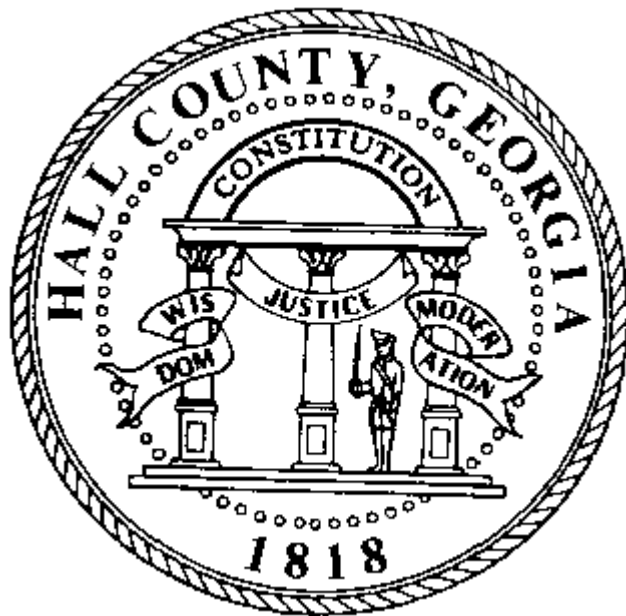


**HALL COUNTY ADMINISTRATION
HOUSING REHABILITATION
ASSISTANCE:
2011-2012 CHIP PROGRAMS
POLICY AND PROCEDURES**



Equal Housing Opportunity

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I. PROGRAM PURPOSE

- a. The purpose of the CHIP Program is to assist homeowners who make less than 50% of AMI, as established by HUD, with financing to rehabilitate their homes to the International Standard Building Code.
- b. The objective of Hall County’s CHIP Program is to provide decent, safe and sanitary housing to low-to-moderate homeowners who qualify.
- c. The goal of the CHIP Program is to rehabilitate eligible owner-occupied houses.
- d. The targeted eligible recipients for this program are located within Census Tracts 7 and 11 and other areas of Hall County as per the grant application.

II. SOURCE OF FUNDING and ADMINISTRATIVE REQUIREMENTS

Hall County Administration Housing Division occasionally receives funding from the Georgia Department of Community Affairs CHIP program to carry out housing activities. These funds are competitive and Hall County looks for these funds to further enhance the successful programs that are already active in Hall County. Hall County has received CHIP funds for over a decade and has seen a tremendous amount of success. It is very important part of the planning by the Hall County Board of Commissioners to continue to apply and receive these highly competitive CHIP funds to help homeowners with necessary repairs. In addition, guidelines and requirements are determined by DCA and may change each grant cycle. CHIP funds may be combined with other sources such as CDBG and/or nonprofit funding.

- a. On May 1, 2012, Hall County received an award of \$306,000 in funds from the Georgia Department of Community Affairs through the Community Housing Investment Program (CHIP). Approved budget:

Approved Budget	
Homeowner Rehabilitation Assistance Project Funds	\$300,00.00
General Administration Funds	\$6,000.00
Total Award	\$306,000.00

- b. Hall County’s program will be administered and implemented in accordance with the “Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” which is set forth in the Code of Federal Regulations (24 CFR Part 85) and is referred to as the federal Common Rule.
- c. The program will also be implemented according to the General and Special Conditions for Hall County CHIP award and the latest edition of the Georgia DCA - CHIP Recipient’s Manual. To the greatest extent possible, forms used in program administration and implementation will be those that appear in the latest version of the CHIP Recipient’s Manual.

III. DEFINITIONS

The following are definitions of various terms as used with respect to CHIP program:

Area Median Income - shall mean the median income for the area wherein the project is located, which area median income is determined annually by HUD.

Business Day - shall mean any day on which Hall County is open for the transaction of business.

CDBG –shall mean the federal affordable housing program “Community Development Block Grant” created under Title I of the Community Development Act of 1974, as amended to develop viable communities through improvement of living conditions and expansion of economic opportunities in cities and counties, principally for persons of low and moderate income.

CHIP – Community HOME Investment Program awarded by the Georgia Department of Community Affairs from the federal affordable housing HOME Program.

DCA - shall mean the Georgia Department of Community Affairs, or any successor thereto.

Deferred Payment Loan (DPL)- A zero (0) percent interest loan by city of Gainesville to extremely low and very low income (<50% of AMI) owners of private properties for a period of affordability set by the DCA CHIP guidelines after which the loan will be forgiven.

Dwelling - means the place of permanent or customary and usual residence of a person, according to local custom or law, including a single-family house; a single-family unit in a two-family, multifamily, or multi-purpose property; a unit of a condominium or cooperative housing project; a non-housekeeping unit; a mobile home; or any other residential unit.

Economic Feasibility Test: If the estimated cost of rehabilitation is greater than 75% of the estimated repaired value of the dwelling, it shall be determined that rehabilitation is not economically feasible.

