

**CITY OF COOLIDGE
OWNER OCCUPIED HOUSING
REHABILITATION**



PROGRAM GUIDELINES

Approved by:
Coolidge City Council

PROGRAM DESCRIPTION

The City of Coolidge Grant department administers the Owner Occupied Housing Rehabilitation (OOHR) and Emergency Repair programs.

The Owner Occupied Housing Rehabilitation and Emergency Repair Programs are available to moderate, low, and very low income families living within the incorporated city limits of Coolidge, Arizona. These programs are available to income qualified homeowners to help with the repair, rehabilitation, or complete reconstruction of housing they reside in. When the rehabilitation project is completed the home will meet the State of Arizona Housing Rehabilitation Standards as a minimum and then brought into compliance with all City of Coolidge Building and Construction Codes.

The Grants Coordinator for the City of Coolidge applies for OOHR funding from a variety of sources. The main sources of funding for the program comes from the Office of Housing & Urban Development (HUD), Arizona Department of Housing's (ADOH) Community Development Block Grant (CDBG), HOME grants, Housing Trust Funds. The City also applies additional funding from Tribal Nations to help with the costs of repairing the homes. The City provides three different types of funding assistance programs in the form of low interest loans, deferred payment loans (DPL) interest free, and emergency repair grants to help with the rehabilitation of owner occupied homes. To qualify for the program, the total household income must not exceed 80% of median gross income based off the income guidelines released from HUD.

The City of Coolidge's Housing Rehabilitation Guidelines (HRG) help provide a reference for the recipients of the Housing programs funds as to what to expect during the project.

GOALS

The goals of the OOHR program are:

1. To benefit moderate, low and very low income homeowners in the City of Coolidge by upgrading their current living conditions. To provide safe, affordable housing for income qualified families and improve their quality of life by addressing all building code efficiencies.
2. To improve and preserve the quality and appearance of the housing stock and the overall environment within the City of Coolidge.

OBJECTIVES

1. To secure a variety of funding sources to allow the implementation of a comprehensive Owner Occupied Housing Rehabilitation Program to bring alleligible properties into compliance with the State of Arizona Housing Rehabilitation Standards as a minimum and then into compliance with all the City of Coolidge Adopted Building and Construction Codes.
2. To provide technical assistance and counseling services to all eligiblefamilies, including but not limited to:
 - a. Ownership responsibilities
 - b. Budgeting for property taxes and insurance
 - c. Property maintenance
 - d. Energy conservation
3. To bring code enforcement activities in conjunction with rehabilitation services as an educational process to remove health and environmentalhazards and promote cleanliness and pride of ownership.
4. To educate property owners participating in the program on:
 - a. Housing Maintenance Counseling including but not limited to: changingfilter pads, servicing air conditioner/heater, warranty issues and annualmaintenance checks. Home owners are also advised of the need for ongoing housekeeping and outside yard maintenance to keep up to citycode.
 - b. Homeownership Education including but not limited to: budgeting, timely payment of household expenses such as mortgage, utilities (Electric, Gas, Water, and Sewer & Trash), insurance and property taxes.
5. To provide referral services to the various agencies offering assistance in the areas of housing, medical, financial hardship, legal, aid, etc.

TOOLS

The aforementioned goals and objectives can be properly implemented andaccomplished by having the following available:

1. Properly trained personnel to provide assistance from initial contact throughcompletion of work.
2. Properly trained personnel (education/human relations) to serve as liaison forall available programs as well as beautification and environmental tasks.
3. Temporary housing and temporary relocation is available, if it is deemed necessary, for families whose home is under construction through the HousingRehabilitation Program.
4. Funds are available from a variety of sources, mainly: Office of Housing and Urban Development (HUD), Arizona Department of Housing's Community Development Block Grant (CDBG), State Housing Fund – HOME, Community Action Human Resources Agency (CAHRA) grants, and from Tribal Nations Funds (Gila River Indian Community (GRIC) and Tohono O'odham Nation). Any eligibility based rehabilitation project may have one or any combinationof funds and/or components to accomplish the goal of providing decent, affordable housing to income qualified applicants.

FUNDING SOURCES

CDBG FUNDED

- a. **DIRECT LOANS (DL):** Based on eligibility (usually moderate income) and repayment ability. These loans can be as low as three percent (3%) interest rate and a maximum term of 20 years. Depending on repayment ability, interest can be higher and term can be shorter. No loan can exceed the maximum amount as set by HUD. A Deed of Trust with flexible underwriting criteria will secure all loans. See page ___ for more details on Revolving Loan Fund.
- b. **DEFERRED PAYMENT LOANS (DPL):** A forgivable, non-interest bearing loan secured by a Deed of Trust and Promissory Note that will be forgiven annually if the property is occupied by the assisted household AND the property is maintained free of code violations based upon the following investment amounts:

| | | |
|-----------------------|----------|----------------|
| Less than \$15,000 | 5 years | 20% per year |
| \$15,000 to \$40,000 | 10 years | 10% per year |
| Greater than \$40,000 | 15 years | 6.66% per year |

In the event of the death of the sole owner, the loan may be transferred to an income eligible family member. Otherwise, the unforgiven balance of the loan shall become due and payable upon the sale, exchange, or transfer property.
- c. **EMERGENCY REPAIR GRANTS:** A grant to eliminate a threat to life, safety or health. The maximum grant amount is based upon the funding source, State Housing Funds (\$15,000) or CDBG funds (\$10,000) whichever is available in accordance with the individual programs rules and regulations.

HOME FUNDED

- d. Grants, DL's, and DPL's (same restrictions as CDBG as described above). Eligibility is based upon a household income below eighty percent (80%) of median income for Pinal County. Maximum amounts for any of the grants, DL's, and DPL's may vary depending on the amount of funding received from Arizona Department of Housing. All homes assisted with funding received from ADOH cannot exceed the maximum amount as determined by HUD.

CAHRA FUNDED

- e. **CAHRA GRANT:** Outright grants for maximum amounts determined by CAHRA, typically requires that the family's income does not exceed 100 percent of poverty level.

