



**NEWAYGO COUNTY
POLICY GUIDELINES
FOR
ADMINISTRATION OF
HOMEOWNER
REHABILITATION AND
EMERGENCY GRANT
PROGRAM**



**SECTION 1.
GENERAL**

A. Purpose of the Homeowner Rehabilitation Program

The intent of the rehabilitation program is to upgrade houses that were once standard so that they will again meet minimum codes and property rehabilitation standards (i.e., HUD Uniform Physical Condition Standards (UPCS) and MSHDA standards, including optional improvements and Michigan Residential Code Standards as funds allow).

(See Schedule B for list of acronyms)

Although applicable state, county or municipal health, housing, building, fire protection codes will be applied to rehabilitation performed with program assistance, the intent of the program is not to bring houses to full compliance with all such codes, unless individual projects are feasible and affordable within the project funding limit.

B. Source of Funds for Rehabilitation Assistance

Community Development Block Grant (CDBG) or HOME funds, as committed by the Michigan State Housing Development Authority (MSHDA) for the United States Department of Housing and Urban Development (HUD), will be utilized as deferred loans or a combination of deferred and term loans to eligible homeowners. Per conditions of the MSC 2014-0789 HOA grant, Newaygo County will expend 100% of the homeowner rehabilitation funds to assist homeowners residing in target areas as defined in the Newaygo County Placed Based Targeting Strategy (PBTS). Countywide residents will be assisted with funds acquired through Program Income and expended under the same guidelines and rules as CDBG funds. Emergency grant funding will be expended countywide. With all homeowner programs, leveraging funds must be secured prior to commitment of CDBG grant funding.

(See Attachment D for Newaygo County Department of Community Development Place Based Target Strategy and Amendments)

C. Eligibility Requirements for Applicants

1. Ownership – An eligible applicant must be an individual or family who owns the property to be improved, which shall be the applicant's single family, permanent, year-round residence located within the County's geographical boundaries. The dwelling must have the applicant's principal residence for a minimum of 1 year. The applicant must provide evidence of ownership interest in the property in one of the following forms:

- a. Individual fee simple ownership (no corporate, trust, legal partnership, etc.); or
- b. Individual fee simple ownership subject to a mortgage or other lien securing debt (see below); or
- c. Ownership interest must be properly recorded

Applicants with properties that have a first secured lien in place will be evaluated by the County Administrator, to determine if an approval of the application will be granted.

A tax deed issued by the DNR is acceptable if the deed states that it is a DNR deed. Other tax deeds are not acceptable without securing title insurance for the amount of the loan, naming the County as the insured, or legal action may be instigated seeking to quiet title to the property.

All persons having an ownership interest in the property, including spouses (even if their names do not appear on the deed), must sign the mortgage, unless a quit-claim deed has been executed and recorded. Applicants that have a land contract must have approval of the land contract holder, who will be required to sign the loan agreement / mortgage. The land contract holder will not be required to sign the promissory note, only the resident will be.

2. Property Taxes – The applicant shall have all property taxes and special assessments paid to date.
3. Insurance – The loan applicant must have homeowner’s hazard insurance, which covers damage from fire, wind, etc., and must have federal flood insurance if applicable. Newaygo County must be designated as a mortgagee on the homeowner’s insurance policy.
4. House Payments – The applicant shall not be in default on mortgage or land contract payments.
5. Previous Participation – The applicant shall not have received previous assistance under a County administered Major Homeowner Rehabilitation Program within 10 years. Priority will be given to new, eligible applicants. If applicant has existing County rehab loan balance, the amount of rehab assistance will only be the difference of the current maximum amount of assistance allowed and the principal loan balance on the date of the loan closing. Rehab funds must be able to address all UPCS deficiencies. Recipients that have outstanding delinquent loans

with the County will not be eligible to apply for additional rehabilitation or emergency grant assistance until the loan payments have been brought current. Emergency Grant recipients may apply for additional emergency grant assistance in a future fiscal year housing grant period, but may not accumulate in excess of \$2,500.00 in grant funds without a lien placed on the property being assisted.

6. Premises – The applicant of a Major Homeowner Rehabilitation Program shall have the premises reasonably free of debris. Exterior: Garbage, items with no value, old vehicles that don't have plates, are not operational, and no intent to fix and/or sell, old appliances, old furniture, etc. must be cleared from the property before an application will be considered. Interior: Extreme clutter that interferes with performing necessary inspections and necessary repairs/improvements must be removed to make unit reasonably easy to access.
7. Property Requirements for Manufactured Homes - Mobile homes will be considered if they are a part of the community's permanent housing stock, which is defined as follows:
 - a. Is on a permanent foundation;
 - b. Is taxed as real property; or
 - c. Is not subject to a chattel mortgage or severance agreement that treats the unit as personal property.

Mobile homes on rented land (including homes in manufactured housing communities), or another's property, are not eligible.

8. Income – The gross amount of income of all adult household members anticipated to be received during the coming 12 month period.

Homeowner Rehabilitation Program households must have gross annual income of 80% AMI or less and Emergency Grant Program households must be at or below 60% AMI, as defined on by HUD. A financial schedule will be available at time of contract with MSHDA and will be provided with application request. Refer to MSHDA's Income – Homeowner and Rental Policy.

