

# Policies & Procedures Manual



City of  
**Pasco**





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and DPA Application

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# Introduction

## Overview of HOME & the Consortium

The HOME Investment Partnership Program (HOME) is a federal program that provides funds to support affordable housing for low- and moderate-income households. The cities of Kennewick, Pasco, and Richland, as contiguous units of general government, were authorized by the U.S. Department of Housing and Urban Development (HUD) to form a HOME consortium beginning in 1996. Tri-Cities HOME Consortium (Consortium) allows the three cities to receive an annual formula allocation of HOME funds from HUD so they may together address local and regional affordable housing needs.

## Purpose of this Manual

This manual delineates the policies governing the Consortium and the procedures by which the Consortium operates. It is meant to be used by the staff of Consortium city as well as to inform other HOME implementation partners such as Community Housing Development Organizations, private developers, contractors, and so on.

## How the Consortium Operates

While all three cities (Consortium members) participate in planning and direct management of HOME activities, the City of Richland serves as the Consortium's Lead Entity and has the primary responsibility to HUD such as financial management, data entry in IDIS, and addressing monitoring findings and concerns.

The Consortium members are responsible for designing the HOME program. Each member of the Consortium is independently responsible for generating the matching funds required by the HOME Program regulations and are bound by a cooperative agreement.

### Consortium Responsibilities

	Richland	Pasco	Kennewick
<b>Overall Administration</b>			
Lead Entity, Reporting to HUD	X		
Record Keeping	X	X	X
Consolidated & Annual Planning	X	X	X
<b>Program &amp; Project Oversight &amp; Management</b> <i>(day-to-day mgt, underwriting, documentation, reporting, &amp; long-term compliance)</i>			
Down Payment Assistance	X	X	X
Owner-Occupied Rehabilitation	X	X	X
Rental / Owner Development	X		
CHDO Projects	X		
Tenant Based Rental Assistance	X		

## Distribution of Funds

Ten percent of the award is reserved for administrative purposes and ten percent of HOME program income will be available for administrative purposes by the Consortium member whose project generated the program income. No less than 15 percent for a Community Housing Development Organization (CHDO). The remainder is equally distributed between the Consortium members for approved activities.

The Lead Entity is responsible for development and submittal of the HOME Program Annual Action Plan with the assistance of the Consortium members. Once approved by all Consortium members, The City of Richland holds a public hearing to gather information and seek input relating to needs in the community. Public notice advertisements may be placed on the City's social media site, *Tri-City Herald*, and in Spanish in a local Hispanic newspaper advising of public hearings, a 30-day public comment period, and Richland Council approval of the Annual Action Plan. The plan is sent to HUD within 30 days' following the Consortium receiving the allocation letter.



## Eligible Activities

HOME funds may be used to fund the following affordable housing activities that serve households at or below 80% of area median income:

1. Tenant-Based Rental Assistance
2. Rehabilitation of Owner-Occupied Homes
3. Down Payment Assistance for First-Time Homebuyers
4. New Construction or Rehabilitation for Homeownership
5. New Construction or Rehabilitation for Rental Occupancy

The Consortium has the discretion to fund all or some of the eligible activities. Based on housing needs identified in the HOME Consortium Consolidated Plan and based on the administrative capacity to oversee activities and projects.

Following are brief descriptions of each activity. These are not meant to be exhaustive. Additional HOME Program information may be found in subsequent sections of this manual. Furthermore, each activity is managed via additional program documents, as identified at the end of each brief description and in the section entitled, *Attachments & Related Documents*.

### 1) Down Payment Assistance Program (DPA)

<b>Program Goal</b>	To help first-time homebuyers earning low- and moderate-incomes purchase homes within the Consortium by providing down payment and closing cost assistance.
<b>Target Geography</b>	<ul style="list-style-type: none"><li>• Generally, DPA is offered across the entire Consortium on a first-come basis.</li><li>• DPA funds may be set aside for specific homeownership units developed with Consortium HOME funds.</li></ul>
<b>Eligible Applicants</b>	<ol style="list-style-type: none"><li>1. First-time homebuyers with household income at or below 80% AMI that meets all eligibility requirements outlined in the DPA Policy and Procedures (attached as an Appendix).</li><li>2. Recipients must receive homebuyer counseling/education</li></ol>
<b>Amount of Assistance</b>	Each prospective homebuyer is underwritten on an individual basis. Maximum assistance is limited to \$10,000 and determined by a needs assessment.
<b>Eligible Costs</b>	Down payment Assistance and Closing Costs associated with purchase excluding realtor fees.
<b>Maximum Purchase Price</b>	Must not exceed 95% of area median purchase price
<b>Underwriting Standards</b>	Mortgage Requirements: <ul style="list-style-type: none"><li>• Debt-to-Income Ratio: Max 43% with sufficient credit score</li><li>• Minimum credit score is required, as detailed in the HAP Guidelines</li></ul> Buyers must invest \$1,000 or 1% of purchase price, whichever is greater, of their own funds toward home purchase (down payment, closing costs, home inspection, etc.).
<b>Form of Assistance &amp; Compliance Period</b>	Assistance is provided as a non-servicing; 2nd mortgage that may be forgiven at the end of the 6-Year Period of Affordability. Sale/transfer of the home during the compliance period will trigger recapture of the HOME investment provided there are sufficient net proceeds to recapture.



<b>How the Program is Managed</b>	<ul style="list-style-type: none"> <li>Each Consortium member manages its own DPA applicants and initial underwriting</li> <li>The lead Entity will monitor Consortium members to ensure loans meet underwriting guidelines</li> </ul>
<b>Documents that Manage the Activity</b>	<ul style="list-style-type: none"> <li>DPA Guidelines</li> <li>Written agreements with homebuyers</li> <li>Subrecipient agreements for program administration</li> </ul>

## 2) Owner-Occupied Rehabilitation

<b>Program Goal</b>	To rehabilitate homes owned by low-income persons.
<b>Target Geography</b>	Development may take place across the Consortium. Consortium members may seek to target specific properties or neighborhoods to further stabilization or revitalization.
<b>Eligible Applicants</b>	Homeowners 80% or below the Area Median Income. The home cannot exceed 95% of the median area purchase price for single family housing.
<b>Type &amp; Amount of Assistance</b>	Assistance is provided as a non-servicing; 2nd mortgage that may be forgiven at the end of the Period of Affordability. Sale/transfer of the home during the compliance period will trigger recapture of the HOME investment provided there are sufficient net proceeds to recapture.
<b>Underwriting Standards</b>	<ul style="list-style-type: none"> <li>Promissory Note</li> <li>Recorded Deed of Trust</li> </ul>
<b>Period of Affordability</b>	<p>Period of Affordability outlined by HUD as determined by the amount of HOME invested per unit:</p> <p>Under \$15,000: 5 years  \$15,000 to \$40,000: 10 years  Over \$40,000: 15 years</p> <p>Minimum Period of Affordability is 6 years for the HOME Consortium Projects. Sale/transfer of the home during the compliance period will trigger recapture of the HOME investment provided there are sufficient net proceeds to recapture.</p>
<b>Eligible Costs</b>	Reasonable and necessary costs incurred by the Consortium member associated with rehabilitating the home assisted with HOME funds. These may include, but are not limited to, direct staff costs for work associated with a specific address and costs for services required to complete the program.
<b>How the Program is Managed</b>	<ul style="list-style-type: none"> <li>Each Consortium member manages its own OOR applicants and initial underwriting.</li> <li>The Lead Entity will monitor Consortium members to ensure loans meet underwriting guidelines</li> </ul>



<b>Documents that Manage the Activity</b>	<ul style="list-style-type: none"> <li>• Application and documents associated with application</li> <li>• Financial documentation required by <a href="#">24 CFR Part 5</a></li> <li>• Documents outlined in the HOME Rehabilitation Tracking Sheet.</li> </ul>
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### 3) Tenant-Based Rental Assistance

<b>Program Goal</b>	To provide rental assistance and assistance to those at or below 60% Area Median Income
<b>Target Geography</b>	Within the city limits of Kennewick, Pasco, and Richland
<b>Eligible Applicants</b>	Persons at 60% or below the Area median Income. (10% of funding may assist those between 60 and 80% of the Area Median Income).
<b>Type &amp; Amount of Assistance</b>	Contribution by the tenant is 30% of their adjusted gross income (minimum of 50%). Consortium contribution is no more than the Fair Market rent limits.
<b>Form of Assistance &amp; Compliance Period</b>	Assistance is a direct payment to the landlord for up to 24 months.
<b>Eligible Costs</b>	<ul style="list-style-type: none"> <li>• Rental assistance</li> <li>• Security Deposits</li> <li>• Utility Deposits</li> <li>• Administrative costs</li> <li>• Project costs to determine income eligibility and home inspections</li> </ul>
<b>How the Program is Managed</b>	Program is managed by a Subrecipient and monitored by the Lead Entity
<b>Documents that Manage the Activity</b>	<p>Monthly Reports to include the following:</p> <ul style="list-style-type: none"> <li>• Last name of tenant</li> <li>• Number of bedrooms</li> <li>• Security deposit</li> <li>• Monthly rent (tenant contribution and HOME subsidy)</li> <li>• Utilities</li> <li>• Income level</li> <li>• Race and ethnicity</li> <li>• Household size and type</li> <li>• Length of contract</li> </ul>



