

**COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG)
HOMEOWNERS REHABILITATION PROGRAM**



City of Mesa
Department of Housing and Community Development
20 East Main Street, Suite 250
Mesa, Arizona 85201
Phone: (480) 644-3536

AZ TDD/TDY: 711

Online:
<http://mesaaz.gov/>

Policies and Procedures Manual

Program Year 2018-2019



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I. HOME OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM – PROGRAM OVERVIEW

A. PROGRAM DESCRIPTION

The City of Mesa, Arizona, acting by and through the Housing and Community Development Division of the Community Services Department shall provide housing rehabilitation and/or repair assistance through the Community Development Block Grant (CDBG) program, as approved by the U. S. Department of Housing and Urban Development (HUD), to income eligible applicants residing within the City limits.

The Home Owner-Occupied Housing Rehabilitation Program (Housing Rehabilitation Program) is designed to preserve existing housing and enhance the quality of the neighborhood by providing decent, safe and sanitary housing for extremely low, very-low and low-income owner-occupied homeowners. Mobile homes qualify for limited assistance under this program. (Note: For the purposes of this policy, the definition of “mobile homes” means homes with permanent axles attached to facilitate their potential relocation. Mobile homes do not include “modular” or factory-built homes that are re-assembled on site and are intended to remain at that re-assembly location permanently.)

The program(s) included herein are conducted in accordance with all applicable rules and regulations of the City of Mesa, the State of Arizona, and the United States Department of Housing and Urban Development.

B. PURPOSE

Rehabilitation is more complex to stage and manage than new construction because the project does not begin with a blank slate. The construction must coordinate with and respond to pre-existing conditions, past modifications and mistakes, and the desires, concerns, safety, and (often) occupancy of owners and residents. The complexity of the rehabilitation process is further compounded by the interaction of numerous people involved in its execution.

The Housing Rehabilitation Program provides a mechanism for eligible homeowners to bring their eligible house into compliance with local codes and provide safe, decent housing for lower income individuals. The program has three major components:

- Major Rehabilitation
- Minor Rehabilitation & Repairs
- Emergency Repair

The Housing Rehabilitation Program is designed to bring the eligible homeowner’s dwelling into compliance with applicable, locally-adopted housing rehabilitation standards to reduce ongoing and future maintenance costs, promote energy efficiency, and to preserve decent affordable owner-occupied housing. ***This program is not intended to be used for homeowners who intend to sell their property upon completion of the project.***

Program funds are issued to contractors that perform specified repairs to the dwellings of eligible homeowners. Depending on the level of rehabilitation and cost of repairs, the funding may be grants, forgivable loans and/or payment loans. The Housing Rehabilitation Program eligibility criteria restrict assistance to qualified households and eligible dwelling units.

C. GOALS OF THE HOUSING REHABILITATION PROGRAM

- Eliminate health and safety hazards in homes
- Benefit low-income, very low-income, extremely low-income, and disabled residents
- Improve neighborhoods and encourage long-term stability
- Address energy efficiency issues

D. PROGRAM FUNDING

The City's Housing Rehabilitation Program is a federally-funded program financed with federal funds from the Department of Housing and Urban Development (HUD), and administered through the City of Mesa Community Housing & Community Development utilizing Community Development Block Grant (CDBG) and/or HOME Investment Partnerships Program (HOME) funds that are used on projects for the rehabilitation of homeowner-occupied homes.

The funding for each fiscal year varies and is determined by Mesa City Council. The limits and availability of the Program depend on the amount of funds allocated to the City.

HOUSING REHABILITATION PROGRAM ACTIVITY TYPES

The CDBG regulations permit a wide variety of affordable home ownership rehabilitation activities. Some of the basic eligible activities include:

Emergency Repair	<ul style="list-style-type: none">•CDBG funds can be used for the following rehabilitation activities:•Homeownership assistance-Providing financial assistance for emergency repairs to homeowners•Up to \$15,000
Homeowner Rehabilitation (Minor)	<ul style="list-style-type: none">•CDBG funds may be used to assist existing owner-occupants with:•Homeownership assistance-Providing financial assistance for minor rehabilitation to owner-occupied homes•\$15,001 - \$30,000
Homeowner Rehabilitation (Major)	<ul style="list-style-type: none">•CDBG funds may be used to assist existing owner-occupants with:•Large Rehabilitation projects•\$30,001-\$100,000
Homeowner Rehabilitation (Construction or Re-Construction)	<ul style="list-style-type: none">•CDBG funds may be used to assist existing owner-occupants with:•Constructed•Reconstruction of their homes•Over \$50,000 but not to exceed 75% replacement value (<i>including demolition</i>)
Other Housing Rehabilitation Assistance Activities	<ul style="list-style-type: none">•Provide financial assistance for:•Demolition•Remediation of Lead Paint•Code Violations

II. GUIDELINES FOR PARTICIPATING IN THE HOUSING PROGRAMS

A. APPLICATION PROCESSING

Applications for assistance are processed on a first-come, first-served basis. Once qualified, a project may be assessed and ranked against other qualified applications in terms of code priorities; any emergency need takes priority (e.g., failed heating system in winter, air conditioning in summer, leaking roof during the monsoons). On occasion, the HCD must reject applications despite the presence of eligible work. Reasons for this may include: lack of program funds; conditions requiring substantial rehab beyond scope of the program; costs exceeding program limits; title issues; ineligible tenants; and factors that suggest the applicant may be unable to comply with the terms of the program.

B. WAITING LIST MANAGEMENT

The Housing Rehabilitation Program waiting list will be maintained in accordance with HCD established policies and procedures. Applicants will be selected from the waiting list in chronological order based on the date and time on their preliminary application (*first in – first out*), including any established preferences or priorities for providing assistance. When the application reaches the top of the waiting list, the HCD Housing Rehabilitation Program staff will then process a full application for the applicant to verify the information provided and to confirm that the applicant meets all HUD program requirements.

The applicant will be required to complete a preliminary application form to register their interest in participating in the Housing Rehabilitation Program. The preliminary application form requests basic information about the applicant, the applicant's property, and the occupants. The submission of a preliminary application does not guarantee assistance under the Housing Rehabilitation Program. If an applicant meets the basic eligibility criteria, the application will be processed for full eligibility and the dwelling unit will be inspected to determine the scope of work to be performed. If insufficient funding or other resources are available to assist the applicant at the time of application, the application will be placed on the Housing Rehabilitation Program waiting list.

C. OVERVIEW OF THE PROGRAM PROCESS

1. Homeowners can call or come into the HCD office, and a contact sheet will be filled out. Verbal information will be collected regarding income and ownership, as well as a brief description of the repairs being requested. If it appears the homeowner qualifies for the Program, they will be put on the wait list (*unless an emergency*). When the project comes up on the wait list, the homeowner will be contacted and sent an application, along with a list of required documents to fill out and return for review. Applications will request information (re: gross income, ownership, and homeowners' insurance).
2. Homeowners will be invited to participate according to the contact date (the date they initially contacted the Housing Rehab office). The exception will be emergency repairs and home accessibility, which will be addressed as soon as possible.

3. Townhouses, condominiums, and mobile, modular and manufactured homes on rented lots are not eligible for regular rehab¹. They can, however, be eligible for the Emergency Repair Program and receive assistance up to the cost of any qualifying items needing replacement or repair. The townhome/condominium owner is responsible for securing permission from the HOA before participating in the Program. HOA and/or CCR covered items/issues are not eligible.

Townhouses and condominiums are limited to the replacement of interior finishes, such as, but not limited to, floor coverings, paint and texture, kitchen and bath cabinets, light fixtures, switches, and receptacles, plumbing fixtures that don't involve re-piping, interior doors and trim, and water heaters. Interior finishes will not need to comply with Davis-Bacon. The exterior of the structure is typically the responsibility of the property association. For CDBG funded projects, if exterior work is needed in addition to the interior work, Davis-Bacon compliance is required for all work, both interior and exterior. (The internal and exterior work cannot be separated in order to avoid compliance with Davis-Bacon).

4. Due to the large volume of applications and waiting list, a 15-day notice will be given for any non-compliance or lack of response in prompt manner to the following:
 - a. The homeowner does not respond to the invitation.
 - b. The homeowner does not have the required documentation available for completion of their application.
 - c. The homeowner's yard or house is not brought up to and maintained at a level of readiness and accessibility to allow the project to proceed.
5. If the homeowner is non-compliant or non-responsive during the application period, the homeowner will be notified in writing that work will not proceed on their home, and the next homeowner on the waiting list will be contacted.

D. COMPLETED APPLICATIONS

1. The applicant must make consistent progress towards mitigating any application deficiencies. Applicants taking more than 30 days to complete their application shall be deemed "non-responsive" and shall lose priority position. Applications taking more than 45 days to complete shall be denied and the applicant must re-apply. For emergency applications, program staff shall continue to work the applicant; however, funding shall be subject to funds available and priority of need at the time of application approval.
2. Written notice of eligibility (or denial) will be sent to the homeowners, a case number will be assigned, and files will be set up.

¹ Owner-occupied manufactured housing that is rehabilitated, the manufactured housing unit must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing unit owner or land for which the manufactured housing owner has a lease for a period at least equal to the applicable period of affordability.

- i. After it has been determined that the applicant is eligible for assistance, the program staff will perform an inspection of the property to determine if the property is eligible for participation in the program.
 - ii. The application, with verification of compliance and requested work to be funded, will be initially reviewed by program staff for compliance with the rehabilitation policy and referred to the Program Manager for approval.
 - iii. Where questions of eligibility arise based on extenuating circumstances, the case may be referred to the program's Rehabilitation Committee who will advise departmental staff on the appropriateness of assistance, in accordance with applicable rules and regulations.
3. If the property owner desires to participate in the program, the Program Specialist and/or Inspector shall coordinate the inspection the residence and prepare a work write-up and complete a detailed cost estimate for rehabilitation to the unit according to City Code. The Program Specialist, inspector, and the homeowner will thoroughly discuss the work to be done prior to selecting a contractor.
4. For non-emergency requests, the homeowner will select up to four contractors from the active contractor list and sign the Contractor Selection Form. Only contractors approved to participate in the Housing Rehabilitation program will be eligible to be placed on the Housing Rehabilitation Program Approved Contractors List.
5. The chosen contractors are invited to bid the project. If the repairs are deemed an emergency and warrant prompt attention, an inspection by the Program Specialist or inspector will be conducted. In an emergency situation, after ownership and income verification are obtained, a contractor may be selected by the Program Specialist, with approval by the Program Manager, to provide a quotation for the required work to be performed.

All homeowners must agree to cooperate with the Rehab staff, allow the contractor access to the home Monday thru Saturday, 7:00 am to 5:00 pm, and support the contractor in the timely completion of the rehabilitation of their home. Non-cooperation in the process can result in early termination of the project and removal of the homeowner from the Program.

6. Bids will be publicly opened and read at the time, date, and location indicated in the bid.
7. The contract will be awarded to the lowest qualified and responsive bidder.
8. The Program Specialist, inspector, the property owner and the contractor(s) who submitted the winning bid will attend a preconstruction conference. Extensive explanation of the work write-up and specifications will be made. All questions will be answered at that time to avoid the need for construction change orders later.
9. **Loan/Grant Closing** - The initial loan closing will take place at the preconstruction conference. The property owner will sign all applicable documents at this time. The client

will be informed that the loan amount does not include any costs for temporary housing, storage of household goods or potential construction change orders.

- a. Temporary Housing & Storage. The client will be responsible to cover any cost of temporary housing and storage of personal property.
- b. **Change Orders.** *Change orders are discouraged and all project change orders must be reviewed and receive a recommendation by the Program Specialists and/or inspector and receive final approval from the Program Manager.*

All change orders as a result of unforeseen conditions or error by the program staff will be considered grants to the homeowner and will not result in changes to the original loan amounts. Any change orders resulting from homeowner requests that are approved by HCD, will be added to the loan totals at the close of the project and an amended loan document and appropriate mortgage documents will reflect that final amount.

10. **Right of Rescission** - All appropriate project documents will be signed at the preconstruction conference. The potential applicant for loan assistance will be informed of the three (3) day rights of rescission available to all parties.
 - a. When the order to proceed with work is executed, the contractor is then required to begin work within ten (10) days of its issuance (emergency repair projects must commence within two (2) days).
 - b. If the contractor does not commence work within the allotted period, the contract will be awarded to the next most responsive bidder or will be re-bid, at the discretion of the Program Manager.
 - c. Variations from the specification must be requested by change orders which may require the approval of the owner and the Program Manager, provided that the cumulative amount of change does not increase the contract amount by more than 15 percent.
 - d. Changes over 15 percent or that which result in cumulative changes exceeding the 15 percent must be pre-approved by the Rehabilitation Program Committee.
11. When construction to the dwelling is completed, the final inspection is made by the Program Specialist and/or Program Inspector, and if applicable, the City's Building Official; the contractor is required to sign a Unconditional Waiver of Lien (contractor's representation that all subcontractors and vendors have been paid in full). The program inspector and if applicable, the City Inspector must certify that completion of the work is according to code and specifications. A check is then requested by the Program Specialist and approved by the Program Manager and made payable to the contractor. Partial (or Conditional) Lien waivers are required for each payment and a Final (or Unconditional Lien Waiver is required for final payment.
 - a. Payments, **Progress Payments and Final Payment.** Emergency projects are typically one payment projects. In the event any project has been approved for progress payments, the following shall also apply:
 - i. Partial (or Conditional) Lien waivers are required for each payment and a Final (or Unconditional Lien Waiver is required for final payment;

- ii. Payments are approved only for work performed and materials installed;
 - iii. All pay requests must have approved inspections from HCD and the City building inspector, if required;
 - iv. Support Documentation. All pay requests must include the invoice from each subcontractor that actually performed the work and lien waiver, the supplier’s invoice and lien waiver, and the cut sheet for the materials/appliance installed, as requested.
12. The Program Specialist, at the completion of the project and after all expenses for the project are accounted for, will modify the Loan Agreement (*if applicable*), as well as prepare a modified mortgage note for execution by the client. The Program Specialist will update the file to accurately reflect the true cost of the project. All modifications to these Agreements will be discussed with the client at a post- construction conference, including the reasons for any increases or decreases in amounts or terms of the Agreements.
13. Loan payments are due (per the terms of the Agreement with the homeowner) usually thirty (30) to forty-five (45) days after final inspection (*the date of the final inspection will be the determining factor*). Information regarding the borrower and the loan is stored and maintained in the City’s Loan Services file.