TRIBAL NATIONS FUNDS

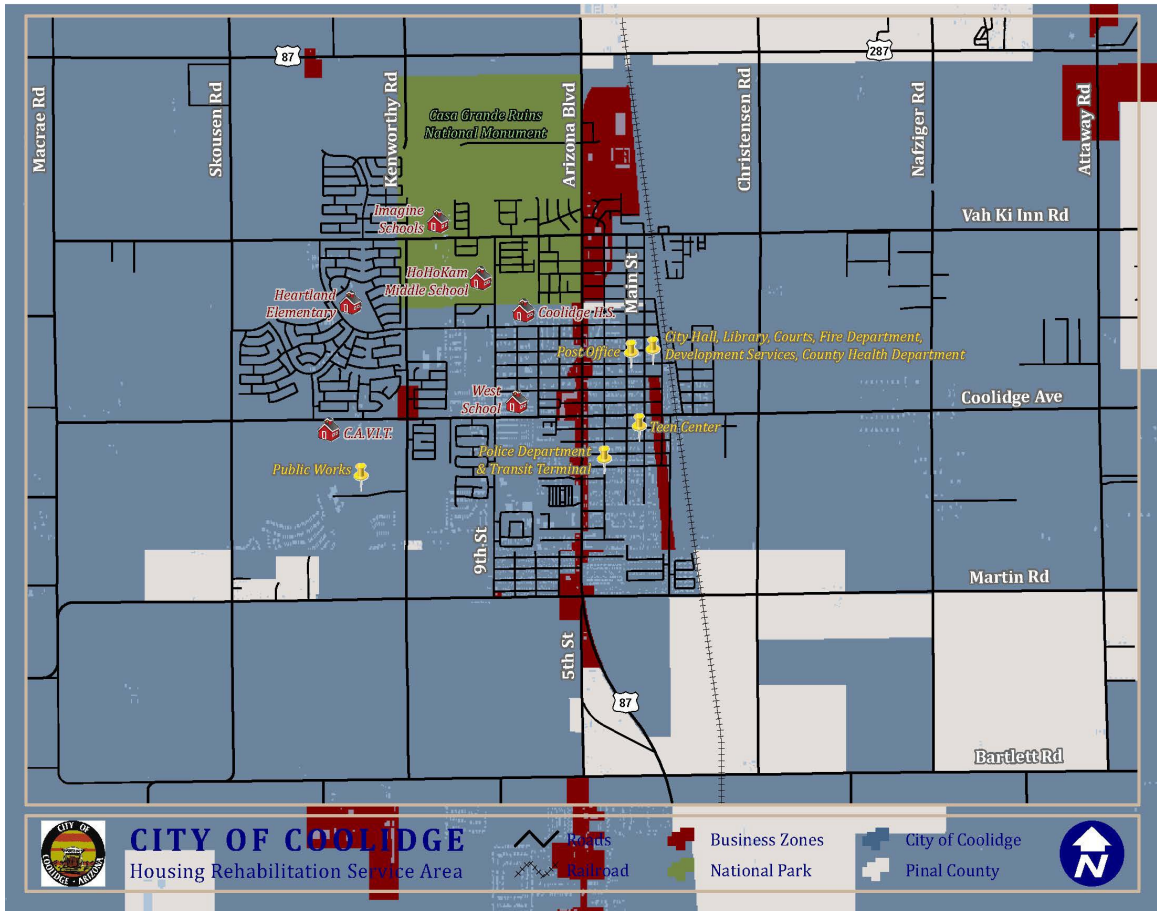
- f. **Gila River State Shared Gaming Revenues Grants Programs:** funding from the Gila River state shared Gaming can only be applied to direct construction rehabilitation cost of the project and not for any administration cost.
- g. **Tohono O'odham Nation:** funding from the Tohono O'odham Nation can only be used for direct construction rehabilitation cost and not for any administration cost.

ELIGIBILITY REQUIREMENTS

1. The property to be rehabilitated must be located in the corporate limits of the City of Coolidge and the property may not be located in a special floodhazard area.
2. The Housing Rehabilitation Program may assist families at moderate, low/moderate very low incomes.
3. The property must be owner occupied for at least 12 months prior to rehabilitation and must be the primary residence.
4. The home must be suitable for rehabilitation under the time and funding constraints of the Housing Rehabilitation Program.
5. Income guidelines by HUD will be utilized to determine income eligibility. Initial income eligibility will be determined for placement on the waiting list. Income will be re-certified not greater than 6 months prior to assistance.
6. The program will assist any low/moderate-income person within Coolidge City Limits regardless of race, color, religion, national origin, handicapped, familial status, etc.
7. Preference will be given to very low-income persons, elderly, persons with disabilities and families with children under 18 based upon available funding for the program.
8. Properties rehabilitated through this program must be free of any encumbrances such as liens of judgments. Properties may be encumbered by a mortgage in first position so long as a financial institution or other such mortgage company holds that mortgage; however, there must be sufficient equity remaining to justify placing a lien for the rehabilitation deferred payment loan in second position. Properties encumbered by mortgages held by individuals or partnerships are not eligible for this program. Mortgage payments, property taxes, utility payments and homeowner's insurance premiums must be current.
9. Any property where the cost of rehabilitation will exceed the value of finished property may be eligible for full replacement depending upon the cost associated with replacing the housing unit.
10. The property must be covered by homeowner's insurance during the rehabilitation of the property and the owner must maintain insurance coverage during the life of the deferred payment lien.
11. Income eligibility for a loan is limited to households whose incomes do not exceed eighty percent (80%) of area median income (AMI) for Pinal County based upon family size.
12. Determination of eligible projects to be included in this rehabilitation program shall be two fold based on the applicant and the property.

GEOGRAPHIC AREA

The City map (below) reflects the designated rehabilitation area commonly described as the incorporated limits of the **City of Coolidge, Arizona**.



LEVEL OF REHABILITATION ASSISTANCE

The City Council of the City of Coolidge has adopted the level of Rehabilitation Assistance with CDBG/HOME funds to a maximum per unit state investment limits for Pinal County as published by the Arizona Department of Housing. At no time will the investment of CDBG or HOME funds result in a unit with an after rehab value which exceeds the HUD issued HOME Maximum after Rehab Value Limits. <https://housing.az.gov/sites/default/files/documents/files/FFY2021-HOME-95%25-Median-Value-Homeownership-Limits-6-1-21.pdf>

A typical rehabilitation project cost will typically be using multiple sources for funding depending on the grants available.

MARKETING TO POSSIBLE APPLICANTS

City of Coolidge's Housing Rehabilitation Program is founded on the premise of helping those who want and need the help. Thus, participation in the program is voluntary. The City, however, does make every possible effort to inform and promote program awareness to every segment of the community. Although "word of mouth" is the best and foremost method of communication in our community, the City will take the following steps to affirmatively market the housing rehabilitation program:

1. Articles to be published in the Pinal Central Dispatch.
2. Flyers available at City Hall and Development Services.
3. Postings concerning the program at City Hall.
4. Door-to-Door distribution of flyers in targeted neighborhoods.
5. Semi-Annual Advertisements in the Pinal Central Dispatch.

All marketing costs and material shall be produced within the approved funding source guidelines, including Fair Housing and non-discrimination language. Upon request, marketing materials will be provided in alternative formats for the disabled or translated into other languages or information will be provided directly by a translator.