Extremely to Very Low: For the purposes of the 2012 CHIP Rehabilitation Assistance Program, Low/Moderate income households are defined as those whose combined Gross Family Income (the total income of all persons 18 and over who live in the household and are employed) does not exceed 50% of the area median income adjusted for family size as set by HUD. A copy of the current limits is attached as Exhibit A.

HOME Program - shall mean the federal affordable housing program created under Title II of the Cranston-Gonzalez National Affordable Housing Act, Pub. L. 101-625, as the same may be amended from time to time.

HOME Regulations - shall mean the regulations, as the same may be amended from time to time, promulgated by HUD and/or DCA under the HOME Program and which regulations currently appear at Title 24 Part 92 of the Code of Federal Regulations.

Housing Information Specialist – means a person acting as an agent of Hall County responsible for inspections, work write-ups, project specifications and construction monitoring of the rehabilitation project.

Housing Construction Specialist – a person to work with the Housing Information Specialist to coordinate and provide oversight work of the housing rehab, demolition, new construction, flood rehabilitation, weatherization and heating projects for the Hall County Housing Programs. This person will monitor NSP and CHIP construction sites to ensure requirements of federal labor standards are followed.

HUD - shall mean the United States Department of Housing and Urban Development, or any successor thereto.

Resource Development and Program Manager - Represents Hall County in regards to the overall administration and compliance with HOME funds ensures the compliances and procedures are properly updated approved and followed. The Resource Manager will maintain open communication with the Program Manager at DCA to make sure that the required policies and procedures are in accordance with what is required by DCA.

HUD Cost-Effective Energy Conservation Standards (5/10/79) And Georgia State Energy Code (1985): All rehabilitation work will meet these standards. Copies of these are available at the Building Inspection Office.

Lead-Based Paint Hazard Elimination: CHIP funds can only be used in accordance with 24 CFR Part 35, and the lead-safe requirements of the Georgia Department of Community Affairs and the U.S. Department of Housing and Urban Development.

- A. Prohibits the use of lead-based paint.
- B. The minimum level of Lead Hazard Control required. The minimum required level of Hazard Control is broken down into three categories according to the amount of Federal assistance (CHIP) per unit. The following chart describes the three levels of activity:

REHABILITATION Subpart J				
Amount of Federal Assistance	<\$5000	\$5000-\$25,000	>\$25,000	
Approach to Lead Hazard Evaluation and Reduction	DO NO HARM	Identify and Control Lead Hazards	Identify and Abate Lead Hazards	
Notification	YES	YES	YES	
Lead Hazard Evaluation	Paint Testing	Paint Testing and	Paint Testing and Risk	

	(on surfaces to be disturbed only)	Risk Assessment	Assessment
Lead Hazard Reduction	Repair Surfaces Disturbed During Rehabilitation	Interim Controls	Abatement (Interim controls on Exterior Surfaces not Disturbed by Rehabilitation)
Clearance Requirement	Clearance of work Site	Clearance of Unit	Clearance of Unit

MBE/WBE - shall mean minorities- and women-owned business enterprises.

Minimum Property Standards (MPS): shall mean the locally adopted International Residential Code for One- and Two- Family Dwellings in its entirety, which contains the following Mandatory Codes: Standard Building Code; National Electrical Code; Standard Gas Code; Standard Mechanical Code; CABO One-and-Two Family Dwelling Code; Georgia State Energy Code for Buildings; Standard Fire Prevention Code; and Standard Plumbing Code. The locally adopted code also contains the Standard Housing Code in its entirety. These codes have been adopted with the Georgia Amendments and are available at the Building Inspection Office. Houses that are eligible for or on the National Register of Historic places must be rehabilitated in compliance with the Programmatic Agreement among the Georgia Department of Community Affairs, the Georgia State Historic Preservation Office and the Advisory Council on Historic Preservation and other Environmental Protection Regulations.

Period of Affordability: The length of time which restrictions on the use and occupancy of the CHIP-assisted property are placed based on the requirements of the federal HOME regulations at 24 CFR Part 92. The length of the CHIP program’s period of affordability is based on the amount of funds received by the property owner and is as follows:

- a. Less than 14,999 6 years
- b. \$15,000 - \$40,000 11 years
- c. More than \$40,000 16 years

Person - means any family, individual, business, or nonprofit organization (including any corporation, partnership or association) or farm. It includes any entity with personal property on the project site.

Project - means any activity or series of activities undertaken with 2011- 2012 CHIP funds where financial assistance received or anticipated in any phase. Additional guidance is contained in some DCA program rules.

Qualified Appraiser - means one who is permitted by law and qualified by experience to perform the services to be furnished under the agreement.

Qualified Review Appraiser - means a person with experience in property acquisition under the Uniform Act and CDBG project.

Squatter - means a person occupying real property without the permission of the owner and otherwise has no legal right to occupy the property under state law.

Standard Condition: The structural/mechanical conditions of a dwelling that complies with the city's housing code.

Substandard Condition: The structural/mechanical conditions of a dwelling that do not comply with the city's housing code.

Substandard Condition Suitable for Rehabilitation: The structural/mechanical condition of a dwelling that does not comply with the city's housing code but the dwelling is both structurally and economically feasible for rehabilitation.

