

LEHIGH COUNTY COUNTY-WIDE HOUSING REHABILITATION PROGRAM



POLICY AND PROCEDURES MANUAL

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Lehigh County
County-Wide Housing Rehabilitation Program
Policies and Procedures Manual

I. INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures which will govern the County of Lehigh's, County-Wide Housing Rehabilitation Program (CWHRP). CWHRP was created by the County of Lehigh to assist low-to-moderate income households in the correction of existing interior and exterior health, safety and code violations¹ within their owner-occupied properties.

Funding is provided through multiple sources, including the Community Development Block Grant Program of the United States Department of Housing and Urban Development (HUD), which is subject to all laws, regulations, ordinance, and codes of HUD. CWHRP funds are used to provide forgivable loans to eligible applicants for the purpose of providing decent, safe and sanitary living conditions in owner-occupied homes, primarily through housing rehabilitation activities. Assistance is provided on a first-come, first served basis to those income qualified applicants living outside of the cities of Allentown and Bethlehem.

The County of Lehigh has contracted with Community Grants, Planning & Housing, LLC (CGP&H), a private consulting firm specializing in the implementation of publicly-funded housing rehabilitation programs, to manage and administer CWHRP.

II. ELIGIBLE PARTICIPANTS

A. Target Area

CWHRP is aimed to scattered site housing rehabilitation of low and moderate income households throughout Lehigh County excluding the cities of Allentown and Bethlehem which are served by their own Community Development Block Grant Programs.

B. Income Limits

Household income is defined as the combined annual income of all family members over 18 years of age including wages, social security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each

¹ Code violations in conformity with the standards of the local municipality as well as the International Existing Building Code (IEBC). IEBC is one of the 11 new building codes of Pennsylvania's Uniform Construction Code (UCC), developed by the International Code Council and adopted statewide.

applicant's total household income must fall within the low or moderate income guidelines based on family size as follows.

Household Size	Household Income Limit
1	\$41,100.00
2	\$46,950.00
3	\$52,800.00
4	\$58,650.00
5	\$63,350.00
6	\$68,050.00
7	\$72,750.00
8	\$77,450.00

(2012 Regional Income Limits (updated annually))

These income guidelines are based on median income figures determined by the HUD Income Guidelines for Lehigh County. The Program Administrator will ensure that this chart is updated whenever adjustments to these income figures become available.

C. Income Asset Limit

Household is not able to have more than \$50,000 in liquid assets. Assets in federally recognized retirement accounts do not apply to the liquid asset limit.

D. Equity Minimum

Homeowner equity minimum, prior to consideration of CWHR lien, is set at 20%. Should an applicant's equity be less than 20% but not less than 10%, CGP&H can submit a waiver request to the County of Lehigh. Approval will be based on the reason for the lack of equity.

E. Applicant Availability

A homeowner must be present in the home during visits by CGP&H and contractors throughout the project timeline. CGP&H will provide information during the application phase on the time requirements. If the homeowner determines that they will not be able to meet the time requirements, the application will not be able to move forward and the applicant will be discharged from the program.

F. Applicant Selection

Applications will be processed on a first-come-first-served basis. The consultant's will work from an established waiting list created during initial project outreach.

III. ELIGIBLE ACTIVITIES

A. Eligible Improvements

In order to qualify for participation in the program, the condition of each home must be certifiable as being substandard according to the Uniform Construction Code and/or local municipal codes. In other words, at least one of the following major systems must be in need of replacement or substantial repair: roof, electrical, heating, plumbing or sanitary plumbing, weatherization, and/or structural. The Program Building Inspector will inspect the property to determine which systems, if any, are substandard.

Funds are to be used for work and repairs required to make the unit standard and abate all interior and exterior violations of the aforementioned property codes, conserve energy and remove health and/or safety hazards; and any other work or repairs, including finishing and painting, which are directly related to the above listed objectives.

The purchase and installation of free standing appliances is eligible when all of the following conditions are met:

- Cost to repair the appliance is equal or more costly than to replace the appliance.
- Repair of the appliance will extend the life of the appliance by less than two years.
- Installation of such appliances conforms to local market demand and is comparable to unassisted homes in the local housing market.

Appliances purchased through CWHRP must meet the following standards:

- Stoves, Ranges and Ovens
 - Self-cleaning models
- Central Air Conditioners
 - Energy Star
- Refrigerator
 - Energy Star
- Washing Machines
 - Consortium for Energy Efficiency (CEE) Tier 2 or higher
 - Minimum energy factor of 2.0 or greater
 - Water factor 6.0 or less
- Clothes Dyers
 - Minimum 7.0 cubic feet capacity
 - Sensor dry system
 - Five temperature levels
- Dishwashers

- CEE Tier 2
- Minimum energy factor of 0.68 or greater
- Maximum annual energy use of 325 kilowatt-hours or less
- At least 3 wash cycle options

Radon remediation is an eligible improvement; however, the homeowner must prove that the radon levels are at 0.4 pCi/L or higher via the use of a long term (90 day) home test kit or certified test results provided by a radon remediation contractor.

The assisted housing unit must be homeowner occupied and require a minimum of \$8,000 in improvements for the abatement of at least one serious health or safety code violation. After this \$8,000 threshold on major systems is met, additional repairs may be undertaken.

In cost-effective cases, the demolition and replacement of a unit is also permissible under CWHRP (e.g. manufactured home, slum/blighted property, etc). Such decisions are at the discretion of Lehigh County.

B. Ineligible Projects and Improvements

Luxury improvements, and the purchase of free standing appliances, not those mentioned in Section III A, are prohibited under this program. Except in cases related directly to the property maintenance code, driveways, sidewalks, and garages (attached or unattached) are also ineligible under the Program.