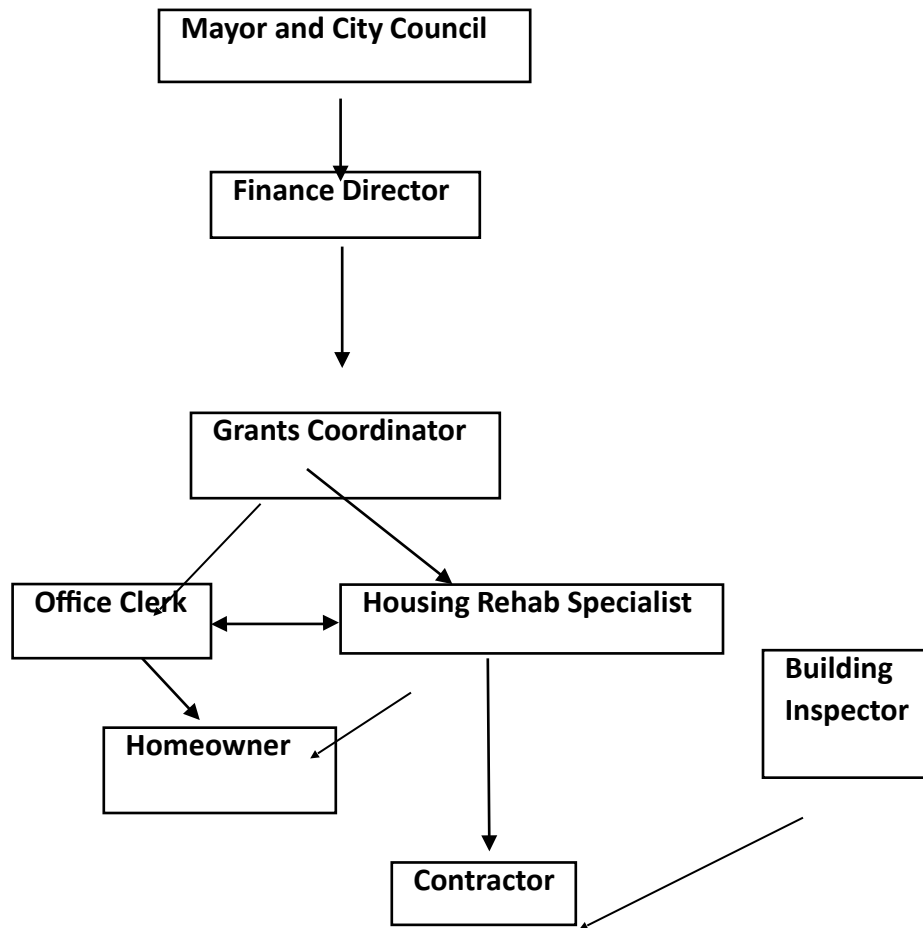
STAFFING AND ADMINISTRATIVE STRUCTURE

Administration and Rehabilitation Specialist services related to the Owner Occupied Housing Rehabilitation Program will be completed by City of Coolidge employees and/or professional service providers. The City of Coolidge Housing Rehabilitation team is composed of the following:

- The Mayor and City Council are responsible for oversight of the program. The Mayor and City Council will provide direction to city staff concerning the goals of the program and will receive periodic updates by staff regarding the program.
- The Finance Director provides oversight of the program and is responsible for the implementation of the program, expenditure of funds and compliance with program rules and regulations.
- The Grants Department provides the administrative services and the Grants Coordinator directly oversees the Owner Occupied Housing Rehabilitation Program including maintenance of original grant files; record keeping, financial records and marketing. The Office Clerk is responsible for development and maintenance of these OOHR Program Guidelines and various forms and files necessary to implement the project. He/She is responsible for maintenance of the filing systems, completion of the overall project environmental review and HUD requirements for Section 3 requirements (if applicable), encouraging minority and women business enterprises and Fair Housing. The Grants Coordinator will approve all payments, upon recommendation from the Housing Rehabilitation Specialist. He/She will also maintain a ledger of expenses independent of the City accounting system; periodically reconcile these sub-ledgers to City ledgers, and process grant reimbursements. The Office Clerk shall accept initial intake applications; score initial applications per the criteria established in the OOHR Program Guidelines and maintain the waiting list of applicants.
- The Housing Rehabilitation Specialist or professional services provider will provide direct services to applicants working with the applicants from inspection to completion of the project. The direct services will include:
 - Developing and maintaining project files with all required forms, verifications, reviews and reports.
 - Counseling owners regarding financial, repair and maintenance issues.
 - Inspecting of the property and development of specifications
 - Conferring with building official regarding interpretation of applicable codes
 - Developing of bid packages
 - Conducting pre-bid conferences, reviewing bids with the Grants Coordinator and recommending award
 - Preparing program and contract documents and securing required signatures
 - Monitoring construction process and conducting regular inspections to insure compliance with codes and specifications
 - Reviewing proposed change orders with Grants Coordinator for appropriateness
 - Reviewing Contractor payment requests and recommending payment

- Conducting the final walk through with homeowner and Grants Coordinator, overseeing a punch list of items and securing final acceptance

ORGANIZATION CHART



THE APPLICATION PROCESS

The Office Clerk is responsible for accepting initial intake documents. Typically, the initial inquiries are via telephone or in person at City Hall or Development Services. The prospective applicants are either given an application, asked to come pick one up from one of the offices, or alternatively, an application can be mailed out to the individual. Interested parties may call City Hall at (520) 723-5361 to schedule a meeting with the Office Clerk or Grants Coordinator to discuss the Housing Rehabilitation Program, be issued a copy of the OOHR Program Guidelines, and/or receive assistance in completing the intake application. Persons with disabilities will be provided accommodations upon request including alternate formats and in-home visits.

The initial application is used to determine the individual's preliminary eligibility, specifically:

1. Individual presently owns their home
2. Location of the home is within the City Limits
3. Preliminary annual income and number of dependents, ages, disability information
4. Any emergency situation present, including but not limited to power, electric or gas disconnected; imminent health hazard or other dangerous condition present in the home.

After review of the initial application, the staff will place the applicant's name on the waiting list based on the date the application was received and the provision of all necessary documents to verify the income of the household and that the applicant is the owner of the house. Application will be considered in order as to their placement on the waiting list and selection criteria authorized in the current grant awards. There is no ranking process for the applications. The program operates on a first qualified, first served basis, however, if an emergency situation is found at the home, that home is given priority. The Grants Coordinator is responsible for approval/disapproval of each application.

If after the initial intake documents are reviewed, it is determined that the applicant does not meet the requirements of the program, the Office Clerk will review the application with the applicant to confirm the information is correct and accurate.

Should it be determined that the applicant does not meet eligibility requirements, the Office Clerk will forward a letter of non-approval to the applicant. The Office Clerk will contact all qualified applicants to confirm that there has been no changes in the information submitted in the original application. The staff will meet in person with the applicants to complete a financial analysis for program qualification application.

reflecting their present situation and will provide various disclosures concerning the program, which will be explained to the applicant. The staff will verify all income in accordance with Section 8 income requirements.

The following definitions aid the staff in the process:

1. Income: All wages, financial assistance from Social Security, Veteran's Administration, Department of Economic Services (including food stamps), Aid to Families with Dependent Children, Unemployment Insurance, Alimony, Child Support, and income from any other source by any person living in the household.
2. Family/Household: All persons occupying the home, including permanent extending family, i.e., elderly parents, single children with children of their own. In the case of more than one family per unit, every effort is made to provide the non-owner with home ownership through another program to decrease over-crowding.