III. REQUIREMENTS TO PARTICIPATE IN THE HOUSING PROGRAMS

ELIGIBILITY REQUIREMENTS

The following requirements must be met in order for a property to be considered for the Rehab Program:

	Criteria & Conditions
1.	Property must be located in the City of Mesa jurisdiction. Maricopa County islands are excluded.
2.	The property must be owner-occupied.
3.	Homeowner(s) must have owned and lived in the structure for at least the last 12 months prior to applying for rehabilitation assistance (proof is required).
4.	Participants must be of legal age to execute a contract between the homeowner and the contractor for all work required.
5.	The home must be suitable for rehab under the financial constraints of this Program. The property must be suitable for rehabilitation. The yard and home must be at a level of readiness and accessibility to allow the project to proceed. A dwelling that cannot be rehabilitated to meet safety, health, and code standards, has major structural damage, or has major draining problems, will be considered non-feasible.
6.	If mortgage payments are not current, or the home is under forbearance (re-payment plan) or in foreclosure, it is not eligible for any rehab program.
7.	Homeowner(s) must be a legal resident of the United States, complete a Statement of Legal Residency (Declaration of Section 214 Status).
8.	This structure must be the applicant’s sole and only property.
9.	Homeowners must meet the low-income limits of 80% or less of the area median as established by the U. S. Department of Housing and Urban Development (HUD) for the jurisdiction of Mesa, Arizona

10.	Except for emergency repairs, all properties must have property insurance.
11.	All homes within a FEMA flood zone must have Flood Insurance.
*	<i>Priority will be given to those who experience catastrophic events -- as funding is available.</i>
*	<i>Priority is also given to those who have not previously received assistance.</i>
*	<i>Level of assistance will be determined based on a review of the financial encumbrances on the property.</i>

IV. INCOME GUIDELINES

Verification and certification of income and assets will be required to determine program eligibility for all rehab-funded projects. Income includes all wages and salaries, interest and dividends, alimony, and child support, for all adults living in the house. It excludes food stamps, medical reimbursement, and foster childcare assistance.

For the purpose of determining program eligibility, household income shall be calculated according to the HUD regulations identified in the Code of Federal Regulations at 24 CFR, Part 5. The calculation used to determine annual household income shall be consistent with HUD regulations and HUD’s definition of income including the sources of income that are to be included or excluded from the calculation. Income of all household residents age 18 or over, unless they are a full-time student, will be included in the total annual household income determination.

The applicant and any other adult family member must execute a release of information form authorizing any depository or private source of income, or any federal, state, or local agency, to furnish or release to the HCD such information as determined to be necessary.

A. **LMI (LOW-MODERATE INCOME) LIMITS FOR MESA, ARIZONA**

Below are the total allowable LMI (low-moderate income) limits per size of household for qualifying for the CDP Housing Rehabilitation Program. LMI limits are set by HUD. Total income means income from all adults 18 years old or over living in the household. Household size means *all adults and children living in a household regardless of their relationship.*

The Homeowners Rehabilitation Program uses the Department of Housing and Urban Development (HUD) CPD Income Calculator Updated with FY 2018 Income Limits published June 1, 2018, to determine income eligibility.

The Income Calculator can be found at: <https://www.hudexchange.info/incomecalculator/>.

FY 2018 Income Limits of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Maximum Gross Income Limits for the City of Mesa, AZ

Last Updated: 06/01/2018

<https://www.huduser.gov/portal/datasets/il/il2018/2018summary.odn>

Median Family Income Phoenix-Mesa-Scottsdale, AZ MSA

FY 2018 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (30%) Income	\$14,550	\$16,600	\$20,780	\$25,100	\$29,420	\$33,740	\$38,060	\$42,380
Very Low (50%) Income	\$24,200	\$27,650	\$31,100	\$34,550	\$37,350	\$40,100	\$42,850	\$45,650
Low (80%) Income	\$38,750	\$44,250	\$49,800	\$55,300	\$59,750	\$64,150	\$68,600	\$73,000

B. CALCULATING ANNUAL (GROSS) INCOME

The annual income definition found at 24 CFR Part 5 is used by a variety of federal programs including Section 8, public housing, and the Low-Income Housing Tax Credit Program and will be used as the qualifying standard for City of Mesa housing programs. Annual income is used to determine program eligibility and, in some programs, the level of assistance the household will receive. This definition was formerly commonly referred to as the Section 8 definition.

The Part 5 definition of annual income is the *amount of income of all adult household members that is anticipated to be received* during the coming 12-month period. The Part 5 annual income is used to determine eligibility and the amount of Federal assistance a family can receive. Therefore, homeowners shall use a household's expected ability to pay, rather than past earnings, when estimating housing assistance needs.

In addition to providing information requested on the application form, complete, accurate, and up-to-date documentation of income is required of all applicants according to your particular circumstances. *We recommend that you read through completely the notes below to understand what is required. Please call the Program Specialist with questions so that he/she can help you avoid unnecessary delays.*

- Income documentation is required for all adult members of the household and must be submitted before the initial review can be performed.
- Provide photocopies of all documents, not originals.
- Some documentation requires notarization.

Beneficiaries of CDBG funds. Homeowner(s) must be determined income eligible based upon a review of their projected **anticipated annual income** by all adult household members.

- ✓ The income determination cannot be more than **6 months** old at the time the assistance is received.
- ✓ The households receiving tenant-based rental assistance or living in rental housing are not eligible.

All CDBG and HOME recipients are required to document:

- ✓ Income of **ALL** adult (18 years or older) household members, even if there is no income.
- ✓ If there is more than one **ADULT** in a household, documentation **must** be provided for each **ADULT** household member.
- ✓ If an adult has more than one income source or job, each source of income should have its own documentation.

To determine if applicants are income eligible, recipients shall review and verify income using the following (*but not limited to*):

- ✓ Pay stubs
- ✓ Social Security benefit award letters
- ✓ Veterans benefits
- ✓ Workers Compensation
- ✓ Alimony
- ✓ Regular Contributions
- ✓ Child Support statements
- ✓ Retirement Pensions/Annuities
- ✓ Interest statements
- ✓ Unemployment compensation statements
- ✓ Profit and loss statement from business
- ✓ Other third-party documentation (bank statements, etc.)

Recipients of the City's CDBG Homeowner Rehabilitation program must use Part 5 definition for determining income. Remember that the Part 5 definition includes assets in its calculation of income (see the attached Part 5 Income Workbook).

Applicants must return a fully completed, signed and dated application form, including all information requested, along with the following valid documents (if applicable):

Wages - for all adult household members

- Two months of current and consecutive pay stubs, payroll print-out, or letter from employer indicating hours worked weekly and hourly pay.

Unemployment Benefits income - for all adult household members

- Current unemployment benefit letter.

Public Assistance (TANF/Welfare)

- Most recent DES benefit letter.

Social Security/ SSI and Veterans (V.A.) Benefits

- Most recent benefit award letter.

Workers Compensation

- Statement from employer, insurance company, law firm, etc., showing awarded amount.

Alimony

- Copy of court order or statement with amount awarded and frequency.

Regular contributions or gifts from organizations and/or individuals

- Statement from organization or individual indicating amount contributed and frequency. Name, address and phone number must be provided in statement.

Child Support

- Print-out from Child Support Agency for the last 12 months, including dollar amount received. For support not paid through the Office of Support Enforcement, submit a statement from the person providing the support, including monthly amount, address, and phone number.

Retirement Pension/Annuities

- A statement from the account administrator verifying your gross monthly benefit.

Trust

- Verification from the trust administrator of the current value of the trust, the type of trust (irrevocable or revocable), and the date & type of any disbursements over the past twelve months

Self-employment income - for all adult household members

- Copies of your entire IRS Tax Return 1040 for last two years.
- Profit and Loss statement.
- If the self-employed earner does not file taxes, a **notarized statement** reflecting earnings and expenses for last two years, including dates, addresses of jobs, amounts paid, related expenses - to determine net profit; and (upon request) and IRS Verification of Non-filing status for last two years.

No Income - for all adult household members

- Self-Declaration of No Income affirming no regular income, contributions, or monies of any kind are being received.

Student Status/Income for adults enrolled in school

- Full-time students or unemployed household member must provide evidence and a notarized statement affirming status. Verification of tuition expenses, financial aid, scholarships, and/or grant income.

IRS Verification

- Copies of signed 1040 for last two years, include all Schedules as appropriate if you are self-employed and/or you receive other income.
- “Tax Return Transcripts” homeowners are responsible for obtaining IRS Tax Return Transcripts. When ordering your Tax Return Transcript, please use the same information used when filing your 1040 return. **If you do not file taxes** because your taxable income is not sufficient to meet the minimum filing requirements, you must select the **request a Verification of Non-Filing option**. Your Tax Return Transcript will be sent to you directly. Please forward this information to the Program Specialist in order to complete your qualification. Eligibility cannot be determined without this information.

Assets

- Assets statements for past 2 months: Assets shall include checking, savings, other bank accounts, stocks, bonds, CDs, trusts, real estate, and cash held by any household member.

C. APPLICANTS WITH PHYSICAL DISABILITIES

Applicants with physical disabilities who also meet the income eligibility requirements will be eligible for the removal of architectural barriers in their dwelling and may be eligible for rehabilitation services at the discretion of the Program Manager and/or Rehab Committee. Improvements to the dwelling to remove architectural barriers that restrict mobility and accessibility may be authorized for owner occupied households that include elderly or physically disabled persons. The necessity for such improvements shall be supported by appropriate written notification from the applicant’s physician, referring social service agency, or a similar outside authority familiar with the applicant’s living situation. Receipt of Social Security Disability or Supplemental Security Income can also be used as verification of disability. Architectural barrier removal does not include portable items such as wheelchairs, walking-aids, vehicle lifts, or other portable personal assistance items.

D. CERTIFICATION OF INCOME AND ASSETS

Certification of income and assets will be required to determine program eligibility for all funded projects. Certification of income and assets means the applicant certifies that all information provided is true and correct. The HCD shall also require the family to submit documentation determined to be necessary if it is required for purposes of determining or auditing an applicant’s eligibility to receive program assistance, for determining the applicant’s or applicant’s family members’ annual income. The use or disclosure of information obtained from an applicant or applicant’s family member or from another source pursuant to this consent to release information form shall be limited to purposes directly connected with administration of the Homeowners Rehabilitation Program.

Value of an asset shall be computed by the greater of either the current market income from the asset or the imputed value of the asset using the current passbook rate as determined by HUD.

Households with \$25,000 in liquid assets or equity in the property may receive assistance but any assistance provided shall be a repayable loan with terms to be determined.

V. OTHER PROGRAM REQUIREMENTS

A. OCCUPANCY REQUIREMENTS

The owner agrees to maintain continued occupancy for the duration of the loan. If the homeowner is unable to fulfill this obligation under this contract and cannot continue to occupy the home, they must notify HCD in writing before vacating the home. HCD will attempt to accommodate the homeowner with special arrangements in case of hardship. However, in most cases, a permanent lien will be placed on the property for the balance due under the contract. Monthly payments may be required until the lien is paid in full. The Rehab Committee will determine the amount of the payments.

B. ENVIRONMENTAL REVIEW

In accordance with HUD regulations, the environmental effects of each activity carried out with federal funds must be assessed. The City of Mesa is responsible for conducting an environmental review of projects selected for funding. Compliance with environmental review requirements is mandatory prior to the applicant entering into any choice-limiting agreements or taking any physical action on a site. The selected applicant(s) shall be responsible for providing information and relevant documents necessary to accomplish the environmental review. For some projects the City will require a Phase I environmental assessment conducted in accordance with standards developed by the American Society for Testing and Materials, and if applicable, a follow-up Phase II assessment. For or more information contact Ray Thimesch (480) 644-4521, email: Ray.Thimesch@mesaaz.gov.

C. PROPERTY TAXES

In order to be determined eligible for participation in the Housing Rehabilitation Program, the subject property taxes must be current. Property taxes must not be delinquent for any tax year unless the homeowner has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding to the written agreement.

D. PROPERTY INSURANCE

With exception of emergency repairs, standard property insurance must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a flood plain, flood insurance must also be maintained (with coverage adequate to ensure the City's lien position).

E. LIEN PRIORITY

The City of Mesa will only accept a first or second lien position. In a case where the second lien is due to participation in a down payment assistance program to secure the initial purchase the property, the City may accept a third lien position.

F. EQUITY LOANS/LINES OF CREDIT

Households receiving home equity loans, home equity lines of credit (HELOC), or reverse mortgages within the last (3) three years will be disqualified from receiving assistance through the City's Housing Rehabilitation Program, unless the loan funds were used exclusively for their primary residence for home improvements or to pay delinquent property taxes as indicated on a HUD 1 statement from a title company or to pay outstanding funeral or medical expenses.