It is important to note that if construction, which occurs within an eligible structure, effects conditions within an ineligible structure, the homeowner will be responsible for remedying the issues within the ineligible structure. For example, modification of an electrical connection within a home will cause electricity to be cut off in the garage. The homeowner will be responsible for fixing and paying for the remedy to the situation.

Homeowners may also be required to remedy an ineligible CWHRP safety hazard prior to initiation of CWHRP construction. Homeowners will be notified of any issue(s) after the property is inspected but before bid write-up. CGP&H will set a deadline for the homeowner to remedy the situation. Situation must be remedied within 30 days or applicant will be discharged from the program. A 15 day extension to the deadline can be provided if extenuating circumstances do not allow for the remedy within the 30 day deadline.

Any home that is not permanently connected to public utilities or private water or sewer, are ineligible for this program, because the home can easily be moved from one location to another. A common example of this situation is a “mobile home” or “trailer”. Furthermore, in situations where the owner of the home does not own the land on which the home is situated, those projects are not eligible for services through this program because a lien can not be placed on the land. A common example of this type of situation

is a modular home in a “trailer park”. CGP&H will determine, on an individual basis, whether or not cases fit the criteria of eligibility for the program.

IV. FUNDING TERMS

Funding will be provided on the following terms:

<u>Type of Dwelling Unit</u>	<u>Terms and Conditions of Loan</u>
<i>Owner-Occupied Single Family</i>	
Maximum Loan Amount	\$24,000
	<ul style="list-style-type: none"> • Basic funding: \$20,000 and if needed, an additional \$4,000. • Maximum amounts for projects requiring demolition, home replacement and/or lead abatement are at the discretion of Lehigh County. Refer to “Special Needs Waiver” section of manual.
Minimum Loan Amount	\$8,000
Interest Rate	0%
Payment Schedule:	100% Forgivable
Years 1 through 5 upon sale or rental*	20% forgiven each year
After Year 5	0% of Original Loan is due

A five (5) year lien against the property will be recorded in a Mortgage and Mortgage Note.

*If the owner decides to sell the property, transfer title, or if the owner should die **before the terms of the lien expire**, the owner, heirs, executors or representatives must repay a pro-rated loan amount. If the transfer of title occurs after the 5 year period, 0% of the original loan will be due. If the unit is no longer homeowner occupied for any reason within the lien period, the pro-rated loan must also be repaid immediately. The only exception to repayment of the loan is if the party to receive ownership of the property qualifies as low-to-moderate income prior to property transfer.

A. Special Needs Waivers

If necessary, the Program reserves the right to make an exception and allow the expenditure of additional funding to rehabilitate a unit. Individual files will be reviewed on a case-by-case basis. Approval of Special Needs Waiver Change orders must be submitted in writing and approved by CGP&H.

All cases posing a potential need for demolition, home replacement and/or lead abatement will be presented to Lehigh County for approval of funding above the \$24,000 basic limit. Funding availability, regulatory restrictions and cost effectiveness will be weighed by Lehigh County before a final decision is rendered.

V. IMPLEMENTATION PROCESS

A. Application/Interview

The Rehabilitation Coordinator will conduct a telephone interview with each prospective applicant. Program information, guidelines, and application forms will be mailed to the applicant, and each applicant will complete the application form and return it to the Rehabilitation Coordinator with the required verification documents. Upon receipt of the completed application form, a file will be opened for the applicant and a case file number will be assigned to the unit. The Rehabilitation Coordinator will be available via a toll free phone number to assist applicants during this and all other phases of the process. Additionally, as needed, a Rehabilitation Coordinator will be available for prescheduled appointments at the Lehigh County Department of Community and Economic Development Office.

B. Confidentiality of Documents

In order to protect the privacy of applicants, all records of CWHRP is considered confidential. An applicant is required to Sign a Privacy Notice indicating that only duly authorized persons will have access to the case files. Staff members are precluded from revealing any information regarding any aspect of a case to an unauthorized person. The privacy notice also enables CGP&H and Lehigh County to verify other sources of income without violating privacy laws.

C. Eligibility Certification

To be income eligible, the household must meet the HUD income guidelines. Income is verified according to guidelines set forth within the Long Form definition for the HOME program. Income eligibility will be verified through documents provided by the applicant for each household member 18 years of age or over who receives income and will live in the assisted unit. Verification documents may include but are not limited to the following:

- IRS 1040 forms, W2's and all schedules for the previous three years or, if Federal Income Tax is not filed, state taxes paid, 1099 statement(s) showing Social Security/pension income for the previous three years;
- Four consecutive pay stubs dated within 120 days of interview or letter from employer stating present annual income figures, if applicable;
- Proof of other income (i.e. income from rental units);

- Value of income from assets - e.g. savings, stocks, bonds and other forms of capital investment; however, NOT including the value of equity in real property;
- Homeowner's Agreement form signed by each property owner;
- Copy of the property's recorded deed (including date recorded, book, and page number);
- Proof of homeowner's extended coverage/hazard insurance;
- Proof of flood insurance, if property is located in a flood zone;
- Proof that all mortgage payments are current;
- Proof that all local taxes are paid in full and current or that a payment plan has been approved by the applicable taxing authorities. Applicant must provide proof that payments are current for all plans.
- Water / sewer and tax accounts must be paid current. The Program reserves the right to make an exception to this requirement. Individual files will be reviewed on a case-by-case basis.

After the CGP&H has determined that the household is income eligible and meets all other eligibility requirements, the Rehabilitation Program Manager will complete and sign the Eligibility Certification. This certification is valid for six months starting from date of eligibility certification. A Construction Agreement, between the property owner and the contractor, must be signed within this time period. If not, the Rehabilitation Program Manager must reevaluate the household's eligibility.