Work Write-up - means a detailed list of work items that must be completed to bring a dwelling or property up to a minimum standard.

IV. ELIGIBILITY REQUIREMENTS

A. Borrowers and Property

1. DPLs may be made only to owners of record of the property to be rehabilitated.
2. The property to be rehabilitated must be the primary residence of the owners of record.
3. The property must be located within any boundaries in Hall County for 2011 and Census Tracts 7 and 8 for 2012 CHIP funds.
4. The property must need rehabilitation to meet the requirements of State/local housing and building codes, or the State of Georgia Architectural Accessibility Standards. The owner must permit inspection of the property by representatives of Hall County during normal business hours for the duration of the DPL.
5. All dwelling units rehabilitated under the program must be occupied by persons or families earning less than 50 % of the current HUD income limits for owner occupants.

B. Interest of Local Government Officials or Employees of Hall County

1. **Conflicts Prohibited.** No persons described in paragraph (2) below who exercise or have exercised any functions or responsibilities with respect to activities assisted with CHIP funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a CHIP assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or in the proceeds there under, either for themselves or

those with whom they have family or business ties, during their tenure or for one year thereafter. (e.g., prohibited individuals include but are not limited to a father, father-in-law, son, son-in-law, brother, or brother-in-law of an owner, agent or employee of a private company administering a CHIP program wishing to participate as a contractor under the CHIP program.)

2. **Persons Covered.** The conflict of interest provisions of paragraph (1) above apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the State Participating Jurisdiction (DCA, State Recipient, Sub-recipient, or administering agency (including consultants, etc.) which are receiving or administering CHIP funds.

3. **Exceptions: Threshold Requirements.** Upon the written request, the Georgia Department of Community Affairs (DCA) may grant an exception to the provisions of paragraph (1) above on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of DCA's HOME program or project. An exception may be considered only after DCA has provided to the United States Department of Housing and Urban Development (HUD) the following (received from the State Recipient):
 - (a) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - (b) An opinion of the State Recipient's attorney that the interest for which the exception is sought would not violate State or local law.

4. **Factors to be considered for Exceptions:** In determining whether to grant a requested exception after the State Recipient has satisfactorily met the requirement of paragraph (2) above, DCA and HUD will consider the cumulative effect of the following factors, where applicable:
 - (a) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 - (b) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit

such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (c) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- (d) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (e) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (f) Any other relevant considerations.

V. ELIGIBLE ACTIVITIES

- A. As previously stated, heating, plumbing, electrical and structural code violations must be corrected. At the completion of the project, all units must meet Minimum Property Standards (MPS) as established by Hall County Government, DCA, and HUD. See definitions found in Glossary. Examples are as follows:
 - 1. Rewire unit or adding outlets, G.F.C.I. outlets, light fixtures, meter base or service panels.
 - 2. Re-plumb, complete or partial, waste and supply lines, plumbing fixtures repaired or replaced.
 - 3. Furnace repair or replacement.
 - 4. Roof to foundation structural repairs and improvement.
- B. The correction of all potential code violations with regard to the aforementioned areas is required. Safety and sanitation requirements outlined in the Standard Housing Code are also required.
- C. Items that would assist with the conservation of energy or to minimize utility costs incurred by the owner include:
 - 1. Storm windows and doors;
 - 2. Weather stripping; and
 - 3. Insulation.

- D. Accessibility improvements for disabled persons (whether to comply with ADA requirements or otherwise);
- E. Abatement of lead based paint hazards;
- F. Repairs and/or replacement of major housing systems in danger of failure; and
- G. General property improvements (in accordance with DCA policy) which are non-luxury in nature. General property improvements are eligible as a part of the project however, funding for these improvements must be solely from "other or leveraged" funds in an amount up to 40% of the leveraged funds. General property improvements cannot be made with CHIP funds.

VI. INELIGIBLE ACTIVITIES

- A. The acquisition of any real property that is not permanently affixed to the structure;
- B. The payment of outstanding debt which includes taxes, liens, utilities or insurance;
- C. The cost of new construction or room additions that are not currently a part of the structure's existing floor plan unless such additions or remodeling have borrower health or handicapped access justification; (However, see Section IX.A.6.)
- D. Landscaping for cosmetic appearance. However, landscaping or backfill around foundations to alleviate problems with surface water would be an allowable expense;
- E. Amenities unrelated to the provision of safe, decent, and sanitary housing such as, but not limited to:
 - 1. Hot tubs/steam rooms;
 - 2. Fireplaces; and
 - 3. Skylights/roof windows.

VII. MARKETING

In accordance with the HOME regulations at 24 CFR Part 92.351, the Housing Division will further fair housing practices as outlined in the city's Affirmative Fair Housing Marketing Plan. Reasonable efforts will be made to encourage the use of minority and women owned business enterprises as outlined in the city's Minority- and Women-Owned Business Outreach Plan (MBE/WBE). The program will be marketed by the following methods, which are not all inclusive:

1. News Releases in *'The Times'* (English language), *Mexico Lindo* (Spanish language) Newtown Florist Club, Inc. publications (African-American target population);
2. Posters placed in local businesses where potential applicants shop and are employed;
3. Press releases to local English and Spanish radio stations;
4. Publicity on Government TV channel;
5. Bilingual brochures and flyers sent to lenders, real estate agents, contractors, local government officials, churches, DFACS Office and social service agencies.

