



HOME

Owner-Occupied Housing Rehabilitation Program

POLICIES & PROCEDURES MANUAL

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HOME Owner-Occupied Housing Rehabilitation Program Policies and Procedures Manual

PURPOSE

The purpose of these guidelines is to establish policies, guidelines and procedure which will govern the Owner-Occupied Housing Rehabilitation Program administered by the City of Hattiesburg Urban Development Community Development Division (CoHCDD). This document is not intended to supersede any federal or state regulations pertaining to housing. Federal and/or state rule shall prevail in the event of conflict relating to the guidelines contained within.

The Owner-Occupied Housing Rehabilitation Program is funded through the U. S. Department of Housing and Urban Development (HUD).

Statues and Regulations:

The Owner-Occupied Housing Rehabilitation Program utilizes Federal funds. The following Statues and Regulations govern the program and are the source of the policies in this document.

- 1.1.3. HOME Program: (Home Investment Partnership Program) Federal Regulation: 24 CFR 92.

GOALS OF THE PROGRAM

The primary goals of this program:

- To provide housing assistance to extremely low, very low and low-income households;
- To preserve the City's existing housing stock;
- To strengthen the City's tax base;
- To reduce Lead Based Paint Hazards; and
- To prevent the spread of blight in the City of Hattiesburg

I. Affirmative Marketing Policy

Procedures for Implementing an Affirmative Fair Housing Marketing Plan

The CoHCDD is committed to the goals of affirmative marketing that will be implemented through the following procedures:

- A. Providing equal service without regard to race, color, religion, sex, handicap, familial status, or national origin of any client, customer, or resident of any community;
- B. Ensuring that the project/administrative staff have read and understood the Fair Housing Act, and the purpose and objectives of the Plan
- C. Informing clients and customers about their rights and responsibilities under the fair housing laws by providing verbal and written information;

- D. Evaluating the effectiveness and compliance of all marketing as it relates to fair housing;
- E. Including the *Equal Opportunity* logo or slogan, and where applicable the accessibility logotype, in all ads, brochures, and written communications to owners and potential tenants;
- F. Displaying the HUD's fair housing posters (at a minimum, English and Spanish versions);
- G. Soliciting applications from persons in the housing market who are least likely to apply for assistance without the benefit of special out-reach efforts; working with the local public housing authority and other service and housing agencies to distribute information to a wide and diversified population;
- H. Maintaining documentation of all marketing efforts (such as copies of newspaper ads, memos of phone calls, copies of letters).
- I. Maintaining a record of applicants with a general profile of the applicant, how the applicant learned of the vacancy, the outcome of the application, and if rejected, why; maintaining this record for two years or through one compliance audit, whichever is the shorter period of time.

Assessment

In conjunction with the annual on-site compliance reviews, the CoHCDD will:

- Review and evaluate records of affirmative marketing efforts (advertisements, flyers, and electronic media spots, etc.);
- Evaluate outcomes and effectiveness of marketing efforts and make changes where needed.
- Evaluate whether good faith efforts have attracted a diversified cross-section of the eligible population.

Corrective Actions

Failure to meet affirmative marketing requirements will result in the following corrective actions:

- **For failure to comply**, CoHCDD will set a probationary period for compliance, not to exceed six months, during which time the CoHCDD will provide more specific guidelines for compliance.
- **Further failure to comply** with the affirmative marketing requirements may result in the withdrawal of HOME support.
- **Further failure** to make appropriate actions to correct discrepancies in affirmative marketing programs may result in steps to recover all invested HOME funds.