The initial application is then evaluated against four criteria before the application may be formally approved:

1. Family – the present income eligibility requirements and proof of lawful presence in the United States per ARS 1-501 and 1-502. Failure to provide documents requested in Information Bulletin 02-10 will result in the City of Coolidge Owner Occupied Housing Rehabilitation Program reporting the individual to ICE at 1-866-DHS-2-ICE.
2. Home – The home is owned by the applicant.
3. Property – the feasibility of the home for rehabilitation.
4. Funding – the availability of funds for rehabilitation.

The Office Clerk will be responsible for the application process and qualification of the applicant. Should an application be determined to be ineligible, the Office Clerk will contact the applicant to discuss reasons for non-eligibility and discuss the disapproval of their application, reasons for the disapproval of assistance, and the procedures for appealing the decision. This assures that the applicant has an opportunity to discuss their application, again, ensuring the accuracy of information. The Office Clerk will forward a follow up letter, which shall formally advise the applicant of approval or disapproval.

A title search will be conducted by the City of Coolidge to determine that there are no liens against the property. Should liens be discovered, the Office Clerk will meet with the homeowner to resolve the situation. No rehabilitation of the property will be completed until such liens are resolved.

The Owner is made aware, early in the process that the contract for work will be between the Owner and Contractor only. The homeowner will award the bid; however the Grant Coordinator and Housing Rehabilitation Specialist will review the bids and make a recommendation concerning the lowest, responsible bid. The Owner may select a Contractor other than the lowest bidder if the owner pays for the difference between the lowest bid and the selected bid. See Procurement Process, page 18, for more details.

THE REHABILITATION STANDARDS AND SPECIFICATIONS

The Rehabilitation Standards and Specifications for the Owner Occupied Housing Rehabilitation Program shall be:

1. At a minimum, compliance with State of Arizona Department of Housing Rehabilitation Standards
2. Every effort will be made to bring homes into code compliance to eliminate health and safety issues
3. Aesthetic improvements (see below for further details)

The level of rehabilitation shall be determined on an individual basis and based on funding availability. In some instances, homes may be so seriously deteriorated that rehabilitation of the property would not be cost effective or prudent. All projects meeting the guidelines for this program, with the exception of emergency repairs, when completed will comply with state rehabilitation standards and local code. In regards to emergency repair activities, the work performed will meet the state's rehabilitation standards or local code. Should funds be available, aesthetics of the property shall be improved.

The City of Coolidge will utilize the following Building and Construction Codes currently adopted by the City of Coolidge:

- Uniform Administrative Code 1997
- Uniform Housing Code 2000

- 2006 International Building Code
- 2006 International Residential Code
- 2006 International Property Maintenance Code
- 2006 International Mechanical Code
- 2006 International Plumbing Code (ADOH also requires all plumbing fixtures to be low flow)
- 2005 National Electrical Code
- 2006 International Existing Building Code
- 2006 International Energy Conservation Code (ADOH requires use of the IECC 2009 or better)
- 2006 International Zoning Code
- 2006 International Code Council Performance Code
- 2006 International Fire Code

Energy Efficiency Requirements

All projects are to be weatherized in accordance with the ADOH Owner Occupied Housing Rehabilitation Weatherization Standards (see next section). All projects will follow the energy conservation and abatement of toxic chemicals, as per HUD and the program will include the incorporation of green technologies and the use of alternative energy sources whenever possible. These may include solar energy, tank-less water heaters and water harvesting and reuse. All rehabilitations will achieve increased energy efficiencies through Energy Star requirements. ADOH has also identified that all units assisted must meet the requirements of the International Energy Conservation Code (IECC, 2009 Edition) or better.

Owner Occupied Rehabilitation Weatherization Specifications

The specifications below constitute the ***ADOH Owner Occupied Housing Rehabilitation Weatherization Standards***.

1. Air Barrier/Thermal Barrier

- a. The whole house leakage should not exceed .35 ACH.
- b. The Thermal Barrier must be installed in complete contact with an effective air barrier, and to IECC 2009 installation standards and levels specific to the climate zone the home is in as defined by IECC Climate map.

<http://energycode.pnl.gov/EnergyCodeReqs/?state=Arizona>

2. Windows

- a. Any replacement windows must meet the minimum requirements for IECC 2009 codes per climate zone the home is located in.

3. Roofing

- a. Whenever a rood replacement is scoped that involves removing the existing decking, the new decking must have a factory installed radiant barrier surface. (Climate zones 2, 3, 4).
- b. When replacing shingles, special consideration should be given to 'higher reflectivity and high emissivity shingles' in Climate zone 2.
- c. All powered attic ventilation fans must be removed. (Including solar powered).

4. Room Pressure Balancing

- a. No room in the home (including CAZ) shall exceed +/- 3Pa of pressure. In the case where passive return or a live return system must be installed to correct these issues, the goal should be to accomplish as close to a 0.0Pa of pressure as possible.

5. HVAC Static Pressure

- a. Static pressure tests must be taken after all work is complete and the pressures must not exceed manufacturer's specifications.
- b. AC systems should all be verified to have proper charge and airflow by a licensed AC technician.

6. Duct Leakage

- a. All accessible joints, seams and connections in the duct system must be sealed using a UL 181 approved duct mastic.
- b. All Boot – Sheetrock gaps must be sealed.
- c. All supply or return ducts on the roof that are exposed to direct sunlight must be painted with white elastomeric paint after they are sealed.

7. Air Conditioning

- a. A manual J must be completed and followed reflecting any of these listed measures that will be done to that home and the report submitted to the rehab specialist for an new Air Conditioning replacement.

8. Duct Replacement

- a. In the case of a comprehensive duct system replacement in conjunction with an AC replacement, a Manual D report must be followed and a copy of that report given to the Rehab Specialist.

9. Ventilation

- a. Ventilation must be installed to meet the ASHRAE 62.2 – 2010 standards.

10. Appliances

- a. All appliances should be replaced with Energy Star approved appliances.

11. Hot Water System

- a. When replacing an electric water heater in a garage with a home occupancy of no less than 4 people, a Hybrid Heat Pump water heater must be used.

- b. Low flow faucet aerators and shower heads (1.5GPM shower head) must be installed in all faucets and showers.

12. Lighting

- a. Light bulbs that are typically used for a minimum of 2 hours per day or more (limit 10) must be replaced with Energy Star Rated CFL or LED light bulbs with equivalent or better Lumen output.

13. CAZ Tests

- a. If the home is occupied during the rehab process a CAZ test must be completed at the end of each day that work is done to the home.

