Deep East Texas Council of Governments

COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY PROGRAM

Hurricanes Ike and Dolly - ROUND 2 HOUSING GUIDELINES

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INTRODUCTION

A. The Texas General Land Office (GLO) has the responsibility for administering the Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329.

B. Housing Guidelines were developed to serve as the basis for Hurricanes Ike and Dolly Round 2 housing programs. The Housing Guidelines consist of General Guidelines, which were developed to provide direction for issues that affect all of the housing programs. The General Guidelines are further divided into Part A, General Program Guidelines and Part B, Homeowner Opportunity Program (HOP). Activity-specific guidelines for Homeowner Assistance, Homebuyer Assistance and Rental Activities are included in the Housing Guidelines as Attachment A, Attachment B, and Attachment C. Applicants who qualify to fully participate in the HOP and elect to participate in a buyout of their original, storm-damaged property will be subject to either the Homebuyer Assistance Guidelines or the Homeowner Assistance Guidelines, depending on their choice.

PART A – GENERAL PROGRAM GUIDELINES

1. PROGRAM OBJECTIVES

Texas is still recovering from the impacts of Hurricanes Ike and Dolly. The primary focus of this program is to provide relief for persons impacted by the Hurricanes while addressing recognized impediments to affirmatively furthering fair housing as required under the Fair Housing Act. Assistance will be provided under a variety of housing activities including acquisition, rehabilitation, reconstruction, new construction, demolition, elevation, hazard mitigation, and storm hardening of homeowner and rental housing units.

a. The primary objective of the Program is to provide decent, safe, and sanitary housing in the hurricane-impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricanes Ike and Dolly, as well as any future hurricanes.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to the relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

2. DEFINITIONS

Definitions of terms used in this document shall be the same (i.e. have the same meaning) as terms defined in the Texas Department of Housing and Community Affairs Disaster Recovery Housing Guidelines for Hurricanes Ike and Dolly except where DETCOG definitions supersede as applicable due to any funding limitations.

3. EVALUATION OF DATA

A. In order to develop the Program Design for all activities offered through Ike and Dolly Round 2 funding, DETCOG used qualified data (HUD/FEMA data and local income and unemployment data) as approved by the Texas General Land Office (GLO).

B. The method of data evaluation utilized by DETCOG was made available to the public and is available on the DETCOG website. The approved data describes classes that are targeted in the program design.

C. Persons with accessibility or other special needs were also analyzed as part of the process.

4. USE OF PRIOR APPLICATIONS

A. Prior applications will be considered if they are within the DETCOG region. The program for Round 2 is not a first-come first-served program and therefore persons who have already applied under Round 1 do not have a prior claim to be included in the program.

B. Prior applications will be reviewed to ascertain whether they qualify under the new program guidelines. As this program is not a continuation of Round 1 programs, applicants must be re-qualified.

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5. TARGETING COMMUNITIES

A. Based on the approved data evaluation, amounts of funds to be expended in the program provide an equitable relationship between determined damages to the socio-economic LMI subcategories and the funds received. DETCOG may provide an additional amount of funds to the lowest income levels if desired.

B. The DETCOG Program relies on the Phase 1 Analysis of Impediments (AI) conducted by the State to determine what impediments to fair housing choice exist in the region.

C. Based on the percentages on unmet need remaining for the LMI income subcategory populations as identified by the needs assessment and the specific impediments identified by the Phase 1 AI, recommended actions to overcome the impediments are developed into the program plan.

D. An affirmative marketing plan to conduct outreach to the impacted communities has been developed, approved by GLO, and posted on the DETCOG website. Public comments have been addressed.

6. PROGRAM REQUIREMENTS

A. All housing activities must meet one of the three National Objectives required. The DETCOG plan meets the following objective: Benefit Low to Moderate Income persons (LMI).

B. DETCOG has conducted a needs assessment to determine the types of programs to offer and the needs assessment is the basis for the program design. Activities, demographics receiving assistance, and the targeted areas are determined based on the needs assessment.

C. DETCOG's obligations are as follows:

a. Review the State's AI and make a determination whether to apply the findings to the region or conduct a regional AI. DETCOG has determined it will rely on the State-sponsored AI for the region.

b. Identify eligible beneficiaries sufficient to meet GLO-established benchmarks, expend applicable funds, and honor established performance measures.

c. Utilize HUD/FEMA demographic disaster victim data along with local data to determine the proportions of funding to benefit each LMI economic group.

d. Process applications made by disaster victims to determine eligibility for assistance.

e. Submit all projects to GLO for environmental review prior to any commitment of funds.

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f. Determine that any assistance needed is the result of damages caused by Hurricanes Ike or Dolly. Hurricane damage will be documented by one or more of the following: (1) FEMA, SBA or Insurance award letters; (2) Inspection reports complete with photos and a written assessment qualified by a qualified inspector supplied by DETCOG; (3) Alternative evidence such as neighborhood-level media reports or damage reports supplied by relief agencies on a case-by-case basis. Applicants denied assistance by FEMA may still be eligible in the Program; housing assistance will not be denied applicants solely based on FEMA denials.

7. SIZE OF UNIT

HUD guidelines provide occupancy policies that allow for two persons per bedroom as reasonable. Exceptions to this standard are based on the following factors:

A. No more than two persons are required to occupy a bedroom.

B. Persons of different generations (i.e. grandparents, parents, children), persons of the opposite sex (other than spouses/couples), and unrelated adults are not required to share a bedroom. An adult is a person 18 years old or older.

C. Couples living as spouses (whether or not legally married) must share the same bedroom for issuance size purposes.

D. A live-in aide who is not a member of the family is not required to share a bedroom with another member of the household. Note: The need for a full time live-in aide must be documented. A waiver may be approved as outlined in the section on Issuance Size Exceptions.

E. Individual medical problems (e.g. chronic illness) sometimes require separate bedrooms for household members who would otherwise be required to share a bedroom. Documentation supporting the larger sized unit and related subsidy must be provided and verified as valid. A waiver may be approved as outlined in the section on Issuance Size Exceptions.

F. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. If individual circumstances warrant special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions.

G. When determining family issuance size, include all children expected to reside in the unit in the next year as members of the household. Examples include, but are not limited to, the following:

a. Pregnant women: Children expected to be born to pregnant women are included as members of the household.

b. Adoption: Children who are in the process of being adopted are included as members of the household.

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c. Foster Children: Foster children residing in the unit along with families who are certified for foster care and are awaiting placement of children are included as members of the household. If children are anticipated to occupy the unit within a reasonable period of time, they must be considered when determining the issuance size.

d. Joint/Shared Custody Arrangements: In most instances children in joint/shared custody arrangements should occupy the unit at least 50% of the time. However if individual circumstances merit special consideration, a waiver may be approved as outlined in the section on Issuance Size Exceptions. The custody arrangement may be verified by the divorce decree/legal documents or by self- certification.

e. Custody of Children in Process: Children whose custody is in the process of being obtained by an adult household member may be included as members of the household. Evidence that there is a reasonable likelihood that the child will be awarded to the adult (i.e. within three months) must be provided in order for such child to be included.

f. Children Temporarily Absent from Household:

i. Children temporarily absent from the home due to placement in foster care may be included as members of the household. Evidence that there is a reasonable likelihood that the child will return to the household (i.e. within three months) must be provided in order for such child to be included.

ii. Children who are away at school, but live with the family during school recesses are included as members of the household.

H. Preferred Unit Sizes

a. 1 Bedroom – No CDBG DR built home will be only 1 Bedroom.

b. 2 Bedrooms

i. Adult/couple

ii. Adult/couple plus 1 child

iii. Adult/couple plus 2 children of same sex

c. 3 Bedrooms

i. Adult/couple plus 2 children of opposite sex

ii. Adult/couple plus 3 children

iii. Adult/couple plus 4 children (2 boys and 2 girls)

iv. Adult/couple with medical needs plus 1 child

v. Adult/couple with medical needs plus 2 children of same sex

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d. 4 Bedrooms

i. Adult/couple plus 4 or 5 children (3 of same sex)

ii. Adult/couple with medical needs plus 2 children of opposite sex

iii. Adult/couple with medical needs plus 3 children

e. Issuance Size Exceptions

i. Waivers of Issuance size may be granted based on the following:

1. Chronic Illness – An individual with an ongoing health problem who requires at least part-time assistance on a regular basis.

2. Pending Child Custody cases – Includes, but is not limited to, children in foster care who may be returning home, foster children, pending adoptions, etc.

3. Parental Custody Situations – children physically occupy the unit less than 50% of the time as documented by a divorce decree and/or self- certification.

4. Waivers requested for separate bedrooms for children of the same sex will be reviewed on a case-by-case basis.

5. Waivers for other individual circumstances may be granted with pre-approval by GLO.

Ii. The family must request a waiver in writing and explain the need and justification.

iii. Waivers must be approved by DETCOG.

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8. **HOUSING ASSISTANCE CAPS (**discussed further in Homebuyer/Homeowner Guidelines)

	Non-HOP Homebuyer Assistance	HOP Homebuyer Assistance	Homeowner Assistance	Homeowner Assistance
			Reconstruction/New Construction	Rehabilitation
a. Base Unit		Bid	Bid	$ 40,000 or $10,000
b. Vacant Land		$25,000		
c. Non-Coastal Elevation			$25,000	$25,000
d. Coastal Elevation				
e. Water Well			$25,000	$25,000
f. Septic System			$25,000	$25,000
g. Accessibility		$15,000	$15,000	$15,000
h. Abatement		$15,000	$15,000	$15,000
i. Services		Actual or $15,000	Actual or $15,000	Actual or $15,000
TOTALS	$ 0			

9. AFFIRMATIVE MARKETING PLAN – DETCOG is committed to affirmatively furthering fair housing through established affirmative marketing policies. Affirmative marketing efforts for the disaster funding will include:

A. An Affirmative Marketing Plan, based on the U.S. Department of Housing and Urban Development (HUD) regulations, submitted to GLO for approval. The plan outlines the policies and procedures for housing activities. Procedures are established to affirmatively market units financed through the Program. The procedures cover dissemination of information, technical assistance to applicants, project management, reporting requirements, and project review.

B. The goal is to ensure that, eligible persons from all racial, ethnic, national origin, religious, familial status, the disabled, "special needs," gender groups, and for each project, the populations least likely to apply are:

- Fully informed of vacant units available for sale and/or rent.
- Encouraged to apply for purchase, rehabilitation, and/or rent.
- Given the opportunity to buy and/or rent the unit of their choice.
- Given the opportunity to rehabilitate their primary residence which sustained damages due to Hurricane Ike and/or its after-effects.

C. Program participants will be informed about available opportunities and supporting requirements via counselors, printed and electronic materials, publications, direct contact workshops/seminars, and through the placement of flyers/posters in public facilities. Particular

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emphasis will be focused on successful outreach to LMI areas and those communities with minority concentrations that were affected by the disaster.

D. In addition to marketing through widely available media outlets, efforts will be taken to affirmatively market the CDBG Disaster Recovery Program as follows:

- Advertise with the local media outlets, including newspapers and broadcast media, which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
- Include flyers in utility and tax bills advertising the Program.
- Reach out to public or non-profit organizations and hold/attend community meetings.
- Other forms of outreach tailored to reaching the eligible population, including door to door outreach if necessary.

E. Applications and forms will be offered in English and Spanish. In addition every effort will be made to assist such applicants in the application process.

