income.
- e. The special pay to armed forces personnel, head of a family away from home, and exposed to hostile fire.
- f. Relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.
- g. Foster child care payments.
- h. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household.

Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

1. National Volunteer Anti-Poverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
2. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Service Program, National Volunteer Program to assist Small Business Experience, Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE).

V. Deductions

This section will set forth the expenses your program may choose to deduct from the gross household income prior to determining program eligibility. The following are reasonable **samples** of possible deductions your community might consider. Remember to design the application to solicit information regarding any deductions you choose. For the purposes of this program, certain expenses shall be deducted from the gross household income. The gross household income, minus the following deductions shall equal the income figure from which program income eligibility will be determined.

1. If medical expenses for the past 12 months exceed 3% of the total gross household income, then said expenses, including health insurance premium payments, shall be deducted from the gross household income.
2. A \$500 deduction shall be given for each member of the family who is under 18 years of age.

3. If child care is necessary so that a member of the family can work, then the costs incurred for said child care shall be deductible from the gross household income.

VI. Applicant Eligibility

This section outlines who is eligible to be a recipient in the CDBG housing rehabilitation program your community will run.

The eligibility of the applicant shall be determined by the Community Development Advisory Committee as follows:

1. The applicant must be the owner of the property proposed for rehabilitation.
2. The applicant must have owned the dwelling unit that is to be rehabilitated for at least ____ months prior to the date of the rehabilitation program application. (This provision is optional, however some communities use from six months to two year periods.)
3. The applicant must not be in arrears on mortgage payments that would bring about a foreclosure on the dwelling by the mortgage holder or be delinquent in real estate taxes that would bring about a lien and/or tax foreclosure.
4. The applicant must show proof that the dwelling unit has sufficient insurance that would replace the dwelling if it were destroyed by fire or other means.

It is very important for this section of your guidelines to clearly define your intent as to the eligibility of the applicant. For example, if the applicant must own the property, land and buildings, you will have excluded those LMI persons that own their home but which is situated on land owned by someone else. Some communities will also consider applicants for rehabilitation of housing units being purchased under a land sales contract. If your community is thinking of including this aspect in the program, make sure to stipulate that a legally binding, written contract be in effect between the seller and the purchaser. Please contact your Project Development Specialist for more assistance in this area.

5. Applicants must meet income limits for HUD Section 8 housing assistance as prescribed herein under section III of these guidelines. (Documentation of household income must be obtained by the Grantee from all sources of income listed on the application. Examples of forms acceptable for verifying household income are included within the Housing Rehabilitation Handbook. Income tax forms, such as IRS 1040 will not be acceptable unless accompanied by a statement of certification by the State or Federal tax agency or preparing agent such as a CPA, H & R Block etc.

6. Owner-occupant applicants wishing to qualify for assistance may not have "liquid assets" in excess of \$_____. Applicants sixty (60) years or older however, may have "liquid" assets up to a maximum of \$_____.

This eligibility area sets the maximum amount of liquid assets an applicant may possess and still be eligible for rehab assistance. There is no one maximum amount that is recommended for use, however, thought should be given to set these figures at amounts designed to assist those families most in need of assistance in your community. A sampling of existing programs has a range of between \$5,000 and \$20,000 per applicant and \$10,000 and \$30,000 per elderly applicant (60 years or older.). If your community is thinking of employing a non-liquid assets test for applicants for such things as boats, snowmobiles, etc. contact your Project Development Specialist. Remember to make your application reflect this section of the program guidelines.

7. The applicant must:

- a) Complete the application for assistance and furnish all documents required by the **Town/City** to verify eligibility.
- b) Comply with program procurement standards and procedures.
- c) Certify to all program terms and conditions.

VII. Property Eligibility

This section sets forth the standards that the applicant's dwelling must meet in order for the unit(s) to be eligible for assistance. Take time to think about this section since it will strongly influence the type and amount of work undertaken. Keep in mind maximum dollars available for rehab projects. Be sure to define all target areas where rehabilitation will occur and the scope of allowable improvements. Activities must take place in areas outlined in your approved CDBG application

1. The area to be served by the **Town/City's** housing rehabilitation and/or sewer hookup program shall be (state target area or town-wide), as identified and delineated by the **Town/City's** approved Community Development Block Grant application.
2. Proposed improvements to the property must fall within the scope of the following general categories: water, heating, electrical, plumbing and sewer, insect and rodent extermination, repairs to deteriorated steps, walls, ceilings, floors, porches, roofs, down spouts, chimneys and foundations, work on exterior walls including painting, siding, windows and insulation, demolition of deteriorated structures for the purpose of housing-related improvements to meet the special needs of handicapped persons.

Rehabilitation assistance funded through this program must provide for the purchase and/or installation of smoke detectors in all dwellings proposed for rehabilitation which do not contain such devices; location and installation shall comply with (list applicable authority such as State Law, Local Ordinances, or guidelines provided by your local fire prevention officer, etc.) Grant funds may be used to repair or purchase and install a

kitchen stove and/or a refrigerator if no such equipment exists in the dwelling unit, or if existing equipment is unsafe or unsanitary because of its basic condition. If a potential violation exists at the time of inspection and it is thought that the physical condition of that element in the structure will deteriorate to an actual violation in the near future, then Grant funds may be used to correct the condition.

3. Ineligible Items. Rehabilitation Grant funds may not be used for the purchase, installation, or repair of furnishings and appliances, except as stated in paragraph 2 of this section. New construction or expansion of the size of the structure is not eligible unless necessary to alleviate overcrowding. Nonessential improvements such as purely decorative work are not eligible. The rehabilitation of appurtenant structures is generally ineligible unless deemed necessary under the standards of paragraph 6 of this section.

4. Proposed improvements must be in compliance with all applicable local ordinances, codes and regulations, including the elimination of lead-based paint conditions. Priority in the use of program funds will be given to the elimination of substandard conditions as noted on the HUD Section 8 Minimum Housing Quality Standards.

5. Structures to which improvements are being proposed, must be economically repairable as determined through an inspection of the premises.

6. The property must require improvements in one or more of the following categories:

a. The property presently does not conform to HUD Section 8 MHQS or related local codes and regulations incorporated in the program guidelines, I.e., building, housing, fire, electrical and plumbing codes;

b. The condition and appearance of the property is detrimental to the neighborhood environment;

c. The proposed improvement will result in the conservation or more efficient use of fuel.

d. Handicapped access.

7. The property must be a residential structure. (You may want to consider minor mixed use as well)

VIII. Processing

This section deals with the policies and procedures to be followed by your local community development staff in preparing, processing and approving an application for housing rehabilitation or sewer hookups. In addition, it outlines the functions of the CD

staff in day to day operations. **Make sure this section is consistent with how your assistance will occur, i.e. grants, loans or both.**

Listed below are the typical functions to be performed in processing a rehabilitation grant/loan application. The Community Development Office will make every good faith effort to notify the applicant of eligibility within 30 days of the application date.

1. Review with the applicant the objectives of the rehabilitation activities.
2. Advise the applicant on the specifics of the grant/loan program and other funding sources that may be available.
3. Advise applicant concerning the conditions under which a loan/grant is made.
4. Assign an application number and set up a separate file for all applicants.
5. Check all local tax records to determine that property taxes are current.
6. Verify applicant's income. Retain documentation in program files. (Also housing expenses and assets if they are used.)
7. Determine eligibility of the applicant for assistance. Evidence that ownership of the property has been verified shall be retained in the office files.
8. Inspect the property and determine its suitability for rehabilitation. The Community Development Advisory Committee shall be the final local authority for determining the suitability of the property for rehabilitation.
9. Prepare a work write-up and cost estimate of the required rehabilitation work. Ensure that all items conform to the allowable program activities and correct applicable code violations.
10. Consult with applicant on preliminary work write-up and cost estimate to reach agreement on work to be done.
11. Prepare final work write-up and cost estimate.
12. Ascertain that through the proposed rehabilitation, the property will conform to HUD Section 8 MHQS and other applicable local and State codes. If additional financing is needed, advise applicant in obtaining the needed funds.
13. Prepare construction contract documents for applicant and obtain bids and proposals from contractors.
14. Assist applicant in selecting acceptable contractor.

15. Determine maximum amount of grant/loan funds available.
16. Present application to the Review Committee (CDAC) and notify applicant of results in writing. Written records of each applicant's determination will be kept in the application file.
17. Assist successful applicant to execute construction contract. Execute rent agreement. Execute program note and mortgage and record same.
18. Assist applicant in issuing "notice to proceed" order.
19. Transmit approved amount to escrow account. (If homeowner's funds are used, transfer to escrow account for use.)
20. Inspect rehabilitation work and make progress reports.
21. Insure compliance with Federal, State and local requirements concerning the Community Development Block Grant Program, including Equal Employment Opportunity.
22. Obtain necessary forms and disburse funds as appropriate during the course of the work.
23. Make final inspection and issue final certification of completion.
24. Obtain from contractor: guarantee of work; manufacturer's and suppliers warranties; and release of lien prior to making final payment to contractor.
25. Make final payment to contractor.

IX. Numbering of Loan Applications

The Community Development Office shall assign a number to every completed application beginning with "1". Numbers shall be assigned consecutively from this sequence regardless of whether the application is approved or denied for program benefits. Once assigned, numbers shall not be reused. **(In order to maintain confidentiality of certain applicant information, a separate log of applicant numbers with names and addresses may be kept. Some communities keep two files on each applicant, one contains program service (rehab) information and the other contains the confidential information such as income verifications.)**

X. Determining Work to Be Done

(This section is the detailed description of how property inspections, cost estimates, work write-ups and specifications will be implemented by your Community Development

staff. Make sure it accurately depicts how you want your local program operated. If performance standards are adopted, clear reference should be made in this section.)

1. In order to determine the rehabilitation work necessary to bring the property into conformance with applicable local and State codes and to provide assistance through this program, the Community Development Staff shall:

- a. Inspect the property and prepare an inspection report which identifies each deficiency that may be corrected with CD rehabilitation;
- b. Prepare a work write-up and cost estimate of the rehabilitation work; and
- c. Consult with applicant to finalize proposed work to be done, estimated costs to be incurred and the amount of Community Development rehabilitation assistance which may be available.

2. **Property Inspection.** The Community Development Inspector/Rehabilitation Technician shall inspect the property and prepare an inspection report that identifies each substandard condition/program deficiency. An inspection report prepared in this manner will later serve as the basis for preparing for a work write-up and cost estimate. A copy will be kept on file at the CD office.

3. **Work Write-up and Cost Estimate.** A work write-up and cost estimate is a statement prepared by the CD Office based on the inspection report that itemizes all the rehabilitation work to be done on the property, and includes an estimate of the cost of each item. The cost estimates shall be reasonable and shall reflect actual costs prevailing in the locality for comparable work.

a. **Adjusting Work Write-up.** If the total estimated cost of the work exceeds the amount available to the applicant and the applicant is unable to provide funds for the difference, the CD staff shall eliminate or modify items in the work write-up as necessary to reduce estimated cost. However, items of work necessary to meet HUD Section 8 MHQS and program guidelines shall not be eliminated.

b. **Owner's Preference.** A preliminary work write-up should not contain details that have no significant effect on cost, such as color, style, or pattern. Decisions on these details can be made preparing the specifications for the construction contract documents, or even after the contract award by providing in the contract documents, as appropriate, the term "to be selected by owner".

4. **Specifications in Construction Contract Documents.**

Each specification in a construction contract document shall be written so that it provides a clear understanding of the nature and scope of the work to be done, and a basis for carefully determining bids and proposals from contractors. Each specification shall show the nature and location of the work, and the quantity and type of materials

required. The specifications shall refer to manufacturers' brand names or to association standards to identify the quality of materials and equipment required, and will make provisions for acceptable or equivalent substitutes. If the work write-up is sufficiently comprehensive, it may itself be used for the specifications, without any cost estimate figures or distinctions as to work required or not required. **(Here is where you would reference the adopted Performance Standards and how they would be used to give the contractor a clear picture of how all work would be done. The Performance Standards would be given to each contractor and be a standard rider to each rehabilitation contract.)**

XI. Procurement of Bids and Contract for Rehabilitation Work

(As the title suggests, this section deals with how contractors will be selected and the specifics of rehabilitation contracts. How you design this section will depend a lot on whether your Community Development staff will be solely responsible for contractor selection, or if the homeowner will be responsible. The grantee's level of involvement in contractor selection is what triggers the application of 24 CFR Part 85. It is important that grantees understand the distinction between controlling contractor selection for their rehabilitation clients and assisting clients to choose and work with capable and competent contractors. The following two examples illustrate the types of arrangements which a grantee may choose from:

a. If the owner carries out the procurement transactions, then 24 CFR Part 85 does not apply. This is true even in instances where the grantee provides assistance in preparing and reviewing cost estimates, work write-ups and other technical assistance such as providing a list of contractors, collecting and summarizing contractor bids, advising the owner on how to evaluate a contractor's proposal and providing information on past performance of specific contractors.

