

CITY OF DARIEN

**COMMUNITY HOME INVESTMENT
PROGRAM**

POLICIES & PROCEDURES STATEMENT

GRANT NO. 08m-x-095-2-6004

March, 2009

CITY OF DARIEN
COMMUNITY HOME INVESTMENT PROGRAM GRANT
HOUSING PROGRAM
POLICIES STATEMENT
Grant No. 08m-x-095-2-6004

City of Darien hereby adopts and approves the City of Darien Community Home Investment Grant Housing Program Policies Statement this 24th day of March, 2009.

Signature
Kelly Spratt, Mayor

Attest:

Signature
Colleen Jolley, City Clerk

INTRODUCTION

City of Darien received a Community Home Investment Program Grant (CHIP) on September 16, 2008 in the amount of \$300,000 from the Georgia Department of Community Affairs to improve housing conditions in City of Darien.

The City is undertaking a housing program to rehabilitate deteriorated substandard owner occupied houses. This will ensure that all houses in the area are in compliance with City of Darien housing standards as adopted for the program. These activities will not only assure residents of decent housing but will also result in the structure becoming an asset to the City rather than a liability. Owners of Private Properties inside the City limits of Darien may receive housing rehabilitation assistance through the CHIP Program.

Most residents in the City have low incomes. They are unable to bring their homes up to the City's housing code because of income affordability. Therefore, the Housing Program offers affordable financial assistance to low and moderate income property owners to make repairs and improvements to their property.

It is not a welfare program however. Homeowners participate financially in his or her rehabilitation project. In addition to receiving Deferred Payment loans from the City, homeowners are offered loans from participating local lending institutions and USDA Rural Development.

This Statement sets forth the rules, regulations and operating procedures for the housing program. It provides policies and procedures for housing rehabilitation, and other information regarding the program. No activities will be permitted in the program unless authorized in this Statement. However, it is recognized that changes to the program may be required from time to time. Therefore upon approval by the City of Darien City Council, the program policies may be amended as required for successful completion of the CHIP program.

PURPOSE

CHIP funds will assist approximately twenty two (22) low and moderate income persons to meet their housing needs and improve the living conditions throughout the City.

Rehabilitation of approximately seven (7) deteriorated houses will eradicate the threats to health and safety of residents caused by unsafe and unsanitary housing conditions.

SCOPE

Rehabilitation Assistance. The Rehabilitation Program permits only “total” rehabilitation, meaning that for each rehabilitation project, homes rehabilitated will meet local and State Minimum Standard Codes, aka International Residential Codes to include National Electric Code, CABO One-and-two Family Dwelling Code, Standard Fire Prevention Code, GA State Energy code and Standard Plumbing Code. Basically, the housing standards require houses to be “decent, safe and sanitary”, and “readily maintainable”, and sets forth standards to assure that rehabilitation meets those requirements.

In addition to correcting housing standards violations, “incipient”, or conditions which are expected to become violations in a short time may be corrected. For example, a roof which looks as if it may leak within another year or two may be replaced. Financing incipient takes a second priority to housing standards violations.

In some cases, general property improvements such as finishing attics or basements or remodeling kitchens can be funded. Such improvements are made possible through the leverage loan program (see Funding Methods section) and may not exceed 40% of the total rehabilitation loan.

All homes rehabilitated under this CHIP award built prior to January 1, 1978 will comply with the new regulation issued under sections 1012 and 1013 of the Residential Lead Based Paint Hazard Reduction Act of 1992. Sections 1012 and 1013 of Title X amended the Lead-Based Paint Poisoning prevention Act of 1971, which is the basic law covering lead-based paint in federally associated housing. The new regulation appears within title 24 of the Code of Federal Regulations as part 35 (24 CFR 35).

City of Darien will comply with all applicable State and Federal Contract and lending laws. City of Darien will comply with General Conditions and Special Conditions for the 2008 CHIP Program. (See attached Exhibit “A”).

DEFINITIONS

The following are definitions and terms used in the leverage loan and deferred payment loan programs.

1. **Amortize** – To repay the principal interest of a loan in periodic installments so that the expiration date of the loan agreement, the total amount of the loan will have been paid.

2. **After Rehab Appraisal** – The highest price a property will bring after rehabilitation if exposed for sale in the open market, allowing a reasonable time to find a purchaser who buys with knowledge of all uses for which the property is capable of being used or adapted. The value must reflect

consideration of the area upgrading expected as a result of the Community Home Investment Program.