After the household is certified as income eligible, the Homeowner/Program Agreement will be executed between the owner and the program.

D. Initial Housing Inspection/Substandard Certification

The Program Inspector will visit the home to perform an initial inspection to determine which major systems noted under Section III A, are substandard. Based on the inspection, the Program Inspector will prepare a "punch list" of substandard items that, when completed, will bring the unit up to code in accordance with the Uniform Construction Code and local municipal codes. The aforementioned inspection will exclude the electrical inspection. This electrical inspection will be completed in accordance with the National Electric Code by a private Electrical Inspector.

E. Work Write Up/Cost Estimate

After the unit has had a comprehensive inspection by the Program Inspector, he/she will identify and develop a "punch list" of certified substandard items found. The Program Inspector will inspect for defective lead-based paint surfaces in units built before 1978 if the family residing or could reside therein includes a child less than 6 years of age. The lead content of chewable surfaces (even when the paint is intact) must be tested according to a method approved by the

U. S. Department of Housing and Urban Development (HUD). Photographs will be taken

of each housing unit. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. A total cost estimate will be calculated for each housing unit. In the event that not all items can be accomplished due to program funding caps, the Program Inspector will establish a priority repair system which addresses the code violations before the non-code violations. CWHRP's policy is to create Work Write-Ups and Cost Estimates that fall within CWHRP funding caps. In unusual hardship cases, and when the cost to correct all code violations exceeds the program funding limit, CWHRP will request additional funds from the County of Lehigh.

If applicable, the work write-up specifications and photographs will be forwarded to the State Historic Preservation office for review and approval.

Lead-based paint report and the site specific environmental review checklist will be submitted to Lehigh County. CGP&H will not put the project out to bid until Lehigh County provides a "Notice to Advance" for the project, stating that the project has passed environmental clearances and that construction funding may be committed. CGP&H will ensure that all special conditions, if applicable, are addressed during the project. CGP&H will notify the homeowner that funding has been committed to the project. The homeowner shall also receive a copy of the environmental review checklist, the FEMA flood map, the lead-based paint report and the Notice to Advance.

In situations where the cost estimate exceeds \$24,000, it will be at the discretion of CGP&H and/or the County of Lehigh to notify the applicant's municipality of the health and safety issues found during the inspection phase.

Should the work write up yield a price lower than \$24,000 but the applicant decides not to pursue the construction phase, CGP&H will determine if there are immediate health and safety issues with the property. If applicable, CGP&H will notify the applicant's municipality of those issues.

F. Contractor Selection

After the homeowner and the residence have been certified as eligible, and the cost estimate inspection has been completed, the Rehabilitation Coordinator will provide the homeowner with a copy of the work write up and the list of Program contractors. The homeowner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any contractors currently on the Program contractor list that the homeowner does not wish to have notified of the availability of the bid package. If the homeowner wishes to solicit a bid from a contractor not currently on the Program contractor list, the homeowner will provide the contractor's name, address and telephone number on the Work Write-Up Review Form. Any contractors that have not been

previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package. Moreover, each contractor, in submitting a bid, will have on record with the Program a signed acknowledgment that states that he/she has the capacity to complete the work in a timely manner given his/her existing workforce and contractual obligations.

The Rehabilitation Coordinator will notify all applicable contractors that a bid package for the property is available. The contractor must contact the Rehabilitation Coordinator to obtain a bid package and the contractor must submit a bid to the Rehabilitation Coordinator by the submission deadline (usually within three (3) weeks of the date of the bid notification letter). All submitted bids will be opened and recorded by program personnel at a meeting open to all interested parties.

The submitted bids will be reviewed by the homeowner, the Program Inspector, and the Rehabilitation Coordinator. The homeowner will formally acknowledge all bids by signing a Contractor Selection Form.

Generally, the lowest responsible bid from a qualified contractor will be chosen by the homeowner. However, if the homeowner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid.

A minimum of four (4) bid submissions is required; however, if a reasonable attempt to receive four (4) bids results in three (3) bids or less, the requirement of four (4) bids will be waived. Bids will be reviewed and totaled by line item.

If the lowest bidder's total is 20% or more below the cost estimator's project estimate, the bid will be flagged for follow-up between the Cost Estimator and the contractor. The Cost Estimator will review the bid line by line to identify any items that are particularly low. Then, the Cost Estimator calls the contractor and talks through those line items with them. The Cost Estimator will make sure that the contractor understands the scope and materials of the line item. If the Cost Estimator is convinced that the contractor understands the scope of the job and has a credible reason for the low bid, the contractor will be nominated for award of the job. If the Cost Estimator is convinced that the bid was insufficiently priced, the contractors will be permitted to withdraw their bid. Contractors are never allowed to increase their prices.

If all bids exceed the cost estimate by 20% or more, the cost estimator will reassess the cost estimate and provide the lowest bidder the opportunity to resubmit his/her bid at a reduced price. If the lowest bidder declines to renegotiate or if his/her revised bid exceeds the acceptable 15% range, the cost estimator will approach the next lowest bidder. If that bidder also elects not to renegotiate to be within the acceptable percentage range, the bid(s) will be rejected and new bids will be sought. Contractors will be notified of the results of the bidding within one (1) week of the date the homeowner makes his/her contractor selection.

G. Pre-Construction Conference/Contract Signing

The Rehabilitation Coordinator will conduct a pre-construction conference with the homeowner and contractor. Prior to the pre-construction conference the homeowner will be provided with copies of the loan documents and the Construction Agreement and the contractor will be provided with a copy of the Construction Agreement for review. At the time of the pre-construction conference, the scope of work will once again be reviewed. The homeowner and contractor responsibilities will also be reviewed, as well as the program's construction procedures and program limitations. The homeowner and contractor will each sign the Construction Agreement and receive copies. The homeowner will sign and receive copies of the Mortgage and Mortgage Note in the amount of the CWHRP subsidy.