If the grantee permits the owner to choose their own contractor and to negotiate the contract price then the grantee must complete a detailed cost estimate of the labor and materials needed to complete the proposed activities and place in the owners file a certification that the negotiated contract price is reasonable. A detailed cost estimate by the grantee is always a good idea, however, if the owner obtains three or more competitive bids for all contracted activities the grantee need not complete a detailed cost estimate and certification of reasonable cost.

b. If the grantee is responsible for selecting the contractor and negotiating the contract price then the grantee, notwithstanding the owners signature on the contract, would be the actual procurer of materials and services and 24 CFR Part 85 will apply.

1. Solicitation of Bids. The Community Development Office shall establish, and on the basis of its experience, maintain a current listing of contractors, subcontractors and material suppliers who are qualified to perform, and are interested in rehabilitation work financed through the Community Development Office.

a. All contractors and subcontractors must have the following on file at the Community Development Office before an Invitation For Bid will be issued:

1. Contractor Application/Information Sheet; and
2. Certification of Insurance that complies with OCD Policy Statement #4; and
3. Completed IRS W-9 Form.

b. Each contractor shall ensure that all subcontractors used on CD rehabilitation projects have complied with the procedures set forth in paragraph 1(a), of this section. Contractors must list subcontractors and license numbers (if applicable) at the time of contract signing.

2. Invitation to Contractors for Bid Proposals and Selection of Successful Bidder(s). The Community Development Office shall, from its list of qualified contractors, send an invitation to bid to no less than three (3) contractors for each major craft, if possible. (It should be stated if all contractors on the list or some on a rotational basis, will be used to solicit bids. Another alternative to this method is for the applicant to select three (3) contractors of his/her choice to be asked to provide bids on the project. The comparison and cost basis determination process will remain constant.)

a. The invitation to bid shall state the following:

1. The time, date and location of the pre-bid meeting and property review;
2. The address of the property to be rehabilitated;
3. The time, date and location of the bid opening; and
4. Other information that may be necessary for timely submission of bids.

b. If a bid other than the low bid is selected, the application file will include all bids that were received and a statement of the reasons for selecting other than the low bid. (If the applicant selects other than the low bid, the level of Community Development assistance will be calculated on the basis of the amount of the lowest qualified bid with the cost differential to be borne by the applicant.)

c. The **Town/City** Community Development Office reserves the right to review all bids as to their appropriateness and compliance with the procedures set forth herein.

3. Execution of Contract. The applicant, approved contractor(s) and/or subcontractors shall be required to execute a **written construction contract** using the format provided by the **Town/City** Community Development Office for this program.

4. Participating Contractors. All contractors and subcontractors wishing to participate in the **Town/City's** housing rehabilitation program must complete a written application and furnish written proof of insurance coverage at the level established by the Community Development Office. The Community Development Office reserves the right to debar any contractor or subcontractor from participating in this program on the basis of unsatisfactory performance or impropriety with the contractor's participation in the program. The contractor's or subcontractor's insurance agent shall give the Community Development Office ten (10) days notice before said insurance can be canceled.

XII. Terms and Conditions

(This section contains several important clauses pertaining to contractors, applicants and CD staff implementing the housing rehabilitation program. The sample below contains several "standards". Add others important to your local program.)

1. Civil Rights. The applicant will be required to comply with Title VI of the Civil Rights Act of 1964 and 1968, not to discriminate upon the basis of race, color, creed, sex, national origin, or familial status in sale, lease rental, or use of occupancy of the subject property.

2. Use of Funds. All funds made available by the Community Development Program shall be used only for work approved and identified in the program documents.

3. Work to be performed by the applicant. An applicant wishing to work on the project may do so, provided that he/she has the necessary skill, equipment and ability to satisfactorily perform the work. In such a case, labor costs, time and effort expended by the applicant, shall not be eligible expenses. However, the purchase of supplies and materials related to the authorized project work shall be an eligible expense. When deemed appropriate, an applicant's labor may be accepted in lieu of cash for the applicant's share of the cost of authorized rehabilitation work.

4. Inspections. Inspection by an authorized Community Development and/or **City/Town** official of the property, the rehabilitation work, materials and equipment shall be a condition of the agreement.

5. Supplementary Funds. In instances where the rehabilitation project costs exceed the amount of financial assistance provided, the applicant shall be responsible for providing whatever additional amount is needed to assure completion of the work. (This amount would be deposited in the Escrow Account prior to the execution of the rehabilitation contract.)

6. Conflict of Interest. The operation and administration of this program shall comply with all applicable local, State and Federal requirements regarding conflict of interest.

7. Applicant-Contractor Conference. Upon approval of the application and selection of a contractor, appropriate Community Development staff shall meet with the applicant and the contractor to review the proposed work, project costs, completion time, warranties and efficient completion of the project work. Both parties shall sign a copy of the final specifications as well as a construction contract.

8. Flood Insurance. All structures within the **Town/City** flood plain areas, as identified on the official flood-plain map of **Town/City**, shall be required to be covered by flood insurance prior to any assistance being given by the **Town/City** under this program.

9. Bonuses, Commissions, Fees, Kickbacks. It shall be strictly prohibited for any person having any connection with this program to use their knowledge, position or influence to secure any kind of a bonus, commission, finder's fee or kickback.

10. Emergency Assistance and Assistance in Excess of Established Program Limits. In cases of severe need for the **Town/City's** lowest income residents, the program limits for an individual property may be exceeded. Similarly, emergency rehabilitation grant assistance may be made to an owner-occupant provided that the emergency is an imminent threat to health and safety, no other funds are available to correct the problem and the nature and severity of the problem is documented by **Town/City** officials. Based upon information provided by Community Development staff, the Community Development Advisory Committee will render a decision on a case by case basis whether to approve the emergency assistance or to exceed the established program limits within the established CDBG Program regulations.

11. Tenant Displacement. The applicant must assure that the rehabilitation work will not result in the displacement or relocation of tenants or persons presently residing at the premises as outlined in the **Town/City** anti displacement plan.

12. Lead Base Paint Notification. The applicant and the tenants must receive and sign a lead base paint notification form. The signed form for the owner and/or tenant must be in the applicant file, with a copy to remain with the owner and/or tenant.

13. Installation of Smoke Detectors. Properties assisted with HUD funds must comply with the Fire Administration Authorization Act of 1992 regarding installation of fire protection and safety devices.

XIII. Town/City Community Development Advisory Committee

The Committee Shall:

1. Consider and act on amendments and revisions to the program guidelines;

2. Review program progress and operation.
3. Review and act upon staff recommendations to debar contractor participation in the program.
4. Serve as the grant/loan application review team. (Some programs have a subcommittee that is responsible for reviews. An appropriate Community Development staff member shall serve as a permanent support staff to the committee.) The review functions of the Committee shall be as follows:
 - a. Review applications and determine eligibility for assistance;
 - b. Review and determine eligibility for applicants requesting assistance in excess of established program limits or in emergency situations;
 - c. Review program complaints; and
 - d. Act on appeals of any decisions of the Community Development Office staff regarding complaints or interpretation of program guidelines.

In Case of an Appeal:

1. Applicant must file an appeal within ten (10) working days of notification by Community Development Office staff of the decision being questioned.
2. The Committee shall hear the appeal within ten (10) working days of the applicant's request for an appeal.
3. The Committee shall take the steps necessary to ensure each applicant is given fair and equal opportunity to present his/her case.
4. The Committee shall forward to the applicant a written decision within 15 days of hearing the appeal.
5. If the applicant is deemed ineligible due to family income, there will be no appeal to the Committee.
6. If the applicant wishes to appeal the decision of the Committee, he/she shall submit a written request for appeal to the **Town Manager/Selectmen** within ten (10) working days of the receipt of the written decision of the Committee. The **Town Manager/Selectmen** shall hear the appeal within ten (10) days of receipt of the written notice of appeal and shall issue a response within fifteen (15) days of hearing the appeal.
7. If the applicant wishes to appeal the decision of the **Town Manager/Selectmen**, a written request for appeal must be submitted to the OCD Program Manager within ten

(10) days of receipt of the written response from the **Town Manager/Selectmen**. The OCD Program Manager shall have final authority to resolve the issue.

XIV. Procedures for Funds Disbursement

1. Payment in the amounts authorized, shall be made in accordance with the terms and conditions of the construction contract(s).
2. In any project wherein the applicant is required to contribute funding toward the cost of rehabilitation, said funds must be deposited in the escrow account prior to the start of construction. The applicant's funds must be disbursed prior to the use of grant funds approved for the project.
3. Prior to the disbursement of project funds, appropriate forms must be submitted to the Community Development Office for final authorization.
4. Payment to contractor(s) shall be made upon satisfactory completion of the project work as determined through a final inspection made by authorized CD staff and the owner. If progress payments are allowed, the timing and amount of such payments shall be determined in advance by the Program, the owner and the contractor, and specified in the construction contract(s). All such payments shall be contingent upon satisfactory completion of each stage of the project work as determined by inspections by authorized program staff.

XV. Program Amendments

Any amendment to the **City/Town's** Housing Rehabilitation Program Guidelines which are recommended by Community Development staff, must be approved by the **Town/City** Community Development Advisory Committee. Prior to implementing any program amendments, written approval must be obtained from the OCD.

THE APPLICATION

The application is the conduit by which perspective participants seeking CDBG housing rehabilitation assistance provide eligibility information to program staff. A well-designed application should be easy to fill out, yet contain all the necessary information to begin the rehabilitation process.

It is extremely important to design your application so that it works in unison with the Program Guidelines that you have developed. Be sure that if such things as an assets test or income deductions are contained in the Program Guidelines that there is a place to record them on the application. **These documents work hand in hand!**

The example contained in this section is a good example to start to develop your own. Use it as a guide, **but don't copy it. Let the actual application reflect your rehabilitation program.**

One last reminder is to make sure that your final product contains a certification clause to be signed by each applicant and a place for the CD Representative to sign for application approval. The sample in this section will give you a good idea of what this should look like.

Also contained in this section are sample forms that can be adapted to be used in conjunction with the application for income verification and approval process. Use these forms as models to develop ones that will work smoothly for your program. As you can see by scanning these samples, they deal with Income Verification, Social Security Benefit Verification, Proof of Home Ownership, Bank Balances and Homeowner's Insurance.

Application - A good sample for the prospective program participant/property owner who has an interest in being a part of your program. This form will gather general information regarding the property and proposed improvements.

Owner/Tenant Application - This form will allow you to gather personal information regarding the household makeup and financial standing. Information on this form should be regarded as confidential.

Verification of Income - These forms can be used to verify the income of the household members from all sources.

What to Expect - An information sheet to make applicants aware of what to and not to expect from themselves, the program, the contractor and your office.

Property Owner Application Form

TOWN/CITY OF ??????? CDBG Housing Rehabilitation Program

Date:

Applicant Name:	Address:	Telephone :
Location of Property to be Improved :		

Current# Living Units	After Improvements	Current#Units Occupied	After Improvements

Date purchased:		Deed Recorded, Book:		Page:	
-----------------	--	----------------------	--	-------	--

1 st mortgage:		2 nd mortgage:	
Original Mortgage Amount:		Current Balance:	

Tenant Information

Apt. No.	Tenant Names	#Occupants	#Bedrooms	Rent/month

Housing Costs

	Month	Year		Month	Year
Mortgage			Hazard Insurance		
Taxes			Property Maintenance		
Heat			Flood Insurance		
Electric			Improvement Loan		
Gas			Other		
Sewer			Other		
Water			TOTAL		

Project Data – Describe Necessary Improvements:

Financing

Have you arranged financing? Yes or No Type of Financing?
 Amount to be financed? Name of Bank:
 Address:

PENALTY FOR FALSE OR FRAUDULENT STATEMENT

U.S.C. Title 18, Sec. 1001, provides: whoever, in any manner within the jurisdiction of any Department or Agency of the United States knowingly and willfully falsifies or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both.

