

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

For the 2017 Cycle of the
Essential Single-Family Rehabilitation Loan Pool

What is the Essential Single Family Rehabilitation Loan Pool?

The Kerr-Tar Regional Council of Governments (“COG”) has been granted Membership by the North Carolina Housing Finance Agency (“NCHFA”) under the 2017 cycle of the Essential Single-Family Rehabilitation Loan Pool Program (“ESFRLP2017”). This program provides Members with funds via a “loan pool” to assist with the essential and critical repairs to single-family homes that are owned and occupied by lower-income households (less than 80% area median income) with one or more elderly, disabled or Veteran fulltime household members and/or a child under the age of 6 who is at risk from identified lead hazards in the home.

The objectives of the ESFRLP2017 program, as determined by NCHFA, are:

- 1) to promote equitable distribution of Program funds across the state;
- 2) to serve elderly, disabled and Veteran households and households with a child under the age of six whose health is threatened by the presence of lead hazards, with incomes at or below eighty percent (80%) of area median incomes;
- 3) to facilitate aging in place amongst elderly and disabled fulltime household members of eligible dwelling units through accessibility modifications;
- 4) to promote the long-term affordability and lower operating costs of ESFRLP assisted units through cost-effective, energy-efficiency measures;
- 5) to facilitate the continued development of rehabilitation management skills among recipient organizations across the entire state; and,
- 6) to ensure that all available program funds are invested within the limited time available.

As an ESFRLP2017 Member, the COG has been allocated for Person County an initial set-aside of \$175,000 which it plans to apply toward the rehabilitation of four or more houses within the County of Person, and/or any of its municipalities. After the demonstrated successful use of the initial set-aside, the COG may access additional funds, depending on availability, on a unit-by-unit basis from the ESFRLP2017 loan pool.

This Assistance Policy describes who is eligible for assistance under the ESFRLP2017 program, how applications for assistance will be rated and ranked, what the terms of assistance are, and how the rehabilitation process will be managed. The COG has designed the ESFRLP2017 project to be fair, open and consistent with its approved application for funding and with the NCHFA ESFRLP2017 Program Guidelines.

The funds provided by NCHFA come from the US Department of Housing and Urban Development’s (HUD) Federal HOME Investment Partnerships Program. The form of assistance for construction-related costs (hard costs) will be provided as no interest, no payment loans which are forgiven at the rate of \$3,000 per year. Non-construction-related costs (soft costs) will be provided in the form of a grant.

Who is Eligible to Apply?

Eligibility: The major requirements to be eligible for ESFRLP2017 assistance are:

- 1) The housing units to be rehabilitated with ESFRLP funds must be located in the County of Person, and/or any its municipalities, and must be owner-occupied. Ownership is defined as having an executed Deed of Trust giving fee simple or a 99 year leasehold interest in a one- to four-unit- dwelling, or in a condominium unit. **Rental units are not eligible.**

ASSISTANCE POLICY/Person County

- 2) The house must have a full-time household member who is elderly, disabled or a Veteran or a household with a child under the age of six whose health is threatened by the presence of lead hazards,
- 3) The gross annual household income must not exceed 80% of the area median income for Person County (see chart below)(as of 6/15/2017) and;

Number in Household	80% of Median Low Income
1	\$ 29,300
2	\$ 33,500
3	\$ 37,700
4	\$ 41,850
5	\$ 45,200
6	\$ 48,550
7	\$ 51,900
8	\$ 55,250

Income limits used will be those posted for the current year and modified only when the new income limits have been posted for the subsequent year.

- 2) The cost of rehabilitation cannot exceed the ESFRLP2017 Program Guideline limit of \$25,000. Unfortunately, not all homes can be brought up to the Program-required Rehabilitation Standards with the limited funding available. Some otherwise-eligible households may be deemed ineligible for assistance because their homes fail this test.

What Types of Houses Are Eligible?

