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MEMORANDUM NEIGHBORHOOD RESOURCES - HHSC MEMO NO. NR11-48

11

JAN 12 2012

Chandler



2010

DATE: DECEMBER 27, 2011

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER RD
JEFF CLARK, FIRE CHIEF ^{JC}

FROM: JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR ^{JM}

SUBJECT: RECOMMEND APPROVAL OF RESOLUTION 4550 OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA RENAMING THE HOUSING REHABILITATION PROGRAM AS THE MODERATE REHABILITATION PROGRAM; APPROVING AMENDED GUIDELINES FOR THE CITY OF CHANDLER MODERATE REHABILITATION PROGRAM, EXTERIOR IMPROVEMENT LOAN PROGRAM AND HOME MODIFICATION PROGRAM FOR PERSONS WITH DISABILITIES AS REVISED; AUTHORIZING THE CITY'S NEIGHBORHOOD RESOURCES DIRECTOR TO SIGN PROGRAM DOCUMENTS AND IMPLEMENT THESE PROGRAMS ON BEHALF OF THE CITY

RECOMMENDATION: Recommend approval of Resolution 4550 of the City Council of the City of Chandler, Arizona renaming the Housing Rehabilitation Program as the Moderate Rehabilitation Program; approving amended guidelines for the City of Chandler Moderate Rehabilitation Program, Exterior Improvement Loan Program and Home Modification Program for Persons with Disabilities as revised; authorizing the City's Neighborhood Resources Director to sign program documents and implement these programs on behalf of the City.

BACKGROUND: The City of Chandler's Housing Rehabilitation Programs provide low and moderate income homeowners with the assistance necessary to improve their living conditions by providing funds for construction of key improvements to insure their home meets suitable quality standards. These programs are funded through the City's Community Development Block Grant (CDBG) and HOME Investment Partnership programs. Chandler's housing rehabilitation program has been in existence in various forms since 1996. It has assisted over 600 low and moderate income homeowners with a variety of rehabilitation needs for their owner occupied single-family homes. The current guidelines for the Housing Rehabilitation program were approved by Council on January 28, 2010 and the guidelines for the Exterior Improvement Loan and Home Modification Program for Persons with Disabilities were approved by Council on August 19, 2010.

DISCUSSION: Over the past six months, Community Development staff evaluated the existing program guidelines for the City's three housing rehabilitation programs. Program requirements were reviewed within and across these programs to respond to client needs in the current housing market and improve program effectiveness. Please see Attachments A, B and C for proposed changes to the guidelines for these programs. Key program changes as a result of this review are highlighted in red in the attachments and summarized below.

Potential Changes to Housing Rehabilitation Guidelines		
Current Policy	Proposed Change	Rationale
Rehabilitation program that assists participants with up to \$50,000 in improvements is currently called Housing Rehabilitation Program	Rename program as the Moderate Rehabilitation Program.	The new name more clearly defines the type and level of financial assistance being provided under the program.
Treatment of property assets	Add restriction that applicants with rental property(s) and/or other assets valued in excess of \$25,000 and that can be liquidated (with or without penalty) are ineligible for these programs. The first \$100,000 of retirement funds is exempt from this requirement.	Currently only the net income from rental properties plus 2% of the total property value is utilized to calculate income. This approach can result in clients' under-utilizing their own assets as a source of income to rehab their own home.
Home value determination	Develop standard method to establish home value using County Assessor or similar source in order to meet HUD program rules.	Most other Valley rehab programs use in-house staff and resources to determine home value. Creating a standard procedure is recommended.
Exterior Improvement Loans maximum amount is currently \$10,000	Increase limit to \$20,000.	Most Valley communities have \$30,000 limits maximum taking into account the typical costs of improving exterior elements.
For program participation under Moderate Rehab, total value of existing loan and rehab work cannot exceed 90% of property value	Increase maximum of existing loan and rehab work to 100% of current home value with 110% available for owners that meet the qualifications.	100% to 110% recognizes the depreciation of current housing values.

Potential Changes to Housing Rehabilitation Guidelines		
Current Policy	Proposed Change	Rationale
Maximum home value after rehabilitation is completed	Maximum home value after rehab must not exceed 95% of the Phoenix area median purchase price.	Clarify program practice.
Determining value of rehabilitation work	Develop standard method using value engineering to establish the value of rehabilitation work completed by the program, adding: - 25% for the value of significant exterior improvements and primary system improvements such as roof or window replacement, heating and cooling replacement, plumbing system converted to copper, or electrical panel upgrade. - 10% for the value of significant kitchen or bathroom improvements such as complete kitchen cabinet and sink replacement, or any combination of two or more significant bathroom repairs.	Some Valley cities use in-house resources to document the value of rehab work completed by the program. Creating standard procedure is recommended.
Using home to conduct business is prohibited	Modified to allow home based business if it doesn't create additional traffic or have other impact on the neighborhood.	Jobs that are conducted from home that do not create any public access such as plumber, electrician, accountant, or realtor would be allowed.
Participation in Emergency Repair Program allowed only every three years	Value of emergency repair completed within twelve months is subtracted from the maximum rehabilitation amount.	Emergency repair is a protection of assets and value.
Transfer of rehabilitated home to family member without repayment.	Make transfer of title without repayment possible only if all new owners are income eligible.	Allows applicant to pass on their property to an income eligible family member.

Staff has worked to provide a full spectrum of home repair programs that are accessible to eligible Chandler homeowners. In addition to the rehabilitation programs above, City Council has approved funding for the Chandler Emergency Home Repair Program that assists eligible homeowners with emergency repairs such as a roof leak or broken heating or cooling system. Staff has also requested applications for a 2012-2013 Housing Replacement program that would

provide a housing reconstruction program for applicants with a home that requires more than \$50,000 in rehabilitation work.

FINANCIAL IMPLICATIONS: All costs associated with the City's housing rehabilitation programs are paid by the U.S. Department of Housing and Urban Development and do not require repayment on the part of the City of Chandler.

HOUSING AND HUMAN SERVICES COMMISSION: At their November 16, 2011 Housing and Human Services Commission (HHSC) meeting, the HHSC approved a motion to recommend Resolution No. 4550 to the City Council.

Approve: 7

Deny: 0

PROPOSED MOTION: Recommend approval of Resolution 4550 of the City Council of the City of Chandler, Arizona renaming the Housing Rehabilitation Program as the Moderate Rehabilitation Program; approving amended guidelines for the City of Chandler Moderate Rehabilitation Program, Exterior Improvement Loan Program and Home Modification Program for Persons with Disabilities as revised; authorizing the City's Neighborhood Resources Director to sign program documents and implement these programs on behalf of the City.

Attachments: Resolution 4550

Attachment A: Moderate Rehabilitation Programs

Attachment B: Exterior Improvement Loan Program

Attachment C: Home Modification Program for Persons with Disabilities

RESOLUTION NO. 4550

A RESOLUTION OF THE CITY COUNCIL OF THE CITY CHANDLER, ARIZONA, RENAMING THE HOUSING REHABILITATION PROGRAM AS THE MODERATE REHABILITATION PROGRAM; APPROVING AMENDED GUIDELINES FOR THE CITY OF CHANDLER MODERATE REHABILITATION PROGRAM, EXTERIOR IMPROVEMENT LOAN PROGRAM AND HOME MODIFICATION PROGRAM FOR PERSONS WITH DISABILITIES AS REVISED; AUTHORIZING THE CITY'S NEIGHBORHOOD RESOURCES DIRECTOR TO SIGN PROGRAM DOCUMENTS AND IMPLEMENT THESE PROGRAMS ON BEHALF OF THE CITY.

WHEREAS, in January 2010, the Chandler City Council passed and adopted Resolution No. 4362 approving revised Housing Rehabilitation Program Guidelines for the federally funded housing rehabilitation program for select areas within the limits of the City of Chandler; and

WHEREAS, in August 2010, the Chandler City Council passed and adopted Resolution No. 4425 authorizing the City of Chandler Home Modification Program for Persons with Disabilities Guidelines; and

WHEREAS, in August 2010, the Chandler City Council passed and adopted Resolution No. 4426 authorizing the City of Chandler Exterior Improvement Loan Program Guidelines; and

WHEREAS, it is Council's desire to rename the Housing Rehabilitation Program the Moderate Rehabilitation Program in order to more clearly delineate the program from other rehabilitation programs operated by the Neighborhood Resources Division; and

WHEREAS, it is Council's desire to again approve revised program guidelines for the City's Moderate Rehabilitation, Home Modification Program for Persons with Disabilities and Exterior Improvement Loan Program to assist low- and moderate-income homeowners with the assistance necessary to improve their living conditions by insuring their homes meets suitable quality standards; and

WHEREAS, Council finds that such programs are a significant public benefit to the City of Chandler in providing a safe and suitable living environment in the City of Chandler;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows: that the existing guidelines for the housing rehabilitation programs established in 2010 are hereby amended pursuant to this Resolution No. 4550; that the City of Chandler Moderate Rehabilitation, Home Modification Program for Persons with Disabilities and Exterior Improvement Loan Program Housing Rehabilitation Programs are set forth in the program descriptions attached hereto as Exhibit "A", Exhibit "B" and Exhibit "C" are approved as permanent programs of the City; that the Housing Rehabilitation Program is renamed the Moderate Rehabilitation Program; and that the program documents necessary to administer the

City of Chandler housing rehabilitation programs shall be in form approved by the Chandler City Attorney; and that the Neighborhood Resources Director of the City of Chandler, Arizona, is authorized to approve documents and administer the City's housing rehabilitation programs according to the guidelines established herein.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this _____ day of _____, 2012.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4550 was duly passed and adopted by the City Council of Chandler, Arizona, at a regular meeting held on the _____ day of _____, 2012, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY *GAB*



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CITY OF CHANDLER

MODERATE HOUSING

REHABILITATION PROGRAM



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The City of Chandler does not discriminate on the basis of race, color, religion, national origin, familial circumstance, sex, handicap or age in any of its policies, procedures or practices.



Adopted January 2010
Revised by Resolution 4362 January 28, 2010
Revised by Resolution 4550 January 12, 2012



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CITY OF CHANDLER
MODERATE HOUSING REHABILITATION PROGRAM

I. PURPOSE

The City of Chandler's Moderate Housing Rehabilitation Program is designed to provide low and moderate-income homeowners with housing rehabilitation needs that improve the basic livability of their home.

The City of Chandler's Community Development Division, through the Neighborhood Resources Division, developed this Program Manual to guide the implementation of its Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funded housing rehabilitation activities. The following sections define commonly used terms, discuss environmental standards, explain the application and eligibility processes, and outline construction and contractor standards, as well as financial management and record-keeping requirements. The procedures herein comply with the federal regulations at 24 CFR 570 and 24 CFR 92, which govern the implementation of the CDBG and HOME programs, respectively.

Housing rehabilitation assistance is provided through technical assistance and a deferred loan to finance a rehabilitation contract between the applicant and a private contractor. City staff is responsible to ensure that the City's interests as a funding agency are met. The City staff person who is most directly involved with the Moderate Housing Rehabilitation Program is the Housing Rehabilitation Specialist. Responsibility for the rehabilitation contract is between the property owner ("Owner") and the contractor ("Contractor") who performs the rehabilitation work.

II. SUMMARY

The Moderate Housing-Rehabilitation Program offers loan assistance to qualified homeowners to complete extensive rehabilitation for eligible owner-occupied homes. The Moderate Rehabilitation Program has a preference for single-family detached housing. Condominiums will be given last priority for assistance. Work items may include, but are not limited to replacement and/or repair of: windows/doors, plumbing/electrical/HVAC systems, roofs, structural repair, mitigation/abatement of lead-based paint hazards, and removal and/or repair of any code violations.

The City provides up to \$50,000 in deferred loan assistance for these repairs. The loan may be partially or entirely forgiven based on the applicants' income eligibility. The City secures its investment with a lien (Deed of Trust) equal to the value of the loan, which is repaid in monthly installments by the homeowner over the period of approved loan terms, or paid in full upon sale, transfer or alienation of the property. Loan payments are determined based on financial circumstances of the borrower for a length of time determined by the amount of the rehabilitation loan.

The Moderate Housing-Rehabilitation Program has an application process, which includes verification of home ownership, income verification and assessment of

repairs needed on the home. Once an applicant is approved to participate in the Program, a review process is conducted, which includes a home inspection, scope of work, bid process and selection of contractor(s). Licensed contractor(s) selected by the homeowner and City staff will complete repairs on the home within 90 days.

Once home repairs are completed and approved by the homeowner and City staff, a Certificate of Final Inspection and contractor Certificate of Release will be signed. All warranty information will be provided to the homeowner.

III. PROGRAM ELIGIBILITY

a. Target Area

The City's Moderate Housing Rehabilitation Program is implemented in a targeted area within Chandler based on the current needs and priorities of the City. The City of Chandler has the right to review and change the target area for the Program on an annual basis.

b. Priorities

The chart on page 10 of these guidelines explains how the City's priorities for the Moderate Rehabilitation Program are implemented in the selection process for applicants.

c. General Provisions

Properties with a second mortgage are not eligible for the Moderate Rehabilitation Program. The home must be structurally suitable for rehabilitation. If the total rehabilitation cost exceeds \$50,000, the property will be considered, "not suitable for rehabilitation". An exception may be granted by the Neighborhood Resources Director.

d. Income

The income eligibility requirement for all CDBG and HOME fund programs is an annual household income at or below 80% Area Median Income (AMI). The 2011 income limits are reflected on page six and will be updated annually when HUD releases the new income limits. Household income varies based on household size. Income sources include, but are not limited to: wages, salaries, overtime pay, commissions, fees, tips, bonuses, business profits, investment income, TANF, child support, social security, and unemployment. Any and all income for EVERY person residing in the dwelling age 18 and over is considered when determining household income and must be submitted and verified. Income is calculated utilizing HUD's guidelines as specified in the Technical Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, January 2005.

If an hourly rate is verified through approved documentation, the hourly rate will be entered into the calculator tool which multiplies the rate at 2,080 hours if the individual is working full time, or will multiply by the specified given hours if working part-time. State assistance, unemployment, etc. is estimated at the

maximum rate an individual can receive the assistance and the amount of time the individual has received assistance up to the time of application. In these cases, income is estimated by weeks based on 52 weeks per year.

FY 2011 Income Limits for Maricopa County (<i>Appendix Item A</i>)								
FY 2011 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Area Median Income	\$13,000	\$15,750	\$17,700	\$19,650	\$ 21,250	\$ 22,800	\$ 24,400	\$ 25,950
50% Area Median Income	\$22,950	\$26,200	\$29,500	\$ 32,750	\$ 35,400	\$ 38,000	\$ 40,650	\$ 43,250
80% Area Median Income	\$36,000	\$41,950	\$47,200	\$ 52,400	\$ 56,600	\$ 60,800	\$ 65,000	\$ 69,200

e. Assets

The City must also determine the total value of assets owned by all adult members of each applicant household. Assets include but are not limited to: all financial accounts (i.e. bank, retirement, brokerage), trusts, and real estate (other than primary place of residence). The City must calculate anticipated income from the total value of all assets owned within the household. HUD establishes the rate of return (the “Passbook Rate”) that must be used to calculate asset income for households with asset values of \$5,000 and above. The current Passbook Rate is 2% and is subject to change per HUD revision.

In addition, participants in the Moderate Rehabilitation Program cannot own rental property(s) or have other assets, that when liquidated, have a total net value that exceeds \$25,000. If the participant does have assets that exceed this value they will be denied participation in the program. The value of the residential property to be improved and the first \$100,000 of retirement accounts are exempt from this requirement.