#### 4) New Construction for Home Ownership (CHDO)

<b>Program Goal</b>	New construction or acquisition & rehab to create affordable homeownership throughout the Consortium.
<b>Target Geography</b>	Development may take place across the Consortium. Consortium members may seek to target specific properties or neighborhoods to further stabilization or revitalization.
<b>Eligible Applicants</b>	CHDOs may seek HOME funds if they have a proven track record of successful development and use of federal funds.
<b>Type &amp; Amount of Assistance</b>	Each project is underwritten on an individual basis. <u>Construction financing</u> : up to 100% of eligible costs <u>Permanent development gap subsidy</u> : up to 40% of TDC <u>Homebuyer assistance</u> : see as DPA Guidelines
<b>Underwriting Standards</b>	All projects must be analyzed and underwritten using the Consortium's <i>Tri Cities Homeownership Development Project File/or Combined Funders Application</i> . This template lays out underwriting criteria, collects project information, and helps Consortium staff evaluate projects for compliance, cost reasonableness, and feasibility.
<b>Compliance Period</b>	Assistance is provided as a non-servicing; 2nd mortgage that may be forgiven at the end of the compliance period as determined by the amount of HOME invested per unit: Under \$15,000: 5 years \$15,000 to \$40,000: 10 years Over \$40,000: 15 years Sale/transfer of the home during the compliance period will trigger recapture of the HOME investment provided there are sufficient net proceeds to recapture.
<b>Eligible Costs</b>	Acquisition, hard construction costs, and most soft costs
<b>Maximum Home Price</b>	The sales price or after-rehab value of homes must not exceed 95% of area median purchase price
<b>How the Program is Managed</b>	Development is typically led by the Consortium members or a CHDO certified by the Consortium.
<b>Documents that Manage the Activity</b>	<ul style="list-style-type: none"> <li>• Tri Cities Homeownership Development Project File</li> <li>• CHDO Policies and Procedures</li> <li>• Performance Requirements, Rehabilitation Standards &amp; Standard Specifications</li> <li>• Contractor Bid Packet</li> </ul>

#### 5) New Construction or Rehabilitation for Rental Occupancy

<b>Program Goal</b>	New construction to create affordable rental units throughout the Consortium.
<b>Target Geography</b>	Development may take place across the Consortium. Consortium members may seek to target specific properties or neighborhoods to further stabilization or revitalization.



<b>Eligible Applicants</b>	CHDOs, other nonprofits, and for-profit developers may seek HOME funds if they have a proven track record of successful development and use of federal funds.
<b>Type &amp; Amount of Assistance</b>	Each project is underwritten on an individual basis. Because the Consortium infrequently funds rental projects, no maximum has been established.
<b>Underwriting Standards</b>	All projects must be underwritten and analyzed using the Consortium's <i>Tri Cities Rental Development Project File and/or Combined Funders Application</i> . This template lays out underwriting criteria, collects project information, and helps Consortium staff evaluate projects for compliance, cost reasonableness, and feasibility.
<b>Form of Assistance &amp; Compliance Period</b>	Funds are typically invested as non-servicing permanent loans. The compliance period is based on the rental activity:  Rental Rehab: 5-15 years Under \$15,000/unit: 5 years \$15,000 to \$40,000/unit: 10 years Over \$40,000/unit: 15 years Rental Rehabilitation involving Refinancing: 15 years New Construction or Acquisition of Newly Constructed Rental Housing: 20 yrs.
<b>Eligible Costs</b>	Acquisition, hard construction costs, and most soft costs
<b>Eligible Tenants</b>	Units must serve tenants earning $\leq 60\%$ area median income; projects with 5+ HOME Assisted Units must reserve 20% of units for households $\leq 50\%$ AMI.
<b>How the Program is Managed</b>	Rental development is typically led by the Consortium members or a CHDO certified by the Consortium. Other nonprofits and for-profit developers may also seek funding.
<b>Documents that Manage the Activity</b> (see Attachments)	<ul style="list-style-type: none"> <li>• Tri Cities Rental Development Project File</li> <li>• HOME Written Agreements with CHDOs and Developers</li> </ul>



## General HOME Program Requirements

### Income Eligibility, Definition & Documentation

Income Eligibility - all households assisted with HOME funds must have incomes at or below 80% of Area Median Income, as published annually by HUD.

Income Definition - the Consortium uses the Part 5 income definition [[§92.203\(c\)](#)]

Income determination & documentation - in a form consistent with HOME requirements as stated in the [HUD handbook \*Technical Guide for Determining Income and Allowances Under the HOME Program\*](#).  
Determination

### Ineligible HOME Activities & Properties

#### Ineligible Activities

- Emergency home repair (in which the whole home is not brought up to current standards)
- Reserve accounts
- Match for other federal programs (except McKinney Vento programs)
- Assistance to Public Housing
- Assistance to HOME projects during affordability period
- Acquisition of PJ-owned property (unless explicitly acquired for a HOME project)
- Project based rental assistance
- Paying delinquent taxes on behalf of the owner

#### Ineligible Properties

- Public Housing development, maintenance, or modernization
- Properties eligible for assistance under the [24 CFR Part 248](#), Prepayment of Low-Income Housing Mortgages
- Properties receiving Federal Rental Rehabilitation Program funds
- Certain mandated existing Section 8 program uses, such as Section 8 rent subsidies for troubled HUD-insured projects
- Commercial properties
- Emergency Homeless Shelters
- Properties which have previously received HOME funds and are still within their original compliance period.

### Project Completion Deadline

The Consortium enforces the HOME project completion deadline through HOME written agreements with subrecipients and developers. A HOME-assisted project that is not completed within four years from the date the written agreement is executed (project commitment) is deemed terminated and that the Consortium must repay the HOME funds, including CHDO projects. Project completion for homeownership activities is achieved via an executed contract. Project completion for rental projects is achieved when construction is complete, and a certificate of occupancy is obtained. The Consortium may apply a more limited deadline to individual projects to reduce any risk of repayment.

### Written Agreements

A written agreement must be entered into before any HOME funds are committed or disbursed to ANY entity or household.

- Community Housing Development Organizations (CHDOs)
- Other developers, for-profit and non-profit



- Homebuyers receiving HOME down Payment assistance
- Homeowners receiving HOME owner-occupied rehabilitation
- Agencies providing Tenant Based Rental Assistance.

## **Procurement**

All HOME subrecipients and / or Consortium members may use their own written procurement procedures, provided such procedures provide adequate competition, and conform to applicable federal, state and local laws and regulations. For Owner occupied rehabilitation projects, the homeowner shall obtain bids based upon the scope of work specifications, or the Consortium member may obtain bids from 2 or more contractors, with a preference of obtaining a minimum of 3 bids.

Sealed bid procurement is the preferred method for construction projects. Local city and HUD approved Procurement Standards must be followed as found at [2 CFR 200](#) when obtaining equipment, materials and supplies, as well as the awarding of contracts for services, repairs, rehabilitation, or maintenance. The selected bid must be reasonable and within 10 percent of the rehabilitation cost estimate. The contractor selected to perform the work will be selected through an approved procurement procedure, with reasonableness, price and other factors considered. If low bidder is not awarded, the file will document the reason for the decision.

HOME subrecipients and Consortium member will maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The Subrecipient and/or Consortium member will perform a cost or price analysis for every procurement. A cost estimate must be completed before soliciting bids or proposals. The extent of the analysis depends on the dollar value and complexity of the procurement. In most cases, it will be sufficient to use price analysis, which may be as simple as comparing the cost estimate with the competitive prices received to ensure that the contract price will be reasonable. The Subrecipient / Consortium member may use available published price lists, construction cost estimating publications, Davis-Bacon or State Prevailing wage rates, architect cost estimates, and documented pricing history from prior contracts. The estimate should include anticipated labor costs, material expenses, subcontracted items, overhead, profit, and any other cost factor that might have an impact on the eventual contract. Commercial items/supplies should be based on published catalog or market prices and must be documented.

All contractors/subcontractors must be insured, state licensed, bonded, registered, and have a valid City business license in order to participate in HOME funded projects. Contractors/subcontractors must not be debarred or suspended from working on federally funded projects. Certain contractors having specialized training to work with lead-based paint and/or asbestos abatement may be required to perform all or part of rehabilitation work. All contractors must be registered in the System for Award Management at <https://www.sam.gov/SAM/>

## **Affirmative Marketing**

All HOME-funded programs and projects must be affirmatively marketed to attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. Affirmative marketing procedures must include requirements detailed in [24 CFR Part 92, §92.351](#). Subrecipients must submit a detailed affirmative marketing plan to the Consortium member at the start of a project.

The Tri-Cities HOME Consortium is committed to providing equal access and opportunity to all persons to encourage participation in the housing programs offered in the Cities of Kennewick, Pasco, and Richland. The three cities will not discriminate, and will require that all contractors, subcontractors, recipients, subrecipients, owners, landlords, and vendors not discriminate against any person on the basis of race, color,



national origin, gender, sex, religion, disability, or familial status. Actions to provide information and attract otherwise eligible persons in the community to the housing programs may include displaying advertisements in Spanish and English in local newspapers, hosting neighborhood meetings, direct mailing to social service agencies or businesses that employ or are frequented by lower income persons, providing information to housing authorities, advertising in periodical newsletters or utility bill inserts, distributing flyers or brochures to businesses that have ties to the agricultural community, at community events, providing community service announcements on television, radio networks, and City reader-boards for special events/activities, and maintaining contacts with community agencies and people who have agreed to act as interpreters and mentors for non-English speaking residents.