Properties are eligible only if they meet all of the following requirements:

- 1. The property must require at least \$ 5,000 of improvements in order to meet ESFRLP2017 Essential Rehabilitation Standards as released by NCHFA.
- 2. The property must be free of environmental hazards and other nuisances as defined by the Person County Health Department or any such hazards or nuisances must be corrected as part of the rehabilitation of the unit. Kerr-Tar Regional COG Rehabilitation Specialist will determine whether there are environmental hazards/nuisances present on the site and if they can be removed with program assistance.
- 3. Properties cannot be located in the right-of-way of any impending or planned public improvements. Kerr-Tar Regional COG staff will assist in making this determination.
- 4. The property cannot be located on a site that is endangered by mudslides, landslides, or other natural or environmental hazards. Kerr-Tar Regional COG staff will work with the homeowner to make this determination, if needed.
- 5. On site stick built and off frame modular units will be eligible for consideration. Manufactured housing including mobile homes are not eligible for assistance.
- 6. The property cannot have been repaired or rehabilitated with public funding of \$25,000 or more within the past 10 years.
- 7. The property shall not be located in a flood hazard area (County will verify).

Kerr-Tar Regional Council of Governments
 2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

How Applications are Rated and Ranked?

There are many more ESFRLP-eligible households (with eligible houses) than can be assisted with the available funds than funds to assist with. Therefore, Kerr-Tar Regional COG has devised the following priority system to rank eligible applicants and determine which of them will be selected for assistance and in what order. Under this system applicants will receive points for falling into certain categories. The applications will be ranked according to which receive the most points. If there are more eligible applicants with eligible houses that can be treated with existing funding, Kerr-Tar Regional COG may be able to treat additional houses with unrestricted pool funds. Pool applicants will come from the original list and be considered according to which received the most points. If alternate pool applicants are not identified on the original list and must be solicited, the solicited, eligible, pool applicants will be selected on a first come first served basis.

**Priority Ranking System for Kerr-Tar Regional COG
 2017 Essential Single-Family Rehabilitation Program**

<i>Special Needs (for definitions, see below)</i>	<i>Points</i>
Elderly Head of Household (62 or older)	5
Disabled Head of Household	5
Veteran Head of Household	5
Child under six years of age with lead hazards in the home	5
Disabled, Elderly, and/or Veteran Household Member (<i>not Head of Household</i>)	2
<i>Income (See Income Table above)</i>	<i>Points</i>
Less than 30% of County Median Income	5
30% to 50% of County Median Income	3
50% to 80% of County Median Income	2

Definitions

- *Elderly*: An individual aged 62 or older.
- *Disabled*: An individual who has a physical, mental or developmental disability that greatly limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment.
- *Veteran*: An individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.
- *Head of Household*: The individual who own(s) the house.
- *Household Member*: Any individual who is an occupant (defined below) of the unit to be rehabilitated shall be considered a “household member” (the number of household members will be used to determine household size and all household members are subject to income verification).
- *Occupant*: An occupant is defined as any immediate family member (mother, father, spouse, son/daughter of the head of household who has resided in the dwelling unit for at least 6 months prior to the submission of the family’s application.

Recipients of assistance under the ESFRLP program will be chosen by the above criteria without regard to race, creed, sex, color or national origin.

Form and terms of assistance under ESFRLP2017:

The North Carolina Housing Finance Agency will provide assistance to those households selected for the project with a 0% interest, forgivable loan covering the hard costs associated with the rehabilitation of the home, as long as the owner resides in the home. The term of the loan is dependent upon the loan amount and the number of years it takes to bring Kerr-Tar Regional Council of Governments ESFR2017 Assistance Policy

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

the balance of the loan to \$0, when forgiven at \$3,000 per year. For example if the amount of the loan is \$25,000 then the term is 9 years (\$24,000 forgiven over the first 8 years and \$1,000 forgiven at the end of the 9th year).

The form of ESFRLP assistance is a loan for the hard costs and a grant for the soft costs. These will be two separate documents or sets of documents; Promissory Note and Deed of Trust for the loan portion, covering hard costs only and a Grant Agreement for the grant portion, covering the soft costs.

As long as the borrower lives in the home, no payments on the loan will be required. If the recipient prefers, the loan can be paid off at any time, either in installments or as a lump sum payment. Furthermore, under certain circumstances NCHFA may allow assumption or refinancing of the loan. Should an heir inherit the property and choose to live in the house as their permanent residence, they may assume the loan without being income eligible. However, the lien remains on the property. A buyer who may wish to buy the property to live in may assume the loan so long as they can document that they are income-eligible ($\leq 80\%$ AMI). Default can occur if the property is sold or transferred to another person and/or if the borrower fails to use the home as a principal residence, without prior written approval of the North Carolina Housing Finance Agency.