Households must be income eligible at the time the rehabilitation contract is executed or at the time the rehabilitation loan is executed, whichever occurs first.

Income and Assets will be determined using the Income and Asset Guidelines per the MSHDA.

9. Target Area – Location – In compliance with grant terms, funding availability with countywide funds/ target funds, and the residence location may be a determining factor with eligibility. Funding is expended first come serve, first eligible, first served basis, upon feasibility and funds available. The target areas are determined in the Newaygo County Department of Community Development Place Based Target Strategy.

(See Amendment approved by Resolution #05-017-15 approved on May 13, 2015)

SECTION 2. EMERGENCY GRANT ASSISTANCE

A. Emergency Grant Program

Emergency Grants of up to \$2,000 are available for very low income households (60% median income or less), to correct problems/hazards with electrical, plumbing, heating/mechanical, and roofs. A licensed and insured contractor must perform the work and obtain any required permits.

The homeowner is responsible to obtain a minimum of 2 estimates for the work to be performed. In the event that the emergency is an immediate threat and the homeowner has not obtained 2 estimates, 1 estimate will be accepted if reasonable.

An Emergency is defined as: Emergency actions necessary to arrest the affects from disasters or imminent threats to the health and safety of assisted households per MSHDA and HUD.

SECTION 3.
HOMEOWNER REHABILITATION ASSISTANCE

A. Homeowner Rehabilitation Program Eligible Improvements/Expenses

Eligible Housing Rehabilitation improvements must be improvements which:

- Substantially protect or improve the property to meet Uniform Physical Condition Standards (UPCS), MSHDA Standards, and/or the Michigan Residential Code Standards, local codes, or improve energy efficiency.
- Meet applicable new construction or rehabilitation standards.
- Are necessary for persons with disabilities.
- Mitigate, control or abate lead-based paint hazards.
- Are not considered luxury items and are not of a quality above what is normally required.
- Correct overcrowded conditions necessary to meet UPCS. This could include the addition of a living room, kitchen area with adequate storage and preparation space, or a bedroom for every two persons. (The number of bedrooms in a unit should not require persons of the opposite sex other than husband and wife to occupy the same bedroom. Exceptions to this include infants and very young children.)
- Correct other livability conditions necessary to meet UPCS. Appliances that are inoperable/poor condition are eligible for repair / replacement at the discretion of Community Development and its Director and in consideration of the rehab budget. Therefore, CCD funds may be used to purchase or repair these appliances. They need not be permanently affixed or built-in, as required in MSHDA's Property Improvement Program (PIP). Refer to Rehabilitation Improvement Policy, Appliance Guidance. (Attachment C)
- Reconstruction or replacement of the housing unit, with prior MSHDA approval. This would be eligible if the cost to rehabilitate the unit exceeds the cost to reconstruct or replace the unit.
- Repairs to the Building Site and PUCS Inspectable Areas, including existing outer buildings such as garages and sheds.
- Assistance cannot be used to pay for labor costs when the program recipient/homeowner is a licensed contractor providing the labor, but can be used to pay documented material costs with prior MSHDA approval. Refer to the Homeowner Labor Policy.

1. Feasibility of Rehabilitation - Given the availability of funding, all reasonable attempts will be made to ensure compliance with the Michigan Residential Code. However, at a minimum, UPCS, as prescribed by HUD and MSHDA will be met. Where it appears that the cost of upgrading a structure to meet the minimum UPCS far exceeds the availability of financing resources, the structure is functionally obsolete, and the cost is greater than 80% of the after rehab value, the request for rehabilitation assistance will be denied and an appropriate notice will be submitted to the property owner. Funding is contingent upon project cost being within 10% of cost estimate, budget and availability of funds.

When the total cost of repairs exceeds 80% of the after-rehab value of the property, an exception may be granted to the restrictions only on a case by case basis. For example, when funding is available for Replacement housing.

2. Building Permits and Related Fees – Assistance may provide funds to cover the cost of building permits and related fees that are required to carry out the proposed rehabilitation work. However, since the construction contract document will require the contractor to pay for all necessary permits, this cost ordinarily would be included in the contract amount. Accessibility Improvements – When applicable, assistance may be given to construct ramps, install handrails and grab-bars, replace bathtubs with wheel-in showers, lower items such as sinks, electrical switches, and cupboards, widen doorways, and provide bathroom or bedroom space on the first floor of a dwelling.

B. Non- Eligible Expenses in Rehabilitation Assistance

Except as otherwise provided in this section, assistance shall not provide for:

1. New construction, substantial reconstruction, expansion of the structure, or the finishing of unfinished spaces (other than necessary general improvements when funds are available, i.e., drywall, trim, floor coverings, etc.) unless required by UPCS, Michigan Residential Code, or Local Codes to correct overcrowded conditions (including the addition of a living room, kitchen area with adequate storage and preparation area, or a bedroom for every two persons)
2. Materials, fixtures or equipment of any type or quality which exceeds that customarily used in the locality for properties of the same general type as the property to be rehabilitated
3. Acquisition of land
4. Payments for taxes, special assessments, penalties or other property indebtedness
5. Out buildings including barns, pole barns, silos, tool sheds, storage buildings, etc. (However, lead and site hazards must be addressed on these structures if they are within