Establish System for Documenting Outreach

- A. Establish a system for documenting activities and maintaining records of such AFH activities. At minimum, the sub-grantee must maintain documentation pertaining to:
 1. The special outreach activities undertaken to attract groups that are least likely to apply and also the general public that applies for the housing;
 2. How the groups considered least likely to apply were identified;
 3. Race and ethnicity of all persons applying for the housing; and
 4. Race and ethnicity of all individuals who visited the project in person.
 5. A copy of training materials used to train project management/staff on Federal, State local civil rights laws and fair housing laws;
 6. The selection of the community contacts who assisted or may assist in implementing the Plan. In addition, the sub-grantee must:
 - a. List, with names and addresses, groups or organizations identified as serving least likely to apply populations and those serving special populations who may be served by the project, including those with physical disabilities.
 - b. List, with names and addresses, community contact(s) that serve the disabled community, such as an independent living center (ILC).
 - c. Indicate the method of contact for each of these outreach organizations e.g., community meetings, brochures, briefing sessions, etc., approximate date the group or individuals are to be contacted and how the project manager/agent/sub-grantee will document such contact.
 7. Communications with community contacts listed in the Plan;
 8. Copies of public advertisements, brochures, leaflets, etc.;
 9. The training given to staff on Federal, State and local civil rights laws;
 10. Sub-grantees and all agencies must develop an affirmative marketing report that includes summaries of affirmative marketing efforts. The report details affirmative marketing activities and identifies actions to undertake or to correct any non-compliance with affirmative marketing policies or to mitigate any non-performance problems in implementing plans. If corrective measures have been identified, actions taken on such measures must be reported. The COH-UDD may review reports at any time to determine compliance with affirmative marketing regulations.
 11. Sub-grantees and all agencies must keep a record of complaints of unfair marketing and must notify the COH-UDD in writing of the complaint.

Affirmative Fair Housing Marketing Recordkeeping

- A. The documentation of activities should be maintained in the project file. This information must be collected and maintained during the federal period of affordability and must be made available for review throughout the period.
- B. Up-to-date records based on census data, application and surveys about community residents, applicants for housing units, residents of the project, and records about tenant selection or rejection must be kept in the project file.
- C. Racial and ethnic data on all persons applying for housing units and participants must be collected and kept in the project file.

- D. Data obtained voluntarily from applicants with disabilities should be collected and kept in a separate file.
- E. Examples of documentation that should be maintained include:
1. Copies of newspaper advertisements and flyers or other printed material used;
 2. Copies of mailing lists to organizations that were sent flyers and other material;
 3. Copies of press releases and description of circulation;
 4. Evidence of broadcast of television and radio advertisement ;
 5. Photographs of site signs;
 6. The racial, ethnic and gender characteristics of tenants;
 7. List the names and addresses, of groups or organizations identified as serving least likely to apply populations and those serving special populations who may be served by the project, including those with physical disabilities; and
 8. List the names and addresses, of community contact(s) that serve the disabled community, such as an independent living center (ILC).

II. Project Selection, Commitment and Set-Up

The CoHCDD will announce via website, public notices and notices posted in City buildings the opening and closing date and time applications will be received. Applications are date/time stamped upon receipt and will be processed on first come first served basis.

- No activity will be created in IDIS – whether funded or not – until first, the Environmental Review process is complete, and second, there is a written agreement fully signed and dated by all necessary parties.
 - Exceptions to this may be Administration activities, Project Delivery activities, and other activities for which there is no other party with which to have an agreement. In these cases, the Division Manager is to approve/disapprove the creation of such activities with a note to an applicable file.
- The minimum per unit subsidy is \$1,000 and must be reflected in the work write-up/cost estimate [24 CFR 92.205(c)]
- An initial inspection is conducted to identify the deficiencies that must be addressed during the rehabilitation [24 CFR 92.251(b)(3)]
- Written cost estimates for rehabilitation must be reviewed and approved to determine that costs are reasonable [24 CFR 92.251(b)(2)]
- Progress inspections will be conducted to ensure all work is done in accordance with the work write-up [24 CFR 92.251(b)(3)]
- Project files shall include supporting documentation demonstrating inspections were conducted as required (i.e., prior to, during and upon completion of rehabilitation) [24 CFR 92.508(a)(3)(iv)]

Underwriting and subsidy layering Before committing funds to a project, the CoHCDD must evaluate the project in accordance with guidelines adopted for determining a reasonable level investment in a project and must not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable.