A regular list of included and excluded income and asset resources and required documentation is available in Chapter 5 of the Housing Voucher Program Guidebook (available at www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm). Applicants must provide a signed Declaration of Income form to disclose all included and excluded income and asset sources claimed within total household income.

f. Third Party Income Verification

The City verifies income through third party verification or document review. The City will submit a Verification of Employment Form (*Appendix Item: B*) to the applicant’s employer to verify income. Staff may also utilize copies of current check stubs to determine income in the case where the data obtained from the employer is incongruent with aspects of current income such as hours worked or

new deductions. Staff will also verify other forms of income such as U.S. Social Security Administration benefits or public assistance. Staff will attempt to verify asset information and current bank balance information through the third party. In addition, staff will utilize follow up conference calls with the bank and the client, when necessary. An Authorization to Release Information (*Appendix Item: C*) must be signed by the applicant and all household members generating income authorizing the third party to release the required information.

g. Ownership and Residency

Program participants must have owned and occupied the proposed property for at least one year prior to application for assistance. The City requires that applicants submit a copy of the deed or title as proof of ownership. ~~Persons who use their home to conduct business or as rental property, in whole or in part, are ineligible to participate in the Program.~~ Homes that are used to conduct business are not eligible for the City's Moderate Rehabilitation Program including businesses operated from a separate structure on the property. An exemption is available for home-based businesses where no general public or business related traffic comes to the home. -Applicants who currently have a second mortgage or reverse mortgage on the proposed property are ineligible. A line-of-credit on the property is allowed if there are no other liens on the property.

h. Property Taxes

All Moderate Housing Rehabilitation Program applicants must demonstrate that their City of Chandler and Maricopa County property taxes are not delinquent. Either a current tax bill with a cancelled check or a downloaded statement from the Maricopa County Assessor's Office demonstrates compliance with this requirement.

i. Existing City Lien

Applicants with an existing lien on the property from a City of Chandler housing assistance program are ineligible to receive assistance until the original City lien is paid in full.

j. Conflicts of Interest

Applicants must disclose all familial or legal relationships they have with City employees, Council members or other City Boards and Commissions. A relationship does not necessarily bar participation in the City's Rehabilitation Program, though further investigation will be required and will be completed according to the City's adopted Conflict of Interest policy.

k. Code Violations

Applicants requesting assistance from the Program must not have any current or outstanding City Code violations at any time during participation in the Moderate Housing Rehabilitation Program including the lien period. Any open code

violations at time of application submission must be satisfied and closed by the City's Code Enforcement Division and/or Transportation and Development Planning and Development Division-Department (Zoning code violations) before the application will be considered for participation in the Program. However, if the applicant has code violations that may be satisfied due to receiving rehabilitation assistance, the code violations will be deferred until assistance is completed.

l. Home Maintenance Responsibility

Included in the loan agreement, Moderate Housing Rehabilitation Program recipients are responsible to be in compliance at all times with the City's Neighborhood Preservation Standards, set forth in Chapter 30 of the Chandler City Code, or as subsequently amended. Also, all recipients are responsible for ongoing maintenance on their property. Prior to the loan being forgiven and Deed of Release recorded, the City of Chandler will inspect the home to ensure the homeowner has maintained the property and has complied with Chapter 30 of the Chandler City Code. Applicants approved for a Moderate Housing Rehabilitation Loan must sign a Maintenance Agreement Form (*Appendix Item: E*) certifying that they will maintain their home and comply with all requirements set forth in Chapter 30 of the Chandler City Code.

m. Non-Discrimination Policy

The City of Chandler does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Leah Powell, 235 S. Arizona Ave., Chandler, AZ 85225, 480-782-4352, has been designated to coordinate compliance with the non-discrimination requirements contained in the Department of Justice regulations implementing Title II of the Americans with Disabilities Act (ADA), including section 35.107. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA coordinator, Leah Powell.

n. Limited English Proficiency Policy

The City of Chandler is committed to providing equal opportunity in all programs and services to ensure full compliance with all civil rights laws, including Title VI of the 1964 Civil Rights Act, which requires non-discrimination on the basis of national origin. Equal opportunity includes physical and program access for persons with disabilities and program access for persons with Limited English Proficiency (LEP). The City of Chandler's Limited English Proficiency Policy is intended to ensure Chandler's compliance with the "Improving Access to Services for Persons with Limited English Proficiency." The City of Chandler will take all required steps including, translation services, providing documents and interpretation services for other languages other than English to meet the needs of eligible individuals requesting this service and seeking participation in the City of Chandler Community Development Section programs.

Any individual eligible for programs/services at the City of Chandler Community Development Section who cannot speak, read, write or understand the English language at a level that permits them to interact effectively with our staff has the following rights:

- A right to qualified interpretation services at no cost to them
- A right not to be required to rely on their minor children, other relatives, or friends as interpreters
- A right to file a grievance about the language access services provided them

o. Citizenship Requirements

Arizona state law now requires that an applicant for most types of federal, state or local public benefits is required to produce proof of legal presence in the United States and to sign a sworn affidavit stating that the proof presented is authentic. A loan made under the Moderate Housing Rehabilitation Program is such a benefit.

Therefore, an applicant for such a loan must provide proof of legal presence, which can be one of the following:

- A birth certificate of delayed birth certificate issued in any state, territory or possession of the United States
- A United States certificate of birth abroad
- A United States passport
- A foreign passport with a United States visa
- An I-94 form with a photograph
- A United States citizenship and immigration services employment authorization document or refugee travel document
- A United States certificate of naturalization
- A United States certificate of citizenship
- A tribal certificate of Indian blood
- A tribal or Bureau of Indian Affairs affidavit of birth
- Other documents as listed on the "Affidavit of Lawful Presence in the United States form.

Such documentary proof of legal presence must be accompanied by a (signed and dated-"Affidavit of Lawful Presence in the United States" in the form included in the Moderate Housing Rehabilitation Program guidelines (*Appendix Item: CC*).

IV. APPLICATION PROCESS

The City of Chandler will accept Moderate Housing Rehabilitation Program applications for a specific amount of time during each program year depending on the amount of funding available and need of assistance in the community. The application acceptance times will be determined at the beginning of each fiscal year (July). Community Development staff will conduct a variety of marketing methods

to inform the public of when applications will be accepted, including press releases, neighborhood meetings, distribution of marketing materials and referral acceptance.

Residents requesting participation in the Moderate Housing Rehabilitation Program must complete an Application (*Appendix Item: F*) and submit required documents during the application acceptance period specified annually by Community Development Staff.

Community Development staff will review all applications and documentation received for completeness. Staff will complete a checklist identifying required documents have been received (*Appendix Item: G*). The application will be date stamped and signed by the City staff person accepting the application documents. If an application is incomplete, City staff will notify the applicant in writing of missing information. If the applicant is unable to provide the required documentation within ten (10) days of the application submission date, the application will be denied.

Completed applications will be reviewed for income and program eligibility by Community Development staff. Staff will research any prior City assistance received by the applicant. If the applicant has an existing lien on the property from the City of Chandler, they are ineligible to receive assistance until the original City lien is paid in full. ~~If the applicant has received Emergency Home Repair Assistance from Community Services of Arizona within the previous three years, the applicant will be ineligible for Housing Rehabilitation Assistance. After the three years is completed, the applicant may be eligible for Housing Rehabilitation Assistance minus the cost of the prior emergency home repair.~~

Applicants that have received Emergency Home Repair assistance within the previous twelve months shall have the value of the emergency repair subtracted from the maximum loan or grant amount available.

a. Application Completeness

When the City designates the application acceptance period, applicants will have thirty (30) days to complete an application and provide all required documentation. A completed application and required documentation must be received for the application to be considered:

- Complete application
- Copy of mortgage statement
- Copy of mortgage insurance
- Proof of paid property taxes
- Copies of 1 months' worth of electric and/or gas and water statements
- Copy of proof of ownership
- Copies of 3 months' worth of check stubs for all Adult household members
- Social Security Award Letter (if applicable)
- Proof of all other income which includes but is not limited to:

- TANF
- Child Support
- Asset Income
- Social Security
- Retirement/Pensions
- Unemployment
- Copy of photo ID for applicant and co-applicant
- Authorization to Release Information
- Declaration of Lawful Presence in the United States.
- Signed Lead Based Paint Notification Form

b. Selection Process

If the City receives more applications for assistance than program funds available, applicants with priority preferences will be processed and assisted first. The preferences are: 1) physically disabled applicants residing in the target area, and 2) elderly homeowners age 60 and over residing in the target area.

Moderate Housing Rehabilitation Program Selection Order

1. Disabled and Living within the Target Area
2. Elderly and Living within the Target Area
3. Disabled
4. Elderly
5. Living within the Target Area
6. Date and Time Application Received

c. Final Determination

Once City staff reviews all required documentation, staff will complete the applicant's income.

- Upon determining eligibility or ineligibility, staff will send a letter of approval or denial for the program to the applicant.
- If the applicant is eligible for assistance, City staff will submit a request for a complete title report from a city approved Title Company, to verify the applicant's homeownership. Once verified, the Housing Rehabilitation Coordinator will contact the applicant stating they have been approved to receive assistance with the Housing Rehabilitation Program and make an appointment to conduct an initial inspection.

If there are additional owners of the property, not listed on the application but listed on the title report, they need to be notified of the Housing Rehabilitation Assistance and sign the Deed of Trust and Promissory Note during time of loan closing.

- If the applicant's income exceeds 80% of the HUD income limit, City staff will notify the applicant in writing that they are ineligible for assistance. However, if circumstances change at a later date, the applicant can reapply during the next applicant acceptance time.

V. LOAN PROCESS

a. Loan Terms

The Moderate Housing-Rehabilitation Program allows a portion of the rehabilitation loan to be forgiven (no repayment) based on the amount of the rehabilitation loan and the applicant's income, calculated when the household applies for assistance. Part of the loan amount may be forgiven annually as long as the owner complies with the program requirements including living in the home full time and keeping the property maintained. The total loan to value ratio cannot be 90% over the total value of the home which includes the first mortgage lien and the rehabilitation loan amount combined.

Percentage of forgiveness for eligible applicants is as follows:

2011 Area Median Income Limits

30% Area Median Income = 100% Loan Forgiven								
Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	\$13,800	\$15,750	\$17,700	\$19,650	\$21,250	\$22,800	\$24,400	\$25,950

50% Area Median Income = 75% Loan Forgiven								
Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
50%	\$22,950	\$26,200	\$29,500	\$32,750	\$35,400	\$38,000	\$40,650	\$43,250

80% Area Median Income = 50% Loan Forgiven								
Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
80%	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200

The monthly payment amount for a Moderate Rehab loan is calculated based on the total loan amount using the table below.

Terms of Repayment	
Loan Amount	Years to Pay Back
\$10,000 - \$19,999	7 Years
\$20,000 - \$29,999	10 Years

\$30,000 - \$39,999	12 Years
\$40,000 - \$50,000	15 Years

Payment Examples:

- The homeowner has an annual household income at 50% AMI so 75% of the Rehabilitation Loan is forgiven and 25% needs to be paid back. The Rehabilitation Loan amount is \$35,000, so the term of repayment is 12 years to pay back 25% of the loan.

$\$35,000 \times 25\% = \$8,750 / 144 \text{ months} = \60.76 monthly payment for 12 years

- The homeowner has an annual household income at 80% AMI so 50% of the Rehabilitation Loan is forgiven and 50% needs to be paid back. The Rehabilitation Loan amount is at the maximum amount of \$50,000, so the term of repayment is 15 years to pay back 50% of the loan.

$\$50,000 \times 50\% = \$25,000 / 180 \text{ months} = \138.88 monthly payment for 15 years

The City provides a forgivable loan at zero percent (0%) interest, secured with a lien on the property equal to the cost of the rehabilitation provided. ~~for the life of the loan that is to be repaid.~~ Prepayment may take place with no charges or penalties. In the case of sale, transfer or if the homeowner vacates the property prior to the repayment term expiring, the entire Rehabilitation Loan amount must be paid in full, both the forgivable and payable portions of the loan, before a Deed of Release can be processed.

b. Total Value Limits, Determination of Rehabilitation Funding and After-Rehab Value

✓ The total value of any existing mortgage plus rehabilitation work to be funded by the City cannot exceed 100% of the current home value. If the mortgage plus the value of the rehabilitation work exceeds 100% of the value of the home, the applicant will be denied assistance. An exception may be granted of up to 110% of the current home value when the homeowner can demonstrate long term stability taking into account the following factors:

- A FICO score of 680 or higher
- Homeowner's credit report cannot have any (non-medical) outstanding collections
- Homeowner has been in the same employment or field of employment for a minimum of two years
- Homeowner has not been late on a mortgage payment in the previous twelve months
- Homeowner has owned the property for a minimum of five years

Determination of Rehabilitation Funding and After-Rehab Value

- ✓ The total value of the home after the rehab work is complete must be less than 95% of the metro Phoenix area's median purchase price. Homes that exceed this amount are not eligible for the program;
- The City of Chandler will determine the value of the home by identifying sales data of comparable properties through the Maricopa County Assessor's website when the title verification takes place.
- The value of rehab work complete by the program will be determined by adding:
 - 25% of the cost of significant exterior improvements and primary system cement driveway; heating or cooling system replacement; converting plumbing system to cooper; electrical panel upgrade; or gas line installation.
 - 10% of the cost of primary room improvements such as full kitchen cabinet and sink replacement, or any combination of 2 or more significant bathroom repairs.

c. Deed of Trust and the Deed of Release and Reconveyance

All loan financing distributed through the City's Moderate Housing Rehabilitation Program will be secured with a lien placed on each assisted property. The Deed of Trust will be filed with the County Recorder's Office, and will be released through a Deed of Release and Reconveyance. The Deed of Trust will carry the value equal to all costs of rehabilitation undertaken through the program, including construction and loan costs. The City will issue a release once the property owner has repaid the full value of the original Deed of Trust, or the forgivable time specified has elapsed, whichever is applicable. This repayment may be completed as a cash payment directly from the homeowner, or through sale, conveyance or alienation of the property. The Deed of Trust will be in effect in perpetuity until such time as its full value is remitted to the City.

If the owner sells or moves out of the home before the loan is entirely forgiven or paid off, the loan balance including both the forgivable and payable portions of the loan, must be repaid to the City of Chandler before the lien will be released.

As the purpose of the program is to maintain affordability of housing for low and moderate income households, the City will allow conveyance of property without repayment under limited circumstances. Property owners with a Deed of Trust in effect on their property may convey ownership to a member of their immediate family if that family member will use the property as their primary place of residence, and possesses a total household income at or below the HUD

prescribed income limits at the time. All other types of conveyances require repayment of the loan at closing.

d. Loan Deferment

In emergency or extenuating circumstances, loan payments may be deferred for a maximum of six months. Loan deferments are available in cases of a medical emergency or temporary loss of income. Loan deferments will be reviewed on a case-by-case basis and subject to supervisor approval. To apply for loan deferment, the homeowner must submit to the City of Chandler proof of medical emergency, proof of loss of income (unemployment statement) and a letter of hardship stating the specific reasons and request for loan deferment. Once approved, the homeowner will not have to make loan payments for a maximum of six months. On the seventh month, payments will resume as normal. The total amount of loan payments deferred will be added to the end of the loan and still require repayment in monthly installments. If additional deferment time is needed, the homeowner must resubmit a request for loan deferment to be reviewed and approved.

e. Re-qualification

When a homeowner has experienced a permanent disability or a permanent loss of household income, the homeowner can submit a request for re-qualification to determine if the loan is eligible for forgiveness. All requests for re-qualification must be reviewed on a case-by-case basis and subject to supervisor approval. To apply for re-qualification, the homeowner must submit proof of permanent disability, proof of permanent loss of household income, proof of new household income, and letter of hardship stating the circumstances. The Housing Rehabilitation Specialist will re-qualify the homeowner based on new household income to determine eligibility for reduced loan payments or total loan forgiveness.

f. Subordination

When the City affects its Deed of Trust on a property, it will subordinate its interest only to the first lien-holder (usually the applicant's primary mortgage holder). However, the City may consider an additional subordination agreement under the following circumstance ONLY: the homeowner wishes to refinance with a reduction in the rate and/or term of their mortgage.

The City will not consider a subordination agreement for home equity loans (cash outs), debt consolidation or other situations not included in the previous condition.

If a property owner qualifies and is allowed a subordination agreement, it is the homeowner, Title, or Mortgage Company's responsibility to submit the following documents to the City of Chandler in order to process the subordination:

- Subordination Agreement – from the title/mortgage company

- Pre-Audit Settlement Statement
- HUD –1 Settlement Statement
- Uniform Residential Appraisal Report
- Good Faith Estimate & Truth in Lending Statement
- Uniform Residential Loan Application
- Current Promissory Note and Deed of Trust Securing Note

A minimum of 30 days is required to complete the subordination as City staff must submit subordination documents to Mayor and Council for approval at their regularly scheduled meetings.

VI. PRE-REHABILITATION ACTIVITIES

Once the applicant has been notified as being approved to participate in the City's Moderate Housing Rehabilitation Program, the Housing Rehabilitation Specialist will conduct an initial inspection of the property. The Housing Rehabilitation Specialist will discuss with the homeowner items they wish to be rehabilitated and identify any additional items that may need repair and/or replacement due to code compliance, safety hazard, or energy efficiency. Initial pictures will be taken of items that are in need of repair/replacement. In addition, the Housing Rehabilitation Specialist will discuss program processes and guidelines with the homeowner(s). A copy of the City's Moderate Housing Rehabilitation Program Guidelines will be provided to the homeowner and the homeowner must sign receipt of receiving and reviewing the program guidelines.

a. Initial Inspection

During the initial inspection, the Housing Rehabilitation Specialist will review the items listed on the homeowner's application to be repaired or replaced. The Specialist will inspect both the interior and exterior of the home, including any accessory structures located on the property. The Specialist will utilize a check list of qualifying items (*Appendix Item: H*) and determine if there are additional items not listed on the application that do not currently meet minimum quality standards. These items will be discussed with the homeowner during the time of initial inspection.

b. Eligible and Ineligible Work Items

The City's Housing Rehabilitation Program is designed to improve the living conditions of low and moderate income Chandler households. Improvement of these conditions may entail eliminating immediate threats to health, safety and code violations, providing increased accessibility, or increasing energy efficiency. Within this definition, there are several eligible activities that can be undertaken, however, the City does not complete work considered to be remodeling:

1. Eligible Work Items

- Non-functioning bathrooms/kitchens
- Roofs (repair/replacement)
- Foundations

- Floors/ceilings/walls
- Plumbing, electrical and HVAC systems or system components
- Water/sewer service lines
- Structural defects
- Accessibility impediments (i.e. bathrooms, entrance, plumbing fixtures, ramps, handrails and grab bars)
- Code violations cited and documented by the City
- Doors/windows
- Interior and exterior painting
- Installation of new energy star appliances
- Cabinetry
- Floor coverings
- Patio coverings
- Siding
- Garages/carports
- Fumigation
- Masonry
- Carpentry
- Smoke Detectors
- Carbon Monoxide Detectors (if home has gas)
- Ceiling Fans (in living areas only)
- Fascia
- Weatherization and energy efficiency upgrades
- Lead-based paint mitigation and abatement
- Activities related to preservation of historic structures
- Fences/block walls
- Other work not listed above and as approved by the Community Development Division

2. *Ineligible Work Items*

Under no circumstances will the City of Chandler **Moderate Housing** Rehabilitation Program finance any of the following work items:

- Additions to the home (unless the addition of a bathroom or bedroom is necessary)
- Barbecue pits
- Alarm systems
- Draperies
- Fire extinguishers
- Gazebos
- Kennels
- Pools/Jacuzzis
- Fireplaces/hearths
- Greenhouses
- Other requested work items considered by the Community Development Section that may be considered remodeling in nature.