Program-eligible soft costs (items such as construction oversight, legal fees, document preparation, and recording fees, etc.) up to \$10,000 per unit will be provided in the form of a grant to the homeowner.

What kinds of work will be done?

Each house selected for assistance must be rehabilitated to meet all ESFRLP Essential Rehabilitation Criteria. The list of essential property standards to be met include:

- **SITE HEALTH AND SAFETY**
Site. The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.

- **BUILDING HEALTH AND SAFETY**
Dwelling. All areas and components of the housing must be free of health and safety hazards. These include, but are not limited to, air quality, electrical hazards, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or of garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).

- **BUILDING SPACE AND STRUCTURE STANDARDS**
Dwelling Unit. The dwelling unit must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, ceiling, doors, floors, kitchen, patio/porch/balcony, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

- **BUILDING SYSTEM STANDARDS**

Building Systems. Each dwelling unit's domestic water, electrical system, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, and operable. Any electrical, plumbing, heating or other utilities furnished to an accessory structure shall be free of health and safety hazards. Major building systems (e.g. structural support, roofing, cladding and weatherproofing, plumbing, electrical & HVAC) must have a remaining useful life of a minimum of five years.

- **ENERGY EFFICIENCY STANDARDS**

Air Tightness-Each dwelling unit shall be weatherproof and capable of being adequately heated. Insulation-Insulation shall be installed in ceilings to the insulation manufacturer's specifications with no gaps, voids, compression or wind intrusion. Insulation and the air barrier shall be installed in physical contact with each other. Accessible attics shall be insulated to R-38 or greater. Crawlspaces- All crawlspaces shall have a 100 percent ground cover of 6 mil thickness or greater.

These requirements are spelled out in full in the ESFRLP2017 Administrator's Manual which you may view, at reasonable times, upon request. You may contact the Kerr-Tar Regional COG office for access to the ESFRLP2017 Administrator's Manual. The manual is also available on the NC Housing Finance Agency's website, http://www.nchfa.com/sites/default/files/page_attachments/ESFRLP-16AdminManual.pdf

If after rehabilitation work required to comply with either the Essential Property Standards and/or the local Minimum Housing Code are completely accounted for in the budget and ESFRLP HOME funds remain, then additional rehabilitation work that matches closely the scope of listed Priority Projects may be addressed. Those priority projects include rehabilitation to increase or improve accessibility, health and/or safety.

It is anticipated that each home rehabilitated with ESFRLP2017 funds will, with reasonable maintenance, be capable of lasting another 5 years.

Of course, contractors performing work funded under ESFRLP2017 are responsible for meeting all local requirements for permits and inspections. All work done under the program must be performed to NC State Residential Building Code standards. (This does not mean, however, that the whole house must be brought up to Building Code Standards.) In those jurisdictions with an adopted minimum housing code, all units rehabilitated with ESFRLP funds must meet or exceed all local codes, rehabilitation standards, ordinances and zoning ordinances upon the completion of rehabilitation.

What about lead-based paint?

Until it was discovered to be a health hazard, the metal, lead, was used for centuries to make house paints. Now we know that lead exposure is a serious problem for everyone and especially small children. Selling lead paint was outlawed in 1978, but many older buildings still contain lead paint and children are still being poisoned.

Under ESFRLP2017, a lead hazard evaluation must be performed on every home selected for rehabilitation that was built before 1978. The specific type of evaluation and the appropriate lead hazard reduction work performed will depend on the total amount of Federal funds used to rehabilitate the home, as per 24 CFR Part 35. If required, lead-based paint hazard reduction and/or abatement will be performed by contractors who are trained and certified to perform such work.

It may be necessary for the household to relocate during the construction process for protection against further lead poisoning. If relocation is required, it shall be the responsibility of the homeowner to pay for relocation.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

Who will do the work on the homes?

Kerr-Tar Regional COG, is obligated under ESFRLO2017 to ensure that quality work is done at reasonable prices and that all work is contracted through a fair, open and competitive process. To meet these requirements, Kerr-Tar Regional COG will invite bids only from contractors who are part of an “approved contractors’ registry”. Additionally, all public communications about the project will contain an invitation for contractors to participate.