100 feet from the residence. Also, any observable deficiencies per UPCS requirements for the Building Site must be addressed)

6. Screened porches, (However, existing porches may be winterized and small covered entryways may be constructed for purposes of energy conservation and protection from the elements)
7. Equipment rental and tool purchase
8. Fireplaces (However, necessary repairs and inserts to an existing fireplace are eligible)
9. Wood burning devices (other than to replace existing when main heat source)
10. Work begun or completed prior to application
11. The following as per HUD or MSHDA Regulation:
 - a. Air conditioners (window)
 - b. Barbeque pits
 - c. Bath houses
 - d. Dumbwaiters
 - e. Hot tubs or saunas, spas, and whirlpool baths
 - f. Flower boxes
 - g. Airplane hangers
 - h. Kennels
 - i. Kitchen appliances which are designed and manufactured to be freestanding and are not built-in and permanently affixed as an integral part of the kitchen (hard-wired or plumbed).
 - j. Outdoor fireplaces or hearths
 - k. Photo murals
 - l. Sprinkler systems and fire extinguishers
 - m. Swimming pools
 - n. Television antennae and satellite discs, etc.
 - o. Tennis courts

- p. Tree surgery or removal (unless diseased or hazard and part of overall project)
- q. Waterproofing of structure by pumping or injecting any substance in the earth adjacent to or beneath the basement, foundations, or floors

SECTION 4.
ELIGIBILITY REQUIREMENTS FOR DEFERRED AND/OR TERM LOANS

A. Eligibility Requirements for Applicants

An applicant for a deferred loan shall not have an annual gross income of more than 60% of the median income for Newaygo County. Eligible applicants above 60% and below 80% area median income (AMI) may receive a combination of a deferred and a term loan, as determined by annual gross income and family size in the current Income - Homeowner and Rental Policy. Note: Income limits may change as HUD and/or the State provides periodic updates.

B. Maximum Amount of Deferred and/or Term Loans

A deferred and/or term loan financed by the rehabilitation program, shall not exceed \$40,000 per property.

Computation of Term Loans

The term loans will be paid back monthly at interest rates of 1% - 2%, depending on the household's annual gross income. The term of the loan is based on the debt-to-income of the applicant and may be up to 20 years. If necessary, terms may be more than 20 years, determined on a case-by-case basis.

C. Security of Deferred and/or Term Loans

A deferred and/or a term loan of more than \$2,500 shall result in a mortgage placed against the property. Such mortgage(s) shall be recorded with the County Register of Deeds in an amount equal to the deferred and/or term loan. In the case of a deferred loan, when the property is sold, transferred or otherwise conveyed, voluntarily or involuntarily, either while the applicant is living or by reason of the death of the applicant or the property ceases for any other reason to be the applicant's principal place of residence, or if the applicant defaults in the terms or payment of any other lien existing against the property or hereafter incurred, the full amount shall be due and owing the County. In the case of a term loan, the loan amount will be paid back in monthly payments to Newaygo County for the terms set forth in the note. Both types of loans shall be paid to the County on such terms and conditions, as the County shall prescribe. A possibility of assumption exists for income eligible heirs intending to use the property as a principal residence.

**SECTION 5.
SUBORDINATION OF LIENS/MORTGAGES**

Both MSHDA and Newaygo County discourages the subordination of liens and mortgages. However, the County will consider subordinating for improved rate and term refinancing (not debt consolidation or “cash-out” transactions).

Potential mortgagees must submit for the County’s review: A copy of the universal residential loan application, the outstanding amount of any current mortgage, the proposed mortgage amount, verification of employment, proposed rate and term, and a copy of the appraisal.

**SECTION 6.
ELIGIBILITY REQUIREMENTS FOR COMBINATION
DEFERRED/TERM/PROPERTY IMPROVEMENT PROGRAM (PIP) LOANS**

A. Additional Funding Available

When additional funds are needed for rehabilitation, an applicant may apply for a PIP loan. Applicants may qualify for a PIP loan of up to \$50,000 at 4%-6%-8% interest, which offers a term of up to 20 years for loans of \$25,000 or less, and up to 30 years for loans over \$25,000. The applicant must meet the credit standards of MSHDA’s Property Improvement Program. The PIP loan must be approved by MSHDA and funds deposited into an escrow account prior to the signing of a rehabilitation contract.

B. Eligibility Requirements for Applicants

PIP loans are also administered by Newaygo County to assist eligible applicants of low to moderate income (up to \$105,700 annual gross incomes) to do home improvements and repairs.

PIP loans up to \$25,000 require a minimum credit score of 620. PIP loans over \$25,000 require a minimum credit score of 660. No co-signers will be permitted.

Applicants that receive a combination deferred loan, term loan and PIP loan from MSHDA shall meet the household criteria as listed in the Income Guidelines/Financial Schedule (Schedule A).