Existing code violations associated with a home will need to be addressed within 90 days of the original code violation notice before assistance is provided through Chandler's rehabilitation programs. If eligible, addressing existing code violations may be included in the rehab work.

VII. ENVIRONMENTAL STANDARDS

Pursuant to federal regulations in 24 CFR 92 and 24 CFR 570, the City's use of CDBG and HOME funds requires a review of activities for any adverse effects on the environment. An environmental assessment is completed on each residence receiving rehabilitation assistance. An environmental review consists of: historic preservation, floodplain management, radioactive materials and nearby hazardous operations.

a. Historic Preservation

Section 106 of the National Historic Preservation Act requires that housing rehabilitation projects financed with federal funds undergo a historic preservation review. Once the applicant is approved to receive assistance and an initial home inspection has taken place, Community Development staff sends property information for homes fifty years of age and over to the Arizona State Historic Preservation Office (SHPO) to determine whether or not the property is listed or eligible for listing on the local, State or National Registers of Historic places (*Appendix Item: I*). All projects must be reviewed and approved by SHPO prior to commitment or expenditure of federal funds. Materials sent to SHPO for approval include:

- Cover Letter
- Site photo(s)
- Scope of Work
- Area Map
- Maricopa County Assessor's parcel information

The materials must be sent by certified mail in order to document receipt of submitted materials to SHPO. By regulation, SHPO has 30 days from receipt of materials to object to a project. If SHPO fails to object within this time frame, the City may proceed with the project as proposed.

b. Floodplains

Per 24 CFR Part 55, the City must determine the floodplain status of all properties prior to commitment or expenditure of federal funds. The Community Development Section will review FEMA floodplain maps on a case-by-case basis to determine which, if any, properties are within a floodplain.

c. Radioactive Materials and Nearby Hazardous Operations

Per 24 CFR Part 51 Subpart C, the City must determine whether project sites are located in the immediate vicinity of hazardous or radioactive materials. To

determine proximity to these hazards, the Housing Rehabilitation Specialist reviews the FEMA website as required by HUD regulations.

d. Lead-Based Paint

As federally-funded projects, the City requires a lead-based paint evaluation. The Housing Rehabilitation Specialist makes a determination during the initial site inspection whether or not a project qualifies for an exemption to the lead requirement. If lead hazards are present on the property to receive rehabilitation assistance, the City is required to mitigate or abate all hazards. All homes built before 1978 must be evaluated for lead-based paint. The applicant must sign the Notice of Lead Based Paint Information (*Appendix Item: J*).

e. Required Documentation

The above requirements are reviewed on a case-by-case basis for compliance for environmental factors. All documentation and correspondence related to the review shall be included in the individual project files.

Once the review is complete, Community Development staff will complete a HUD Level of Environmental Review Form and a 2008 Appendix A form (*Appendix Item: K*). A Certifying Officer must sign these forms in order to complete the environmental review. The Certifying Officers for the Community Development Section are: CDBG Supervisor and Neighborhood Resources Director. Community Development staff submits environmental requests and supporting documentation to the Maricopa County Community Development Section.

VIII. REHABILITATION ACTIVITIES

a. Home Inspection

The Housing Rehabilitation Specialist will schedule a home inspection with the homeowner to conduct a second and final review of repairs to be completed during the rehabilitation.

c. Scope of Work/Cost Estimate

The Housing Rehabilitation Specialist will utilize the initial inspection checklist, notes and pictures from both the initial and home inspection to complete a comprehensive Scope of Work (*Appendix Item: L*). The Scope of Work includes, in detail, the items to be repaired/replaced during the rehabilitation. The Scope of Work will also include specific colors/models of items selected by the homeowner during the home inspection. The Housing Rehabilitation Specialist will utilize software to determine an estimated cost for the project. A Cost Estimate (*Appendix Item: M*) will be developed with estimated costs for each individual item to be replaced or rehabilitated. The Scope of Work and Cost Estimate will be presented to the homeowner. The cost estimate will identify preliminary loan terms, payment amounts and amount of loan to be forgiven (if applicable). If the homeowner agrees with the Scope of Work and Cost Estimate, the homeowner scheduling of the contractor bid-walks commences.

d. Contractor Bid-Walks

The four contractors selected three by the homeowner and one by City staff will be notified of eligibility to submit bids for a rehabilitation project. A Bid Walk will take place at the residence with the Housing Rehabilitation Specialist, homeowners, and contractors. The Housing Rehabilitation Specialist will review the Scope of Work with the contractors present and answer any questions. The purpose of contractor bid-walks is to ensure that contractors are treated fairly, and all parties involved have the opportunity to review the project, ask questions and develop solutions if necessary.

Bid submission and contractor selection processes are covered under **Section X Contractor Requirements.**

e. Loan Closing/Contract Signing

Once the contractor is selected, the Housing Rehabilitation Specialist will schedule an appointment with the contractor and homeowner to conduct contract signing and loan closing. A contract (*Appendix Item: N*) is signed between the homeowner and the selected contractor to complete work as specified in the approved Scope of Work.

During the loan closing, the homeowner will sign a Promissory Note (*Appendix Item: O*) and a Deed of Trust (*Appendix Item: P*). In addition, the homeowner will sign the Right of Rescission (*Appendix Item: Q*). The Notice of Right to Cancel allows the homeowner three (3) days to cancel the contract and withdraw from the Housing Rehabilitation Program before any work is performed.

If a portion of the Rehabilitation Loan is to be repaid by the homeowner, the homeowner will sign a Truth in Lending Disclosure (*Appendix Item: R*) and Control Instructions (*Appendix Item: S*) which contracts the homeowner to make payments to Amerinational, the company that services the City's loans.

Finally, if the homeowner agrees to proceed with the rehabilitation, the homeowner will sign an Order to Proceed (*Appendix Item: T*). ~~This~~ This document instructs the contractor to begin rehabilitation work within seven (7) days of the date of the Order.

f. Construction/Repairs

Once the contractor is selected, home rehabilitation begins. The Contractor has 90 days to complete the home rehabilitation project from the date of the signed Order to Proceed, unless otherwise agreed to by the homeowner and City of Chandler. During the rehabilitation, the Housing Rehabilitation Specialist will be in constant contact with the homeowner and contractor to monitor and inspect the rehabilitation work while in progress.

g. Relocation

In some cases, it may be necessary for the homeowner and occupants to relocate during the rehabilitation. Relocation assistance is available only in cases when a home needs to be rebuilt or in cases of certain life and safety issues. The City of Chandler will allow \$1,000 per month (flat rate) in relocation assistance for the period of the rehabilitation or when the home is habitable, whichever is shorter. It is the homeowner's responsibility to secure a place to relocate and any additional pet deposits or storage expenses, if applicable. The monthly relocation amount is granted to the homeowner by the City of Chandler is not to be repaid or added to the total rehabilitation loan amount.

h. Interim Monitoring

During the course of rehabilitation, the Housing Rehabilitation Specialist will monitor the progress of projects by completing interim (monitoring) inspections. The number of inspections may vary, and is left to the discretion of the Housing Rehabilitation Specialist. However, at least one monitoring inspection will be completed prior to the final inspection. An inspection log will be completed by the Housing Rehabilitation Specialist and placed in the project file during each inspection.

For projects with a small scope of work and quick completion time, one inspection may not be possible. However, the scale and timeline of a typical rehabilitation project usually allows for at least one or two site visits. The Housing Rehabilitation Specialist, the owner or the contractor may initiate monitoring visits at any time during the rehabilitation process, and a monitoring inspection must be completed prior to approval of an interim payment to a contractor.

For projects that require building permits, it is the contractor's responsibility to obtain the requisite permit and comply with the City of Chandler's Planning and Development Division with respect to its inspection requirements.

IX. REHABILITATION COMPLETED

a. Final Inspections

Prior to approval of a final contractor payment, the Housing Rehabilitation Specialist must complete a final inspection at the project site. The owner and contractor are required to attend this inspection in order to ensure that all parties involved understand the nature of the work completed and agree that work was completed properly. Pictures will be taken of all items completed in the Scope of Work.

For those projects that require a building permit, the contractor must arrange for a final inspection with the City's Planning and Development Division. The Community Development Section will not pass a final inspection until the Planning and Development Division has inspected and approved all work, and finalized the building permit. The Community Development Division will

determine work to be satisfactorily completed if the work complies with the *Maricopa HOME Consortium's Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards (Appendix Item: U)* and the most current city adopted version of building codes. If work was satisfactorily completed, the Housing Rehabilitation Specialist, who is Housing Quality Standard Certified, will complete an HQS Inspection Form (*Appendix Item: V*) and issue a Certificate of Final Inspection (*Appendix Item: W*).

In addition to verifying the satisfactory completion of the Scope of Work, the Housing Rehabilitation Specialist will remind the owner and the contractor of their respective on-going contractual obligations. Both parties will be reminded that the contract stipulates that the contractor must guarantee the quality of material and workmanship for two years from the date of final acceptance of all work. The contractor must also provide the owner with any/all manufacturers' warranties or guarantees associated with the materials and equipment used during rehabilitation.

b. Correction of Work Items

In the event there are items on the Scope of Work that either the homeowner and/or the Housing Rehabilitation Specialist feel was not completed in its entirety or work does not comply with the *Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards* and 2006 International Building Code, a Correction List (*Appendix Item: X*) will be developed. The homeowner and contractor will sign the Correction List and the contractor must complete/correct items on the list within fifteen (15) days. Once work has been completed, the homeowner and the City agree and sign the Acceptance of Work.

c. Acceptance of Work

Once all work is satisfactorily completed and inspected by the Community Development Section, the Housing Rehabilitation Specialist will provide a Certificate of Final Release (*Appendix Item: Y*). Prior to the issuance of a check to the contractor and file closure, the owner must sign off on all work completed. The Certificate of Final Release will be filed at the County Recorder's Office.

In the event that an owner refuses to sign the Acceptance of Work, the City may sign off on the work if the City feels the rehabilitation has been completed according to the contract and acceptable professional standards. If necessary, the Housing Rehabilitation Specialist will contact the Arizona Registrar of Contractors as a third party to provide an assessment to determine if work was completed properly.

d. Lien Waiver

Prior to approval of any final payment, the contractor must submit a signed lien waiver. The waiver stipulates that the contractor has or will provide all payments to laborers, including subcontractors, suppliers and other parties involved in the rehabilitation for services, materials and/or equipment employed for the purpose

of rehabilitation. Further, the waiver releases any mechanics' liens, state or federal bond rights or additional claims for payment for the same work.

e. Homeowner Portfolio

At the completion of the rehabilitation project, the Housing Rehabilitation Specialist will supply the homeowner with a Portfolio that contains at minimum, the following items:

- Contractor contact information
- Subcontractor contact information (if applicable)
- Warranties/Guarantees of items used during rehabilitation, i.e. appliances, heating/cooling systems, roof
- Copy of initial application
- Copy of Signature Receipt for Housing-Moderate Rehabilitation Program Guidelines
- Copy of Signature Receipt for Lead Base Paint Information Packet
- Copy of Scope of Work
- Copy of Cost Estimate
- Copy of Contract between the homeowner and contractor
- Copy of Notice to Proceed
- Copy of Right of Rescission
- Copy of Change Orders (if applicable)
- Copy of loan paperwork
- Copy of Promissory Note
- Copy of Deed of Trust
- Copy of Acceptance of Work
- Copy of HQS Inspection Form
- Copy of Correction List (if applicable)
- Copy of Certificate of Final Inspection
- Copy of Certificate of Final Release
- Grievance Policy
- Satisfaction Survey

X. CONTRACTOR REQUIREMENTS

a. Eligibility and Ineligibility of Contractors

The City's Accounting Division, Procurement Division, in consultation with the Community Development Section, determines eligibility of contractors. In order for a contractor to become eligible to perform rehabilitation services under this program, the contractor must be registered with the City as a qualified vendor and must meet the City's requirements as such. All contractors, both general contractors and the general contractor's subcontractors, must apply to become a qualified vendor by contacting the City of Chandler Procurement Division. The requirements to become a qualified vendor include:

- All contractors must obtain and maintain a Residential General Contractor's license through the Arizona Registrar of Contractors
- Proof of City of Chandler contractor license
- Proof of Federal Non-debarment

- Must be able to receive payments through direct deposit
- Must comply with the Legal Arizona Worker's Act
- Must provide a current Insurance Certificate
- Proof of Bond

Contractors must maintain their license through the Arizona Registrar of Contractors and a City of Chandler contractor license at all times during their participation in the City's Housing Rehabilitation Program. If a contractor's license becomes suspended or revoked at any point, the Community Development Section will suspend the contractor from participating in the program. If the contractor is currently under contract at a project site, the Housing Rehabilitation Specialist will notify the contractor that they need to stop work immediately until such time as the license is renewed or reinstated. Failure to obtain a renewal or reinstatement may be cause for termination of the Housing Rehabilitation Contract. The Housing Rehabilitation Specialist must notify the homeowner that the contractor's license is no longer valid.

If a contractor is not currently working at a project site, they will be ineligible to bid on any projects until such time as their license is renewed or reinstated.

b. Insurance and Bonding Requirements

The contractor shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud, or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all costs associated with the contract in an amount equal to the total cost of the project.

The contractor shall comply with bonding and insurance requirements of 24 CFR §§ Part 84.31 and 84.48, including but not limited to the following insurance to the extent stated:

1. Commercial General Liability Insurance providing both bodily injury (including death) and property damage insurance in a limit not less than Two Million Dollars (\$2,000,000) aggregate and One Million Dollars (\$1,000,000) per occurrence. Such insurance is to be written on an occurrence basis. The City of Chandler shall be named as additional insured.
2. Automobile Liability and Property Damage Insurance, if applicable, in an amount not less than \$1,000,000 combined single limit for both bodily injury and property damage.
3. Workers' Compensation coverage for employer's liability and disability benefits as required by the State of Arizona.
4. Excess Liability Insurance in an amount not less than \$10,000,000.
5. Certificates of Insurance for all of the aforementioned coverage shall be provided to the City of Chandler prior to the commencement of work under

the project contract. The City of Chandler shall be named as additional insured on each such certificate.

c. Approved Contractors

All approved contractors will receive a copy of the *Maricopa HOME Consortium Minimum Basic Housing Rehabilitation Standards (Appendix Item: U)*, in which the City of Chandler's has adopted for the **Moderate Housing** Rehabilitation Program.

The contractor will choose all construction related products and services, as long as the contractor providing services is on Chandler's approved vendor list. Products and services include: electrical work, plumbing, HVAC, roof repair/replacement, foundations, structural repairs/replacement, masonry, flooring, cabinetry, kitchen and bathroom fixtures, countertops, lighting, doors, windows, paint selections, ceiling fans, and appliances.

All contractors on the City's approved vendor list will receive on-going monitoring including review of City requirements and any complaints filed with the Registrar of Contractors. Any issues of non-compliance will remove a contractor from the approved vendor list and will not be eligible to bid on rehabilitation projects.

d. Sub-contractors

General contractors may choose to utilize sub-contractors as long as they are licensed and bonded. Prior to work commencing, the general contractor must submit a Subcontractor Form (*Appendix Item: Z*), listing all subcontractors utilized on the rehabilitation project. If the general contractor does not utilize subcontractors, they must indicate so on the Subcontractor Form.

The general contractor under contract with the owner may select any subcontractor that they wish to complete work that they are not willing/able to complete with their own staff. However, the General Contractor is responsible for the actions, cleanliness and quality of work completed by their subcontractors. Should a subcontractor fail to perform adequately, it is the General Contractor's responsibility to rectify any improper conduct or otherwise poor performance by all subcontractors associated with the project.

e. Equal Employment Opportunity (EEO) Requirements

24 CFR 570 requires that specific language related to EEO be included in all contracts executed through the City's **Moderate Modification** Rehabilitation Program. Specifically, the EEO clause requires that contractors and subcontractors agree to not discriminate among their employees based on race, religion, sex, creed, color, disability or national origin. Actions covered by this clause include those related to: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoffs, termination, rates of pay or other compensation and training selection or apprenticeship. Furthermore, the

contractor also agrees to include language covering EEO in all subcontracting agreements.

f. Section 3 Clause

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that to the greatest extent possible, job training, employment and contract opportunities are available to low and very low-income persons in connection with the projects and activities in their neighborhood.

The parties to the contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of the contract, the parties to the contract must certify that they are under no contractual or other impediment that would prevent them from complying with part 135 of the regulations.