To be on the “approved contractors’ registry”, contractors must (1) complete the contractors’ application form, provide references and recent jobs completed, (2) submit all required documentation (proof of insurance,, etc.) applicable to the application, and (3) meet all reference requirements as it relates to quality of work, timeliness of completion, familiarity with grant funded housing rehabilitation programs. Contractors currently participating in housing repair programs with the Kerr-Tar Regional COG are not required to reapply, but may be asked to reapply if deemed necessary by the Kerr-Tar Regional COG staff.

Once a contractor has been conditionally approved and successfully completed one job, his or her status is upgraded to “regular approval”, meaning that they will be allowed to bid on a regular rotation as long as they remain in good standing. (Homeowners who know of quality rehabilitation contractors that are not on the approved contractors’ registry are welcome to invite them to apply.)

All approved contractors will be invited to bid on each job, and the lowest responsive, qualified and responsible bidder will be selected for the contract. “Responsive, qualified, and responsible” means the contractor (1) is deemed able to complete the work in a timely fashion, (2) that the bid is within 15% (in either direction) of Kerr-Tar Regional COG cost estimate, (3) there is no conflict of interest (real or apparent), and (4) has all required documentation and approved references on file with Kerr-Tar Regional COG. If required, lead based paint hazard reduction and/or abatement will be performed by contractors who are trained and certified to perform such work.

What are the steps in the process, from application to completion?

Now that you have the information about how to apply for the Essential Single-Family Rehabilitation Program, and have been given an idea of the type of work that can be done through the Program as well as information on the process for getting the work done, let’s look at the steps in the process:

- 1. Completing an application form:** The Kerr-Tar Regional COG will accept applications for ESFRLP2017 in two phases. During the first phase applications will be accepted within a specified period of time ending on a predetermined application deadline date. This initial group of applications will be ranked using the process outlined above (see Page No. 3). If funds are still available after making commitments to eligible applicants under phase one, Kerr-Tar Regional COG will accept additional applications and select eligible applicants on a non-competitive, a first-come, first-serve basis until there are no more funds. Proof of ownership and income will be required. Those who have applied for housing assistance from the Kerr-Tar Regional COG in the past will not automatically be reconsidered. A new application must be submitted.
- 2. Preliminary inspection:** Kerr-Tar Regional COG staff will visit the homes of persons found to be income and ownership eligible to determine the need and feasibility of the home for rehabilitation.
- 3. Screening of applicants:** Applications will be rated and ranked by Kerr-Tar Regional COG based on the priority system outlined on page 2. Household income will be verified for program purposes only (information will be kept confidential) and ownership of property will be verified by conducting a title search.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

From this review, site visits and home inspections will be conducted by the Kerr-Tar Rehabilitation Specialist based on the ranking system, from highest score to lowest score. Applications on the lowest end of the ranking system may not receive a home inspection unless deemed necessary. The dwellings will be inspected for deficiencies.

Based on the ranking system and the results of the home inspections, a list of program recipients will be developed. Successful applicants will be contacted and provided a timeline for the process. There will also be a list of alternates. If funds are still available after making commitments to eligible applicants under Phase one, Kerr-Tar Regional COG will accept additional applications and select eligible applicants on a non-competitive, first-come, first serve basis until there are no more funds.

Applicants not selected to receive ESFRLP2017 assistance will be notified in writing within 30 days from the date that Kerr-Tar Regional COG deems the selection process to be complete. The selection process is considered complete only when Kerr-Tar Regional COG has all the information needed to determine whether or not the selected applicants and alternates are eligible to be assisted under the ESFRLP project.