F. In addition, measures will be taken to make the Program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), providing sign language assistance when requested, and providing special assistance for those who are visually impaired when requested.

G. Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained and made available to the public upon request.

H. DETCOG will use the Fair Housing logo in Program advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights under Fair Housing regulations law.

I. Multifamily rental programs must develop an Affirmative Marketing Plan for each development receiving CDBG Disaster Recovery funding. The plan, pursuant to federal regulations, will outline strategies to inform the public about the housing opportunities, requirements/practices that the owner must adhere to in executing the Affirmative Marketing Plan, procedures that will be followed in soliciting applications, and a description of records that will be maintained and made available for review. Notice to Public Housing Authorities in the region in order to inform households on DHAP that permanent housing is available should be part of the Plan.

J. Evaluation of outreach activities and applications received will be necessary to determine if outreach is successful and applications that are being received accurately reflect the socioeconomic and other forms of demographic diversity identified in the Needs Assessment. Evaluation should be an ongoing process and begin no later than one month after

the program begins accepting applications. GLO may review these reports before DETCOG begins qualifying applicants, and periodically thereafter.

K. The availability of the Program funds shall be advertised at a minimum through the following venues:

a. Local newspapers, including but not limited to the following:

A. La Lengua
B. Lufkin Daily News
C. Nacogdoches Sentinel
D. Local weekly newspapers

b. Local broadcast media, including but not limited to the following:

A. Spanish Language Radio Station KSML
B. English language broadcast media

c. Public or non-profit organizations, community meetings, including but not limited to the following:

A. Civil rights organizations
B. Housing authorities
C. Health and Human Services agencies
D. Community Action organizations
E. Senior citizens organizations
F. Native American nations
G. Community development organizations

d. Other public groups including but not limited to:

A. Mental health agencies
B. Elected officials
C. Chambers of Commerce

e. Other outreach may include use of flyer in utility bills, church bulletins, and door to door outreach.

f. Evaluation of outreach activities and single family applications received will be necessary to determine if single family applications are received from a diverse population and ranges of income to ensure low/moderate income households are assisted in a proportion to the percentage of overall populations.

. L. Applications and forms will be offered in English and other languages prevailing in the region. In addition every effort will be made to assist such applicants in the application process.

10. REPORTING REQUIREMENTS

A. Compliance will be maintained in accordance with the reporting requirements under GLO's CDBG Disaster Recovery Program. This includes all information and reports as required under

the GLO contract with DETCOG and demographic data and other information on applicants and awardees processed by DETCOG as required by the Conciliation Agreement.

a. GLO will establish procedures for DETCOG to periodically report on goals and compliance with Section 3 as required by 24 CFR Part 135 and the contract between GLO and DETCOG.

b. GLO will establish procedures for DETCOG to collect and report data relevant to Affirmatively Furthering Fair Housing and Civil Rights compliance as required by the Conciliation Agreement. The reporting requirements will include, but not be limited to the following:

i. For each program activity requiring a direct application by an individual or non-institutional entity:

Applicant household's income

Household's income as a percentage of area median family income as defined by HUD

The race and ethnicity of the head of household

The household's familial status

The presence or non-presence of a household member with a disability.

ii. For each activity providing housing or housing assistance that is not directly linked to a specific beneficiary:

The cost of the housing unit to the applicant and to the occupant

The maximum qualifying household income as a percentage of area median family income as defined by HUD

Restrictions regarding the age or familial status of occupants

The presence or absence of designs or services that make the housing unit accessible to an individual with a disability and the number of fully accessible units.

11. RECORDS RETENTION

All official records on programs and individual activities are maintained for a 5 (five) year period beyond the end of the affordability period for each housing activity.

I2. PROCUREMENT REQUIREMENTS

A. Procurement is the acquisition of goods and services to be used internally to carry out the Program. The procurement process includes the decision to purchase as well as the process to complete the purchase. The federal government has established a set of procurement rules at 24 CFR Part 84 and 85 that apply to CDBG-funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage open competition for the best level of service and price. In addition, the State of Texas has enacted a set of regulations that also apply

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to CDBG contracts through the Uniform Grant Management Standards, the Texas Government Code and the Local Government Code. If a conflict between federal and state procurement regulations should occur, safe harbor is typically found in the more stringent regulation.

B. DETCOG is required to submit a plan for compliance with Section 3 (24 CFR Part 135) requirements for GLO approval prior to the start of construction on any contract activity.

I3. SITE AND DEVELOPMENT RESTRICTIONS

A. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) must be used as required where appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a CDBG-assisted property, DETCOG may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

B. All other CDBG-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. All multifamily rehabilitation developments are subject to a Uniform Physical Conditions Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

C. Housing developments must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC §§60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. §§3601–3619) and the design and construction requirements of the Fair Housing Act Design Manual. Additionally, developments involving new construction (excluding construction of nonresidential buildings) where some units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the design and construction requirements of the Fair Housing Act Design Manual, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A compliance certification will be required after the development is completed from an inspector, architect, or accessibility specialist. Any developments designed as single family structures must also satisfy the requirements of §2306.514 of the Texas Government Code.

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D. All Applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.

14. CONFLICT OF INTEREST

A. The conflict of interest regulations contained in the contract between the DETCOG and GLO prohibit local elected officials, DETCOG employees, and consultants who exercise functions with respect to CDBG Disaster Recovery activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

B. For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), spouse/ domestic partner and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

C. The State is able to consider granting an exception to the conflict of interest provision should it be determined by GLO that DETCOG has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974 and the effective and efficient administration of the program. A conflict of interest will not be entered into until a request for an exception has been granted.

15. COMPLAINT/APPEAL PROCESS

A. Citizen complaints will be handled as required under the following regulations:

a. 24 CFR 91.11(h) Citizen Participation Plan which states, "The citizen participation plan shall describe the State's appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG recipient)." DETCOG will observe the same regulations.

b. 24 CFR 570.486(a)(7) Local Government Requirements, which states, "Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days, where practicable." DETCOG observes the local government requirements as stated.

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c. 10 TAC Sec.1.17(a) Alternative Dispute Resolution which states, “In accordance with §2306.082, Texas Government Code, it is TDHCA's policy to encourage the appropriate use of Alternative Dispute Resolution ("ADR") procedures to assist in the fair and expeditious resolution of internal and external disputes involving TDHCA and the use of negotiated rulemaking procedures for the adoption of Department rules, consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). TDHCA's ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies (§2306.082(b), Texas Government Code).” DETCOG adopts alternative dispute resolution procedures that align with 10 TAC Sec.1.17(a).

B. Resolution of complaints must be handled sensitively and fairly. Complete and thorough program documentation and contractual agreements, careful implementation of policies and procedures, and clear and respectful methods of communication will help prevent and resolve complaints. Incorporation of escalation procedures into the complaint process will support resolution at the earliest stage possible.

C. Information about the right and how to file a complaint shall be printed on all program applications, guidelines and the DETCOG web site in English and Spanish, as appropriate and reasonable.

D. Types of Complaints

a. Policy: There are two types of complaints; formal and informal.

i. Informal: Informal complaints may be verbal and can come from any party involved in the application process, including the homeowner or building contractor. A written procedure for handling these complaints is not required.

ii. Formal: Formal complaints are written complaints, including faxed and emailed statements. A written procedure for dealing with formal complaints is required.

b. Required Documentation: Statement of policy only. No required documentation.

c. Verification Procedures: Statement of policy only. No verification procedures required.

E. Informal Complaints

a. Policy:

i. Informal complaints may be verbal, and can come from any party involved in the process, including the homeowner or building contractor.

ii. A written procedure for handling these complaints is not required.

b. Required Documentation: Statement of policy only. No required documentation

c. Procedure:

i. A person who calls DETCOG to file an informal complaint will be advised on how to file a formal complaint if their complaint cannot be immediately resolved.

ii. DETCOG procedures will include a complaint escalation process in order to ensure complaints are handled at the earliest stage in the process.

iii. Parties interested in GLO's Programs are directed by program literature, the program and the website and information provided by DETCOG staff. Notwithstanding these directions, some individuals will choose to make inquiries directly to GLO.

iv. The following outlines procedures in the event a question is posed directly to GLO:

d. Action for DETCOG Staff:

i. Obtain all pertinent applicant details including name, address, contact number and application ID.

ii. Capture the details of the question or complaint to include the names of program personnel previously contacted.

iii. Contact DETCOG Program Director and provide details of the query. Forward copies or originals of any documents or correspondence received. Please include how any questions were answered, what information was provided and what action you would like the Program Director to take, if any.

F. Formal Complaints

a. Policy:

i. Formal complaints are written statements of grievance. These complaints may come to DETCOG or GLO in the form of a fax, email or letter and are handled through a documented set of procedures that comply with federal regulations and GLO requirements. The Complaint Tracking System will be used to store, track, and document resolution of the complaint.

ii. The formal complaint process tracks the process outlined by GLO for handling complaints.

iii. If the formal complaint is submitted to GLO, GLO at their discretion will submit the complaint to DETCOG.

iv. DETCOG will document, process, and file all complaints received from GLO following the policy and procedures outlined.

v. Complaints with insufficient data or submitted by a third party with no standing in the application about which the complaint is being submitted need not be accepted.

b. Required Documentation

i. The Complaint Policy and Procedures documentation includes the following elements:

1. Definition of the kind of disputes or complaints that will be handled.
2. Identification and description of the party responsible for handling the complaint and the disposition.

3. Appeal process available to complainants, including how an appeal is initiated, to whom the appeal is made, time limits for filing an appeal, and any details pertaining to the reviewer or person(s) who handle the appeal; and
4. How to file a formal complaint

c. A file for each complaint will be maintained. The file will document each step of the complaint process and will include the following:

i. The name of the person who filed the complaint;

ii. The date the complaint was received;

iii. A description of the complaint;

iv. The name of each person contacted in relation to the complaint;

v. A summary of the results of the review or investigation of the complaint; and

vi. An explanation of the reason the file was closed, if the file was closed.

d. Procedure:

i. In order for a complaint to be processed it must be received in writing (includes fax and email) and must include:

1. The name of the complainant, and

2. Contact information of the complainant

3. Complaints may be submitted in the following ways:

4. By mail to: DETCOG Disaster Recovery Director, 210 Premier Drive, Jasper, TX 75951

5. By fax to: DETCOG Disaster Recovery Director at 409-384-5390

6. Online: dalvis@detcog.org

ii. Upon receipt of a written complaint, the Program Director will perform the following steps:

a. Review and/or investigate the complaint;

b. Submit the findings to an individual designated by GLO;

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c. Provide a copy of GLO's policies and procedures relating to investigation and resolution to the complainant and to each person who is subject of the complaint;

d. Notify the complainant of the resolution within fifteen (15) business days after the complaint was received.

iii. The following outlines the procedure in the event a formal complaint is received:

1. Enter all pertinent information into the Complaint Tracking System. Enter the information under the category "Complaint Tracking". This will generate a Ticket/Control number. There will be a separate file or ticket for each complaint. The entry must contain the following information:

a. The name of the person filing complaint

b. The date the complaint was received

c. A description of the complaint

2. Upload an electronic copy of the complaint into the Complaint Tracking System.

3. Notification will be sent via email to Operations Manager from the Complaint Tracking System. The ticket status will be updated to "Assigned".

4. Determine if complaint is complete, relevant and has standing.

5. The complaint will be reviewed in detail and investigated through to resolution. Findings will be forwarded to an individual designated by GLO.