The homeowner must be current with his/her mortgage (the payments due and payable to the mortgage company may not be more than 30 days past due) in order to receive assistance under the Housing Rehabilitation Program.

G. HISTORIC PRESERVATION

Homes of historic value will be reviewed on a case-by-case basis by the HCD Environmental Review Officer. *Emergency grants may be considered to eliminate health and safety hazards in accordance with the Emergency Repair Program.*

The State Historic Preservation Office (SHPO) through the HCD Environmental Review Officer will review all properties, fifty years of age or older. All properties with exterior repairs or modifications will also be reviewed. If a historic review is needed, the HCD Rehab staff will prepare a packet to be forwarded to the SHPO office for processing. The packet will include photos of the exterior of the house, completed request form, and a copy of the work specifications. Exterior work will not proceed until SHPO clearance has been received.

H. EQUAL OPPORTUNITY

The City of Mesa's Housing Rehabilitation program does business in accordance with the Federal Fair Housing Law and Federal Equal Credit Opportunity Act. These laws state that it is illegal to discriminate against any person because of race, color, age, religion, sex, marital status, or national origin.

Any individual who believes that he or she may have been discriminated against may discuss the matter with the Homeowner Rehabilitation Program Manager, City Director of Housing and Community Development, the City Manager, or HUD's Assistant Secretary for Equal Opportunity.

I. DISPOSITION OF PROGRAM INCOME

All income generated from the use of funds through a revolving loan or the repayment of a deferred payment loan will be retained by the City's CDBG or HOME program and utilized to continue and expand housing rehabilitation activities.

J. LEAD-BASED PAINT PROGRAM

HUD issued regulations to protect young children from lead-based paint hazards in homes that receive financial assistance from the federal government or houses sold by the federal government. The regulation establishes requirements for testing of all painted surfaces, interim controls, and abatement of lead-based paint hazards in such housing. It applies to all housing that was built before 1978, when lead-based paint was banned nationwide for consumer use. (A copy of the regulations can be obtained at www.hud.gov/lea or call 800-424-LEAD to receive a copy by mail.)

Lead-Safe Housing and Work Practices

Any project involving the rehabilitation of a property built before 1978 must comply with the Residential Lead-Based Hazard Reduction Act of 1992 and the EPA’s *Lead Renovation, Repair, and Painting Program*. Residential developments funded with CDBG, HOME and/or NSP funds must result in lead-safe housing. For more information, contact Ra’Chel’Ni Mar’Na, MA CHFRA at (480) 644-3020 or Rachelni.Marna@Mesaaz.gov.

The Homeowners Rehabilitation Program requires owners to take actions to reduce lead-based paint hazards in CDBG-assisted units. Owners must comply with 24 CFR 35, the regulations implementing the Lead-Based Paint Poisoning Prevention Act along with requirements for dealing with lead-based paint found in the Uniform Physical Condition Standards (UPCS). Current Part 35 requirements stipulate that all occupants receive and acknowledge notice of the possible presence of lead paint.

Level of Assistance in Property	Hazard Reduction Requirements	Summary of Requirements
Assistance of more than \$5,000 per unit up to and including \$25,000 per unit	Interim controls.	<p><i>Interim controls</i> mean a set of measures designed to reduce temporarily human exposure or likely exposure to lead-based paint hazards.</p> <p>Once work is completed a passing a Dept. of Health LEAD SAFE CERTIFICATE must be realized for the exterior, common spaces, and all assisted units.</p> <p>Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based paint maintenance activities, and the establishment and operation of management and resident education programs.</p>

<p>Assistance of more than \$25,000 per unit</p>	<p>Abatement of lead-based paint hazards.</p>	<p><i>Abatement</i> means any set of measures designed to permanently eliminate lead-based paint or lead-based paint hazards (see definition of “permanent”) on the exterior, common spaces, and all assisted units.</p> <p>Once work is completed a passing a RI Dept. of Health Lead Free Certificate must be realized for the exterior, common spaces, and all assisted units.</p> <p>Abatement includes:</p> <ol style="list-style-type: none"> (1) The removal of lead-based paint and dust- lead hazards, the permanent enclosure or encapsulation of lead-based paint, the replacement of components or fixtures painted with lead-based paint, and the removal or permanent covering of soil-lead hazards; and (2) All preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.
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The Lead-Based Paint Poisoning Prevention Act applies to *all* units in a property assisted with CDBG or HOME funds -- not just to CDBG or HOME-assisted units. During the compliance review, staff will monitor to ensure that the owner has conducted all necessary activities and maintained appropriate documentation in their files.

Owners/contractors must be in compliance with 24 CFR 35 and Sections 302 and 401(b) of the Lead-Based Paint Poisoning Prevention Act. This subpart implements the provisions of 42 U.S.C. 4852d, which impose requirements on the sale or lease of housing. The seller or lessor of housing shall:

- Disclose to the purchaser or lessee the presence of any known lead-based paint and/or lead-based paint hazards;
- Provide available records and reports;
- Provide the purchaser, lessee or owner with a lead hazard information pamphlet;
- Give purchasers a 10-day opportunity to conduct a risk assessment or inspection; and
- Attach specific disclosure and warning language to the sales or leasing contract before the purchaser or lessee is obligated under a contract to purchase or lease target housing.

In addition, any disturbance of a painted surface on housing constructed prior to 1978 requires additional testing, notices, and remediation as specified by 24 CFR 35.

K. OUTREACH TO MINORITY- AND WOMEN-OWNED BUSINESSES

The HCD requires maximum utilization of minority- and women-owned businesses in all HCD-assisted housing projects. ***Maximum utilization will be determined by the level of good faith efforts demonstrated to contract M/WBE companies.*** As a Department goal, HCD is seeking to achieve at least 25% certified minority business enterprise (MBE) participation and 5% certified women's business enterprise (WBE) participation. This is taken as a percentage of the project's total development cost, excluding acquisition. HCD requires maximum effort in M/WBE utilization and will evaluate the Good Faith Effort prior to executing HCD loan agreements. All recipients of HCD funds will be required to keep records of participation by certified MBEs & WBEs. For more information, contact Mr. Ra'Chel'Ni Mar'Na, MA, HFPCRA (480) 644-3020, Rachelni.Marna@mesaaz.gov.

L. EMPLOYMENT AND ECONOMIC OPPORTUNITY FOR LOW AND VERY-LOW INCOME PERSONS

If a project receives HCD funding of \$100,000 or more, the general contractor is subject to the requirements of HUD's "Section 3" which seeks to ensure employment and other economic opportunities are directed to low- and very low-income persons. All recipients are required to submit a Section 3 plan that must be approved prior to Loan document execution and/or Notice of Approval of Documents. For more information, contact Deanna Grogan at (480) 644-2320, email: Deanna.Grogan@mesaaz.gov.

M. COMPLIANCE WITH THE CONSOLIDATED PLAN

All activities to be undertaken by the City are set forth in the 5-year Consolidated Plan and specific project activity for the current program year are set forth in the Annual Action Plan. *To view the Mesa Consolidated Plan, follow this link:*
<http://mesaaz.gov/residents/housing-community-development>

Warning: A HOME assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and will be subject to recapture.

N. OTHER FEDERAL REQUIREMENTS

The Federal requirements set forth in 24 CFR part 5, subpart A, are applicable to participants in the program. The requirements of this subpart include:

- Nondiscrimination and equal opportunity;
- Disclosure requirements;
- Debarred, suspended or ineligible contractors; and
- Drug-free workplace.

The nondiscrimination requirements at section 282 of the Act are applicable. These requirements are waived in connection with the use of HUD funds on lands set aside under the Hawaiian Homes Commission Act, 1920 (42 Stat.108).

VI. ASSISTANCE CATEGORIES/PROGRAMS

A. MAJOR REHAB PROGRAM

The Major Rehab **Program** will provide up to \$100,000 of rehabilitation costs to qualifying homes of low-income homeowners. The costs will be divided equally between a forgivable loan and a permanent loan, each secured by a lien, as described below.

B. FORGIVABLE LOANS

Forgivable loans will cover 50% of the rehab costs. A forgivable loan is non-interest-bearing loan secured by a 5-10-year lien. (When the contract amount is \$15,000 or less, the forgivable loan will be for a five-year period and will be forgiven at 20% per year. If the contract amount is over \$15,000, the forgivable loan will be for ten years and will be forgiven at 10% per year.) At the end of the loan period, the lien will be released. A qualifying immediate family member who has inherited the property may assume the forgivable loan if they agree to the same terms and conditions as the original owner. The unforgiven balance of the loan shall become due and payable upon the sale, exchange, re-financing to get cash out, or transfer of the property to a non-qualifying owner.

Periods of Affordability. The assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The per unit amount of funds and the affordability period that they trigger are:

Homeownership Assistance Amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

C. PERMANENT LOANS

Permanent loans are secured by a lien, are non-interest bearing, and become due and payable when the owner sells the home or changes the ownership to someone other than a qualifying member of the family. Permanent loans must be paid if the subordination agreement includes taking cash out from the equity of the home. (In hardship cases where there is insufficient equity on the property to cover the loan, the Rehab Committee may grant an exception to this requirement.

D. EMERGENCY REPAIR PROGRAM

The Emergency Repair (ER) Program is utilized to eliminate a threat to life, safety, or health. The amount allowed under the ER Program is the cost of the item in need of repair or replacement. In an emergency situation when time is of the essence, with approval of two (2) Rehabilitation Committee members (and ownership and income verification are obtained), staff will forgo the three-bid process and the HCD Rehabilitation Program Manager and/or Rehabilitation Committee member will select a contractor to provide a quotation for the work to be performed. The quote will be required to be a responsible bid. The project is not to exceed \$15,000. (If so, it will need Rehab Committee approval.) A memo to the file regarding this action is required.

The following items/situations are considered emergencies, as determined by HUD's Housing Quality Standards:

- no cooling during the summer months, as determined by and is consistent with local building codes
- no heating during the winter months, as determined by and is consistent with local building codes
- no hot water
- severe water leak
- gas leak
- deteriorated or collapsed drainage systems
- major electrical problems
- or any other life, health, catastrophic issues, or safety threats

When funds are limited due to budget constraints and an emergency repair is required, a lien for the emergency repair amount *may* be filed. If the project is over \$15,000, liens *will* be required.

A new lien may be filed, or an existing lien may be modified should a full rehab need to be completed at a later date. Documentation for the ER project will be kept in a separate file.

E. EMERGENCY REPAIR PROGRAM – MANUFACTURED HOMES

The Manufactured Home Emergency Repair Program is a grant program, utilized to eliminate a threat to life, safety, or health. The Program only covers manufactured homes on rented lots and owners must be below 80% of the median income. Projects are not to exceed \$15,000.

The amount allowed under the Emergency Repair Program for manufactured homes is the cost of the item needed replaced/repaired. All manufactured homes² must comply with the following:

- Have a floor area of not less than 700 square feet
- Have 100-amp service
- Be built on (and remain on) a permanent chassis
- Finished grade elevation beneath the manufactured home, or if a basement is used, the lowest finished exterior grade adjacent to the perimeter enclosure, shall be at or above the 100-year return frequency flood elevation

²City of Mesa shall follow guidance from the Office of the Assistant secretary for Housing on Manufactured Housing-Federal Housing Commissioner Mortgagee Letter 97-36 dated August 12, 1997 (as amended)

Exceptions may be granted on a case-by-case basis by at least two Rehabilitation Committee members .

F. HOME ACCESSIBILITY PROGRAM

The Home Accessibility Program is a 50% permanent loan, 50% forgivable (5-year) loan program, to install home accessibility components only. This Program is available if the house is not in need of general rehabilitation. The maximum amount for this Program shall be the total cost of all components needed for the modification, or \$15,000, whichever is less. A permanent lien for 50% of the cost, and a forgivable (5-year) lien for 50% of the cost will be placed against the property. If more repairs are required, the forgivable loan option is available.

Home accessibility modifications will be covered as far as accessibility; i.e., ramps, bathroom and shower accessibility, etc., but not for therapeutic needs. Construction of special features for individuals with very specific health needs will not be addressed due to limited funds and the need of specialized knowledge.

VII. ELIGIBLE IMPROVEMENTS/UPGRADES

A. LIST OF QUALIFYING ITEMS TO REPAIR/REPLACE

The following list shall establish the items that may be repaired or replaced:

- Electrical/plumbing
- Sewer lines
- Heating/Cooling
- Roofing
- Termite control
- Windows
- Exterior doors
- Exterior paint (two colors)
- Insulation
- Smoke detectors
- Bathroom fixtures
- Kitchen countertops
- Kitchen fixtures
- Hot water heaters
- Flooring (other types may be approved for medical reasons with a doctor's statement)
- Interior paint (one color throughout, bathrooms/kitchen shall be eggshell color).
- Other health and safety items as determined by the Rehabilitation Program Manager.
- Existing units (stoves, refrigerators, air conditioners, etc.) may be repaired or replaced, depending on cost effectiveness, if the systems are faulty and/or create a safety hazards.
- General maintenance items and/or landscaping do not qualify for any of the rehab programs.

Housing rehabilitation assistance may only be provided to cover the cost of rehabilitation necessary to bring the property in compliance with locally-adopted, written property standards,

and applicable Federal, State and City of Mesa codes. All conditions described in Priorities I thru IV must be addressed before Priority V (allowable, additional improvements) can be considered.