The contractor must agree to send to each labor organization or representative of their workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or worker's representative of the of the contractor's commitments under the Section 3 clause, and will post copies of the notice in a conspicuous location at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

g. Women's and Minority Business Enterprise

The contractor will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the work performed for the City of Chandler Housing Rehabilitation Program. As used in these guidelines, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The contractor may rely on written representations by contractors or sub-contractors regarding their status as minority and female business enterprises in lieu of an independent investigation.

h. Contractor Selection

Both the Procurement Division and the Community Development Section maintain an ongoing list of approved. The Community Development staff will rotate approved contractors to be chosen for each housing rehabilitation project.

A list of five contractors will be chosen for a rehabilitation project in random order. The homeowner will select three contractors and the City will choose one alternate from the five chosen contractors for each project. The contractors not chosen will return to the rotating list to be chosen for future rehabilitation projects. Community Development staff will perform on-going review to ensure that all approved contractors are selected, at minimum, to participate in a bid walk and submit bids for housing rehabilitation projects.

i. Bid Submission

The four selected contractors will be sent a copy of the project Scope of Work and will be invited to the scheduled bid-walk. Bid walks will occur on the property to be rehabilitated with the Housing Rehabilitation Specialist and the property owners. Contractors will have the opportunity to review the Scope of Work, inspect the property and ask any questions. Contractors will receive a bid submission envelope. Bid packages are to be sealed and delivered in the bid submission envelope within seven (7) days of the bid walk. Bid packages shall be delivered to:

City of Chandler Neighborhood Resources Division
Mail Stop 600
235 S. Arizona Ave.
Chandler, AZ 85225

Failure to meet bid package deadlines automatically disqualifies the contractor from participating in that rehabilitation project. Bid packages that meet deadlines will be date stamped by City staff and require the contractor's signature. In addition, a receipt will be given to the contractor.

j. Bid Review

Bid opening will be scheduled at a specific date and time and open to the public and contractors. Sealed bids received from contractors will be opened by the Housing Rehabilitation Specialist and with two additional City staff present. The bids will be opened; amounts will be called out and written on a bid sheet.

1. In-House Estimates

Once bid(s) are received from the contractor(s), the Housing Rehabilitation Specialist will review the bid(s) for completeness. The Housing Rehabilitation Specialist will evaluate the reasonableness of bid values by conducting a comparison to the cost estimate created during the Scope of Work process. (See Section VIII c).

2. Allowable Variance Between Bids and Estimates

If the value of a contractor bid exceeds the In-House Estimate, then the Housing Rehabilitation Specialist must determine the cost variance between them and act accordingly:

- If the bid value is within 15% of the In-House Estimate, the bid will be

accepted as is

- If the bid value is between 16% and 20% of the In-House Estimate, the bid will be further reviewed and further information obtained from the contractor to justify the excess cost
- If the bid value exceeds 20% of the In-House Estimate, the bid will be rejected
- If all bids received exceed 20% of the In-House Estimate, justification will be obtained for each bid submitted and/or the Housing Rehabilitation Specialist can reject all bids and call for re-bid.

3. *Bid Acceptance*

Once the bid has been reviewed for completeness and the cost reasonableness determined, the Housing Rehabilitation Specialist awards the contract to the lowest qualified bidder in conjunction with the homeowner. Contractors who have submitted a complete bid package will be notified within three (3) days of the bid submission date of winning or non-winning bids.

k. Permits and Licenses

Contractors will be required to secure and maintain all permits and licenses during the course of rehabilitation. Contractors will be required to secure a Building Permit from the appropriate City Division, as required by the Homeowner Building Permit Manual (*Appendix Item: AA*) and City Code, as well as any permits from utilities or other regulatory agencies. Prior to final payment, contractors must demonstrate that all permits obtained in the course of rehabilitation have been finalized.

l. Elimination of Work Items

Should the bid amount exceed available funds, the Housing Rehabilitation Specialist will work with the homeowner to pare down the scope of work. Certain work items may not be removed from the scope of work, including: code violations, health and safety concerns and lead-based paint mitigation/abatement. Within the limitation, the Housing Rehabilitation Specialist and the homeowner will discuss the owner's priorities for which work will be completed.

m. Change Orders

During the course of rehabilitation, unforeseen conditions may arise that merit a change order. The contractor or the owner can request change orders (*Appendix Item: BB*). All change orders must be related to the original Scope of Work or fix a life and safety hazard that was previously overlooked or has changed. Change orders are not allowed to increase the price of the overall project amount. All change orders submitted for approval, must be substituted for "like for like" items. Change orders must be submitted in writing describing the circumstances warranting a change order and must reflect a justifiable need that was unforeseen during the development of the initial scope of work. Change orders will be reviewed and approved by Chandler Community Development staff before any

work related to the change order can occur. The Community Development Section reserves the right to determine the eligibility of change order requests on a case-by-case basis.

n. Timeline of Work to be Completed

The contractor will have up to ninety (90) days to complete the rehabilitation project from the date of the signed Order to Proceed. If the contractor is over 90 days, without prior notice and approval from the City of Chandler, the contractor will be fined \$50.00 per day for every day past the 90 day completion time. The sum of the fine will be reduced from the 10% final payment to the contractor.

o. Quality of Workmanship and Standards for Rehabilitation

At all times, the contractor must ensure that the conduct of workers is held at professional standards and that the quality of workmanship complies with professional standards. The City will gauge quality of work through comparison with the *Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards (Appendix Item: U)* and local building codes to determine if work has been completed in a satisfactory method.

The contractor must also certify that quality of workmanship and materials for a period of two years from the date of the Notice of Completion and rectify any issues brought to his or her attention within this timeframe. Any conflicts that arise as a result of the contractor's failure to comply with this provision will be handled through the Arizona Registrar of Contractors. Finally, the contractor must also provide the homeowner with all manufacturers' warranties for materials used during rehabilitation.

p. Contractor Payments

Contractors must request payment using the Contractor Payment Request Form (*Appendix Item: CC*). The Contractor Payment Request form must be completed stating the item number and actual cost associated with completed work. The item number must directly correlate with the item number as stated in the original Scope of Work. All requests for payment must be documented and an original invoice provided to the City of Chandler. The Housing Rehabilitation Specialist will conduct an on-site monitoring to verify the completeness and quality of work corresponding to the request before payment is approved. The final payment request will be issued 30 days after the final walk-through and Notice of Completion is signed by the homeowner, contractor and City of Chandler.

q. Issuance of Checks

Once a payment request has been approved by all levels within the Community Development Section and forwarded to the City's Accounting Division, payment will be made through direct deposit to the contractor's specified account. Contractors must supply a valid routing number and checking account number to receive payments through direct deposit.

The Community Development Section and Accounting Division provide internal financial oversight to the City's Housing Rehabilitation Program. Internal controls used by the Accountant are based on regulations at 24 CFR 570 and 24 CFR 92, which govern the federal CDBG and HOME programs, as well as criteria set forth by the Governmental Accounting Standards Board (GASB) and in Generally Accepted Accounting Principles (GAAP).

XI. PROJECT CLOSEOUT

a. File Closure

Once all rehabilitation activities have been approved and completed, the Housing Rehabilitation Specialist will finalize the project file before closure. This includes completing all reports required by HUD for CDBG and HOME funds and City quarterly reports. Housing Rehabilitation Program files must be retained for a period of six (6) years from the date of the signed Release of Lien.

b. Grievance Procedure

A grievance is defined as any misunderstanding, difference or dispute between any homeowner, contractor or City staff regarding any aspect of the Housing Rehabilitation Program. It is agreed that prompt and equitable resolution of complaints shall be addressed through the procedure set forth below in full confidentiality.

Any homeowner, contractor or City staff having a grievance pertaining to the Housing Rehabilitation Program shall first discuss and attempt to settle the grievance with the parties involved in the grievance.

If a satisfactory settlement is not reached, the grievance shall be discussed and an attempt to settle will be conducted with the City of Chandler's CDBG Supervisor. The CDBG Supervisor will give full and fair consideration to the grievance as promptly as circumstances allow, and shall render a fair and just decision by the end of the working day following the day the grievance was brought to their attention.

If a satisfactory settlement is still not reached, the grievance will be placed in writing by the griever, indicating what is requested and signed. The Community Development Administrator will state in writing, their answer to the grievance and their position to the grievance. The grievance will then be given to the Neighborhood Resources Director.

The Neighborhood Resources Director shall have seven (7) days from the time of receipt of the grievance to review and discuss the grievance with the identified parties.

If the grievance cannot be settled at this level, the grievance will be forwarded to the appropriate Division within the City, i.e. Legal Department, City Manager's Office, etc.

c. Satisfaction Survey

The City of Chandler's Community Development Section values feedback from any persons involved with or participating in the Housing Rehabilitation Program. A Satisfaction Survey (*Appendix Item: DD*) is included in the Homeowners' Portfolio and given to approved contractors for completion. All feedback received is evaluated and when appropriate, changes are incorporated into the Housing Rehabilitation Program to improve and increase program efficiency. The City is always looking for ways to improve the satisfaction of residents who receive program services offered by the City.



CITY OF CHANDLER EXTERIOR IMPROVEMENT LOAN PROGRAM



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235 S. Arizona Ave., Chandler, Arizona 85225
Phone: 480-782-4320 ♦ Fax: 480-782-4350 ♦ TTY: 480-786-2612
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The City of Chandler does not discriminate on the basis of race, color, religion, national origin, familial circumstance, sex, handicap or age in any of its policies, procedures or practices.



Adopted by Resolution 4426, August 19, 2010
Revised by Resolution 4550, January 12, 2012



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EXTERIOR IMPROVEMENT LOAN PROGRAM

I. PURPOSE

The City of Chandler's Exterior Improvement Loan Program ("EIL Program") is designed to provide low and moderate-income homeowners with assistance necessary to make aesthetic improvements to the exterior of the home.

The City of Chandler's Community Development Division, through the Neighborhood Resources Division, developed this Program Manual to guide the implementation of its Community Development Block Grant (CDBG) funded exterior improvement activities. The following sections define commonly used terms, discuss environmental standards, explain the application and eligibility processes, and outline construction and contractor standards, as well as financial management and record-keeping requirements. The procedures herein comply with the federal regulations at 24 CFR Part 570, which govern the implementation of CDBG funded programs, including this Program.

Exterior improvement assistance is provided through technical assistance and a deferred loan to finance an exterior improvement contract between the applicant and a private contractor. City staff is responsible to ensure that the City's interests as a funding agency are met. The City staff person who is most directly involved with the Exterior Improvement Loan Program is the Housing Rehabilitation Specialist. Responsibility for the exterior improvement contract is between the property owner ("Owner") and the contractor ("Contractor") who performs the work.

II. SUMMARY

The Exterior Improvement Loan Program offers forgivable loan assistance to eligible homeowners to complete aesthetic improvements to the exterior of the home for detached single-family homes, condos, and townhouses contingent upon HOA regulations and approval, where applicable. The EIL Program has a preference for single family, detached housing. Condominium units will be given a last priority for assistance. Work items may include, but are not limited to: replacement and/or repair of windows/exterior doors, roofs, exterior painting, fence/block wall, stucco, front yard landscaping, concrete driveway, pool fence, fascia repair/replacement, and front porch lighting.

The City provides up to \$1020,000 in 0% interest forgivable loan assistance for exterior improvements on a home that provide a visible enhancement to the property and the neighborhood. The City secures its investment with a lien (Deed of Trust) equal to the value of the loan, which is forgiven 20% each year, over the period of 5 years, provided that the homeowner receiving assistance must reside in the home for a total period of five years after the completion of repairs to the home in order for the loan to be entirely forgiven. If the homeowner sells, transfers or alienates the property within the five year time period, the entire cost of the loan will be due to the City.

The Exterior Improvement Loan Program has an application process, which includes verification of home ownership, income verification and assessment of repairs needed on the home. Once an applicant is approved to participate in the Program, a review process is conducted, which includes a home inspection, scope of work, bid process and selection of contractor(s). Licensed contractor(s) selected by the homeowner and City staff will bid to complete repairs on the home within 45 days from the issuance of a Notice to Proceed.

Once home repairs are completed and approved by the homeowner and City staff, a Certificate of Final Inspection and contractor Certificate of Release will be signed. All warranty information will be provided to the homeowner.

III. PROGRAM ELIGIBILITY

a. Target Area

The City's Exterior Improvement Loan Program is implemented in targeted areas within Chandler based on the current needs and priorities of the City. The City of Chandler has the right to review and change target areas for the Program on an annual basis.

Homeowners applying for assistance may reside anywhere within Chandler city limits, however, homeowners applying for assistance that reside in the identified targeted areas in any given program year will receive priority to receive assistance.

b. Income

The income eligibility requirement for all CDBG funded programs is an annual household income at or below 80% Area Median Income (AMI). The 2011 income limits are reflected on page six and will be updated annually when HUD releases revised income limits. Household income varies based on household size. Income sources include, but are not limited to: wages, salaries, overtime pay, commissions, fees, tips, bonuses, business profits, investment income, TANF, child support, social security, and unemployment. Any and all income for EVERY person residing in the dwelling is considered household income and must be submitted and verified.

Income is calculated by utilizing HUD's guidelines as specified in the Technical Assistance Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, -January 2005.

If an hourly rate is verified through approved documentation, the hourly rate will be entered into the calculator tool which multiplies the rate at 2,080 hours if the individual is working full time, or will multiply by the specified given hours if working part-time. State assistance, unemployment, etc. is estimated at the maximum rate an individual can receive the assistance and the amount of time the

individual has received assistance up to the time of application. In these cases, income is estimated by weeks based on 52 weeks per year.

FY 2011 Income Limits for Maricopa County (<i>Appendix Item A</i>)								
FY 2011 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Area Median Income	\$13,000	\$15,750	\$18,000	\$20,000	\$21,600	\$23,200	\$24,800	\$26,400
50% Area Median Income	\$23,350	\$26,650	\$30,000	\$33,300	\$36,000	\$38,650	\$41,300	\$44,000
80% Area Median Income	\$37,350	\$42,650	\$48,000	\$53,300	\$57,600	\$61,850	\$66,100	\$70,400

c. Assets

The City must also determine the total value of assets owned by all adult members of each applicant household. Assets include but are not limited to: all financial accounts (i.e. bank, retirement, brokerage), trusts, and real estate (other than primary place of residence). The City must calculate anticipated income from the total value of all assets owned within the household. HUD establishes the rate of return (the “Passbook Rate”) that must be used to calculate asset income for households with asset values of \$5,000 and above. The current Passbook Rate is 2% and is subject to change per HUD revision. In addition, participants in the EIL program cannot own rental property(s) or have other assets, that when liquidated, have a total net value that exceeds \$25,000. If the participant does have assets that exceed this value they will be denied participation in the program. The value of the residential property to be improved and the first \$100,000 of retirement accounts are exempt from this requirement.

A regular list of included and excluded income and asset resources and required documentation is available in Chapter 5 of the Housing Voucher Program Guidebook (available at www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm). Applicants must provide a signed Declaration of Income form to disclose all included and excluded income and asset sources claimed within total household income.

d. Third Party Income Verification

The City verifies income through third party verification or document review. The City will submit a Verification of Employment Form (*Appendix Item: B*) to the applicant’s employer to verify income. Staff may also utilize copies of current check stubs to determine income in the case where the data obtained from the employer is incongruent with aspects of current income such as hours worked or new deductions. Staff will also verify other forms of income such as U.S. Social Security Administration benefits or public assistance. Staff will also verify other forms of income such as U.S. Social Security Administration benefits or public assistance. Staff will attempt to verify asset information and current bank balance

information through the third party. In addition, staff will utilize follow up conference calls with the bank and the client, when necessary. An Authorization to Release Information form (*Appendix Item C*) must be signed by the applicant and all household members generating income authorizing the third party to release the required information.

e. Ownership and Residency

Program participants must have owned and occupied the proposed property for at least one year prior to application for assistance. The City requires that applicants submit a copy of the deed or title as proof of ownership. ~~Individuals, who use their home to conduct business or as rental property, in whole or in part, are ineligible to participate in the Program.~~ Homes that are used to conduct business are not eligible for the City's Moderate Rehabilitation Program including businesses operated from a separate structure on the property. An exemption is available for home-based businesses where no general public or business-related traffic comes to the home. Applicants who currently have a second mortgage or reverse mortgage on the property are eligible to receive assistance.

e. Property Taxes

All Exterior Improvement Loan program applicants must demonstrate that their City of Chandler and Maricopa County property taxes are not delinquent. Either a current tax bill with a cancelled check or a downloaded statement from the Maricopa County Assessor's Office demonstrate compliance with this requirement.

f. Conflicts of Interest

Applicants must disclose all familial or legal relationships they have with City employees, Council members or other City Boards and Commissions. A relationship does not necessarily bar participation in the City's Exterior Improvement Loan Program, though further investigation will be required and will be completed according to the City's adopted Conflict of Interest policy.

g. Code Violations

Applicants requesting assistance from the Program must not have any current or outstanding City Code violations at any time during participation in the Exterior Improvement Loan Program including the lien period. Any open code violations at time of application submission must be satisfied and closed by the City's Code Enforcement Division and/or ~~Planning and Development Division~~ Transportation and Development Department (zoning code violations) before the application will be considered for participation in the Program. However, if the applicant has code violations that may be satisfied due to receiving assistance, the code violations will be deferred until assistance is completed.

h. Existing City Lien

Applicants with an existing lien on the property from a City of Chandler housing assistance program are ineligible to receive assistance until the original City lien is paid in full.

i. Non-Discrimination Policy

The City of Chandler does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Leah Powell, 235 S. Arizona Ave., Chandler, AZ 85225, 480-782-2217, has been designated to coordinate compliance with the non-discrimination requirements contained in the Department of Justice regulations implementing Title II of the Americans with Disabilities Act (ADA), including section 35.107. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA coordinator, Leah Powell.

j. Limited English Proficiency Policy

The City of Chandler is committed to providing equal opportunity in all programs and services to ensure full compliance with all civil rights laws, including Title VI of the 1964 Civil Rights Act, which requires non-discrimination on the basis of national origin. Equal opportunity includes physical and program access for persons with disabilities and program access for persons with Limited English Proficiency (LEP). The City of Chandler's Limited English Proficiency Policy is intended to ensure Chandler's compliance with the "Improving Access to Services for Persons with Limited English Proficiency." The City of Chandler will take all required steps including, translation services, providing documents and interpretation services for other languages other than English to meet the needs of eligible individuals requesting this service and seeking participation in the City of Chandler Community Development Section programs.