- 4. Applicant interviews:** Approved applicants will be provided detailed information on assistance, lead hazards, essential program rehabilitation standards and the contracting procedures associated with the Project at an informational interview. Before proceeding with the rehabilitation of their home, the applicant will be given five (5) days in which to decide whether to accept the loan and participate in ESFRLP or not. Applicants are encouraged to consult with family members and/or legal professionals in order to determine the best course of action for them.
- 5. Written agreement:** If the approved applicant chooses to proceed, a written agreement, the Homeowner Agreement, between the homeowner and Kerr-Tar Regional COG will be executed as part of the SFR Loan Application and Reservation Request procedure. This agreement will certify that the property is the principal residence of the owner, that the post-rehab value of the property will not exceed 95% of the 203(b) limits established by HUD and define the ESFRLP maximum amount and form of assistance being provided to the homeowner by Kerr-Tar Regional COG, the scope of work to be performed, the date of completion and the rehabilitation standards to be met.
- 6. Lead Testing:** Kerr-Tar Regional COG will arrange for a certified firm to inspect all the pre-1978 constructed homes for potential lead hazards. The owner will receive information covering the results of the tests and any corrective actions that will be needed as part of the rehabilitation.
- 7. Work write-up:** Kerr-Tar Regional COG Rehabilitation Specialist will visit the home again for a more thorough inspection. All parts of the home must be made accessible for inspection, including the attic and crawlspace. The owner should report any known problems such as electrical short circuits, blinking lights, roof leaks, etc. The Rehabilitation Specialist will prepare complete and detailed work specifications (known as the "work write-up".) A final cost estimate will also be prepared by the Rehabilitation Specialist and held in confidence until bidding is completed.
- 8. Bidding:** Bid Notices will be sent via email to all eligible contractors who are registered with Kerr-Tar COG and are in good standing. The Bid Notice will provide the location, date, time and time of the Pre-Bid Conference. Bidders interested in submitting a bid for the applicable property are required to attend the Pre-Bid Conference. The work write-up and bid documents will be released to contractors who attend the conference. The conference includes a required site inspection of the property. No access to the home will be provided to contractors outside of this inspection time.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

Contractors will be given no less than 10 days to submit their bid. Instructions for submitting bids will also be provided at the conference. The Pre-Bid Conference and the bid opening will be conducted at the Kerr-Tar Regional COG, 1724 Graham Avenue, Henderson, NC at a specified date and time, with all bidders and the homeowner invited to attend.

- 9. Insurance and Licensing:** The Contractor shall furnish Kerr-Tar Regional COG evidence of comprehensive liability insurance protecting the "Owner for not less than ONE HUNDRED THOUSAND DOLLARS (\$100,000); THREE HUNDRED THOUSAND DOLLARS (\$300,000) in the event of bodily injury, including death; FIFTY THOUSAND DOLLARS (\$50,000) in the event of property damage arising out of work performed under the Contract; Builders' Risk Insurance in an amount no less than the amount of the SFR contract; and evidence of Workmen's Compensation on all employees of himself and any subcontractor.
- 10. Contractor selection:** After review of bid breakdowns and construction schedules, the winning bidder will be selected. All bidders and the homeowner will be notified of 1) the selection of the winning bid; 2) the amount of the winning bid, 3) the amount of Kerr-Tar Regional COG cost estimate, and 4) the specific reasons for the selection, if other than the lowest bidder was selected.
- 11. Loan closing and contract execution:** Loan documents (Promissory Note and Deed of Trust) will be prepared by NCHFA and executed by the homeowner. Kerr-Tar Regional COG will facilitate the loan closing and recordation of these documents and forward the recorded documents to NCHFA. By law, homeowner's have the right to hire (at their own cost) legal representation of their choosing at the loan closing. Any cost in excess of the predetermined ESFRLP2017 allowance for such costs must be paid by the homeowner. If homeowner does not have "representation" at the closing, the borrower must sign a NCHFA, "Unrepresented Borrower Affidavit". Construction contract documents will be executed by the homeowner and contractor with Kerr-Tar Regional COG signing on as an interested third party. The contract documents will be executed by the homeowner, contractor and Kerr-Tar Regional COG as the interested third party at the pre-construction conference. All relevant Federal statutes and provision will be reviewed with the contractor and made a part of the contract. Execution of these documents will bind all parties and make the project official.

The Borrower must keep the property and all improvements constantly insured for the benefit of the Beneficiary against loss by fire, windstorm and such other casualties and contingencies, in the manner and with companies as may be satisfactory to Kerr-Tar Regional COG or the NCHFA. The amount of the insurance required by this provision is one hundred and ten percent (110%) of the amount of the loan secured by the Deed of Trust.

The Borrower must keep the County property tax up to date, as well as, maintain the property in a state of good repair for the life of the loan.

- 12. Pre-construction conference:** The homeowner, contractor and Kerr-Tar Rehabilitation program representative will participate in a Pre-Construction conference to discuss the details of the work to be done. Starting and ending dates will be agreed upon, along with any special arrangements such as weekend or evening work hours and disposition of any items to be removed from the home. Kerr-Tar Regional COG will issue a "proceed order" formally instructing the contractor to commence by the agreed-upon date.
- 13. Construction:** The contractor will be responsible for obtaining a building permit for the project before beginning work. The permit must be posted at the house during the entire period of construction. Program staff will closely monitor the contractor during the construction period to make sure that the work is being done according to the work write-up (which is made a part of the rehabilitation contract by reference) and in a timely fashion. Local Code Enforcement Officials will inspect the work for compliance with NC State Building Code. The

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

contractor will be required to schedule all necessary inspections. The homeowner will be responsible for working with the contractor toward protecting personal property.