FOR OFFICIAL USE ONLY

Date of Application Review: _____ Type of Assistance: ___ Grant ___ Loan

Amount of Assistance: _____ Approved () Rejected ()

Reason(s), if rejected:

Signature of Authorized CD Representative

Date

WHAT TO EXPECT AND WHAT NOT TO EXPECT

FROM THE **CITY/TOWN** HOUSING REHABILITATION **LOAN/GRANT** PROGRAM

Things That the Homeowner Will Do in the Rehabilitation Program.

The program will help homeowners during the rehabilitation process, but the property owner is responsible for making the choices and to be involved in the activities listed below.

1. The property owner will help the rehab technician during the initial inspection of their house and point out known problems.
2. The property owner, **not** the program, will choose the contractor(s) to bid on the proposed work.
3. The property owner will review the bids with the rehab technician.
4. The property owner, **not** the program, will choose the contractor(s) to perform the work on their property.
5. The property owner, **not** the program, will sign the improvement contract with the contractor(s).
6. The property owner will be involved in the process of inspecting work in process and of approving payments to the contractor(s).
7. The property owner, the program and the contractor(s) will be involved in settling disagreements that may occur during the rehab process.
8. The property owner will be responsible to contact the contractor(s) to correct problems covered by contractor warranties during the first year after the job has been completed.

Things That the Homeowner Should Think About Before Making the Final Commitment to the Rehabilitation Program.

1. Not all of the work that the property owner may want to be done can always be completed.
2. The work completed will address the program requirements and address health/safety issues but will probable not solve all problems.
3. Don't expect that your house will be completely new when the work is finished.

4. Don't expect that all your floors, walls, ceilings, doors, windows, and other components in your older home will be completely plumb, level, square etc. when the work is finished.
5. Remember that sometimes, but not always, the small construction companies because of low overhead can do more work for the same investment that the larger companies with the higher overhead.
6. It often can be very stressful for you and/or your tenants to live in the house while the contractor is performing rehab activities.
7. Not often is everyone completely satisfied with things that they buy or have repaired. Buying a house or having a home repaired is often no different. While the rehab work is being completed, focus on the reason for the work being done and the quality of materials and workmanship.
8. Residential property is almost constantly in need of some degree of repair. It might be a good habit to set aside at least \$25 each month to help with the cost of any future needed repairs or for regular maintenance.
9. The **City/Town** Rehabilitation Program is **not** the contractor, **does not** recommend contractors, **does not** choose the contractor(s) to do your work and **cannot** guarantee that you will be completely satisfied with the work completed. The program **will** however work closely with you to help solve any problems and to help insure that the work completed is functional, meets applicable codes and regulations, is consistent with industry standard installation practices, and is of a quality consistent with standards prevalent in your area.

Homeowner Signature _____ Date _____

Program Representative _____ Date _____

Request for Verification of Income

CITY/TOWN OF ??? CDBG Housing Rehabilitation Program

To:
From: City/Town of ????, Community Development Program, City/Town Street, City/Town, Maine 00000, (207) 000-0000

Name	Address	SS#

Type of Income to be Verified:

Federal regulations require us to verify the sources and amounts of income of all Community Development Program beneficiaries. All information is **CONFIDENTIAL** and will be used only to determine program eligibility.

Your assistance and prompt response will be appreciated.

I HEREBY AUTHORIZE RELEASE OF INCOME INFORMATION TO THE CITY/TOWN COMMUNITY DEVELOPMENT PROGRAM.

Date:

Signature:

NOTICE TO APPLICANTS - PLEASE DO NOT WRITE BELOW THIS LINE

Please indicate the total income/benefits the person named above received during the past twelve months: \$ _____.

Date:

Title:

Telephone:

Signature:

Please return to the **City/Town** Community Development Program at the address shown above. Thank You.

Request for Verification of Employment

CITY/TOWN OF ???????????? CDBG HOUSING REHABILITATION PROGRAM

Name of Applicant	Applicant's Address

Name of Applicant's Employer	Employer's Address

Application #:

Date of Request:

The applicant identified in above, has applied to the **Town/City** Community Development Program for rehabilitation assistance. The applicant has authorized this office in writing to obtain verification from any source named in the application. Your verification of employment is for the confidential use of this office. Please furnish the information requested below and return this form. (you may want to include a stamped, self addressed envelope provided)

I hereby authorize release of the information requested below to the **Town/City** Community Development Program.

Signature of Applicant

EMPLOYER'S VERIFICATION

E. Position held: _____

F. Dates of employment: _____

G. Hourly Rate of Pay: \$_____ Earnings during the past twelve months: \$_____

The above information is furnished in strict confidence in response to your request.

H. Signature of Employer: _____

Title: _____ Date: _____

I. Return to: **Town/City of ??????????, Street Address, Town/City, Maine 00000**

Request for Verification of Benefits

CITY/TOWN OF ???? CDBG HOUSING REHABILITATION PROGRAM

I authorize release to the **Town/City** Community Development Program information regarding by benefit amount.

Signature of Applicant

Signature of Spouse

Date

Applicant's Name:		Date of Birth	
Address:		SS#:	
		Claim or Medicare#:	

Spouse's Name:		Date of Birth	
Address:		SS#:	
		Claim or Medicare#:	

Applicant receives SSI ___ Yes ___ No

Spouse receives SSI ___ Yes ___ No

Applicant's current monthly benefit:

Gross Soc.Sec.: \$_____ Medicare Prem: \$_____ Net Soc.Sec.: \$
Gross SSI: \$_____ Effective: _____

Spouse's current monthly benefit:

Gross Soc.Sec.: \$_____ Medicare Prem: \$_____ Net Soc.Sec.: \$
Gross SSI: \$_____ Effective: _____

The above information is furnished in strict confidence in response to your request and approval of the applicant.

Signature of SSA Representative

Date

Comments:

Return to: **Town/City of ????????, Street Address, Town/City, Maine 00000**

VERIFICATION OF DEPOSIT

CITY/TOWN OF ???? CDBG HOUSING REHABILITATION PROGRAM

Application #: _____

Date: _____

Name and Address of Applicant:

I/We hereby authorize release of the below requested information to the **Town/City** Community Development Program.

Name and Address of Deposit Holder:

Type of Account:

Balance \$

Estimate of accrued interest for the past twelve months: \$

The above information is furnished in strict confidence, in response to your request and approval by the applicant.

Signature of Bank Representative

Date

Title

Please Return To: **Town/City of ????????, Street Address, Town/City, Maine 00000**

VERIFICATION OF MORTGAGE

CITY/TOWN OF ??? CDBG HOUSING REHABILITATION PROGRAM

Application #: _____ Date: _____

Name and Address of Applicant:

I/We hereby authorize release of the below requested information to the **Town/City** Community Development Program.

Mortgage Holder:
Address:

Date Mortgage Originated		Original Mortgage Amount: \$	
Term of Mortgage in Years		Mortgage Interest Rate	Fixed?
Monthly Mortgage Payment		Current Mortgage Balance	

Payment includes:

Hazard Insurance:		Mortgage Insurance	
Property Taxes:		Other:	

As of _____ (date), the applicant is ___ is not ___ in arrears on regularly scheduled mortgage payments.

The above information is furnished in strict confidence, in response to your request and approval of the applicant.

Signature of Bank Representative

Date

Title

Please Return To: **Town/City of ????????, Street Address, Town/City, Maine 00000**

VERIFICATION OF INSURANCE POLICY

CITY/TOWN OF ???????????? CDBG HOUSING REHABILITATION PROGRAM

Application #:

Date:

Name and Address of Applicant:

I/We hereby authorize release of the below requested information to the **Town/City** Community Development Program.

Applicant Spouse

Insurance Company:
Address:
Property Coverage Policy No:
Policy Period: _____ to _____
Policy Value:
Cost of Policy
Does the Applicant have flood insurance? Yes or No
If yes, Policy No:
Policy Value:
Cost of Policy:

The above information is furnished in strict confidence in response to your request and approval of the Applicant.

Signature of Representative Date

Title

Please Return To: **Town/City of ??????????, Street Address, Town/City/ Maine 00000**

GETTING OUT TO BID

Once your program procedures and application process are in place, you can begin to think about getting contractors interested in participating in your rehabilitation program. You know the contractors in your area better than anyone else! Based on your knowledge of the area, decide whether you want to use general contractors, or if your CD office will bid each component separately such as carpentry, electrical, plumbing, etc. There are certain benefits to each approach. Whichever method you decide to use advertise in local papers and/or do mailings to contractor organizations. Sell your program. Establish contractor lists for the various trades your program will need or a list of general contractors. You may decide to maintain a list of both.

You will need to decide on a method for the selection of contractors. Whatever method you choose in selection of contractors, whether it's homeowner selection, bidding jobs out singly or in small groups, try to keep your contractors interested in the program. True competitiveness means a better program for everyone. This section contains some sample forms you can look over and adapt as needed for use in your bidding process. The following is a brief summary of the forms attached.

Contractor Application - A "must" for the prospective contractor to fill out. Check it out to see if it covers the areas you want information on. Don't forget liability and workers comp insurance!

Contractor list - Once you have received an application from prospective contractors and have checked their references, proof of insurance and completed IRS W-9 form, put their names on an "Approved List of Contractors for the **City/Town** rehabilitation program". The homeowner can then choose from this list, the contractors they want to bid on their project. If the homeowner wants a contractor who is not on the list to submit a bid, that contractor must complete an application, furnish necessary information and documents and be subject to a reference check before being eligible to enter into a contract relationship with the program participant.

Request for Bid - It goes to all contractors who will bid on a particular rehab job.

Bid Proposal (2 forms) - The contractor must respond to the Request. You decide what format will best facilitate your evaluation process and request the contractor to use the form you develop.

Bid Tabulation Sheet - You rate the bids! Who is lowest? Are they bidding on the same thing. This is where a well designed bid proposal format will make the job easier.

Response to Bidders - Notify all bidders as to the result of the bid tabulation and analysis. Always be sure to inform all unsuccessful bidders as well as the successful bidder, this will help in keeping up the professional image and acceptance of the program.

Notice of Award - A formal notice must be sent to the selected contractor. The next step is getting read to start the work.

CONTRACTOR APPLICATION

City/Town CDBG HOUSING REHABILITATION PROGRAM

Company Name:
Address:
Telephone:

If Corporation, Officers:

1. Do you have liability/property damage insurance? Yes No (*attach a copy of policy*)
2. Do you have Worker's Compensation Insurance? Yes No (*If No, attach proof of exemption.*)
3. What communities have you performed services for under a Community Development Program?

Name:			
Address:			
Telephone:			

5. Please furnish the following information for suppliers you have had an account with during the past year.

Name:			
Address:			
Telephone:			

6. Have you or your company ever been debarred by any state or federal agency?
Yes No If yes, explain :

7. Have you ever had a judgment entered against you in a civil action or are you currently involved in court proceedings involving fraud, deceit, theft, dishonesty, bankruptcy, antitrust violations, or any other cause affecting a person's responsibility as a contractor?
 Yes No If yes, explain :

8. Tax Identification Number: _____ or Social Security Number _____

Signature: _____ Date: _____

Title: _____

Please complete the attached W-9 form and return it with your application along with proof of Worker's Compensation and Liability Insurance.

REQUEST FOR BID

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Owner:		Application No.	
Property Address:			
Contractor Name:			
Address:			
Type of Work:		Bid Due Date/Time:	

1. You have been selected by the above named owner to receive this invitation to bid on rehabilitation work proposed at the above noted location.
2. Attached are the specifications for the work to be done on the above noted property.
3. Notify this Office (**555-5555**) if you do not wish to submit a bid on this project.
4. Bids submitted must be received at this office by the bid due date/time noted above and must be based on the work listed in the project specifications.
5. The successful bidder will be notified in writing, however work will not begin until after a notice to proceed has been issued.
6. Contact _____ of this office if you have any questions regarding the specifications for this project.