B. LIST OF PHYSICAL IMPROVEMENTS

Physical improvements to the dwelling will be made based on priority and must fall in one of the following priority categories in order to be eligible:

1. Priority I- Housing Systems

- Electrical wiring, fixtures or systems
- Heating, venting and air-conditioning
- Roofs, porches, walls and structural load bearing walls
- Foundations
- Plumbing
- Health and safety items
- Removal or Replacement of attached building components (deck, porch) that were specifically cited as a code violation by the City's Codes Compliance
- Miscellaneous code violations

2. Priority II- Architectural Barrier Removal

- Widening of doors
- Installation of ramps
- Roll-in showers (as space permits)
- Grab bars and permanently attached physical-assist apparatus
- Air-conditioning (if medically necessary)
- Hearing-impaired smoke detection equipment
- Specialty plumbing fixtures
- Lowering of light switches
- Other permanently attached fixtures determined to be of assistance in removing architectural barriers

3. Priority III- Incipient Code Violations (*Deficiencies or conditions of deterioration, if left unattended, would continue to deteriorate into or contribute to a code violation.*)

- Replacement of building components (roofs, water heaters, HVAC systems) that have exceeded their life expectancy or, due to condition, is expected to fail within a two-year period from the date of inspection.
- The current edition of the United States Department of Housing and Urban Development (HUD) Residential Rehabilitation Inspection Guide, Appendix C entitled "Life Expectancy of Housing Components" shall be used as the standard to determine the life expectancy of building components for the purpose of eligibility for replacement.
- <https://www.huduser.gov/portal/publications/destech/inspection.html>
- Unsafe and unused fireplaces with a deteriorated or unsafe chimney should be disassembled to below the roof line and sealed (roof will be patched over area that chimney

penetrated the roof). Unsafe and used fireplaces will be repaired or an alternate exhaust system will be installed.

4. Priority IV- Allowable, Additional Improvements

In no instance will an allowable, additional improvement take priority over a Priority I, II, or III required repair. Allowable, additional improvements will be eliminated by a change order to remedy unforeseen code violations, emergency, mechanical, foundation, or weatherization repairs found after the initial inspection or ongoing inspections.

Allowable additional improvements include the following:

- Interior and Exterior paint
- Refinishing or replacement of kitchen or bathroom cabinets
- Countertop replacement
- Tile Flooring (will be used in high-traffic areas if cost-effective)
- Wood flooring – if comparable in cost to vinyl or carpet
- Disposal, refrigerator, stove and dishwasher
- Door replacement and trim improvements

5. Luxury Items

The following are considered luxury items and are NOT allowed:

- Hot tubs, whirlpool baths, steam showers
- Patios or decks
- Room additions
- Installation of fireplaces
- Window treatments other than standard grade mini-blinds
- Carports or garages
- Items above standard grade or in excess of approved specifications
- Room additions may be approved if they are necessary to install a bathroom facility in a dwelling that otherwise lacks a bathroom or if it is necessary to provide accessibility to the house.

VIII. LEVELS OF ASSISTANCE/PARTICIPATION

- Self-help rehabilitation (owner labor), owner/contractor labor, and/or sweat equity is not allowed.
- Homeowner(s) must complete any unfinished construction project prior to the City undertaking further work on the property and must agree to not undertake any new construction projects while the home is being rehabilitated. ***No side deals or arrangements will be allowed between the homeowner and the contractor.***

- The amount of rehabilitation undertaken will depend on the condition of the property. All work deemed necessary by the Program Manager to provide decent, safe, and sanitary conditions must be completed before participation in the Program.
- Mold and mold remediation are generally not covered under the Homeowners Rehabilitation Plan.
- Special medical needs will be considered on a case-by-case basis and may require the homeowner to provide a doctor's statement showing the need because of a medical condition.
- When the existing structure is deteriorated to the degree that repair/rehabilitation costs would equal or exceed new construction costs, or the structure was built inferior and/or substandard; has major structural or drainage problems; or if the cost of the required rehab exceeds the property value, or if any repair(s) needed cannot be completed within the financial constraints of the program(s), the structure will be deemed "non-feasible for rehab" and denied participation in the rehab program.

IX. LOANS

Assumability

Permanent loans and forgivable loans are each secured by separate liens. They shall be repaid to the City upon the sale of the property. However, an immediate family member who qualifies under the income guidelines may assume the loans with the same terms as the original agreement. Immediate family shall include the owner's spouse, child, stepchild, sister, brother, mother, father, grandchildren, and/or grandparents. The family member assuming the permanent or forgivable loan must continue residing in the home until the loans have been satisfied.

X. FORECLOSURE AND SHORT SALES

In the event a home ends up in foreclosure or short sale due to payments not being made on the first mortgage, etc., HCD reserves the right to accept or reject any and all offers to satisfy the City's loans. The Rehab Committee will review individual foreclosures or short sales on a case-by-case basis and make recommendations. The Rehab Committee's decision shall be final.

XI. SUBORDINATION AGREEMENTS

Subordination agreements on the permanent and/or forgivable loans will only be allowed for the following circumstances:

- To refinance an existing mortgage to a lower interest rate, and/or to reduce the monthly payments with no cash out.
- In the event of the death of the owner, the lien will remain until the property is sold or assumed by a qualifying family member.
- In hardship cases where the owner would benefit, as determined by the Rehab Committee.

CONTRACTOR INFORMATION

XII. SELECTION AND CLEARANCE OF CONTRACTORS

Selection of a general contractor in the Housing Rehabilitation Program, (except in the Major System Repair Program), is generally the responsibility of the homeowner with guidance from the HCD Rehabilitation Program staff, as requested by the homeowner. However, for emergency repairs, HCD Rehabilitation Program staff may use the Contractor's Rotation List.

Generally, the selection of a general contractor in the Housing Rehabilitation Program will follow the City's procurement process, with bidding, awards, and contract execution coordinated by the HCD Rehabilitation Program staff. Rehabilitation work will be undertaken only through a written contract between the contractor and the homeowner receiving the assistance.

The HCD Rehabilitation Program Specialist will obtain a minimum of three (3) bids on the planned repairs, based on the preliminary work write-up prepared by the City's inspector or the implementing agency. The bids are to be returned to the designated location on the specific due date. The HCD Rehabilitation Program Specialist will record the total amount of the bid and the date and time the bid was received. The HCD Rehabilitation Program staff will evaluate the bid documents to determine which bids are eligible. Bids are considered eligible when the following conditions are met:

- The submitting contractor currently meets all program requirements and is not debarred or suspended from participating in the Housing Rehabilitation Program.
- The contractor is not on probation with the City, at the State or Federal level.
- The bid is received prior to the bid submission deadline date and time stated in the bid documents.
- The total amount of the bids is within 15% of the total cost listed on the initial work write-up prepared by the HCD Rehabilitation Program staff and does not exceed the maximum dollar limits of the program.

If none of the bids solicited are within 15% of the preliminary work write-up initially or by negotiation, the bid must be rejected, and other bids must be obtained that are within the specified cost limits. Any bids received outside of the estimated range of housing rehabilitation will be rejected and the homeowner will be notified in writing.

Generally, contractors new to the Housing Rehabilitation Program will only be able to have one contract in progress at any time until they have successfully completed at least three (3) contracts (*exceptions may be made on a case by case basis depending on the availability of qualified contractors for the specific scope of work and quality performance*).

Successful completion of three contracts removes this restriction and the contractor may have more than one rehabilitation project at any given time providing competency, integrity, quality and scheduling have not /will not been/be compromised.

When an acceptable, eligible bid has been secured and the general contractor is selected, the contractor is notified that they must furnish a current *Certificate of Insurance*, a completed *Contractor Information Form*, and a statement concerning the non-use of lead-based paint. Information will be verified for accuracy and completeness of the forms submitted by the contractor. If all submitted documents are in order and the contractor is not on the list of parties debarred or suspended from participation in federal procurement or non-procurement programs or if the contractor is not suspended or debarred from participation in the City of Mesa Housing Rehabilitation Program, the HCD Rehabilitation Program staff will proceed with the preparation of contract documents.

Participating general contractors must obtain all permits that are required to perform the authorized scope of work. The contractor must comply with all the regulations governing the issuance and inspections of any work permitted. Furthermore, all general contractors and subcontractors must possess trade or other professional licenses as may be required by the State of Arizona and the City of Mesa in order to perform such functions that are subject to licensing. Each contract between a contractor and a homeowner shall contain language denying participation to contractors who fail to perform in a satisfactory manner.

Contractors proven to provide poor service or quality of workmanship and/or who exhibit behavior that is not professional in the opinion of the City or HCD Rehabilitation Program will be debarred or suspended from any future contracts with the City of Mesa Housing Rehabilitation Program. Contractors will be informed of this decision in writing with the opportunity to appeal to the HCD Rehabilitation Program Manager or his/her designee.

QUALIFICATIONS

This section sets forth requirements and procedures with respect to contractor qualifications and construction contracts for housing rehabilitation assistance.

Contractors will be required to have criminal background checks performed as indicated in Appendix G- Criminal Background Check for Contractors:

To qualify for the Rehab Program active contractor or sub-contractor list, a contractor must:

1. possess a residential contractor's license from the State of Arizona, with a minimum B classification or related trade classification;
2. possess proper identification;
3. be in good standing with the Registrar of Contractors;
4. have a City of Mesa Tax License;
5. have good references;
6. meet the City's insurance requirements, including \$2 million general liability and worker's compensation insurance; and
7. must be registered on the U. S. Governments System for Award Management
<https://www.sam.gov/portal/SAM/#1>

All contractors bidding are subject to, and shall comply with federal, state, county, and City of Mesa procurement laws, policies, and regulations; including, but not limited to:

1. Section 3 of the Housing and Urban Development Act of 1968;
2. Women and Minority Owned Business recruitments;
3. Section 504 of the Rehabilitation Act of 1973;
4. Equal Employment Opportunities (EEOC) regulations not discriminating against any employee or applicant for employment because of race, color, religion, sex, age or national origin;
5. Americans with Disability Act (ADA) of 1990;
6. drug-free workplace regulations;
7. Davis-Bacon and Labor Standards regulations;
8. federal and local bond requirements;
9. lead-based paint hazard control regulations;
10. Maricopa County Air Quality Department environmental regulations regarding dust control, asbestos and NESHAP;
11. Energy Policy Act (EPA) of 2005;
12. Federal Immigration and Nationality Act (FINA) and Immigration Reform and Control Act (IRCA) of 1986; and
13. Arizona Revised Statutes (ARS) 23-214 related to the verification of employment eligibility of employees or anyone working on the project. Women and minority-owned businesses, as well as certified Section 3 businesses are strongly encouraged to participate.

XIII. INSURANCE REQUIREMENTS FOR CONTRACTORS

1. To execute a contract in connection with the City of Mesa Housing Rehabilitation Program, a general contractor must submit to the HCD Rehabilitation Program a *Certificate(s) of Insurance on ACCORD Form 25* from a satisfactory insurer(s) stating that such general contractor carries the types and amounts of coverage required for this program, as stated in Appendix A, *Contractor Insurance Requirements*. Contractual liability coverage shall apply to all contracts between the general contractor, the City of Mesa, and the homeowner(s), who are beneficiaries of the City of Mesa Housing Rehabilitation Program.
2. The City of Mesa shall be named as additional insured under the general contractor's protective coverage. General contractors or agents participating in the Housing Rehabilitation Program must furnish the HCD Rehabilitation Program, written notice of any change and/or cancellation of the required coverage no less than thirty (30) days before any such change is effective. Coverage will be verified by HCD Rehabilitation Program before contract execution.

XIV. OTHER REQUIREMENTS FOR CONTRACTORS

A. COMPLIANCE

If a general contractor does not comply with all program guidelines for performance, including payment of all sub-contractors and suppliers, he will be removed from the active contractors list.

B. DRUG-FREE WORKPLACE

The contractor agrees to maintain a drug-free workplace, and to advise all employees, sub-contractors, employees of sub-contractors and all persons either directly or indirectly employed

by the general contractor that the unlawful use, possession, distribution, dispensing, or manufacture of alcohol or drugs in the workplace or in a job-related activity, is prohibited. A drug-free workplace certification must be filed with the City of Mesa HCD office. Signs to that effect will be provided by HCD for each project and are to be posted at the workplace.

C. FEDERAL IMMIGRATION LAWS

The contractor and all sub-contractors working under the contract shall comply with the Federal Immigration and Nationality Act (FINA), the Immigration Reform and Control Act (IRCA) of 1986, all other federal immigration laws and regulations, and ARS §23-214 related to the verification of employment eligibility of those employees performing work under this contract. Verification form must be filed with the City of Mesa Housing and Community Development office.

Violations of this section may result in termination of this agreement and loss of eligibility of any person from consideration for future award of contracts under the Housing and Community Development rehabilitation programs for a period not to exceed three years.

XV. CONTRACTOR SELECTION PROCEDURES

A. SELECTING CONTRACTORS – NON EMERGENCY PROJECTS

The goal for selecting contractors is to get at least three bids per project. Every effort will be made to ensure fair bidding practices. All projects are subject to, and shall comply with federal, state, county, and City of Mesa procurement laws, policies and regulations. With this goal, in mind the following procedures will be utilized:

1. The homeowner will be given a Contractor Selection Affidavit and a current contractor list. The homeowner is instructed to select four contractors from this list and return to the Rehab office within five business days.
2. Contractors will be invited by HCD staff to attend a required walk-through at the home at a designated date and time. They will be given up to ten business days to submit their sealed bids to the HCD office, whereupon the bids will be opened, read aloud, and awarded to the lowest responsible bidder, as determined by the Program Manager. Contractors that do not respond to two invitations to bid will be evaluated for removal from the active contractors list by the Rehab Committee. The contractor will be notified and given 15 calendar days to appeal the decision.
3. When a project is determined by the Program Manager to be minor in nature, (involving no more than three trades and estimated to be below \$25,000), the bidding process will under normal circumstance may be done electronically. The invitation and the work write-up will be emailed to the contractors selected by the homeowner. It will be the responsibility of the contractor to contact the homeowner and make an appointment to walk the project. The contractor must return the signed bid documents via email to the email address specified in the invitation by the closing date and time. The contractor's email must be received by the closing time and date or the bid will not be accepted.