III. Income Determination

The CoHCDD has adopted the 24 CFR Part 5 (Part 5) definition of household income, which includes the income calculation of all adults, 18 and older, who will be part of the household during the time assistance will be received, plus unearned income of minor children (e.g., TANF).

For owner-occupied housing rehabilitation assistance, the applicant must provide documentation in support of income eligibility. CoHCDD shall review at least two (2) months of source documentation prior to application approval. To qualify for this program, the income of an applicant household may not exceed 80% of the median area income, as determined by HUD on an annual basis. The CPD Income Eligibility Calculator will be used to calculate annual income as defined at 24 CFR 5.609 and net family assets at 24 CFR 5.603.

CoHCDD is not required to re-examine the family's income at the time the HOME assistance is provided, unless more than six months has elapsed since the participating jurisdiction determined that the family qualified as income eligible.

Annual income includes, but is not limited to:

- full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b) (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- Full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount;

NOTE: Social Security income can only be verified by the Social Security Award Letter; direct deposit verification is not acceptable.

- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
 - (A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
 - (B) Are not otherwise excluded under paragraph (c) of this section.

If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

- The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
- The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c) (7) of this section).

Annual income does not include the following:

- Income from employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- Income of a live-in aide, as defined in § 5.403;
- The full amount of student financial assistance paid directly to the student or to the educational institution;
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

- Amounts received under training programs funded by HUD;
 - (ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
 - (v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- Temporary, nonrecurring or sporadic income (including gifts);
- Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- Adoption assistance payments in excess of \$480 per adopted child;
- Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.
- Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of

assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

IV. Written Agreement

Written agreements with the homeowner will include the following:

- The estimated after rehab value to ensure compliance with 24 CFR 92.254(a)(2)(iii) and (b)(1)
- Housing is the principal residence of an income qualified homeowner
- Amount and form of assistance via a deferred payment loan
- The rehabilitation work to be performed
- Completion date
- Property standards that must be met

V. Ownership and Occupancy Status

The following are the eligible forms of homeownership as defined per 24CFR 92.504(a):

- Fee simple
- 99-year ground lease

(Note: A copy of the deed alone is not sufficient. A title search or a recent review of recorded ownership information should have been conducted.)[24 CFR 92.2 and 24 CFR 92.254(c)]

VI. Property Standards

Housing Must Meet Property Standards to Be Eligible. Property Standards ensure that a set of housing quality standards are being used to determine if a dwelling is decent, safe, and sanitary. In addition, property standards provide a level of inspection for judging the actual physical condition of a property and assist in determining a proposed rehabilitation property's scope of work. Property rehabilitation standards for this program shall consist of the following:

- Housing Quality Standards
- The Uniform Housing Code
- The Council of American Building Officials One and Two Family Dwelling Code
- The City of Hattiesburg building, electrical, mechanical, plumbing, fire, housing codes and applicable state codes
- The City of Hattiesburg Zoning Ordinance

When HOME funds are used for housing rehabilitation, all health and safety hazards must be eliminated and the property must meet all applicable current local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion as defined at 24 CFR 92.251(b)(i). Health and safety hazards include but are not limited to:

- Lead based paint
- Mold remediation
- Electrical and fire hazards
- Structural integrity
- Accessibility

All properties rehabilitated with HOME funds must meet or exceed the minimum housing rehabilitation standards set forth in Single Family Rehabilitation Standards to provide the minimum acceptable material, equipment and workmanship standards for items to be furnished and installed under the rehabilitation specifications. These Rehabilitation Standards are intended to ensure that housing rehabilitated with HOME funds is decent, safe, sanitary, and non-luxury housing with suitable amenities.