Contractor's Bid Proposal

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Owner:		Application No.	
Property Address:			
Contractor Name:			
Address:			
Type of Work:		Bid Due Date/Time:	

The undersigned proposes to furnish all labor and material(s) required to complete the work outlined in the specifications for the above referenced project for the sum of _____ dollars (\$_____).

1. All material will be free of defects and will be covered by manufacturer's warranties where applicable.
2. All work accomplished by the contractor and/or his representative(s) will be warranted and completed to standard trade practices.
3. Deviation from specifications involving changes in cost will be executed only upon written agreement by the owner, contractor, and Community Development Program personnel. This will be covered by a change order to the contract and project specifications.

Signature Date

Return bid to: _____

BID TABULATION SHEET

TOWN/CITY of ??? CDBG HOUSING REHABILITATION PROGRAM

Owner:		Application No.	
Property Address:			

CARPENTRY:

BID:

- 1. _____ \$ _____
- 2. _____ \$ _____
- 3. _____ \$ _____

Low Bid \$ _____

ELECTRICAL:

BID:

- 1. _____ \$ _____
- 2. _____ \$ _____
- 3. _____ \$ _____

Low Bid \$ _____

PLUMBING:

BID:

- 1. _____ \$ _____
- 2. _____ \$ _____
- 3. _____ \$ _____

Low Bid \$ _____

OTHER:

BID:

- 1. _____ \$ _____
- 2. _____ \$ _____
- 3. _____ \$ _____

Low Bid \$ _____

TOTAL \$ _____

NOTICE OF BID RESULTS

Town/City of ??? CDBG HOUSING REHABILITATION PROGRAM

TO: _____

FROM : **Town/City Community Development Office**

SUBJECT : Bid Results Your Bid \$ _____

Other Bids \$ _____

\$ _____

\$ _____

PROPERTY OWNER:

ADDRESS:

This is to inform you of the bid results. The property owner has selected the bid of _____ for review.

It is the intent of the Owner to award a Contract to the lowest responsible bidder provided the bid has been submitted in accordance with the requirements of the Bid Documents and does not exceed the funds available. The Owner shall have the right to waive any informality or irregularity in any bid or bids received and to accept the bid or bids which, in his/her judgment, is in his/her own best interest.

The Owner shall have the right to accept alternates in any order or combination, and to determine the low bidder on the basis of the sum of the base bid and the alternates accepted.

Please call the **TOWN/CITY Community Development Office** at **555-5555** if you have any questions regarding the details of this project.

Community Development Program Representative

Date

NOTICE OF BID AWARD

Town/City of ??? CDBG HOUSING REHABILITATION PROGRAM

From Owner:

To Contractor:

Project Title: _____

Contract Price: _____

Your firm is the apparent low bidder for the above named project. Prior to the start of any construction work, a meeting is to take place between you, the property owner and the Community Development Program representative who is responsible for oversight of this rehabilitation project. The meeting will take place at the time, date and place shown below.

Time: _____ Date: _____ Place: _____

This meeting is to discuss all phases of the contract and work specifications as well as to sign the contract. This will help to insure that all parties fully understand and are knowledgeable of the work scheduled to be done.

If you are unable to attend this meeting, please call the **Town/City** community Development Office at **555-5555** and an alternate date and time will be arranged.

Under no circumstances should you begin any part of the rehabilitation work until a written "notice to proceed" is issued to authorizing you to do so.

Owner(s)

Signature Date

Signature Date

PROGRAM LOAN/GRANT DOCUMENTS AND CONSTRUCTION CONTRACT

You're almost there! After the contract is signed between the homeowner and the selected contractor, a Notice to Proceed is issued and work can begin.

Study the sample contracts contained in this section. Pay particular attention to the various terms and conditions set forth. This is only a **sample**. Use it as a guide in developing a contract that satisfactorily meets the needs and design of your program. Take into consideration the types of assistance being offered (grants/loans), whether single or multifamily homes are involved and any possible homeowner involvement. Don't forget this is a binding legal document that dictates the terms by which the rehab project will be done. **Its a good idea to have the contract you develop reviewed your city or town attorney.**

Certain Federal Provisions must be included in any rehab contract that you develop. Check the sample and contact OCD with any questions you may have. This section also contains some samples of related forms that you can use in developing the most appropriate one for your program. They are:

Self Help Agreement - Sometimes a homeowner is qualified to work on his/her own home. Make sure this agreement is in writing! Remember, you can't use CDBG funds to pay a homeowner for work on their own home, however you can use CDBG funds to buy the materials to be installed by the home owner.

Owner Selling Agreement - This is a document signed by the homeowner and secured by a lien that outlines the repayment schedule. The sample provides for a 5 year deferred plan. The terms that you decide could be very different.

Owner's Agreement/Terms & Conditions - This form will spell out the specific requirements of the Owner and the "Agency" in order to comply with program regulations.

Rent Regulatory Agreement - This form is used when tenants are involved, it will insure that their rent remains affordable.

Truth in Lending and Right of Recision - These forms disclose information to the applicant that they are legally entitled to.

Loan Note - For use in making loans in the Rehab Program. The note is secured by a Mortgage Deed. One of the samples is for an amortized loan and the other allows for deferral of interest and principal.

Mortgage Deed - This document secures the CDBG funds against default.

Improvement Certificate/Contract with Attachments - Sample of a notice to proceed, a contract including Section 3 Plan forms, a sample of information for Contractors regarding payment, minimum housing quality standards and electrical scope.

SELF HELP CONTRACT AGREEMENT

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Applicant Name:		Applicant No:	
Address:			
Property Location:			
Cost Estimate:			

I/We, the above named applicants for the **TOWN/CITY OF ????????** Housing Rehabilitation Program funds do hereby agree to the following conditions:

1. The work will be done in strict accordance with the specifications and installed in a good workmanship manner.
2. The Community Development Office will be responsible for payment of approved building materials only, as written in the project specifications and upon receipt of invoices from suppliers that coincide with the authorized specifications. The **TOWN/CITY OF ????????** will not be responsible for payment of owners labor or labor of family members, employees or friends. All purchases of materials must be approved by both the owner and the Community Development Office, prior to purchase of material by Owner.
3. Payment for materials will be made only upon proper installation and after final inspection by the **TOWN/CITY** Community Development Office representative.
4. Owner agrees to allow regular progress inspections by the **TOWN/CITY** Community Development Program representative.
5. All work performed will comply with applicable building codes of the municipality, State codes and Section 8 minimum housing standards, as well as 24 CFR 35 regarding lead base paint in addition to HUD and State of Maine Energy Conservation Standards.
6. Interior work will be completed by:

Exterior work will be completed by:

7. All excess building materials will be returned to the Community Development Office representative.
8. By signing this agreement the Owner agrees to abide by all other **TOWN/CITY OF ????????** Community Development Program Guidelines and Regulations not specifically stated in this agreement.

Signature of Owner

Date

Community Development Representative

Date

OWNERS AGREEMENT

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Owner: _____ Date _____

Owner Address: _____ Telephone: _____

Property Address: _____

Number of Housing Units Before Rehabilitation: _____ After Rehabilitation: _____

I. In order to receive the benefits of Rehabilitation Program Funds provided by the **Town/City of ????????** under the Community Development Rehabilitation Program, and intending to be legally bound hereby, the Owner hereby agrees:

1. For the duration of any mortgage given to the **Town/City** Community Development Program or for **???** years from the date on which the rehabilitation is completed, whichever is greater, not to discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under Federal, State or local housing assistance programs or, except for elderly housing projects, on the basis that tenants will have a minor child residing with them. Default on this condition will result in the entire amount of rehabilitation assistance, less **???** percent of the original amount of the rehabilitation assistance for each full year, or part thereof, after completion of the rehabilitation of the unit(s) being due and payable.

2. To use the Community Development Rehabilitation Program assistance to make improvements which 1) are of a permanent general and non luxury character, and 2) which bring the property into compliance with applicable state and local housing codes, the Section 8 Existing Housing Quality Standards and applicable Federal and State energy standards.

3. To provide private financing for the balance of the total rehabilitation costs remaining after the **Town/City of ????????** Community Development Program assistance and to permit _____ (financial institution) to disclose to the **Town/City of ????????** Community Development Program or its agent the amount, terms, and conditions of the loan which has or will be secured to supplement the Community Development Rehabilitation Program assistance.

4. Beginning on the date of completion, and continuing for the duration of any mortgage given to the **Town/City** Community Development Program for **???** years from the date of completion, whichever is greater, to maintain the property in _____

compliance with applicable state and local housing codes and the Section 8 Existing Housing Quality Standards and to permit the **Town/City** community Development Program staff to make inspections of the property annually or as frequently as necessary to assure compliance with such standards. The Owner and tenants will be given prior notice of such inspections.

5. Not to permanently displace tenants.

6. That during the rehabilitation period no tenant will be required to move from the unit, unless the work cannot be done with the tenant in residence. If a tenant is required to temporarily move from a unit while work is in process, the Owner shall comply with the **Town/City** Community Development program Tenant Assistance Policy regarding temporary relocation assistance.

7. Not to convert the units in the property to condominium or unit ownership or any form of cooperative ownership not eligible to receive Community Development Rehabilitation Program assistance for a period of at least **???** years from the date on which the rehabilitation of the units is completed. Default on this condition will result in the entire amount of rehabilitation assistance being immediately due and payable, except that for projects of less than 25 units, the amount due and payable in the event of default shall be reduced by **???** percent of the original amount of rehabilitation assistance for each full year, or portion thereof, after completion of the rehabilitation activities.

8. To insure the property benefited from the proceeds of the loan with hazard insurance (including flood insurance where applicable), with fire and customary extended coverage as required by the **Town/City** Community Development Program in an amount sufficient to cover the lesser of either the replacement cost of the improvements or the original principal balance of such loan and any other loans secured by the property.

9. To execute a Community Development Rehabilitation Program Note and Mortgage provided by the **Town/City** Community Development Program; to pay all indebtedness and comply with all terms and conditions set forth in said Note and Mortgage, and in this Agreement.

10. To start construction within sixty (60) days of the date of execution of this Agreement and to complete construction within one hundred twenty (120) days of the "notice to proceed". All such improvements are to be in accordance with the codes and standards specified in I. 2. of this Agreement.

11. To permit the Financial Institution(s), if any, or its agents, and the **Town/City** Community Development Program to make inspections of the work in progress and thereafter at least annually or as frequently as necessary to assure compliance with the requirements herein, with prior notice given to the Owner, which inspections Owner

acknowledges are for the sole benefit of the **Town/City** Community Development Program as lender.

12. To submit in a timely manner the following documents: Improvement Certificate; Owner/Agency Certificate of Completion; Contractor's Certificate of Completion.

13. To keep the property free from recorded mechanics' liens, other liens and any claims of record, all whether inferior or superior to said **Town/City** Community Development Rehabilitation Program Mortgage.

14. To furnish waivers of lien or claims upon the property and such other releases and assurances as the **TOWN/City** Community Development Program may deem necessary or may request for its protection.

15. To expend such of their own funds as the **Town/City** Community Development Program may require before the **Town/City** begins to make advances hereunder.

16. To select and hire contractors to perform the necessary improvements and to ensure that the proposed improvements comply with applicable State and Local housing codes, the Section 8 Existing Housing Quality Standards and the Federal and State energy standards.

17. To furnish the **Town/City** Community Development Program with executed copies of all construction contracts and subcontracts, which shall be in writing, for review and approval. Owner agrees not to change or alter any contract or proposed improvement item without the **Town/City** Community Development Program prior written consent.

18. Not to transfer the property without the prior written consent of the **Town/City** Community Development Program.

19. To comply with all other federal requirements and regulations applicable to the **Town/City** Community Development Program.