3. Project Area – Project area is City-Wide.
4. Code Violation – A violation of City of Darien Minimum Property Housing Standards adopted by the City for this program.
5. Varnadoe & Associates, Inc. – Hereinafter referred to as V&A is the administering agency for the program.
6. Date Certain – The date and time that a loan is scheduled for settlement.
7. Default – Failure of a mortgagee to perform in accordance with the terms of the mortgage.
8. Deferred Payment Loan (Rehabilitation – Site Built Homes) – A zero (0) percent interest mortgage loan by City of Darien to low and moderate income owners of private properties for a period of five (5) years. Property owners that qualify for a DPL/Leverage Loan will not be required to repay the DPL to City of Darien, providing the rehabilitated property's title is not transferred and the owner continues to occupy the property as their primary residence. The CHIP loan, not to exceed \$14,999, will be forgiven 1/5th each year. After the 5 year period, 100% of the loan will be forgiven.

The CHIP loan for \$15,000 - \$40,000, will be forgiven 1/10th each year. After the 10 year period, 100% of the loan will be forgiven.

Deferred Payment Loan (Rehabilitation – Manufactured Homes) – A zero (0) percent interest mortgage loan by City of Darien to low and moderate income owners of private properties for a period of five (5) years. Property owners that qualify for a DPL/Leverage Loan will not be required to repay the DPL to City of Darien, providing the rehabilitated property's title is not transferred and the owner continues to occupy the property as their primary residence. The CHIP loan, not to exceed \$3,750 for low income persons, will be forgiven 1/5th each year. After the 5 year period, 100% of the loan will be forgiven. Total rehabilitation cost cannot exceed \$5,000.

9. Delinquency – When a mortgagee is in arrears in his/her mortgage payments.
10. Financial Advisor – The V&A staff responsible for loan organization and all other rehabilitation financial matters.

11. Foreclosure – The legal proceedings that terminates the mortgagee’s ownership of the property covered by the mortgage.
12. General Property Improvements – (Hereinafter referred to as GPI’s) Improvements to property which do not constitute code violations, including, but not limited to additions, enlargements, renovations, and remodeling. For example, GPI’s may be finishing of spaces within the property such as an attic porch, or basement of remodeling kitchens and bathrooms.
13. Hazard Insurance – An insurance coverage for loss of property due to fire and other hazards.
14. Incipient Code Violation – An element in a structure that has not been cited as a code violation, but the element is in the early stages of deterioration and will become a code violation in a short period of time.
15. Income: Inclusions, Reporting, Verification and Exclusions

Sources of an applicant’s income include the gross income of the applicant and any other person or persons related by blood, marriage or operation of the law, who share the same dwelling unit. If ownership of the property rests in more that one person, the applicant is each party with fee simple interest. An applicant’s income is established on an annual gross basis at the time of applying for assistance.

- a. The applicant’s earning’;
- b. Spouse’s earnings;
- c. Earnings of other family members who have ownership interest in the property;
- d. Any funds contributed on a regular basis by any household members who do not have ownership interest in the property;
- e. Other income received regularly by the applicant and his/her family from any source (Savings account interest);
- f. Net income from real estate, other than the property to be rehabilitated and any other net business income;
- g. Applicants who are self-employed shall be required to submit tax returns for the past two years;

16. Interest – A percentage of loan paid by the borrower to the lender for use of the lender’s money.
17. Lien – A claim against property which entitles the person holding the lien to take appropriate legal action to satisfy the claim.

18. Loan Approving Officer – The individual employed by the local lending institution who is responsible for approving loans and taking corrective actions for delinquencies and defaults.
19. Low to Moderate Income – An applicant whose family size and income does not exceed the limits for Very Low and Lower Income as authorized by HUD/DCA for City of Darien (**See Exhibit “B”**).
20. Owner-Occupied Property – A property used entirely for residential purposes that is occupied by the owner. Any of the following will satisfy or fulfill the requirement of ownership for deferred payment loans:
 - (1) Full marketable title.
 - (i) In the case of a loan, and to the extent possible, the co-owner(s) should also sign the security instrument.
 - (2) A leasehold interest in the property to be repaired. Leasehold interest is defined as an eligible type of property ownership by a family or individual receiving CHIP assistance. Please note that under the HOME (CHIP) program that the applicant must own the property and occupy it as a principal residence. Ownership is further defined as a family or individual who owns the property either through fee simple title; maintenance of a 99-year leasehold interest in the property; owns a condominium; or owns or has a membership in a cooperative or mutual housing project that constitutes homeownership under state law; or maintains an equivalent form of ownership approved by HUD. In regard to the leasehold interest, HUD did provide for a leasehold interest for less than a 99-year period only in the case of a manufactured home. In regard to manufactured homes, the family or individual must maintain a lease for a period of time at least equal to the period of affordability.
21. Leverage Loans – Eligible property owners can receive leverage loans from a federally insured private lender. The private lender will be the mortgagee and have first position on the property. Interest percentages payable by owner-occupants shall be according to lender’s rate.
22. Rehabilitation Advisor – The V&A staff member is responsible for rehabilitation work write-ups, cost estimates, inspections, contract management, and compliance of lead base paint regulations, if applicable.
23. Title Report – A written report which indicates the owners of record of the property and any encumbrances against the property.