If the homeowner is providing any funds for the rehabilitation of his/her home, those funds must be provided at the time of the pre-construction conference in the form of a certified check or money order made payable to the contractor. The check will be held by the Program and will be applied towards the contractor's first progress payment.

The contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.USC 483 1 (b)). The homeowner will be advised of the hazards of lead base paint and provided with the EPA booklet *Protect Your Family From Lead in Your Home*. Both contractor and homeowner will each sign the respective Certifications.

It is the contractor's responsibility to ensure all required permits are applied for prior to the start of construction and, if applicable, at the time of any change orders.

The program lien is recorded following the pre-construction conference. Liens will be amended if necessary.

H. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Program Inspector when a minimum of 30% of the total contract work is completed. The Program Inspector will schedule the inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the work is ready for inspection. Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory inspection, the Request for Payment form, approved and signed by the homeowner and the Program Inspector during the inspection, will be submitted to the County of Lehigh for payment. The Program Inspector will notify the contractor and the homeowner in writing

of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the contractor's request for the next inspection. If applicable, one progress payment (with a minimum of 50% of total contract work completed) of the contract will be paid.

I. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Change Order Authorization form must be completed and approved by the Homeowner, Contractor, Program Manager and/or the Program Inspector. It is the contractor's responsibility to obtain the signature of the homeowner and approval/signature of the Program Inspector prior to forwarding the Change Order Authorization form to the Rehabilitation Program Manager for final approval/signature. The contractor will be notified by the Rehabilitation Coordinator of the results, and no change order work should be undertaken by the contractor until he has received a copy of the fully executed Change Order Authorization.

J. Final Inspection

Prior to requesting a final inspection, it is the contractor's responsibility to:

- Properly close out all the permits and provide proof of payment closed out permits to the Rehabilitation Coordinator.
- Deliver to the homeowner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the owner indemnifying owner against any lien; and
- Provide the homeowner with all applicable warranties and owner's manuals for items installed and work completed during the course of the rehabilitation.

Once the contractor has provided the Rehabilitation Coordinator with all required job closeout forms, the contractor will be responsible to request the program's final inspection. The Program Inspector will schedule the final inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the rehabilitation work has been completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The homeowner will be present during the final inspection and the contractor will be present if there are issues to resolve.

Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Request for Payment form will be signed by the homeowner and the Program Inspector to document approval and finalization of work.

The Program Inspector will forward a copy of the signed Homeowners Consent to Release Payment form to the Rehabilitation Coordinator for case file records and attach this form to the contractors invoice for payment.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the contractor and the homeowner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work deficiencies discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon contractor's correction of deficiencies. CWHRP reserves the right to hold the contractor responsible to pay the cost of any additional inspections beyond the final inspection at a rate of \$75 per inspection for prematurely requesting the final inspection with the work not 100% completely done in a workman-like manner. Additional inspections are those in excess of the final inspection which are needed to inspect corrected deficiencies.

The Program Inspector shall ensure that a copy of the building permit is in the project file. A picture of the permit is acceptable.

The Program Inspector shall ensure that the contractor provided manuals and warranties for any installed appliances / equipment via the homeowner's signature on a sign-off form. A copy of the form shall be incorporated into the project file.

The Program Inspector shall also ensure that a copy of the mechanics lien(s) are incorporated into the project file.

The Program lien period will commence on the property upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

K. Payment Structure and Process

The County of Lehigh will issue all payments, which will be made according to the following schedule:

Up to one progress payment (representing a minimum of 50% of total contract work completed) will be paid. Upon completion of one hundred percent (100%) of the rehabilitation work, the contractor is eligible for final payment of the contract price. Upon a satisfactory program inspection, and confirmation from the Rehabilitation Coordinator that all contractor's documents submitted according to program procedures, the Rehabilitation Coordinator will submit the Request for Payment form, with homeowner's and Program Inspector's written approval, and copies of the following documentation:

- Eligibility Certification
- Homeowners Agreement Form
- Contractor Selection Form

- Work Write-Up Review Form
- Construction Agreement (Homeowner-Contractor Agreement)
- Change Order Authorizations
- Homeowners Consent to Release Payment

Progress and final payments will be made payable to the contractor.

L. Record Mortgage Documentation

Following the signing of the mortgage at the pre-construction conference, the Rehabilitation Coordinator will immediately file the mortgage with the Recorder of Deeds Office.

M. File Closing

The Rehabilitation Coordinator will close the homeowner's file after the final payment is made and the mortgage document is returned from the County with recorded date, book and page. The entire file will then be forwarded to Lehigh County for management.

N. Subordination

The County of Lehigh will subordinate on loans after the program participant's file has been closed; however, the frequency of subordination can be no greater than every two (2) years. Certain conditions must be met before the County will consider a subordination request:

- Receipt of correspondence from the homeowner detailing the reason for the mortgage subordination accompanied by the current loan interest rate on the home.
- Receipt of correspondence from the bank or mortgage company detailing the amount and interest rate associated with the loan that the homeowner is applying for, with request for subordination.
- Receipt of current (no greater than six (6) months old) and independent appraisal of the property to be refinanced. Appraisal must document three comparatives in the area which the home is located.
- Receipt of financial information regarding other loan payments (e.g. credit card, car payment, etc).

Upon receipt and review of this documentation, Lehigh County will review the subordination request using a 5 year screening calculation form and provide approval / disqualification information accordingly.