II. The **Town/City** Community Development Program agrees as follows:

1. To provide **(a grant, a ??% deferred interest deferred payment loan, or a ??% interest loan to the Owner from the Town/City Community Development Rehabilitation Program funds in the principal amount of \$ repayable by the Owner on the earlier date on which any of the following may occur):**

a. Transfer of the property subject to the mortgage securing repayment of the loan without prior written consent of the **Town/City** Community Development Program **(you may want to allow mortgage assumptions in which case you must write the conditions into your program guidelines and mention here);**

b. Breach by the Owner of any covenants contained in the **Town/City** Community Development Rehabilitation Program Note and Mortgage;

c. Breach by the Owner of any covenants of this Agreement;

d. Default by the Owner under terms of any document executed in connection with any Financial Institution loan secured by this property;

e. Should the Owner move from the property but continues to hold title to it then **(insert the terms and conditions under which you may or may not require the entire or any remaining balance to be repaid)**

2. To lend and advance the loan proceeds only as progress payments for work performed and only as listed on the Improvement Certificate or as amended in writing with the **Town/City** Community Development Program approval. Progress payments will be made only after submission to the **Town/City** Community Development Program of a payment voucher signed by Owner and Contractor and after the work has been inspected and accepted by the **Town/City** Community Development Program. Final payment shall not be made until the Contractor's and the Owner/Agency Certificates of Completion have been submitted. Such advances of the said assistance may be made at the discretion of the **Town/City** Community Development Program directly to Owner, or if necessary in the reasonable judgment of the **Town/City** Community Development Program to preserve or protect its interests in the mortgaged property, to any one or more contractor, subcontractor, materialman or other such person.

III. Owner and the **Town/City** Community Development Program agree that this Agreement is primarily one between Owner and the **Town/City** Community Development Program, and that if any time before the entire loan amount under said Note has been advanced, the interest of Owners shall pass from Owner, voluntarily or involuntarily or should Owner be adjudicated bankrupt or insolvent, or if any court action affecting the property is pending, or if the property is substantially damaged in any way, or should Owner violate any provisions of this Agreement, the **Town/City** Community Development Program shall not be required to advance any part of the remainder of said loan amount and escrowed funds shall be applied to the outstanding balance of the loan/grant of the **Town/City** Community Development Program.

IV. It is understood between the parties hereto that Owner will/has select(ed) all contractors, subcontractors, materialmen or such others furnishing services or materials to improve the property and the **Town/City** Community Development Program shall have no responsibility whatsoever for them or for the quality of their materials or workmanship, it being understood that the **Town/City** Community Development Program's sole function is that of Lender. It is also agreed that Owner shall have no right to rely on any procedures required by the **Town/City** Community Development Program herein, such procedures being for the protection of the **Town/City** Community Development Program as lender and no one else. Owner hereby agrees to

hold and save the **Town/City** Community Development Program harmless and indemnify it against any or all claims, of any kind, of any person, including but without limiting the generality of the foregoing, employees of Owner, any contractor constructing the improvements and the employees of any such contractor, any tenant of Owner, and the employees and business invites of any such tenant, arising from or out of the construction, use, occupancy, or possession of the improvements in accordance with said specifications and description of improvements.

V. In the event that any part of this Agreement is held to be unenforceable or void, the validity or enforceability of the remaining parts hereunder shall not be affected.

VI. The covenants and agreements herein contained shall bind, and the benefits and advantages thereof shall inure to the respective heirs, executors, administrators, successors and assigns of Owner and the **Town/City** Community Development Program.

In WITNESS WHEREOF, Owner and the **Town/City** Community Development Rehabilitation Program have executed this Agreement as of the date written below:

IN THE PRESENCE OF:

Owner: Date

Owner: Date

Community Development Representative Date

Truth in Lending Disclosure Statement

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

1. _____ Applicant # _____
Borrower
2. Amount Financed: _____
\$ _____
3. Finance Charge (Interest)
\$ _____
4. Annual Percentage Rate: _____
5. Total of Payments \$ _____
of \$ _____ per month
payable in _____ consecutive
installments.

6. Due dates and late payments:

The first payment is due on _____, thereafter payments are due on the
??? day of the month. A late charge of ??% per calendar month will be assessed on
amounts unpaid for eleven days or more after their due date.

7. The loan is secured by a Mortgage Deed and Promissory Note of even date
covering the property at _____, Maine.
The Mortgage Deed and Promissory Note will secure future or other indebtedness and
will cover after acquired property. A copy of the Mortgage Deed and Promissory Note
will be furnished to the Borrower.

8. Property insurance will be obtained and maintained by the Borrower through any
agent of their choice in an amount no less than the total indebtedness secured by this
property.

9. Mortgage closing costs:
Recording Fees \$ _____
Other Fees \$ _____
Total \$ _____

10. Creditors: The **Town/City** Community Development Rehabilitation Program,
(address).

11. I acknowledge receipt of a copy of this statement.

Witness: Borrower: Date

Witness: Borrower: Date

RIGHT OF RESCISSION NOTIFICATION

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Town/City of ????????, street address, Town/City, Maine

Notice to Borrower required by Federal Law:

You have entered into a transaction on _____ which may result in a lien, mortgage, or other security interest on your home. You have a legal right under federal law to cancel this transaction, if you desire to do so, without any obligation within three business days from the above date or any later date on which all material disclosures required under the truth in Lending Act have been given to you. If you cancel this transaction, any lien, mortgage, or other security interest on your home arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction you may do so by notifying:

Town/City Community Development Program
Street Address
Town/City, Maine

by mail or telegram sent no later than midnight of _____.

You may also use any other form of written notice identifying the transaction if it is delivered to the above address not later than that time.

This notice may be used for that purpose by dating and signing below and returning to the above address by the above stated date and time.

Receipt is herewith acknowledged of the foregoing NOTICE, each of the undersigned BORROWERS having received two copies thereof, this the _____ day of 20__.

Witness:

Borrower:

Witness:

Borrower:

I ___ do, I ___ do not, cancel this transaction.

Witness:

Borrower:

Date

Witness:

Borrower:

Date

AGREEMENT AND CERTIFICATIONS

TOWN/CITY OF ?????????? CDBG HOUSING REHABILITATION PROGRAM

TERMS AND CONDITIONS:

The applicant certifies that all information in the program application, and all information furnished in support of the application, is given for the purpose of obtaining financial assistance through the **Town/City** Community Development Rehabilitation Program, and is true and complete to the best of the applicant's knowledge and belief.

The applicant further certifies that he/she is the owner of the property described in the application and that the funds received from the **Town/City** Community Development Rehabilitation Program will be used only for work and materials as proposed in the application and program documents for said property.

In compliance with Title VI of the Civil Rights Act of 1964, and, as amended, the Applicant agrees not to discriminate upon the basis of race, color, creed, national origin or familial status in the sale, lease, rental, use or occupancy of the Applicant's property.

The Applicant agrees that the proposed rehabilitation work will not result in the involuntary displacement and relocation of tenants or persons presently residing on the premises.

The Applicant agrees to permit inspections, as needed, by authorized Program officials, of the property and rehabilitation work.

The Applicant understands that subsidy assistance provided by this program is conditional upon (1) a lending institutions subsequent approval of a loan or line of credit for the Applicant, or (2) proof that the Applicant is financially able to complete the proposed rehabilitation work not funded by the program, by using his/her own resources, i.e. cash, savings, etc.

The Applicant agrees that in instances where the rehabilitation project cost exceeds the amount of financial assistance made available, the Applicant shall be responsible for providing whatever additional amount is needed to assure completion of the work.

The Applicant agrees, upon approval of the application and selection of a contractor, to meet with the program staff and the contractor for a "pre-construction" meeting.

The Applicant understands and agrees that the **Town/City** shall issue a check to the contractor upon satisfactory completion of the project work as determined through a close out inspection made by authorized Program officials, and that such payment may be withheld by the **Town/City** and lending institution if the project work is not completed satisfactorily.

The Applicant understands and agrees that : (1) If the Applicant/Owner resides in the building to be rehabilitated then their household must meet LMI standards or the structure must meet the requirements for LMI impact. **(insert an outline of the grant/loan program requirements of your program. This will include a summary of program eligibility and grant or loan terms)**

The Applicant, if a rental property owner, agrees that the rehabilitation work will not result in the involuntary displacement or relocation of tenants or persons presently residing on the premises.

The Applicant, if a rental property owner, agrees to sign a rent regulatory agreement for the purpose of establishing the maximum monthly charge for each dwelling unit rehabilitated with assistance provided from this Program.

The Applicant understands that if the property being rehabilitated is located in a flood prone area as identified on the HUD Flood Hazard Boundary Map of 1976 and as amended, such property is to be covered by flood insurance prior to any assistance being given by this Program. Such flood insurance shall remain in force for the duration of the mortgage/sale agreement between the Applicant and this Program.

The Applicant understands that cancellation and termination of financial assistance provided him may be affected by the **Town/City of ????????** by sending written notice to the Applicants residential address, if for a period of sixty (60) days from the date of approval of the application for assistance, the Applicant shall have failed or refused to cause the commencement of actual rehabilitation work on the property, or if the Applicant has failed or refused to have completed such rehabilitation work in a reasonable time. The **Town/City's** failure to exercise this right shall not be deemed a waiver thereof, as long as the rehabilitation work remains.

Applicant _____ Date _____

Applicant _____ Date _____

Rent Regulatory Agreement for Rental Properties

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Application # _____

Number of Units _____

Amount of Assistance \$ _____

Applicant (s) Name: _____

Date _____

Applicant (s) Address:

Property Address:

This agreement is entered into this _____ day of _____, 20__ between the Applicant named above, their successors, heirs, and assigns (jointly and severally) hereinafter referred to as Owners, and the **Town/City** Community Development Rehabilitation Program.

Owners agree that in connection with the property as described above for a period of ??? years from the date the rehabilitation measures were completed or such time as the Housing Rehabilitation Program Assistance balance is paid in full, whichever occurs first, that:

1. Accommodations and services of the property shall be made available to the present occupants at a monthly rent not to exceed the rates per unit as listed below:

1.	\$	2.	\$
3.	\$	4.	\$
5.	\$	6.	\$
7.	\$	8.	\$
9.	\$	10.	\$

The foregoing rental rates will include the following services to the occupants:

stove	Hot water	All furnishings
heat	refrigerator	Water
Snow removal	sewer	Electricity
gas		

2. If a unit becomes vacant due to voluntary action by a tenant, or by eviction for just cause, the Owner may set the rent at an amount not to exceed HUD Fair Market Rental rates for the area and size of the unit before releasing.

3. A rent increase may be executed on an annual basis beginning one year from the date that rehabilitation measures were completed. Rent increases are limited to a maximum of ??% per year, plus overhead cost increases (utilities, maintenance and other), while still staying within the HUD Fair Market Rental Rates. The HUD FMR guidelines shall prevail over the right to increase rents by up to ??% per year plus overhead cost increases. Violation of this limit shall be cause for termination of the loan contract and basis for the immediate repayment of the remaining loan balance.

4. Owner will, during the term of this agreement, maintain records along with proof, of tenants names and corresponding rent rates charged for the premises and services included in those rents. These records will be available for inspection by the **Town/City** Community Development Program staff or agents at any time during regular business hours.

Owners: _____ Date _____
_____ Date _____

Community Development Representative Date

Mortgage Deed

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

THIS MORTGAGE is made this _____ day of _____, 20____, between the Mortgagor _____ ("Borrower") and the Mortgagee, **Town/City of ????????** Community Development Program ("Agency") whose address is **Street Address, Town/City, Maine 00000**.

BORROWER, in consideration of the indebtedness herein recited, grants and conveys to the Agency certain property which has the address of (herein "Property Address") and which is more fully described as attached:

TO HAVE AND TO HOLD such property unto the Agency, forever, together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage and all of the foregoing, together with said property are herein referred to as the "Property".

TO SECURE to the Agency the repayment of the indebtedness evidenced by Borrower's Community Development Rehabilitation Program Note dated the same as this Mortgage (herein "Note") in the principal sum of _____

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed in the property description mentioned above.

Borrower and the Agency further covenant and agree as follows:

1. Incorporation by Reference. The following documents are incorporated herein by reference and any default in the terms thereof shall be a default under this Mortgage:

a. **Town/City** Rehabilitation Program Note of even date.

b. **Town/City** Community Development Rehabilitation Program Owner's Agreement.

c. Note and Mortgage from Borrower to _____ (Financial Institution) dated _____, said Mortgage being recorded in the County Registry of Deeds.

2. Transfer. Borrower shall not transfer the property described above without the prior written consent of the Agency.

3. Completion Certificates. A default may be declared hereunder if Borrower fails to provide any Borrower/Contractor Completion, or Owner/Agency Completion Certificates required under the **Town/City** Community Development Rehabilitation Program.