4. In the case of minor repairs (usually less than \$9,000), staff will rotate the contractors on the approved contractor list. Staff will maintain documentation of the rotation, including contractor name, date, homeowner name, and project number.

B. CONTRACTOR TERMINATION

1. If the contractor fails to complete the project in a workman-like manner within the prescribed timeframe or violates any other provisions of this agreement, he may be declared in default and may be subject to loss of eligibility to participate on the active contractors list.
2. The HCD staff will provide the contractor with a written notice of default for failure to comply with his contract obligations. This notice shall contain the reasons for the intent to declare the contractor in default. If within 48 hours after service of said notice, the violations continue, and satisfactory arrangements are not made for correction, the contractor's Right to Proceed under the contract shall be terminated, and the contractor will be removed from the contractor list. In the event the contractor is terminated, HCD shall have the right to hire another contractor to complete the project. The cost of having the work completed shall be deducted from the amount of the contract. In the event that the costs to complete construction exceed the balance remaining on the contract, the contractor shall upon demand immediately pay the difference to HCD.
3. Notices to be given by HCD to the contractor shall be considered given if mailed by regular mail to the contractor at the address on the contractor's application (unless the contractor has provided a written address change).

C. LOSS OF ELIGIBILITY TO PARTICIPATE ON ACTIVE CONTRACTOR LIST

Causes for loss of eligibility to participate on the active contractor list include the following:

1. Conviction of any person, or any subsidiary, or affiliate of any person for commission of a criminal offense arising out of obtaining or attempting to obtain a contract or subcontract, or in the performance of a contract or subcontract, under the City of Mesa Housing Rehabilitation Programs.
2. Conviction of any person, or any subsidiary, or affiliate of any person under any federal or state statute for embezzlement, theft, fraudulent schemes and practices, bid rigging, bribery, falsification or destruction of records, or any offence indicating a lack of business integrity or honesty which affects responsibility as a contractor of the City of Mesa Housing Rehabilitation or Rental Rehabilitation Programs.
3. Conviction or civil judgment finding a violation by any person or any subsidiary or affiliate of any person under state or federal antitrust statutes.
4. Violations of contract provisions of a character which are deemed to be so serious as to justify loss of eligibility to participate on the active contractor list, such as knowingly failing without good cause to perform or unsatisfactory performance in accordance with

the specifications, within the time limit provided in the contract, or knowingly allowing violations of the drug-free workplace.

5. Violations of the Federal Immigration and Nationality Act (FINA), the Immigration Reform and Control Act (IRCA) of 1986, all other federal immigration laws and regulations, and ARS §23-214 related to the verification of employment eligibility of those employees performing work under this contract.
6. HCD will provide written notice of intent to remove them from the active contractor list. The contractor will have ten days to respond to the notice of intent to remove. The Rehab Committee will review any response and make a written determination. This determination can be appealed to the HCD Director. The decision of the HCD Director shall be final.

XVI. CONTRACT DOCUMENTS AND INSPECTIONS

2. Contract documents to be executed by the homeowner and the general contractor will be prepared by the HCD Rehabilitation Program staff after a preconstruction conference is held.
3. At the preconstruction conference, the homeowner and contractor will agree to work condition, use of facilities and other construction related matters. Such documents must be fully executed prior to beginning the rehabilitation work.
4. These contract documents shall state a specific date for commencement of the work, a specific date for completion of work, and a copy of the rehabilitation work write-up.
5. An executed copy of the contract shall be furnished to the homeowner, contractor, and to retained at the HCD Rehabilitation Program. It is the goal of the HCD Homeowners Rehabilitation Program to ensure that all work is completed in the highest quality and in a professional workmanlike manner and to ensure customer satisfaction to the highest extent possible, while ensuring effective and efficient administration and use of the HCD staff time.
6. Inspections will be performed by HCD Rehabilitation Program staff while the work is in progress. The required plumbing, electrical, structural and mechanical inspections will be conducted by the City of Mesa Building Inspections Division (or it's designated representative) while the work is in progress. The contractor (or relevant sub-contractor) will schedule all required inspections with client, if client occupying house during repairs.
7. Upon completion of the work, a final inspection will be conducted by the HCD Rehabilitation Program staff or the implementing agency and the homeowner. The general contractor's presence is recommended, but not required, at such final inspection. Prior to payment of the contractor's final invoice, a Certificate of Completion must be completed and the general contractor must sign a final Lien Waiver Affidavit, along with final reporting documents, warranties (material and labor).

7. The HCD Rehabilitation Program will not sign the Certificate of Completion until all work has been completed and approved by HCD and the City's Building Department (as appropriate). In a situation where the homeowner refuses to approve the completed work, a written complaint must be filed with the HCD Rehabilitation Program by the homeowner within ten (10) business days. Failure to file a written complaint within the specified timeframe shall indicate acceptance of the work and the contractor will be paid in full.
8. In no instance should any outside agreement exist between the homeowner, contractor, or any other agency during the construction period regarding repair/ remodel /modification of the home. Failure to comply with this provision will result in the termination of the contract and require immediate payback of the funds expended by the City of Mesa. If the contractor performing other repairs/remodels /modifications is the same as selected by the homeowner for the Rehabilitation Program, then all funding due that contractor will be forfeited, and the forgivable loan will be adjusted or cancelled, as required.

XVII. TIME FOR COMPLETION

1. All rehabilitation contracts must be executed between the homeowner and contractor before a Notice to Proceed is issued.
2. Upon execution of the contract documents by the homeowner and the general contractor, a *Notice to Proceed* (Notice) will be issued by the HCD Rehabilitation Program or the implementing agency. The contract will be for up to 90 calendar days. The contractor may request in writing an extension for extenuating circumstances beyond the contractor's control. The HCD Rehabilitation Program Manager or his/her designee, will deny or grant (in writing) an extension for a sufficient amount of time to complete the performance. If it is determined that the contractor cannot complete the rehab work in a timely manner, a new contractor will be hired to complete the project. The new contractor will be paid from the unexpended contract fund.
3. If a lien is to be filed, work may begin immediately after the expiration of the three (3) day ***Right of Rescission Period***, after the notice has been received by the contractor, work authorized by a forgivable loan award must begin within ten (10) calendar days and be completed per the contract Agreement upon receipt of the *Notice to Proceed*, unless otherwise approved by the homeowner and accepted by the HCD Rehabilitation Program.
4. For *Emergency Repairs*, work authorized must begin as soon as contractor has been procured, authorized by the HCD Rehabilitation Program, and received permission from homeowner to begin repairs.
5. A copy of the work write-up will be provided to the homeowner. Prior to beginning work, the contractor must have a copy of the work write-up signed by the homeowner and the HCD Rehabilitation Program.
6. The contractor must begin work within ten (10) calendar days from the date noted on the work write-up. Any contractor who does not begin or complete the work within the time

specified in the contract may be assessed liquidated damages of \$100.00 per day for each day they run over the established completion date.

7. Contractors must notify both the homeowner and the HCD Rehabilitation Program or the implementing agency to request an extension of the completion date and state the reasons for such extension and a new construction schedule provided upon request.
8. If approved by the HCD Rehabilitation Program staff, based on an inspection of ongoing work, the newly approved completion date must be approved by the homeowner and documented in the application file.
9. Contractors will not be granted more than two (2) time extensions, unless extraordinary circumstances (as determined by the HCD Rehabilitation Program) justify a further request. The HCD Rehabilitation Program Manager or his/her designee is not required to approve a time extension change order. Any extension of time will be documented by a change order.

XVIII. CHANGE ORDERS

Change Orders may be requested by the contractor for items that were not included in the original work write-up, due to unforeseen health, safety, or code violations. The contractor will provide a written Change Order Request (COR) to HCD. Upon review HCD will then decide whether there is proper cause and justification. If so deemed, then the HCD specialist will obtain signature from home owner and provide for consideration to the HCD program manager or authorized designee. Upon approval the contractor will be provided with a written authorization to proceed with the work. A scope of work that is diminished or eliminated due to unforeseen conditions will be processed in a similar fashion as a credit or a negative Change Order. The amount of diminished scope and correlating costs shall be verified by the Inspector/Program Specialist.

In the HCD Rehabilitation Program Manager's absence, the HCD Community Revitalization Administrator or a designee or a member of the Rehab Committee may approve the Change Order.

The homeowner shall be informed of any changes to the contract or other problems encountered during the rehabilitation work and sign the Change Order form before work proceeds.

If for any reason changes are approved during construction at no additional cost, a zero Change Order must be completed to identify specifically the modification of original scope of work following the same procedure as established for a regular Change Order.

- A. No modification(s) of the contract shall be made except by written instrument, signed by the contractor, approved by the homeowner, and accepted by the HCD Rehabilitation Program.
- B. Change orders must be requested prior to commencement of the proposed changed work in order for such costs to be reimbursable. Change orders may be authorized as follows:

1. To add work necessary to correct incipient items that have been found defective after work is in progress but were not anticipated at the time the contract was executed.
2. To correct non code compliant construction that is required to be brought up to code by either the immediate scope of work or the value of the project that is not exempt by reason of “Technical Infeasibility” .
3. To make required repairs and additions to the contract that would exceed program limits, an item of lesser priority on the work write-up may be deleted. Deletion of items shall be at the previous line item bid amounts, unless said items have no specific costs, in which case they shall be deleted by negotiation. The HCD Rehabilitation Program is authorized to negotiate contract changes on behalf of the homeowner. With the exception of work required to meet city codes, written rehabilitation standards, health and safety requirements, and weatherization or mechanical deficiencies, the homeowner may determine the priority of the items on the work write-up and may approve all decisions regarding substitution of a higher priority work item for a lower priority work item.
4. To add an approved item(s) if all required Priority items have been corrected and there is adequate funding available.
5. Total change orders on any job may not exceed 20 percent of the total dollar amount of the original contract, unless approved by the HCD Rehabilitation Program Committee or when it is infeasible to convene a Committee meeting, two (2) Committee members. Such an approval may be granted only on the basis of the essential nature of the additional work to be performed and following verification that substitutions for lower priority work items were insufficient to reduce the overall contract cost to the funding limit.
6. Additional time for the completion of the scope of work is subject to the approval all parties. Requests for additional time will be submitted by the contractor with approval from the homeowner and the HCD Rehabilitation Program.

XIX. CONTRACTOR REQUESTS FOR PAYMENT

- A. To request a payment, the contractor shall complete and submit a City of Mesa Contractor Payment Request form, along with a company invoice, to NEIGHSVS-Invoices@mesaaz.gov.
- B. The inspector assigned to the project will receive the invoice within 24 hours or the next business day and will determine at that time if the invoice can be processed as submitted, or if the invoice needs to be corrected/adjusted. If the Contractor Payment Request Form needs to be corrected, the Rehab staff will contact the contractor to set up a site meeting to review the percentage of completion.
- C. Upon approval, the contractor shall submit a detailed invoice for the approved amount. Payments will be disbursed by the City's Finance Department and mailed to the contractor.

- D. A ten percent (10%) retention will be withheld on all projects until such a time that all contractual obligations are met.
- E. The contractor may request but is not guaranteed to receive monthly draws or progress draws. A 10% retention will be held and processed when: (a) 100% of the work is completed; (b) all inspections are done; (c) the inspection card, lien waivers, warranties, and all other pertinent paperwork have been submitted; and (d) all other contractual obligations are met. The Inspector must verify that the contractor billing percentages are reflective of work progress in the field. No invoices will be approved or paid without field verification.

If hourly charges are being billed, the contractor shall submit an invoice supporting the claim.

- F. A Final Inspection Report shall be completed and provided prior to the issuance of any final payments and state that “*This Project is complete and is in compliance with the contract documents and applicable codes and manufactures specifications*”.

XX. CONTRACTOR WARRANTIES/GUARANTEES

The contractor shall guarantee the work as stipulated in the contract agreement from the recorded date of lien (or final acceptance of all work on projects that do not have liens). In addition, the contractor shall furnish the owner with all manufacturers’ and suppliers’ written guarantees and warranties covering materials and equipment furnished under the contract.

Any defects that appear within the warranty period and arise out of improper workmanship shall be corrected and made good by the contractor at his expense.

XXI. BONDS, PERMITS, AND LICENSES

The HCD Rehab staff will ensure that the contractor has a building permit when needed from the City of Mesa and that all required inspections are made. The permit, scope of work, drug free workplace poster, construction notice, and Change Orders are to be posted at the site at all times. All permits and licenses necessary for the completion and execution of the work shall be secured by the contractor. All work shall be performed in conformance with applicable codes and requirements, whether or not covered by the specifications and drawings.

Per HUD regulations 24 CFR85.36 (h), any contract that exceeds the simplified acquisition threshold, (currently set at \$150,000) will require any bidder and/or contractor to provide: (1) a bid guarantee from each bidder equivalent to ten percent of the bid price, (2) a performance bond on the part of the contractor for 100 percent of the contract price, and (3) a payment bond on the part of the contractor for 100 percent of the contract price.

XXII. ADMINISTRATIVE PROCEDURES

A. BACK-UP PROTOCOL / CHECKS AND BALANCES

1. The CDBG Rehabilitation Program Manager (PM) shall have primary responsibility for program management and oversight.
2. In the absence of the PM's availability, the HCD Community Revitalization Administrator (HCDCRA) or other designated by the HCD Director or Homeowners Rehabilitation Program Committee shall serve as the PM. When the HCDCRA or other designated personnel is serving as the PM, all approvals and signatures shall indicate ("*as PM*"). Likewise, when the PM serves as construction inspector, all approvals and signatures shall indicate ("*as Construction Inspector*") and shall not also sign or approve the same documents as PM.
3. The HCDCRA (*or other designated personnel*) or PM shall not sign in two (2) capacities (i.e., if serving as construction inspector, shall not also approve or sign documents as PM).