VIII. APPLICATION INTAKE

- A.** Any potential applicant(s) for the CHIP funds will be required to answer preliminary application questions for the purpose of determining eligibility. The criteria for determining eligibility include verification of income, homeowners' insurance, and ownership of the property for rehabilitation. The department will also order a title search, credit report and any additional loan application processing deemed necessary.
- B.** The applicant(s) name(s) will be maintained on file as long as funds are allocated for this program. However, every months (6) months, the applicants(s) will be contacted to determine if they are still eligible. This process will include, but not limited to, re-verification of income, family size, and homeowners' insurance, etc.
- C.** The Department will order an inspection of the property to be done either by the Hall County Building Inspector or the Building Official's office to determine if rehab is feasible.

IX. TERMS AND CONDITIONS FOR DEFERRED PAYMENT LOANS

A. Use of the DPL

1. All proceeds of the program shall be utilized only to finance the cost of alterations, repairs and improvements directly attached to the dwelling structure, as determined by the Department or its designees.
2. Costs associated with securing the loan, e.g., credit reports, appraisals, title work, surveys, recording fees and attorney fees can be included in the amount of the loan.
3. Any and all code violations (i.e., electrical, heating, plumbing, etc.) will be required to be brought to current code at the time the rehabilitation work is completed.
4. Refinancing of the following existing debts will not be considered an allowable use of funds:
 - (a) Taxes/Liens;
 - (b) Insurance; and
 - (c) Utilities.

5. The following represents the order in which eligible repairs, alterations and improvements will be prioritized:
 - (a) Present heating, plumbing, electrical, and structural code violations;
 - (b) Potential code violations;
 - (c) Handicapped accessibility improvements
 - (d) Energy conservation; and
 - (e) Interior/exterior cosmetic deficiencies.

6. Room additions or major remodeling, as determined by the Hall County Housing Administration Housing Team, will not be considered eligible or allowed to be undertaken with the proceeds of this loan, unless such additions or remodeling have borrower health or handicapped access justification, as determined by the Department HUD and DCA.

B. Description of Financing

Participants approved to receive these funds do not automatically qualify for the maximum amounts.

All loans/grants must be reviewed and approved by the Hall County Administration Housing Team staff. The *Housing In-take Review Team* is made up of the Grants Manager, Housing Information Specialist, and the Financial Services Director. This team will meet as needed and determine the size of the CHIP loans based upon several criteria including, but not limited to, 1) the scope and cost of proposed work; 2) the projected after repair value of the house; 3) existing mortgage balances and payments; 4) housing expense-to-income and debt-to-income ratios; 5) credit worthiness; and 6) whether or not the owner can qualify for a loan from a bank.

1. **General Conditions.** The applicant acknowledges that should he or she qualify for any of the programs listed below, the following appropriate terms will apply:
 - (a) The total DPL amount for owner-occupants from all sources shall not exceed the current FHA Mortgage Limits.
 - (b) The amount of the DPL should not increase the value of the property beyond that of comparable properties in the area, which meet State/local building and housing codes. Hall County shall have the authority to grant exceptions to this rule.
 - (c) The loan-to-value ratio of the DPL plus existing loans secured by the property cannot exceed 100% of the after-rehabilitated appraised value of the property for owner-occupied property.
 - (d) All DPLs shall be evidenced by a deed to secure debt on forms provided by the DCA.

2. **Deferred Payment Loan** uses CHIP funds and can only be used for repairs to bring the property up to code. As per DCA policy, CHIP funds cannot be used for general property

improvements. The loan will be evidenced by a Promissory Note executed by the Borrower and will be secured by a mortgage or equivalent security instrument in form and substance satisfactory to Hall County. CHIP loan documentation will consist of the Loan Agreement, Grant Agreement, Promissory Note, and Deed to Secure Debt. The CHIP loan closings will be handled by an attorney that has been procured by the Administration Housing Division. At closing the applicant will also be given a Notice of Right to Cancel, which gives them three (3) days to cancel the loan.

The Promissory Note will:

- (a) Be in the face amount of the loan approved by Hall County or its designee and shall not exceed \$130,000 per housing unit. Minimum loan shall be \$1,000;
- (b) Bear interest at the rate of zero percent 0% per annum;
- (c) Identify the term of the loan as required affordability period and defined by DCA;
- (d) Shall recognize CHIP funded projects will be forgivable loans amortized over the affordability period. If the property is sold or title transferred before the affordability period ends, the total amount remaining will be due and payable at a prorated rate;
- (e) Shall specify other conditions and requirements associated with the loan;
- (f) Be secured with a "Deed to Secure Debt" on property.
- (g) The applicant must continue to occupy the home for the entire length of the Period of Affordability. It cannot be used for rental property during the Period of Affordability. If an applicant dies, or is otherwise incapacitated before the Period of Affordability expires and a transfer of title to an heir or heirs is to take place, either:
 - i. The heir who inherits, owns and occupies the home must meet all applicant qualifications for the CHIP Grant until the prior Period of Affordability expires, or if that is not the case; and
 - ii. The remaining funds due to be recaptured according to the Period of Affordability shall be repaid before the estate is distributed to the heir.