24. Work Write-Up and Cost Estimate – A statement prepared by the V&A staff based on the property inspection report that itemizes rehabilitation work to be done on the property and includes an estimation of the cost to correct each item.
25. Rehabilitation Feasibility – The program will use the Rehabilitation Feasibility Test as the guidelines for determining rehabilitation feasibility.
26. Utility Cost Determination – The method of computing utility cost for an existing unit shall be the actual cost of utilities during the previous twelve (12) months as verified through utility bills/receipts. The method of computing utility cost for new (rehabilitated) unit shall be the current Georgia Housing Finance Authority Utility allowance table.
27. Substantial Reconstruction – CHIP funds may be used to reconstruct housing that is owned and occupied by “low and moderate” income persons and which will be located on the same property as the original structure. The only situation where reconstruction can be used will be determined at the time of the initial inspection and a feasibility test prepared to determine the structure not feasible to rehabilitate.
28. Programmatic Agreement – A document the Department of Community Affairs (DCA) has signed, entering into contract with the State Historic Preservation Office (SHPO) and the advisory council on historic properties. **(See Appendix “G”)**.

A copy of the programmatic agreement and these regulations are attached and made part of the housing policy statement.

29. Preservation Professional – The individual employed by the City who will review projects which are fifty (50) years of age or older; and any property that has historic significance or projects which are on the national historic registrar.
30. Affirmative Fair Housing Marketing Plan – A marketing plan adopted by City of Darien to make reasonable efforts to affirmatively further fair housing practices. **(See Exhibit “C”)**.

Lead-Based paint regulations. All homes rehabilitated under this CHIP award which were built prior to January 1, 1978 will comply with the new regulation issued under sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X (“ten”) of the Housing and Community Development Act of 1992. Sections 1012 and 1013 of Title X amended the Lead-Based Paint Poisoning Prevention Act of 1971, which is the

basic law covering lead-based paint in federally associates housing. The new regulation appears within title 24 of the code of Federal Regulations as part 35 (24 CFR 35). **(See Appendix “K”).**

Property Inspections: Initial inspections will be performed by Varnadoe and Associates’ Rehabilitation Advisor. Work Write-ups will be prepared for rehabilitation activities to be performed meeting adopted minimum property standards and specifications. Write-ups will be accepted and approved by the applicant.

Periodic (approximately 2-4) inspections will be made by V&A’s Rehabilitation Advisor during construction.

After completing the initial inspection and/or during construction, the Rehab Advisor may choose to reconstruct certain houses that were determined for rehabilitation (as defined by local policy) in lieu of acquisition and relocation activities provided all the following conditions are met:

1. Reconstruction will be carried out in an area which is less than the community as a whole and housing rehabilitation is proposed as the major thrust of the project.
2. The estimated cost of reconstruction (constructing a replacement house on the same property) will be less than the estimated cost to purchase a comparable house (including land) that would be newly constructed elsewhere in the community’s jurisdiction.
3. The estimated cost of reconstruction will be less than the fair market value of the property after reconstruction (as determined by obtaining, prior to reconstruction, an appraisal of the projected value of the property including the reconstructed house).

Prior to approval by DCA of such a reconstruction activity is required.

During Rehabilitation: After a Housing Rehabilitation Construction Contract has been awarded and work has commenced, the Contractor and Rehab Advisor discover additional expensive work necessary to bring the property in compliance with the minimum property standards, such as replacing hidden rotten joists and sills or termite damage. If the estimated costs for the change order when added to the current contract amount will not meet the local “economic” feasibility test and the condition of the house does not meet the “structural” feasibility test, the community may decide “reconstruction” will be the most appropriate activity to undertake. At this point, the owner should issue a “stop order” and contact will be made with DCA for approval. If approved, the current Construction Contract will stay in effect with the same contractor. Non-Applicable items will be deleted from the existing Work Write-up and a new Work

Write-up for reconstruction will be incorporated into a change order. A cost estimate will be prepared and each item negotiated to determine reasonable costs.