The Consortium's *Affirmative Marketing Plan* is Attachment B of this document.

### **Project Selection**

HOME development projects are identified by all three Consortium member cities. The Consortium's process may include proposal brought to the Consortium by developers and CHDOs, solicitation of proposals via requests for proposals, and/or prospective projects identified by staff of a Consortium member.

Applicants will use the specified templates to provide key project information, show project feasibility, identify funding gaps, and check for HOME compliance. The Consortium member will conduct a formal evaluation and analysis of each project, including underwriting and subsidy layering as described below.

Consortium members must approve a project before HOME funds can be committed and before a HOME written agreement can be executed with the Subrecipient or developer.

### **Underwriting & Subsidy Layering Procedures**

All Consortium HOME projects must go through thorough underwriting and subsidy layering analysis before HOME funds can be committed, regardless of the investment of other governmental funds in the project. Underwriting must demonstrate that the Consortium is investing only as much HOME funds that are necessary to provide quality, affordable, and financially viable housing for at least the duration of the affordability period. Underwriting analysis must determine a reasonable level of profit or return on the owner's or developer's investment in a project.

At a minimum, underwriting must:

1. Establish standards to assess the reasonableness of profit or return to the owner or developer, for the size, type, and complexity of the project.
2. Examine the sources and uses for each project and determine whether the costs are reasonable.
3. Assess the market conditions of the neighborhood in which the project will be located.
4. Assess the experience and financial capacity of the developer.
5. Determine whether there are firm financial commitments for the project.

Subsidy Layering and Underwriting analysis is performed by the Consortium members, and no HOME funds may be committed via a written agreement or expended until the Consortium member has completed the analysis. Underwriting is performed using policies and templates that outline Consortium underwriting standards as well as HOME compliance:

Down Payment Assistance: Underwriting policies may be found in the *Homeownership Assistance Program Guidelines (Appendix C)*. Subrecipients administering down payment assistance programs will perform initial homebuyer underwriting and the final analysis. When HOME funds are only providing down payment assistance, the assessments of market conditions and developer capacity are not required.

Owner-Occupied Rehabilitation: Underwriting policies may be found in the *Homeownership Assistance Program Guidelines (Appendix C)*. Consortium members administering down payment assistance will perform



initial homebuyer underwriting and the final analysis. When HOME funds are only providing down payment assistance, the assessments of market conditions and developer capacity are not required.

### Cost Estimates

Applicants or Consortium Members entering project information in the Homeownership and Rental Project Files listed above must indicate the source of their initial cost estimates. Acceptable sources are:

1. Costs from recent comparable projects
2. Estimate based on industry costs standards (such as RS Means)
3. Architect's estimate
4. Contractor's estimate
5. Contractor's bid amount

Cost estimates that fall outside of the reasonable range will receive greater scrutiny and must offer justification and documentation to evidence the reasonableness of project costs.

### Minimum and Maximum HOME Subsidy Limits

Minimum HOME Program Investment: The minimum amount of HOME investment will be \$1,000 per assisted housing unit.

Maximum HOME Investment: The maximum HOME investment may not exceed 240% the per unit dollar limits established under [Section 221\(d\)\(3\)\(ii\) of the National Housing Act \(12 USC 17151\(d\)\(3\)\(ii\)\)](#) for elevator-type projects that apply to the Kennewick, Pasco, and Richland MSA. HUD establishes this amount, and the lead entity is responsible for forwarding these limits to members of the Consortium, and subrecipients. The Consortium at its discretion may apply lower maximum funding limits than allowed by HUD.

### Affordability Period

Activity & Per Unit HOME Assistance	Minimum Period of Affordability ( <i>in Years</i> )
Homeownership Activities or Rental Rehab: Under \$15,000/unit \$15,000 to \$40,000/unit Over \$40,000/unit	5 (Consortium required 6 years) 10 15
Rental Rehabilitation involving Refinancing:	15
New Construction or Acquisition of Newly Constructed Rental Housing:	20

### Recordkeeping

The Lead Entity, Consortium members, Subrecipients, CHDOs, and other developers implementing HOME projects will retain program and project records for at least six years after each project's completion date, except for documents imposing recapture restrictions which must be retained for six years after the end of the Period of Affordability. Program and project management records must be kept which demonstrates compliance with the HOME Program ([24 CFR 92](#)).

The period for maintaining records may be extended due to any of the following:

- Records that are the subject of audit findings must be retained for three years after such findings have been resolved,



- Records for non-expendable property (as defined in [OMB Circular #A-110](#) for non-profit organizations) shall be retained for three years after its final disposition.
- If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, 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.

Subrecipients, Consortium members, CHDOs, and other developers implementing HOME projects must agree to immediately provide to the Lead Entity any and all information as may be requested to document compliance with the HOME Program and related laws, rules, regulations and policies.

### **Match Requirements**

HOME requires a match of 25 percent of the funds drawn from the Consortium's HOME Investment Trust Fund Treasury account, excluding funds identified for administering the HOME program, and program income. Match obligations are satisfied by permanent non-federal investment in, or contribution to HOME assisted or HOME eligible projects by reduction or contribution from Consortium members' General or other non-federal funds, reduced cost for land purchased below appraised value, reduced financing fees from lenders and appraisers, grants for affordable housing from non-federal sources, donated construction or housing materials, and volunteer labor. Contributions to the development of HOME-assisted or HOME-eligible homeownership projects can "count" toward match credit only (1) if the amount by which the investment reduced the sales price to the homebuyer, or (2) if development costs exceed the fair market value of the housing, in an amount by which the contribution enabled the housing to be sold for less than its development cost ([24 CFR 92.220](#)).

Each Consortium member is responsible for tracking & reporting HOME Match for the projects they fund, implement and/or oversee and report match to Lead Entity. Lead Entity will maintain a match log of all match obligations and match credits with supporting source documentation for the Consortium's program year (January through December). The match log will serve as the basis for reporting match contributions for the federal fiscal year (October through September) as part of the Consolidated Annual Performance Evaluation Report (CAPER).

Excess HOME match may be carried from one year to the next. Should the Consortium's accrued Match balance fall below one full year's obligation, each Member shall be responsible for generating the required match based on their share of HOME funds. If the Match cannot be supplied by the responsible Member, then HOME funds and associated match obligation may be transferred to another Consortium member by Lead Entity. If a member fails to supply sufficient match, their share of HOME funding may be reduced commensurate with the match deficiency, as delineated in related Subrecipient Agreements.

### **Program Income**

Gross income received by the Consortium members directly generated from the use of HOME funds or matching contributions is considered program income. Program Income must be used for HOME eligible uses and must be expended before drawing down additional HOME funds from the federal government. Ten percent of program income may be used for administrative costs.

Program income must be remitted to the Lead Entity within 30 days of receipt to assist the Consortium from drawing additional funds from the U.S. Treasury. Consortium members must provide information regarding the project that generated the funds. Consortium members are eligible to use 10 percent of its own generated program income for administrative purposes and the balance of 90 percent will be distributed to projects in accordance with the approved Annual Action Plan.



## CHDO Certification & Capacity Review

Each year the Consortium allocates minimum of 15 percent of its federal HOME award to CHDO-eligible activities through a request for proposals (RFP) process. CHDO activities are assessed in the same manner as other projects as defined under the “Project Selection, Underwriting & Subsidy Layering” section of this manual.

The Consortium will certify and re-certify CHDOs when they apply for HOME funds. [§92.300\(a\)](#) requires the Consortium to certify that a nonprofit organization meets the definition of a CHDO and document that the organization has the capacity to own, develop, or sponsor housing *each time* it commits CHDO funds to an organization for a specific project.

Evidence of a CHDO’s capacity must be directly related to the HOME activity the organization proposes to undertake.

Applications are provided to the Consortium members for review of compliance with HOME Program requirements. Consideration is given to the initial pre-development feasibility of the project, secured financing, overall proposed budget, site control, zoning, relocation activities, the development team experience and staff capacity, risk assessment of the proposed project, the need and demand of the proposed project, scope, and final feasibility.

## Loan Terms

Housing projects are typically made as loans documented by recorded deeds of trust, promissory notes, and other contractual loan agreements. These documents establish the obligations for compliance with HOME regulations. All housing construction projects are required to secure building permits and comply with zoning and building code requirements. Housing units are inspected, and corrections are required to meet building codes as part of the permitting process. HOME funded projects to purchase existing units receive an on-site housing quality standards inspection and visual paint inspection. Rehabilitation projects must meet established rehabilitation standards at the completion of construction, and the member city must certify that this has been completed. Specific language is in the written contractual agreement and Deeds of Trust to assure the assisted unit complies with affordability requirements.