The Rehabilitation Standards also includes exterior aesthetic work, which, dependent upon funding availability, is not necessary to the structural integrity of the home, but which will provide for curb appeal, increase value of the property and surrounding properties, and benefit the area as a whole. This work may include: sidewalks, landscape (xeriscape for water conservation), driveways, paint, stucco or other wall coverings. Property improvements (other than those attached to the house) may not exceed ten percent (10%) of the total cost of rehabilitation.

THE FOLLOWING ARE EXAMPLES OF WORK THAT CANNOT BE CONSIDERED PART OF THE REHABILITATION:

1. Items that exceed the quality of product as specified, i.e., upgraded carpet/tile (U.M.44 FHA rated only).
2. Luxury items not considered a necessity, e.g., fireplaces, swimming pools, connection to cable TV, etc.
3. Additions for family rooms, recreation room, etc.; bedroom additions will be considered based on family structure and overcrowding in existing house.

WORK WRITE UP

The Housing Rehabilitation Specialist prepares the Work Write-Up. The Housing Rehabilitation Specialist is required to keep abreast of the latest code requirements, construction methods and materials, and particularly, preservation. It is important in our program to preserve the architectural features of a particular era. The finished product shall complement the surrounding area, and therefore, it is important that our staff have the knowledge and the “eye” to identify a particular feature, determine if it is repairable, and the products that are readily available to accomplish the task. In cases where codes and preservation conflict, the work shall be done to code, but every effort will be made to provide the “look” for a particular feature, structural or non-structural.

The Housing Rehabilitation Specialist is also responsible for the coordination/ compliance with the ADOH Owner Occupied Housing Rehabilitation Weatherization Standards. The Housing Rehabilitation Specialist will coordinate with a BPI Certified Weatherization Professional to conduct both a pre-construction energy audit and a post construction compliance inspection. A pre-construction energy audit will not be required for reconstruction units however a post construction compliance inspection will be conducted. The energy audit utilizes pressure diagnostics, infrared cameras, and other equipment to identify air leaks, duct leaks, insulation deficiencies, inefficient appliances, venting problems and other energy issues. Deficiencies identified in the energy audit must be included in the OOHR Work Write-Up. All work must be done in accordance with the ADOH Owner Occupied Housing Rehabilitation Weatherization Standards.

The Housing Rehabilitation Specialist is responsible for reviewing the accuracy of the Work Write-Up. The Work Write-Up will cite items that meet code per Housing Rehabilitation Program Standards and will specify sizes and location, etc. It will detail all of the work to be completed, for example:

1. Replace existing passage door locks with new privacy locks, Kwik-Set or better.
2. Replace deteriorated paneling in North wall with ½" gypsum board, finish, texture, and paint to full coverage with flat latex (homeowner to select color).

The work write up shall be submitted to the Owner by the Housing Rehabilitation Specialist for review and approval and shall become the project scope of work for bidding purposes. Although a standard set of forms is used to complete the Work Write-Up, the work and materials will be individually tailored for each dwelling unit. Please see Appendix A for an example of a Work Write-Up.

THE COST ESTIMATES

The Housing Rehabilitation Specialist is responsible for the preparation of a cost estimate for each project. The Housing Rehabilitation Specialist must keep abreast of the economic conditions in our area with respect to the construction trades, including, but not limited to:

1. Availability of qualified contractors with emphasis on Disabled, Women, Minority Business Enterprises (DBW/MBE)
2. Availability/cost of materials
3. Present labor costs

The Housing Rehabilitation Specialist will prepare a cost estimate for each individual dwelling based on the technical specifications as determined in the work write-up. The cost estimate will include all costs for materials and labor as well as costs for permits, clean up, overhead and profit.

The cost estimate shall be used as a tool to determine responsible contractor bids. The cost estimate shall be presented to the Owner at the time of approval of the workwrite-up and the Housing Rehabilitation Specialist shall review the estimated costs carefully with the Owner.

PRE-CONSTRUCTION PROCESS

During the initial interview, the Owner(s) is made aware of each step of the process, including the details for each step and timeframe between each step. For example:

1. Initial Application submitted.
2. Preliminary approval of application.
3. Schedule appointment for a detailed "before" inspection.
4. Owner and Housing Rehabilitation Specialist will formally discuss the results of the inspection, allowable and unallowable items, warranties, plans and specifications for improvement, etc.
5. Formal approval of specifications and plans by the Owner, the bids and advertisements will be published in the local newspaper.
6. Pre-bid Conference for prospective bidders to inspect the premises before submission of their bid.
7. Evaluate the responses to the bids and conference with the Owner, recommend award. During this conference with the homeowner, staff provides general housing maintenance counseling which include discussions on warranty items vs. maintenance and homeownership education counseling which include information on budgeting, timely payment of housing expense (mortgage, utilities, insurance and property taxes).
8. Contract Award.
9. Execution of contract and mortgage documents. During the loan closing the family will execute and/or review the following documents:

- a. Documentation of After Rehab Value based upon current tax assessment.
 - b. Certification of Property as Principle Residence
 - c. City of Coolidge Rehabilitation Application
 - d. Certification by applicant
 - e. Approval of Application
 - f. Privacy Act Statement to References
 - g. Certification regarding Lead Based Paint
 - h. Truth in Lending Disclosure State for each loan
 - i. Promissory Note for each loan
 - j. Deed of Trust for each loan
 - k. Consent to Deed of Trust
 - l. Authorization to disburse closing costs and escrow funds
 - m. Bid Award
 - n. Rehabilitation Contract
 - o. Award Letter
 - p. Non-award Letter
 - q. Warranty and Maintenance Education
 - r. Notice of Opportunity to Rescind Transaction
 - s. Public Body Certification as to Compliance with Truth and Lending Act
 - t. Photo Release
10. Filing of all deeds of trust occurs after the here day right of rescission has passed. Original deeds of trust are sent to a local title agency and they record the documents at the Pinal County Recorder's Office and issue title insurance for each loan.

PROCUREMENT PROCESS

Procurement of contractors shall follow CDBG/HOME Program rules and regulations and/or City of Coolidge purchasing policies, whichever is most restrictive. Construction must be performed by licensed general contractors.

The City of Coolidge will maintain a list of qualified (non-barred, license/bond verified with Registrar and insurance) contractors that may be contacted by telephone, mail, email or Fax depending on the type of project. Notices to bid will be forwarded by fax or email to interested parties for Emergency Repairs. Rehabilitation and Reconstruct projects will be published in the local newspaper. General contractors will be called, mailed, or emailed a bid notice the day before a Request for Bid is published to advise them of the publication date. Bid packages will also be mailed to the Minority Contractors Plan Room in Phoenix. Additionally, a copy of the notice shall be posted at City Hall. To encourage local participation in the project, local contractors known to the City shall also be contacted as outlined above and

encouraged to participate in the bidding process.

New Contractors are invited to submit a statement of qualifications to be included on the "bidders list". All information in the Contractor statement of qualifications will be verified by the Housing Rehabilitation Specialist prior to the bid award in order to reasonably protect the Owner and the Owner Occupied Housing Rehabilitation Program from undue liabilities, inadequate warranties, and/or poor workmanship.