B. OFFICE ESTIMATES

In order to ensure competitive pricing and cost control, an office estimate will be completed for all rehab projects. The Rehab Program Specialist and/or Inspector will complete this estimate. The estimate must be completed, dated, signed, and on file before the bid opening.

1. Office estimates shall be completed prior to bid-let or receiving bid proposals.
2. The Rehabilitation Program Specialist and Inspector(s) shall have primary responsibility for producing the scope of work and project cost estimates (Bid Estimates).
3. All estimates shall be verified by second review (*by a program staff person that did not perform the original estimate*).
4. All bid estimates shall have two (2) signatures for certification and verification.
5. All bids estimates must be completed prior to the bid-let.
6. The bid estimate must have the scope of work and price source documentation completed in order to be valid.

C. INSPECTIONS AND PROJECT MONITORING

1. The HCD staff will monitor all rehabilitation work during construction.
2. At the completion of the job, HCD staff will make a final inspection to ensure that all rehabilitation work meets specifications and is of good quality and workmanship, according to the Housing and Community Development Rehabilitation Programs' minimum standards.
3. All draw inspections must have a field inspection report attached to be processed.

D. REHABILITATION FILES

Rehabilitation files will include the following documents (*as applicable*):

SECTION I

- | | | |
|--|--|--|
| _____ *ENVIRONMENTAL REPORT | _____ *REHAB COMMITTEE APPROVAL | _____ *SHPO |
| _____ *SAM (SYSTEM FOR AWARD MANAGEMENT)
<small>RUN SAME DAY CONTRACT IS SIGNED</small> | _____ FINAL SUB-CONTRACTOR LIST
<small>FULL REHABILITATION ONLY</small> | _____ PROPOSED PROJECT SCHEDULE
<small>FULL REHABILITATION ONLY</small> |
| _____ *LIABILITY INSURANCE CERTIFICATE
<small>FULL REHABILITATION ONLY</small> | _____ CORRESPONDENCE, NOTES, ETC. | _____ *CONTACT SHEET |

SECTION II

- | | | |
|-----------------------------------|---|---|
| _____ *APPLICATION | _____ *VERIFICATION OF OWNERSHIP
<small>TITLE/DEED REALQUEST</small> | _____ YEAR HOUSE WAS BUILT |
| _____ *RECENT MORTGAGE STATEMENT | _____ *HOMEOWNERS INSURANCE | _____ *CLAIMS AGAINST HO INSURANCE
<small>YES <u>X</u> NO</small> |
| _____ *LATEST POWER BILL | _____ *LOT RENTAL AGREEMENT
<small>MOBILE OR MANUFACTURED HOME</small> | _____ *CCR'S
<small>HOME OWNER'S ASSOCIATION</small> |
| _____ *PHOTO IDENTIFICATION | _____ *VERIFICATION OF INCOME | _____ *RECENT TWO YRS. TAX RETURNS
<small>OR TRANSCRIPTS</small> |
| _____ *TWO MONTHS BANK STATEMENTS | _____ *HUD INCOME DETERMINATION
<small>(FROM ALL SOURCES)</small> | _____ *LEGAL RESIDENCY STATEMENT |
| _____ *PRIVACY NOTICE | _____ *MEMO OF UNDERSTANDING | _____ *RECEIPT OF LEAD HAZARDS NOTICE
<small>SIGNED BY HOMEOWNER</small> |

SECTION III

- | | | |
|---|--|---|
| _____ *CONTRACTOR'S QUOTATION
<small>SPECIFICATIONS INCLUDED</small> | _____ *HOMEOWNER HAS APPROVED
<small>QUOTATION AND SPECIFICATIONS</small> | _____ *OFFICE ESTIMATE
<small>FULL REHABILITATION ONLY</small> |
| _____ *CONTRACTOR SELECTION LIST
<small>IF CHOSEN FROM ROTATING LIST, PRINT CURRENT LIST</small> | _____ *INVITATION TO BID
<small>FULL REHABILITATION ONLY</small> | _____ *PRE-BID SIGN-IN SHEET
<small>FULL REHABILITATION ONLY</small> |
| _____ BID ABSTRACT
<small>FULL REHABILITATION ONLY</small> | _____ *CONTRACT | _____ *BIDDER IS AN LLC - AFFIDAVIT |

SECTION IV

- | | | |
|----------------------------------|-------------------------------|-------------------------------------|
| _____ NOTICE TO PROCEED - ISSUED | _____ PRE-CON MEETING MINUTES | _____ REQUEST FOR INFORMATION (RFI) |
| _____ CHANGE ORDERS -- (COR) | _____ INVOICES AND PAYMENTS | _____ LIEN WAIVERS |
| _____ CERTIFICATE OF RELEASE | _____ FINANCIAL SUMMARY SHEET | _____ SEC.3 (HUD) / MBE/WBE (HUD) |

SECTION V - FULL REHABILITATIONS ONLY

- | | | |
|-------------------------------|---|------------------------------------|
| _____ *OPPORTUNITY TO RESCIND | _____ *DEFERRED PAYMENT AGREEMENT
<small>(5YR OR 10YR)</small> | _____ *DEED DPL |
| _____ *DEED PERM | _____ PERMEANT LIEN PROMISSORY NOTE | _____ PAYMENT AGREEMENT/CONDITIONS |

SECTION VI

- | | | |
|---|---|-----------------------------|
| _____ BUILDING PERMIT | _____ PEST INSPECTION CERTIFICATION | _____ PEST TREATMENT REPORT |
| _____ LEAD INSPECTION/CERTIFICATION | _____ ASBESTOS INSPECTION/CERTIFICATION | _____ WARRANTIES |
| _____ INSPECTION LOG <small>SIGNED BY INSPECTOR</small> | _____ PUNCHLIST | _____ OTHER |

NOTATION TO FILE:

-
-

***MUST BE IN FILE PRIOR TO "NOTICE TO PROCEED."**

E. RECORDS RETENTION

Upon completion of each project, files will be examined to ensure that all necessary documentation is in the files in order to comply with City and HUD regulations. Files will be retained for five years after the City's lien has expired/released; or in the case of emergency grants, for five years after completion. Files with permanent liens will be held in permanent storage.

F. DEED/LIEN RECORDINGS

Upon signing of the Notice to Proceed, a Deed of Trust will be recorded within ten (10) City of Mesa business days with the Maricopa County Recorder. Copies of the recorded Deed of Trust, the Loan Agreement, the Promissory Note, and the Change Orders (where applicable) will be mailed to the homeowner. The recording date of the lien will be used as the beginning of the term of the loan or lien.

G. REPORTING PROCEDURES

The Housing Rehabilitation staff will prepare quarterly reports that will include data related to race and ethnicity, female head of household, and income percentages of beneficiaries. In addition to the monthly reports, the housing rehabilitation staff shall maintain:

1. A current log of all properties that have participated in the rehabilitation programs.
2. A list of all homeowner that did not qualify for the programs. This list shall include
 - a. Name of the homeowner.
 - b. Reason(s) for ineligibility.

H. PROCESSING DRAW PAYMENTS AND CHANGE ORDERS

The following new protocol ensures that internal controls are put in place to effectively utilize these tools.

Coordination of all Draw Payments and Change Orders will be handled by the Rehabilitation Program Assistant for all projects. Prior to any work being performed, all Change Orders will be submitted to the Housing Rehab Program Assistant who will coordinate with the Rehabilitation Program Specialist to process. The Rehab Program assistant will assemble the required documents for submission to the Rehabilitation Program Specialist.

The Rehab Program Specialist will ensure:

1. The requirements for submission have been met.
2. If not already performed, a site inspection will be performed to verify the necessity of the Change Order.
3. The proper documentation will be attached (including the site inspection verification, cost estimate analysis by staff).

4. Approval (budget & scope) must be approved by:
 - a) Homeowner
 - b) the Inspector
 - c) the Rehab Program Specialist or Assistant; and
 - d) Program Manager

5. In rare instances, when time is of the essence and the nature of the work makes delaying the construction work impractical, and the homeowner is not available to approve the Change Order, a memo to the file documenting the action and circumstances will be completed and the homeowner's signature will be obtained as soon as possible.

Notes: Step #4 – *The Inspector signature verifies the necessity & the scope/budget; the Rehab Program Specialist or Assistant signature verifies the project file, process and documentation are in place that all steps are performed correctly; the Program Manager signature provides the Ok to proceed.*

XXIII. COMPLAINTS AND APPEALS

Appeals

Applicants wishing to appeal a decision of denial by submitting a written request to the Home-Owner Rehabilitation Program Manager. Depending on the request, the Program Manager may convene a Rehabilitation Committee meeting to take up the appeal matter.

Rehab Committee

The Rehab Committee reviews, approves, and authorizes the terms and guidelines of the Housing Rehabilitation Administration Plan. These terms and guidelines may include, but are not limited to, the distribution of costs through forgivable loans, permanent loans, and emergency grants. In cases of particular need and/or special extenuating circumstances, the Rehab Committee may grant exceptions to any of the guidelines and rules stated in the Housing Rehabilitation Administration Plan. In case an exception is granted, a record to the file stating why the exception was warranted will be placed in the project file.

The Rehab Committee consists of the following:

- Housing and Community Development (HCD) Director
- HCD Senior Fiscal Analyst
- HCD Community Revitalization Administrator
- HCD CDBG Program Manager
- HCD Rehabilitation Program Manager

All Committee meetings and actions taken must be by majority approval.

The HCD Rehabilitation Program Manager shall chair all Committee meetings.

The HCD Rehabilitation Program Specialist (*or other as assigned by the Rehabilitation Program Manager*) shall serve as secretary for the Rehab Committee meeting.

Project Conflict Resolution

In the event of a disagreement between the owner(s) and the contractor with respect to the rehabilitation work done by the contractor or subcontractors, the HCD Rehabilitation Program Manager will mediate all disputes. If this arbitration is unsatisfactory, either party may make appeal to the Rehab Committee for determination. This appeal process does not preclude property owners and/or contractors from appealing to other parties they deem necessary.

This same grievance procedure shall apply to all other complaints and/or appeals concerning the HCD Rehab Program. This includes but is not limited to, complaints regarding eligibility criteria, and/or other Program guidelines.

The homeowner shall contact the Arizona Registrar of Contractors for any dispute arising from workmanship, warranty, or guarantee items.

REHABILITATION STANDARDS

GENERAL SPECIFICATIONS

APPLIANCES AND LAYOUT: All qualifying appliances shall be Energy Star rated. Refrigerator space shall be at least a 39" wide clear opening. Provide and install ice maker hook up at refrigerator location. Refrigerator shall not be located in a corner. Stove/range shall have a 30" clear space. Dishwasher shall have a 24" clear space. Tile shall be installed under all appliances including the dishwasher. Shim cabinets to ensure adequate height clearance for dishwasher installation.

BASEBOARDS/DOOR TRIM INSTALLATION: Use only solid wood baseboards. MDF, particle board, or plastic is unacceptable and the contractor will be responsible for replacement if any of these products are used. Baseboards shall be straight, tall base molding, wide flat design, at least 3 ¼" high with scroll on top. All baseboard splices and door trim corners shall be mitered with no more than 1/16" gap. All exterior baseboard corners shall be mitered with no more than a 1/16" gap. Pre-manufactured corner butt blocks are NOT to be used. All baseboard interior corners shall be coped or mitered with no more than a 1/16" gap. Cut all joints on-site using matching base. Baseboards shall be installed on top of tile and after installation of the tile. The gap between the bottom of the baseboard and the tile shall not be more than 1/8" gap. This gap shall be caulked and re-caulked after 24 hours to fill in shrinkage of the first caulk application. The tile floor shall be masked with masking tape prior to caulking to ensure a quality edge/straight line at the vertical to horizontal transition between the tile and baseboard. After caulking is complete, repaint the baseboard at the transition to seal the caulking. Remove masking tape after painting to reveal quality edge/straight line. Exception will be made based on previous contractor experience with projects done with the City of Mesa.

BIDS: All bids must contain a price at every line item. No "Included in Bid" allowed. No "\$0.00" allowed except at materials line where materials are not used or needed to complete the work. Any bid submitted with line items blank will automatically be rejected. The MCSD reserves the right to reject any and all bids.

BUILDING ENVELOPE: Seal all wall, floor and joint penetrations, including gaps between window frames, door frames and walls, with a sprayed or injected foam product. Properly install insulation without gaps, voids or compression and in full contact with the interior air barrier. Attic insulation shall be at least R40 and exterior wall insulation shall be at least R13.

CABINETS: Use only solid wood and plywood (minimum 5-ply) constructed cabinets. Include furniture grade plywood components, plywood drawer bottoms, solid wood dovetail drawer box, pre-drilled shelf pin holes, ¾" plywood full depth shelves, soft-close drawer guides with full extension, and Blum hinges. Provide specs for pre-approval to MCSD. Unless otherwise noted in the write-up, cabinets to match throughout the residence. Install new cabinets after painting is completed and before flooring tile is installed. Provide a watertight, galvanized or stainless steel, brazed or welded, pan under sink and all vanities, with a 1" inch lip. Pan shall be installed prior to cabinet installing the cabinet and sized to fit the base of the cabinet. All cabinets shall have pulls installed, throughout. Upper cabinets shall be 42" tall and bottom of cabinets shall be installed 4'6" above floor. All cabinets shall match throughout. Shim kitchen cabinets to ensure

adequate height clearance for the installation of the dishwasher.