6. Progress updates of the review/investigation will be entered into the Complaint Tracking System by specific ticket number.

7. Notification will be sent to complainant within fifteen (15) business days after the complaint was received.

8. Once resolution has been determined and notice has been sent to complainant, the status of the ticket will be updated to "Closed".

iv. Citizens will be provided with the address, phone numbers, and times for submitting complaints or grievances.

v. The Complaint Tracking System will categorize complaints, track the resolution process, and report on complaint status.

vi. Corrective action is implemented, where warranted.

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16. CHANGES, WAIVERS, AND/OR CONFLICTS

A. DETCOG has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.

B. Waivers to the requirements in these Guidelines can only be approved by GLO posting of the waiver request on the Department website for a public comment period of at least ten (10) days. The waiver request must demonstrate why the housing guidelines are not practicable for DETCOG.

C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

PART B – HOMEOWNER OPPORTUNITY PROGRAM INTRODUCTION

A. The Homeowner Opportunity Program (HOP) is a Disaster Recovery Housing Program that involves options up to and including the "buyout" of a home that has been "destroyed" by the hurricanes and the subsequent relocation of the homeowners to a location that is a safer and higher opportunity neighborhood. Destroyed, for the purposes of the HOP, means that the home cannot feasibly be rehabilitated under the rehabilitation cap to the point where the entire house meets, at least, Housing Quality Standards (HQS). Households for whom rehabilitation is sufficient will not qualify for relocation under the HOP. Households whose home has been destroyed may elect to decline relocation and reconstruct the original, storm destroyed property to remain in place. The options of the HOP include: reconstruction or replacement of the existing home; the purchase of a vacant lot on which to build a new home or locate a manufactured home; or the purchase of a home. Any option chosen (with the assistance of a real estate professional) is subject to the program funding limitations.

B. DETCOG (through GLO) makes counseling available to income-qualified applicants living in a FEMA-designated "High Risk" area or area of high minority and/or poverty concentration (as approved by GLO) and extend the opportunity to participate in the HOP. The mandated counseling will include information on the applicant's rights under the Fair Housing Act and the various disaster recovery housing program options; moreover, it will concentrate on providing the applicants the information and assistance necessary to facilitate their decision as to whether to rebuild in place or to relocate.

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C. Relocation counselors and licensed real estate professionals will explain the housing options and choices available to the applicants. It is a voluntary path, for the applicant, that is not to be confused with a compensation-style, traditional buyout involving only the acquisition of the damaged property. Relocation of applicants who qualify for the HOP must remain within the jurisdictional boundaries of the Council of Government (COG) to which the original storm-damaged residence pertains.

D. GLO will provide DETCOG with technical assistance and guidance relating to the HOP process, counselor qualifications and reporting forms.

I. COUNSELING MADE AVAILABLE

A. As applications are being accepted and reviewed for determinations of eligibility to participate in the Program, each applicant will be counseled and the various disaster recovery housing program options evaluated with the applicant.

B. Any LMI applicant should be allowed to receive counseling to provide guidance on the housing program options.

C. Applicants determined to be eligible for participation in the HOP will receive counseling and professional real estate services to provide guidance on their housing options unless expressly declined by the applicant in writing. Professional real estate services will include, but not be limited to such services as providing guidance about and the opportunity to visit properties and neighborhoods in higher opportunity areas and/or areas outside of high minority and poverty concentrations.

D. Each counselor shall receive training provided by GLO in the housing programs offered by DETCOG, receive affirmatively furthering fair housing training, and meet mortgage counseling licensing requirements consistent with federal and state law.

E. Once a counselor is assigned to an application, the counselor should make contact with the applicant within 10 days per GLO guidelines. The counselor should remain with that applicant as the chief point of contact (case manager), throughout the life of the application process until closing of the property. If a counselor leaves or is reassigned, the applicant will be assigned a new counselor who shall make contact with the applicant within 10 days of being assigned the file.

II. PROGRAMS MUST BE MADE AVAILABLE

A. Counselors should have resource information available to them to provide educated advice and to assist in decision making by the clients. These materials should include, at a minimum, school district ratings for eligible communities in DETCOG's jurisdiction, health

service facilities and programs available in the community for those needing assistance, a mechanism for discussing transfer of programs currently being utilized by applicant, and average utility costs and taxes for eligible program communities.

B. DETCOG has developed the qualifications for each program that does not discriminate against a person or direct their activity choices by steering applicants to one choice or another due to inequitable benefits. As part of the Program Design, DETCOG must review the program and determine what additional costs would be included in each program in order to make each choice relatively equal in terms of total overall cost.

a. Relative equality does not mean that the total cost of a reconstructing a home plus all other expenses eligible for rebuilding in place: a new water well, a new septic system, accessibility features (ramp, lift, etc.), and/or housing elevation would necessarily be the total amount of funds available for a relocation scenario through the HOP Homebuyer Assistance activity. The equal alternative is the cost of the house to which the beneficiary is relocated (CDBG DR assistance limited by the bids received for the standardized core home) plus accessibility features alone. The comparison is on the home provided, not the funds expended.

C. Relocations through either lot acquisition and construction or acquisition of a new/existing home will only be allowable only if the lot does not require home elevation expenses. Beneficiaries may not be relocated to FEMA-designated “High Risk” areas or areas of high minority or poverty concentration as determined by GLO. Participants should be relocated to safer and higher opportunity areas; nevertheless, there may be areas that require special attention for the purposes of relocation. Lots that need wells or septic work will be determined on a case by case basis. However, accessibility enhancements will be eligible for all programs.

D. The program as designed must relocate persons in concentration of protected classes or poverty out of these conditions and not into other areas that have similar characteristics.

III. USE OF EXTERNAL PROFESSIONALS

A. The DETCOG HOP Homebuyer Assistance program will not include the cost of professional services provided by GLO. Examples include real estate agents to provide guidance, including the opportunity to visit neighborhoods and properties, to advise applicants about lots or homes that are available in higher opportunity areas of the community with less concentrated areas of poverty and/or minority population. Professionals must receive training as mandated by the State in order to be certified eligible to participate in this program.

B. Liability issues may be addressed by GLO in their program design.

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IV. DOCUMENTATION OF PROGRAM

A. The program design includes required documentation throughout the program. GLO will develop standardized documentation for DETCOG to utilize to document that the program was offered and the decision by the applicant to participate or not was made with informed consent. The applicant's signature documenting that they received counseling should be obtained.

B. Any professional services rendered should create a contract with the applicant making the applicant aware that they are representing the applicant and not the program.

C. In the event that the applicant refuses to receive counseling and wants to rebuild in place only, an affidavit form should be filled out by the applicant and notarized.

V. ACQUISITION OF PROPERTY

A. DETCOG must take title to the original, storm-damaged property. Title may be transferred to another unit of local government other than DETCOG.

B. The acquisition cost for the original property destroyed by the storm will be the cost of a replacement house based on the standardized specifications for the appropriate household composition and size which will be bid locally.

C. Taxes must be current on the property to be acquired. CDBG DR funds cannot be used to directly pay back taxes. Applicants must be given the opportunity to pay back taxes.

D. Outstanding liens or mortgages are the responsibility of the homeowner and must be satisfied prior to transfer of title.

E. Fee simple title must be obtained. Should clear title not be available at the time of acquisition, the applicant will be allowed to participate in the GLO Title Clearance Program (pending available funding). Adequate funding to serve the applicant must be reserved until the title issues are resolved or one year from the date of the application have elapsed, whichever comes first.

a. Eligible applicants who are unable to resolve title issues within one year of the application date may still qualify for regular homebuyer assistance (up to $40,000). Assistance to rehabilitate or reconstruct the original home may also still be available.

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VI. DISPOSAL OF PROPERTY

A. The program should determine how property acquired shall be used once acquired through the buyout program. The property must meet the requirements of the CDBG Program in particular and HUD guidance in general.

B. The existing property that is bought out will be demolished; demolition of the property may be performed with CDBG DR funds.

C. To the extent allowed by HUD and where the final use of the property will be known and consistent with CDBG regulations and for the purposes of the relocation of the applicant, transfer of title to a nonprofit will be allowed.

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ATTACHMENT A
HURRICANES IKE AND DOLLY ROUND 2
SINGLE FAMILY HOMEOWNER PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO) administers funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing Guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Single Family Homeowner Program activities funded under Round 2. These Guidelines do not replace or supersede the Guidelines developed in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. These elements are incorporated into the Single Family Homeowner Program.

D. Benefit to Low to Moderate Income (LMI) is the principal National Objective approved for the Disaster Recovery Single Family Homeowner Program under Round 2. The use of Slum and Blight is eligible and, if requested by DETCOG, will be evaluated during application review. The use of Urgent Need is not anticipated to be permitted with Ike and Dolly Round 2 funding. Eligible activities, which are defined in the General Guidelines, are as follows: rehabilitation, reconstruction, replacement, or new construction, and associated elevation and demolition. DETCOG may also provide assistance for Individual Mitigation Measures (energy efficiency and storm mitigation activities). All activities must be consistent with DETCOG's obligation to proportionately assist beneficiaries based on the needs assessment.

I. PROGRAM OBJECTIVES

A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and it residents. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

B. The following objectives are provided for the implementation and administration of a successful CDBG Single Family Homeowner Program. Actual selection of applicants is discussed in Section XI of the Guidelines.

a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricanes Ike and Dolly, as well as any future hurricanes.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

II. PROGRAM DESIGN

A. DETCOG will design a program utilizing the damage assessments provided by HUD and where appropriate, local data and Federal Emergency Management Agency (FEMA) data in order to determine the areas and populations most impacted by the storms. GLO will assist with the analysis and provide raw data.

B. Needs Assessment. DETCOG's Program Design must be based on a Needs Assessment, working with HUD information and conducted by local governments, according to the requirements detailed in the General Guidelines. That assessment serves as the basis for the specific Single Family Homeowner Program that will be offered by DETCOG. Specifically, the assessment will be used to determine the activities to be offered to meet the types of housing needs experienced by the affected population, the demographics to receive concentrated attention and the target areas to be served.

C. Program Marketing. The Program Design must feature an effective marketing program to encourage application. Marketing program requirements are detailed in the General Guidelines.

D. Priorities for Evaluating Applicants. Results based on data from the Needs Assessment must be met. The LMI demographic groups must be disaggregated as follows:

a. 0% - 30% AMFI
b. 31% - 50% AMFI
c. 51% - 80% AMFI

E. All eligible applicants must be evaluated in order to establish the priority of funds within the above-referenced economic subgroups. Each subgroup must be funded at the levels indicated by the Needs Assessment and analysis; however, the lowest income households may be funded at a level in excess of their population's percentage of need. The intention is to incorporate both the family and dwelling characteristics of applicants in order to establish a system that gives the households that are less able to address need without public assistance a higher priority. The following household characteristics indicate a funding priority within the economic subgroups:

a. Disability. If one or more members of a household have a documented disability that affects the design of the assisted unit, that household may be given priority within their income subgroup.

b. Age. If one or more members of the household are less than 18 years of age or 62 years of age or older, and has a lower AMFI.

c. All others

F. Application Intake and Counseling. A mechanism must be incorporated into Program Design to prevent any pre-screening of applicants without a written application being taken. Anyone who makes an inquiry about the program will be provided an application package to complete; all such inquiries will be reported in a format to be provided by GLO.

G. To provide the greatest chance for the Conciliation Agreement to be successful, single family applicants will be provided a counselor as an application intake person to explain the various programs and activities.