The Owner Occupied Housing Rehabilitation Program may advertise more than one dwelling for bid at a time, depending on the circumstances and OOHR Program caseload.

Bidding Process for Housing Reconstruction or Major Rehabilitation

- All Notices to Bid shall be published in the Pinal Central Dispatch two weeks prior to the date of bid opening.
- The Housing Rehabilitation Specialist will arrange a date and time to conduct a walk-thru of the house with all interested contractors to discuss all specifications and plans.
- Bid Submission
 - Submit proposals for each project in a sealed envelope with owner's name and address and Contractor's name clearly shown. Return all specifications and drawings along with the proposal. Fill out bid forms completely. Bids must be in by the time indicated; late bids will not be accepted.
- Notification of Bid. All contractors who have submitted a bid will be informed by a letter from the Grants Coordinator of the bid awards. The letter will include protest procedures/grievance procedures.
- Specification Changes. Bid projects as specified. Changes, if any, in specifications will be provided to you as an addendum to the original specifications at least 3 days prior to bid opening date by the Housing Rehabilitation Specialist.
- Codes and Standards Specifications. The Contractor is responsible for knowledge of the City's adopted building codes and state rehabilitation, energy, and weatherization standards. All work must comply with these standards. The work specifications may, on occasion, exceed the minimum requirements.

Bidding Process for Emergency Repair

- All Notices to Bid shall be faxed or emailed to interested parties on the approved bidding list.
- If necessary, the Housing Rehabilitation Specialist will arrange a date and time to conduct a walk-thru of the house with all interested contractors to discuss all specifications and plans.
- Bids may be submitted by fax, email, in person or by mail but must be submitted prior to the submission deadline as identified on the fax. Late bids will not be accepted.
- Notification of Bid. All contractors who have submitted a bid will be informed by a

letter from the Grants Coordinator of the bid awards. The letter will include protest procedures/grievance procedures.

- Specification Changes. Bid projects as specified.
- Codes and Standards Specifications. The Contractor is responsible for knowledge of the City's adopted building codes and state rehabilitation standards. All work must comply with these standards. The work specifications may, on occasion, exceed the minimum requirements.

Bid Awards

As previously stated, the Owner selects the Contractor; however, the City of Coolidge selects the lowest qualified responsive contractor through the sealed bid process. The Owner has the right to select a higher bid, however if the Owner selects the higher bid they are required to pay the difference between the amount of the lowest bid and their selected Contractor's bid. This difference in the contract price shall be deposited in the Owner Occupied Housing Rehabilitation Program account before contract signing. The City of Coolidge reserves the right to reject any and/or all bids for reasons including but not limited to the following:

- The Contractor is not licensed or has had his license suspended or has been barred from projects involving certain funding sources (i.e. HUD).
- The Contractor is not able to proceed with the project in a timely manner due to other commitments.
- The bid submitted is more than 15% below the Housing Rehabilitation Specialist's cost estimate and, in the Housing Rehabilitation Specialist's judgment; the Contractor will not be able to complete the project as specified in the bid price.
- The Contractor has failed to complete past projects in a timely or workmanlike manner or has failed to respond appropriately to requests for warranty service.
- The Contractor has failed to provide lien waivers as required or has had mechanic's liens filed by suppliers or subcontractors on past projects.
- Bidding forms are improperly filled out or incomplete.
- All bids submitted are more than 15% above the Housing Rehabilitation Specialist's cost estimate.

Owner Bid Rejection

The owner may reject any or all bids without cause subject to the following provisions:

- The Owner may choose to reject the lowest qualified bid recommended by City staff and select a Contractor other than the lowest bidder if the Owner is willing to provide from his/her own funds an amount equal to the difference between the lowest bid and their selected bid.
- The Owner may reject all bids at any time up to three working days after the contract is closed.

Delays in Awarding Contract

Generally the contract will be closed and work will begin within thirty days of the date of bid submission. If thirty days have passed since submittal of bids and no contract has been signed, the Contractor has the option of:

- Honoring the original bid.
- Withdrawing his bid.

If the Contractor chooses to withdraw his bid, the project will be offered to the next qualified low bidder or a new bid process will begin. The City of Coolidge reserves the right, with the owner's concurrence, to negotiate any bid.

Following award and verification of contractor bonds and insurance, the Grant Coordinator and Office Clerk shall meet with the homeowner to execute all mortgage and note documents and disclosures. Immediately thereafter, the Housing Rehabilitation Specialist will meet with the Owner and Contractor to execute the construction contract and conduct a pre-construction conference.

Originals of all executed documents shall be maintained in the project file. The Office Clerk shall provide for immediate recording of the document through the Pinal County Recorder's Office once the three day right of rescission has passed. A title company will be used to record the documents and title insurance will be obtained on all loans. The Owner shall be provided a copy of each executed document and the Contractor shall be provided a copy of the rehabilitation contract.

Upon execution of all required documentation, the Office Clerk shall issue a notice to proceed which is signed by the property owner.

Work by Homeowner

The OOHR Program does not allow the Owner to perform any portion of work outlined in the Scope of Work put out for bid. This restriction helps avoid disputes arising as to warranty, workmanship, and responsibility of the parties of the completed product. The Contractor agrees to assume responsibility for any damage, theft of materials, etc., until the project is completed and the Owner assumes responsibility. There may be exceptions, from time to time, regarding this prohibition, but it is generally limited to general property improvements, such as landscaping, fencing, etc. All exceptions must have prior written approval from the Grants Coordinator.

- Please refer to the Rehabilitation Contract for additional conditions and/or restrictions for the Owner and Contractor.
- Contractors awarded construction contracts are required to pay the City of Coolidge construction sales tax based on Sixty Five (65%) percent of the contract amount. The City of Coolidge Business License Fee will be required.
- The City shall not require Contractors to post bid bonds, payment bonds or performance bonds; however, the City shall ensure through careful inspection of the work that there is sufficient monies held back from each progress payment to complete the project, should the contractor default upon the contract with the Owner.

THE AGREEMENTS, CONSTRUCTION CONTRACTS, AND OTHER DOCUMENTS

Please refer to exhibits for sample forms for the Owner Occupied Housing Rehabilitation Program. Each exhibit contains the following information.

| | |
|-----------|------------------------------|
| Exhibit A | Contractor's Information |
| Exhibit B | Homeownership Information |
| Exhibit C | Lead Based Paint Information |
| Exhibit D | Grievance Procedures |

PRE-CONSTRUCTION CONFERENCE

As previously mentioned, a pre-construction conference with the Owner takes place prior to the notice to bid to ensure that the homeowner understands and agrees to the Scope of Work to be performed, the work not to be performed, the time frame for construction, temporary housing, and other issues.

The Housing Rehabilitation Specialist will hold a pre-bid conference at the property with the prospective contractors including a walk-through of the property. This provides an opportunity to answer any questions regarding the work and tends to minimize misunderstandings among the parties involved.