## Monitoring and Reporting

The Lead Entity is responsible for monitoring the HOME Consortium program to ensure compliance with all federal, state and local rules, regulations and laws. This is accomplished through phone conversations, written correspondence, desk monitoring, and on-site monitoring visits. Subrecipients operating a specific HOME program are required minimally to provide written quarterly reports to identify progress made in the program, and how funds have been used. Subrecipients / Consortium members are responsible for immediately providing information to the lead entity to assist in their duty of tracking progress, completing information in IDIS, and submitting various reports to HUD. Subrecipient / Consortium members will report to the lead entity the contracts or subcontracts awarded in accordance with [24 CFR 92.508\(3\)](#).

The attached Monitoring Plan offers a detailed description of the Consortium’s monitoring process.

## Site and Neighborhood Standards

1. The housing must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of [Title VI of the Civil Rights Act of 1964](#), the [Fair Housing Act and Executive Order 11063](#) (Equal Opportunity in Housing), and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities.
2. The housing must meet site and neighborhood standards according to [24 CFR Part 92.202](#) and for new construction [24 CFR 983.6\(b\)](#).



- a. The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.
- b. The site and neighborhood must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and implementing HUD regulations.
- c. The site must not be located in an area of minority concentration and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
- d. A project may be located in an area of minority concentration only if: (a) sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration; or (b) the project is necessary to meet overriding housing needs that cannot be met in that housing market area.
- e. The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.
- f. The neighborhood must not be one which is seriously detrimental to family life or in which substandard dwellings, or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.
- g. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.
- h. Except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

### **Insurance Requirements**

The Subrecipient and its employees, volunteers, contractors or consultant shall carry throughout the life of the period of affordability General Liability Insurance, Comprehensive Automobile Liability Insurance, and other such coverage as may be appropriate or required by State or Federal law. This insurance shall include the following:

- A. Professional Legal Liability: Subrecipient shall maintain Professional Legal Liability or Professional Errors and Omissions coverage appropriate to the Subrecipient's profession and shall be written subject to limits of not less than \$1 million per claim and \$1 million policy aggregate limit. The coverage shall apply to liability for a professional error, act or omission arising out of the scope of the work for this agreement. Coverage shall not exclude bodily injury, hazards, or property damage related to the work in this agreement, including testing, monitoring, measuring operations, or laboratory analysis where such services are rendered as part of the agreement.
- B. Worker's Compensation (Industrial Insurance): Workers' compensation insurance as required by [Title 51 RCW](#) shall be maintained and Subrecipient shall provide evidence of coverage if so required.
- C. Commercial General Liability: Commercial General Liability coverage shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, personal injury and advertising injury. The insurance shall include the Consortium, its members, officers, officials, employees and agents with respect to performance of services, and shall contain no special



limitations on the scope of protection afforded as an additional insured. If the liability coverage is written as a claim made policy, then evidence of an extended reporting period or “tail” coverage for a three-year period after project completion must be purchased, or otherwise maintained for the three-year period. If this agreement is over \$50,000 then Employers Liability Coverage shall also be maintained. Coverage shall include limits of not less than \$1 million per occurrence, and \$2 million aggregate.

- D. Automobile Liability: Business Automobile Liability insurance with a minimum combined limit no less than \$1 million per accident for bodily injury and property damage shall be maintained. Coverage shall include owned, hired, leased, and non-owned automobiles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If deemed necessary, the policy shall be endorsed to provide contractual liability coverage.

Insurance is to be placed with insurers with a current A.M. best rating of not less than A:VII. Subrecipient shall furnish the Consortium with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements prior to the commencement of the work. The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability and Commercial General Liability insurance:

The insurance coverage shall be primary as respect to any insurance or self-insurance covering the Consortium, its members, elected and appointed officers, officials, employees and agents. Any insurance, self-insurance, or insurance pool coverage maintained by the Consortium and its members shall be excess of the Subrecipient’s insurance and shall not contribute with it. The insurance shall not be cancelled by either party, except after 30 days prior written notice by certified mail, return receipt requested, has been given to the Consortium.

Properties improved, acquired or rehabilitated with HOME funds will be insured until such time that the final disposition of the property occurs. Copies of such documents will be forwarded to the lead entity of the Consortium as requested.



## Contract & Construction Management

The Consortium members, CHDO and /or Subrecipient will monitor the construction phase of the project to assure that the contractors perform on time and in accordance with the terms, conditions, and specifications of the contract. This includes adherence to federal requirements regarding Section 3 and Minority and Women-Owned Business (MBE/WBE) concerns. Failure to closely monitor progress and work performance can result in unnecessary additional costs, time delays, and the requirement to repay the HOME funds. Objectives of contract administration and project management are to assure that:

- The contractor complies with the contract's terms and conditions and HOME requirements, including Section 3 and MBE/WBE
- The contracted-for product/service quality is provided
- The quality is delivered in a timely manner

To accomplish these objectives, the Lead Entity or subrecipient will:

- Pro-actively monitor performance and progress
- Make appropriate contract modifications
- Address unsatisfactory performance immediately.

To assure good contract administration, the Consortium member or subrecipient will:

- Read the contract and be familiar with federal requirements
- Establish the monitoring plan before awarding the contract
- Engage in timely monitoring, proper documentation, and problem solving

### Standard Documents Governing all Construction Contracts

All contracts for construction shall include the following standard documents:

General Conditions of the Contract for Construction

Contractors Manual, Performance Requirements, Rehabilitation Standards & Standard Specifications

### Construction Documents and Work Write-ups

[§92.251\(b\)\(2\)](#) requires the Consortium members and / or Subrecipient to review and approve work write-ups (i.e., plans and specifications) and written cost estimates. The Consortium members and / or Subrecipient must determine that the work write-up or plans are in compliance with the Consortium's written rehabilitation standards and that costs are reasonable.

### Oversight During Construction

Once a contract is awarded, the following the following should occur:

1. The Consortium member, Subrecipient and Contractor should hold a pre-construction conference to assure that all parties fully understand the terms and conditions; operation and delivery schedule; and reporting and monitoring conditions of the contract
2. Consortium members will issue a Notice to Proceed to the contractor
3. Monitor the contractor's performance. This is accomplished by: Reports such as progress reports, technical, financial, time and personnel:
  - a) On-Site Visits
  - b) Compare actual performance with the contract schedule
  - c) Compare contractor's reports and billings with actual performance



- d) Observe use of personnel, equipment, and materials and compare with the contract requirements.
- e) Progress Meetings
- 4. Receive and inspect all materials/supplies.
  - Accept/Reject deliveries as applicable: If materials/services are not acceptable, you have three options: reject the materials/services completely; require a correction; or accept with or without a consideration on the part of the provider.
- 5. Make the payments as specified in the contract.
- 6. Perform a final inspection of the work/service.
- 7. Close out the contract completing all documentation and reporting.

### **Contract Modifications**

All contract modifications must be in writing; signed by an authorized representative of all parties; be within the general scope of the original contract; and undergo a cost analysis.

There are three types of contract modifications:

1. Administrative Change Orders: Changes that alter administrative details and don't affect substantive requirements of the contract
2. Change Orders: A written order directing the contractor to make changes to the contract within the original scope of work. Change orders must be executed for any deviation, addition, or deletion made to the original job specifications. Please see the following section for more detail on change orders.
3. Supplemental Agreements: Modifications that add additional work or revise the existing contract terms mutually agreed upon.

When a contract modification is triggered by a change to a new eligible activity, or when a cost change exceeds 25 percent of the individual City's current year's CDBG or HOME allocation, including program income, a substantial amendment to the Annual Action Plan must be made. A substantial amendment to the plan will be forwarded to the respective Consortium Member's advisory committee, an ad will be placed on social media, and/or in a local newspaper/publication, and will be available for a period of at least 30 days for public review and comment. Upon expiration of the 30-day review and comment period, and approval by the individual City's Council, the proposed change will be signed by the authorized official of the jurisdiction and submitted to HUD for final approval.

The Consortium members shall maintain accurate records and documentation regarding contract modifications by including a register in each contract file signed by all parties and approved prior to the work being performed or materials being acquired. This is required to provide a permanent record of all actions taken in connection with each contract. To provide an overview of all contract modifications and for tracking purposes, the Consortium members should maintain in the contract file a register of modifications to identify:

1. The number of modifications;
2. A brief description of the modification;
3. The cost of the proposed modification; and
4. The amount of additional time required by the contractor.

### **Change Orders**

Change Orders shall not increase the initial scope of work unless for construction changes due to unforeseen or hidden circumstances, or to correct minor clerical inconsistencies in the original bid documents. All Change Orders must be written, whether or not there is any change in dollar value and must be signed and dated by the Consortium member, Owner, and Contractor. Change orders exceeding 10 percent over the initial



Rehabilitation Cost Estimate due to unforeseen or hidden circumstances may require additional bids for the increased work be obtained from 2 or more contractors, with a preference of receiving 3 bids, and must receive approval from the Consortium.

Contractors shall contact the Consortium member, submit prices, and get written approval prior to furnishing or installing any labor or materials as a result of a Change Order. The aggregate of all change order prices shall not be more than 10 percent over the initial Rehabilitation Cost Estimate.

The following clauses in the Consortium's General Conditions of the Contract for Construction govern construction change orders:

10.1 ENVIRONMENTAL CONDITIONS: The Consortium member has prepared an environmental review of the project site and determined that there will be no impact to the environment. If, in the course of the work, the Contractor discovers hidden conditions that could potentially affect the environment and/or be a hazard, or that might be culturally or archeologically significant, he/she shall immediately cease work and notify the Lead Entity.