In addition, applicants of PIP loans must have at least 50% legal interest (not amount of equity) in the property. Homeowner's with land contracts will not be considered. The applicant must meet the credit standards of MSHDA's PIP loan program, clearly showing the applicant to be solvent, with reasonable ability to repay the obligation and in other respects a reasonable credit risk. The applicant must also satisfy the following:

1. Tax liens on the property
2. Any delinquent obligations at the time of the loan
3. Collections must be paid in full, including medical collections
4. Judgments
5. Written explanations of recent derogatory credit including judgments, collections and all bankruptcies and inquires on applicant's credit report within last 90 days

Applicants with bankruptcies in the previous 2 years are ineligible. Applicants with bankruptcies in the last seven years must meet stringent credit requirements to show re-establishment of acceptable credit. The applicant must have completed the bankruptcy plan and been discharged from a Chapter 13 bankruptcy. An applicant who is still in an active Chapter 13 bankruptcy may also be considered eligible, provided that one year of the payout period under the bankruptcy has elapsed and all required payments have been made on time. In addition, the applicant must receive permission from the court to enter into the loan transaction.

C. Maximum PIP Loans, Fees, and Interest Rates

PIP loans up to \$50,000 are available to eligible homeowners on site-built homes, and for replacement housing. The CDBG Homeowner Rehabilitation Program may assist with up to \$40,000 for eligible projects.

PIP loans up to \$25,090 are available for a manufactured home if eligible homeowner owns the underlying land and the year of the home is post 1976.

PIP loans up to \$7,500 are available for a manufactured home if eligible homeowner does not own the underlying land. (Manufactured homes in parks or on others property, are not eligible for the CDBG Homeowner Rehabilitation Program.) All manufactured homes will be limited to a maximum loan term of 12 years.

PIP loans shall not exceed \$50,000 including a 2% origination fee, or minimum of \$100, a \$100 underwriting/loan processing fee on all loans under \$7,500 or a \$200 underwriting/loan processing fee for all loans of \$7,500 and above, and a \$100 inspection fee for loans over \$7,499. The loan shall not have a final maturity of less than 6 months from the date of the loan, or a maximum maturity of more than 20 or 30 years from the

date of the loan, depending on the amount. The term of the loan will be at the discretion of the lending institution, based on the borrower's debt structure, source of income, and reasonable ability to repay. Loans under \$1,000 shall not have a term exceeding 6 months without prior MSHDA approval. The borrower's debt to gross income ratio shall not exceed 45%.

The interest rate for PIP loans are determined by household annual gross income as follows:

Gross Annual Income	PIP Interest Rate
0 – 19,999	4%
20,000 – 39,999	6%
40,000 – 105,700	8%

The above PIP loan criteria are subject to change.

D. Security of PIP Loans

A PIP loan must be secured if the principal amount is over \$7,499, in which case a recorded lien in the form of a mortgage is required on the property being improved. The mortgage shall be for the amount of the principal, including the 2% origination fee (min. \$100) and a \$100 inspection fee, and shall be discharged by MSHDA upon repayment of the loan.

**SECTION 7.
SELECTION OF RECIPIENTS FOR ASSISTANCE**

A. Processing of Applications

Verification of all eligibility requirements, as specified in Sections 1, 2, 3, 4 and 6 shall be completed before an award of assistance can be considered. In addition, a property being considered for rehabilitation through a deferred and/or term loan must be brought to the Michigan Residential Code Standards, and UPCS within the allotted amount. A property being considered for rehabilitation through a combination deferred and/or term, and PIP loan must use CDBG deferred and/or term loan funds to correct all health and safety violations before doing additional repairs.

As the program administrator, Newaygo County Department of Community Development (hereafter referred to as the County), shall be responsible for obtaining all verifications on applications. It shall also respond to all complaints and grievances regarding the processing of applications within 30 working days.

B. Selection of Recipients

All applications, when complete with verifications and rehabilitation specifications, shall be reviewed by the County on a first-come, first-serve basis. All denied applicants shall receive written notification, including reasons for denial and an appeal procedure (Schedule A).

**SECTION 8.
CONTRACTING FOR REHABILITATION WORK**

A. Introduction

Construction work financed through the Homeowner Rehabilitation Program shall be undertaken only through a written contract between the contractor and the recipient of the assistance. The County shall assist each recipient in arranging for and obtaining an acceptable construction contract. The construction contract will consist of a document signed by the contractor and the owner.

B. Process to Develop Rehabilitation Contracts

The County shall assist the applicant by completing the following steps:

1. Inspect the home to be rehabilitated, itemize all violations of the Michigan Residential Code, or the UPCS (such itemization to be called the Rehabilitation Specifications), and estimate the cost to complete all necessary repairs. In addition, inspections will be performed to determine compliance with Lead Based Paint Regulations (see Section 9).
2. Develop and maintain a list of eligible contractors. Eligibility shall include licensing through the State of Michigan as a residential builder, corporation, or partnership, ability to obtain Statutory Workers Compensation Insurance and Comprehensive General Liability Insurance for not less than \$300,000, when required, must be trained in Lead Based Paint work safe practices or abatement if required by the cost or type of work specified., references from 3 recent jobs with similar work performed, and 3 credit references indicating an ability to work on a credit basis. Any contractors involved in assisting or urging an applicant to apply for rehabilitation assistance or attempting to influence the decision of the County, shall be immediately considered ineligible.
3. After approval of assistance for rehabilitation by the County, the Rehabilitation Specifications will be submitted to a minimum of 3 eligible contractors for competitive bidding (which at the homeowners option, may be of the homeowners choice). Rehabilitation Specifications will not be sent to contractors with more than 2 incomplete contracts. (It will be at the County's discretion when contracts are near completion.) Contractors that submit, but fail to honor bid proposals, will not be considered for bidding for a period of 6 months from the bid opening.