H. Counselors or interpreters able to communicate with the applicant in their primary language will be assigned to the clients as appropriate. Counselors will be trained to be well versed in all activities, but specifically the buyout program found in the Conciliation Agreement that will explain options for LMI applicants to overcome recognized impediments to fair housing. Such a program will provide the following to those who have been determined by DETCOG to qualify for the HOP:

a. Provide counseling for the purchase of existing property including but not limited to realtor support, moving support and other program benefits to allow the applicants to select this option without a diminution of benefits.
b. Provide counseling for the new construction of a home on an alternative site including lot acquisition costs.
c. Provide counseling for reconstruction in place.

I. Requirements for the buyout program are detailed in the Homebuyer Program guidelines under the Acquisition with Rehabilitation/Reconstruction section. These guidelines do not address requirements specific to this activity.

J. Housing Standardization. For new and reconstructed homes (including MHUs), construction specifications (for 2, 3 and 4 bedroom homes with total square footage ranges), will be developed by GLO. Each home must be constructed in accordance with Chapter 2306.514, Texas Government Code. DETCOG may engage an architect to allow for local architectural variations; however, basic square footage (within ranges), room requirements, building materials and general specifications must remain standardized for any home newly constructed or reconstructed with CDBG DR funding. Elevation options will be developed by DETCOG. The standardized specifications will then be put out for bid locally.

K. Visitability Checklist (requirements are for first floor only, if multiple floors exist):

At least one 36” entrance door (preferably the main entrance) is on an accessible route served by a ramp with hand rails on each side or no-step entrance

Each interior door is at least a standard 32” door, unless the door provides access only to a closed of less than 15 square feet

All door handles are to be lever door handles

Each hallway has a width of at least 36” and is level, with ramped or beveled changes at each door threshold

Each bathroom wall is reinforced for potential installation of grab bars

Each electrical panel, light switch or thermostat is not higher than 48” above the floor

Each electrical plug or other receptacle is at least 15” above the floor

If the applicable building codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48” above the floor inside the building

Toilet seats are to be 1’4” – 1’7” above the floor

Design a minimum of 2’6” wide x 4’ open floor area with an out swinging door in at least one half bath and preferably one full bathroom

L. Size of Units. Guidance for the preferred amount of people per bedroom is discussed in the General Program Guidelines. The total square footage (attached garages not included) ranges are as follows:

2 bedroom/1-2 bath home: 1,000 – 1,330 SF

3 bedroom/1-2 bath home: 1,331 – 1,425 SF

4 bedroom/2 bath home: 1,426 – 1,500 SF

M. Housing Assistance Caps. Homeowner Assistance is limited by the Housing Assistance caps in the General Guidelines. The base unit “bid” amount is the maximum amount of assistance available to reconstruct or newly construct a home. It is set when the standardized set of new home specifications in the Guidelines are bid locally. The intent of this rule is to equalize the funding available for different activities and choices. Homeowner Assistance allows for additional costs above the base unit amount including elevation and abatement. Additional costs are specified and capped in the General Guidelines. Housing Assistance is only available for HOP participants.

N. Rehabilitation of existing, hurricane damaged homes is capped at $65,000. Additional expenses, such as elevation, are allowed as limited by the Housing Assistance Caps as described in the General Guidelines. Estimated rehabilitation costs exceeding this cap will be recommended for reconstruction.

III. ASSISTED HOMEOWNER ELIGIBILITY REQUIREMENTS

A. The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not assure assistance, since a prioritization strategy within

LMI economic subgroups will be required (consistent with Program Design requirements) and it is expected that there will be more eligible applicants than can be served with available funds.

B. Income Eligibility. The income limits to be utilized for the CDBG Single Family Homeowner Program are the current income limits established yearly by HUD for the Section 8 Housing Program. DETCOG must always use the most recent income limits and will be monitored for compliance. All beneficiaries of the Single Family Homeowner Program must meet a National Objective. The Low to Moderate Income (LMI) National Objective is defined as providing a benefit to households at incomes of up to 80% of the locality's median income as computed on the most current HUD Section 8 Income Limits. Any activity carried out with CDBG funds that involves acquisition, rehabilitation or reconstruction of property to provide housing is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons. Current income limits for use by this program may be found on the HUD websie.

C. Proof of Ownership. The applicant must be an individual who owns the property to be repaired, rebuilt or replaced due to hurricane damage. Ownership can be documented as follows:
a. Provide a copy of a valid deed of trust or warranty deed that is recorded in the county records which cites the applicant's name. For MHUs, a Statement of Ownership and Location (SOL) may be provided.

b. Recognizing a need for alternatives to traditional proof of ownership for persons impacted by natural disasters, the Texas Legislature passed language that has been codified in the Texas Government Code section 2306.188, and addressed in rules by 10 Texas Administrative Code Section 54.3. For the purposes of federally funded disaster recovery programs, this means that ownership may be proven in the following manner:
i. Applicants may prove ownership by providing alternative documentation and completing a notarized affidavit that certifies that one of the following circumstances applies:

1. There is nobody else who has the right to claim ownership;

2. Anyone who has a right to claim ownership has agreed to participate in the program; or

3. anyone who has a right to claim ownership could not be located (after reasonable attempts to contact).

ii. The alternative documentation that can be provided instead of a copy of the deed includes (in order of preference):

1. Tax receipts;

2. Home insurance;

3. Utility bills; or

4. Other documentation deemed to be acceptable by DETCOG/GLO

iii. The documentation must show that the applicant was the person responsible for paying for these items at the time of the disaster. The required affidavit, form instructions and informational flyer may be found under Homeowner Assistance Forms at GLO website.
The above-referenced alternatives are not optional and must be incorporated into Program Design and allowed to prove ownership for all CDBG Disaster Recovery Programs in the State of Texas.

D. Principal Residency. The unit to be rehabilitated, reconstructed or replaced must have been occupied by the applicant as the applicant's principal residence as of July 23, 2008 for Hurricane Dolly and September 13, 2008 for Hurricane Ike. Principal residency for applicants can be demonstrated through property tax homestead exemptions. If a homestead exemption was not in place at the time of the disaster, an Affidavit of Principal Residency (form to be provided by GLO) may be utilized as an alternative method of verification of principal residency. The affidavit must be supported by documentation such as asset verification (income tax returns, credit check, etc.) or utility bills specific to the property address and name of the applicant which were active as of the applicable, above-referenced dates. Vacation homes and rental properties are not eligible for assistance under the Single Family Homeowner Program.

E. Property Taxes. Applicant must furnish evidence that property taxes are current, have an approved payment plan or qualify for an exemption under current laws. Applicant must prove that property taxes have been paid or that one of the following alternatives have been met:
a. the property owner qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Property Tax Code;

b. the property owner qualified for and received a tax exemption pursuant to Section 11.182 of the Texas Property Tax Code; or

c. the applicant entered into a payment plan with the applicable taxing authority.

F. Support documentation verifying the tax deferral or tax exemption must be provided by the applicant. Any applicant that enters into a payment plan must supply a signed copy of the payment plan from the applicable taxing entity, along with documentation that they are current on their payment plan. The required affidavit and instructions may be found under Homeowner Assistance Forms at the GLO website.

G. Insurance. Hazard insurance may be purchased on behalf of the assisted homeowner by CDBG Disaster Recovery Program for one year from the date of assistance. Assisted homeowners will be required to maintain hazard insurance. Failure to maintain hazard insurance may impact future disaster assistance.

H. If the unit is located in the 100-year flood plain, flood insurance is required. Flood insurance may be purchased on behalf of the assisted homeowner by CDBG Disaster Recovery Program for one year from the date of assistance. Homeowners are required to maintain flood insurance after the first year. Failure to maintain flood insurance will impact future disaster assistance.

I. Child Support. All applicants and co-applicants must be current on payments for child support. If the applicant of co-applicant is not current on child support, that member will be required to enter into a payment plan. Any applicant that enters into a payment plan must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions may be found under Homeowner Assistance Forms at GLO website.

IV. PROPERTY ELIGIBILITY REQUIREMENTS

A. The following threshold requirements are applicable to the assisted unit and must be met in order for the applicant to receive assistance. Proof of Hurricane damage is discussed in the General Program Guidelines.

a. Unit Characteristics. Only single-family owner-occupied units within DETCOG's jurisdiction will be eligible for single family homeowner programs.

b. Manufactured Housing Units (MHUs or mobile homes) are eligible for rehabilitation at the discretion of DETCOG. However, the MHU to be rehabilitated must be no more than 5 years old at the time of assistance and no more than $10,000 in hard and soft construction costs can be used to rehabilitate a MHU. The MHU must meet HQS upon completion. MHU rehabilitation costs that exceed $10,000 will require reconstruction. Reconstruction of MHUs will consist of replacing the MHU with another MHU or a stick-built home that will meet only the current needs of the family or individual.

V. TYPES OF ASSISTANCE OFFERED

A. Rehabilitation, Reconstruction, or New Construction assistance may be offered to applicants. Based on the extent of damage, applicants may be eligible for rehabilitation or reconstruction of their homes, or they may be offered new construction assistance.

B. The option of new construction is limited for applicants who do not qualify for, or who do not select full participation in the HOP Homebuyer Assistance Program, which includes the buyout and demolition of the original, hurricane-damaged property. New construction for non-HOP Homebuyer applicants is limited to situations where local zoning/building permits, or federal requirements, such as environmental regulations, will not allow the reconstruction of the original, hurricane-damaged home.

C. Temporary relocation assistance may be offered at the discretion of DETCOG; however, the assistance may not exceed $5,000 per household.

VI. TYPES OF IMPROVEMENTS

A. Improvements needed to meet HUD Section 8 Existing Housing Quality Standards, and Cost Effective Energy Measures are eligible improvements.

B. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by GLO in cases where safety or the structural integrity of the house is involved.

C. Improvements will include as necessary lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.

D. Individual Mitigation Measures (IMM) that mitigate and/or reduce risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the storm. Examples include elevation above the base flood elevation level, the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code or wind zone requirements.

E. Cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present or the repair would not be cost effective. They will be dealt with on a case-by-case basis.

F. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.

G. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, fences, and television satellite dishes.

VII. SUPPLEMENTAL IMPROVEMENTS

A. All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. The assisted homeowners will remove derelict personal property.

B. All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.

C. All homes must be equipped with a smoke detector installed in conformance with the one and two-family dwelling code.

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D. Rehabilitated homes inhabited by handicapped or elderly persons must be analyzed as to the special physical needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas must be installed, if appropriate.

E. If a home is to be reconstructed or a replacement home provided, the original home must be removed from the site.

VIII. FORMS OF ASSISTANCE

A. Single Family Homeowner assistance shall be provided in the form of an Unsecured Deferred Forgivable Note (Note). The Note (Form 13.09) may be found under Homeowner Assistance at the GLO website.

B. DETCOG will execute the Note with assisted homeowners (TDHCA/GLO will not be involved in the Note's execution) for all homeowner activities under the Hurricanes Ike and Dolly Disaster Recovery Programs. The Note will be required to be recorded in the County Courthouse records. The Note will require assisted homeowners to maintain principal residency in the assisted property for 3 years. Cash out refinancing, home equity loans or any loans utilizing the assisted residence as collateral are not allowed for three years; violation will activate the repayment terms of the Note. DETCOG is required to monitor assisted households for compliance with the terms of the Note. Homeowners that default on the terms of the Note may be reported to Credit Bureaus and the Texas Office of the Attorney General.