VI. LEAD BASED PAINT (LBP) PROVISIONS

In accordance with HUD regulations 24 CFR Part 35, all CWHRP assisted homes constructed prior to 1978 will be tested for lead based paint, and if applicable, be inspected by a risk assessor.

Housing rehabilitation exemptions from lead based paint regulations are as follows:

- Residential structures built after January 1, 1978.
- Emergency action activities.
- Properties found not to have lead-based paint during earlier testing that meets the requirements of prior evaluations.
- Properties where all lead-based paint has been identified and removed using approved methods.
- Rehabilitation that does not disturb paint.

At the appropriate time, the Program will provide homeowner with copies of the following:

- Lead Hazard Information Pamphlet
- Property Owner Disclosure (distributed to owners of a unit known to contain lead-based paint or lead based paint hazards for disclosure to prospective purchasers)
- Notice of Lead Hazard Evaluation or Presumption
- Notice of Lead Hazard Reduction Activity including Clearance

Both Notices of Lead Hazard Evaluation and Lead Hazard Reduction will be provided to the occupants within 15 calendar days of the date the Program receives the evaluation report or the date the lead hazard reduction work is completed. The type of evaluation and reduction activities required depends on the level of Federal assistance as defined by Federal regulations for HUD programs. The level is determined by taking the lower of the per unit rehabilitation hard costs or the per unit Federal assistance. Once calculated, the cost determines the level of assistance as exhibited in the table below.

HUD Regulations 24 CFR Part 35 Subpart J : Required Housing Rehabilitation Activities			
Amount of Program Assistance	< \$5,000	>\$5,000 < \$25,000	>\$25,000
Approach to Lead Hazard Evaluation and Reduction	Do no harm	Identify and control lead hazards	Identify and abate lead hazards
Notification	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing of surfaces to be disturbed by rehabilitation	Paint Testing of surfaces to be disturbed by rehabilitation and a Risk Assessment of entire unit	Paint Testing of surfaces to be disturbed by rehabilitation and a Risk Assessment of entire unit

HUD Regulations 24 CFR Part 35 Subpart J : Required Housing Rehabilitation Activities			
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation. Safe work practices Clearance of work site	Interim Controls Safe work practices Clearance of unit	Abatement Safe work practices Clearance of unit

A lead hazard evaluation will consist of one or more of the following:

- Visual Assessment performed by a HQS Inspector
- Paint Testing performed by a Certified Inspector
- Risk Assessment (or Lead Hazard Screen) performed by a Certified Risk Assessor

The lead hazard reduction will always include safe work practices and clearance and will also include one or more of the following:

- Paint Stabilization
- Interim Controls (or Standard Treatment)
- Abatement

Any properties not inclusive of the aforementioned exemptions and applying for program assistance will be inspected by the appropriate professional to identify and evaluate lead hazards. If hazards are identified, the program will then determine the following:

- required level of lead hazard reduction
- what methods will be used to reduce or eliminate the hazards
- whether or not relocation of occupants is necessary

The occupants will be notified of the Program's determination. The decision to relocate occupants during work construction is determined by the extent of the rehabilitation and lead hazard reduction work as outlined in HUD Regulations 24 CFR Part 35.1345 under Subpart R. The HUD Handbook 1378 requirements apply for any occupants who are to be temporarily relocated during the construction period.

Prior to the rehabilitation and lead based paint hazard work going out to bid, the Program will determine the type of contractor needed to complete the work required. The Program staff, homeowner and contractor(s) awarded the job will review the key aspects of the lead hazard reduction during the pre-construction conference.

The awarded contractor(s) will perform safe work practices at all times which includes but is not limited to:

- occupant protection
- worksite preparation

- daily cleanup
- safe work practices
- worker protection

Occupants will be notified of any lead-hazard reduction measures that were taken. Subsequent to the program's final inspection, the Lead Based Paint Inspector will conduct a clearance examination including dust samples to confirm the unit is safe for occupancy and that lead hazard reduction was performed according to the Program's work specifications.

Contractors that fail clearance tests associated with lead-based paint more than two times will be disbarred from the program for one year. Contractor will be fined upon the second and third failed lead clearance test.

VII. CONTRACTOR RECRUITMENT AND REQUIREMENTS

A. Marketing

The Rehabilitation Coordinator will advertise the availability of construction work in municipal offices and local building supply dealers. Free advertisement via municipal newsletters and Craigs List will occur quarterly. As necessary, the Program will advertise in local newspapers. All interested contractors will have the opportunity to apply for inclusion on the Program contractor list, which will be made available for the homeowner's use in selecting rehabilitation contractors. All marketing material will encourage the participation of women- and minority-owned business enterprises and Section 3 firms.

B. Contractor Qualifications

To qualify, contractors must meet the following minimum requirements:

- a. Adequate liability insurance, as well as full workman's compensation insurance as required by state regulations; and provide the Rehabilitation Coordinator with a certificate of insurance naming the Program as Certificate Holder;
- b. At least three favorable references regarding the successful completion of similar work;
- c. If applicable, record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- d. Appropriate licenses for mechanical systems as required by local municipalities.

- e. Contractors must be current on taxes owed to Lehigh County at time of bid award. Any business owner owning any parcel which is listed as delinquent in Lehigh County's tax delinquency database will deem a bid on a CWHRP project as non-responsible. The bid will be rejected and be awarded to the responsible bidder whom provided the next lowest bid. Tax payment plans are acceptable but must be approved by Lehigh County prior to bid award.
- f. Contractors must not be listed on the Excluded Parties List System (EPLS) at time of bid award. Any business or owner which is listed within the EPLS as debarred will be named as non-responsible. The bid will be rejected and be awarded to the responsible bidder whom provided the next lowest bid.
- g. Proof of registration as a Home Improvement Contractor through the Pennsylvania Attorney General's Office. Temporary registration is a requirement for bidding but finalized registration must be provided in order to be awarded a contract.
- h. Contractors must have a business office with a Pennsylvania mailing address.
- i. Contractors may not be working on more than two Lehigh County funded projects (e.g. CWHR, Neighborhood Stabilization Program, etc) during the same time period.