In addition to these rehabilitation standards, housing rehabilitated with HOME funds must also meet other property standards required under the HOME regulations. This includes compliance with 24 CFR 92.9251 which, in part, requires housing rehabilitated with HOME funds to meet all applicable state and local codes, ordinances, and zoning ordinances and to meet accessibility requirements under certain federal statutes and regulations. This also includes compliance with lead-based paint requirements under 24 CFR 92.355 and 24 CFR Part 35. The specifications for bidding should incorporate both the minimum property standards and these rehabilitation standards.

VII. Eligible and Reasonable Costs

HOME funds may be used to pay the following eligible costs:

(a) *Development hard cost*- The actual cost of constructing or rehabilitating housing. These costs include the following:

(1) For rehabilitation, costs to meet the property standards for rehabilitation projects in §92.251;

(2) For new construction and rehabilitation projects, costs:

(i) To demolish existing structures;

(ii) To make utility connections including off-site connections from the property line to the adjacent street; and

(iii) To make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer

and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.

(3) Costs to make utility connections or to make improvements to the project site, in accordance with the provisions of §92.206(a) (3) (ii) and (iii) are also eligible in connection with acquisition of standard housing.

(b) Refinancing costs - The cost to refinance existing debt secured by a housing project that is being rehabilitated with HOME funds. These costs include the following:

(1) For single-family (one- to four- family) owner-occupied housing, when loaning HOME funds to rehabilitate the housing, if the refinancing is necessary to reduce the overall housing costs to the borrower and make the housing more affordable and if the rehabilitation cost is greater than the amount of debt that is refinanced.

(2) Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community; and

(c) Related soft costs. Other reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:

(1) Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups. The costs may be paid if they were incurred not more than 24 months before the date that HOME funds are committed to the project and the participating jurisdiction expressly permits HOME funds to be used to pay the costs in the written agreement committing the funds.

(2) Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees.

(3) Costs of a project audit, including certification of costs performed by a certified public accountant, that the participating jurisdiction may require with respect to the development of the project.

(4) Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by §92.351.

(5) Staff and overhead costs of the participating jurisdiction directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and homebuyers, e.g., housing counseling, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted project. For multi-unit projects, such costs must be allocated among HOME- assisted units in a reasonable manner and documented.

Although these costs may be charged as project costs, these costs (except housing counseling) cannot be charged to or paid by low-income families.

(7) Costs of environmental review and release of funds in accordance with 24 CFR part 58 which are directly related to the project.

(d) Relocation costs. The cost of relocation payments and other relocation assistance to persons displaced by the project are eligible costs.

(1) Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons.

(2) Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.

VIII. Property Requirements

Properties eligible for HOME Owner-Occupied Housing Rehabilitation assistance must comply with the following criteria:

- i. Property must be the principal residence of an income-eligible occupant located within Hattiesburg city limits. Residences that are rented out and not occupied by the owner throughout the rehabilitation activity do not qualify.
- ii. Mobile homes are not eligible for the program.
- iii. **Home Value Limits.** The estimated value of the property, after rehabilitation does not exceed the Single-Family Mortgage Limits under Section 215(b) of the National Affordable Housing Act (NAHA). The limits can be found on the HUD HOME Program website:

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

- iv. The property must be economically feasible for rehabilitation. If costs for repair exceed the program limits, or a home is in such disrepair that the costs are not justifiable, the property may not be eligible for the housing rehabilitation program.
- v. The property cannot have an outstanding Notice of Default or Notice of Sale filed against it. This must be certified by conducting a search with the county in which the property is located via Chancery County Deed's Office. If this information cannot be verified at the Deed Office then a title search must be ordered from a title company.
- vi. Mortgage payments must be current.
- vii. Homeowner must not have exhausted the maximum total expenditures of \$60,000 for any one structure and/or household.