C. If the assisted homeowner continues to occupy the home until the term of the note expires, the owner pays nothing and there are no conditions on the disposition of the property. If the property is sold, transferred or vacated by the assisted homeowner for any single period that exceeds thirty (30) days during the three-year forgivable loan period, the repayment terms of the Note will be enforced except in those cases addressed in the paragraph below. Migrant farm workers who are recipients of a home under this program, may, when proven to be performing work for not more than six months, may leave a home vacant during the time of their employment, (but may not rent out the home), provided the recipient intends to return to the home. If the assisted homeowner for any reason ceases to reside in the assisted unit during the CDBG contract period, only LMI persons may reoccupy the unit until the contract is administratively closed by the Department or the CDBG contract period expires, whichever is earlier.

Accelerated Forgiveness in Certain Cases: In the event of (1) the death, (2) relocation to a managed care facility, or (3) relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application, DETCOG may forgive any remaining loan balance. However, the requirement that only LMI persons may occupy the assisted housing unit until the CDBG contract is closed by the Department or the contract period expires shall not be waived by DETCOG. Any waiver of this policy must be given by TDHCA or GLO.

IX. CONSTRUCTION

A. If the unit to be assisted was built prior to 1978 and the type of assistance offered will be rehabilitation, the assisted unit will be tested for the presence of lead based paint. If present, the removal of lead based paint will be considered in the costs of rehabilitation under the Abatement cap as described in the General Guidelines. Lead paint inspection provides two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation and (2) the health risks to residents, particularly children, may be severe so any presence of lead based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.

B. A pre-construction conference between the assisted homeowner, contractor, and DETCOG will be conducted to insure that all parties are in agreement about the work to be completed. The pre-construction conference will consist of two parts: The first part deals with basic contract and procedural issues: begin and end dates of the contract; terms of the contract; payment schedules and procedures; inspection procedures and requirements; responsibilities of the contractor and the assisted homeowner; change order procedures; payment requests and procedures (escrow account); lead-based paint requirements; role of DETCOG; complaint and conflict resolution procedures; and other programmatic procedures. The second part will consist of a walk-through of the house for rehabilitation assistance. All parties should understand how the work will proceed. Instructions will be given regarding clean up by the homeowner prior to the work, and the contractor after the work.

C. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. International Residential Code (IRC) (with windstorm provisions) and International Building Code (IBC) which will be used as required and as appropriate. All rehabilitation projects must comply with Housing Quality Standards (HQS) and all applicable local codes and ordinances. Additional codes and standards requirements are detailed in the General Guidelines.

X. CONTRACTOR SELECTION AND PROCUREMENT REQUIREMENTS

A. Federal and State laws Governing Procurement
a. Texas Local Government Code - Chapter 252 (Municipalities) and Chapter 262 (Counties)
b. The full text of the Chapters from the Texas Local Government Code can be found via the internet at: http://www.legis.state.tx.us/.

B. Chapter 252 Municipal Grant Recipients Construction Bidding Procedures
a. GLO's municipal Grant Recipients are generally required to conduct competitive sealed bid procurement for any and all contracts over $50,000.
b. Municipalities are required by state law to advertise their invitation for bids in a newspaper published in the municipality at least once a week for two consecutive weeks. The date of the

first publication must be before the 14th day before the date set to publicly open the bids. If no newspaper is published in the municipality, the notice must be posted at city hall for fourteen days prior to the date of the bid opening [Texas Local Government Code Section 252.041(a)].

C. Chapter 262 County Grant Recipients Construction Bidding Procedures
a. GLO's county Grant Recipients are generally required to conduct competitive sealed bid procurement for any and all contracts over $50,000.
b. Counties are required by state law to publish a notice in a newspaper of general circulation in the county at least once a week, with the first day of publication occurring before the 14th day before the date of the bid opening. If there is no newspaper of general circulation in the county, the notice must be posted in a prominent place in the courthouse for fourteen days prior to the date of the bid opening [Texas Local Government Code Section 262.025(a)].

D. Texas Government Code, Chapter 2254
a. This code as amended is also known as the Professional Service Procurement Act. This code governs the local government procurement of professional services. It prohibits the procurement of architects or engineers based on bid price and requires government entities to first select the most highly qualified provider based on demonstrated competence and qualifications, and then attempt to negotiate with that provider a contract at a fair and reasonable price. The full text of this act can be found via the internet at: http://www.legis.state.tx.us/.

E. Texas Local Government Code, Chapter 171
a. This code as amended requires local government officials to disclose conflicts of interest and sets forth rules that require officials to abstain where they are in a position to vote or make a decision on any matter involving a business entity or real property for which they have an interest in. The full text of this Chapter from the Texas Local Government Code can be found via the internet at: http://www.legis.state.tx.us/.

F. Procurement Standards
a. Uniform Grant Management Standards (UGMS) - Governor's Office of Budget and Planning (June 2004)

i. NOTE: The Procurement Standards from the Governor's Office of Budget and Planning (UGMS) were incorporated into the changes in OMB Circular A-87 and revised OMB Circular A-102 to make the standards consistent with federal law. In addition to applicable federal and state regulations, many local governments have laws and regulations regarding procurement. DETCOG is required to be aware of local laws that may affect its procurement policies. The most restrictive regulation applies.

ii. In cases where state or local law is stricter than federal regulations, DETCOG must follow the state or local laws and in cases where state or local law is more lenient than federal regulations, DETCOG must follow federal regulations.

G. HUD Conflict of Interest regulations at 24 CFR 570.489(h)

a. This regulation sets forth prohibitions against the use of CDBG funds by employees and officials for private gain.

H. OMB Circular A-102, CFR 24 Part 85.36 - Grants and Cooperative Agreements with State and Local Governments).

a. A-102 governs the use of grants, contracts and cooperative agreements. Implementation regulations can be found at 24 CFR Part 85.The full text of A-102 can be found via the Internet at: http://www.whitehouse.gov/omb/circulars/a102/a102.html.

I. CFR 24 Part 84

a. Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations.

XI. CONSTRUCTION AGREEMENT

A. The construction agreement for stick-built homes will be a tri-party agreement between the Rehabilitation/Reconstruction Contractor, the assisted homeowner and DETCOG.

XII. PROPERTY INSPECTIONS AND FINAL PAYMENT

A. Preliminary Inspections

a. A preliminary inspection will be conducted by DETCOG to determine the condition of the unit for each application and to verify hurricane damage if FEMA, Small Business Administration (SBA) or Insurance award letters are not available. The initial inspection will be conducted by DETCOG's inspector or another qualified inspector and a list of the deficiencies will be prepared. The inspection will provide an estimate of repair costs to determine whether rehabilitation or reconstruction will be offered and must be in sufficient detail to be utilized in the creation of work write-ups.

B. Progress Inspections

a. Progress inspections serve three primary purposes: 1) to evaluate the contractor's progress; 2) to confirm that local building codes or standards have been satisfactorily met; and 3) to confirm that all requirements of the contract have been met to all parties' satisfaction.

b. At key stages in the project, DETCOG will schedule inspections. Key stages are times when work such as wiring and plumbing are completed and still exposed prior to the wall or flooring being replaced; or when work being performed by a specialty subcontractor, who will be present for only a short time, is nearing completion.

c. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made promptly upon request so as not to delay the

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processing of the contractor's payments. If at all possible, the same person will conduct inspections each time.

d. DETCOG requires that electrical work be completed by an electrician with an approved license from a city or cities that issue such licenses.

e. A master licensed plumber must perform all plumbing work.

f. Building permits are required for all applicable construction work.

g. The assisted homeowner and DETCOG will sign the inspection forms as acknowledgement that the work was completed and meets their approval. If the assisted homeowner is not satisfied with any aspect of the work, the inspection forms should not be signed until the contractor has corrected the faulty work.

C. Final Inspections

a. When work is nearing completion, the contractor will notify DETCOG of a specific date when the job will be ready for a final inspection. The purpose of the final inspection is to guarantee that all work called for in the contract has been completed according to specification. If progress inspections were conducted often enough to make mid-course corrections, the final inspection should only need to catch those items which have been done since the last inspection. The final inspection will be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all single family homeowner activities, and clean-up should be closely checked for completion.

b. DETCOG will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.

c. As in all construction projects, a punch list will be developed toward the end of the job. A punch list is a listing of items written as specifications, which constitute the work necessary to complete the contract. The contractor and DETCOG as a result of the final inspection will develop the punch list, although the contractor and the assisted homeowner prior to the final inspection can develop it. Either way, the punch list will represent work yet to be done, not additional work over and above the original or amended contract. Once the punch list has been prepared, no other work items are expected of the contractor. If the punch list contains more than ten (10) items, the contractor is not ready for a final inspection.

D. Certificate of Completion and Owner Acceptance

a. After all items on the punch list have been satisfactorily completed, and all warranties issued, the project can be brought to final resolution. For purposes of accountability, the Single Family Homeowner Program must have written documentation that the assisted homeowner and DETCOG have accepted the work.

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E. Warranties and Retainage

a. When final inspection determines that the work is completed in accordance with the contract, DETCOG will submit the contractor's request for payment and upon receipt of the funds, disburse the funds to the contractor. DETCOG may retain 10% of the funds pending a supplemental inspection in no less than thirty (30) days. Following a satisfactory supplemental inspection, the retainage will be paid to the contractor upon availability of grant funds following the final thirty (30) day inspection.

b. If any problems are identified in this supplemental inspection, DETCOG will then notify the contractor to come back and correct the same within a reasonable amount of time, not to exceed two weeks. Should the contractor fail to do so, DETCOG will not disburse the retainage, the assisted homeowner may take any necessary legal recourse, and the contractor will be barred from performing any more rehabilitation/reconstruction work in the DETCOG program. In addition, should the contractor be doing other work under this Single family homeowner Program and fails to correct any warranty problems, no other payments will be made to him/her until such problems are corrected.

c. All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed two weeks to respond.

XIII. FILES AND REPORTS

A. DETCOG will maintain accurate Single family homeowner Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of three (3) years as required by the GLO. Such files will be open for inspection as to qualifications, bids, and awards.

XIV. CHANGES, WAIVERS, AND/OR CONFLICTS

A. DETCOG has the right to change, modify, waive, or revoke all or any part of these guidelines, with the written approval of GLO.

B. Waivers to the requirements in these Guidelines can only be approved by GLO and must be in provided in writing.

C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

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ATTACHMENT B
HURRICANES IKE AND DOLLY ROUND 2
HOMEBUYER ASSISTANCE PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO) is responsible for the administration of funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties, and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Homebuyer Assistance activities funded under Round 2. These guidelines do not replace or supersede the guidelines developed and in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document. DETCOG incorporates those elements into the Homebuyer Assistance Program.

C. DETCOG has received Hurricanes Ike and Dolly Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Homebuyer Assistance (HBA) Program administered by GLO.

D. Please note that the regular state CDBG program refers to homebuyer assistance (HBA) as "Homeownership Assistance." The use of these terms differs slightly in the CDBG DR Program. The CDBG DR Program makes a distinction to separate activities that benefit hurricane victims who choose to remain in and repair their existing hurricane-damaged home from those who seek assistance to purchase a new home. Homeowners that elect to repair their existing home will be subject to the Homeowner Assistance Guidelines. Hurricane victims that elect to seek assistance to purchase a new home will be subject to this document, the Homebuyer Assistance Guidelines.