10.2 DISCOVERED CONDITIONS: If, in the course of the work, the Contractor discovers hidden conditions which differ substantially from those usually found and expected on similar jobs, and which could materially affect the cost or outcome of the project, he/she shall immediately cease work and notify the Consortium member. The Consortium member may amend the contract as necessary to provide for the discovered condition.

If in the course of the work, conditions are discovered which are materially substandard or present a significant threat to health or safety, the Consortium member and respective Inspector shall inspect the condition and determine a course of action which may include, without limitation, suspending the work, amending the contract documents and referring the matter to another agency. Nothing in this Program shall affect the authority of any public agency to take action to protect the health and safety of the community.

10.3 CHANGE ORDERS: No work is authorized different from that described in the contract documents. A written change order shall be first agreed upon by the Consortium member, Homeowner (if applicable), Subrecipient (if applicable) and contractor. A written change order shall be made only when necessary due to circumstances which could not have been reasonably anticipated. A Change Order is a written order issued after the execution of the Contract, authorizing a change in the work or an adjustment in the Contract Sum or Contract Time. The Contract Sum, Time, and Scope of Work may be changed only by a written and agreed upon Change Order.

10.4 Credits: resulting from a change in the work shall be determined in one or more of the following ways:

- A. By mutual acceptance of a lump sum properly itemized and approved in writing by the Owner (if applicable), Subrecipient (if applicable), Consortium member, and Contractor;
- B. By unit prices stated in the Contract Documents or subsequently agreed upon; and
- C. By cost and a mutually acceptable fixed or percentage fee and approved in writing by all parties.



## Disbursement of Funds

The Subrecipient or contractor may request HOME funds under only when a written agreement has been fully executed, the funds are needed for payment of specific allowable costs, and only in amounts needed to pay such costs as identified as HOME-eligible in [24 CFR 85.22](#). The Subrecipient, CHDO, developer or contractor shall be reimbursed for eligible project costs after review and approval by Consortium member of invoices, statements, and other billings, supportive documentation, and property inspection, if applicable.

## Payments to Contractors

To ensure proper performance of contractors, the Consortium member, CHDO or Subrecipient shall retain five percent (5%) from each estimate in conformance to [RCW \(60.28.010\)](#) until final completion and acceptance of all work and pending receipt of the Certificate of Payment of Excise Tax for Public Works Contracts from Washington State Department of Revenue. Such retainage shall be used for a trust fund for the protection and (1) payment to the State with respect to taxes imposed pursuant to [Title 82, RCW](#), and (2) the claims of any person arising under the Contract. In addition to Certificate of Payment of Excise Tax, contractors shall provide the Consortium member or Subrecipient with a copy of the State Department of Labor and Industries approved Certificate of Payment of Department of Labor and Industry taxes (workman's compensation or employment securities taxes). Both of these certificates must be received prior to the release of any retainage under this contract. A bond in lieu of the retainage will not be accepted.

Release of the retainage will be made 60 days following the Completion date pursuant to [RCW 39.12](#), and [RCW 60.28](#) provided the above conditions are met and any claims, as provided by law, filed against the retainage have been resolved.

The Consortium member may agree to authorize "Progress Payments" upon written request from the Contractor as provided herein as follows:

- A. Progress payments shall not exceed 95 percent of the value of work satisfactorily completed.
- B. The value of the work satisfactorily completed is based on the Contract prices of labor and materials incorporated in the work as estimated by the Contractor and approved in writing by the Owner (if applicable), subrecipient and / or CHDO. Approval of the payments will be withheld if, in the opinion of the Inspector, the Contractor has not performed in accordance with the provisions of the contract and/or the percentage of the work completed does not comply with the respective progress payment requested.
- C. Before issuance of progress payment, the Contractor must submit mechanics lien waivers and evidence satisfactory to the Consortium member or Subrecipient that all payrolls, material bills, and any indebtedness connected with the work completed has been paid. When requesting each draw, the Contractor is required to furnish a release of the right to place on a lien on the homeowner's property. Before receiving the final payment, Release of Lien is also required of all subcontractors who have been employed by the Contractor for an amount equal to or greater than \$500.00. Final payment to the Contractor will be withheld until such time as all Releases of Lien have been received by the owner (if applicable).
- D. Final payment shall be due within 30 days after completion of the work provided the work is then fully completed, approved, and the contract fully performed. Upon receipt of written notice that the work is ready for a final building inspection, and performance accepted by the Owner (if applicable), and after final inspection, the Consortium member shall promptly issue a final certificate stating that the work provided for in the contract has been completed and is accepted by Consortium member and the under the terms and conditions thereof, and that the entire balance found to be due the



Contractor and noted in said final certificate, is due and payable.

- E. If at any time there shall be evidence of any lien or claim for which, if established, the Owner of said property or the Disburser might become liable, and which is chargeable to the Contractor, the Owner or the Disburser shall have the right to retain out of any payment then due, or thereafter to become due, an amount sufficient to completely indemnify them against such claim. After all payments are made, the Contractor shall refund to the Owner or the Disburser all money that the latter may be compelled to pay in discharging any default.
- F. Final payment will not be made until all materials, debris and contractor owned equipment have been removed from the premises.

### **Contract Termination**

The Consortium member or subrecipient may terminate a contract or purchase order for default for any of the following reasons: failure to deliver the supplies, services, or construction as specified; failure to perform work in a timely manner; violation of a contract clause, such as the prohibition against gratuities; repeated violations of labor standards; and similar reasons. A default clause must be included in the contract that provides for termination without negotiation when the contractor fails to perform as specified in the contract. Contracts terminated for the convenience of the HOME subrecipient likewise require immediate work stoppage, but termination costs are negotiated until a satisfactory settlement is reached.

The HOME subrecipient shall terminate a contract for convenience or default only by a written notice to the contractor. The notice shall be sent by certified mail, return receipt requested. The notice shall state the following:

1. That the contract is being terminated for the convenience of the subrecipient / Consortium member or for default, under the contract clause authorizing the termination;
2. Whether the contract is terminated in whole or in part; for partial termination, identify the specific items being terminated;
3. If terminated for default, the acts or omissions constituting the default, the Consortium member's determination that failure to perform is not excusable, the HOME subrecipient's right to charge excess costs of re-procurement to the contractor, and the contractor's appeal rights;
4. The effective date of termination;
5. If a partial termination, the contractor's right to proceed under the un-terminated portion of the contract; and
6. Any special instructions.

Copies of the notice should be sent to the contractor's surety, if any, and assignee, if any.

### **Bonds**

For construction or rehabilitation contracts over \$100,000, or any sealed bid construction contract, three types of bonds or guarantees are normally required: a bid guarantee, a performance bond, and a payment bond.

A bid guarantee or bid bond is submitted by bidders with their bids and assures that, if awarded the contract, the bidder will accept and perform the contract and not attempt to withdraw or otherwise disavow the contract and will execute such contractual documents as may be required within the time specified. A bid guarantee must equal no less than 5 percent of the bid price. If the low bidder fails to produce acceptable assurances of completion, the HOME subrecipient shall consider the bid guarantee forfeited and notify the surety company. The amount to be recovered should equal at least the difference between the defaulted



bid and the next higher acceptable bid, or the amount by which the bid accepted by re-soliciting exceeds the defaulted bid. The defaulting bid should not be rejected until after recovery.

The Bonds (bids, performance and payment) shall be in amounts at least equal to the Contract Price, and on such forms and with such Sureties as are licensed to conduct business in the State of Washington and are named in the current list of "[Surety Companies Acceptable of Federal Bonds](#)" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department. The performance bond shall be held for one year from the date of completion. If the surety on any Bonds furnished is adjudged, bankrupt, or becomes insolvent or its right to do business is terminated, the contractor shall, within 5 days thereafter, substitute another Bond which shall be acceptable to the Consortium member.



# HOME Requirements for Homebuyer Development & Down Payment Assistance

## Home Purchase Price & After-Rehab Value Limits

HOME funds are intended to provide modest housing. The maximum purchase price or after-rehab value of a home assisted with HOME cannot exceed 95 percent of the median area purchase price for single family housing as published by HUD annually. In addition, the purchase price of a property may not exceed the appraised value of the property.

## Determining After-Rehabilitation Value

Consortium members must maintain files showing how after-rehabilitation value was determined and found to be within the applicable program limits. Property value must be determined prior to the provision of HOME Program assistance. The value must be established by choosing and consistently using one of the following methods throughout the program:

- Estimates of value (comparable sales): The Consortium member may use estimates of value based on sale prices of comparable properties in the immediate neighborhood (within the prior year). Project files must contain an estimate of value and document the basis for the value estimates.
- Appraisals: The Consortium member may use appraisals prepared by a licensed fee appraiser. Project files must document the post rehabilitation appraised value and clearly indicate it in the appraisal report. This requires the Consortium member to provide the appraiser the written work write-up that includes the proposed rehabilitation scope for the subject property.
- Tax assessments: Tax assessments of the housing unit or of comparable properties located in the same neighborhood may be used to establish the after-rehabilitation value if the assessment is current and accurately reflects the market value of standard properties. Property valuations must establish post-rehabilitation value. As not all rehabilitation work will increase property value, the Consortium member may determine 25% of the cost of the rehabilitation work to add to the existing assessment of the housing unit to establish the post-rehabilitation value. A tax assessment will most likely reflect the value of a standard property in the neighborhood of the unit receiving assistance. In most cases, assistance is assumed to raise the quality of the property to this standard level.