Contractors will be asked to complete a Contractor Qualification Form and an Acknowledgment confirming receipt, review, and acceptance of the Program's Contractor Responsibilities and the Program's General Conditions for Rehabilitation Grant Program. The contractor's qualifications will be reviewed and the references will be checked by the Rehabilitation Coordinator before the contractor is awarded a job.

Contractors meeting the qualifications will be allowed to bid on projects. Newly qualified contractors will endure a probationary period enabling the receipt of one contract award. If the construction during that contract is satisfactory according to CGP&H craftsmanship standards, the contractor will be removed from the probationary period and allowed more than one contract award.

C. Property Owner Acting as Contractor

Property owners, as a general rule, are prohibited from acting as their own contractor. An exception will be allowed if the property owner is a contractor licensed in Pennsylvania. If this exception is applied, CWHRP will reimburse the property owner only for the cost of materials provided the Program Inspector receives ahead of time receipts of purchases and proof that an effort was made to seek out the most competitive pricing for the materials purchased by the homeowner. Contractor must perform work as a business

entity; payment will NOT be made to individuals / entities that do not have a business identification number.

D. Disputes and Appeals Process

In homeowner/contractor disputes, as well as disputes with regard to staff decisions, the Program Inspector will act as a mediator in conjunction with the oversight of the Community Development Staff to resolve the differences. Homeowners involved in a dispute will be instructed to submit their concerns in writing. The homeowner may request a hearing conducted by the Community Development Staff. The determination of CGP&H and Community Development Staff shall be final and binding upon the parties in the event of dispute between the Owner and Contractor.

If the reason for the mediation is due to the homeowner's refusal to sign the consent for payment form and work has been done to work specification and to the satisfaction of the Program Inspector and the Rehabilitation Program Manager, the Rehabilitation Program Manager may authorize payment to the contractor directly. However, the Program will make a reasonable attempt to resolve the differences before taking this step.

E. Program Disbarment

Contractors that exhibit unsatisfactory craftsmanship will be placed on probation. Probation will allow contractors to learn more about the unsatisfactory actions and provide a chance to correct those actions in one future project. Should the contractor's problematic craftsmanship be corrected as deemed suitable by CGP&H, the contractor will be removed from probation. If the contractor's craftsmanship does not improve to the level required by CGP&H, the contractor will be disbarred from the program for two years.

Contractors that fail clearance tests associated with lead-based paint more than two times will be disbarred from the program for one year. Contractor will be fined upon the second and third failed lead clearance test.

Contractors who violate federal regulations, enact any form of fraud against the homeowner, Lehigh County or CGP&H, or initiates lawsuits against Lehigh County or CGP&H will be permanently disbarred from the County-wide Housing Rehab Program. Disbarment will not allow a contractor to bid on projects therefore, not be able to receive contract awards.

VIII. OFFICE HOURS AND LOCATION

Individual case management is being administered by Community Grants Planning & Housing, LLC. The Housing Rehabilitation program will operate at the following location:

Community Grants, Planning & Housing LLC
569 Abbington Drive, Suite E
East Windsor, New Jersey 08520
Telephone: 1-800-619-9979
Hours: Monday – Friday 8:30 a.m. - 4:30 p.m. (by appointment)

IX. PROGRAM STAFFING

A. Program Director

Marc Leckington, Vice President of CGP&H, will serve as the Program Director. The Program Director's job will be to oversee the program activities and staff.

B. Rehabilitation Program Manager

CGP&H will provide Rehabilitation Program Management. Specifically, Ms. Corinne Markulin has been named Rehabilitation Program Manager. The Rehabilitation Program Manager's tasks include: prepare progress reports to Lehigh County; prepare and file with HUD all required progress and fiscal reports; and supervise and assist the Rehabilitation Coordination Team as needed, including final review and approval of eligibility determination, progress payments, change orders, and final payments.

C. Rehabilitation Coordination Team

Rehabilitation coordination activities will be provided by the consultant's Rehabilitation Coordination Team. Specifically, Corinne Markulin will serve as the Supervising Coordinator. Joan Kiehling will serve as Rehabilitation Coordinator. Duties will include, but are not limited to: dissemination of information regarding the Program, receipt and processing of applications; income verification of applicant households; ordering inspections/work write-ups/cost estimates; preparation of borrower's agreements; notes and mortgages, and construction agreements; preparation of payment vouchers; preparation of a Program contractor list; and meetings with program participants, when applicable, to ensure the successful implementation of the Program.

D. Program Inspector

CGP&H LLC staff will serve as the Program Inspector. Specifically, Rick Panzinni, of the firm will assume the responsibilities of Program Inspector. Responsibilities of the Program Inspector include but are not limited to: conducting the comprehensive housing inspection; preparing the work write-up/cost estimate; reviewing the submitted bids and approving the contractor selected by the homeowner; making the determination of work write-up line items to be eliminated if necessary to keep costs within program limits; reviewing and approving any change orders; conducting progress inspection(s) and preparing progress report(s); conducting the final inspection and preparing the final inspection report; and taking "before" and "after" photographs of each housing unit.

XI. MARKETING STRATEGY

Marketing is unnecessary at the program start up. As the need arises for marketing, the program will utilize a combination of marketing efforts, including but not limited to brochures, flyers posted in prominent locations, municipal mailings via municipal tax and/or utility bill notices, word of mouth, newspaper articles, brochures and posters.