- viii. The property cannot be in conflict with environmental regulations established in the National Environmental Policy Act (NEPA) of 1969. CoHCDD staff will prepare environmental documentation assessing the environmental eligibility of the rehabilitation property. To ensure compliance, property to be rehabilitated must meet the Environmental Review Criteria 58.15
- a. Property is an existing residential structure;
 - b. Property is not located in a Special Flood Hazard Area;
 - c. Property is not located within a Coastal Zone;
 - d. Property does not require further consultation from the State Historic Preservation Office;
 - e. Property is not located in an Airport Clear Zone;
 - f. Property will not result in increased density or cause a vacant building to become physically or legally habitable; or
 - g. Property is not located near visible toxic substances, chemical waste, dumps, landfills, industrial sites, or any other facilities capable of releasing toxic chemicals, hazardous wastes, or radioactive materials.

If the property meets all of the above, City Staff will determine whether the property to be rehabilitated meets all environmental requirements under 24 CFR Part 58.5 and can be rehabilitated through the Program. If the property does not comply with 24 CFR Part 58.5 based on completion of the Environmental Review form, the property cannot be rehabilitated through the Program.

Conform to Lead-Based Paint Poisoning Prevention Act. Housing assisted with Homeowner Rehabilitation funds must comply with the Lead-Based Paint Poisoning Prevention Act (42 USC 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856), and implementing regulations, as applicable, at 24 CFR part 35 subparts A, B, J, K, M and R.

IX. Procurement

Procurement is the process through which an agency obtains goods and services. The federal government has established a set of procurement rules that apply to HOME-funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage competition for the best level of service and price. The HOME Program administered by the City of Hattiesburg abides by the City of Hattiesburg Procurement Manual.

Section I: Applicable Laws and Regulations

The laws and regulations described in this section apply to the procurement of services, supplies or non-real property in the City of Hattiesburg HOME-funded projects.

The following rules apply to procurement of non-construction related goods and services. They are listed below and their application described in the following sections.

- HUD Conflict of Interest regulations at 24 CFR 570.489(h) and 24 CFR 92.356. These regulations set forth prohibitions against the use of CDBG/HOME funds by employees and officials for private gain.
- Grants and Cooperative Agreements with State and Local Governments A- 102 governs the use of grants, contracts and cooperative agreements. Implementation regulations can be found at 2 CFR 200 Subpart C.
- Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations. Nonprofits that receive CDBG/HOME funds must comply with A-110. Implementation regulations can be found at 2 CFR 200 Subpart A-D.
- Grantees and Sub-Recipients will use their own procurement procedures which reflect applicable State and local laws and regulations, if the procurements conform to applicable Federal laws and the standards identified in this section. HUD Procurement Standards implementation regulations can be found at 2 CFR 200 Subpart B General Provisions:

General Provisions:

Federal agencies are permitted to require changes, remedies, changed conditions, access and record retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy. For an outline of these clauses see 2 CFR 200). Therefore, the City and sub-recipients will maintain accurate records of all procurements- see, Procurement Record Keeping Requirements.

These procurement procedures are in place to ensure that: purchase orders and contracts are signed by an authorized program official; items delivered and paid for are consistent with the items contained in the corresponding purchase order and/or contract; timely payment of vendors occurs once requested orders have been delivered, inspected, and accepted and payment of the vendor has been approved; a cost or price analysis is performed in connection with every procurement action, including contract modifications; and, profit is negotiated as a separate element of price where price competition is lacking or a cost analysis is performed.

Bonding and Insurance

For each construction or facility improvement contracts or subcontracts exceeding \$10,000, the City may require bonding if the bonding of the sub-recipient or contractor is not determined adequate to protect the interest of the City or the federal government. If such a determination is made, the minimum requirements shall be as follows:

- 1) A bid guarantee from each bidder equivalent to five (5) percent of the bid price. The “bid guarantee” shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
- 2) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.
- 3) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Recipients of federal funding shall, at a minimum whether it is the City or one of its recipients, provide the equivalent insurance coverage for real property and equipment acquired with the Federal funds as would normally be provided to property owned by the recipient.