Any individual eligible for programs/services at the City of Chandler Community Development Section who cannot speak, read, write or understand the English language at a level that permits them to interact effectively with our staff has the following rights:

- A right to qualified interpretation services at no cost to them
- A right not to be required to rely on their minor children, other relatives, or friends as interpreters
- A right to file a grievance about the language access services provided them

I. Citizenship Requirements

Arizona state law now requires that an applicant for most types of federal, state or local public benefits is required to produce proof of legal presence in the United States and to sign a sworn affidavit stating that the proof presented is authentic. A loan made under the Exterior Improvement Loan Program is such a benefit.

Therefore, an applicant for such a loan must provide proof of legal presence, which can be one of the following:

- A birth certificate of delayed birth certificate issued in any state, territory or possession of the United States.
- A United States certificate of birth abroad.
- A United States passport.
- A foreign passport with a United States visa
- An I-94 form with a photograph.
- A United States citizenship and immigration services employment authorization document or refugee travel document.
- A United States certificate of naturalization.
- A United States certificate of citizenship
- A tribal certificate of Indian blood.
- A tribal or Bureau of Indian Affairs affidavit of birth.

Such documentary proof of legal presence must be accompanied by a completed (signed dated, notarized) "Affidavit of Lawful Presence in the United States" in the form included in the Exterior Improvement Loan guidelines (Appendices Item: CC).

IV. APPLICATION PROCESS

The City of Chandler will accept Exterior Improvement Loan Program applications throughout each program year depending on the amount of funding available and need of assistance in the community.

Residents requesting participation in the Exterior Improvement Loan Program must complete an Application (*Appendix Item: D*) and submit required documents. Community Development staff will review all applications and documentation received for completeness. Staff will complete a checklist identifying required documents have been received (*Appendix Item: E*). The application will be date stamped and signed by the City staff person accepting the application documents. If an application is incomplete, City staff will notify the applicant in writing of missing information. If the applicant is unable to provide the required documentation within ten (10) days of the application submission date, the application will be denied.

Completed applications will be reviewed for income and program eligibility by Community Development staff. Staff will research any prior City assistance received by the applicant. ~~If the applicant has an existing lien on the property from the City of Chandler, they are ineligible to receive assistance until the original City lien is paid in full. If the applicant has received Emergency Home Repair Assistance from Community Services of Arizona within the previous three years, the applicant will be ineligible for an Exterior Improvement Loan. If the applicant has received an Exterior Improvement Grant from the City of Chandler within the past seven (7) years, and the applicant is applying to receive assistance on different items other than what was previously repaired or replaced by the City of Chandler, the applicant may still be~~

eligible. Applicants that have received Emergency Home Repair assistance within the previous 12 months shall have the value of the emergency repair subtracted from the maximum amount available.

a. Application Completeness

A completed application and required documentation must be received for the application to be considered:

- Complete application
- Copy of proof of ownership
- Copies of 3 months worth of check stubs for all Adult household members
- Social Security Award Letter (if applicable)
- Proof of all other income which includes but is not limited to:
 - TANF
 - Child Support
 - Asset Income
 - Social Security
 - Retirement/Pensions
 - Unemployment
- Copy of photo ID for applicant and co-applicant
- Authorization to Release Information
- Declaration of Lawful Presence in the United States.
- Signed Lead Based Paint Notification Form

b. Selection Process

Applications will be received on a first come, first serve basis throughout each program year. Eligible applicants residing in a City identified target area will receive priority. The target area can be changed annually, subject to the priorities established by the City. All remaining applicants residing within Chandler city limits will be processed, providing program funds are still available. The City's Exterior Improvement Loan Program does not maintain a waiting list.

c. Final Determination

Once City staff reviews all required documentation, staff will complete the applicant's income calculation.

- Upon determining eligibility or ineligibility, staff will send a letter of approval or denial for the program to the applicant.
- If the applicant is eligible for assistance, City staff will submit a request for a complete title report from a city approved title company, to verify the applicant's homeownership. Once verified, the Housing Rehabilitation Coordinator will contact the applicant stating they have been approved to receive assistance with the Exterior Improvement Loan Program and make an appointment to conduct an initial inspection.

If there are additional owners of the property, not listed on the application but listed on the title report, they will need to be notified of the Exterior Improvement Loan program application and sign the Deed of Trust and Promissory Note during time of loan closing.

- If the applicant’s income exceeds 80% of the HUD income limit, City staff will notify the applicant in writing that they are ineligible for assistance. However, if circumstances change at a later date, the applicant can reapply during the next open application period.

V. LOAN PROCESS

a. Loan Terms

The Exterior Improvement Loan Program allows a portion of the loan to be forgiven on an annual basis. For each year the owner resides in the home after repairs are completed, twenty percent (20%) of the loan will be forgiven over a total period of five (5) years.

Percentage of forgiveness is as follows:

Example of an Exterior Improvement Loan of \$1020,000:

Year of Loan	% Forgiven Yearly	Balance
After 1 year	20% forgiven	\$816,000
After 2 years	40% forgiven	\$612,000
After 3 years	60% forgiven	\$408,000
After 4 years	80% forgiven	\$204,000
After 5 years	100% forgiven	\$0

In the case of sale, transfer or if the homeowner vacates the property prior to the five-year term expiring, the unforgiven portion of Exterior Improvement Loan amount must be paid in its entirety to the City of Chandler, before a Deed of Release can be processed.

b. Deed of Trust and the Deed of Release and Reconveyance

All loan financing distributed through the City’s Exterior Improvement Loan Program will be secured with a lien placed on each assisted property. The Deed of Trust will be filed with the County Recorder’s Office, and will be released through a Deed of Release and Reconveyance. The Deed of Trust will carry the value equal to all costs of repairs and assistance undertaken through the program, including construction and loan costs. The City will issue a release once the property owner has repaid the full value of the original Deed of Trust, or the forgivable time specified has elapsed, whichever is applicable. This repayment may be completed as a cash payment directly from the homeowner, or through sale, conveyance or alienation of the property. The Deed of Trust will be in effect until such time as the Promissory Note secured by the Deed of Trust is satisfied in full.

As the purpose of the program is to increase home and neighborhood values for low and moderate income households, the City will allow conveyance of property without repayment under limited circumstances. Property owners with a Deed of Trust in effect on their property may convey ownership to a member of their immediate family if that family member will use the property as their primary place of residence, and possesses a total household income at or below the HUD prescribed income limits at the time. All other types of conveyances require repayment of the loan at closing.

c. Subordination

When the City affects its Deed of Trust on a property, it will subordinate its interest only to the first lien-holder (usually the applicant's primary mortgage holder). However, the City may consider an additional subordination agreement under the following circumstance ONLY: the homeowner wishes to refinance with a reduction in the rate and/or term of their mortgage.

The City will not consider a subordination agreement for home equity loans (cash outs), debt consolidation or other situations not included in the previous condition.

If a property owner qualifies and is allowed a subordination agreement, it is the homeowner, title company, or mortgage company's responsibility to submit the following documents to the City of Chandler in order to process the subordination:

- Subordination Agreement – from the title/mortgage company
- Pre-Audit Settlement Statement
- HUD –1 Settlement Statement
- Uniform Residential Appraisal Report
- Good Faith Estimate & Truth in Lending Statement
- Uniform Residential Loan Application
- Current Promissory Note and Deed of Trust Securing Note

Please allow a minimum of 30 days to complete the subordination as City staff must submit subordination documents to Mayor and Council for approval at their regularly scheduled meeting times.

d. Home Maintenance Responsibility

Included in the loan agreement, Exterior Improvement Loan recipients are responsible to be in compliance at all times with the City's Neighborhood Preservation Standards, set forth in Chapter 30 of the Chandler City Code, or as subsequently amended. Also, all recipients are responsible for ongoing maintenance on their property. Prior to the loan being forgiven and Deed of Release recorded, the City of Chandler will inspect the home to ensure the homeowner has maintained the property and has complied with Chapter 30 of the Chandler City Code. Applicants approved for an Exterior Improvement Loan

must sign a Maintenance Agreement Form (*Appendix Item: F*) certifying that they will maintain their home and comply with all requirements set forth in Chapter 30 of the Chandler City Code.

VI. PRE-EXTERIOR IMPROVEMENT ACTIVITIES

Once the applicant has been notified as being approved to participate in the City's Exterior Improvement Loan Program, the Housing Rehabilitation Specialist will conduct an initial inspection of the property. The Housing Rehabilitation Specialist will discuss with the homeowner items that the homeowner wishes to be worked on and identify any additional items that may need repair and/or replacement. Initial pictures will be taken of items that are in need of repair/replacement. In addition, the Housing Rehabilitation Specialist will discuss program processes and guidelines with the homeowner(s). A copy of the City's Exterior Improvement Loan Program Guidelines will be provided to the homeowner and the homeowner must sign a receipt of acknowledging and reviewing the program guidelines.

a. Initial Inspection

During the initial inspection, the Housing Rehabilitation Specialist will review the items listed on the homeowner's application to be repaired or replaced. The Specialist will inspect the exterior of the home. The Specialist will utilize a checklist of qualifying items. (*Appendix Item: G*)

b. Eligible and Ineligible Work Items

The City's Exterior Improvement Loan Program is designed to make aesthetic improvements to the exterior of low and moderate-income Chandler households. The only types of improvements that are allowed are as follow:

1. Eligible Work Items

- Roofing
- Exterior paint
- Fence/Block wall
- Stucco
- Front-yard landscaping
- Windows (repair/replace)
- Exterior doors/Security doors (repair/replace)
- Concrete driveway
- Pool fence
- Fascia
- Front porch lighting

VII. ENVIRONMENTAL STANDARDS

Pursuant to federal regulations in 24 CFR 92 and 24 CFR 570, the City's use of CDBG funds requires a review of activities for any adverse effects on the environment. An environmental assessment is completed on each residence receiving rehabilitation assistance. An environmental review consists of: historic preservation, floodplain management, radioactive materials and nearby hazardous operations.

a. Historic Preservation

Section 106 of the National Historic Preservation Act requires that housing rehabilitation projects financed with federal funds undergo a historic preservation review. Once the applicant is approved to receive assistance and an initial home inspection has taken place, Community Development staff sends property information for properties of fifty years of age or older to the Arizona State Historic Preservation Office (SHPO) to determine whether or not the property is listed or eligible for listing on the local, State or National Registers of Historic places (*Appendix Item: H*). All projects must be reviewed and approved by SHPO prior to commitment or expenditure of federal funds. Materials sent to SHPO for approval include:

- Cover Letter
- Site photo(s)
- Scope of Work
- Area Map
- Maricopa County Assessor's parcel information

The materials must be sent by certified mail in order to document receipt of submitted materials to SHPO. By regulation, SHPO has 30 days from receipt of materials to object to a project. If SHPO fails to object within this time frame, the City may proceed with the project as proposed.

b. Floodplains

Per 24 CFR Part 55, the City must determine the floodplain status of all properties prior to commitment or expenditure of federal funds. The Community Development Section will review FEMA floodplain maps on a case-by-case basis to determine which, if any, properties are within a floodplain.

c. Radioactive Materials and Nearby Hazardous Operations

Per 24 CFR Part 51 Subpart C, the City must determine whether project sites are located in the immediate vicinity of hazardous or radioactive materials. To determine proximity to these hazards, the Housing Rehabilitation Specialist reviews the FEMA website as required by HUD regulations.

d. Lead-Based Paint

As federally-funded projects, the City requires a lead-based paint evaluation. The Housing Rehabilitation Specialist makes a determination during the initial site inspection whether or not a project qualifies for an exemption to the lead requirement. If lead hazards are present on the property to receive rehabilitation assistance, the City is required to mitigate or abate all hazards. All homes built before 1978 must be evaluated for lead-based paint. The applicant must sign the Notice of Lead Based Paint Information (*Appendix Item: I*).

e. Required Documentation

The above requirements are reviewed on a case-by-case basis for compliance for environmental factors. All documentation and correspondence related to the review shall be included in the individual project files.

Once the review is complete, Community Development staff will complete a HUD Level of Environmental Review Form and a 2009 Appendix A form (*Appendix Item: J*). A Certifying Officer must sign these forms in order to complete the environmental review. The Certifying Officers for the Community Development Section are: CDBG Supervisor and Neighborhood Resources Director. Community Development staff submits environmental requests and supporting documentation to the Maricopa County Community Development Section.

VIII. EXTERIOR IMPROVEMENT ACTIVITIES

a. Home Inspection

The Housing Rehabilitation Specialist will schedule a home inspection with the homeowner to conduct a second and final review of repairs to be completed. The homeowner will review options to choose from for specific items such as: exterior paint, windows, front yard landscaping, etc.

b. Contractor Selection

The City of Chandler maintains a certified list of contractors that have been evaluated and approved by the Purchasing Division. All approved contractors will be invited to bid on each Exterior Improvement Loan Program project. All contractors on the approved list will be notified in writing of the date, time, and location of each project bid walk.

c. Scope of Work/Cost Estimate

The Housing Rehabilitation Specialist will utilize the initial inspection checklist, notes and pictures from both the initial and home inspection to complete a Scope of Work (*Appendix Item: K*). The Scope of Work includes, in detail, the items to be repaired/replaced during the exterior improvements. The Scope of Work will also include specific colors of items selected by the homeowner during the home inspection. The Housing Rehabilitation Specialist will utilize software to determine an estimated cost for the project. A Cost Estimate (*Appendix Item: L*) will be developed with estimated costs for each individual item to be repaired or replaced. The Scope of Work and Cost Estimate will be presented to the homeowner. If the homeowner agrees with the Scope of Work and Cost Estimate, the homeowner scheduling of the contractor bid-walks commences.

d. Contractor Bid-Walks

All approved contractors will be notified to submit bids for an Exterior Improvement Loan project. A Bid Walk will take place at the residence with the Housing Rehabilitation Specialist, homeowners, and contractors. The Housing Rehabilitation Specialist will review the Scope of Work with the contractors

present and answer any questions. The purpose of contractor bid-walks is to ensure that contractors are treated fairly, and all parties involved have the opportunity to review the project, ask questions and develop solutions if necessary.

Bid submission and contractor selection processes are covered under **Section X: Contractor Requirements.**

e. Loan Closing/Contract Signing

Once the contractor is selected by lowest bidder, the Housing Rehabilitation Specialist will schedule an appointment with the contractor and homeowner to conduct contract signing and loan closing. A contract (*Appendix Item: M*) is signed between the homeowner and the selected contractor to complete work as specified in the approved Scope of Work.

During the loan closing, the homeowner will sign a Promissory Note (*Appendix Item: N*) and a Deed of Trust (*Appendix Item: O*). In addition, the homeowner will sign the Right of Rescission (*Appendix Item: P*). The Notice of Right to Cancel allows the homeowner three (3) days to cancel the contract and withdraw from the Exterior Improvement Loan Program before any work is performed.

Finally, if the homeowner agrees to proceed with the exterior improvements, the homeowner will sign an Order to Proceed (*Appendix Item: Q*). This document instructs the contractor to begin exterior improvement work within seven (7) days of the date of the Order.

f. Construction/Repairs

Once the contractor is selected, the exterior improvements begin. The Contractor has 45 days to complete the exterior improvements from the date of the signed Order to Proceed, unless otherwise agreed to by the homeowner and City of Chandler. During the exterior improvements, the Housing Rehabilitation Specialist will be in constant contact with the homeowner and contractor to monitor and inspect the rehabilitation work while in progress.

g. Interim Monitoring

During the course of exterior improvements, the Housing Rehabilitation Specialist will monitor the progress of projects by completing interim (monitoring) inspections. The number of inspections may vary, and is left to the discretion of the Housing Rehabilitation Specialist. However, at least one monitoring inspection will be completed prior to the final inspection. An inspection log will be completed by the Housing Rehabilitation Specialist and placed in the project file during each inspection.

For projects with a small scope of work and quick completion time, one inspection may not be possible. However, the scale and timeline of a typical exterior improvement project usually allows for at least one or two site visits.

The Housing Rehabilitation Specialist, the owner or the contractor may initiate monitoring visits at any time during the exterior improvement process, and a monitoring inspection must be completed prior to approval of an interim payment to a contractor.