C. Availability of Funds. The applicant acknowledges that the approval of any of the above financing programs is contingent upon the amount of funds available (at the time of submission for approval) for the respective program, he or she is eligible.

D. Cancellation Conditions. The applicant will reserve the right to cancel and terminate his or her application for rehabilitation assistance in writing at any time prior to the expiration of the three (3) day recession period, as per Regulation "Z" of the Truth in Lending Act; for a loan secured by real estate.

X. WRITTEN REHABILITATION STANDARDS & PERMITTED GENERAL PROPERTY IMPROVEMENTS

- A. For purposes of housing rehabilitation, construction will be performed to meet the **International Residential Code** for One-and-Two Family Dwellings published by the Southern Building Code Congress International, Inc. (International Code Council) for housing rehabilitation.
- B. The **International Residential Code** for One-and-Two Family Dwellings published by the Southern Building Code Congress International, Inc. (International Code Council) for housing rehabilitation is commonly used and applied by Hall County's Building Division for housing rehabilitation throughout the city.
- C. The **International Residential Code** for One-and-Two Family Dwellings published by the Southern Building Code Congress International, Inc. (International Code Council) for housing rehabilitation will be used to prepare the work write-ups for each housing rehabilitation project.
- D. The **International Residential Code** for One-and-Two Family Dwellings published by the Southern Building Code Congress International, Inc. (International Code Council) for housing rehabilitation will be applied to ensure that each CHIP-assisted homeowner rehabilitation project is decent, safe and sanitary.
- E. **HUD Cost-Effective Energy Conservation Standards (5/10/79) And Georgia State Energy Code (1985)**: All rehabilitation work will meet these standards.
- F. Hall County's requires that superior workmanship be applied in each rehabilitation project.
- G. Contractors are to rigorously follow the specifications in each work write-up.
- H. Each work write-up will set forth the standards for the actual rehabilitation work that will bring substandard housing into compliance with the **International Residential Code** for One-and-Two Family Dwellings published by the Southern Building Code Congress International, Inc. (International Code Council) for housing rehabilitation.
- I. Superior quality lumber, materials, and construction practices will be used in this CHIP program.
- J. Each work write-up will specifically prescribe the methods and materials to be used in the rehabilitation project. These methods and materials are sometimes referred to as "specs", or specifications, and include details such as the grade of lumber to be used, the number of nails per square foot, the type of material that can or cannot be used for doors serving as fire exits, the distribution pattern and material for roofing tile, and other requirements.

XI. INSPECTION, WORK WRITE UP, AND BIDDING PROCEDURES

A. Home Inspection and Work Write Up

1. The Housing Information Specialist, Housing Construction Specialist and Hall County Building Inspector will inspect the property with the owner(s) along with a building inspector to determine if it is feasible to rehab the property. At the time of inspection, photographs emphasizing rehabilitation needs will be taken, a work write-up will be prepared and drawings made, if appropriate.
2. An Economic and Structural Feasibility Test will be performed on all eligible housing units to determine if it is cost feasible for rehabilitation.
3. If the housing unit is determined to be feasible for rehabilitation, a work write-up will be prepared, indicating corrections of code violations by line item to ensure that no less than the adopted Minimum Property Standards are met. A cost estimate is then calculated for each item on the work write-up by utilizing a local cost index and/or the DCA Specification Data Sheet and Work Write-Up Program Software.
4. When the determination has been made to proceed, the Housing Information Specialist will contact the owner to discuss the repairs and work write-ups with the homeowner to obtain a mutually agreed upon work write-up. All code related items will be required to be brought up to local standards (2000 International Residential Code for One and Two Family Dwellings).
5. If the property was built pre-1978 an appropriate lead (Pb) hazard inspections will be performed by a qualified risk assessor.
6. Lead-hazard removal is to be performed by a qualified contractor in accordance with work described by the lead-hazard risk assessor.

If a property does not pass the feasibility test CHIP funds may be used to reconstruct or replace housing that is occupied by an eligible applicant and which will be located on the same property as the original structure. There are two situations where reconstruction can be used - Planning and Rehabilitation.

Planning: After completing the housing survey, planners may choose to reconstruct certain houses that were determined not feasible for rehabilitation (as defined by local policy) in lieu of acquisition and relocation activities provided all the following conditions are met.

Reconstruction will be carried out in a target area, which is less than the community as a whole and housing rehabilitation is proposed as the major thrust of the project. The estimated cost of reconstruction (constructing a replacement house on the same property) will be at least 20 percent (%) less the estimated cost of a comparable house (including land) that would be newly constructed elsewhere in the community's jurisdiction.

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 approval by DCA of such a reconstruction activity is required. If reconstruction approved by the DCA the same eligibility and repayment requirements apply to reconstruction as for rehabilitation.