Temporary Relocation: Another cost which will be addressed is temporary relocation to cover the moving and storage of furnishings and, if necessary, additional housing expenses incurred at the temporary dwelling. See attached **Exhibit “D”** for detailed information dealing with compliance with the Uniform Relocation Act and Section 104 (d) and URA benefits when temporary relocation is necessary. The owner must sign a statement that he/she did not incur any out-of-pocket expenses. (**See Exhibit “E”**).

See attached **Exhibit “F”** for additional terms defining Housing Conditions.

Change Orders: Change orders for additions or deletions to Bid and Proposal (Work Write-up) will be approved by V&A’s Rehabilitation Advisor, Owner, and Contractor prior to work performed or deleted.

Reporting and Verification of Applicant’s Income

The applicant’s gross income is reported on the application form submitted by the applicant. Verification of applicant’s income is made by V&A by the written authorization from the applicant.

H-14A-01 FUNDING METHOD/HOUSING REHABILITATION

Two funding methods will be employed by City of Darien to rehabilitate homes in the City.

LEVERAGE LOAN/DEFERRED PAYMENT LOAN

Program Description

Eligible residential property owners may receive a Leverage Loan to correct code violations and incipient. General property improvements may be made with the Leverage Loan proceeds as long as their cost is 40% or less of the total loan amount. **No CHIP funds will be paid for General Property Improvements.**

The conditions of the leverage loan subsidy are as stipulated in the recorded deferred payment loan repayment agreement.

Leverage Loans will be made available to qualified applicants. Leverage Loans are determined by the private lenders underwriting policies for loans of this type. Interest rates shall be determined by the lender. The term of the loan will also be determined by the lender.

Property ownership and income eligibility requirements for leverage loans include:

1. Property owners whose incomes do not exceed the very low or low income limits of an annual household income will occupy such property upon completion of the rehabilitation. Not less than twenty-five percent (25%) of the rehabilitation costs and soft costs will be leveraged with private lender funds. CHIP funds will leverage loans not to exceed \$30,000 per housing unit. The average amount of the CHIP loan is anticipated to be \$25,684.
2. The maximum amount of CHIP funding allowed for any manufactured home rehabilitation or reconstruction activity is limited to \$3,750.00. The total costs of repairs cannot exceed \$5,000. DCA approval is required to exceed this amount on an individual project basis. Homeowner must own land and manufactured home to qualify for funds.

It is not anticipated that any mobile home rehabilitation will occur, as the program is geared for stick built rehabilitation. No mobile home rehabilitation will be allowed under this program unless an extenuating Emergency warrants it. The City of Darien shall be the ultimate source in determining if an emergency.

Supplemental Funds for Rehabilitation Completion

In some instances, the required rehabilitation cost may exceed the total amount of the Leverage Loan or Deferred Payment Loan. In these cases, a Leverage Loan shall not be made unless the applicant can provide the additional amount needed to assure completion of the required work.

Supplemental funds shall be made available at the time of loan settlement.

Contingency

Approved applicant (if applicable) receiving rehabilitation assistance shall have a maximum of \$1,000.00 included in the total project cost to cover any cost overruns. Only code violation items will be addressed. Contingency can also provide for any loan related costs that occur after the financial assistance has been settled.

A Contingency fund will be set aside to handle defects and workmanship that may not be payable through individual contingency due to mitigating circumstances.

APPLICATION POLICIES AND PROCEDURES

All participants in the Rehabilitation Program will be required to complete an application. The application procedure enables V&A to determine the applicant's financial capabilities and the condition of the property. This enables the staff to determine eligibility and apply assistance programs to meet the needs of each property owner.

Application Procedure

Varnadoe & Associates, Inc. (V&A) oversees the application procedures. After the application is taken, a walk-through inspection of the house will be made to determine if the property is suitable for rehabilitation. Afterwards, the work write-up inspection will be scheduled if the property is found to be suitable for rehabilitation. The Rehabilitation Feasibility Test will be used to determine rehabilitation feasibility.