CARPET: Use only the Carpet and Rug Institute's Green Label Certified carpet. Installation and padding to be per manufacturers installation instructions. Provide proof of compliance to MCSD. Use ½" thick pad with minimum 28 oz. FHA approved carpet. Provide proof to MCSD.

CERAMIC/PORCELAIN TILE: Use only tiles specifically designed for that application. Tile shall be at least \$1.25/sq. ft. Provide MCSD with proof of cost prior to installation. Tile patterns must be approved by MCSD before starting installations. Grout joints shall be 1/8" to 1/4" per MCSD's choice and shall be medium to dark in color per MCSD choice. All appliances, including the dishwasher shall be installed on top of tile. Tile shall be installed under all appliances prior to the appliance installation. Cabinets shall be installed prior to tile installation. Shim cabinets to ensure adequate height clearance for dishwasher installation. Use modified thin-set for the installation of all tile.

CONCRETE: Protect all existing and new driveways, sidewalks, patios and all other existing and new concrete pads from damage and/or staining, oil leaks, etc. Do not put dumpsters in driveway or on any concrete surface. If any damage occurs during construction, the general contractor shall be solely responsible to replace, repair or remedy all damage done by subs, laborers, or any other hired help. All newly poured concrete shall be 2500 psi and a minimum of 4" in thickness Contractor shall ensure that the ground is adequately compacted before pouring the concrete.

COUNTERTOPS: Provide and install FHA grade fully formed laminated countertops. Countertops to be installed by a subcontractor who is a professional countertop company/contractor unless otherwise specified in the work write-up. Shim cabinets to ensure adequate height clearance for dishwasher installation. Include all materials and labor for a complete installation. MCSD to select color. Caulk/seal backsplash to wall with 100% silicone caulk. Re-caulk 24 hours later to compensate for shrinkage.

COVERS/DEVICES: Do not caulk any electrical device cover including switches, receptacles, etc. Make sure devices are properly aligned and installed straight prior to installing cover plates.

DEMOLITION: All demolition shall be completed, and debris removed from site prior to start of construction to an approved licensed landfill or recycling center.

DRAIN CLEANING/CAMERA: Unless noted otherwise in the scope of work, clean all drain lines with electric drain cleaning equipment through all fixtures, vents, and cleanouts, before construction is started and again at the end of construction. Use a color camera to identify any possible problems before construction is started and at the end of the project construction to ensure all connections are complete and secure and the lines are clear of debris and stoppages. Submit a clear camera recording clearly identifying the home and showing that all waste and drain lines are clear of obstacles. Camera footage needs to show that the waste and sewer line is clear to the connection of the street sewer main Call MCSD for inspector to be onsite while running camera.

DRAIN-WASTE-VENT SYSTEM: Unless otherwise specified, the plumbing drain system shall be replaced from all fixtures to the city sewer connection including vents through the roof per City

of Mesa Residential Plumbing Code. Include any necessary concrete saw cutting, concrete removal, excavation and backfill. Mechanically compact dirt, pin new concrete to existing slab a minimum of 48" on center and re-pour with minimum 2500 psi concrete.

Provide a cleanout at every fixture. Do not close any walls or fill holes before calling for an inspection and getting approval from MCS D.

ELECTRICAL SYSTEM REWIRE: Rewiring will include but is not limited to the removal of all existing wires, conduits and junction boxes. Install all new wiring, conduits, junction boxes, doorbell, switches, receptacles, cover plates, light fixtures, and any other related items. Install a 20 amp dedicated microwave circuit installed as far right as possible in the back of the cabinet over stove. Provide a 15 amp dedicated refrigerator circuit (shall NOT be GFCI protected). Provide a stove/range outlet installed within 6" of the finished floor. Provide a 20-amp dedicated circuit for the dishwasher and garbage disposal. The garbage disposal shall have a switched outlet on the wall above the countertop near the kitchen sink. Provide two 20-amp circuits to supply all receptacles for the kitchen countertops (all kitchen countertop receptacles shall be GFCI protected), dining room, breakfast nook, and pantry. Provide dedicated 20-amp circuit to serve all bathroom receptacles (bathroom receptacles shall be GFCI protected). Provide GFCI protection on all exterior receptacles. Provide grounded 15 amp receptacles on all walls (except kitchen, dining room, breakfast nook, and pantry). Provide switched lights in all rooms. Provide a dedicated 15-amp circuit for a switched Christmas light receptacle (GFCI protected) at eave of roof or bird block at front of house. Provide a switch inside the house adjacent to the front door for the exterior Christmas light receptacle. All required light fixtures. All new light fixtures and ceiling fans shall be Energy Star rated, be a minimum 2 bulb fixture, and all light bulbs shall be of the light-emitting diode (led) bulb type. All fans and lights shall work separately with the use of a separate wall switch for the fan and light. The fan switch shall be a 3-speed wall switch. All light fixtures and fans shall be controlled by wall switches (pull strings or photocells are not allowed as the only means to operate the lights and fans).

EXHAUST DUCTS: Install a rectangle duct to attic, 1/2" minimum from back of the cabinet in two sections. First lower section of the rectangular duct is to be 10 1/8" width x 3 3/8" depth x 8" high where connecting to hood/microwave exhaust (lower section), not secured to the cabinet or duct penetrating through top of cabinet into the attic (upper section). Lower section is to be moveable and slide a minimum 4" - 6" above bottom of cabinet for easy installation of the hood/microwave. Upper section rectangular duct to overlap lower section a minimum of 4" and continue through the upper cabinet into the attic where transition to round pipe may be used. All transitions from rectangular duct to round pipe are to be located in the attic and NOT inside the kitchen cabinet. Duct shall be centered in the cabinet. Cut opening in bottom of cabinet to accommodate duct. Over cut, if necessary, the sides by 1/4" all around to allow connection to exhaust from hood/microwave. Make sure to use only metallic tape, specifically designed for that use, on all hood/microwave exhaust ducts. No duct tape allowed.

EXHAUST FANS: Provide and install a new 80 CFM exhaust fan vented to the outside on a separate wall switch unless noted in the work write-up. Use a minimum of 4" metal vent piping and use only metallic tape specifically designed for that use. Include everything needed for a complete installation and proper operation.

EXTERIOR DOORS: All exterior doors are to be pre-hung, raised panel fiberglass door unless otherwise specified in the write-up. Include thumb turn deadbolt, entry lockset, weather-stripping, threshold, sweep, as needed for a complete installation and proper operation. Install interior and exterior trim including caulk and seal for a complete installation.

All exterior doors to be keyed alike with smart re-key technology locks having a minimum ANSI Grade I (Best). All door hardware, including hinges, to be a brushed nickel finish. Install deadbolt and latch per City of Mesa Safety Ordinance (SEE SAFETY ORDINANCE SPECIFICATION). All exterior doors to swing into residence whenever possible. If doors swing out, use security hinges. Jamb extensions shall be installed on opposite side of swing. Door reveals at the top and latch side of the door in relation to the door jamb shall be uniform with no variation in the reveal by more than 1/16". The width of the reveal shall not be greater than 3/16" and no less than 1/8". The door shall be installed plumb with the jamb. The door reveal between the door stop and the door shall not vary more than 1/8" over the height of the door. If exterior door is to receive a security door, ensure that all doors have adequate blocking between the door jamb and the trimmer to ensure bolts for securing the security door have full depth penetration into the wood to ensure proper holding strength. The outside door trim shall not be the only means to secure the security door. Fill gap between rough framing and door jamb with an expandable spray foam product. The use of expandable foam shall not warp the doors to the point where they do not open or close properly or disfigure the jambs of the door. Contractor is to take every precaution necessary to protect doors after installation including but not limited to covering the threshold.

EXTERIOR PAINT: Remove all nails, brackets, obsolete wires and piping, cables, antenna, satellite dishes, and all other unused or obsolete items from walls, fascia, trim, eaves, soffits, etc. and repair affected areas as needed before painting. Power wash, scrape, sand, and wire brush all surfaces to smooth condition. Caulk, fill, sand and prepare all surfaces. Prime all surfaces with a good quality primer, per manufacturer's specifications, and paint all surfaces with a good quality 100% acrylic-latex mildew resistant exterior paint, per manufacturer's specifications. Paint fascia, window sills, faux shutters, and all posts the same color as the trim. Provide primer paint specifications to MCSD prior to painting.

FASCIA BOARDS: Fascia to be replaced with proper size J grade select wood fascia boards unless otherwise noted. Miter cut all corners and splices. Gaps in mitered cuts shall not be greater than 1/8". Use 16d galvanized nails to attach fascia to rafter tails. All joints shall be caulked and painted to ensure adequate weather protection.

FIRE SPRINKLERS: Fire suppression system to be installed in entire structure with concealed heads except where pendent heads are required. Include all necessary engineering, drawings, permits, and fees. All work shall meet all existing codes for a residential system (NFPA 13D). Include all materials and labor needed for a complete installation and proper operation. Check with City of Mesa to see if a separate or new meter is needed and/or new separate water service from tap to new meter is needed, or existing meter and water service are large enough to accommodate fire sprinkler system. If upgrade is needed, include complete replacement and all associated costs and fees in your bid. If the line from the street water main to the water meter is not adequate, contact MCSD and MCSD will look into having the City upgrade the line.

FIXTURES/HARDWARE FINISHES: Unless otherwise noted in the write-up all (interior and exterior) light fixtures, all plumbing fixtures including but not limited to faucets, spouts, shower arms, T&P holders, towel bars, etc., and all hardware, including but not limited to door stops, hinges, locks, deadbolts, cabinet pulls etc., and all ceiling fans shall have a brushed nickel finish and match throughout the house. Ceiling fans shall be a minimum of 52" unless with light otherwise specified. All fans and lights shall work separately with the use of a dedicated wall switch for the fan and light.

The fan switch shall be a 3-speed wall switch. Provide a spec sheet for all fixtures and hardware for pre-approval to MCSD.

GENERAL GROUNDS: Properly grade property as needed to provide drainage away from the structure and prevent ponding. Bring in new dirt or remove dirt, if needed.

GREEN BUILDING: Contractor shall incorporate to the greatest extent feasible, energy-efficient construction techniques and products, environmentally-preferable materials and building practices, water-efficient products and processes, renewable energy options, waste reduction and recycling during construction process, and smart growth and sustainable land development practices.

HVAC: Unless otherwise noted in the write-up all units shall be energy efficient, split unit systems of at least 16 S.E.E.R. Air handler shall be installed in the attic with a variable speed blower motor (not multi-speed), and condensing unit with disconnect behind fence on a new concrete pad, unless otherwise specified. Include a complete insulated new supply and insulated return air duct system. Contractor is to provide MCSD with heat load calculations, including but not limited to, Manual J, S, and D calculations for approval prior to the start of construction. Condensate line shall drain into a tail piece of lavatory drain and secondary to terminate in a conspicuous location such as above a window or door. Thermostat shall be digital and programmable. Check and balance air supply. HVAC system to have a minimum 10 year compressor, 5 year parts, and 5 year labor (transferrable) warranty. If specs ask for roof mounted unit, make sure to route condensate line through the roof and empty into a tail piece of lavatory drain.

ICE MAKER HOOK UPS: Provide and install a water line in wall with valve box at the refrigerator opening to accommodate an icemaker on all projects unless otherwise noted in the write-up.

INSULATION: Provide and install batt insulation or spray foam insulation at all exterior wall framing. Use R-13 for 2"x 4" walls, R-19 for 2"x 6" walls and Urethane spray foam at all furred block locations. Install insulation without gaps, voids or compression and in full contact with the interior air barrier. Seal all wall and ceiling penetrations, including but not limited to gaps between window frames, door frames, and walls, with a sprayed or injected foam product. The use of expandable foam shall not warp the windows or doors to the point where they do not open or close properly or disfigure the jambs of the door or window. Attic insulation to be blown in up to R40 with insulation baffles at all vented bird blocks. Call MCSD for inspection before installing drywall.

INTERIOR DOORS: Door reveals at the top and latch side of the door in relation to the door jamb

shall be uniform with no variation in the reveal by more than 1/16". The width of the reveal shall not be greater than 3/16" and no less than 1/8". The door shall be installed plumb with the jamb. The door reveal between the door stop and the door shall not vary more than 1/8" over the height of the door. **NOTE:** Gap between rough framing and door jamb to be a maximum of 3/4".
INTERIOR PAINT: Properly prepare all interior surfaces throughout. Caulk, prime, and paint all interior surfaces with good quality mildew resistant interior paint, including doors, trim, closets, pantry, etc. with interior acrylic eggshell enamel paint, per manufacturer's specifications. Provide primer and paint specifications to MCSD for approval before proceeding with painting.

Attention: Make sure there will be no paint residue on hinges, door stops, cabinets, electrical devices and cover plates, air supply and return grilles, and door handles. Paint entire interior of house prior to the installation of door knobs, cabinets, electrical devices and cover plates, air supply and return grilles, etc. Remove hinges from doors before painting and re-install upon completion.

KITCHEN SINK/FIXTURE: Provide materials and labor to install double compartment stainless steel self-rimming sink. Include a new brushed nickel single lever pullout spray head w/9" spout, aerating low flow w/touch button to convert to powerful spray faucet, new trap, 2-part waste, supply lines, 1/4 turn brass angle stops with chrome metal escutcheon plates (sized properly) around all pipes penetrating the cabinets, metal braided supply lines, and a separate 1/4 turn brass dual outlet angle stop for the hot water supply to the dishwasher and sink. Provide cap for the outlet to the dishwasher. Sink shall be installed per manufacturer's specifications and clamped on all sides including the front and back. Caulk and seal around the perimeter of the sink with 100% silicone caulk prior to, not after, setting the sink for a better seal to countertop. Excess caulking is to be removed from fixtures and countertops. Basket strainer and disposal sink spud shall be centered in drain openings and set with plumber's putty. Angle stops and chrome escutcheon plates to be installed after cabinet installation.