The same requirements for bid and contractor qualification apply for reconstruction as for rehabilitation. Before demolition of property asbestos testing will be completed. IF asbestos is found all requirements set forth by the GA DNR will be followed for removal of asbestos containing materials. All CHIP requirements pertaining to Environmental Review and Historic Preservation will be strictly followed for reconstruction.

During Rehabilitation: Once a construction contract has been awarded and work has commenced, the contractor and/or rehab advisor may discover additional work necessary to bring the property into compliance with 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 original contract amount will not meet the local economic feasibility test or 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, DCA will be contacted 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

C. Bidding Process:

1. Hall County reserves the right to procure a contractor through the bidding process to ensure that all housing goals and objectives are met to the fullest extent possible. Only after the Permission to Solicit Bid form has been received from the DCA Lead Coordinator and the homeowner has agreed upon the work to be performed, will the project be released for bidding. Bids may be released by either of the two following methods.
 - a. An Invitation to Bid is prepared and sent to Hall County Purchasing Department. They will arrange to advertise in the local newspapers, “*The Times*” and *Mexico Lindo*, and send bid packages to all approved contractors. The ad shall provide instructions on how to receive a bid package, date and time the Pre-bid Conference will be held, when, and where the bid opening will take place.
 - b. A written notice along with a complete bid packet will be sent to all contractors on the Qualified Contractors List soliciting bids. (See Section XVII. Contractor Qualifications)

2. Contractors shall have not less than fifteen (15) days to prepare and submit sealed bids. At some point during the first seven (7) days of the bidding period, a Pre-bid Conference will be held with the contractors to inspect the property. Hall County's Purchasing Department shall open all sealed bids, read aloud and record all bids received. The Housing Coordinator will check contractors for city or HUD debarment.
3. The Housing Coordinator will prepare an Abstract of Bids form and send all bids received and the abstract to the property owner. If bids are more than 10% over the cost-estimate, all bids may be rejected and re-advertised.
4. The homeowner may select any of the approved contractors that submitted a bid however, if the owner wishes to contract with an approved contractor that was not the lowest responsible bidder, the owner must pay all cost in excess of the low bid from other than grant funds.
5. The owner has the right to choose a contractor that is eligible under the CHIP program to perform all required rehabilitation. In this case, the Housing Rehabilitation Advisor will negotiate with the General Contractor after a work write-up and cost estimate have been completed and approved by the owner.

XII. CONTRACTING

The contract will be entered into between the homeowner and the contractor. The Housing Coordinator will impress on all involved that the Rehabilitation Agreement between the owner and the contractor must be signed within 60 days of the bid opening. When the homeowner approves the bid, the Coordinator will proceed to finalize the Rehabilitation Contract documents. A Notice to Proceed will be issued to the contractor after the expiration of the three-day right to cancel. In the event that the owner wishes to contract with an approved contractor who was not the low bidder, the owner must pay all costs in excess of the low bid from other than grant and/or loan funds. No proceed orders will be given until proof of insurance is on file.

A Pre-construction Conference will be held with the property owner, contractor, Housing Programs Manager, and Housing Coordinator to discuss general and special conditions and execute the Construction Contract, Rehab Agreement and Loan Documents. During this meeting Lead Based Paint procedure, Fair Labor Standards, Health and Safety Standards and Copeland Anti-Kickback rules will be emphasized. If applicable, the contractor is required to provide copies of Lead Training Certificates for workers. A notice to proceed is issued after the three (3) day right to cancel expires. A requisition is sent to the Purchasing Department to obtain a Purchase Order that will be used for the payment of the contractor.

XIII. TEMPORARY RELOCATION

Temporary Relocation is not an eligible expense under the 2012 CHIP guidelines. It is the homeowner's responsibility to make temporary relocation arrangements and storage of furnishing if necessary.

XIV. INSPECTION, CHANGE ORDER, PAYMENT, WARRANTY AND CLOSEOUT PROCEDURES

A. **Inspection.** Hall County or its designee shall have the right to inspect all rehabilitation work financed in whole or in part, with the proceeds of all financial assistance, and will inform the applicant of any non-compliance with respect to the contract for the rehabilitation work, and will not issue any order or instructions to the contractor or subcontractor performing the work without the concurrence of the applicant. The applicant and the contractor will take all steps necessary to assure that Hall County or its designee is permitted to examine and inspect the rehabilitation work, and all contracts, materials, equipment, payrolls, and conditions of employment pertaining to the work, including all relevant data and records.

The Housing Information Specialist and Housing Construction Specialist will make timely inspections of the rehab project as needed and a Building Inspector will make inspections of the code and permit items. The Building Inspector will be required to sign a Certificate of Final Inspection, which will be included with the request for final payment.

B. **Change Order.** If there are any changes to the contract a Work Write-Up Addendum (Change Order) will be executed. The Change Order must be signed by the Homeowner, Contractor and Housing Coordinator. If the change order adds cost to the project, it will be paid for by the contingency.