For projects that require building permits, it is the contractor's responsibility to obtain the requisite permit and comply with the City of Chandler's Planning and Development Division with respect to its inspection requirements.

IX. EXTERIOR IMPROVEMENTS COMPLETED

a. Final Inspections

Prior to approval of a final contractor payment, the Housing Rehabilitation Specialist must complete a final inspection at the project site. The owner and contractor are required to attend this inspection in order to ensure that all parties involved understand the nature of the work completed and agree that work was completed properly. Pictures will be taken of all items completed in the Scope of Work.

For those projects that require a building permit, the contractor must arrange for a final inspection with the City's Planning and Development Division. The Community Development Division will not pass a final inspection until the Planning and Development Division has inspected and approved all work, and finalized the building permit. The Community Development Division will determine work to be satisfactorily completed if the work complies with the *Maricopa HOME Consortium's Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards (Appendix Item: R)* and the most current city adopted version of building codes. If work was satisfactorily completed, the Housing Rehabilitation Specialist, who is Housing Quality Standard Certified, will complete an HQS Inspection Form (*Appendix Item: S*) and issue a Certificate of Final Inspection (*Appendix Item: T*).

The Housing Rehabilitation Specialist will remind the owner and the contractor of their respective on-going contractual obligations. Both parties will be reminded that the contract stipulates that the contractor must guarantee the quality of material and workmanship for two years from the date of final acceptance of all work. The contractor must also provide the owner with any/all manufacturers' warranties or guarantees associated with the materials and equipment used during the exterior improvement project.

b. Correction of Work Items

In the event there are items on the Scope of Work that either the homeowner and/or the Housing Rehabilitation Specialist feel was not completed in its entirety or work does not comply with the *Maricopa HOME Consortium's Minimum Basic Housing Rehabilitation Standards* and City of Chandler Building Code, a Correction List (*Appendix Item: U*) will be developed. The homeowner and contractor will sign the Correction List and the contractor must complete/correct

items on the list within fifteen (15) days. Once work has been completed, the homeowner and the City of Chandler agree and sign the Acceptance of Work.

c. Acceptance of Work

Once all work is satisfactorily completed and inspected by the Community Development Section, the Housing Rehabilitation Specialist will provide a Certificate of Final Release (*Appendix Item: V*). Prior to the issuance of a check to the contractor and file closure, the owner must sign off on all work completed. The Certificate of Final Release will be filed at the County Recorder's Office.

In the event that an owner refuses to sign the Acceptance of Work, the City may sign off on the work if the City feels the exterior improvements have been completed according to the contract and acceptable professional standards. If necessary, the Housing Rehabilitation Specialist will contact the Arizona Registrar of Contractors as a third party to provide an assessment to determine if work was completed properly.

d. Lien Waiver

Prior to approval of any final payment, the contractor must submit a signed lien waiver. The waiver stipulates that the contractor has or will provide all payments to laborers, including subcontractors, suppliers and other parties involved in the rehabilitation for services, materials and/or equipment employed for the purpose of exterior improvements. Further, the waiver releases any mechanics' liens, state or federal bond rights or additional claims for payment for the same work.

e. Homeowner Portfolio

At the completion of the exterior improvement project, the Housing Rehabilitation Specialist will supply the homeowner with a Portfolio that contains at minimum, the following items:

- Contractor contact information
- Subcontractor contact information (if applicable)
- Warranties/Guarantees of items used during the exterior improvement project
- Copy of initial application
- Copy of Signature Receipt for Exterior Improvement Loan Program Guidelines
- Copy of Signature Receipt for Lead Base Paint Information Packet
- Copy of Scope of Work
- Copy of Cost Estimate
- Copy of Contract between the homeowner and contractor
- Copy of Notice to Proceed
- Copy of Right of Rescission
- Copy of Change Orders (if applicable)
- Copy of Promissory Note
- Copy of Deed of Trust
- Copy of Acceptance of Work

- Copy of Correction List (if applicable)
- Copy of Certificate of Final Inspection
- Copy of Certificate of Final Release
- Grievance Policy
- Satisfaction Survey

X. CONTRACTOR REQUIREMENTS

a. Eligibility and Ineligibility of Contractors

The City's Accounting Division, Procurement Division, in consultation with the Community Development Section, determines eligibility of contractors. In order for a contractor to become eligible to perform exterior improvement services under this program, the contractor must be registered with the City as a qualified vendor and must meet the City's requirements as such. All contractors, both general contractors and the general contractor's subcontractors, must apply to become a qualified vendor by contacting the City of Chandler Procurement Division. The requirements to become a qualified vendor include:

- All contractors must obtain and maintain a Residential General Contractor's license through the Arizona Registrar of Contractors
- Proof of City of Chandler contractor license
- Proof of Federal Non-debarment
- Must be able to receive payments through direct deposit
- Must comply with the Legal Arizona Worker's Act
- Must provide a current Insurance Certificate
- Proof of Bond

Contractors must maintain their license through the Arizona Registrar of Contractors and a City of Chandler contractor license at all times during their participation in the City's Exterior Improvement Loan Program. If a contractor's license becomes suspended or revoked at any point, the Community Development Section will suspend the contractor from participating in the program. If the contractor is currently under contract at a project site, the Housing Rehabilitation Specialist will notify the contractor that they need to stop work immediately until such time as the license is renewed or reinstated. Failure to obtain a renewal or reinstatement may be cause for termination of the Housing Rehabilitation Contract. The Housing Rehabilitation Specialist must notify the homeowner that the contractor's license is no longer valid.

If a contractor is not currently working at a project site, they will be ineligible to bid on any projects until such time as their license is renewed or reinstated.

b. Insurance and Bonding Requirements

The contractor shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud, or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all costs associated with the contract in an amount equal to the total cost of the project.

The contractor shall comply with bonding and insurance requirements of 24 CFR §§ Part 84.31 and 84.48, including but not limited to the following insurance to the extent stated:

1. Commercial General Liability Insurance providing both bodily injury (including death) and property damage insurance in a limit not less than Two Million Dollars (\$2,000,000) aggregate and One Million Dollars (\$1,000,000) per occurrence. Such insurance is to be written on an occurrence basis. The City of Chandler shall be named as additional insured.
2. Automobile Liability and Property Damage Insurance, if applicable, in an amount not less than \$1,000,000 combined single limit for both bodily injury and property damage.
3. Workers' Compensation coverage for employers liability and disability benefits as required by the State of Arizona.
4. Excess Liability Insurance in an amount not less than \$10,000,000.
5. Certificates of Insurance for all of the aforementioned coverages shall be provided to the City of Chandler prior to the commencement of work under the project contract. The City of Chandler shall be named as additional insured on each such certificate.

c. Approved Contractors

All approved contractors will receive a copy of the *Maricopa HOME Consortium Minimum Basic Housing Rehabilitation Standards (Appendix Item: R)*, which the City of Chandler has adopted for the Exterior Improvement Loan Program.

The contractor will choose all products and services, as long as the contractor providing services is on Chandler's approved vendor list. Products and services include: roof repair/replacement, stucco, fascia repair/replacement, landscaping, concrete work, pool fencing, masonry, lighting, exterior doors, windows, and paint selections.

All contractors on the City's approved vendor list will receive on-going monitoring to ensure compliance to ensure current insurance and review of any complaints filed with the Registrar of Contractors. Any issues of non-compliance will remove a contractor from the approved vendor list and will not be eligible to bid on exterior improvement projects.

d. Sub-contractors

General contractors may choose to utilize sub-contractors as long as they are licensed and bonded. Prior to work commencing, the general contractor must submit a Subcontractor Form (*Appendix Item: W*), listing all subcontractors utilized on the exterior improvement project. If the general contractor does not utilize subcontractors, they must indicate so on the Subcontractor Form.

The general contractor under contract with the owner may select any subcontractor that they wish to complete work that they are not willing/able to complete with their own staff. However, the General Contractor is responsible for the actions, cleanliness and quality of work completed by their subcontractors. Should a subcontractor fail to perform adequately, it is the General Contractor's responsibility to rectify any improper conduct or otherwise poor performance by all subcontractors associated with the project.

e. Equal Employment Opportunity (EEO) Requirements

24 CFR 570 requires that specific language related to EEO be included in all contracts executed through the City's Exterior Improvement Loan Program. Specifically, the EEO clause requires that contractors and subcontractors agree to not discriminate among their employees based on race, religion, sex, creed, color, disability or national origin. Actions covered by this clause include those related to: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoffs, termination, rates of pay or other compensation and training selection or apprenticeship. Furthermore, the contractor also agrees to include language covering EEO in all subcontracting agreements.

f. Section 3 Clause

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that to the greatest extent possible, job training, employment and contract opportunities are available to low and very low-income persons in connection with the projects and activities in their neighborhood.

The parties to the contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of the contract, the parties to the contract must certify that they are under no contractual or other impediment that would prevent them from complying with part 135 of the regulations.

The contractor must agree to send to each labor organization or representative of their workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or worker's representative of the of the contractor's commitments under the Section 3 clause, and will post copies of the notice in a conspicuous location at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the **person(s) taking applications for each of the positions; and the anticipated date the work shall begin.**

g. Women's and Minority Business Enterprise

The contractor will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the work performed for the City of Chandler Exterior Improvement Loan Program. As used in these guidelines, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The contractor may rely on written representations by contractors or sub-contractors regarding their status as minority and female business enterprises in lieu of an independent investigation.

h. Contractor Selection

Both the Procurement Division and the Community Development Section maintain an ongoing list of approved contractors. Community Development staff will invite all contractors on the approved list to bid on each Exterior Improvement Loan project. A contractor may choose not to participate in a bid walk without penalty or deletion from the approved contractor list.

i. Bid Submission

All contractors will be sent a copy of the project -Scope of Work and will be invited to the scheduled bid-walk. Bid walks will occur on the property to be assisted with the Housing Rehabilitation Specialist and the property owners. Contractors will have the opportunity to review the Scope of Work, inspect the property and ask any questions. Bid packages are to be sealed and delivered within seven (7) days of the bid walk. Bid packages shall be delivered to:

City of Chandler Neighborhood Resources Division
Mail Stop 600
235 S. Arizona Ave.
Chandler, AZ 85225

Failure to meet bid package deadlines automatically disqualifies the contractor from participating in that exterior improvement project. Bid packages that meet deadlines will be date stamped by City staff and require the contractor's signature. In addition, a receipt will be given to the contractor.

j. Bid Review

Bid opening will be scheduled at a specific date and time and open to the public and contractors. Sealed bids received from contractors will be opened by the Housing Rehabilitation Specialist and with two additional City staff present. The bids will be opened, amounts will be called out and written on a bid sheet.

1. *In-House Estimates*

Once bid(s) are received from the contractor(s), the Housing Rehabilitation Specialist will review the bid(s) for completeness. The Housing Rehabilitation Specialist will evaluate the reasonableness of bid values by conducting a comparison to the cost estimate created during the Scope of Work process. (See Section VIII c).

2. *Allowable Variance Between Bids and Estimates*

If the value of a contractor bid exceeds the In-House Estimate, then the Housing Rehabilitation Specialist must determine the cost variance between them and act accordingly:

- If the bid value is within 15% of the In-House Estimate, the bid will be accepted as is
- If the bid value is between 16% and 20% of the In-House Estimate, the bid will be further reviewed and further information obtained from the contractor to justify the excess cost
- If the bid value exceeds 20% of the In-House Estimate, the bid will be rejected
- If all bids received exceed 20% of the In-House Estimate, justification will be obtained for each bid submitted and/or the Housing Rehabilitation Specialist can reject all bids and call for re-bid.

3. *Bid Acceptance*

Once the bid has been reviewed for completeness and the cost reasonableness determined, the Housing Rehabilitation Specialist awards the contract to the lowest qualified bidder in conjunction with the homeowner. Contractors who have submitted a complete bid package will be notified within three (3) days of the bid submission date of winning or non-winning bids.

k. Permits and Licenses

Contractors will be required to secure and maintain all permits and licenses during the course of the exterior improvement process as applicable. Contractors will be required to secure a Building Permit from the appropriate City Division, as required by the Homeowner Building Permit Manual available on the City of Chandler website, www.chandleraz.gov and City Code, as well as any permits from utilities or other regulatory agencies. Prior to final payment, contractors must demonstrate that all permits obtained in the course of exterior improvements have been finalized.

l. Elimination of Work Items

Should the bid amount exceed available funds, the Housing Rehabilitation Specialist will work with the homeowner to pare down the scope of work. The Housing Rehabilitation Specialist and the homeowner will discuss the owner's priorities for which work will be completed.

m. Change Orders

During the course of exterior improvements, unforeseen conditions may be-arise that merit a change order. The contractor or the owner can request change orders (*Appendix Item: X*). All change orders must be related to the original Scope of Work or fix a life and safety hazard that was previously overlooked or has changed. Change orders are not allowed to increase the price of the overall project amount. All change orders submitted for approval, must be substituted for “like for like” items. Change orders must be submitted in writing describing the circumstances warranting a change order and must reflect a justifiable need that was unforeseen during the development of the initial scope of work. Change orders will be reviewed and approved by Chandler Community Development staff before any work related to the change order can occur. The Community Development Section reserves the right to determine the eligibility of change order requests on a case-by-case basis.

n. Timeline of Work to be Completed

The contractor will have up to forty-five (45) days to complete the exterior improvement project from the date of the signed Order to Proceed. If the contractor is over 45 days, without prior notice and approval from the City of Chandler, the contractor will be fined \$50.00 per day for every day past the 45 day completion time. The sum of the fine will be reduced from the 10% final payment to the contractor.

o. Quality of Workmanship and Standards for Exterior Improvements

At all times, the contractor must ensure that the conduct of workers is held at professional standards and that the quality of workmanship complies with professional standards. The City will gauge quality of work through comparison with the *Maricopa HOME Consortium’s Minimum Basic Housing Rehabilitation Standards (Appendix Item: R)* and local building codes to determine if work has been completed in a satisfactory method.

The contractor must also certify that quality of workmanship and materials for a period of two years from the date of the Notice of Completion and rectify any issues brought to his or her attention within this timeframe. Any conflicts that arise as a result of the contractor’s failure to comply with this provision will be handled through the Arizona Registrar of Contractors. Finally, the contractor must also provide the homeowner with all manufacturers’ warranties for materials used during rehabilitation.

p. Contractor Payments

Contractors must request payment using the Contractor Payment Request Form (*Appendix Item: Y*). The Contractor Payment Request form must be completed stating the item number and actual cost associated with completed work. The item number must directly correlate with the item number as stated in the original Scope of Work. All requests for payment must be documented and an original invoice provided to the City of Chandler. The Housing Rehabilitation Specialist

will conduct an on-site monitoring to verify the completeness and quality of work corresponding to the request before payment is approved. The final payment request will be issued 30 days after the final walk-through and Notice of Completion is signed by the homeowner, contractor and City of Chandler.

q. Issuance of Checks

Once a payment request has been approved by all levels within the Community Development Section and forwarded to the City's Accounting Division, payment will be made through direct deposit to the contractor's specified account. Contractors must supply a valid routing number and checking account number to receive payments through direct deposit.

The Community Development Section and Accounting Division provide internal financial oversight to the City's Exterior Improvement Loan Program. Internal controls used by the Accountant are based on regulations at 24 CFR 570 and 24 CFR 92, which govern the federal CDBG and HOME programs, as well as criteria set forth by the Governmental Accounting Standards Board (GASB) and in Generally Accepted Accounting Principles (GAAP).

XI. PROJECT CLOSEOUT

a. File Closure

Once all exterior improvement activities have been approved and completed, the Housing Rehabilitation Specialist will finalize the project file before closure. This includes completing all reports required by HUD for CDBG funds and City quarterly reports. Exterior Improvement Loan Program files must be retained for a period of six (6) years from the date of the signed Release of Lien.

b. Grievance Procedure

A grievance is defined as any misunderstanding, difference or dispute between any homeowner, contractor or City staff regarding any aspect of the Exterior Improvement Loan Program. It is agreed that prompt and equitable resolution of complaints shall be addressed through the procedure set forth below in full confidentiality.

Any homeowner, contractor or City staff having a grievance pertaining to the Exterior Improvement Loan Program shall first discuss and attempt to settle the grievance with the parties involved in the grievance.

If a satisfactory settlement is not reached, the grievance shall be discussed and an attempt to settle will be conducted with the City of Chandler's CDBG Supervisor. The Community Development Administrator will give full and fair consideration to the grievance as promptly as circumstances allow, and shall render a fair and just decision by the end of the working day following the day the grievance was brought to their attention.

If a satisfactory settlement is still not reached, the grievance will be placed in writing by the griever, indicating what is requested and signed. The Community Development Administrator will state in writing, their answer to the grievance and their position to the grievance. The grievance will then be given to the Neighborhood Resources Director.

The Neighborhood Resources Director shall have seven (7) days from the time of receipt of the grievance to review and discuss the grievance with the identified parties.

If the grievance cannot be settled at this level, the grievance will be forwarded to the appropriate Division within the City, i.e. Legal Department, City Manager's Office, etc.

c. Satisfaction Survey

The City of Chandler's Community Development Section values feedback from any persons involved with or participating in the Exterior Improvement Loan Program. A Satisfaction Survey (*Appendix Item: Z*) is included in the Homeowners' Portfolio and given to approved contractors for completion. All feedback received is evaluated and when appropriate, changes are incorporated into the Exterior Improvement Loan Program to improve and increase efficiency of the program. The City is always looking for ways to improve the satisfaction of residents who receive program services offered by the City.