- 14. Change Orders:** All changes to the scope of work must be approved by the owner, the contractor, Kerr-Tar Regional COG Rehabilitation Specialist, Grants Administrator, and, if in excess of \$500 the Kerr-Tar Regional COG Executive Director, and reduced in writing to a contract amendment ("change order"). If the changes require an adjustment in the contract amount, the amount must be specified in the change order.
- 15. Progress payments:** All work must be inspected by the Rehab Specialist, a Building Inspector (if a building, electrical, plumbing or HVAC permit was required), and the homeowner prior to any payments to the contractor. The Grant Administrator or designee shall perform an initial inspection, mid-contract inspection and final inspection on each house contracted. If all work is deemed satisfactory and all other factors and written agreements are in order, payment shall be issued upon presentation of an original invoice from the contractor.

If any of the work is deemed unsatisfactory, it must be corrected prior to authorization of payment. If the contractor fails to correct the work to the satisfaction of the Grant Administrator and Rehab Specialist, payment may be withheld until such time as the work is determined to be satisfactory.

The contractor shall be entitled to progress (partial) payments and which may be requested by the contractor in accordance with the following plan:

Payment #	% Work Completed	% Payment Request
1	35%	25%
2	65%	30%
3	100% (all required documents must be submitted and punch list items resolved)	35 % (10% held for 45-day warranty)
4	100%	10%

At thirty-five percent (35%) completion, (twenty-five percent (25%) of contract amount is to be requested; sixty-five percent (65%) completion (an additional thirty percent (30%) is to be requested making a total of fifty-five percent (55%) of the contract amount); at one hundred percent (100%) completion, an additional thirty-five percent (35%) of the contract amount should be requested. Before the third payment (35%) will be approved for payment, the Contractor must have executed and submitted to Kerr-Tar Regional COG any documents pertinent to verify the completion of the contract and complete all punch list items identified at close-out. The required documents are to include, but are not limited to: a certificate of completion, release of liens; verification of final inspections from County Inspection Office including plumbing/heating/electrical inspections, certificate of occupancy, lead based paint clearance documentation; and warranty documents. A total of ninety percent (90%) of the contract amount will have been requested.

The final ten percent (10%) will be held for 45 days after the project is complete. This allows the contractor time to address any additional punch list items identified since the walk-through. Upon approval of all work items by the homeowner, Kerr-Tar Regional COG, and the County Inspectors of all respective trades, and upon receipt of all required documentation the final ten percent (10%) will be paid according to the regular pay schedule. If the contractor refuses to correct punch list items in a timely manner, both the third payment (35%) and the final payment (10%) will be used to hire another contractor to complete the work. Timely is defined as no more than 10 days following the request.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

Invoices for payment, once deemed eligible for payment, will be provided to the Kerr-Tar COG for direct payment to the Contractor.

- 15. Time of Commencement and Completion of Work:** The contractor should begin work under the contract within five calendar days of the day stipulated in the written "Notice to Proceed" which shall be issued by Kerr-Tar Regional COG on the owner's behalf after all project funding has been encumbered and/or the pre-audit statement signed by the Finance Director of Kerr-Tar Regional COG.

That work shall be satisfactorily completed by the Contractor within sixty (60) working days of the stipulated date of commencement. Time is of the essence.

- 16. Contract Time Extensions:** Sixty working days (60) for completion of the work described herein is a reasonable time, taking into consideration the prevailing climatic and economic conditions. Time extensions shall be granted to the Contractor only for the following reasons:

- A. Unforeseeable causes beyond the control and without fault or negligence of the Contractor, including but not limited to, acts of the owner or Kerr-Tar Regional COG, fires, floods,
- B. epidemics, quarantine restrictions, strikes, freight embargoes and abnormal and unforeseeable weather;
- C. Any delays of subcontractors occasioned by any of the causes specified in paragraph A, above; and/or,
- D. Delays caused by the addition of work to the contract through Change Orders.