4. Forbearance Not Waiver. Any forbearance by the Agency in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

5. Successors. The covenants and agreements herein contained shall bind, and the benefits and advantages thereon shall inure to, the respective heirs, executors, administrators, successors and assigns of Borrower and the Agency.

6. Taxes and Insurance. Borrower shall pay all taxes, assessments and leasehold rents, if any, due on the Property and will keep the Property free from all future claims against it. Borrower shall keep the Property insured under terms as required by the Agency.

7. Protection of Agency's Security. If Borrower fails to pay taxes or leasehold rents, if any, or to keep the Property insured under terms as required by the Agency, or if Borrower fails to protect the Agency's interest in any other way, the Agency may, at its option, upon notice to the Borrower, pay such sums and take such action as is necessary to protect the Agency's interest. Any amounts disbursed by the Agency under this paragraph shall become indebtedness of the Borrower secured by this Mortgage.

IN WITNESS WHEREOF, the said _____, as Borrower(s), have executed and signed this Mortgage on the date first above written.

Signed and delivered in the presence of:

Witness: Borrower:

Witness: Borrower:

STATE OF MAINE County ss, The foregoing Mortgage was acknowledged before me on this _____ day of 20____, by _____ the Borrower(s).

Before me, _____
(Printed Name): Notary Public of Maine My Commission Expires: _____

PROMISSORY NOTE

TOWN/CITY OF ?????? CDBG HOUSING REHABILITATION PROGRAM (deferred interest and payment)

FOR VALUE RECEIVED, the undersigned ("Borrower") promise(s) to pay on demand to the **Town/City** Community Development Program (Agency), **Street Address, Town/City, Maine**, or order, the principal sum of dollars (\$_____), or so much thereof as may be advanced, with **?????** percent (**??%**) interest at the address stated above upon the Agency's declaration of a default for the occurrence of one or more of the following events:

1. Sale or transfer of the property described in a **Town/City** Community Development Rehabilitation Program Mortgage from the Agency to the Borrower of even date without the prior written consent of the Agency.
2. Breach of any covenant in a **Town/City** Community Development Rehabilitation Program Mortgage from the Agency to the Borrower of even date to be recorded in the **???????** County Registry of Deeds, or of any documents incorporated by reference therein.
3. Breach of any covenant contained in the **Town/City** Community Development Rehabilitation Program Owner's Agreement between the Agency and the Borrower.

In the case of owner occupied properties the interest shall be deferred and the outstanding balance shall be reduced by **??%** of the original principal amount for each full calendar year or portion thereof, from the date of completion of the rehabilitation of the unit(s) to the date of any such sale, transfer or breach.

The date of completion of the Rehabilitation shall be the date of the Agency's approval as indicated on the Owner/Agency Certificate of Completion.

Failure by the holder to declare a default shall not constitute a waiver by holder of the rights granted and reserved hereunder.

Borrower may repay the entire principal amount of this Note without penalty at any time.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns. If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorney's fees.

The indebtedness evidenced by this Note is further secured by a **Town/City** Community Development Rehabilitation Program Mortgage of even date pertaining to real property situated in **Town/City, Maine** and reference is made to the said Mortgage for rights as to acceleration of the indebtedness evidenced by this Note. Disbursement of the proceeds of this Note is to be made in accordance with the terms and conditions of the **Town/City** Community Development Rehabilitation Program Owner's Agreement, and of which terms and conditions the Borrower hereby agrees may be waived by the holder hereof in its sole discretion.

Witness my/our hands this _____ day of _____, 20__.

Witness: Borrower:

Witness: Borrower:

PROMISSORY NOTE (amortized loan)

TOWN/CITY OF ????????CDBG HOUSING REHABILITATION PROGRAM

FOR VALUE RECEIVED, the undersigned (Borrower) promise(s) to pay to the **Town/City** Community Development Program (Agency), **Street Address, Town/City, Maine**, the principal sum of _____dollars (\$_____), or so much thereof as may be advanced, together with interest on the unpaid balance at the rate of ???????? percent (??%) per annum amortized over a ??? year period, payable as follows:

The principal loan balance together with interest at the rate of ?????? percent (??%) per annum shall be amortized over a ??? year period. The first payment shall be due and payable one (1) month after all funds allocated by the Agency for the purpose of the rehabilitation of the residence located at **Street Address, Town/City Maine** are disbursed to, or on behalf of, the Borrower for the payment of said rehabilitation. The payments shall be paid in monthly installments with \$_____ due on the first (1st) day of the month following the date of completion, and \$ thereafter on the first (1st) of each month until the principal and interest are fully paid. In the event that the work is not completed within a reasonable period of time, as determined by the Agency, the Agency has the right to demand, of the Borrower, immediate payment of all funds advanced together with interest at the rate of ???????? percent (??%) per annum.

The Borrower further agrees to the following:

1. Each payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to the principal.
2. The date of completion of rehabilitation shall be the date of the Agency's approval as indicated on the Owner/Agency Certificate of Completion.
3. Prepayment of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower and will be first applied to any interest due with any remainder being applied to the principal balance and shall not affect the obligation of the Borrower to pay the remaining installments scheduled herein. Borrower may however, prepay the entire principal amount of this Note without penalty at any time.
4. Loan payments are payable to the Agency without late charges from the first to the tenth day of each month. The Borrower's first payment is due during this ten day period beginning the first month after the last loan disbursement. Payments made on or after the eleventh day of the month are considered delinquent and subject to a late charge assessment of ???????? percent (??%) of the month's payment.

5. The indebtedness evidenced by this Note is further secured by a Community Development Rehabilitation Program Mortgage of even date pertaining to real property situated in **Town/City, Maine** and reference is made to the said Mortgage for rights as to acceleration of the indebtedness evidenced by this Note. Disbursements of proceeds of this Note are to be made in accordance with the terms and conditions of the **Town/City** Community Development Rehabilitation Program Owner's Agreement, and of which terms and conditions the Borrower hereby agrees may be waived by the Agency in its sole discretion.

6. Loan payments overdue for thirty (30) days or more constitutes a default.

7. DEFAULT: Failure to pay when due any debt evidenced hereby or perform any covenant or agreement hereunder shall constitute a default hereunder and under any other instrument evidencing a debt of the Borrower owing to the Agency, or securing, or otherwise relating to such debt; and default under any such instrument shall constitute a default hereunder. Upon any such default, the Agency at its option may declare all or any part of such indebtedness immediately due and payable.

8. Failure by the Agency to declare a default shall not constitute a waiver by the Agency of the rights granted and reserved hereunder.

9. Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorses hereof. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorses, and shall be binding upon them and their successors and assigns. If suit is brought to collect this Note, the Note holder shall be entitled to collect all reasonable costs and expenses of the suit, including, but not limited to, reasonable attorneys' fees.

Witness our hands this _____ day of _____, 20__.

Witness:

Borrower:

Witness:

Borrower:

NOTICE TO PROCEED

TOWN/CITY OF ??? CDBG Housing Assistance Program

Owner: _____

Contractor: _____

I, the undersigned, hereby authorize the contractor listed above to commence work on the property located at _____ within five (5) days from signing the construction contract. The property will be available to the contractor to perform the work stated in the work specifications during normal business hours, Monday through Friday, unless otherwise specified by the owner. If the contractor does not commence work within the specified time, the owner may upon proper notification, consider the property improvement contract to be in default.

Owner(s):

Signature

Signature

Date

Improvement Certificate

TOWN/CITY OF ??? CDBG Housing Rehabilitation Program

Borrower/Owner: _____

Borrower/Owner Address: _____

Property Address: _____

Number of Housing Units Before Rehabilitation: _____ After: _____

Name of Contractor	Type of Improvement	Price

TOTAL _____

The above improvements constitute all of the improvements arising from the Contractor's Performance under contract with the Borrower/Owner. The property, after the above improvements have been completed, will conform with HUD's Section 8 Existing Housing Quality Standards and applicable State energy standards.

Borrower/Owner Share	
Cash	
Sweat Equity	
CD Program Loan	
CD Program Grant	
TOTAL	

PLEASE REMEMBER THAT THIS DOCUMENT IS FURNISHED FOR INFORMATION PURPOSES ONLY AND SHOULD NOT BE USED AS IS WITHOUT REVIEW AND APPROVAL BY YOUR LEGAL COUNSEL

CONSTRUCTION CONTRACT

City/Town of ?? CDBG Housing Rehabilitation Program

This contract is made this _____ day of _____, by **Borrower/Owner** _____ of **City/Town** _____ (herein called the "Owner"), and each contractor listed on the above Improvement Certificate, (hereinafter called the "Contractors").

WITNESSETH that the parties hereto agree as follows:

A. To furnish the materials and perform the work for the Owner at **Street address, City/Town** for the consideration of the amounts as specified above in accordance with the conditions specified in this contract and the bid specifications as attached.

B. The Contractors will begin work only after receipt of a written "notice to proceed" is issued from the **City/Town** Community Development Office, completion date to be specified in the notice to proceed, but in no case to exceed six months without a written extension from the Owner and approved by the **City/Town** Community Development staff. A penalty of \$10 per day may be assessed against the final payment for this work for each day (Saturdays and Sundays excluded) for failure to complete the work on the completion date as specified in the notice to proceed.

1. **HOLD HARMLESS:** Each Contractor agrees to defend, indemnify and hold harmless the Owner, _____ (Financial Institution), the **City/Town** Community Development Program (hereinafter called "Agency"), the State of Maine Department of Economic and Community Development, and the United States Department of Housing and Urban Development, their agents and employees, from liability and claim for damages because of bodily injury, death, property damage, sickness, disease or loss and expense arising from Contractor's performance under the contract between Contractors and Owner to install or construct home improvements to be paid for from the proceeds of a Financial Institution loan and/or a **City/Town** Community Development Rehabilitation **Grant/Loan**, if any (hereinafter referred to as "Contractor's Performance"). Each Contractor is acting in the capacity of an independent Contractor.

2. **LIEN WAIVERS:** Acceptance by the Owner and the **City/Town** of the completed work performed by the Contractors and payment therefore by the Owner will not relieve the Contractors of their obligation to the Owner (which obligation is hereby acknowledged) to discharge any and all liens for the benefit of subcontractors, laborers, materialmen, or any other persons performing labor upon the work or furnishing

material or machinery for the work covered by this Contract, which have attached to or may subsequently attach to the property, or interest of the Owner.

3. **PAYMENT SCHEDULE:** The **City/Town**, on behalf of the Owner will make partial payments in accordance with the following schedule: Prior to receiving any partial payment, the Contractor must furnish the Owner and the **City/Town** with a statement showing the total amount owed to date for materials and labor incurred under this Contract. Upon completion of the whole Contract and acceptance of the work as required hereunder, by the Owner and the **City/Town**, and compliance by the Contractor with all terms and conditions of this Contract, the final amount due the Contractor will be paid.

4. **CHANGES IN WORK:** The Owner may, at any time with the approval of the Inspector designated by the Agency, make changes in the specifications within the general scope thereof. If such changes cause an increase in the amount due under this Contract or in the time required for its performance, an equitable adjustment will be made, and this Contract will be modified accordingly by a "Contract Change Order". The Agency is in no way obligated to increase the amount **granted/loaned** to the Owner to cover additional costs.

5. **INSPECTION OF WORK:** All materials and workmanship will be subject to inspection and examination by the appropriate Agency Inspector, who will have the right to reject defective material and workmanship or require its correction.

6. **CLEAN UP:** The Contractors shall keep the premises free from the accumulation of waste materials and rubbish and at the completion of the work shall remove from the premises all rubbish, implements and surplus materials, and leave the building broom clean. Materials and equipment that have been removed and replaced as part of this Contract shall belong to the Contractor.

7. **PERMITS AND CODES:** Each Contractor agrees to secure and pay for all necessary permits and licenses required for Contractor's Performance and to perform all work in conformance with applicable local codes and requirements, whether or not covered by the specifications and drawings for the work.