E. The applicants' principal residence at the time of the storm must have been impacted by the hurricanes in order to qualify for HBA. In order to assist DETCOG to meet the Affirmatively Furthering Fair Housing goals, the option to assist applicants who were not homeowners at the time of the storm is available. However, any HBA provided to non HOP-eligible applicants must be needs-based. CDBG regulations restrict homebuyer assistance to the amount up to and including the amount of assistance necessary to facilitate homeownership. For example, it is not a reasonable use of CDBG funding to provide the full amount of assistance, $40,000, when only $5,000 of mortgage gap financing is necessary for a bank to make an affordable loan to purchase the home. The amount of HBA necessary to leverage a private loan or otherwise bring

about homeownership for non HOP-eligible applicants must be documented on forms to be provided by GLO.

F. Eligible activities for Homebuyer Assistance include traditional HBA activities such as: down payment assistance, principal reduction, all reasonable closing costs including pre-paid items, and principal write-down assistance as required for the property being purchased. These HBA activities are limited to $40,000 for HOP-eligible applicants only. Non-HOP applicants are not eligible to receive such assistance. Applicants that are eligible and elect to participate in the HOP qualify for an even wider range of activities to facilitate the purchase of a home. HOP homebuyer assistance includes the acquisition (buyout) of the original, hurricane-damaged property combined with the acquisition of another home (if the property to be purchased meets HQS) or the activity of Acquisition with Rehabilitation, Reconstruction and New Construction (if the property to be purchased does not meet HQS or if a lot is purchased on which to build a new stick-built home or locate a MHU).

I. PROGRAM OBJECTIVES

A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and it residents. The primary focus of this Program is to provide relief for those people impacted within the goals identified by HUD to affirmatively further fair housing.

B. The following objectives are provided for the implementation and administration of a successful Homebuyer Assistance Program.

a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of homebuyer assistance: to facilitate the purchase of a home; acquisition with rehabilitation, reconstruction or new construction; and other assistance necessary to make homeownership affordable to applicants in the affected area.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe, and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

C. Applicants seeking assistance to purchase a home are subject to the HBA Guidelines. All homebuyer assistance must be targeted to the socio-economic subcategories and demographics resulting from the needs assessments as described in the General Guidelines.

a. Applicants are eligible for the HOP if they meet all three of the following criteria: at or below 80% AMI; owner of a hurricane-damaged home; and the damaged residence was located in a FEMA-designated "High Risk Area" or an area of high minority and poverty concentration as approved by GLO. Please note that the ownership and principal residency requirements, as detailed in the General Guidelines, apply to the HOP; however, in order for a buyout and relocation to take place the applicant must be able to prove ownership through possession of fee simple title.

b. Homebuyer Assistance applicants that are not eligible to participate in the HOP must still meet the following criteria to be eligible for HBA: at or below 80% AMI and primary residence at the time of the storm in a residence that was damaged by the hurricane.

II. PROGRAM PURPOSE

A. The provision of homebuyer assistance to facilitate the purchase of new and existing single family homes to benefit hurricane victims. Homebuyer assistance may be provided to applicants who fully qualify for and elect to participate in the HOP and income-eligible households that were affected by the hurricanes but who do not qualify for the HOP. Income-eligible households who do not fully qualify for the HOP include applicants who do not possess fee simple title to the original, hurricane-damaged property to be acquired (bought out) or who cannot obtain clear title within one year of the application date. DETCOG cannot acquire property for which clear title cannot be obtained.

B. The HOP homebuyer assistance to acquire the original, hurricane-damaged home is not the same program as the FEMA Buyout Program. If a buyout is involved in Ike and Dolly Round 2 of the GLO Disaster Recovery Program, it is a phase of an activity to help hurricane victims in FEMA-designated High Risk areas and areas of high minority and poverty concentrations relocate to areas that do not exhibit those characteristics. It will involve both the buyout of the original property and permanent relocation of the beneficiary.

C. Under the HOP, applicants receive assistance from trained counselors to determine the housing activities that offer the best option for the household. The options include rebuilding in place, the purchase of a new home or the purchase of a vacant lot on which to build a home. For those that opt to move from their existing home located in a FEMA-declared High Risk area or areas of high minority and poverty concentrations (as confirmed by TDHCA/GLO), title to the existing property will be transferred to DETCOG without a separate acquisition "buyout" of the existing property. The value of the existing property is replaced by the cost of the replacement home.

III. TARGET AREAS

A. Service area for the DETCOG program shall be the 12-county DETCOG area.

B. Based on needs assessment data (HUD, FEMA, local), priority areas will be the following:

County	Tracts
Angelina	100, 200, 300, 400, 500, 600, 700, 800, 900, 1000, 1100, 1200, 1300
Houston	950100, 950300, 950400, 950500, 950600, 950700
Jasper	950100, 950200, 950300, 950400, 950500, 950600, 950700, 950800
Nacogdoches	950200, 950301, 950400, 950500, 950600, 950700, 950800, 950900, 951000, 951100
Newton	950100, 950200, 950300, 950400
Polk	210101, 210102, 210201, 210202, 210300, 210400, 210500
Sabine	950100, 950200, 950300
San Augustine	950100, 950200, 950300
San Jacinto	200101, 200102, 200200, 200300
Shelby	950100, 950200, 950300, 950400, 950600
Trinity	950100, 950200, 950300, 950400, 950500
Tyler	950100, 950200, 950300, 950400, 950500

IV. ELIGIBLE BENEFICIARIES

A. Assistance under this activity may not be extended to households whose incomes exceed 80% of the Area Median Family Income (AMFI). All homebuyer assistance must be targeted to the socio-economic subcategories and demographics as described in the General Guidelines.

V. AMOUNT OF ASSISTANCE

A. HBA assistance is capped at $40,000 for HOP-eligible applicants.

B. HOP Homebuyer Assistance is limited to the Housing Assistance Caps in the General Guidelines. The base unit “bid” amount is the maximum amount of assistance available to purchase a new/existing home. It is set when the standardized set of new home specifications in the General Guidelines are bid locally. The intent of this rule is to equalize the funding available for different activities and choices. HOP Homebuyer Assistance allows for additional costs above the base unit amount including any necessary accessibility items or features abatement measures, and services. Additional costs are specified and capped in the General Guidelines.

a. The services category is limited to $15,000 or actual costs and includes costs such as moving expenses and utility connection costs. Services are limited to applicants who qualify for the HOP.

b. The vacant land limit is set at $25,000. Although this is the cap, it is not also the floor; the actual lot cost should not exceed the standard single lot size in the community.

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C. Housing purchases that exceed the maximum limits must be paid for with other sources of funds or a mortgage obtained by the homebuyer. The maximum total purchase price of the home to be acquired may not exceed the limits set for Single Family Mortgages in Section 203(b) of the National Housing Act.

D. Temporary relocation assistance may be offered at the discretion of DETCOG; however, the assistance may not exceed $5,000 per household. It is anticipated that the assistance will be provided when the closing occurs for the new or existing home purchase and temporary relocation assistance may not be necessary.

VI. PROGRAM LIMITATION

A. Applicants participating in the Buyout Program must contribute 100% of the assistance received under that Program toward the purchase of the newly acquired property.

VII. PROPERTY TYPE

A. Eligible properties that can be purchased:

a. Single-family property (detached and attached 1-4 units)

b. Condominium unit

c. Cooperative unit

d. Modular home/Manufactured home

e. Vacant land

VIII. TYPES OF IMPROVEMENTS

A. For HOP Homebuyer Assistance activities involving acquisition with rehabilitation, reconstruction or new construction, DETCOG will follow the guidance in the Single Family Homeowner Program Guidelines for construction requirements (Section XI), contractor selection (Section XII), construction agreement (Section XIII), and property inspections and payment (Section XIV).

B. In addition to financial assistance provided for the purchase of the property, funding may also be used for the following items up to the maximum assistance amount allowed:

a. Improvements needed to meet HUD Section 8 Existing Housing Quality Standards, and Cost Effective Energy Measures are eligible improvements.

b. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by GLO in cases where safety or the structural integrity of the house is involved.

c. Improvements will include as necessary lead-based paint abatement, asbestos abatement, handicapped accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.

d. Individual Mitigation Measures (IMM) that mitigate and/or reduce risk for future disasters where the measures are above and beyond federal, state, or local construction or code requirements, and additionally the improvements exceed those that existed prior to the storm. Examples include elevation above the base flood elevation level, the addition of storm shutters, hurricane proof windows, roof straps, etc. as long as those improvements are not required to comply with local code or wind zone requirements.

e. Cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present or the repair would not be cost effective. They will be dealt with on a case-by-case basis.

f. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.

g. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, fences, and television satellite dishes.

IX. INSPECTION STANDARDS

A. A representative of DETCOG will inspect all properties to ensure they meet Section 8 Housing Quality Standards at a minimum prior to application approval. However, the inspection will not serve to assure the buyer that the property is free of defects. Therefore, DETCOG will strongly encourage lenders and real estate professionals to advise potential homebuyers to have an inspection performed for their benefit. The inspection must be performed by a qualified or licensed real estate inspector and/or licensed contractor for specialized inspections, i.e., plumber, electrician, HVAC mechanic. The homebuyer's inspection, or any other inspection report, will not be substituted for the DETCOG inspection.

B. Properties built prior to 1978 may contain lead-based paint and will be visually inspected by DETCOG's designated inspector for defective paint. If a property fails the visual inspection, it will be determined unacceptable until the painted surfaces are corrected. All applicable sales contracts must include the "Addendum for Seller's Disclosure of Information on Lead-based Paint & Lead-based Paint Hazards as Required by Federal Law".

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X. ENVIRONMENTAL REVIEW

A. An environmental review must be performed on the property prior to federal funds being committed by DETCOG (24 CFR Parts 50, 58, 574, 582, 583, and 970). No commitment or disbursement of funds will occur prior to the completion of this review. The environmental assessment reviews the wetlands, coastal zones, flood zones, and runway clear zones. If the environmental assessment determines that the property is in the flood zone, the Lender is required to escrow hazard and flood insurance for the life of the 1st loan. Also, the Disaster Recovery Program will not assist homes that have been determined to be in the floodway.

XI. UNIFORM RELOCATION ACT

A. The Uniform Relocation Act (URA) applies to federally assisted homebuyer programs. Under the CDBG Program guidelines, the Seller(s) must not displace tenants of the property being purchased. The applicable "Notice to Seller(s)" must be signed and dated by the Seller and placed in the applicant's file.

XII. USE OF FUNDS

A. Direct financial assistance to offset portions of the down payment, reasonable closing costs, pre-paid items and/or principal write-down assistance required for a home purchase. Prepaid items include but are not limited to the initial payment for hazard insurance, flood insurance, and mortgage insurance.

XIII. COUNSELING EDUCATION PROGRAM

A. The applicant must complete at least eight (8) hours of homebuyer education from any participating HUD Approved Housing Counseling Agency prior to acceptance into the Program. The certification for the course is valid for one year. Counseling programs will encourage individuals to participate in homeownership and provide a method to track the achievement of the homeownership goal. Costs of the program vary depending on who provides the courses. The Neighborhood Housing Services (NHS) homebuyer assistance curriculum is preferred.

XIV. TERMS OF ASSISTANCE

A. Assistance that meets or exceeds $40,000 requires a ten-year affordability period (Affordability Period).

B. Throughout the affordability period, the homeowner is required to maintain principal residency, maintain hazard and, if applicable, flood insurance, and pay property taxes on the assisted property. Failure to maintain hazard insurance may result in the lack of future federal assistance; however failure to maintain flood insurance (if required because the property is in a

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floodplain) will result in the lack of future federal assistance should a future disaster event occur.