The application is a detailed document which shows the applicant's complete financial capabilities. All information given by the applicant regarding debts, income, and public assistance, and assets may be verified by V&A and/or Loan Approving Officer and is kept confidential. Assisting the property owner in completing the application and obtaining necessary verifications are time consuming and exacting processes.

The applicant will be required to submit to V&A the following information:

1. Proof of Income.
 - a) Previous two (2) years income tax returns (self-employed only); or
 - b) Employment pay stub with year to date income stated; and / or
 - c) Benefit letter for Social Security, SSI. Date of letter must be current.
2. Property ownership. Copy of Warranty Deed or other documentation of ownership; and
3. Property Taxes. A copy of the most current property tax receipts. Program funds will not be used to pay for back taxes; and
4. Property Hazard Insurance. Copy of current property hazard and casualty insurance.
5. Property Tax Assessment Record. Copy of property tax assessment record is required to determine age and current assessed value of the housing unit before rehabilitation.
6. Copy of Driver's License
7. Copy of Social Security Card
8. Application fee of \$35.00 payable to Varnadoe & Associates, Inc. for credit report fee and processing application.

Selection Consideration

The rehabilitation program is designed to address the needs of low and moderate income persons in City of Darien as described and identified in the CHIP application. Eligible applicants will be served on a first come basis and submission of all required documentation.

HOMEOWNERS

Eligibility Requirements

A. OWNERSHIP REQUIREMENTS

The applicant is the owner-occupant of the property located within City of Darien and holds title at the time application is made for the rehabilitation loan. The applicant must occupy the property and pay utilities. In the event the property is not occupied by the owner due to the deteriorated condition of the home and has been forced to reside outside of the home, the applicant may be determined eligible, due to circumstances, for housing assistance.

B. INCOME

Very low or low income applicants who meet program requirements shall be considered eligible for a deferred payment loan for $\frac{3}{4}$ of the rehabilitation costs (not to exceed CHIP funds in the amount of \$30,000 for site built or modular homes.

Low income applicants who meet program requirements shall be considered eligible for a deferred payment loan for $\frac{3}{4}$ of the rehabilitation cost not to exceed CHIP funds in the amount of \$3,750 for manufactured home & land.

Applicants income must fall within the low and moderate income limits. Income is defined (for computing eligibility) as stated in No. 15 of Definitions. * Refer to Very Low and Lower Income Guidelines.

C. TERMS AND CONDITIONS

1. Amounts of Loan

- a. The amount of the deferred payment loan will be based on the differential between the approved leverage loan amount and the total amount of rehab cost, including contingency. If the annual income is less than the low income limits, owner-occupants will be eligible for a 75% Deferred Payment Loan for rehab costs, not to exceed \$30,000.

CHIP funds will not exceed \$3,750 toward the rehabilitation or reconstruction of a manufactured housing unit for low or very low income households. DCA approval will be requested for CHIP funds needed exceeding \$3,750.

2. Terms of Loan

- a. The terms for a Leverage Loan shall be determined by the participating lending institution in conformance with their established underwriting policies. The total amount of the leverage loan will be based on the underwriting policies of the lender.
- b. The term of the DPL will be for a maximum of five (5) years for loans not exceeding \$14,999. The term of the DPL will be for a maximum of ten (10) years for loans from \$15,000 - \$30,000.

3. Interest Rate

- a. Zero percent (0%) interest shall be charged on a Deferred Payment Loan.
- b. The interest rate payable by the borrower to the lender shall be determined by the local lender.
- c. No adjustable rate loans will be acceptable for CHIP recipients. In the event an adjustable rate loan is requested, approval from DCA must be requested.

4. Repayment (DPL)

- a. Repayment shall not be required if the borrower occupies the property for the term of the leverage loan from the date of settlement, subject to certain restrictions.
- b. Conditions under which Repayment is required:
 - (1) Upon the sale of the property by the applicant, the loan shall be due and payable.
 - (2) Upon the death of the applicant, the inheritor shall repay the loan as follows:
 - (a) Lump sum; or
 - (b) With approval of City of Darien, loan benefits may be assumed by an inheritor who retains the house for the duration of the period of indebtedness, subject to certain restrictions.

(3) Unit ceases to be primary residence of owners.

c. Repayment Schedule

The Deferred Payment Loan shall be divided into equal payment to be repaid depending upon the length of time the borrower continues to own and occupy the property as their principal residence, subject to certain restrictions.