8. **EQUAL OPPORTUNITY:** For contracts over \$10,000 the Contractor(s) will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor. In any case and for contracts under \$10,000 the Contractor(s) will not discriminate against any employee or applicant for employment because of race, creed, color, sex, familial status or national origin. Such action shall include, but not be limited to the following: employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The Contractor(s) shall post in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause. The Contractor(s)

shall state that all qualified applicants will receive consideration for employment without regard to race, creed, color, religion, sex, familial status or national origin. The Contractor(s) shall incorporate foregoing requirements in any and all subcontracts.

9. **PREVAILING WAGE RATES:** This provision applies to projects with 8 or more units in a single building. Each Contractor agrees that all mechanics and laborers employed in the rehabilitation of the units under the program will be paid wages at rates not less than those prevailing on similar rehabilitation in the locality, if such a rate category exists, or the appropriate rate as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a-176a-5), and contracts involving their employment shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333). Each Contractor agrees to comply with regulations issued under these Acts and with other Federal laws and regulations pertaining to labor standards, as applicable. The Copeland Anti-Kickback Act requires that workers be paid at least once a week, and without any deductions or rebates except permissible deductions.

10. **UNACCEPTABLE RISK:** Each Contractor represents that at the time of execution hereof, it is not listed in the debarred and suspended contractor's list of the U. S. Department of Housing and Urban Development.

11. **WARRANTY:** Each Contractor shall guarantee their work performed for a period of one year from the date of final acceptance of all work required by this Contract. Furthermore, furnish the Owner, in care of the Agency, with all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under this Contract.

12. **LIST OF IMPROVEMENTS:** Each Contractor Acknowledges that it has reviewed the list of Proposed Improvements (listed on the Improvement Certificate and in the project Bid Specifications) and that such list is accurate and consistent as to scope of work, contract price and name of Contractor with the Contractor's Proposal and contract agreement, and specifications, with the Owner, and the work that the Contractor will undertake. Each Contractor also agrees that any such contract agreement, specifications, or Contractor's Proposal shall not be changed or altered unless in writing and with the consent of the Agency and the Owner.

13. **LEAD-BASED PAINT HAZARDS:** The use of lead-based paint, meaning any paint containing more than 0.5% lead by weight or for paint manufactured after June 22, 1977, paint containing more than 0.06% lead by weight, is strictly prohibited from use on any interior surface or exterior surface in any building being rehabilitated with funding from the Community Development Program. Additionally, any evidence of a health hazard, which is defined as cracking, scaling, peeling and loose lead-based paint, must be treated to prevent the ingestion of the contaminated paint. It is further necessary to assume that any of the above conditions constitute an immediate or potential hazard and must be corrected using appropriate methods.

14. **INDEMNIFICATION:** Each Contractor agrees to defend, indemnify and hold harmless the _____ (Financial Institution) and the Agency, including the payment of reasonable attorney's fees, against any claim or liability for damages or defense against the Owner's obligation to repay the Financial Institution as a result of a default in the Contractor's Performance or as a result of any other claim or defense which the Owner has a right to maintain against the Contractor(s).

15. **SUBCONTRACTORS:** Each Contractor agrees that all the warranties contained herein shall apply to all work performed under the Contract, including that performed by any subcontractors. Any subcontractor must comply with all conditions of this Contract and must be approved by the Owner and the Agency before performing any work. Contractors may not assign this Contract without written consent of the Agency and the Owner and any request for assignment must be addressed to the Agency.

16. **NOTICE OF COMPLETION:** Each Contractor agrees to execute and deliver to the **City/Town** the Contractors Certificate of Completion immediately upon completion of the improvements.

17. **STANDARDS:** The improvements completed by this Contractor will conform to the HUD Section 8 Existing Housing Quality Standards and applicable State Energy Standards as listed in the attached Exhibit A, which is incorporated herein by reference.

18. **INSURANCE:** Each Contractor shall procure and maintain liability insurance, property damage insurance, and vehicle liability insurance in an amount not less than **\$100,000** for bodily injury to anyone, and not less than **\$300,000** for each occurrence; property damage in an amount not less than **\$50,000** per occurrence and **\$100,000** aggregate; and vehicular liability of **\$100,000** for any one person and **\$300,000** per occurrence. Each Contractor before commencing work shall submit evidence of the coverage required above by an insurance certificate submitted to the Agency. Each Contractor shall indemnify and hold harmless the U.S. Government, the State of Maine, the Owner and the **City/Town** from liability for any injury or damage to persons or property resulting from his prosecution of work under this Contract.

19. **UTILITIES:** The Owner shall permit each Contractor to use, at no cost, existing utilities such as light, heat, power, and water necessary to the carrying out and completion of the work. In addition, the Owner shall cooperate with each Contractor to facilitate the performance of the work, including the removal and replacement of rugs, covering, and furniture, as necessary.

20. **SECTION 3 CLAUSE:** Section 3, of the Housing and Urban Development Act of 1968, requires that, for contracts of over \$100,000, to the greatest extent feasible, the Contractor shall provide training and employment opportunities to lower income residents of HUD assisted project areas

21. **ASSIGNMENT OF CONTRACT:** The Contractor may not assign this Contract without written consent of the Owner and the Agency.

22. **TERMINATION:** This Contract may be terminated by the owner, at any time, for failure of the contractor to comply with any of the terms or conditions as specified under this contract, by providing the Contractor with a written notice stating the reasons and the effective date of the termination. Said notice of termination shall be delivered to the Contractor ten (10) days prior to the effective date of the termination.

OWNERS:

Owner:

Owner:

CONTRACTORS:

Contractor Name

Address

Phone

Authorized Signature

Contractor Name

Address

Phone

Authorized Signature

Contractor Name

Address

Phone

Authorized Signature

Contractor Name

Address

Phone

Authorized Signature

Contractor Name

Address

Phone

Authorized Signature

Contractor Payment Schedule

CITY/TOWN OF ??? CDBG Housing Rehabilitation Program

The following information is being provided to all contractors as a guideline to be used in determining when payment may be expected after invoicing, but in no way should be interpreted as a firm guarantee, this is only an outline of normal procedures.

Invoices should be very specific as to exactly what work is being billed for, and during what period the work was completed, follow bid specifications as close as possible and list quantities. Always bill for all applicable materials and labor.

Checks for work completed under the Community Development Rehabilitation **Grant/Loan** program are processed through the **City/Town** Audit department. Checks are normally printed on the **??th** of each month. The checks are usually available to the program for distribution within three days after they are printed.

After receipt of an invoice from a Contractor, the Community Development staff must complete the following tasks:

1. Match itemized invoice to bid specifications
2. Inspect the work completed and determine if appropriate quantities of material and services exist, and that quality of workmanship and materials meet expected standards. Any problems that may exist must be resolved with the Contractor at this point.
3. Confer with the Owner regarding the results of the inspection and insure Owner satisfaction.
4. Process appropriate program paperwork.
5. **(describe process by which City/Town processes invoices to initiate the issuance of a check)**
6. Prepare Contractor payment receipt form and contact Contractor to arrange payment.

The above process takes considerable time even under ideal conditions. Therefore, to insure timely processing of invoices, Contractors should submit their bills a minimum of **five (5)** days prior to the **??th** of each month. However, in no case can invoices be received by the Community Development Office later than 9:00 A.M., **five (5)** full business days prior to the **??th** of the month and be reasonably insured of processing during that payment cycle.

If you have any questions please ask them now to avoid confusion and possible ill feelings at a later date. **I have read and understand the normal payment procedure associated with the Community Development Rehabilitation Program as described above:**

Name of Contractor

Signature

Date

Minimum Housing Quality Standards – EXHIBIT A

City/Town of ??? CDBG Housing Rehabilitation Program

Housing shall meet the acceptability criteria set forth below. Variation to these criteria may be allowed when justified by climatic or geological conditions or local codes.

A. The dwelling unit shall include its own sanitary facilities which are in proper operating condition, can be used in privacy and are adequate for personal cleanliness and the disposal of human waste.

1. The following facilities shall be present in the dwelling units, shall be in proper operating condition, and shall utilize an approved public or private disposal system:

- a) a flush toilet in a separate, private room;
- b) a fixed basin with hot and cold running water;
- c) a shower or tub with hot and cold running water.

B. The dwelling unit shall contain suitable space and equipment to store, prepare, and serve food in a sanitary manner. There shall be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.

1. To meet the above requirements, each unit shall have the following equipment in proper operating condition:

- a) a stove;
- b) a refrigerator of appropriate size for the unit;
- c) a kitchen sink with hot and cold running water which drains into an approved system;
- d) garbage cans.

C. The unit shall afford the family adequate space and security.

1. A living room, kitchen area, and bathroom shall be present.

2. There shall be at least one sleeping room or living/sleeping room of appropriate size for each two persons.

- a) no more than two persons, whether adults or children shall occupy any bedroom;
- b) persons of opposite sex, other than husband and wife or very young children, shall not be required to occupy the same bedroom;

c) exterior doors and windows accessible from outside the unit shall be lockable.

D. The unit shall be capable of maintaining a temperature healthy for the human body.

1. The dwelling unit shall contain safe heating facilities in proper operating condition which can provide adequate heat to each room in the dwelling unit appropriate for the climate to assure a healthy living environment.

2. Electric space heaters and un-vented room heaters which burn gas, oil, or kerosene are unacceptable.

E. Each room shall have adequate natural or artificial lighting to permit normal indoor activities and to support the health and safety of the occupants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire or other electrical hazards.

1. Living and sleeping rooms shall each have at least one window, openable to the outside, and of sufficient size to allow egress by a normal size adult.

2. A ceiling or wall type light fixture shall be present and working in the bathroom and kitchen area.

3. At least two electrical outlets, one of which may be an overhead light, shall be present and operable in the living, kitchen and each bedroom area.

F. The unit shall be structurally sound so as not to pose any threat to the health and safety of the occupants and so as to protect them from the environment.

1. Ceilings, walls and floors shall not have any serious defects or damage.

2. The roof structure shall be firm and the roof shall be weather tight.

3. Exterior wall structures and surfaces shall not have any serious defects or damage.

4. The condition and equipment of interior and exterior stairways, halls porches, walkways, etc., shall be such as not to present a danger or tripping or falling.

5. Elevators shall be maintained in a safe and operating condition.

G. The unit shall be free of pollutants in the air at levels which threaten the health of the occupants, such as carbon monoxide, sewer gas, fuel gas dust and other harmful air pollutants.

1. Air circulation shall be adequate throughout the unit.
 2. Bathroom areas shall have at least one window openable to the outside or adequate exhaust ventilation.
- H. The unit shall be served by an approved public or private sanitary water supply.
- I. The unit shall be in compliance with HUD lead-based paint regulations. The Owner shall supply certification that the unit complies with these regulations.
1. If the building was constructed prior to 1978, the family shall be furnished the notice required by HUD on lead based paint regulations and procedures regarding the hazards of lead based paint poisoning, symptoms and treatments of lead poisoning, and precautions to be taken against lead poisoning.
 2. Treatment of defective paint surfaces will be required. Abatement of existing lead-based paint will be required if discovered in conjunction with a pre-1978 unit occupied by a child under seven with an elevated blood level.
- J. The building or unit shall be usable and capable of being maintained without unauthorized use of other private properties. There shall be an alternate means of exit in case of fire.
- K. The site and neighborhood shall be reasonably free from disturbing noises reverberations and other hazards to the health, safety and general welfare of the occupants, including the following:
1. Serious adverse environmental conditions, natural or man made, such as dangerous walks, steps, instability, flooding, poor drainage, septic tank back-ups, sewage hazards or mud slides.
 2. Abnormal air pollution, smoke or dust.
 3. Excessive noise, vibration or vehicular traffic.
 4. Excessive accumulation of trash.
 5. Vermin or rodent infestation.
 6. Fire hazards.
- L. Smoke detectors, sprinkler systems and visual and/or sensory alarm systems for properties receiving housing assistance must, at minimum, comply with the Fire Administration Authorization Act of 1992.
- M. All plumbing work that is done must conform with current state code.

All electrical work that is done must conform with current national code.