XV. LOAN TERMS

A. The Disaster Recovery Program loan is not assumable during the Affordability Period.

B. Future subordinations of the Disaster Recovery Program loan to a newly obtained senior loan are subject to GLO discretion.

C. The applicant must occupy the property as his/her principal residence throughout the Affordability Period. If the applicant occupies the property as his/her principal residence for the Affordability Period, no recapture restrictions will apply.

D. If the property is sold (including foreclosure) transferred and /or is no longer the homeowner's primary residence during the Affordability Period, DETCOG may recapture a portion of the remaining balance of the Disaster Recovery Program loan note. The homeowner will receive a twenty (20) percent credit for each year the property is his/her principal residence. The maximum amount DETCOG will recapture will be the full amount of the Disaster Recovery Program loan note and any balance would immediately become due and payable to DETCOG who will remit the proceeds to GLO.

E. If the homeowner vacates or rents the property, the full amount of the Disaster Recovery Program loan will be immediately due and payable, unless the homeowner establishes his/her actual residency pursuant to evidence acceptable to GLO, in which case the homeowner will receive a twenty (20) percent credit for each year the property is his/her principal residence.

F. In the case of other default during the Affordability Period, DETCOG may pursue all remedies available under the Disaster Recovery Program loan note, the Disaster Recovery Program loan Deed of Trust, or other Disaster Recovery Program loan documents. During the continuance of any such default, the Disaster Recovery Program loan shall bear interest at a rate of six percent (6%) per annum ("Default Rate").

G. Applicants that fully participate in the HOP Homebuyer Assistance Program, which includes the buyout of the original, hurricane-damaged property and the acquisition of a new/existing home, will have a lien recorded in the county courthouse preventing cash-out refinancing, home equity loans, or utilization of the relocation home as collateral for the full term of the affordability period unless expressly permitted by GLO.

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XVI. FILES AND REPORTS

A. DETCOG will maintain accurate Homebuyer Assistance Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of three (3) years as required by the Department. Such files will be open for inspection as to qualifications, bids, and awards.

XVII. CHANGES, WAIVERS, AND/OR CONFLICTS

A. DETCOG has the right to change, modify, waive, or revoke all or any part of these guidelines, with the written approval of GLO.

B. Wavers to the requirements in these Guidelines can only be approved by GLO and must be provided in writing.

C. In the event that these Guidelines conflict with local, state, or federal law, the more stringent requirement will prevail, provided that the requirement does not violate local, state or federal law.

ATTACHMENT C
HURRICANES IKE AND DOLLY ROUND 2
RENTAL PROGRAM GUIDELINES

INTRODUCTION

A. The Texas General Land Office (GLO) is responsible for the administration of funds under a Community Development Block Grant (CDBG) Disaster Recovery Program (Program) funded by the U.S. Department of Housing and Urban Development (HUD) under Public Law 110-329. GLO is the lead agency and responsible for disaster funds allocated to housing activities. Local entities including Cities, Counties and Councils of Local Government administer these funds on the local level for housing activities.

B. Housing Guidelines have been developed to serve as the basis for housing programs related to Round 2 of the Program. This document is expected to serve as direction for the Rental Program activities funded under Round 2. These Guidelines do not replace or supersede the Guidelines developed and in use under Round 1. Additionally, these guidelines supplement the General Guidelines which provide direction for issues that affect all of the programs and cover all areas of administration not expressly covered in this document DETCOG incorporates those elements into its Rental Program. Rental activities will include single family activities only.

C. DETCOG has received Hurricanes Ike and Dolly Round 2 Disaster Recovery Community Development Block Grant (CDBG) funding for a Rental Program administered by the GLO.

D. Benefit to Low to Moderate Income (LMI) is the only National Objective that is approved for the Rental Program under Round 2. Eligible activities, which are defined in the General Guidelines, are as follows: rehabilitation, reconstruction, replacement, or new construction, and associated elevation and demolition. DETCOG may also provide assistance for Individual Mitigation Measures (energy efficiency and storm mitigation activities).

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I. PROGRAM OBJECTIVES

A. Texas was hard hit by hurricanes and is still in the recovery process both for its communities and it residents. The primary focus of this program is to provide relief for those people impacted with consideration given to affirmatively further fair housing, as called for within the Fair Housing Act.

B. The following objectives are provided for the implementation and administration of a successful Rental Program.

a. The primary objective of this Program is to provide decent, safe, and sanitary housing in the hurricane impacted areas through the provision of activities designed to mitigate storm damage that occurred as a result of Hurricanes Ike and Dolly, as well as any future hurricanes.

b. A second objective is to ensure that the housing needs of very low, low and moderate-income households are assisted with housing in no less than the proportion to their relative percentages of the overall populations which suffered housing damage within the communities being served.

c. A third objective is to prioritize the provision of decent, safe and sanitary housing for elderly and disabled populations with an emphasis on housing choice and design to reduce maintenance and insurance costs as well as provide for the provision of independent living options.

II. PROGRAM PURPOSE

A. The Hurricane Ike Disaster Recovery (DR) Affordable Rental Program has been designed the to provide funds for rehabilitation, reconstruction, and/or new construction of affordable single family rental housing projects in areas impacted by Hurricane Ike or Dolly. Funding is available through the Community Development Block Grant (CDBG) Disaster Recovery Program, administered by the Texas General Land Office (GLO).
B. The purpose of the Affordable Rental Program is to facilitate the rehabilitation, reconstruction, and/or new construction of affordable rental housing needs within the DETCOG service area. Units qualifying for assistance must have sustained damage from Hurricanes Ike or Dolly. A minimum of 51% of the units must be restricted for ten or more years to low to moderate income (LMI) individuals earning 80% or less of the Area Median Family Income (AMFI) at affordable rents. The rents must comply with High HOME Investment Partnership (HOME) Rents and other existing Land Use Restriction Agreement (LURA) restrictions if applicable. HOME rent limits are defined by HUD and must equal the lesser of fair market rents or 30% of the adjusted income for people earning 65% of the AMFI and can be found on GLO's website.

PART A – SINGLE FAMILY RENTAL PROGRAM

A single family rental program's goal is to restore existing neighborhoods and to increase the affordable rental stock in a community affected by Hurricanes Ike or Dolly. Applicants receiving CDBG Disaster Recovery funds to rehabilitate or reconstruct damaged properties agree to lease the rental units to low-moderate income households (80% of Area Median Income or less) at restricted rents. Rents must comply with the High HOME rent limits. The CDBG funds are provided in the form of a forgivable loan / grant.

I. TYPES AND AMOUNT OF ASSISTANCE

A. DETCOG will develop a process to accept applications for funding to serve low, very low, extremely low and moderate-income households. Funding priorities will be developed in a manner that affirmatively furthers fair housing objectives.

B. The maximum award cap under the Single Family Rental Program is based on the number of bedrooms in the rental unit. The exact award will depend upon the amount of storm damage, the cost of rehabilitation or reconstruction up to maximum award amount. When a rental unit is assisted with disaster recovery funds, the entire unit must be brought up to Housing Quality Standards (HQS). Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570.

Table A: Maximum Awards	One Bedroom	Two Bedrooms	Three Bedrooms
Max award	$50,000	$60,000	$70,000

II. PROPERTY ELIGIBILITY

A. All properties must be located within the jurisdiction of DETCOG and sustained damage from Hurricane Ike or Dolly.

B. Properties maybe rehabilitated, or replaced by reconstruction or new construction of the dwelling.

C. Single Family, detached dwellings are eligible for assistance and must contain between one and three bedrooms at a minimum; priority is given properties with three or more bedrooms. Condominiums, townhomes, duplexes, triplexes or four-plexes are not eligible.

D. DETCOG will develop an application process to fund rehabilitation of existing multifamily housing developments or replacement of damaged units through reconstruction or new construction. Projects evaluated for awards are evaluated according to the priorities established in the application.

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E. Upon completion, the single family homes must meet Housing Quality Standards and benefit low-moderate income persons earning 80% or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).

F. The rent for the unit occupied by the low-moderate income household must be occupied at affordable rents. The units occupied low-moderate income households must comply with the High HOME rent limits published by the HOME program through the affordability period. Compliance with rent limits is calculated in the same manner as the HOME program.

G. Units do not have to be rental stock prior to application for assistance, however must be rented to certified LMI households if awarded repair or replacement

H. Housing units located where federal assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil of military airport are not eligible.

I. Each property must currently have access to water, electricity, and sewer or septic service, or hookups to provide those services.

J. The on-going maintenance of hazard and flood insurance is a program requirement where applicable.

III. PARTICIPANT ELIGIBILITY REQUIREMENTS

A. Individual owners with fee simple title to the property are eligible to participate.

B. The owner must be in good standing with any loans on the property or in default or negative collection actions on any current or previous loans.

C. The property taxes must be current on the property.

D. The owner of the property may be “debarred” from the federal and state debarment lists, in accordance with 24 CFR §570.609, as well as other applicable laws.

E. The owner must provide a complete listing with addresses of other rental properties currently owned or managed.

F. All applicants must not owe any child support payment(s) under any court order.

a. If an applicant is not current on child support payments, that member will be required to enter into a payment plan and must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions can be found under Homeowner Assistance Forms at GLO website.

IV. SELECTION CRITERIA

A. DETCOG will develop an application process. The application process should identify the properties that provide the greatest benefit to the community with the greatest need. Applications will be developed with criteria to allow DETCOG to determine which projects meet the housing goals and objectives of the community as well as affirmatively further fair housing objectives.

B. Criteria developed by DETCOG to identify projects providing the greatest benefit to:

a. To expand the affordable housing stock priority is given to vacant units in a condition that is not suitable for occupancy.

b. To encourage a vested interest in the projects, priority is given to projects where the landlord contributes at least 25% of the funds necessary to repair the property.

c. To encourage housing for families, priority is given to projects with three bedrooms or more.

d. Projects near public transportation, shopping and schools are considered in the point structure. Near is defined as within a 2 mile radius.

e. Single family rental structures must comply with Texas Government Code, Section 2306.154.

V. PROGRAM REQUIREMENTS

A. Projects awarded disaster recovery funds must satisfy six levels of eligibility requirements.

B. The project will also be reviewed in terms of financial feasibility with the objective to repair existing hurricane damage and bring the property up to standard to extend the useful life or replace the severely damaged units. Financials, proformas, and loan information as well as the sources and uses of funds must be submitted identifying the proposed financing sources and expenses of the project.

C. Upon allocation for funding, the property will go through environmental review.

D. Rehabilitation or construction activities. The Developer / Borrower must submit an acceptable Property Condition Assessment (PCA) conducted by a qualified third party. In addition to repair costs identified in the PCA, other costs will be considered if they extend the useful life of the project. The project costs must be reasonable and typical in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.

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E. The project must comply with all applicable federal and state requirements.

F. The project must address identified impediments to fair housing choice.

G. The project must serve the local population impacted by the hurricanes.

VI. ENVIRONMENTAL REVIEW

A. Each development assisted with CDBG Disaster Recovery funds must be environmentally cleared. No commitment or disbursement of funds will occur prior to the completion of this review. The environmental assessment reviews the wetlands, coastal zones, flood zones and runway clear zones.