The contract file will be documented accordingly with respect to bonding and insurance

Contractor Oversight

- A. A list of Qualified Eligible Contractors (QEC list) will be maintained in the City of Hattiesburg Urban Development Department Community Development Division. Contractors may be added to the list annually; however, no Contractor shall be allowed to submit a proposal or cost quotation if not a Qualified Eligible Contractor and has not obtained a **Data Universal Numbering System number (DUNS)**.
 1. Qualified Eligible Contractors (QECs) must:
 - a. Furnish current references from three (3) subcontractors, two (2) suppliers, one (1) bank, and three (3) prior jobs, carried out by the contractor in order to assess quality of work and evaluate the workmanship. These requirements are not in any way intended to exclude any qualified Contractor, but are intended to verify a proven track record of established business. The CoHCDD and the Selection Committee will review all submissions for consideration.
 - b. Furnish a copy of current license from the City of Hattiesburg.
 - c. Furnish a copy of current liability insurance and Workmen's compensation as required.
 - d. Sign a *Work Agreement* for each contract undertaken, which included the agreement to abide all local codes and ordinances as well as the City's Housing Programs Manuals in all work performed.
 2. Proposals will be requested from all eligible contractors.
 3. A Contractor's license from the City of Hattiesburg may be revoked for good cause in accordance with the codes and ordinances of the City. Also, contractors may be removed and disbarred from the Qualified Eligible Contractor list based on the following:
 - a. When a project's construction time exceeds, without justifiable cause, the construction period reflected in the contract. Once advised of the failure to meet contract deadlines, the contractor shall complete work within five (5) working days. If work exceeds the extended deadline, without justifiable cause, the contractor will be fined \$100 per day until the work is completed or until the contract is terminated at the discretion of the Program. In the event that the contractor neglects to complete contracted work, the associated Work Agreement may be terminated and the Housing Coordinator will arrange to have another contractor from the Qualified Eligible Contractors list complete the

work. The Housing Program Inspector or designee will determine the extent of work not completed. In some instances it may be necessary to estimate a percentage of work completed. The cost of work line items not completed or the percentage of work not completed, whichever is applicable, will be deducted from the total contracted amount in addition to the deduction for the penalty for incompleteness. These funds will be used to defray the cost for the unfinished work. Any remaining payment due the Contractor will not be made until all work is complete and the penalty for incompleteness will be deducted at that time.

- b. When a contractor's construction performance is unacceptable as documented by the City of Hattiesburg Housing Program Inspector, Technical Inspectors, and Housing Coordinator.
 - c. When a contractor violates the terms, conditions, and contents of the Work Agreement.
 - d. When a contractor violates the Housing Rehabilitation and Housing Repair Grants Program Guidelines.
 - e. When a contractor does not pay labor and material costs relating to the job, which could result in a lien against the property.
 - f. When a contractor fails to start work within ten (10) working days of issuance of the Notice to Proceed without justifiable cause, the contractor shall submit a letter to the attention of the Housing Coordinator explaining the reason(s) for the work delay, prior to the end of the ten (10) day working period, for approval. Contractors exceeding the ten (10) working days start date may be terminated from the Work Agreement with the Homeowner. (If contracted as the result of a proposal, the next lowest best proposer will be contracted with the homeowner to perform work originally contracted with the lowest best proposal Contractor.) In the event additional proposals were not received, the project will accept new proposals. The Contractor that exceeded the ten (10) working day period to start work will not be eligible to re-submit a proposal on the project. If contracted as the result of assignment to an eligible Sub-recipient to do housing rehabilitation or housing repair, the project will be reassigned to another eligible Sub-recipient.
 - g. When one or a combination of causes in (a) through (f) above or any other reasonable documented causes exists.
4. The Manager shall notify all contractors that have been removed or disbarred from the Qualified Eligible Contractors list in writing setting forth the cause and the term of disbarment.
 5. The U. S. Department of Housing and Urban Development (HUD) will be notified of Contractors violating federal law or exhibiting unethical behavior and recommended for disbarment from federal programs.
 6. The Qualified Eligible Contractors list may not in any manner be used as a means for discrimination or exclusion on the basis of race, national origin, sex, or age.