Before issuance of the notice to proceed, the Housing Rehabilitation Specialist will meet with the Owner and the Contractor to review the scope of work, timeframes for construction, quality of work, warranties, etc.

PROPERTY INSPECTIONS

Inspections during the course of construction will be performed by the City of Coolidge Building Office to ensure that all work complies with applicable City of Coolidge codes. In addition, the Housing Rehabilitation Specialist will conduct frequent inspections to ensure and monitor progress, identify problems that may arise, confirm that all work is according to State of Arizona Rehabilitation Standards and State code requirements, initiate change orders that may arise, and ensure compliance with HUD requirements and non-code items. All inspections shall be documented and a copy of the report retained in the project file. Inspections by the Housing Rehabilitation Specialist shall be made before any disbursement of funds billed by the contractor to confirm the level of completion.

CHANGE ORDERS

A Change Order may be requested, in writing, by the Contractor due to circumstances, which were unforeseen and not included in the original Scope of Work. An example would be a safety or code violation that could not be determined until the actual work began. The Owner must be informed of any Change Orders, and agree to these changes in writing. All change orders are to be approved by the Owner, Grants Coordinator, Housing Rehabilitation Specialist and the Contractor.

The Contractor must have written approval before undertaking any change order work for any reason.

PAYMENTS AND WARRANTIES

The Inspection and Disbursement Order, when signed by the Contractor, constitutes a Request for Draw. The Housing Rehabilitation Specialist will inspect the job to determine the percentage of work completed and certify the same by signing the Draw. The Housing Rehabilitation Specialist will determine the amount of draw, ensuring a minimum of ten percent retention before approving payment.

The Housing Rehabilitation Specialist will provide the draw to the Office Clerk who will

prepare a requisition for payment bearing the Housing Rehabilitation Specialist's and Grants Coordinator's signatures signifying approval. The inspection and payment requisition is considered the back-up documentation. The City will issue a check for the requested amount to the contractor upon receipt of required lien waivers.

A typical progress payment schedule is noted below and includes retention provisions:

1. 20% upon 30% completion of contracted work
2. 40% upon 50% completion of contracted work
3. 60% upon 75% completion of contracted work
4. 80% upon approximately 100 % completion of contracted work
5. 100% upon issuance of Certification of Final Inspection and Homeowner's Acceptance

COMPLAINTS AND APPEALS

In the event of a disagreement between the Owner and Contractor, Owner and City, applicant and City, and/or Contractor and City, to name a few, the City Council has approved a Grievance Procedure to include appeals. A copy of the Grievance Procedure and the forms are contained in the Exhibit D

EMERGENCY REPAIRS

Housing conditions which threaten the health and/or safety of the occupants may be eligible for emergency repairs through the Owner Occupied Housing Rehabilitation Program dependent upon available funding and are subject to approval by the Grants Coordinator and the funding source. (*HOME funding cannot be utilized to complete emergency repairs.*)

Examples of housing conditions that may qualify for emergency repairs are:

1. Lack of potable water in the kitchen or restroom.
2. Lack of proper sanitation facilities. (Such as open sewer lines, chronic problems with water closets that will not flush, kitchen sinks which do not drain.)
3. No or insufficient heating.

4. No or insufficient cooling.
5. Electrical service or wiring which creates a hazard of fire or shock.
6. Damaged roof, which threatens the integrity of the structure.

The listed items are intended as examples only. Emergency conditions will be identified and defined on a case-by-case basis.

Emergency repairs will be considered by the City upon identification of such conditions by an applicant to the Owner Occupied Housing Rehabilitation Program and verified by a home inspection.

Emergency repairs will address only the condition creating the health or safety hazard. Qualification of the applicant, bidding, construction, etc., shall follow the City of Coolidge's application qualification and bidding procedures.

Emergency repairs shall be completed in a cost-effective manner as to remediate the health or safety issues. The scope of work shall be designed to eliminate the need to reconstruct or repeat the repairs if the home is fully rehabilitated. In some instances, emergency repairs may not meet code but should meet the State of Arizona Department of Housing Rehabilitation Standards.

Upon completion of the emergency repairs if there are code conditions, which are not addressed, the applicant shall remain on the Owner Occupied Housing Rehabilitation Program waiting list for full housing rehabilitation.

TEMPORARY RELOCATION

The City Council of the City of Coolidge, by resolution, adopted a residential anti-displacement and relocation assistance plan. The City has committed that permanent relocation and residential displacement will not be allowed in conjunction with the Owner Occupied Housing Rehabilitation Program.

The City recognizes that at times during the housing rehabilitation process temporary relocation may be required. Additionally, the City acknowledges budgetary restraints and the lack of available temporary housing within the City, which may limit their ability to provide such temporary location. The City is committed to utilization of community resources to make temporary relocation resources available to homeowners and occupants participating in the Owner Occupied Housing Rehabilitation Program.

If possible, the City shall design the rehabilitation of housing to allow for occupancy during rehabilitation in order to prevent temporary relocation. The Contractor shall minimize disruption. The City will consider temporary relocation and/or financial assistance for the following reasons:

1. Health and/or safety of the occupants
2. Water closet and hand washing facilities are not available for one full day or more
3. Kitchen facilities are not available for more than one day

The City will encourage the homeowner to seek community resources available for such assistance such as: friends and family; local churches; Pinal County Housing Authority; Community Action Human Resources; United Way of Pinal County; Salvation Army; and others.

Should other resources not be found to assist the Owner and occupants, the Owner may request that the City provide temporary relocation or financial assistance for the people currently living in the household and listed on the application. The Owner shall make the request in writing, preferably before the construction bid or immediately upon the determination that such assistance may be deemed necessary. The City will consider each request on a case-by-case basis. Each request shall be specific to the needs of the family and shall include an estimated budget for such assistance. The Owner must receive a written approval from the City for relocation assistance before incurring any costs. Costs incurred before written approval will not be considered allowable for reimbursement.

The following types of assistance may be provided by the City allowing for sufficient budget and availability of the services:

1. Temporary rental housing
2. Temporary housing in a local motel
3. Storage locker for storage of personal belongings
4. Food allowances on a per diem basis not to exceed the state per diem rate per person per day. The per diem then shall be adjusted based on the number of individuals within the family unit receiving assistance.

On a case-by-case basis, the City may directly assist the homeowner. Such assistance may be as an advance, requiring that the Owner provide receipts and reimburse the City for unexpended assistance, or the assistance may be provided on a reimbursement basis following presentation of receipts. In most instances, the temporary relocation assistance will be paid by the City directly to a third party for the benefit of the Owner, such as, rent or motel fees.

LEAD BASED PAINT ABATEMENT

Please see Exhibit C for a copy of the Arizona Department of Housing, Implementation of the HUD Lead Based Paint Regulations.