MAIL BOXES: All single-family homes shall have a new, lockable mail box installed unless otherwise noted. Style and location of mail boxes shall be approved in writing by the local postmaster and have the Post Master General's seal of approval. If attached to house, install 4' above ground on a readily accessible route. If mounted on post, use either a 4'X4' wooden post or a 2" diameter pipe in a minimum 18" deep posthole filled with concrete. Properly install address numbers as per COM Building Safety requirements.

MATERIALS: All materials used shall be new and of good quality. Use termite resistant materials in areas known to be infested.

MEDIA PANEL: Media panel to be metal with removable access cover and be in an accessible location. Run one CAT 5 wire for phone line and one RG6 coax cable from media panel to each bedroom, the living room, and kitchen to terminate in an approved wall outlet box. Run two CAT 5 wires and two RG 6 coax cables from media panel and to penetrate exterior wall near exterior utility entrance location to terminate inside a weather proof box.

MICROWAVE CIRCUIT: Provide a 20-amp dedicated microwave circuit in cabinet over stove on all homes being rewired unless otherwise noted in write-up. Receptacle shall be located on the

back wall to far-right side of the cabinet to prevent being block by stove exhaust duct.

PERFORMANCE: All work shall be completed within 90 business days from Notice to Proceed or as noted in the contract. Provide a construction schedule before "Notice to Proceed" is issued. If the contractor is delayed in performing the work under this agreement by circumstances beyond his/her control, the contract may be extended by the same amount of time as was caused by the delay. The contractor shall request the extension and reason for delay in writing. The MCSD shall approve or deny such request within three (3) business days. If contractor fails to complete the work within the contract time, the contract may be "Terminated for Default".

ROOFING: Use Energy Star-compliant and high-emissive roofing unless otherwise stated in the write-up. Inspect all sheathing for any weakness or deterioration and call MCSD for inspection before covering sheathing. Provide all new #15 pound felt paper, roof vents, jacks, 1-1/2" X1-1/2" drip edge and flashings and paint to match roofing material. Weave shingles at all valleys. Make sure to remove all unneeded, unwanted, obsolete, or soon to be obsolete penetrations and repair sheathing as needed prior to installing new roof.

SAFETY ORDINANCE: All work shall meet the City of Mesa Safety Ordinance as follows:
All dwelling units shall conform to the following minimum-security requirements: (4244, 4636)

1. All main or front-entry doors shall be arranged so that the occupant has a view of the area immediately outside the door without opening the door. Such view may be provided by a door viewer having a field of view of not less than one hundred eighty (180) degrees or through windows. (4244)
2. All exterior swinging doors shall be of solid core or metal skin construction, including the non-glazed portion of exterior glass insert doors. (4244)
3. Open spaces between trimmers and wood exterior doorjamb shall be solid shimmed, extending not less than six inches (6") above and below the deadbolt strike plate. Deadbolt strike plates for exterior door locks shall be attached to wood jambs with not less than two (2) No. 8 by two-inch (2") screws or when attached to metal jambs, shall be attached with not less than two (2) No. 8 machine screws. (4244)
4. Exterior doors with hinge pins exposed on the outside shall use non-removable pin hinges or standard pin hinges with the pins modified to prevent the removal of the door from the exterior. (4244)
5. All exterior sliding doors shall be constructed and installed so as to prohibit the raising, sliding, or removal of the sliding section from the track while in the closed and locked position. The stationary section shall not be removable from the outside. Such sliding doors shall be provided with an auxiliary or additional locking device operable from the inside without the use of a key or special knowledge or effort. (4244)
6. All exterior swinging doors and doors from a dwelling to an attached garage shall be equipped

with a deadbolt lock. Such deadbolt locks shall: (4244)

(a) Have a minimum one-inch (1") bolt throw and receiving strike-plate hole one-quarter inch (1/4") deeper than the projected bolt throw, and (4244)

(b) Have a wrench-resistant collar, and (4244)

(c) Have fasteners which thread into the cylinder body. (4244)

Deadbolt locks installed on the front or main-entry door shall be key operated from the exterior and operable from the inside without the use of a key.

(4244) Exterior windows shall be constructed and installed so as to prohibit raising, sliding, or removal of the moving section while in the closed and locked position.

A passive window panel shall have weather-stripped molding or glazing bead which is not easily removed from the outside to prevent removal of the window glass. (4244)

7. All garage doors not equipped with a power-operated mechanism shall be equipped with at least two (2) locking devices of the following types: (4244)

(a) Throw bolt or flush bolt; (4244)

(b) Cylinder-type lock; (4244)

(c) Padlock and hasp; (4244)

(d) Electrical-power-operated mechanism with automatic locking device. (4244)

(e) All garage doors shall be capable of being unlocked and operable from inside the garage without the use of electrical power.

(f) Access doors to attic space shall be located in the interior of the dwelling unit or within a secured enclosed room or garage, provided that if no interior location is available, a metal access door secured with a steel hasp and a heavy-duty lock may be located on the exterior. (4244)

R325.2. The requirements of this Section are not intended to prevent the use of any device, hardware, or method of construction not specifically prescribed when such alternate device, hardware, or method of construction provides equivalent security, subject to the approval of the Building Safety Director. (4244, 4636)

SEWER LINE: Sewer lines to be 4" ABS with glued joints per manufacturers specifications. Provide a two-way cleanout accessible through landscape boxes or metal access covers if located in concrete sidewalk or driveway and set at grade level. Perform a water test on all new sewer line installations. Call MCSD for inspector to be onsite while performing test. Mechanically compact backfill of sewer in 12" lifts.

SHELVING: Shall be bullnose MDF or particular board material at closets, laundry, and all areas shelving is required unless otherwise stated in the "Scope of Work".

SMOKE DETECTORS: Install UL approved, ceiling mounted smoke detectors, permanently wired into a receptacle with a battery back-up, in all sleeping rooms, hall, and living room. All smoke detectors must be interconnected.

All smoke detectors must meet the following requirements:

a. 120 VAC (60Hz)

g. Automatic reset

b. UL Standard 217

h. Power on indicator, red LED

- c. Dual ionization chambers
- d. 100% Solid State
- e. Horn level, 8/5 decibels at 10'
- f. Temperature range 40 to 100 degrees
- i. 5-year limited warranty
- j. 10% to 85% relative humidity
- k. Approved by the National Fire Protection Agency (NFPA)

STUCCO: Remove all loose, scaling, peeling or cracking surface materials, nails, brackets, obsolete wires and piping, cables and all other unused or obsolete items from all affected surfaces and repair as needed before stuccoing. Do not stucco over, or imbed in stucco any wires, pipes, hook ups, a/c lines, cables, spigots, or any other wall penetrations. Do not apply stucco to posts or beams.

SUNSCREENS: Screens shall block at least 80% of the sun's heat and glare. Attach sunscreens to window frames using commercial grade barrel clips or commercial grade Velcro strips. If Velcro strips are used, two Velcro strips shall be installed at each corner. Sunscreen frames shall be same color as window frames, grain shall all be installed in same direction, and no corner blocks are to be installed on the frames. Frames are to be cut and secured properly on a 45-degree angle miter cut.

TUB/SHOWER SURROUND: 3/8" Cultured marble surround to be installed by a professional cultured marble company. Install all cultured marble panels over 1/2" cement board. Panels shall be one piece extending to the ceiling and a minimum of 3" wider than the receptor and extending to the floor. Use waterproof adhesive to secure all panels. Caulk all panel edges, junctions with panels, and junction at tub/shower receptor with a mildew resistant silicone caulk. Include recessed shampoo/soap shelf, and all materials and labor needed for a complete and proper installation.

TUB/SHOWER DOOR: Shall be a frameless bypass shower door in matte nickel finish with clear glass. Glass shall be 1/4" thick tempered glass. Shower doors shall be 70-5/16" high and cover the full width of the opening. Bathtub doors shall be 58 1/16" high and cover the full width of the opening. Doors are to be fully by-passable and have easy clean curbs open to the inside of the shower for water to properly drain and for low maintenance. Include all materials and labor needed for a complete installation and proper operation.

UTILITIES: General contractor shall turn on all utilities in his name and keep them on until final acceptance including completion of all punch list items. No final inspection will be conducted without live electric and running water.

WALLS/CEILINGS: Unless otherwise noted in the write-up remove all sheetrock surfaces throughout including screws and nails used to secure sheetrock. Remove/demo all soffits and lowered ceilings. Install 1/2" new sheetrock and provide knock down texture, throughout. Do not use rounded corners.

WATER CONSERVATION: Toilets shall be 1.28 gallon per flush, showerheads to be 2.0 gpm water conservation type, and faucets 1.0 gpm low flow aerators.

WATER HEATER: All water heaters shall have a disconnect box installed to the side of the water heater that is accessible within 65" of the floor and does not require an individual to reach over the water heater to pull disconnect. Water heater is to be installed in a drip pan. If copper pipes are present or newly installed, provide a hot to cold bond. Pressure relief valve and drip pan shall drain to exterior. Pressure relief valve shall terminate directly to the exterior and not into the drip pan. Elevate water heater as necessary to ensure proper drainage of drip pan.

WATER DISTRIBUTION SYSTEM: Water distribution system piping below grade shall be type L copper tubing. Interior above ground piping installations shall be type M copper tubing or PEX tubing. Include all new ¼ turn brass angle stops, braided metal fixture supply lines, 1" brass ball valve at building water supply, 1"x ¾" tee with ¾" brass ball valve for future irrigation, two (2) exterior hose faucets (front and back of home) with vacuum breakers, ¾-inch brass water heater ball valve (on the cold water side), Braided metal water supply connectors at water heater,

recessed ice maker outlet box, and new washing machine outlet box. Insulate hot water lines from water heater to all faucets and fixtures. All copper penetrations through concrete or stucco shall be protected by wrapping the pipe with a minimum 30 mil with 10 mil tape to extend a minimum of 1' on either side of the penetration. All joints under concrete including slabs, patios, and walkways shall be silver soldered. All piping penetrating framing members shall be protected with safety plates at all locations per plumbing code. Perform an air pressure test or water test all re-plumbs. Water test to include connection to the city service meter for a minimum of 24 hours before drywall is installed and continuing through the completion of the project to identify problems when they occur. Call MCSD for inspection before covering any water distribution system piping.

WINDOWS/EGRESS: All windows shall be Energy Star Qualified and meet the National Fenestration Rating Council (NFRC) requirements. In order to be accessible from the interior of the sleeping room, the emergency escape and rescue opening cannot be more than 44 inches above the floor. The measurement is to be taken from the floor to the bottom of the clear opening. Therefore, if window is installed in block wall, remove one or more extra layers of block from below the 44" mark to ensure proper egress. If window is installed in framed wall, drop opening 4 inches below the 44" mark to ensure proper egress. All horizontal sliding egress windows shall be at least 4'0" X 4'0" with an operable panel of 2'0" X 4'0" and all single hung egress windows shall be at least 3'0" X 5'0" with an operable panel of 3'0" X 2'6". Fill gap between rough framing and jambs and sills with an expandable spray foam product.

The use of expandable foam shall not warp the windows or doors to the point where they do not open or close properly or disfigure the jambs of the door or window. All windows shall have grid inserts to match existing if present. Make sure to include new headers or metal lintels if needed.

WINDOW BLINDS: Blinds shall be 2" Faux Wood vertical blinds. Blind to be a one-piece unit covering the entire window, properly trimmed, and have no looped pull strings. Blinds are to be child safe when it opens, closes, and traverses. Furnish all materials and labor needed to install new blinds.

NOTE: By providing a bid and signing the bid packet for this project, you acknowledge that all work contained in these specifications will comply with all the general information and general

definitions above, all attachments, as well as all applicable codes. The reference to some code sections mentioned in these specifications are provided for your convenience only, and do not constitute the only codes, or code sections that may apply. There may be more standards that may apply not mentioned above. Make sure to research all applicable codes, guidelines and requirements before submitting your bid. Contractor shall hold price quote for 90 calendar days.

It is the responsibility of the general contractor to make sure that all work in these specifications meet or exceed these written specifications, all applicable local and national codes, and all federal guidelines, whichever are more stringent. The contractor is responsible for the purchase of all permits and/or any other related costs and fees and will hold the price quote for 90 calendar days from bid due date.

If for any reason the attached scope of work deviates from the above set standards, the most stringent specification shall prevail.

GLOSSARY

CDBG

Community Development Block Grant

Davis-Bacon

The Davis–Bacon Act of 1931 is a United States federal law that establishes the requirement for paying the local prevailing wages on public works projects for laborers and mechanics. It applies to contractors and subcontractors performing on federally-funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.

HCD

Housing and Community Development

HOME – HOME Investment Partnerships Program

Liquid Assets

A liquid asset is cash on hand or an asset that can be readily converted to cash. An asset that can readily be converted into cash is similar to cash itself because the asset can be sold with little impact on its value. Investments are considered liquid assets because they can be readily liquidated

MBE/WBE

Minority Business Enterprises (MBEs) are entities that are at least 51% owned and/or controlled by a socially and economically disadvantaged individual as described by Title X of the Clean Air Act Amendments. Women’s Business Enterprises (WBEs) are entities that are at least 51% owned and/or controlled by women.

Section 3

Section 3 is a provision of HUD that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 Program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Subordination

Subordination is the process by which the loan is temporarily released per a written agreement with the title company so that the homeowner is able to modify the loan.