7. Contractors may request reinstatement in writing to the Director when disbarment did not result from violation of federal, state or local law.
8. Appeals regarding the Qualified Eligible Contractors Selection Process

If a Contractor disagrees with selection committee decision on any or all of the qualifying criteria, he or she may appeal the decision to the CDBG/HOME Board of Appeals. The Contractor should submit a written request for review of the decision within ten (10) working days of notice of the decision to:

City of Hattiesburg Urban Development
C/O: Director
ATTN: HOME Board of Appeals
Post Office Box 1898
Hattiesburg MS 39403-1898

Response time by the board will depend on the nature of the appeal, but will be as timely as possible. The Board is made up of three members appointed by the Mayor. The members shall be employed by the City of Hattiesburg and shall not be employees of the CoH Urban Development Department. The HOME Board of Appeals will meet as needed, if and when an appeal is made. Any further appeals will be made to a court with appropriate jurisdiction.

X. Loan Processing and Servicing

Homeowner refinancing after the completion of the housing project rehabilitated with HOME funds is allowable only if the new mortgage terms are reasonable and affordable to the household.

XI. Project Completion

Various milestones may be established and satisfied for a project, however a project is deemed satisfactorily completed only when the following factors have been satisfied:

1. All agreements have been properly executed (homeowner, contractor, subrecipient, PJ representative, etc.)
2. A passing final inspection conducted by the CoHCDD Housing Rehab Inspector or designated party and signed by homeowner, contractor, subrecipient, or PJ, as applicable.
3. Project completed within four (4) years of HOME funding commitment date.
4. All project data entered in IDIS within 120 days of the final draw. The data entered in IDIS should accurately reflect the data included in the written agreement and project files as per 24 CFR 92.502 (d)(1)
5. Each major system as defined in 24 CFR 92.251(b)(1)(ii), has a remaining useful life of a minimum of 5 years or the major system shall be rehabilitated or replaced as part of the rehabilitation work.

HUD will establish a HOME Investment Trust Fund United States Treasury account for each participating jurisdiction. The CoH HOME Investment Trust Fund account is an interest bearing account.

HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15-day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction's United States Treasury account of the HOME Investment Trust Fund. Interest earned after 15 days belongs to the United States and must be remitted to the United States as provided in 2 CFR 200.305(b)(9), except interest amounts up to \$500 per year may be retained for administrative expenses.

If a project is not completed within four (4) years of the date of commitment of funds the project is considered terminated and all invested funds in the project must be repaid to the PJ's HOME Investment Trust Fund in accordance with §92.503(b).

Any project terminated, voluntarily or involuntarily, prior to completion is deemed ineligible and all invested HOME funds in the project must be repaid to the HOME Investment Trust Fund in accordance with §92.503(b).

XII. Record Retention

In all cases where HOME Investment Partnership funds are invested, all project records are to be retained for no less than five (5) years after project completion.

In all cases where HOME Investment Partnership funds are invested, all project written agreement records are to be retained for no less than five (5) years after the agreement terminates.

If any litigation, claim, negotiation, audit or other action has been started before the expiration of the regular period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

XIII. Responsibility and Authority

The Community Development Division Manager, under the direction of the Director of Urban Development, has delegated authority and responsibility to administer the *Owner-Occupied Housing Rehabilitation Program* in accordance with the guidelines set forth above and subject to the restriction of applicable local, state, and federal laws, and the dictates of sound business judgment, prudence, and ethical conduct.