Once the after-rehabilitation value has been determined, it must be compared to the current applicable limits for the area to determine if the property is eligible for assistance. The HOME Program maximum purchase price or after-rehabilitation value limits are based on the [Section 203\(b\) Single Family Mortgage Limits](#).

## Conversion of Unsold Homeownership Units to Rental Housing

[§92.254\(a\)\(3\)](#) requires the Consortium member to convert homebuyer housing to rental housing if it does not have a ratified sales contract with an eligible homebuyer within nine months of the completion of construction or rehabilitation. If converted, this rental housing must comply with all HOME rental provisions at [§92.252](#). If an unsold homebuyer unit is not converted to rental housing, the Consortium must repay the HOME funds expended on it.

## Housing Counseling

[§92.254\(a\)\(3\)](#) requires all homebuyers that receive HOME assistance or purchase a unit developed with HOME funds receive housing counseling. Homebuyers may be charged reasonable fees to cover the cost of housing counseling. Counseling costs of a homebuyer that is assisted with HOME funds (through down payment assistance) or that purchases a HOME-assisted unit can be charged as eligible project costs. When housing counseling is provided to a homebuyer that is not assisted with HOME funds, these costs can be



charged as administrative costs, and as such are subject to the ten percent administrative cost cap.

### **Recapture Provisions**

In accordance with [24 CFR 92.254\(a\)\(5\)](#), should the property be sold or title transferred, or should the owner no longer use the property as the principal residence during the period of affordability, the entire amount of HOME funds invested in the project will be recaptured. If there are no net proceeds from the sale of the property, or the net proceeds are insufficient to repay the entire HOME investment due, the amount of HOME funds recaptured will be based on the net proceeds available from the sale, if any. The net proceeds are defined as the remainder of the final sale price of the property minus any superior non-HOME loan repayment, closing costs and capital improvements.

[§92.254\(a\)\(5\)\(ii\)](#) allows a subsequent low-income purchaser of a HOME-assisted homeownership unit to assume the existing HOME loan and recapture obligation entered into by the original buyer when no additional HOME assistance is provided to the subsequent homebuyer.

In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in [§92.254](#)) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability period must be established based on that assistance to the buyer.

### **Sustainable Homeownership Program Design**

The Consortium's policies that ensure homeownership projects are affordable and sustainable for homebuyers are outlined in the *Tri-Cities Consortium Project File* and the *Homeowner Assistance Program Guidelines Appendix C*.

### **Refinancing /Subordination**

Subordination is allowed if a borrower is refinancing the first mortgage, and all of the following criteria are met:

- The borrower must maintain sufficient equity of at least 10% of the current value of the home
- The Consortium lien position does not change.
- The borrower is refinancing the existing debt to lower the first lien interest rate of at least one percent
- No cash equity will flow to the borrower
- No cash equity to pay off any borrower debt
- The title report is acceptable to the City
- The borrower must meet the guidelines at the time of the request for subordination.



# HOME Requirements for Rental Development/Rental Rehabilitation

## Rent Limits

Home-Assisted rental units must charge monthly rents at or below the rent limits published annually by HUD. HOME rent limits are inclusive of any tenant-paid utilities. Therefore, the limits represent the sum of contract rent and the utility allowance calculated per policy below.

## Designating Units for Very Low-Income Families

In rental projects with five or more HOME-assisted rental units, twenty percent of the HOME-assisted units must be occupied by very low-income families and meet one of following rent requirements:

1. The rent does not exceed the published Low-HOME rent limit for the unit size.
2. The rent does not exceed 30 percent of the family's adjusted income.

## Utility Allowances

The Consortium is required to establish monthly allowances for utilities and services (excluding telephone) and to update them annually. [§92.252\(d\)](#) requires the Consortium / Subrecipient to determine an individual utility allowance for each HOME rental project, either (1) by using the [HUD Utility Schedule Model](#), or (2) by otherwise determining the allowance based upon the specific utilities used at the project.

## Initial Occupancy of Vacant Units

[§92.252](#) establishes two deadlines within which HOME-assisted rental housing must be occupied by low-income households:

1. Within six months from the date of project completion, if a rental unit remains unoccupied, the Consortium must provide to HUD information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.
2. Within 18 months from the date of project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, HUD will require repayment of all HOME funds invested in the unit. A unit that has not served a low- or very low-income household has not met the purposes of the HOME program. Therefore, the costs associated with the unit are ineligible.

## Rental Project Inspection Schedule

Frequency of inspections. The first on-site ongoing inspections must occur within 12 months after project completion, and an inspection must be conducted at least once every three years thereafter.

Follow up to address deficiencies. If any deficiencies are identified for any inspectable items, a follow-up on-site inspection is required within 12 months. For non-hazardous deficiencies, the Consortium member can either conduct an on-site inspection or accept third party documentation (such as a paid invoice for work completed).

Health & safety deficiencies. Health and safety deficiencies identified during inspections must be corrected immediately. The Consortium member must adopt a more frequent inspection schedule for these properties.

Annual certification. Property owners must submit an annual certification to the Lead Entity that each building and all HOME-assisted units in the project are suitable for occupancy.

## Rent Review & Approval During the Affordability Period

The Lead Entity must review and approve the rents for each HOME-assisted rental project each year to ensure that they comply with the HOME limits and do not result in undue increases from the previous year.



## **Financial Oversight**

At least annually, the Consortium member must examine the financial condition of HOME-assisted rental projects with 10 or more HOME-assisted units to determine the continued financial viability of the project. This may include reviewing operating cash flow statements and projections as well as a capital needs analysis.

Appendix G – HOME Rental Housing Program Compliance Manual outlines extensively the Policy and Procedures for rental projects.



## Property & Rehabilitation Standards

Housing constructed or rehabilitated with HOME funds must meet the housing property standards in [24 CFR Part 92.251](#), accessibility standards at [24 CFR 92.251\(a\)\(3\)](#) and lead based paint requirements as found in [24 CFR 92.355](#) and [24 CFR Part 35](#). The housing must also meet all State of Washington and local standards, zoning, ordinances, HQS inspection, and adopted International Building Codes.

**All projects must follow the Consortium's *Performance Requirements, Rehabilitation Standards & Standard Specifications (Appendix H)***

The Consortium's rehab standards ensure that HOME assisted housing is decent, safe, and sanitary. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. New construction projects should be "energy star" certified homes.

Homes assisted with HOME down payment assistance must be decent, safe, and sanitary, meet Housing Quality Standards (HQS), pass a visual paint assessment if constructed prior to 1978, and meet local ordinances and zoning at the time of project completion.

### Written Rehabilitation Standards

[§92.251\(b\)\(1\)](#) requires the Consortium to establish and comply with written rehabilitation standards. The rehabilitation standards must be of sufficient detail to determine the minimal level of work required and the methods and materials for rehabilitation work (either by referring to applicable codes or standards or establishing requirements that exceed the minimum code requirements).

The rehabilitation standards must address the following (the new requirements are so noted):

- *Health and safety*. The rehabilitation standard must specify the life-threatening deficiencies that must be addressed immediately if a housing unit is occupied.
- *Major systems for rental housing*. The Consortium must require an estimate of the remaining useful life of major systems. [Major systems include structural support, roofing, cladding, and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, electrical and heating, ventilation, and air conditioning.] This must be done with a capital needs assessment for projects with 26 or more units (see last bullet below). If the remaining useful life is less than the affordability period, the Consortium must require replacement reserve deposits to ensure that the project's major systems and physical needs can be adequately maintained and addressed throughout the affordability period.
- *Major systems, for homeownership housing*. The Consortium must require that upon project completion, major systems must have a useful life of at least five years.
- *Lead-based paint requirements*, in accordance with [24 CFR part 35](#).
- *Accessibility requirements* as applicable, in accordance with [Section 504 of the Rehabilitation Act](#), the [Americans with Disabilities Act](#), and the [Fair Housing Act](#).
- *Disaster mitigation standards*, in accordance with State and local requirements or as established by HUD, where they are needed to mitigate the risk of potential disasters (such as earthquakes, hurricanes, flooding, and wildfires).
- *State and local codes, ordinances, and zoning requirements*. In the absence of a State or local building code that applies to rehabilitation, the Consortium must use the [International Existing Building Code of the ICC](#).
- *Uniform Physical Condition Standards (UPCS)*, in accordance with [24 CFR 5.703](#). UPCS is an inspection protocol that is used to evaluate the condition of housing. The Consortium must use this inspection protocol to establish minimum property condition standards for rehabilitation standards. Note, in



general UPCS includes a more comprehensive list of inspectable items and areas than Housing Quality Standards, which applied to rehabilitation in the absence of State and local codes in the pre-2013 Rule.