CITY OF CHANDLER

HOME MODIFICATION PROGRAM FOR PERSONS WITH DISABILITIES



City of Chandler ♦ Neighborhood Resources Division ♦ Community Development Department
235 S. Arizona Ave., Chandler, Arizona 85225
Phone: 480-782-4320 ♦ Fax: 480-782-4350 ♦ TTY: 480-786-2612
www.chandleraz.gov

The City of Chandler does not discriminate on the basis of race, color, religion, national origin, familial circumstance, sex, handicap or age in any of its policies, procedures or practices.



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I. PURPOSE

The City of Chandler's Home Modification Program for Persons with Disabilities is designed to provide low and moderate-income disabled homeowners with assistance necessary to make home improvements or modifications to remove accessibility barriers.

The City of Chandler's Community Development Section, through the Neighborhood Resources Division, developed this Program Manual to guide the implementation of its Community Development Block Grant (CDBG) funded home modification activities. The following sections define commonly used terms, discuss environmental standards, explain the application and eligibility processes, and outline construction and contractor standards, as well as financial management and record-keeping requirements. The procedures herein comply with the federal regulations at 24 CFR 570 and 24 CFR 92, which govern the implementation of the CDBG program, respectively.

The City staff person who is most directly involved with the Home Modification Program for Persons with Disabilities is the Housing Rehabilitation Specialist. Responsibility for the home modification contract is between the property owner ("Owner") and the contractor ("Contractor") who performs the modification work.

II. SUMMARY

The Home Modification Program for Persons with Disabilities offers federal grant assistance up to \$10,000 to eligible homeowners city-wide, to complete structural modifications for single-family homes, condos, townhouses, and mobile units if the land is owned. The Home Modifications Program preferences single-family detached housing. Home modifications may include; wheelchair ramps, widening doorways to accommodate wheelchairs, grab bars, railings, door hardware, and modifications to showers, sinks and toilets.

The Home Modification Program for Persons with Disabilities has an application process, which includes verification of home ownership, income verification and an assessment of modifications needed on the home. Once an applicant is approved to participate in the Program, a review process is conducted, which includes a home inspection, scope of work, bid process and selection of contractor(s). Licensed contractor(s) selected by the homeowner and City staff will complete repairs on the home within 45 days.

Once the home modifications are completed and approved by the homeowner and City staff, a Certificate of Final Inspection and contractor Certificate of Release will be signed. All warranty information will be provided to the homeowner.

III. PROGRAM ELIGIBILITY

a. Priorities

The City's Home Modification Program for Persons with Disabilities is available to residents citywide. The homeowner must have lived in their residence a minimum of one year prior to applying for assistance. Residents applying for modification assistance must have a minimum of one household member with a disability and in need of home modifications. Proof of disability will be required during the application process.

b. Income

The income eligibility requirement for CDBG funded programs is an annual household income at or below 80% Area Median Income (AMI). The 2011 income limits are reflected below, but will be updated annually when HUD releases new limits. Household income varies based on household size. Income sources include, but are not limited to: wages, salaries, overtime pay, commissions, fees, tips, bonuses, business profits, investment income, TANF, child support, social security, and unemployment. Any and all income for EVERY person residing in the dwelling age 18 and over is considered when determining household income and must be submitted and verified.

Income is calculated utilizing HUD's guidelines as specified in the Technical Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, January, 2005.

If an hourly rate is verified through approved documentation, the hourly rate will be entered into the calculator tool which multiplies the rate at 2,080 hours if the individual is working full time, or will multiply by the specified given hours if working part-time. State assistance, unemployment, etc. is estimated at the maximum rate an individual can receive the assistance and the amount of time the individual has received assistance up to the time of application. In these cases, income is estimated by weeks based on 52 weeks per year.

FY 2011 Income Limits for Maricopa County (Appendix Item A)								
FY 2011 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Area Median Income	\$13,800	\$15,750	\$17,700	\$19,650	\$ 21,250	\$ 22,800	\$ 24,400	\$ 25,950
50% Area Median Income	\$22,950	\$26,200	\$29,500	\$ 32,750	\$ 35,400	\$ 38,000	\$ 40,650	\$ 43,250
80% Area Median Income	\$36,000	\$41,950	\$47,200	\$ 52,400	\$ 56,600	\$ 60,800	\$ 65,000	\$ 69,200

c. Assets

The City must also determine the total value of assets owned by all adult members of each applicant household. Assets include but are not limited to: all financial accounts (i.e. bank, retirement, brokerage), trusts, and real estate (other than primary place of residence). The City must calculate anticipated income from the total value of all assets owned within the household. HUD establishes the rate of return (the "Passbook Rate") that must be used to calculate asset income for households with asset values of \$5,000 and above. The current Passbook Rate is 2% and is subject to change per HUD revision.

In addition, participants in the Home Modification Program cannot own rental property(s) or have other assets, that when liquidated, have a total value that exceeds \$25,000. If the participant does have assets that exceed \$25,000 they will be denied participation in the program. The value of residential property to be improved plus the first \$100,000 of retirement accounts are excluded from this requirement.

A regular list of included and excluded income and asset resources and required documentation is available in Chapter 5 of the Housing Voucher Program Guidebook (available at www.hud.gov/offices/pih/programs/hcv/forms/guidebook.cfm). Applicants must provide a signed Declaration of Income form to disclose all included and excluded income and asset sources claimed within total household income.

d. Third Party Income Verification

The City verifies income through third party verification or document review. The City will submit a Verification of Employment Form (*Appendix Item: B*) to the applicant's employer to verify income. Staff may also utilize copies of current check stubs to determine income in the case where the data obtained from the employer is incongruent with aspects of current income such as hours worked or new deductions. Staff will also verify other forms of income such as U.S. Social Security Administration benefits or public assistance. Staff will attempt to verify asset information and current bank balance information through the third party. In addition, staff will utilize follow up conference calls with the bank and the client, when necessary. An Authorization to Release Information (*Appendix Item: C*) must be signed by the applicant and all household members generating income authorizing the third party to release the required information.

e. Ownership and Residency

Program participants must have owned and occupied the proposed property for at least one year prior to application for assistance. The City requires that applicants submit a copy of the deed or title as proof of ownership. Individuals, who use their home to conduct business or as rental property, in whole or in part, are ineligible to participate in the Program. Homes that are used to conduct business are not eligible for the City's Home Modification Program for Persons with Disabilities Program including businesses operated from a separate structure on

the property. An exemption is available for home-based businesses where no general public or business related traffic comes to the home. Applicants who currently have a second mortgage or reverse mortgage on the property are eligible to apply.

f. Property Taxes

All Home Modification Program applicants must demonstrate that their City of Chandler and Maricopa County property taxes are not delinquent. Either a current tax bill with a cancelled check or a downloaded statement from the Maricopa County Assessor's Office demonstrate compliance with this requirement.

g. Conflicts of Interest

Applicants must disclose all familial or legal relationships they have with City employees, Council members or other City Boards and Commissions. A relationship does not necessarily bar participation in the City's Home Modification Program, though further investigation will be required and will be completed according to the City's adopted Conflict of Interest policy.

h. Code Violations

Applicants requesting assistance from the Program must not have any current or outstanding City Code violations at any time during participation in the Home Modification Program. Any open code violations at time of application submission must be satisfied and closed by the City's Code Enforcement Division and/or Transportation and Development Department (Zoning code violations) before the application will be considered for consideration in the Program. However, if the applicant has code violations that may be satisfied due to receiving modification assistance, the code violations will be deferred until assistance is completed.

i. Existing City Lien

Applicants with an existing lien on the property from a City of Chandler housing assistance program are ineligible to receive assistance until the original City lien is paid in full.

j. Non-Discrimination Policy

The City of Chandler does not discriminate on the basis of disability in the admission or access to, or treatment or employment in its programs or activities. Leah Powell, 235 S. Arizona Ave., Chandler, AZ 85225, 480-782-4352, has been designated to coordinate compliance with the non-discrimination requirements contained in the Department of Justice regulations implementing Title II of the Americans with Disabilities Act (ADA), including section 35.107. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA coordinator, Leah Powell.

k. Limited English Proficiency Policy

The City of Chandler is committed to providing equal opportunity in all programs and services to ensure full compliance with all civil rights laws, including Title VI of the 1964 Civil Rights Act, which requires non-discrimination on the basis of national origin. Equal opportunity includes physical and program access for persons with disabilities and program access for persons with Limited English Proficiency (LEP). The City of Chandler's Limited English Proficiency Policy is intended to ensure Chandler's compliance with the "Improving Access to Services for Persons with Limited English Proficiency." The City of Chandler will take all required steps including, translation services, providing documents and interpretation services for other languages other than English to meet the needs of eligible individuals requesting this service and seeking participation in the City of Chandler Community Development Section programs.

Any individual eligible for programs/services at the City of Chandler Community Development Section who cannot speak, read, write or understand the English language at a level that permits them to interact effectively with our staff has the following rights:

- A right to qualified interpretation services at no cost to them
- A right not to be required to rely on their minor children, other relatives, or friends as interpreters
- A right to file a grievance about the language access services provided them

l. Citizenship Requirements

Arizona state law now requires that an applicant for most types of federal, state or local public benefits is required to produce proof of legal presence in the United States and to sign a sworn affidavit stating that the proof presented is authentic. A grant made under the Home Modification Program is such a benefit.

Therefore, an applicant for such a grant must provide proof of legal presence, which can be one of the following:

- A birth certificate of delayed birth certificate issued in any state, territory or possession of the United States
- A United States certificate of birth abroad
- A United States passport
- A foreign passport with a United States visa
- An I-94 form with a photograph
- A United States citizenship and immigration services employment authorization document or refugee travel document
- A United States certificate of naturalization
- A United States certificate of citizenship
- A tribal certificate of Indian blood
- A tribal or Bureau of Indian Affairs affidavit of birth

- Other documents as listed on the “Affidavit of Lawful Presence in the United States form.

Such documentary proof of legal presence must be accompanied by a completed (signed and dated) "Affidavit of Lawful Presence in the United States" in the form included in the Home Modification Program guidelines, (*Appendix Item: CC*).

IV. APPLICATION PROCESS

The City of Chandler will accept Home Modification Program for Persons with Disabilities applications throughout each program year depending on the amount of funding available and need for assistance in the community.

Residents requesting participation in the Home Modification Program must complete an Application (*Appendix Item: D*) and submit required documents to the Community Development Staff.

Community Development staff will review all applications and documentation received for completeness. Staff will complete a checklist identifying required documents have been received (*Appendix Item: E*). The application will be date stamped and signed by the City staff person accepting the documents. If an application is incomplete, City staff will notify the applicant in writing of missing information. If the applicant is unable to provide the required documentation within ten (10) days of the application submission date, the application will be denied.

Completed applications will be reviewed for income and program eligibility by Community Development staff.

a. Application Completeness

A completed application and required documentation must be received for the application to be considered:

- Complete application
- Copy of proof of ownership
- Copies of 3 months worth of check stubs for all Adult household members
- Social Security Award Letter (if applicable)
- Proof of all other income which includes but is not limited to:
 - TANF
 - Child Support
 - Asset Income
 - Social Security
 - Retirement/Pensions
 - Unemployment
- Copy of photo ID for applicant and co-applicant
- Proof of disability
- Authorization to Release Information
- Signed Lead Based Paint Notification Form

b. Selection Process

Applications will be processed on a first come, first served basis. Residents will receive assistance until funding has been depleted. The Home Modification Program for Persons with Disabilities does not maintain a waiting list. If eligible applicants are not selected to receive assistance, they will be notified by City staff and asked to reapply during the next program year.

c. Final Determination

Once City staff receives and reviews all required documentation, staff will complete the applicant's income calculation.

- Upon determining eligibility or ineligibility, staff will send a letter of approval or denial for the program to the applicant.
- If the applicant is eligible for assistance, City staff will submit a request for a complete title report from a city approved title company, to verify the applicant's homeownership. Once verified, Community Development staff will contact the applicant stating they have been approved to receive assistance with the Home Modification Program for Persons with Disabilities and make an appointment to conduct an initial inspection.
- If the applicant's income exceeds 80% of the HUD income limit, City staff will notify the applicant in writing that they are ineligible for assistance. However, if circumstances change at a later date, the applicant can reapply during the next applicant acceptance time.

V. PRE-HOME MODIFICATION ACTIVITIES

Once the applicant has been notified as being approved to participate in the City's Home Modification Program for Persons with Disabilities, the Housing Rehabilitation Specialist will conduct an initial inspection of the property. The Housing Rehabilitation Specialist will discuss with the homeowner items they wish to be structurally modified. Initial pictures will be taken of items that will be modified. In addition, the Housing Rehabilitation Specialist will discuss program processes and guidelines with the homeowner(s). A copy of the City's Home Modification Program for Persons with Disabilities Guidelines will be provided to the homeowner and the homeowner must sign receipt of receiving and reviewing the program guidelines.

a. Initial Inspection

During the initial inspection, the Housing Rehabilitation Specialist will review the items listed on the homeowner's application to be structurally modified. The Specialist will inspect the home. The Specialist will utilize a checklist of qualifying items (*Appendix Item: F*) and determine if there are additional items not listed on the application that would qualify for a modification. These items will be discussed with the homeowner during the time of initial inspection.

b. Eligible Modifications

1. *Eligible Modifications*

- Wheelchair Ramps
- Widening doorways to accommodate wheelchairs
- Grab bars, railings, door hardware
- Modifications to showers, sinks, and toilets
- Other work not listed above and as approved by the Neighborhood Resources Director

VI. ENVIRONMENTAL STANDARDS

Pursuant to federal regulations in 24 CFR 92 and 24 CFR 570, the City's use of CDBG and HOME funds requires a review of activities for any adverse effects on the environment. An environmental assessment is completed on each residence receiving home modification assistance. An environmental review consists of: historic preservation, floodplain management, radioactive materials and nearby hazardous operations.

a. Historic Preservation

Section 106 of the National Historic Preservation Act requires that housing rehabilitation projects financed with federal funds undergo a historic preservation review. Once the applicant is approved to receive assistance and an initial home inspection has taken place, Community Development staff send will send information to the Arizona State Historic Preservation Office (SHPO) for all properties fifty years of age and older to determine whether or not the property is listed or eligible for listing on the local, State or National Registers of Historic places (*Appendix Item: G*). All projects must be reviewed and approved by SHPO prior to commitment or expenditure of federal funds. Materials sent to SHPO for approval include:

- Cover Letter
- Site photo(s)
- Scope of Work
- Area Map
- Maricopa County Assessor's parcel information

The materials must be sent by certified mail in order to document receipt of submitted materials to SHPO. By regulation, SHPO has 30 days from receipt of materials to object to a project. If SHPO fails to object within this time frame, the City may proceed with the project as proposed.

b. Floodplains

Per 24 CFR Part 55, the City must determine the floodplain status of all properties prior to commitment or expenditure of federal funds. The Community Development Section will review FEMA floodplain maps on a case-by-case basis to determine which, if any, properties are within a floodplain.

c. Radioactive Materials and Nearby Hazardous Operations

Per 24 CFR Part 51 Subpart C; the City must determine whether project sites are located in the immediate vicinity of hazardous or radioactive materials. To determine proximity to these hazards, the Housing Rehabilitation Specialist reviews the FEMA website as required by HUD regulations.

d. Lead-Based Paint

As federally funded projects, the City requires a lead-based paint evaluation. The Housing Rehabilitation Specialist makes a determination during the initial site inspection whether or not a project qualifies for an exemption to the lead requirement. If lead hazards are present on the property to receive modification assistance, the City is required to mitigate or abate all hazards. All homes built before 1978 must be evaluated for lead-based paint. The applicant must sign the Notice of Lead Based Paint Information (*Appendix Item: H*).

e. Required Documentation

The above requirements are reviewed on a case-by-case basis for compliance for environmental factors. All documentation and correspondence related to the review shall be included in the individual project files.

Once the review is complete, Community Development staff will complete a HUD Level of Environmental Review Form and a 2008 Appendix A form (*Appendix Item: I*). A Certifying Officer must sign these forms in order to complete the environmental review. The Certifying Officers for the Community Development Section are: CDBG Supervisor and Neighborhood Resources Director. Community Development staff submits environmental requests and supporting documentation to the Maricopa County Community Development Section.

VII. HOME MODIFICATION ACTIVITIES

a. Home Inspection

The Housing Rehabilitation Specialist will schedule a home inspection with the homeowner to conduct a second and final review of the items to be completed during the modification.

b. Contractor Selection

The City maintains a certified list of contractors that have been evaluated and approved by the Purchasing Division. All approved contractors will be invited to bid on each Modification project. All contractors on the approved list will be notified in writing of the date, time and location of each modification project bid walk.

c. Scope of Work/Cost Estimate

The Housing Rehabilitation Specialist will utilize the initial inspection checklist, notes and pictures from both the initial and home inspection to complete a

comprehensive Scope of Work (*Appendix Item: J*). The Scope of Work includes, in detail, the items to be modified during the project. The Housing Rehabilitation Specialist will utilize software to determine an estimated cost for the project. A Cost Estimate (*Appendix Item: K*) will be developed with estimated costs for each individual item to be modified. The Scope of Work and Cost Estimate will be presented to the homeowner. If the homeowner agrees with the Scope of Work and Cost Estimate, the homeowner scheduling of the contractor bid-walks commences.

d. Contractor Bid-Walks

All approved contractors will be notified to submit bids for a home modification project. A Bid Walk will take place at the residence with the Housing Rehabilitation Specialist, homeowners, and contractors. The Housing Rehabilitation Specialist will review the Scope of Work with the contractors present and answer any questions. The purpose of contractor bid-walks is to ensure that contractors are treated fairly, and all parties involved have the opportunity to review the project, ask questions and develop solutions if necessary.