Sub-contractors are to honor their bids with the same expectation and will receive the same suspension from participation of 6 months.

4. It shall be the responsibility of each contractor to familiarize themselves with the Rehabilitation Specifications, contract conditions and existing job site conditions prior to the submission of a bid. In determining their bid, the contractor should consider the following conditions:
 - a. Each contractor shall be held responsible for the execution of a satisfactory and complete piece of work in accordance with the true intent of the contract documents and Specifications.
 - b. The contractor shall provide and pay for all materials, labor and tools necessary for the completion of the work, and the owner will permit the contractor to use existing utilities necessary for carrying out the completion of the work at no cost.
 - c. The contractor shall obtain and pay for all permits, licenses and fees, and shall comply with all laws, ordinances, rules and regulations of the County bearing on the work.
 - d. The contractor shall furnish evidence of Statutory Workers Compensation Insurance and Comprehensive General Liability Insurance in the amount of \$300,000 for general aggregate, products, personal injury and each occurrence, \$50,000 for fire damage, and \$5,000 for medical expenses.
 - e. The contractor shall be responsible for all damages to persons or property, either on or off the site, which occurs as a result of his/her execution of the work and the safety provisions of applicable laws and building construction codes, shall be observed.
 - f. All work and materials must be applied in accordance with the manufacturer's latest instructions and specifications.
 - g. The contractor must furnish the owner with all manufacturers and suppliers' written guarantees and warranties covering materials and equipment furnished under the contract, and must guarantee the work performed against faulty workmanship and/or materials for a period of two (2) years from the date of the final inspection.
 - h. The contractor shall not use or cause to be used any hazardous materials, such as lead based paint, in the performance of the work. Contractors not complying with lead based paint laws and regulations may be suspended from program participation for 1 year and may be subject to fines and citations by the Environmental Protection Agency (EPA) and / or Michigan Department of Community Health (MDCH).

- i. Each general contractor is responsible for his/her sub-contractors to assure that all work is performed and completed according to the Specifications.
 - j. The contractor shall supply notarized sworn statements/affidavits and/or waivers of lien from him/herself, subcontractors, material suppliers, and laborers to protect the owner against mechanics' liens.
 - k. The contractor shall maintain adequate protection for all his/her work and shall protect the owner's adjacent property from injury arising in connection with the contract. Further, the contractor shall remove from the premises any and all debris or refuse caused by contractor's work, leaving the same in a neat and orderly condition.
 - l. The contractor is directed to avoid side agreements with owners for additional work or materials over and above the original contract, or changes to the contracted work, without consent from the County.
 - m. Each contractor must abide by federal and local regulations pertaining to equal employment as set forth in the contract.
 - n. The contractor must commence and complete work by the dates specified in the contract or face possible termination of contract, or replacement at own expense. Reasonable extension of completion date may be granted upon the discretion of the County.
5. Publicly open bids on the date and time specified in the bid advertisement. Bids received prior to the stated deadline for submission will be kept unopened until such date and time. All bids must be submitted in a sealed envelope with property address identified. Improperly completed bids may be rejected. If no more than one bid is received, the County may consider the bid if it is reasonable and within 10% of the estimated cost. If the bid does not meet these criteria, the County shall rebid the project.
 6. Provide the homeowner and all involved contractors with a tally of bids and assist the homeowner in selecting a contractor. The homeowner will accept the lowest responsive and responsible bid or be responsible for the difference.
 7. Assist the homeowner in contract award and signing. The contract shall be awarded upon execution of the contract by the homeowner and contractor. If the contract is not executed within 60 days of the deadline established for the submission of bids, the contractor may withdraw his bid and not be penalized.

C. Assistance in the Successful Execution of the Rehabilitation Work

Both the homeowner and the contractor shall be informed of the complaint procedures for resolving disputes (Section 8. Subsection D) regarding rehabilitation work. Completed work shall be satisfactory to the homeowner, the contractor, and the County, and all applicable inspectors. Contractors barred from participation for not meeting program

standards or inadequate work on contracts, as determined by the County, shall have the right to appeal to the County. Both the homeowner and the contractor shall give the County access for inspections.

The homeowner must keep all guarantees and warranties furnished by the contractor on material and equipment for a period of 2 years. The homeowner shall not pay any bonus, commission, or fee for the purpose of obtaining the County's approval of the assistance, or any other approval or concurrence required to complete the rehabilitation work, financed in whole or in part with the rehabilitation assistance.

The homeowner and the contractor shall not make any agreements for additional work not specified in the Rehabilitation Specifications without the written consent of the County through a Change Order or Contract Addendum.

D. Contractor Conduct

Contractors not complying with the provisions of this policy and practicing "good business" standards will be subject to suspension from participation. First offenses will warrant a 6 month suspension, with notice in letter format specifying the time period the contractor is exempt from bidding. Second offense will warrant a 1 year suspension. All suspensions will be documented and record maintained in the contractor files. Third offenses will result in permanent exclusion from participation in any programs offered through Newaygo County Community Development.