Example, on a \$14,999 loan for a 5 year period:

<u>Date of Mortgage</u>	<u>Repayment Amount</u>	
Within 12 months	100%	\$15,000
12-24 months	80%	12,000
24-36 months	60%	9,000
36-48 months	40%	6,000
48-60 months	20%	3,000
After 60 months	0%	-0-

Example, on a \$15,000 - \$20,000 CHIP loan for a 10 year period:

<u>Date of Mortgage</u>	<u>Repayment Amount</u>	
Within 12 months	100%	\$20,000
12-24 months	90%	18,000
24-36 months	80%	16,000
36-48 months	70%	14,000
48-60 months	60%	12,000
60-72 months	50%	10,000
72-84 months	40%	8,000
84-96 months	30%	6,000
96-108 months	20%	4,000
108-120 months	10%	2,000
After 120 months	0%	-0-

d. City of Darien will file a release of lien upon receipt of payment, or at the conclusion of the terms of the Deferred Payment Loan and Leverage Loan.

5. **Lead Base Paint Hazard Control.** All homes built prior to January 1, 1978 will be tested for lead base paint hazards. The cost including Lead Hazard Control Measures, lead test, risk assessment, clearance and project delivery cost will be a grant to the homeowner and not recorded as a lien on the home.

Project Delivery Cost for homes requiring lead inspections or possible risk assessment and clearance:

- a) Lead Project Delivery Cost in the amount of \$500 will be paid to program administrator for selecting, hiring and overseeing the clearance contract and work.
- b) Lead Project Delivery Cost in the amount of \$100 will be paid to program administrator for requesting the lead test and providing the lead report to homeowner for homes that do not have lead hazards.

All costs related to lead hazard control measures will be a grant to the homeowner. The homeowner will sign a Grant Agreement – Project Delivery Fee for Lead Hazard Reduction Cost for these costs.

Property Inspections (Rehabilitation)

The City of Darien Code Enforcement Department will perform inspections during the course of rehabilitation along with the Rehabilitation Specialist with Varnadoe & Associates, Inc. and the homeowner. Inspections include footers, HVAC, framing, rough electrical and plumbing, etc.

The building official will sign a Certificate of Final Inspection once all work has been completed for the project. The homeowner will sign a satisfaction statement that they are satisfied with the work performed by the contractors. CHIP funds will not be disbursed without proof of the required inspections.

Project close-outs – Final property inspections will be completed upon completion of project work. All work performed must meet City of Darien’s adopted minimum property standards (includes change orders, etc.)

Contractors must provide V&A with all warranties, plumbing, electrical, HVAC, and insulation certificates if applicable.

The final drawdown and the Contractor’s Completion Report will be submitted to DCA, if applicable.

Project Delivery Costs

Project Delivery Costs for any manufactured housing unit & land rehabilitated or reconstructed will not exceed \$750 per individual housing unit, if applicable.

Project Delivery Costs for stick built rehabilitation or reconstruction project will not exceed \$2,500 per unit as approved by DCA on February 27, 2008.

Project Delivery Costs for each unit will be a grant to the homeowner and not be included in the rehabilitation cost of the home. The project delivery cost will not be included in the rehabilitation cost to determine the amount of leverage needed for project. ***The Grant Agreement – Project Delivery Fee for homeowner will be signed by all recipients.***

Project Completion Reports will be submitted to the GA Department of Community Affairs/CHIP Division upon closeout of the project.

CONTRACTING

This section sets forth requirements and procedures with respect to rehabilitation contracts.

1. Contract Required

Rehabilitation financed through the program shall be undertaken only through a written contract between the contractor and the property owner. It is strictly a two party contract between the homeowner and contractor.

2. Type of Contract

The contract shall consist of a single document signed by the contractor and by the property owner only following the approval of the loan.

It shall contain a bid and proposal by the contractor, the general and special conditions, the work write-up, drawings, terms and conditions, progress payment schedule, and other exhibits as appropriate. (See Construction Contract and Standard Specifications for Residential Rehabilitation). **(See exhibit “G”).**

3. Establishing a List of Eligible Contractors

Only approved contractors shall participate in the rehabilitation program. City of Darien shall approve the contractor’s register after V&A has investigated and verified all information on the contractor’s application. The City reserves the right to reject any contractors with supporting documentation for their decision. This section sets forth procedures for establishing contract eligibility.