Kerr-Tar Regional COG will determine a reasonable length for the contract extension time.

- 17. Guarantee of Materials and Workmanship:** All work by Contractors shall be done in a good and workmanlike manner, using quality materials. The work must be done of a quality meeting the standards current in the N.C. Uniform Residential Building Code. The contractor will be expected to correct any defect or deficiency that may occur or become evident during the period of twelve (12) months from and after the date of execution of the Certificate of Final Inspection.

Any damage to the building, grounds or appurtenances that is the result of the construction work performed by the Contractor will also be corrected by the Contractor at no cost to the Owner or Kerr-Tar Regional COG. The Contractor shall furnish Kerr-Tar Regional COG with all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment under the contract. The written guarantees and warranties will be copied by Kerr-Tar Regional COG. The original will be presented to the Owner and a copy put in files maintained by Kerr-Tar Regional COG.

- 18. Protection of Personal Property:** The contractor shall exercise proper precaution at all times for the protection of personal property, on or off the site, which occur as a result of performance of the work. The Contractor shall keep the premises reasonably clean and orderly during the course of the construction and, if the house is occupied, the Contractor shall make every effort to minimize disruption of the occupants' daily routine. The Contractor shall remove debris as it is generated so as to reduce the risk of accidents, infestation and/or damage to plants/lawns. All debris shall be removed from the site prior to final payment. (Unless otherwise agreed, all material and equipment that have been removed and/or replaced as a part of the work herein described shall belong to and be the responsibility of the contractor).

The Contractor shall take or have taken any and all necessary precautions to prevent undue exposure to workmen and/or occupants to occupational health hazards such as solvents, asbestos, dust, fumigants, etc. No lead-based paint shall be used by the contractor, and no existing lead-based paint shall be disturbed (through sanding or scraping or with heat guns or solvents, etc.) except in full compliance with OSHA regulations.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

19. Resolution of Disputes: Although the application process and rehabilitation guidelines are meant to be as fair as possible, Kerr-Tar Regional COG realizes that there is still a chance that some applicants or participants may feel that they are not treated fairly. The following procedures are designed to provide an avenue for resolution of complaints and appeals.

During the application process:

- 1) If an applicant feels that his/her application was not fairly reviewed or rated and would like to appeal the decision made about it, he/she should contact the Kerr-Tar Regional COG Grant Administrator, within five days of the initial decision and voice their concern. If the applicant remains dissatisfied with the decision, the detailed complaint should be put into writing.
- 2) A written appeal must be made within 10 business days of receipt of the initial decision on an application.
- 3) The Kerr-Tar COG will respond in writing to any complaints or appeals within 10 business days of receiving written comments.

During the rehabilitation process:

- 1) If the Owner feels that construction is not being completed according to the contract, he/she must inform the contractor and the Kerr Tar Regional COG Rehabilitation Specialist.
- 2) The Rehabilitation Specialist will inspect the work in question. If they find that the work is not being completed according to the contract, the Rehabilitation Specialist will review the contract with the Contractor and ask the Contractor to correct the problem.
- 3) If problems persist, a mediation conference between the Owner and the contractor may be convened by the Rehabilitation Specialist and facilitated by Kerr-Tar Regional COG Executive Director.
- 4) Should the mediation conference fail to resolve the dispute, the Kerr-Tar COG Executive Director will render a written final decision.
- 5) If the Rehabilitation Specialist finds that the work is being completed according to contract, the complaint will be noted and the Rehabilitation Specialist and the Owner will discuss the concern and the reason for the Rehabilitation Specialist's decision.

In the event that there is any question or dispute with respect to the interpretation or the manner of implementation of housing rehab contracts or related documents or relating to the execution, progress and completion of, or payment for the work, the Owner and the Contractor agree that Kerr-Tar Regional COG shall resolve any such dispute in accordance with the General Conditions hereto and such resolution shall be final and binding upon the parties. If formal resolution becomes necessary, Kerr-Tar Regional COG Executive Director shall provide a written Finding to each party within ten (10) calendar days.

20. Non-Assignment of Contracts: The Contractor shall not assign his/her contract to any other contractor.

21. Owner's Responsibilities: The Owner shall permit the Contractor to use, at no cost, existing utilities such as light, heat, power and water necessary to carry out and complete the work. The Owner shall cooperate with the Contractor to facilitate the performance of the work, including packing of all household goods for removal and storage during the course of the work.