XII. MAINTENANCE OF RECORDS AND CLIENT FILES

A. Programmatic Recording

Programmatic Recordkeeping is the responsibility of the Program Director. These files will include the CDBG contract; procedures manual; HUD required reports; related contracts; etc.

B. Participant Record-keeping

The Rehabilitation Coordinator will be responsible for ensuring that individual files for each unit are established and maintained. Each completed file will contain a minimum of the following:

1. Checklist
2. Application form
3. Proof of ownership
4. Income verification
5. Homeowner's Agreement Form
6. Proof of currency of property tax and water/sewer accounts
7. Proof of homeowner extended coverage/hazard insurance (Declaration Page)
8. Certification of Eligible Household or Notice of Ineligible Household
9. Homeowner/Program Agreement
10. Certificate of Substandard / Municipal Punch list
11. Work Specifications/Cost Estimate
12. Bid Notice
13. Contractor bids
14. Bid Tabulation
15. Construction Agreement
16. Mortgage, Mortgage Note and Deed Covenant
17. Notice of Right of Rescission
18. Homeowner Lead-Based Paint Certification
19. Contractor Lead-Based Paint Certification
20. Change orders, if any

21. Work progress and final inspection reports
22. Copy of Municipal vouchers and related payment documentation
23. Homeowner's Consent to Release Payment Form (for final and any progress payments)
24. Photographs (Before and After)
25. Close-out documents
26. Certification of Approval

C. Financial Recordkeeping

Financial recordkeeping is the responsibility of the Financial Officer.

XIII. CONCLUSION

If the procedures described in this manual are followed, the County-Wide Housing Rehabilitation Program should continue to operate smoothly and effectively. Where it is found that a new procedure will eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the Residential Rehabilitation program.

XIV. AMENDMENTS

a. 1st amendment – 3.12.09

- i. Part V, Section F
 1. Bid bracket was modified from 15% to 20%.
- ii. Part III, Section B
 1. Section heading was modified from "Ineligible Improvements" to "Ineligible Projects and Improvements".
 2. Notation regarding the ineligibility of mobile homes and trailer parks was added.

b. 2nd amendment – 7.20.09

- i. Part VII, Section A
 1. "Free advertisement via municipal newsletters and CraigsList will occur quarterly" was added to the paragraph.
- ii. Part VII, Section B
 1. Added information regarding Home Improvement Contractor Registration.
- iii. Part VII, Section E
 1. Added section entitled "Program Disbarment".
- iv. Part IX, Section D
 1. Changed Program Inspector's name from Ralph Bove to Steve DePaul.
- v. Part V, Section F

1. Added paragraph regarding review of bids below 20% bid bracket.
 - a. "If the lowest bidder's total is...never allowed to increase their prices".
- vi. Part V, Section N
 1. Added this section (Subordination) to Part V.
- c. **3rd amendment – 4.21.10**
 - i. Part V, Section C
 1. Added language regarding taxes.
 - a. "or that a payment plan has been approved by the applicable taxing authorities. Applicant must provide proof that payments are current for all plans."
 2. Added language regarding income verification definition.
 - a. "Income is verified according to guidelines set forth within the Long Form definition for the HOME program."
 - ii. Part VI
 1. Removed "tenants or" from Property Owner Disclosure bullet.
 - iii. Part VII
 1. Added section entitled "Disputes and Appeals Process".
 - iv. Part V, Section J
 1. Added language regarding:
 - a. Building permits in file.
 - b. Owner receiving manuals and warranty info for installed appliances.
 - c. Mechanics lien(s) in file.
 - v. Part V, Section C
 1. Removed the following section regarding income eligibility for rental situations.

"Several possibilities exist concerning the determination of income eligibility for rental situations:

1. The program administrator determines that the owner is income eligible and the renters in each unit are income eligible. In this case, all of the units are eligible for rehabilitation.
2. The program administrator determines that the owner is income eligible, but the renters are not. In this case, only the landlord's unit is eligible for rehabilitation. If a home improvement is undertaken that affects all the units in the house (e.g., replacement of a roof), CWHRP will only cover a prorated percentage of the hard cost. For example, in a three unit property, only 33% of the hard cost of roof replacement will be covered.

3. The program administrator determines that the owner is not income eligible, but the renters are. In this case, the rental units are eligible for rehabilitation, but the owner's is not. If a rehab activity is undertaken which affects all of the units in the house (e.g., replacement of roof), CWHRP will only cover a prorated percentage of the hard cost. For example, in a three unit property, only 66% of the hard cost of roof replacement would be covered.

If any of the conditions above apply to a particular applicant's case, CGP&H sends a letter that explicitly identifies which of the units are eligible for rehabilitation, as well as specifies any applicable pro-ration of the hard costs of rehabilitation between the program and the homeowner. The homeowner's prorated monetary contribution is to be paid prior to the start of construction at the preconstruction conference in the form of a money order or certified check made payable to the contractor. The payment is held by the program until the work is satisfactorily completed, at which time the program will release the payment to the contractor.”

vi. Removed following section regarding rental units from Part IV.

<u>Type of Dwelling Unit</u>	<u>Terms and Conditions of Loan</u>
Two and Three Family house- <i>Owner- Occupied Multi-family.</i> Homeowner Occupied unit maximum loan amount	\$20,000.00
And	
Any additional unit Maximum Loan Amount	\$10,000 Per Unit
Minimum Loan Amount	\$8,000
Interest Rate	0%
Payment Schedule:	100% Forgivable
Years 1 through 5 upon sale or rental*	20% forgiven each year
After Year 5	0% of Original Loan due

A five (5) year lien against the property will be recorded in a Mortgage, Mortgage Note and Deed Restriction. The property owner agrees to rental affordability controls for the life of the Mortgage, Mortgage Note and Deed Restriction.