The Minority and Women owned businesses will be encouraged to participate in the CHIP Program. **(See MBE/WBE Outreach Plan – Exhibit “H”).**

a. Application

Any contractor interested in participating in the rehabilitation program shall submit a completed contractor’s application. The application shall contain the following information:

- (1) References from Banks, Savings and Loans, or other financial institutions with which the contractor has funds on deposit or from which the contractor has received a business loan.
- (2) References from subcontractors used by the contractor in previous jobs.
- (3) References from previous customers.

b. Action on Contractor’s Application

Upon receipt of applications and additional information from contractors, the contractor may be qualified after obtaining the following information:

- (1) Verification of the contractor’s licenses and registration status.
- (2) Verification of the contractor’s reputation and financial solvency by contacting lenders and other financial institutions, the Credit Bureau, suppliers and subcontractors.
- (3) Verification of the contractor’s quality of work, responsiveness to complaints, and reliability by contacting previous customers.

c. Deletion of Contractors from the Approved List

Contractors may be deleted from the approved list for one or more of the following reasons:

- (1) Continuous poor quality work;
- (2) Failure to maintain insurance;
- (3) Failure to pay subcontractors or material suppliers;
- (4) Withdrawal of bid without justification;
- (5) Failure to respond to complaints from homeowners;

- (6) Insolvency, bankruptcy, or other conduct or condition which has resulted in a monetary loss to a homeowner, labor or material suppliers or to the CHIP program in connection with the contract work;
- (7) Abandonment of a job or repeated failure to complete contract work within the specified period of time;
- (8) Contractor's conviction of a crime in connection with contract work or in connection with payment or receipt of funds administered by V&A; or
- (9) Failure to maintain current license and registration.

4. Contractor Selection Procedures

This section sets forth contractor selection procedures for the rehabilitation program.

Owners may select either one of the following methods for the rehabilitation of their property.

a. Open, Free Competitive Bidding

- (1) Only approved contractors shall be sent invitations to bid on rehabilitation jobs. Ten calendar days will be allowed between the date of bid announcement and the date of bid opening.
- (2) Any contractor acquiring a bid package shall pay a \$10.00 fee per bid package, payable to Varnadoe & Associates, Inc. (V&A).
- (3) The owner and City of Darien reserve the right to reject any and all bids.
- (4) If formal bidding procedures produce only one bid, the bid may be accepted at the discretion of the owner and City of Darien.
- (5) Contracts cannot be awarded to the low bidder if the Contractor has more than three (3) incomplete rehabilitation jobs at the time of the contract award. The City has determined that this requirement is for the best interest of the owners who may live in the houses during rehabilitation and need the construction to be completed in a timely manner.
- (6) In cases where lowest bidder has three open contracts, the owner and City of Darien may elect to award the bid to the next lowest bidder providing that his bid is within ten (10) percent of amount of V&A's cost estimate and the low bidder withdraws his bid in writing.

Property owner will award the Construction Contract to the “qualified” low bidder referred by City of Darien, provided City of Darien offers the following technical assistance:

- (1) Prepares cost estimate; and
- (2) Makes available a list of the current “Contractors Register”; and
- (3) Collects and summarizes all bids; and
- (4) Evaluates low bidder’s “Bid and Proposal”; and
- (5) Reviews low bidder’s qualifications (i.e. past work and financial background); and
- (6) Prepares all necessary contract documents.

Property Owner also understands that City of Darien will only recommend a “Bid and Proposal” for award from a responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

b. Negotiation

Property Owner may select a General Contractor of his or her choice provided, however, that the Contractor qualifies under City of Darien eligibility criteria and agrees to perform the work according to the Bid Document Specifications. Property Owner must also agree that the negotiated contract amount must prove to be reasonable and advantageous to the program as determined by City of Darien.

The homeowner may approve the proposal received providing the costs are within 10 % of the cost estimate prepared by V&A.

Recaptured CHIP funds by City of Darien

All CHIP funds returned to City of Darien disbursed from the FY 2008 CHIP Program resulting of a CHIP recipient defaulting under the terms of the CHIP loan is a return of initial CHIP investment. All recaptured funds will be returned to the Georgia Department of Community Affairs for placement in the DCA HOME Investment Trust Account.

CHIP Innovative Measures

Varnadoe & Associates, Inc. will provide housing services for each CHIP recipient (receiving CHIP assistance from FY 2008 CHIP Program) to insure that they are knowledgeable about the upkeep and maintenance of the home.

Project Completion Reports will be submitted to the GA Department of Community Affairs upon closeout of the project.