#### **Property Standards for Homeownership (Down Payment) Assistance**

The 2013 Rule states that the PJ must establish standards to ensure that existing housing that is acquired for homeownership (e.g., down payment assistance) is decent, safe, sanitary, and in good repair. At a minimum, the standards must provide that the housing meets all applicable State and local housing quality standards and code requirements. In addition, the housing must be free of any deficiencies identified by HUD in the UPCS (pursuant to [24 CFR 5.705](#)) based on the inspectable items and inspected areas in HUD-determined physical inspection procedures. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards, or it cannot be acquired with HOME funds.



## **General Program Administration & Requirements**

### **General Administration**

- 1) Consolidated Plan
- 2) Annual Action Plan
- 3) CAPER and Other Reporting
- 4) Citizen Participation Plan
- 5) Monitoring Plan

### **Consolidated Plan (Con Plan)**

The development of the Con Plan is a cooperative effort between the cities of Kennewick, Pasco, and Richland as members of a Consortium, private citizens, businesses, developers, agencies, public housing, and faith-based organizations that serve low and moderate-income persons. This document provides the planning framework, strategies, goals and performance benchmarks to be achieved over a five-year period by the CDBG and HOME Programs. HUD will evaluate the performance of each City and the Tri-Cities HOME Consortium through the accomplishments of community development and housing program goals established in the Con Plan. At least 2 public hearings will be held by the Consortium throughout the development of the Con Plan to allow participation from the public on this planning document. At least one of the public hearings will be held before the Consolidated Plan is published for comment. The draft Con Plan will be available for public review and comment for at least 30 days prior to completion and submission of the final plan to HUD.

### **Annual Action Plan**

The Annual Action Plan is a document that serves as the application for funding to HUD under the CDBG and HOME Programs and identifies federal and other funding resources that are expected to be used to address the needs identified in the Con Plan. This plan represents programs and activities that will be undertaken from January 1 through December 31 of each program year. It identifies the amount of grant funds and program income each city anticipates receiving each year, gives a specific description of the programs and activities that will be used to address the priority needs established in the Consolidated Plan, and provides benchmarks and goals to benefit low and moderate-income persons in which to measure program performance.

At least 2 public hearings will be held by each individual City each year at separate stages of development of the plan. The draft Annual Action Plan will be available for public review and comment for at least 30 days prior to completion and submission to HUD. The Annual Action Plan is to be submitted to HUD no later than 45 days prior to the end of the program year, or 45 days after the funding allocation is received. The final approved Annual Action Plan may be posted on each City's website and will be available in electronic or hard copy by contacting the respective City.

### **Consolidated Annual Performance & Evaluation Report (CAPER)**

This report describes the accomplishments of each activity undertaken during the previous year, identifies how funds were actually used versus how the funds were proposed to be used, what impacts the activity realized, and to what extent the funds benefited low and moderate-income persons. The CAPER will be distributed and available for public review and comment for at least 15 days prior to completion and submission to HUD. The CAPER is due no later than 90 days following the end of the program year, or by



March 31st of each year.

### **Citizen Participation Plan**

The Citizen Participation Plan for the Consortium is designed to provide a coordinated approach and opportunity for citizens to be involved in the planning, implementation and assessment on the use of Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds received each year from the U.S. Department of Housing and Urban Development (HUD). The Consortium's Citizen Participation Plan is attached to this manual (Attachment D)

### **Monitoring Plan**

HUD requires monitoring of subrecipient agencies and rental projects on an annual basis. Monitoring is an ongoing process of reviewing performance using documented data to make judgments about agency performance, and to assist in improving that performance. To meet HUD requirements, the Consortium conducts both on-site monitoring and "desk-monitoring". The Consortium's Monitoring Plan is attached to this manual.



## Cross-Cutting Federal & State Requirements

The Home Investment Partnership Program requires many regulatory requirements be met as set forth in [24 CFR 200](#). These include the following:

### Non-Discrimination and Equal Opportunity

All recipients of HOME funds shall neither deny service to, nor otherwise discriminate in the delivery of services against any person who otherwise meets the eligibility criteria for the program on the basis of race, color, religion, sex, age, national origin, gender, disability, familial status, or sexual orientation.

**Program Accessibility** - A program must be readily accessible to and usable by persons with disabilities. The concept recognizes that there may be some limits to the degree to which existing housing programs can be made accessible, and as such not every single building or dwelling unit must be accessible. But there must be accessibility sufficient so that persons with disabilities have an equal opportunity to participate in and benefit from the program with the same range of choices and amenities as those offered to others.

**Reasonable Accommodation** – A reasonable accommodation is a change, adaptation, or modification to a policy, program, service, or workplace which will allow a qualified person to participate fully in a program, take advantage of a service, or perform a job. Since persons with disabilities may have special needs due to their disabilities, simply treating them exactly the same as others may not ensure that they have an equal opportunity to participate, use, and enjoy a dwelling. All members of the Consortium and Subrecipients of HOME funds must provide reasonable accommodation on a case-by-case basis.

The determination on whether a request is reasonable depends on the answers to two questions:

1. Does the request impose an undue financial and administrative burden on the housing provider?
2. Would making the accommodation require a fundamental alteration in the nature of the provider's operations?

If the answer to either question is yes, the requested accommodation is not reasonable. However, even though a provider is not obligated to provide a particular accommodation that is not considered reasonable, the provider is still obligated to provide alternatives where possible, and other reasonable accommodations.

The Subrecipient agrees that they will utilize and make available the HOME Funds in conformity with the non-discrimination and equal opportunity requirements set out in the HUD regulations in the National Housing Affordability Act. These regulations include:

1. The requirements of the Fair Housing Act, [42 U.S.C. 3601-20](#), and implementing regulations at [24 CFR Part 100](#); [Executive Order 11063](#) (Equal Opportunity in Housing) as amended by [Executive Order 12259](#) and implementing regulations at [24 CFR 107](#); and [Title VI of the Civil Rights Act of 1964](#), [42 U.S.C. 2000d](#), and implementing regulations at [24 CFR Part 1](#) (Nondiscrimination in Federally Assisted Programs);
2. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 ([42 U.S.C. 6101-07](#)) and the regulations at [24 CFR 146](#);
3. The prohibitions against discrimination on the basis of handicap under [Section 504 of the Rehabilitation Act of 1973 \(29 U.S.C. 794\)](#) and implementing regulations at [24 CFR, Part 8](#);
4. The requirements of the [Executive Order 11246](#) (Equal Employment Opportunity) and the regulations issued under the Order at [41 CFR Chapter 60](#);



5. The requirements of [Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1702u](#) (Employment Opportunities for Business and Lower Income Persons in Connection with Assisted Projects); and
6. The requirements of [Executive Orders 11625](#) and [12432](#) regarding Minority Business Enterprise, and [12138](#) regarding women's Business Enterprise, and regulations [S.85.36\(e\) of Section 281 of the National Housing Affordability Act](#).
7. The requirements of Washington State Law as found at [RCW 49.60](#).
8. Equal Access to Housing in HUD Program Regardless of Sexual Orientation and Gender Identity at [54 FR-5359](#) February 2012. Through this final rule, HUD implements policy to ensure that its core programs are open to all eligible individuals and families based on their need regardless of sexual orientation, gender identity, or marital status. This rule follows a January 24, 2011, proposed rule, which noted evidence suggesting that lesbian, gay, bisexual, and transgender (LGBT) individuals and families are being arbitrarily excluded from housing opportunities in the private sector. The rule clarifies that individuals and families may not be excluded from participation because one or more members of the household may be an LGBT individual, have an LGBT relationship, or be perceived to be such an individual or in such relationship. Owners and operators of HUD assisted housing or housing financed or insured by HUD may not inquire about the sexual orientation or gender identity of the applicant for, or occupant of, the dwelling, whether renter or owner occupied.

### Accessibility Requirements

There are three federal laws relating to accessibility to housing assisted through the HOME Program for persons with disabilities:

1. **Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8)** – The regulation states no otherwise qualified individual with a disability in the United States...shall, solely by reason of her or his disability, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, service or activity receiving federal financial assistance or under any program or activity conducted by an Executive agency.  
  
Section 504 further defines an accessible dwelling unit as a unit that is located on an accessible route and can be approached, entered, and used by individuals with physical disabilities. A unit that is on an accessible route and is adaptable and otherwise in compliance with [24 CFR 8.32](#) is accessible. Section 504 imposes specific accessibility requirements for new construction and alteration of housing and non-housing facilities in HUD assisted programs.
2. **The Fair Housing Act of 1968, as amended** - If a new construction project has four or more dwelling units, it is subject to the accessibility and adaptability requirements of the Fair Housing Act (FHA), regardless of whether it receives federal financial assistance. Under the FHA new construction requirements, if the building has an elevator, all of the dwelling units must meet the FHA design and construction requirements; if there is no elevator, all of the ground floor dwelling units must meet the FHA requirements. A unit that meets the FHA accessibility is one that may be easily adapted to be fully accessible without significant costs and the need to do significant structural modifications.
3. **The Americans with Disabilities Act (ADA)** - The ADA has a broader application than either Section 504 or the Fair Housing Act in that it addresses employment practices, public services, transportation, and public accommodations, regardless of whether federal funds are received.

Members of the Consortium, owners, sponsors, and managers of HOME-assisted housing must comply with the appropriate provisions of the Acts in the development and management of activities.