Actions that warrant suspension:

- Falsifying an application
- Poor or non-performance
- Failure to satisfy the submitted bid / contract
- Work completed without a permit
- Work not inspected
- Failure to complete work required to pass inspection and take steps to finalize work with a pass inspection
- Refusal to submit sworn statements, lien waivers and required documentation by Community Development in a timely manner
- Refusal to supply valid builders license, liability insurance, and certificates
- Performing lead base paint work without proper licensing, procedures, insurances, work crew or notice to EPA / MDCH
- Any actions that may present a danger to the household and its residents

E. Disputes

The contract advises as follows: The contractor and homeowner understand and agree that of any and all disputes, of whatever kind of nature, in conjunction with their contract, are solely the disputes of the contractor and homeowner to resolve. Any acts are solely in furtherance of its interest as a lender and administrator of the Housing Rehabilitation Program and the homeowner shall have no recourse against Newaygo County Department of Community Development and its representatives for any breach by the

contractor of this or any related agreement. Newaygo County's Complaint Procedure is as follows:

Complaint Procedure: In the event of a dispute between the Property Owner and the Contractor concerning the completion of rehabilitation or quality of workmanship, either party may file a complaint. The complaint must be submitted in writing to the Newaygo County Department of Community Development, 1097 Newell St., P.O. Box 885, White Cloud, MI 49349. The program administrator shall respond within 15 working days after receipt of the initial complaint, to negotiate a satisfactory solution. Should the case not be successfully resolved by the program administrator, County Administrator shall submit the complaint to the Housing Review Committee, who will hear and review the case. The claimant may choose to appear in person before the committee, or submit the complaint in writing to the committee. The claimant will be notified in writing of the Review Committee's decision within 15 working days of the date of the hearing. Should the above-listed efforts fail to resolve all outstanding issues, **both parties must agree to seek the services of the closest Dispute Resolution/Mediation Program.** (Mediation services are provided at low or no cost. To reach the Community Dispute Resolution Center nearest you, call 1-800-873-7658.) Either party may contact MSHDA after following all of the above required steps, and have not been able to resolve the issues. Complaints filed by contractors / sub-contractors in the event of a dispute regarding suspension from program participation by Community Development. The complaint must be submitted in writing to the Newaygo County Administrator, Attn: Community Development Disputes, 1097 Newell St., P.O. Box 885, White Cloud, MI 49349. The County Administrator shall respond within 15 working days after receipt of the initial complaint, to negotiate a satisfactory solution. Should the case not be successfully resolved by the County Administrator, the case shall be submitted to the Housing Review Committee and will follow the same process as implemented with disputes between a Property Owner and Contractor.

F. Termination of Contract

If either party wishes to terminate the Rehabilitation Contract for any cause, they shall provide the other party with 10 days written notice, and submit a copy to the Department of Community Development. The Contractor shall be duly compensated for any work satisfactorily completed at the point of termination.

G. Reinstatement

A contractor that has been suspended from participation, may apply for reinstatement after the suspension period has expired. A formal request in writing to participate in the program submitted to Community Development will initiate the reinstatement process. The contractors request will be reviewed by Community Development and will be answered within 14 days from submission. Should the request not be granted an explanation will accompany the decision notice. Requests for reinstatement may be submitted at will, once the suspension period has expired.

**SECTION 9.
COMPLIANCE OF LEAD BASED PAINT REGULATIONS**

A. Lead-Based Paint Requirements

For dwellings receiving Homeowner Rehabilitation Assistance, Newaygo County will follow all procedural requirements as outlined in MSHDA Lead Based Paint Policy, “Implementation of the HUD Lead-Based Paint Regulations @ 24 CFR Part 35 for OCD CDBG and HOME Recipients, and Applicability to MSHDA funded Grants”.

**SECTION 10.
HOMEOWNER REHABILITATION LANDSCAPING**

A. Landscaping

Landscaping up to \$1,000 as part of a rehab project, if a landscaping plan has been approved by MSHDA and all plant material charged to grant funds will be visible from the street. When the project is a Homeowner Rehabilitation project, the \$1,000 landscaping improvements are not subject to lien requirements. Refer to MSDHA’s Rehabilitation Improvements Policy.

A. Goal

In conjunction with, and as a supplement to the Newaygo County Housing Rehabilitation Program, financial resources will be made available for the purpose of improving the landscape that will improve and maximize the appearance of the subject property and its surrounding neighborhood.

B. Objective

Using local vendors and grant funding from MSHDA, the County will, in concert with the property owner, develop and finance the landscape plan, installation and maintenance process.

C. Process

1. Periodically, Newaygo County will solicit through a general mailing to nurseries, florists, and landscape contractors, to seek interest from qualified vendors based

on job references, experience, etc., to participate with the homeowner rehabilitation program.

2. Upon completion of housing rehabilitation and subject to available funds and weather conditions, the County may propose to include landscaping in a project, subject to the approval of the property owner.
3. The vendor, given the available financial resources, will meet with the property owner and prepare a planting plan, including location, description of stock, and time frame for completion and bid price.
4. Upon acceptance by property owner and the County, a contract and Work to Proceed Notice will be executed.
5. Vendor's scope of service will include planning, purchase and installation of landscape product, education and training to the property owner regarding care and maintenance of plantings, including, but not necessarily limited to watering program, trimming procedures, transplanting, etc.
6. Upon completion of work plan development, planting and educational maintenance information to the property owner, the County will process payment for services to the vendor.