ARBITRATION PROCEDURES

In the event of a dispute which cannot be resolved by Program Administrators, property owners and/or contractors, and interested parties may present information to the members of City of Darien City Council who have been appointed on the Community Development committee. The City Attorney may be asked by the Committee to participate in the discussions and provide legal advice on the matter. The committee's decision shall be final and their decision will be executed as recommended.

49 CFR 24.103(a) STANDARDS OF APPRAISAL:

The format and level of documentation for an appraisal depends on the complexity of the appraisal problem. The City shall develop minimum standards for appraisals consistent with established and commonly accepted appraisal practice for those acquisitions which by virtue of their low value or simplicity do not require the in-depth analysis and presentation necessary in a detailed appraisal. A detailed appraisal shall be prepared for all other acquisitions.

A detailed appraisal shall reflect nationally recognized appraisal standards, including to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of the data, to support his or her opinion of value. At a minimum, the appraisal shall contain the following items:

- (1) The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumptions and limiting conditions affecting the appraisal.
- (2) An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, and adequate description of the remaining property), a statement of the known and observed encumbrances, if any title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
- (3) All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices. When sufficient market sales data are available to reliably support the fair market value for the specific appraisal problem encountered, the City, at its discretion, may require only the market approach.
If more than one approach is utilized, there shall be an analysis sufficient to support the appraiser's opinion of value.

- (4) A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- (5) A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property.
- (6) The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

The City shall establish criteria for determining the minimum qualifications of appraisers. Appraiser qualifications shall be consistent with the level of difficulty of the appraisal assignment. The City shall review the experience, education training, and other qualifications of appraisers, including review appraisers, and utilize only those determined to be qualified. State certification is required for appraisers who are required for acquisition of property.

CRITERIA FOR APPRAISALS

The minimum standards for appraisals and appraisers will be followed as detailed in HUD regulations 49 CFR Part 24-103 and Part 24-104, and State of Georgia Real Estate Appraiser Licensing and Certification Act O. C. G. A. 43-39A-1 through 43-39A-27. Copy of these regulations are attached and made part of Housing Policies.

PUBLIC AWARENESS

In addition to three (3) required public hearings on the Community Home Investment Program, other methods will be used to inform residents who live in City of Darien.

Such activities will include:

- 1) Newspaper Articles
- 2) Letters to Residents
- 3) Posting bulletins at local DFCS office, City Hall & USDA Rural Development office

FAIR HOUSING

City of Darien will adhere to the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988) and the Georgia Fair Housing Law, O. C. G. A., 8-3-200.

APPEALS

- (A) GENERAL. The City shall promptly review appeals in accordance with the requirements of applicable laws.
- (B) ACTIONS WHICH MAY BE APPEALED. Any aggrieved person may file a written appeal with the City in any case in which the person believes that the City has failed to properly consider the person's applications for assistance. Such assistance may include, but is not limited to, the person's eligibility for, or the amount of, a payment required under Uniform Relocation Assistance and Real Property Acquisition. The City shall consider a written appeal regardless of form.
- (C) TIME LIMIT FOR INITIATING APPEAL. The time limit shall not be less than 60 days after the person receives written notification of the City's determination of the person's claim.
- (D) RIGHT TO REPRESENTATION. A person has a right to be represented by legal counsel or other representative in connection with his or her appeal, but solely at the person's own expense.
- (E) REVIEW OF FILES BY PERSON MAKING APPEAL. The City shall permit a person to inspect and copy all materials pertinent to his or her appeal, except materials which are Classified as confidential by the City. The City may, however, impose reasonable conditions on the person's right to inspect, consistent with applicable laws.
- (F) SCOPE OF REVIEW OF APPEAL. In deciding an appeal, the City shall consider all pertinent justification and other material submitted by the person, and all other available information that is needed to ensure a fair and full review of the appeal.
- (G) DETERMINATION AND NOTIFICATION AFTER APPEAL. Promptly after receipt of all information submitted by a person in support of an appeal, the City shall make a written determination of the appeal, including an explanation of the basis on which the decision was made, and furnish the person a copy. If the full relief requested is not granted, the City shall advise the person of his or her right to seek judicial review.
- (H) CITY OFFICIAL TO REVIEW APPEAL. The City official conducting the review of the appeal shall be either the head of the City or his or her authorized designee. However, the official shall not have been directly involved in the action appealed.

Note: Exhibits and other documents described in these policies & Procedures are available for public review at the Darien City Hall during normal business hours; which are Monday thru Friday, 8:30 a.m. to 5:00 p.m.