SUBORDINATION OF THE DEED OF TRUST

Based on policies established by ADOH, and adopted by the City of Coolidge

1. loan subordination will only be allowed when the refinancing results in a fixed rate, lower monthly payment; and
2. Loan subordination will not be allowed under any circumstances for a cash out refinancing or the consolidation of debt.

PROGRAM INCOME

All assistance provided in the form of a forgivable, non-interest bearing loan will be forgiven annually if the assisted household occupies the property AND the property is maintained. In the event of the death of the sole owner, the loan may be transferred to an income eligible family member. Otherwise, the unforgiven balance of the loan shall become due and payable upon the sale, exchange, or transfer of the property.

Program income generated from loans, which have been re-paid, will be handled in accordance with the funding source requirements as follows:

- State Housing Fund Projects. All program income generated from loans initially made with State Housing Fund dollars will be returned to the Arizona Department of Housing in accordance with contract requirements.
- Community Development Block Grant (CDBG) Projects. All program income generated from loans initially made with CDBG funds will be retained by the City of Coolidge. Program income generated will be used to assist the next households on the waiting list. All program income will be expended before drawing additional CDBG resources.

CDBG FUNDED REVOLVING LOAN FUND

City of Coolidge anticipates pursuing approval to administer a Revolving Loan Fund using CDBG funds. Proceeds from the fund (loan repayments – Program Income) are restricted to Housing Rehab activities with all applicable Federal Rules and Regulations including the expenditure of all Program Income prior to drawing of any open/current CDBG award.

(The Arizona Department of Housing denied the City of Coolidge's request for a

Revolving Loan Fund on June 24, 2011, however the city anticipates requesting this option in future applications. The City reserves the right to use these procedures for any other funding source for which funds have been allocated.)

POLICIES AND PROCEDURES

Direct Loans (DL): Customized to applicants needs/repayment ability. The flexible underwriting criteria used by the Office Clerk includes HUD recognized ratios (Housing costs not to exceed 30%) and adjustments (on-going medical costs such as insulin, oxygen, etc.). The Program has no restrictions regarding mortgage positions but close attention is paid to instances other than 1st position not only for repayment ability but to place the rehab loan in a more advantageous position.

Therefore, the program will, if funds are available from any source, consider a pay-off of an existing mortgage, particularly a high interest loan that may hinder affordability.

Conditional Deferred Payment Loans (CDPL): Also customized to applicants needs/repayment ability. This type of loan is typically used in every project, often combined with Grants and Direct Loans to achieve affordability while maintaining Program minimum standards (code) and quality product.

Loan Documents: All loans are secured with a Promissory Note and Deed of Trust. Depending on the individual property owners, additional documents may be required by the Title Company issuing the Preliminary Title Report and Title Insurance Policy to ensure clear title.

Recording Procedures: Completed documents are submitted to the Title Company for review, proper recordation, and issuance of Title Insurance Policy. Recorded documents are returned to the City, and copies of all documents are given to homeowner, City Clerk and project file.

Loan Servicing Procedures: The City's Finance Department provides loan servicing tasks as in-kind contribution to the program. The Grants Department staff provides loan set-up documents to the Finance Department, which includes copies of all Promissory Notes bearing 1) loan amount, 2) term, 3) interest rate and amortization schedule. In the case of CDPL's, the Promissory Note includes conditions and rate and term of deferral.

The Finance Department sets up individual accounts and services in the form of monthly billing and collects and credits payments to the individual account. The City may, at its discretion use the services of a Title Company to service any and all loans.

The Finance Department will promptly notify the Grants Department staff if any loans have been paid off. The Grants Department staff will prepare the necessary lien release/Satisfaction of Mortgage for the City Manager's signature and forward to the County Recorder's office for recordation. Copies of recorded releases are kept at the City Clerk's office and individual project file.

Delinquencies

The Finance Department will issue monthly status of accounts to the Grants Coordinator. The Grants Coordinator will schedule a meeting with any homeowner that are delinquent in their payments (usually a home visit). A current income/debt budget will be prepared and causes of non-payment will be documented (illness, death, job loss etc.). A complete report of findings is reviewed to issue a recommendation for the City Manager's approval. The City Attorney and Finance Director will assist in determining the best course of action to cure the delinquency. Recommendations may include: re-writing of the loan, loan moratorium, conversion to CDPL, or conversion to Grant. In no instance, where a genuine problem/need is identified, will the City enforce conventional financial interest over the provision of Affordable Housing for those in need. If the findings disclose that the family no longer needs/occupies the house and has disregarded the loan obligation(s) for unjustified reasons; the recommendation may be foreclosure to make this unit available to another qualifying family in need of Affordable Housing.

Program Income

All monthly payments and early pay-off amounts received from CDBG funded direct loans or conditional deferred loans are documented as Program Income/Revenue to the current open CDBG Housing Rehab Grant. The Finance Department provides a monthly PI Revenue report to the Grants Department staff and amounts received are reported to the Arizona Department of Housing in the F-3 and F-4 request for payment forms. Revenue and expenditure reports are available for monitoring/auditing purposes to funding sources. Additionally, all grant funds and program income are included in the City's annual audit. Audits are also submitted annually to the funding source.

Homeowner's Insurance and Property Taxes

(Insurance – Verification of homeowner’s insurance is part of the qualification process as required by the funding sources and the City’s policies in order to protect the financial interest of all involved.)

Upon agreement/acceptance of the proposed financial package, the homeowner will be directed to contact the insurance company and add/include the City of Coolidge as mortgagee prior to closing. Proof of coverage for an amount no less than the total amount of financial assistance is required.

The insurance company will mail renewal notices (premiums due) to the homeowner and to all lien holders (mortgages). The Grants Department staff will contact the family to verify that their receipt of renewal notices and request verification of payment (new policy). In the event that payment was not received, the insurance company will issue a notice of cancellation to homeowner and all lien holders. At this point, the Grants Department staff will investigate the reasons for non-payment. If the family is unable to pay, the Grants Department staff will ensure that a homeowner’s policy is in effect to protect the financial interest by providing payment of premiums due. These premiums will be added to the outstanding balance of the loan and all terms and conditions for repayment will apply.

(Property Taxes – Information regarding the payment of property taxes is readily available through the Internet. The Grants Department staff will check all properties with outstanding direct or deferred loans. This process will take place bi-annually in October and in May of the following year when the first and second halves of taxes are due, respectively. In the case of non-payment, staff will follow the same process as non-payment of insurance as described above. The Grants Department staff may make exceptions to this policy in the event that the amount of property tax due greatly exceeds the balance of the outstanding loan and only after the family’s situation/needs have been carefully considered. In all cases, homeownership responsibility counseling will be provided to the family to stress self-sufficiency beyond the term of the loan.)

Typically, the risk of non-payment is higher when the City’s interest is in first position since conventional first mortgage impounds/escrows for both taxes and insurance. The City may at its discretion, create impound/escrow amounts to cover either or both taxes and insurance, particularly in cases where a direct loan (monthly repayments) has been awarded with a first mortgage position.