C. **Payments.** No more than three (3) partial payments will be paid to the contractor and only after receipt of the following signed documents: Contractor's Invoice, Owner Satisfaction Statement, copies of inspection reports. Final payment will be made after completion of all items in the contract and receipt of the following signed documents: Certificate of Final Inspection, Affidavit of Final Release of Lien & Warranty – General Contractor, Release and Waiver of Claim for Subcontractor, copies of all manufacturers and suppliers' written guarantee and warranties and Owner Satisfaction Statement.

D. **Warranty.** The Contractor shall remain liable for all work performed under the terms of the contract for not less than a period of one (1) year from the time of the work acceptance. Further, the Contractor will furnish the homeowner with all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under this contract.

E. **Notification.** The owner should immediately contact the contractor, by telephone and in writing, of any deficiencies that occur not less than a period of one (1) year from the time of rehabilitation completion. The owner should also notify the Housing Rehabilitation Coordinator at the time the initial complaint and, in writing, if proper remedial action has not been taken in a timely manner.

F. **Project Closeout.** Upon completion of the project, the Housing Coordinator will order a Certified Appraisal, send it to the property owner and keep a copy in the project file. The Housing Coordinator will complete and mail the Drawdown form, the Project Completion

Report, Contractor Data Report and Lead Data Collection form to DCA. All project delivery invoices and copies of checks are obtained and kept in the project file. Disposition of Funds Statement is obtained from Hall County Finance Department and made a part of the file.

XV. ACCESS TO WORK SITE

- A. The borrower will allow the contractor to use, at no cost, utilities such as light, heat, power, and water necessary to carry out and complete all specified work.
- B. The borrower will allow the contractor access of the property during the hours of 7:00 a.m. to 6:00 p.m., Monday through Saturday, or as otherwise mutually agreed upon.

XVI. PROPERTY APPRAISAL

An appraisal by a qualified appraiser of the after-rehabilitated value of each property is required for every loan made under the program. An after-rehabilitation appraisal is defined as the highest price, which 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 the uses to which it is adapted and for which it is capable of being used. The value sought presupposes all cash to the seller with the purchaser financing the transaction by the most advantageous means and terms generally available throughout the State.

The appraisal may be done by either a state licensed or state certified independent fee appraiser or by a licensed or certified appraiser employed by the Local Administering Agency. A licensed and/or certified appraiser is one who has received certification as a Senior Residential Appraiser by the Society of Real Estate Appraisers or equivalent designation from the American Institute of Appraisers and has received licensure/certification by the State of Georgia. The appraiser is selected using Hall County Purchasing Policies and Procedures.

XVII. CONTRACTOR QUALIFICATIONS

- A. From time to time the Administration Housing Department shall advertise for contractors who wish to be considered eligible to bid on rehabilitation projects. Contractors shall be asked to complete a registration form, which will identify the ownership of their firm, the principal or superintendent authorized to bid, a credit history and references who can report on the quality of their work. Contractors must also have a current city business license and all state required licenses. Contractors must carry the amount of insurance specified under the General Conditions section of the contract; proof of coverage will be furnished for the files. The Director may disqualify a contractor upon evidence of poor workmanship, inability to maintain a reasonable schedule of work performance, poor credit practices or misrepresentations or failure to respond to invitations to bid for three consecutive times. Any disqualified contractor may appeal to the elected officials for reinstatement. All contractors will be checked for HUD and DCA Disbarment and if on this list cannot participate in the program.

B. Contractor Insurance. The contractor shall carry the following minimum limits of insurance:

<i>Bodily Injury by Accident:</i>	<i>\$100,000 each accident</i> <i>\$1,000,000 per occurrence limit</i>
<i>Comprehensive General Liability:</i>	<i>\$1,000,000 per occurrence</i>
<i>Automobile Liability:</i>	<i>\$1,000,000 per occurrence for bodily injury</i> <i>\$1,000,000 per occurrence for property damage</i>
<i>Workers' Compensation</i>	<i>Statutory Limits</i>

Appropriate evidence of insurance shall be submitted to the Hall County Purchasing Department in the returned sealed Quote Packet and be endorsed to prove that the policy will not be canceled or changed until ten (10) days after written Notice of Change or Cancellation has been delivered to the Hall County Purchasing Department.

C. Ineligible Contractors. The Borrower agrees not to award any contract or purchase order for rehabilitation work, other services, materials, equipment, or supplies, to be paid for, in whole or in part with the proceeds of the financial assistance, to any contractor or subcontractor whom the applicant has been advised is unacceptable for housing rehabilitation contracts by Hall County or his designee, or delegate.

XVIII. LEAD-BASED PAINT HAZARD REDUCTION

The homeowner of property constructed prior to 1978 shall be furnished a notice of the hazards of lead-based paint poisoning, the symptoms and the treatment of lead poisoning and the precautions to be taken against lead poisoning. All Houses built prior to 1978 will be tested for lead based paint. If lead-based paint is found, a Risk Assessment is performed and the summary report is sent to the owner.