*** Note: After rehab the property must conform to applicable Maine State Energy Standards for rehabilitated properties.*

ELECTRICAL SCOPE

City/Town of ??? CDBG Housing Rehabilitation Program

(Can be attached to the bid specifications, this is a suggested list of items that would be required for all units, but may not be all inclusive of the scope of work that will be requested to be done)

1. Visually inspect the service equipment, feeders and panel boards as to condition and capacity to handle the load, if replacement or upgrading is recommended notify the Community Development Office of your recommendation along with an estimate of the associated cost. If plug type fuse installations are to remain, replace with "S" type fuses.
2. Assure proper service grounding.
3. Ensure that properly sized overcurrent devices are installed in all instances upon completion of work.
4. Replace "BX" and/or knob-and-tube wiring where "BX" cable is corroded, and/or where knob-and-tube wiring shows a loss of insulation.
5. Replace broken and/or defective receptacles and switches.
6. Ensure that appropriate covers are installed around all receptacles and switches.
7. Ensure that at least two receptacle outlets exist in every living room, family room, dining room, parlor, den, bedroom or similar room.
8. Ensure that at least one ground-fault protected receptacle exists in every bathroom.
9. Ensure that all receptacles within 6' of a kitchen sink are provided with ground-fault protection.
10. Ensure that at least one "hard wired" smoke detector exists in each dwelling unit and that it is properly located.
11. Check range, dryer, and water heater wiring for code compliance.
12. Ensure that at least one ground-fault protected receptacle exists in the basement.
13. Ensure that at least one wall-switch controlled lighting outlet is installed in every habitable room; in bathrooms, hallways, stairways, attached garages and detached garages with electric power; and at outdoor entrances and exits. In other than kitchens and bathrooms, a switch controlled receptacle may serve as the lighting outlet.

14. Ensure that at least one lighting outlet shall be installed in an attic, under floor space, utility room and basement if these areas could be used for storage or contain equipment requiring servicing.

15. REPORT ANY ELECTRICAL RELATED HEALTH, SAFETY, OR CODE VIOLATIONS THAT YOU BECOME AWARE OF DURING YOUR INSPECTION OF THIS PROPERTY WITH YOUR BID. ALONG WITH YOUR FINDINGS, IF ANY, PROVIDE AN ESTIMATE OF THE ASSOCIATED COST FOR CORRECTIONS. ALL NEW WORK SHALL CONFORM TO THE LATEST APPLICABLE ELECTRICAL CODE.

Completing the Rehabilitation Work

CDBG Housing Assistance Program

The work is about to start, but there are a few important details to address first. Once work begins the Rehab Tech or other designated person responsible for quality control will need to be active on a consistent basis. Routine, almost daily, interaction with the contractor and homeowner is the best policy. Detailed in-process inspections assure good quality work, allow program personnel to detect and solve problems before they become "out of hand", as well as allowing the contractor to receive progress payments. During the course of a rehab project it may become necessary to authorize additional work on a unit. This should be done only in a formal written manner that becomes part of the contract. This section contains several sample forms for you to study and revise as necessary to meet the needs of your program. The sample forms are:

Preconstruction Meeting and Notice to Proceed - The preconstruction meeting will be between the Owner, contractor(s) and Agency representative to review and agree on, for the last time before work begins, exactly what is to be done, to what standards and the materials to be used. This form should be signed by all parties involved. The Notice to Proceed states when work will begin, and how long it should take.

Change Order - Sometimes additional work is required because of some unforeseen circumstance. When this happens the Change Order form records necessary alterations, or additional work to be done. This document should always be in writing as it will become part of the contract. This form also should be signed by the homeowner, contractor and CD representative.

Partial Inspection - Written record of how work is progressing on unit is necessary for payment to contractor(s), and should be signed by CD representative.

Final Inspection - You're almost there! This assures all work is of acceptable quality and the unit(s) meets Section 8 Standards as well as applicable local codes and ordinances regarding work completed and any specific program requirements. This form should be signed by a CD representative and the Owner.

Contractor and Owner/Agency Completion Certifications and Release of Lien - The contractor must submit a final invoice for work completed. The contractor should sign a completion form stating that the job is complete and that the work conforms to all specifications in the contract. Lien waivers are to be signed stating that he/she releases the owner from any possible claims for unpaid materials or wages. The lien waiver may be part of some other document such as the contract or the completion certificate, the format used will be up to you.

Warranty

TOWN/CITY OF ???????? CDBG HOUSING REHABILITATION PROGRAM

The contractor assures that all materials and workmanship are warranted for 1 year. If the manufacturer has a longer warranty, it will be in effect.

Notice of Award and Pre-Construction Meeting

To Contractor: _____

Project # _____ Contract Price: \$ _____

Your company has been selected for the above named project. Prior to the start of any construction work, a meeting is to take place between the Owner, the contractor and the **TOWN/CITY** Community Development Program staff person who is responsible for the Rehabilitation Project. This meeting will take place on at _____ to discuss all phases of the contract and to sign the contract. This will help all parties to fully understand and be knowledgeable of the work to be performed as outlined in the project specifications.

If you are unable to attend this meeting, please call the Community Development Office to arrange an alternate date.

Under no circumstance should any part of the rehabilitation work begin until a written "Notice to Proceed" is issued.

Community Development Representative

Date

PRE CONSTRUCTION MEETING REPORT

City/Town Community Development Rehabilitation Program Read Carefully Before Signing

Property Owner(s)

Telephone No.

Property Address

I (We), the undersigned, have on this date participated in a pre construction meeting prior to the signing of a contract for the rehabilitation of my (our) property. I (We) acknowledge that I (We) understand the terms of the contract, the scope of the work to be performed by the contractor, the roles of the Community Development Program staff, and My (our) responsibilities during the construction process. I (We) have been given an adequate reply to questions, if any, and are aware that assistance will be provided by the staff of the **City/Town** Community Development Program as requested. I (We) further understand and acknowledge that the **City/Town** rehabilitation program assumes no responsibilities for the work performed and does not warrant any work performed.

Signature of Owner

Date

Signature of Owner

Date

I (We), the undersigned, hereby certify that the preconstruction meeting was held on this date between the homeowner(s), the **City/Town** Community Development Rehabilitation Program staff and Me (Us). I (We) understand the procedures to be followed for change orders and requests for payment and inspections. I (We) understand and agree that the work performed must meet the standards of performance required by the housing rehabilitation program and established by the program specifications and work write-up.

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

Contractor	Signature	Date
------------	-----------	------

I, the undersigned, hereby certify that I participated in a preconstruction meeting this date with the owner(s) and the Contractor(s) listed above.

CD Representative	Date
-------------------	------

NOTICE TO PROCEED

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

I (We), the Owner(s) of the property listed above, hereby authorize the contractor(s) as named above to commence work on the property located at _____
_____. Work will be performed as stated in the contract between _____
A.M. and _____ P.M., Monday through Friday unless otherwise specified by the
Owner(s). If the contractor(s) does not commence work within ten (10) days of this
notice, or other written agreed upon date, the Owner(s) may upon proper written
notification, consider the property improvement contract to be in default.

Signature of Owner(s)

Date

CD Representative

Date

Contract Change Order Form

Town/City of ??? CDBG Rehabilitation Program

Homeowner: _____

Contractor: _____

Property Address: _____

Rehabilitation Contract Date _____

The following change(s) is/are authorized to be above identified rehabilitation contract:

DESCRIPTION OF CHANGE	INCREASE (DECREASE) COST	REASON FOR CHANGE

Initial Contract Amount \$ _____ Previous Approved Changes +/-
 \$ _____his Change Order Request +/- \$ _____ Total New Contract Amount
 \$ _____

Signed:

 Owner(s) Date

 Date

 Contractor Date

 Housing Rehab Officer Date

PARTIAL INSPECTION REPORT FORM

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Owner: _____

Application # _____

Address: _____

Contractor	Percent Complete	Activity to be Completed

Itemize and describe any significant conditions observed to be at variance with the approved plans and specifications and make your recommendations for correcting the deficiencies, if any. Also make comments with respect to the progress of the work. Check to see that deficiencies previously reported have been corrected.

Community Development Representative

Date

FINAL INSPECTION CERTIFICATION

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM
(may be incorporated in the Contractor Completion Cert. and Release of Lien Form)

Owner: _____ Application # _____

Address: _____

Contractor: _____

Completion Date: _____ Contract Amount \$ _____

The work on the property listed above was performed in accordance with the property specifications, and the approved Contractor's proposal for this project.

Contractor Date

Community Development Representative Date

Homeowner Date

CONTRACTOR COMPLETION CERTIFICATE - RELEASE OF LIENS

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Contractor: _____

Owner: _____

Reference Contract entered into the _____ day of _____, 20 , between the above named parties for the rehabilitation of property located at **Street Address, Town/City, Maine.**

KNOW ALL MEN BY THESE PRESENTS:

1. The undersigned hereby certifies that there is due from, and payable by the Owner to the Contractor, the balance of \$ _____ pursuant to the Contract and duly Approved Change Orders and modifications.

2. The undersigned further certifies that in addition to the amount set forth in Paragraph 1., there are outstanding and unsettled the following items, which the Contractor claims are just and due and owing by the Owner to the Contractor:

A. _____

B. _____

3. The undersigned further certifies that all work required under this Contract including the work required under any and all approved Change Orders has been performed in accordance with the terms thereof, and that there are no unpaid claims for materials, supplies, or equipment and no claims of laborers or mechanics for unpaid wages arising out of the performance of this Contract.

4. Except for the amount stated under Paragraphs 1. & 2. hereof, the undersigned has received from the Owner all sums of money payable to the undersigned under or pursuant to the above mentioned Contract or any modifications or change thereof.

5. That in consideration of the payment of the amount stated in Paragraph 1. hereof, the undersigned does hereby release the Owner from any and all claims arising under or by virtue of the Contract, except the amount listed in Paragraph 2. hereof; provided, however, that if for any reason the Owner does not pay in full the amount stated in Paragraph 1. hereof, said unpaid amount shall be automatically included under Paragraph 2. as an amount which the Contractor has not released but will release upon payment thereof. The Contractor further certifies that upon the payment of the amount listed in Paragraph 1., hereof, he will release the Owner from any and all claims of any nature whatsoever arising out of said Contract or modification thereof, and will execute such further releases or assurances as the Owner may request.

IN WITNESS WHEREOF, the undersigned has signed and sealed this instrument this ___ day of , 20 .

Company Name

Authorized Signature

CONTRACTOR COMPLETION CERTIFICATE

City/Town of ??? CDBG Housing Assistance Program

Property Owner: _____

Property Address: _____

Contract Date: _____ Contract Amount: \$ _____

KNOW ALL MEN BY THESE PRESENTS:

1. The undersigned certifies that all work required under this contract has been performed in accordance with the terms thereof and that there are no unpaid claims for materials, supplies or equipment and no claims of laborers or mechanics for unpaid wages arising out of the performance of this Contract.

2. That in consideration of the payment of the amount stated in the Contract the undersigned does hereby release the Owner(s) from any and all claims arising under or by virtue of this Contract; provided however, that if for any reason the Owner(s) does not pay in full the amount stated in this Contract, said deduction shall not affect the validity of this release.

3. The improvements that were constructed/installed/made in/to the above referenced property are the same ones that were identified in the Improvement Certificate and as detailed in the bid specifications. Such improvements conform with HUD's Section 8 Existing Housing Quality Standards and applicable State of Maine Energy Standards for housing rehabilitation and other applicable codes and ordinances.

Name of Contractor

Date

Contractor Signature

OWNER/AGENCY CERTIFICATE OF COMPLETION

TOWN/CITY OF ??? CDBG HOUSING REHABILITATION PROGRAM

Owner: _____ Application # _____

Address: _____

Address of Property Rehabilitated:

This is to certify that a final inspection of the above referenced property has been conducted and all work found to be completed satisfactorily in accordance with the Construction Contract and any and all Change Orders in accordance with applicable codes and ordinances. The property now conforms to HUD Section 8 Existing Housing Quality Standards and applicable Energy Conservation Standards.

Furthermore, the improvements have been completed to the Owner's satisfaction and are the same improvements that the Owner proposed when he/she signed the Contract including change orders where applicable.

Owner Date

Community Development Representative Date

Funds expended to undertake rehabilitation of this property:

- | | |
|-------------------------------|--------|
| 1. From Financial Institution | \$ |
| 2. Owner Cash | \$ |
| 3. Owner Sweat Equity | \$ |
| 4. Volunteer Work | \$ |
| 5. Community Action Agency | \$ |
| 6. Other | \$ |
| 7. Other | \$ |
|
Total Project Cost |
\$ |