SECTION 11. DELINQUENT PROPERTY TAXES

B. Policy

Property taxes will be monitored annually to identify potential problems with delinquency. If a property has, or is likely to have, delinquent taxes, staff will first and foremost make reasonable attempts to work with the mortgagor to resolve the issue.

Any County/Community Development-mortgaged property that will possibly be entering forfeiture for delinquent taxes will be evaluated on a case-by-case basis to be determined by the County Administrator if the County shall pay the delinquent property taxes in order to protect the interest of the County. Any possible County payment shall be made prior to March 1st of the year going in to forfeiture (1 year before foreclosure), in order to avoid accruing interest and penalties.

C. Procedure

Per the terms and conditions of the amortized and deferred mortgages, if the delinquent property taxes are paid by the County, all sums expended shall become a part of the indebtedness secured and shall be a lien upon the premises. Such additional sums shall be due and payable upon demand and no performance by the County shall be considered as a cure of any default of the Borrower or as a waiver of such default.

If the County initially reserves the right not to elect to pay the delinquent property taxes, the County may at its sole option declare the delinquent taxes be paid by a date determined by the County. If delinquent taxes are not paid by the required date, the County may declare the entire indebtedness secured to be immediately due and payable and the County is hereby authorized and empowered to evict any and all occupants and to take possession of the property.

SECTION 12.

MORTGAGED PROPERTIES WITH NO HAZARD INSURANCE COVERAGE

A. Policy

Mortgaged properties will be monitored on a regular basis to identify properties that have no hazard insurance coverage or are likely to lose coverage. If it is determined that a property does not have hazard insurance coverage, staff will first and foremost make reasonable attempts to work with the mortgagor to resolve the issue.

Any County/Community Development-mortgaged property that has no hazard insurance will be evaluated on a case-by-case basis to be determined by the County Administrator if the County shall obtain insurance coverage in order to protect the interest of the County.

B. Procedure

Per the terms and conditions of the amortized and deferred mortgages, if the required hazard insurance is obtained and the premium is paid by the County, all sums expended shall become a part of the indebtedness secured and shall be a lien upon the premises. Such additional sums shall be due and payable upon demand and no performance by the County shall be considered as a cure of any default of the Borrower or as a waiver of such default. If the County initially reserves the right to elect not to obtain and pay for hazard insurance on the property, the County may, at its sole option, declare that coverage is to be obtained and the premium is to be paid by a date determined by the County. If not paid by the required date, the County, as determined by the County Administrator, may declare the entire indebtedness secured to be immediately due and payable.

SECTION 13.

FINANCIAL MANAGEMENT FOR HOMEOWNER REHABILITATION

A. Establishment of Rehabilitation Account

The County shall maintain a revenue/expense account for all Homeowner Rehabilitation funds. This account shall be separate and distinct from all other accounts maintained by

the County and shall be for the sole purpose of depositing and disbursing Homeowner Rehabilitation funds.

B. Disbursements from Rehabilitation Account

Upon receipt of an approved invoice from a contractor for work completed, Newaygo County Department of Community Development shall request a draw by voucher through the County Clerk's Office.

All disbursements from the Homeowner Rehabilitation expense account shall be made by check, issued by the County Clerk's Office by the following parties for the following reasons:

1. By Newaygo County Department of Community Development for administrative services performed. Billing shall be according to MSHDA's guidelines; and
2. For contractors for work performed in connection with rehabilitation assistance. If progress payments are to be made, they shall be limited to not more than 80% of the value, but not less than \$5,000 of the work satisfactorily completed. The contractor shall be paid in full after satisfactory final inspections and acceptance by the homeowner of all work performed by the contractor per the contract. Also upon receipt of release of lien by subcontractors and material suppliers for completed work or installed materials, as well as a Final Inspection Report for the building, plumbing, electrical, mechanical, well, septic work completed, as applicable. Final payment will be disbursed to the contractor upon the homeowner's approval and sign-off of the check within 30 days.

**SECTION 14.
FAIR HOUSING**

Newaygo County shall follow Fair Housing measures as required by MSHDA. Therefore, the following measures have been implemented:

1. A local fair housing contact person has been appointed to respond to Fair Housing issues raised by CD funded project/program recipients, prospective recipients, and/or contractors. This person is available during normal business hours and shall have an understanding of Fair Housing Laws.
2. The Department of Community Development is accessible to persons with disabilities and can make reasonable accommodations as necessary.
3. A complaint and referral system to the Michigan Department of Civil Rights (MDCR), HUD, or local Fair Housing Center has been established and shall be implemented as necessary. A copy of any complaint made by an OCD funded

project/program recipient, prospective recipient, or contractor will be submitted to the MSHDA CD Specialist.

4. A Fair Housing Log has been established and is kept on file along with a listing of Fair Housing Resources.
5. Fair Housing information and materials are available and distributed with program information and applications for assistance, to area agencies, schools, daycares, local units of governments, etc.
6. All advertising and program applications shall include the Fair Housing Language and/or logo.

Reaffirm Fair Housing Policy

Newaygo County shall reaffirm its Fair Housing Policy on an annual basis by:

1. Assuring that the designated Fair Housing contact person is available and informed of Fair Housing laws;
2. Maintain and update a community profile of our service area, Fair Housing Log, Fair Housing Resource listing, and referral system; and
3. Market programs to include minority and women applicants.