A. Prohibition. In the rehabilitation of residential structures, the applicant and the contractor agree to comply with the regulations promulgated by the Consumer Product Safety Commission prohibiting the use of lead-based paint. With respect to paint which is manufactured after June 22,1997, lead-based paint means any paint containing more than six one-hundredths of one per centum lead by weight (calculated as lead metal) in the total nonvolatile content of the paint or the equivalent measure or lead in the dried film of paint already applied.

B. Rehab Coordination for lead hazard reduction.

CHIP funds can only be used in accordance with 24 CFR Part 35, and the lead-safe requirements of the Georgia Department of Community Affairs and the U.S. Department of Housing and Urban Development. Lead safe practices must be followed on properties where lead risks have been identified. A contractor performing lead abatement work must be a GA Environmental Protection Division Department of Natural Resources certified abatement contractor.

1. **Notice.** The General Contractor shall contact the Housing Information Specialist at least forty-eight (48) hours prior to any work performed by the lead sub-contractor. The Housing Information Specialist will make an inspection of the property during the lead work to ensure proper safety procedures are being followed.
2. **Clearance Exam.** The Housing Information Specialist will contact a certified lead inspector who is an independent third party to perform a lead-based paint clearance evaluation following the completion of lead work. The clearance evaluation will take place as soon after the completion of the lead work as is practical. No additional rehab may be done until the clearance evaluation is performed and passed. If the house does not pass the clearance exam, the lead sub-contractor shall be responsible for re-cleaning all applicable components and surfaces and pay for all additional clearance exams.
3. **Continuation of Work.** After receipt of a written “Passed” Lead-Based Paint Interim Control Clearance Evaluation, the Housing Information Specialist notifies the General Contractor to continue with remaining rehab work. The homeowner will not be permitted to return to the property until the clearance exam has been performed and passed. A Summary Notice of Completion Lead-Based Paint Hazard Reduction Activity and Clearance Exam results are sent to the property owner.

XIX. MISCELLANEOUS PROVISIONS

- A. Contractors shall agree to hold Hall County harmless from any and all claims that may arise as a result of activities undertaken from the proceeds of this program; provided, however, that nothing contained herein shall be construed as rendering the applicant(s) liable for acts of the Department or Hall County, including its officers, agents or employees.
- B. The Hall County Administration Department reserves the right to withhold payment in the event of contractor's failure to comply with the rules, regulations, and applicable codes.

XX. RETENTION AND ACCESS OF RECORDS

Records shall be maintained in accordance with requirements presented by the U.S. Department of Housing and Urban Development with respect to all matters covered by this program.

- A. **Applicant and Property** files must be maintained for five years after the period of affordability ends.
- B. **Audits.** Work papers and reports shall be retained for a minimum of three years from the date of the audit report unless the auditor is notified in writing by DCA of the need to extend the retention period. The audit work papers shall be made available upon request to DCA or its designees and the General Accounting Office or its designees.

- C. **Written Agreements** must be maintained for five (5) years after the affordability period ends.
- D. **Displacement and Relocation** must be maintained for five (5) years after the last payment made under the settlement agreement.
- E. **Disputes, Appeals**, etc. must be kept until the dispute is resolved or the regular retention period has expired, whichever is later.

XXI. APPEALS AND COMPLAINTS

The Administrative Hearing Officer of Hall County shall promptly review appeals in accordance with the requirements of applicable law and this part. In the event of a dispute, which cannot be resolved by Program Administrators, Property Owners and/or Contractors, interested parties may present information to the Administrative Hearing Officer. The county attorney may be asked by the Administrative Hearing Officer to participate in the discussions and provide legal advice on matter.

- A. **Action Which May Be Appealed.** The Administrative Hearing Officer shall consider a written appeal regardless of form.
 - 1. **Applicants and Lenders.** Any aggrieved person may file a written appeal with the Administrative Hearing Officer in any case in which the person believes that the Housing Office has failed to properly consider the person's application for assistance under this part.
 - 2. **Contractors.** Any disqualified contractor may file a written appeal to the Administrative Hearing Officer for reinstatement. HUD and DCA Disbarment must be settled with those agencies.
- B. **Time Limit for Initiating Appeal.** The Administrative Hearing Officer has set a reasonable time limit for a person to file an appeal of thirty (30) days after the person receives written notification of the Housing Office's determination on the person's claim.
- C. **Right to Representation.** A person has a right to be represented by legal counsel or other representative in connection to his/her appeal, but solely at the person's own expense.
- D. **Review of File by Person Making Appeal.** The Administrative Hearing Officer shall permit a person to inspect and copy all materials pertinent to his/her appeal, except material, which is classified as confidential by the Administrative Hearing Officer. The Administrative Hearing Officer may, however, impose reasonable conditions on the person's right to inspect, consistent with applicable laws.
- E. **Scope of Review of Appeal.** In deciding an appeal, the Administrative Hearing Officer 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.

F. Determination and Notification after Appeal. After receipt of all information submitted by a person in support of an appeal, the Administrative Hearing Officer shall make a written determination on the appeal within forty-five (45) days, including an explanation of the basis on which the decision was made, and furnish the person with a copy. If the full relief requested is not granted, the Administrative Hearing Officer shall advise the person of his/her rights to seek judicial review.