Bid submission and contractor selection processes are covered under **Section X Contractor Requirements**.

e. Contract Signing

Once the contractor is selected, the Housing Rehabilitation Specialist will schedule an appointment with the contractor and homeowner to conduct contract signing. A contract (*Appendix Item: L*) is signed between the homeowner and the selected contractor to complete work as specified in the approved Scope of Work.

Finally, if the homeowner agrees to proceed with the home modifications, the homeowner will sign an Order to Proceed (*Appendix Item: M*). This document instructs the contractor to begin home modification work within seven (7) days of the date of the Order.

f. Construction/Repairs

Once the contractor is selected, home modifications begin. The Contractor has 45 days to complete the home modification project from the date of the signed Order to Proceed, unless otherwise agreed to by the homeowner and City of Chandler. During the modification process, the Housing Rehabilitation Specialist will be in contact with the homeowner and contractor to monitor and inspect the work while in progress.

VIII. GRANT PROCESS

a. Grant Payment

The Home Modification Program for Persons with Disabilities provides modification assistance through a federal grant. There is no repayment required from the homeowner. Costs for home modifications will be paid directly from the

City of Chandler to the selected contractor to complete the project. Grant funds will be equal to the total amount of construction costs required to complete the home modifications, not to exceed \$10,000. If construction costs are less than \$10,000, the grant amount will equal the actual project cost.

IX. HOME MODIFICATION COMPLETED

a. Final Inspections

Prior to approval of a final contractor payment, the Housing Rehabilitation Specialist must complete a final inspection at the project site. The owner and contractor are required to attend this inspection in order to ensure that all parties involved understand the nature of the work completed and agree that work was completed properly. Pictures will be taken of all items completed in the Scope of Work.

If work was satisfactorily completed, the Housing Rehabilitation Specialist, who is Housing Quality Standard Certified, will complete and issue a Certificate of Final Inspection (*Appendix Item: N*).

In addition to verifying the satisfactory completion of the Scope of Work, the Housing Rehabilitation Specialist will remind the owner and the contractor of their respective on-going contractual obligations. Both parties will be reminded that the contract stipulates that the contractor must guarantee the quality of material and workmanship for two years from the date of final acceptance of all work. The contractor must also provide the owner with any/all manufacturers' warranties or guarantees associated with the materials and equipment used during the home modification project.

b. Correction of Work Items

In the event there are items on the Scope of Work that either the homeowner and/or the Housing Rehabilitation Specialist feel was not completed in its entirety, a Correction List (*Appendix Item: O*) will be developed. The homeowner and contractor will sign the Correction List and the contractor must complete/correct items on the list within fifteen (15) days. Once work has been completed, the homeowner and the City agree and sign the Acceptance of Work.

c. Acceptance of Work

Once all work is satisfactorily completed and inspected by the Community Development Section, the Housing Rehabilitation Specialist will provide a Certificate of Final Release (*Appendix Item: P*) Prior to the issuance of a check to the contractor and file closure, the owner must sign off on all work completed.

In the event that an owner refuses to sign the Acceptance of Work, the City may sign off on the work if the City feels the modifications have been completed according to the contract and acceptable professional standards. If necessary, the Housing Rehabilitation Specialist will contact the Arizona Registrar of

Contractors as a third party to provide an assessment to determine if work was completed properly.

d. Lien Waiver

Prior to approval of any final payment, the contractor must submit a signed lien waiver. The waiver stipulates that the contractor has or will provide all payments to laborers, including subcontractors, suppliers and other parties involved in the modification project for services, materials and/or equipment employed for the purpose of home modifications. Further, the waiver releases any mechanics' liens, state or federal bond rights or additional claims for payment for the same work.

e. Homeowner Portfolio

At the completion of the modifications, the Housing Rehabilitation Specialist will supply the homeowner with a Portfolio that contains at minimum, the following items:

- Contractor contact information
- Subcontractor contact information (if applicable)
- Warranties/Guarantees of items used during modification, i.e. bathroom fixtures, grab bars and hardware, etc.
- Copy of initial application
- Copy of Signature Receipt for Home Modification Program for Persons with Disabilities Guidelines
- Copy of Signature Receipt for Lead Base Paint Information Packet
- Copy of Scope of Work
- Copy of Cost Estimate
- Copy of Contract between the homeowner and contractor
- Copy of Notice to Proceed
- Copy of Acceptance of Work
- Copy of Correction List (if applicable)
- Copy of Certificate of Final Inspection
- Copy of Certificate of Final Release
- Grievance Policy
- Satisfaction Survey

X. CONTRACTOR REQUIREMENTS

a. Eligibility and Ineligibility of Contractors

The City's Accounting Division, Procurement Division, in consultation with the Community Development Section, determines eligibility of contractors. In order for a contractor to become eligible to perform modification services under this program, the contractor must be registered with the City as a qualified vendor and must meet the City's requirements as such. All contractors, both general contractors and the general contractor's subcontractors, must apply to become a qualified vendor by contacting the City of Chandler Procurement Division. The requirements to become a qualified vendor include:

- All contractors must obtain and maintain a Residential General Contractor's license through the Arizona Registrar of Contractors
- Proof of City of Chandler contractor license
- Proof of Federal Non-debarment
- Must be able to receive payments through direct deposit
- Must comply with the Legal Arizona Worker's Act
- Must provide a current Insurance Certificate
- Proof of Bond

Contractors must maintain their license through the Arizona Registrar of Contractors and a City of Chandler contractor license at all times during their participation in the City's Home Modification Program for Persons with Disabilities. If a contractor's license becomes suspended or revoked at any point, the Community Development Section will suspend the contractor from participating in the program. If the contractor is currently under contract at a project site, the Housing Rehabilitation Specialist will notify the contractor that they need to stop work immediately until such time as the license is renewed or reinstated. Failure to obtain a renewal or reinstatement may be cause for termination of the Home Modification Contract. The Housing Rehabilitation Specialist must notify the homeowner that the contractor's license is no longer valid.

If a contractor is not currently working at a project site, they will be ineligible to bid on any projects until such time as their license is renewed or reinstated.

b. Insurance and Bonding Requirements

The contractor shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud, or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all costs associated with the contract in an amount equal to the total cost of the project.

The contractor shall comply with bonding and insurance requirements of 24 CFR §§ Part 84.31 and 84.48, including but not limited to the following insurance to the extent stated:

1. Commercial General Liability Insurance providing both bodily injury (including death) and property damage insurance in a limit not less than Two Million Dollars (\$2,000,000) aggregate and One Million Dollars (\$1,000,000) per occurrence. Such insurance is to be written on an occurrence basis. The City of Chandler shall be named as additional insured.
2. Automobile Liability and Property Damage Insurance, if applicable, in an amount not less than \$1,000,000 combined single limit for both bodily injury and property damage.
3. Workers' Compensation coverage for employer's liability and disability benefits as required by the State of Arizona.

4. Excess Liability Insurance in an amount not less than \$10,000,000.
5. Certificates of Insurance for all of the aforementioned coverages shall be provided to the City of Chandler prior to the commencement of work under the project contract. The City of Chandler shall be named as additional insured on each such certificate.

c. Approved Contractors

All contractors on the City's approved vendor list will receive on-going monitoring including review of City requirements and any complaints filed with the Registrar of Contractors. Any issues of non-compliance will remove a contractor from the approved vendor list and will not be eligible to bid on modification projects.

d. Sub-contractors

General contractors may choose to utilize sub-contractors as long as they are licensed and bonded. Prior to work commencing, the general contractor must submit a Subcontractor Form (*Appendix Item: Q*), listing all subcontractors utilized on the Home Modification project. If the general contractor does not utilize subcontractors, they must indicate so on the Subcontractor Form.

The general contractor under contract with the owner may select any subcontractor that they wish to complete work that they are not willing/able to complete with their own staff. However, the General Contractor is responsible for the actions, cleanliness and quality of work completed by their subcontractors. Should a subcontractor fail to perform adequately, it is the General Contractor's responsibility to rectify any improper conduct or otherwise poor performance by all subcontractors associated with the project.

e. Equal Employment Opportunity (EEO) Requirements

24 CFR 570 requires that specific language related to EEO be included in all contracts executed through the City's Home Modification Program. Specifically, the EEO clause requires that contractors and subcontractors agree to not discriminate among their employees based on race, religion, sex, creed, color, disability or national origin. Actions covered by this clause include those related to: employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoffs, termination, rates of pay or other compensation and training selection or apprenticeship. Furthermore, the contractor also agrees to include language-covering EEO in all subcontracting agreements.

f. Section 3 Clause

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that to the greatest extent possible, job training, employment and contract opportunities are

available to low and very low-income persons in connection with the projects and activities in their neighborhood.

The parties to the contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of the contract, the parties to the contract must certify that they are under no contractual or other impediment that would prevent them from complying with part 135 of the regulations.

The contractor must agree to send to each labor organization or representative of their workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or worker's representative of the of the contractor's commitments under the Section 3 clause, and will post copies of the notice in a conspicuous location at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

g. Women's and Minority Business Enterprise

The contractor will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the work performed for the City of Chandler Home Modification Program for Persons with Disabilities. As used in these guidelines, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The contractor may rely on written representations by contractors or sub-contractors regarding their status as minority and female business enterprises in lieu of an independent investigation.

h. Contractor Selection

Both the Procurement Division and the Community Development Section maintain an ongoing list of approved contractors. Community Development staff will invite all contractors on the approved list to bid on each home modification project. A contractor may choose not to participate in a modification bid walk without penalty or deletion from the approved contractor list.

i. Bid Submission

All contractors will be sent a copy of the project Scope of Work and will be invited to the scheduled bid-walk. Bid walks will occur on the property to be modified with the Housing Rehabilitation Specialist and the property owners. Contractors will have the opportunity to review the Scope of Work, inspect the

property and ask any questions. Contractors will receive a bid submission envelope. Bid packages are to be sealed and delivered in the bid submission envelope within seven (7) days of the bid walk. Bid packages shall be delivered to:

City of Chandler Neighborhood Resources Division
Mail Stop 600
235 S. Arizona Ave.
Chandler, AZ 85225

Failure to meet bid package deadlines automatically disqualifies the contractor from participating in that modification project. Bid packages that meet deadlines will be date stamped by City staff and require the contractor's signature. In addition, a receipt will be given to the contractor.

j. Bid Review

Bid opening will be scheduled at a specific date and time and open to the public and contractors. Sealed bids received from contractors will be opened by the Housing Rehabilitation Specialist and with two additional City staff present. The bids will be opened; amounts will be called out and written on a bid sheet.

1. *In-House Estimates*

Once bid(s) are received from the contractor(s), the Housing Rehabilitation Specialist will review the bid(s) for completeness. The Housing Rehabilitation Specialist will evaluate the reasonableness of bid values by conducting a comparison to the cost estimate created during the Scope of Work process. (See Section VII).

2. *Allowable Variance Between Bids and Estimates*

If the value of a contractor bid exceeds the In-House Estimate, then the Housing Rehabilitation Specialist must determine the cost variance between them and act accordingly:

- If the bid value is within 15% of the In-House Estimate, the bid will be accepted as is
- If the bid value is between 16% and 20% of the In-House Estimate, the bid will be further reviewed and further information obtained from the contractor to justify the excess cost
- If the bid value exceeds 20% of the In-House Estimate, the bid will be rejected
- If all bids received exceed 20% of the In-House Estimate, justification will be obtained for each bid submitted and/or the Housing Rehabilitation Specialist can reject all bids and call for re-bid.

3. *Bid Acceptance*

Once the bid has been reviewed for completeness and the cost reasonableness determined the Housing Rehabilitation Specialist awards

the contract to the lowest qualified bidder in conjunction with the homeowner. Contractors who have submitted a complete bid package will be notified within three (3) days of the bid submission date of winning or non-winning bids.

k. Elimination of Work Items

Should the bid amount exceed available funds, the Housing Rehabilitation Specialist will work with the homeowner to pare down the scope of work. Within the limitation, the Housing Rehabilitation Specialist and the homeowner will discuss the owner's priorities for which work will be completed.

l. Change Orders

During the course of rehabilitation, unforeseen conditions may arise that merit a change order. The contractor or the owner can request change orders (*Appendix Item: R*). All change orders must be related to the original Scope of Work or fix a life and safety hazard that was previously overlooked or has changed. Change orders are not allowed to increase the price of the overall project amount. All change orders submitted for approval, must be substituted for "like for like" items. Change orders must be submitted in writing describing the circumstances warranting a change order and must reflect a justifiable need that was unforeseen during the development of the initial scope of work. Change orders will be reviewed and approved by Chandler Community Development staff before any work related to the change order can occur. The Community Development Section reserves the right to determine the eligibility of change order requests on a case-by-case basis.

m. Timeline of Work to be Completed

The contractor will have up to forty five (45) days to complete the home modification project from the date of the signed Order to Proceed. If the contractor is over 45 days, without prior notice and approval from the City of Chandler, the contractor will be fined \$50.00 per day for every day past the 45 day completion time. The sum of the fine will be reduced from the 10% final payment to the contractor.

n. Quality of Workmanship and Standards for Modifications

At all times, the contractor must ensure that the conduct of workers is held at professional standards and that the quality of workmanship complies with professional standards.

The contractor must also certify that quality of workmanship and materials for a period of two years from the date of the Notice of Completion and rectify any issues brought to his or her attention within this timeframe. Any conflicts that arise as a result of the contractor's failure to comply with this provision will be handled through the Arizona Registrar of Contractors. Finally, the contractor must also provide the homeowner with all manufacturers' warranties for materials used during modification.

o. Contractor Payments

Contractors must request payment using the Contractor Payment Request Form (*Appendix Item: S*). The Contractor Payment Request form must be completed stating the item number and actual cost associated with completed work. The item number must directly correlate with the item number as stated in the original Scope of Work. All requests for payment must be documented and an original invoice provided to the City of Chandler. The Housing Rehabilitation Specialist will conduct an on-site monitoring to verify the completeness and quality of work corresponding to the request before payment is approved. The final payment request will be issued after the final walk-through and Notice of Completion is signed by the homeowner, contractor and City of Chandler.

p. Issuance of Checks

Once a payment request has been approved by all levels within the Community Development Section and forwarded to the City's Accounting Division, payment will be made through direct deposit to the contractor's specified account. Contractors must supply a valid routing number and checking account number to receive payments through direct deposit.

The Community Development Section and Accounting Division provide internal financial oversight to the City's Home Modification Program for Persons with Disabilities. Internal controls used by the Accountant are based on regulations at 24 CFR 570 and 24 CFR 92, which govern the federal CDBG program, as well as criteria set forth by the Governmental Accounting Standards Board (GASB) and in Generally Accepted Accounting Principles (GAAP).

XI. PROJECT CLOSEOUT

a. File Closure

Once all home modification activities have been approved and completed, the Housing Rehabilitation Specialist will finalize the project file before closure. This includes completing all reports required by HUD for CDBG funds and City quarterly reports. The Home Modification Program for Persons with Disabilities files must be retained for a period of six (6) years from the date of the signed Release of Lien.

b. Grievance Procedure

A grievance is defined as any misunderstanding, difference or dispute between any homeowner, contractor or City staff regarding any aspect of the Home Modification Program for Persons with Disabilities. It is agreed that prompt and equitable resolution of complaints shall be addressed through the procedure set forth below in full confidentiality.

Any homeowner, contractor or City staff having a grievance pertaining to the Home Modification Program for Persons with Disabilities shall first discuss and attempt to settle the grievance with the parties involved in the grievance.

If a satisfactory settlement is not reached, the grievance shall be discussed and an attempt to settle will be conducted with the City of Chandler's CDBG Supervisor. The CDBG Supervisor will give full and fair consideration to the grievance as promptly as circumstances allow, and shall render a fair and just decision by the end of the working day following the day the grievance was brought to their attention.

If a satisfactory settlement is still not reached, the grievance will be placed in writing by the grievor, indicating what is requested and signed. The Community Development Administrator will state in writing, their answer to the grievance and their position to the grievance. The grievance will then be given to the Neighborhood Resources Director.

The Neighborhood Resources Director shall have seven (7) days from the time of receipt of the grievance to review and discuss the grievance with the identified parties.

If the grievance cannot be settled at this level, the grievance will be forwarded to the appropriate Division within the City, i.e. Legal Department, City Manager's Office, etc.

c. Satisfaction Survey

The City of Chandler's Community Development Section values feedback from any persons involved with or participating in the Home Modification Program for Persons with Disabilities. A Satisfaction Survey (*Appendix Item: T*) is included in the Homeowners' Portfolio and given to approved contractors for completion. All feedback received is evaluated and when appropriate, changes are incorporated into the Home Modification Program for Persons with Disabilities to improve and increase program efficiency. The City is always looking for ways to improve the satisfaction of residents who receive program services offered by the City.