SECTION 15. CONFIDENTIALITY

Newaygo County does not publicize or make known specific applicant and/or recipient information to the general public. However, the Michigan Freedom of Information Act (FOIA – MCLA 15.23 et.seq.) provides, among other things, that a person has a right to inspect, copy, or receive copies of the following information held by a locality relative to OCD funds (federal or state):

1. Recipients' names
2. Recipients' addresses
3. The level of housing rehabilitation assistance provided

As the above stated information can be made public upon a written or oral request, the County has responsibility for informing all applicants of this when they apply for assistance.

In no case would it ever be appropriate to release:

1. A recipient's source or amount of income
2. Any credit-related information

SECTION 16.
CONFLICT OF INTEREST

Conflict of Interest policy will comply with the Conflict of Interest Regulations in MSHDA's Conflict of Interest Policy.

SECTION 17.
SECTION 3 REQUIREMENTS

Section 3 is the legislative directive from the U.S. Department of Housing and Urban Development (HUD) for providing preference in new employment, training, and contracting opportunities that are generated by HUD-funded projects to low- and very low-income local residents (regardless of race or gender). Section 3 also provides contracting preferences to local businesses that substantially employ low- and very low-income residents of the local community. Section 3 requirements apply to HUD funding provided to the Newaygo County Department of Community Development, through the Michigan State Housing and Development Authority. Section 3 is activated when construction and rehabilitation projects create the need for new employment, contracting, or training opportunities. Recipients or contractors are not required to hire Section 3 residents or award contracts to Section 3 businesses other than what is needed to complete a covered project. If the expenditure of a covered project does not result in new employment, contracting, or training opportunities, the requirement of Section 3 is not activated. Nevertheless, the recipient and its contractors are required to submit Section 3 report information. As a condition of receiving HUD and Community Development Block Grant funds, recipients must certify they will comply with the requirements of Section 3. HUD has the legal responsibility to monitor recipients for compliance and can impose penalties upon those that fail to meet these obligations. Furthermore, MSHDA and HUD have a similar level of responsibility and may impose sanctions or penalties against the Newaygo County Department of Community Development for non-compliance.

Newaygo County Department of Community Development primary responsibility as a recipient of HUD funding includes:

1. Notifying Section 3 residents and businesses about jobs and contracts generated by

2. Section 3 covered assistance so that residents may seek jobs and businesses may submit
3. bids/proposals for available contracts;
4. Notifying potential contractors of the objectives of Section 3 and ways in which each
5. contractor can assist the sub-recipient to meet its goal;
6. Facilitating the training and employment of Section 3 residents and the award of
7. contracts to Section 3 business concerns; and
8. Documenting the action that the sub-recipient takes to comply with the Section 3

Newaygo County Department of Community Development has outline these responsibilities and plans to meet minimum requirements of Section 3 through the Section 3 Implementation Plan.

**SECTION 18.
RECORDING AND REPORTING AND FILE RETENTION**

Newaygo County Department of Community Development will store all mortgages and promissory notes of completed rehabilitation projects in a fire safe cabinet for the duration required by MSDHA.

The County shall prepare and submit reports and documents relating to and supportive of the activities described in the grant proposal / application and contract. Such reports consist of:

Accounting Certification	Prior to the disbursement of funds
Financial Status Reports (FSR)	The 15 th of the month following the reporting period. Payment request should be submitted at least quarterly but not more than monthly
Interim and Final OMB A-133 Audit Reports prepared by a certified public accountant	Nine months after the grantee's fiscal year end in which the funds governed by contract have been expended. Refer to MSDHA's Community Development Division

Newaygo County Department of Community Development will comply with requirements of MSHDA in retention of files and financial records for a period of four (4) years for CBDG grant funds. The retention period shall commence from the date that Newaygo County submits its final audit and report and has been approved by MSHDA.

SCHEDULE A

Appeal Procedure

If you feel that your application has been unrightfully denied by the Community Development Program Administrator, you may submit additional information which you believe should warrant a favorable determination. If your additional information does not prove to be favorable in determining your application to be eligible, you will receive written notice that your application is denied.

If you do not agree with the decision of the Program Administrator, you may appeal in writing within fifteen days of denial, to the County Administrator, Office of Administration, P.O. Box 885, White Cloud, MI 49349. The County Administrator will respond to your appeal within 15 working days after receipt.

If you wish to appeal the decision of the County Administrator, you may appeal in writing to the Housing Review Committee, through the Newaygo County Administrator. The Housing Review Committee will hold a hearing to review the case. The claimant may appear in person before the committee. The claimant will be notified in writing of the Review Committee's decision within 15 days of the date of the hearing. The decision of the Housing Review Committee shall be final.

It is your option to contact MSHDA after the above steps have been taken.

SCHEDULE B

Acronyms

AGI	Annual Gross Income
AMI	Area Median Income
CDBG	Community Development Block Grant
CDS	Community Development Specialist
DNR	Dept. of Natural Resources
HOME	Home Investment Partnership Program
HUD	U.S. Dept. of Housing & Urban Development
MSHDA	Michigan State Housing Development Authority
OCD	Office of Community Development
PIP	Property Improvement Program
TPV	Third Party Verification