*If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or representatives must repay the

loan according to the pro-rated schedule above upon a title change. If the transfer of title occurs after the five year period, the loan will be fully forgiven. .

Additionally the following conditions apply:

- ☞ The assisted housing unit(s) is occupied by and affordable to a household that is certified as a low or moderate income household as per HUD Low and Moderate Income Limits for Lehigh County.
- ☞ If the assisted rental unit is vacant after it is rehabilitated, it will be occupied by and affordable to a household which has been certified as a low or moderate income household as per HUD Low and Moderate Income Limits for Lehigh County.
- ☞ The owner will execute a loan agreement and mortgage note which guarantees the continued availability of the unit to low or moderate income households for the terms of the 5 year lien for One, Two and Three family house.
- ☞ In the event the owner sells the property, transfers title to the property, dies, or rents to other than low or moderate income renters, before the terms of the lien expire, the owner, his/her heirs, executors, or representatives must repay a pro-rated loan amount according to the Terms and Conditions.

d. Fourth Amendment – 5.14.10

- i. Part VII, Section B
 - 1. Added section regarding contractor’s tax delinquency.
- ii. Part IV, Section E
 - 1. Added section regarding Notice to Advance.

e. Fifth Amendment – 6.9.10

- i. Part VII, Section B
 - 1. Added section regarding EPLS clearance of contractors.
- ii. Part II, Section B
 - 1. Updated income limits for 2010.
- iii. Part IV
 - 1. Added information regarding transfer of ownership to LMI party.

f. Sixth Amendment – 5.10.11

- i. Part III, Section B
 - 1. Added section regarding consequences of eligible construction effecting ineligible structures.

g. Seventh Amendment – 8.15.11

- i. Part II, Section B
 - 1. Updated income limits
- ii. Part III, Section A

- 1. Added section detailing eligibility criteria for free-standing appliances.
- iii. Part III, Section B
 - 1. Modified “luxury improvements, including the purchase of free standing appliances, not including stoves, are prohibited under this program” to read “luxury improvements, and the purchase of free standing appliances not those mentioned in Section III A, are prohibited under this program.”
- iv. Part V, Section C
 - 1. Removed “Applicants must have at least 80% equity in their home to receive services from CWHRP. The Program reserves the right to make an exception to this requirement. Individual files will be reviewed on a case-by-case basis.”
- v. Part V, Section J
 - 1. Added “and owner’s manuals” to “provide the homeowner with all applicable warranties for items installed and work completed during the course of the rehabilitation.”
- vi. Part VI, Section B
 - 1. Added “contractors must have a business office with a Pennsylvania mailing address.”

h. Eighth Amendment – 5.8.12

- i. Part II, Section B
 - 1. Updated income limits for 2012.
- ii. Added Part II, Section C and D
- iii. Part V, Section N
 - 1. Removed paragraph and replaced with current entry.

Information removed was as follows: “The County of Lehigh will subordinate on loans after the program participant’s file has been closed; however, the frequency of subordination can be no greater than every two (2) years and the appraisal used for the loan can be no greater than six (6) months old.”

- iv. Added Part VII, Section B, Part i
- v. Part VII, Section E
 - 1. Added information regarding probation for craftsmanship issues, debarment and fines for LBP failed clearances.
- vi. Part III, Section B
 - 1. Added paragraph “homeowners may also be required to remedy.... remedy within the 30 day deadline”.
- vii. Part V, Section E
 - 1. Added paragraph regarding cost estimates exceeding \$24,000, notify municipality.
 - 2. Added paragraph regarding cost estimates lower than \$24,000, applicant withdrew, notify municipality discretion of CGP&H.

- viii. Part VII, Section B
 - 1. Added paragraph regarding contractor probation period – one award only.
- ix. Added Part II, Section E
- i. Ninth Amendment – 8.16.12**
 - i. Part III, Section A
 - 1. Added paragraph regarding radon remediation.

End of Amendments

XV. LIST OF FORMS APPENDED

Application Forward Letter	RR-M-1
Program Information Handout	RR -M-2
Application for Assistance	RR -E-1
Homeowner Agreement Form	RR -E-2
Checklist	RR -E-3
Environmental Review	RR -E-3a
Certification of Eligible Household	RR -E-6
Eligibility Determination Form	RR -E-7
Notification of Eligibility	RR -E-8
Notification of Ineligibility	RR -E-9
Certificate of Substandard	RR -PC-3
Fax: order work write-up	RR -PC-5
Letter: forward work write-up to homeowner	RR -PC-6
Work write-up review form	RR -PC-7
Contractor Qualification Form	RR -PC-8
Contractor Acknowledgment Form	RR -PC-9
Contractor Responsibilities	RR -PC-10
General Conditions	RR -PC-I 1
Request for Rehabilitation Bid	RR -PC-12
Affidavit of Contractor	RR -PC-13
Subcontractor Bid Sheet	RR -PC-13B
Bid Summary Tabulation/Contractor Selection	RR -PC-14
Homeowner/ Contractor Agreement	RR -C-1
Mortgage	RR -C-2
Mortgage Note	RR -C-3
Deed Restriction (we will have to acquire a copy of this document)	RR -C-4
Truth in Lending Disclosure Statement	RR -C-5
Acknowledge of Receipt of Loan Proceeds	RR -C-6
Notice of Right of Rescission	RR -C-7

Notice to Proceed	RR -C-8
Change Order Authorization	RR -C-9
Certificate and Release	RR -C-10
Closeout Statement	RR -C-11
Homeowner Consent to Release Payment to Contractor	RR -C-12
Contractor Selection Form	

* End of Policy Procedures Manual *