22. Temporary Relocation: Homeowners may be temporarily relocated during the construction period to protect the household members from dangers inherent in the construction process. The temporary relocation time will be

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

adjusted for circumstances beyond the contractor’s control. If relocation is required, it shall be the responsibility of the homeowner to pay for relocation.

- 23. Closeout:** When the contractor declares the work complete, the homeowner and the Rehabilitation Specialist will thoroughly inspect the work. If deficiencies are observed, a punch list will be developed by the Rehabilitation Specialist and the contractor will be required to make the repairs. When the homeowner and the Rehabilitation Specialist is satisfied that the contract has been fulfilled, the homeowner will sign a certificate of satisfaction and Rehabilitation Specialist will sign a certificate of final inspection. After receipt of the contractor documents referenced is number 13 above and the final invoice, the final ten percent (10%) payment will be ordered. All material and workmanship will be guaranteed by the contractor for a period of one-year from the date of The Certificate of Final Inspection.

- 23. Post-construction conference:** Following construction, Kerr Tar Regional COG staff will provide owner's manuals for equipment and warranties will be presented to the homeowner by Kerr Tar Regional COG staff.

- 24. Final loan amount determination:** If, upon completion of all rehabilitation work, the contract price has changed due to the effect of change orders, NCHFA will execute and record the appropriate documents to reflect the resulting increase or decrease in the original loan amount. The loan will remain the property of NCHFA, with original documents remaining there for storage and “servicing”.

- 25. The warranty period:** It is extremely important that any problems with the work that was performed be reported by the homeowner to the Grant Administrator or Rehabilitation Specialist as soon as possible. All bona fide defects in materials and workmanship reported within one year of completion of construction will be corrected by the Contractor at no cost to the homeowner or Kerr-Tar Regional COG.

Project Marketing Strategy: Several methods will be used to make the public aware of the NCHFA ESFRLP2017 Project and to garner interest in the project. A press release will be issues to the local media announcing the Project, as well as, the place, dates, and time applications will be accepted. Direct outreach will be done by means of flyers posted in public buildings frequented by potential applicants. Referrals from others such as previous SFR participants, non-profit agencies, social service agencies, contractors, building supply houses, etc. will also be encouraged.

How do I request an application?

Applications are also available at the following locations:

Person County Senior Center	City of Roxboro Office	Person County Office Building
87 Semora Road	105 South Lamar Street	304 South Morgan Street
Roxboro, NC 27573	Roxboro, NC 27573	Roxboro, NC 27573

By calling: Kerr-Tar Regional Council of Governments
(252) 436-2040

Log on the Kerr-Tar COG website at www.kerrtarcog.org

Will the applicant information provided remain confidential? Yes. All information in applicant files will remain confidential. Access to the information will be provided only to Kerr-Tar Regional COG employees who are directly involved in the program, the North Carolina Housing Finance Agency, the US Department of Housing and Urban Development (HUD) and auditors.

Kerr-Tar Regional Council of Governments
2017 NCHFA/ESFRLP Rehabilitation Loan Pool
ASSISTANCE POLICY/Person County

What about conflicts of interest? No employee or board member of the Kerr-Tar Regional COG, or entity contracting with Kerr-Tar Regional COG, who exercises any functions or responsibilities with respect to the ESFRLP2017 project shall have any interest, direct or indirect, in any contract or subcontract for work to be performed with project funding, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. Relatives of Kerr-Tar Regional COG employees, or of Kerr-Tar Regional COG board members and others closely identified with Kerr-Tar Regional COG, may be approved for rehabilitation assistance only upon public disclosure before the Kerr-Tar Regional COG board of directors and written permission from NCHFA.

What about favoritism? All activities under ESFRLP2017, including rating and ranking applications, inviting bids, selecting contractors and resolving complaints, will be conducted in a fair, open and non-discriminatory manner, entirely without regard to race, creed, sex, color or national origin.

Who can I contact about the ESFRLP2017 program? Any questions regarding any part of this application or program should be addressed to:

Diane Cox, Executive Director
Kerr-Tar Regional Council of Governments
Post Office Box 709
1724 Graham Avenue
Henderson, NC 27536
(252) 436-2040

This Assistance Policy is adopted this 23rd day of March, 2017.

Board Chairman

Secretary to the Board