B. Rental Program funds cannot be used to assist rental units (single family) that have been determined to be in the Coastal Barrier Resource Zones or airport runway clear zones. Once the Environmental Review is complete the review is forwarded to GLO for environmental clearance.

C. The Developer / Borrower must comply with all applicable laws with respect to lead based paint in conjunction with Section 302 of the Lead Based Paint Poisoning Prevent Action (42 USC Section 4831(b)), as well as the presence of asbestos containing materials within the project.

D. A Property Condition Assessment must be conducted for rehabilitation. The PCA must conform to American Society for Testing and Materials (ASTM - http://www.astm.org/) "2018 Standard Guidelines for Property Condition Assessments." The Developer / Borrower are also directed to the TDHCA Section 1.36 of the 2009 REA Rules for PCA guidance (http://www.tdhca.state.tx.us/readocs/10-REARules.pdf)..

E**.** The environmental review is a separate and distinct review from any other review. Other previously performed (or applicant-provided) environmental reviews will not satisfy the requirements. Applicants are prohibited from beginning repairs, rehabilitation or reconstruction until they receive their SRRAP loans.

a. There are three potential steps to the review:

i. Step 1 – Initial Review: An environmental assessor will visit the property. The assessor will take photos and possibly measurements of the property from the street. They will collect tax information in order to determine the date of construction of structures on the property. Applicants do not need to be present for this visit.

ii. Step 2 – Issue Analysis: If the Initial Review reveals a potential environmental issue, further analysis may be required. This analysis may require follow-up site visits or additional research. GLO may schedule required follow-up visits in order to perform the necessary analysis. Applicants will be notified if they are required to be present for these follow-up visits.

i. Step 3 – Issue Mitigation: Any issue that cannot be cleared through Issue Analysis will need to be mitigated before environmental clearance is granted. All mitigation must be

completed within the timeframe specified by GLO. Examples of mitigation include making modifications to the building plans, moving the building site, or obtaining special permits for the property.

VII. CONSTRUCTION

A. Housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. When CDBG funds are used for a rehabilitation development, the entire unit must be brought up to the applicable property standards and meet Housing Quality Standards. All newly constructed including reconstructed housing units must meet the current edition of the Model Energy Code (MEC) (http://www.energycodes.gov/) published by the Council of American Building Officials. GLO may conduct a final inspection of the development. Common areas and units are subject to a Uniform Physical Conditions Standards inspection. Any deficiencies identified in that inspection must be corrected before final retainage is released.

B. Housing developments must meet all accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794). Multifamily housing developments must meet the design and construction requirements at the Texas Administrative Code, Title 10, Chapter 60, Subchapter (B) 10 TAC § 60.201-211). Covered multifamily dwellings, as defined at 24 CFR §100.201, as well as common use facilities in developments covered cover dwelling must meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.3601-4619).

C. The Developer/borrower must comply with Labor Standards; Section 3 Plan; Minority / Business Enterprise (MBE); Small Business Enterprise (SBE) requirements; Affirmative Marketing; and Contractor Clearance.

D. Project costs must be “reasonable and customary” as determined by an acceptable, independent third party report or considered reasonable as documented by a bidding process.

E. All contracts will be payment and performance bonded.
All projects are subject to The Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70), The Contract Work Hours and Safety Standards Act (40 USC 327 et seq), The Copeland “Anti-Kickback” Act (18 USC Sec 874), Section 3 (24 CFR Part 135) requirements, reporting and goals and should budget accordingly.

F. Prior to commencement of construction, the Developer / Borrower must have a notice to proceed. Scatter site projects owned by a sole owner with 8 or more units must comply with the Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70).

G. The report and AIA forms 702 and 703 will be required prior to funding each draw request.

H. Ten percent (10%) of each draw will be held as retainage until satisfactory completion of the project.

COMPLIANCE REQUIREMENTS

VIII. LABOR STANDARDS

A. All applicable developments must comply with applicable labor standards, including, but not limited to Davis-Bacon wages, Section 3, Minority / Business Enterprise, and Small Business Enterprise. Under the federal Davis-Bacon Wage Act (40 USC 276a-276-a5, 24 CFR Part 70, 24 CFR §570.603), prevailing wages must be paid on all construction and related work on projects that have eight (8) or more units.

B. The following information will be provided on all projects to the GLO Labor Standards Specialist:

a. Notes of bid and preconstruction conferences as well as attendance rosters with attendees signatures.

b. Notice to Proceed.

c. All Department of Labor (DOL) General Wage Determination reports showing prevailing wages applicable to each project throughout the construction phase.

d. Final Wage Compliance Report

e. Davis-Bacon communications, including:

i. Department of Labor communications

ii. Letters to Contractor(s) requesting payments of restitution owed to workers and liquidated damages, including copies of letters confirming Contractor(s) compliance and / or resolution of labor-related issues. Department of Labor (DOL) Semi-Annual Report with all required reporting data associated with the CDBG-DR Hurricane Ike award.

i. Additional documentation as required by GLO.

X. RELOCATION

A. The Developer/Borrower is responsible for the relocation activities related to the project. The Developer / Borrower shall comply with program regulations at 24 CFR §570.606, the Uniform Relocation Assistance and Real Property Policies Act of 1970 ("URA"), as amended, at 49 CFR §24, and §104(d) of the Housing and Community Development Act of 1974, as amended, at 24 CFR §42.

B. If applicable, Developer / Borrower shall submit to DETCOG copies of all documentation relating to URA, including but not limited to, a Relocation Plan with
Assurance Letter, Notice to Real Property, Tenant Status Reports, and all Notices with Tenant Acknowledgments as required by the LURA.

XI. PROJECT COMPLETION AND RELEASE OF RETAINAGE PROCEDURES

A. When a project is finished, the procedures listed below will be followed to document completion and allow for retainage (the last 10% of project costs) to be paid. List of items include:

a. Developer / Borrower submits Final Draw for Retainage. This draw is identical in form to the others and includes the final inspection report from the third party inspector indicating that the project is complete.

b. Developer / Borrower completes and submits a Final Wage Compliance Report.

c. Developer / Borrower submits Certificate of Occupancy for project.

d. Developer / Borrower submits letter certification from Architect that project meets requirements of the Americans with Disabilities Act.

e. Developer / Borrower submits Certificate of Substantial Completion, and AIA form that is signed by the Owner, General Contractor, and Architect.

f. Developer / Borrower submits Lien Release from General Contractor to show that all subcontractors have been paid. (Contractor = DETCOG) and (Subcontractor = Building Contractor).

XII. ANNUAL MONITORING PROCEDURES

A. Completed projects require annual monitoring. Monitoring will be conducted by DETCOG throughout affordability period. The results and reviews of monitoring activities ensure the provision of safe, decent, affordable rental housing in compliance with all applicable regulations. Income targets and rents must comply with Affordable Rental Program LURA requirements and other compliance requirements. Monitoring includes:

a. On-site inspection of rehabilitated properties to ensure compliance with Housing Quality Standards (HQS) under 24 CFR Sec. 982-401.

b. Compliance Standards Review (CSR) to ensure compliance with the CDBG regulations and the NOFA, but not limited to, the following:

i. Affordable Rental Housing

ii. Subsequent Rents during the Affordability Period

iii. Initial and Annual Recertification of Tenant Income

iv. Periods of Affordability

v. Tenant and Participant Protection (lease term, prohibited lease terms, tenant selection policy)

vi. Civil Rights Act of 1964 and Amendments

vii. Section 504 of the Rehabilitation Act of 1973

viii. Architectural Barriers Act and the Americans with Disabilities Act

ix. Design and construction requirements

x. For Rehab projects, entire structure must meet Housing Quality Standard

xi. Benefit all income targets including the CDBG LMI requirement to lease 51% of the units to LMI households

xii. Affirmative Marketing

xiiii. National Flood Insurance Program

xiv. Displacement, relocation, acquisition, and replacement Lead-Based Paint Compliance

xv. Fair Housing and Equal Opportunity

xvi. Section 3 (24 CFR Part 135) goals and reporting requirements

xvii. Applicant data reporting as required by the Conciliation Requirement

c. Notification in writing of the results of the monitoring activity will be provided to the borrower, with a stated corrective action plan, if one is needed.

XIII. FILES AND REPORTS

A. DETCOG will maintain accurate Rental Program files and records for general administration activities, for each development and tenant for a period of five years as

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required by the GLO. Such files will be open for inspection to GLO or any of its duly authorized representatives, or funding source representatives.

XIV. CHANGES, WAIVERS, AND/OR CONFLICTS

A. DETCOG has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.

XV. COMPLIANCE

A. In exchange for the loan award, each applicant agrees to comply with all LURA terms and requirements as a rental landlord.

XVI. LAND USE RESTRICTION

A Land Use Restriction Agreement (LURA) will be placed on each SF property receiving disaster funds to repair, construct or reconstruct rental units. The LURA must be approved by GLO. The LURA must contain a ten (10) year affordability period beginning after closeout of loan or grant and require acceptance of Section 8 housing choice rental vouchers when the owner owns 20 or more single family projects.

B. Applicants will be required to sign a Land Use Restriction Agreement (LURA), which sets forth income and rent restrictions applicable to units of affordable rental housing and constituting, with respect to the specific affordable rental housing. These documents will be filed with the local county clerk's office in the land records. The LURA imposes the requirements on the property for the full loan period of five (5) years.

C. The Land Use Restriction Agreement is an officially-filed restriction that ensures the property will remain rent restricted for the full loan period. At the end of the loan period, the restriction will automatically terminate and will no longer be valid or enforceable. Since the LURA is "self executing", nothing will need to be filed at the local county clerk's office to show that the loan period has ended. If the applicant abides by the terms and conditions of the LURA for the full five (5) year compliance period, the loan will be forgiven and no interest will be charged provided the landlord complies with the LURA requirements.

D. The Land Use Restriction Agreement will expire on the fifth (5th) anniversary of the later of the issuance of the Certificate of Occupancy or the loan closing.

XVII. FORGIVABLE LOAN DEFAULT

A. Disaster assistance is provided as an unsecured note to landlords receiving rehabilitation or reconstruction assistance.

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B. Violation of any terms of the LURA will result in a Statement of Noncompliance being issued to the applicant. The notice will state clearly the reasons for noncompliance and will allow the applicant time to correct the non-compliance.

C. If the applicant is in default, the amount of loan principal then outstanding (based upon the amount previously forgiven during the 5 year period) shall immediately become due and payable.

D. Upon default the forgivable loan will immediately convert to an interest-bearing demand note and becomes immediately due and payable.

E. The due and payable amount will be based upon the unforgiven amount of the loan.

F. Default occurs at the property level. If the unit is found to be non-compliant with the LURA, then the entire property will be considered in default.

G. Interest on defaulted loan awards will be set at the London Interbank Offered Rate (LIBOR) plus one percent (1%). Interest will be calculated beginning on the date that the first check is issued.

XVIII. LANDLORD REQUIREMENTS

A. These requirements include:

a. Leasing all units to tenants that have eligible household incomes (80% AMI or below).

b. Charging rents that are at or below High HOME rents.

c. Following income certification and verification procedures and keeping records on all tenants' income.

d. Maintaining complete and accurate rent rolls

e. Renting units in accordance with HUD Fair Housing Standards.

B. The applicant is responsible for maintaining complete and accurate records for the full period of the loan term. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to DETCOG or GLO upon request.

C. Compliance with these terms for the full period of the loan will result in loan forgiveness, leaving the applicant with no obligation to repay the loan or interest on it. Failure to comply with terms will lead to non-compliance.

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