Both new construction and rehabilitation of multifamily housing projects are affected by Section 504, and certain accessibility requirements of the Fair Housing Act also affect new construction of multifamily housing projects. Under the HOME Program for new construction multifamily rental projects, 5 percent of the units in the project must be accessible to individuals with mobility problems, and an additional 2 percent must be accessible to individuals with sensory impairments. In addition, for projects with 15 or more units in which rehabilitation costs will equal or exceed 75 percent of the replacement cost, 5 percent of the units must be accessible to individuals with mobility problems, and an additional 2 percent must be accessible to individuals with sensory impairments. When less extensive rehabilitation is undertaken, every alteration to every unit must make the unit accessible to the maximum extent feasible until 5 percent of the units are fully accessible to people with mobility impairments. Alterations to common spaces must always be made accessible to the maximum extent feasible.

### **Technical Requirements for Accessibility and Other Fair Housing Requirements**

Project sponsors, developers, contractors, and architects should review the information concerning the practical applications of fair housing and accessibility requirements. Technical information concerning design guidelines for accessibility can be found in:

1. The “Fair Housing Accessibility Guidelines” ([24 CFR Chapter I](#)) which generally are based on the standards of the American National Standards Institute (ANSI) for accessibility. The reference to the ANSI standards is “[ANSI A117.1](#)”.
2. HUD’s “[Fair Housing Act Design Manual](#)” and
3. The “Uniform Federal Accessibility Standards” (UFAS) contained in [24 CFR Part 40](#).

Project owners, architects, and builders should become familiar with materials and can be held liable for noncompliance with any of the federal laws listed above. The Consortium members can provide general information on how to comply with accessibility requirements; however, they do not represent they are qualified to make authoritative determinations regarding interpretations of the federal laws regarding accessibility for persons with disabilities.

### **Environmental Review**

The effects of each activity related to the Project must be assessed in accordance with the provisions of the [National Environmental Policy Act of 1969](#) and the related authorities in [24 CFR Parts 50 and 58](#), and as detailed in [24 CFR Part 92, § 92.352](#) to determine if it will have an adverse human health or environmental impact. The Subrecipient / CHDO / Consortium member must, **prior** to undertaking any choice limiting or physical activity with respect to the Project, regardless of whether such activity is to be funded by the HOME Funds, comply to the extent applicable, with the regulations found at [24 CFR Part 58](#). All applicable environmental review and clearance requirements as provided in [24 CFR 58.5](#) must be completed by the Consortium member and approved by the U.S. Department of Housing and Urban Development prior to any commitment of HOME dollars. If it is determined that a project does have an adverse human health or environmental impact, the project may either be rejected, or mitigation may be required. The Subrecipient / CHDO / Consortium member will abide by any special conditions, procedures and requirements of the environmental review and will advise the Consortium member of any proposed change in the scope of the project or any change in environmental conditions in accordance with [24 CFR 58.71\(b\)](#).

[24 CFR Part 92.352](#) clarified that the applicability of environmental review regulations is based on the type of HOME project (new construction, rehabilitation, acquisition) or activity, not the particular cost paid with HOME funds. For example, if a HOME-assisted project is a new construction project, but the HOME funds are used for acquisition of vacant land for the project, the environmental review is based on new construction of housing, as well as the acquisition of the land.



HOME funds may not be used for acquisition or construction in identified special flood hazard areas unless the Project is subject to the mandatory purchase of flood insurance as required by [Section 102\(a\) of the Flood Disaster Protection Act of 1973](#).

Failure to comply with this provision will cause an immediate cancellation of the Agreement and forfeiture or repayment of the HOME funds.

### **Lead Based Paint**

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act ([42 U.S.C. 4821-4846](#)), the Residential Lead-Based Paint Hazard Reduction Act of 1992 ([42 U.S.C. 4851-4856](#)), and implementing regulations at [part 35, subparts A, B, J, K, M and R](#).

All pre-1978 homes must undergo a visual assessment to determine the condition of all painted surfaces. Additional evaluation is required depending on the type of activity that will be undertaken such as acquisition only, acquisition and rehabilitation/renovation, and rehabilitation/renovation only projects of owner or tenant occupied housing.

Subrecipients / CHDO's. Consortium members will distribute to applicants and based on the type of activity to all tenants, occupants, owners, and potential owners the pamphlet ["Renovate Right, Important Lead Hazard Information for Families, Child Care Providers and Schools"](#) and/or the pamphlet ["Protect Your Family From Lead in Your Home"](#) published by EPA. Documentation must be kept verifying compliance.

Construction activities on HOME-assisted residential units built prior to January 1, 1978, must comply with both HUD's Lead-Safe Housing Rule (LSHR) ([24 CFR Part 35](#)) and the EPA Renovation, Repair, and Paint Rule (RRP) ([40 CFR Part 745](#)).

The amount of HUD funds on a per unit basis for hard renovation/rehabilitation costs determines the level of lead hazard evaluation and the level of lead hazard reduction activity required. HUD's LSHR requirements differ based on Federal renovation/rehabilitation assistance as follows:

1. **Up to \$5,000 per unit: "Do No Harm" Approach.** Lead safety requirements apply only to the surfaces being disturbed as part of the work. Surfaces may be tested to determine presence of LBP, or it can be presumed that the surfaces contain LBP. Work/repairs that may disturb painted surfaces known or presumed to be LBP shall be done by a certified RRP renovator using safe work practices. Clearance testing is required.
2. **Greater than \$5,000 and up to \$25,000 per unit: Identify and control lead hazards.** Identify all lead hazards at the funded units and common areas servicing those units by performing a lead-based paint risk assessment in accordance with HUD's Lead-Safe Housing Rule. Control all hazards using interim controls. Surfaces may be tested to determine presence of lead-based paint (LBP), or it can be presumed that the surfaces contain LBP. Standard treatments must be used to address hazards. HUD/EPA RRP course is required for renovators and workers. Clearance testing is required.
3. **Greater than \$25,000 per unit: Identify and abate lead hazards.** Identify all lead hazards at the property by performing a risk assessment and then abate all hazards. Surfaces may be tested to determine the presence of LBP, or it can be presumed that all the painted surfaces contain LBP and abate them. Certified abatement contractors must perform the abatement part of the job. Clearance testing is required.

### **Asbestos**

Most housing constructed prior to 1980 has a high potential of containing some form of asbestos. Asbestos containing materials that are in a non-friable condition are not necessarily a cause for concern, unless it is



disturbed during rehabilitation/renovation activities. While there are no federal regulations that require a building owner to inspect, survey, test, or assess for asbestos, there are federal regulations that govern worker exposure to asbestos, abatement procedures, and disposal procedures.

Good faith surveys on pre-1980 structures for asbestos must be completed from the standard of the Washington Administrative Code ([WAC 296-62-07721](#)) and [RCW 49.26.013](#).

*(c) Duties of employers and building and facility owners.*

*(i) Building and facility owners or owner representatives must determine the presence, location, and quantity of asbestos containing material (ACM) and/or presumed asbestos containing material (PACM) at the worksite. Employers and building and facility owners must exercise due diligence in complying with these requirements to inform employers and employees about the presence and location of ACM and PACM.*

*(ii) Before authorizing or allowing any construction, renovation, remodeling, maintenance, repair, or demolition project, an owner or owner's agent must perform, or cause to be performed, a good faith inspection to determine whether materials to be worked on or removed contain asbestos. The inspection must be documented by a written report maintained on file and made available upon request to the director.*

*(A) The good faith inspection must be conducted by an accredited inspector.*

*(B) Such good faith inspection is not required if the owner or owner's agent is reasonably certain that asbestos will not be disturbed by the project, or the owner or owner's agent assumes that the suspect material contains asbestos and handles the material in accordance with [WAC 296-62-07701](#).*

*(iii) The owner or owner's agent must provide, to all contractors submitting a bid to undertake any construction, renovation, remodeling, maintenance, repair, or demolition project, the written statement either of the reasonable certainty of non-disturbance of asbestos or of assumption of the presence of asbestos. Contractors must be provided with the written report before they apply or bid to work.*

*(iv) Any owner or owner's agent who fails to comply with (c)(ii) and (iii) of this subsection must be subject to a mandatory fine of not less than two hundred fifty dollars for each violation. Each day the violation continues must be considered a separate violation. In addition, any construction, renovation, remodeling, maintenance, repair, or demolition which was started without meeting the requirements of this section must be halted immediately and cannot be resumed before meeting such requirements.*

### **Section 3 and MBE/WBE**

\$200,000 or more of federal funds from HUD, must comply with Section 3 requirements to provide economic and job training opportunities to low and very low-income persons, especially to those residing in public housing. Section 3 Business Concerns will be given preference in HUD funded bidding opportunities up to \$100,000, if their bid is within 10 percent of the lowest bid received and the business is qualified to perform the work solicited. Bid preference will be incrementally reduced for bids of \$100,000 and greater from 9 percent, to a low of 1½ percent for awards of \$7 million or more. Section 3 Business Concerns can claim preferential status by being a resident-owned enterprise, by claiming that at least 30 percent of their workforce is currently Section 3 residents, or by agreeing to subcontract at least 25 percent of the dollar awarded to qualified Section 3 businesses.

The Section 3 hiring and contracting goals are not intended to be construed as a requirement to employ a



Section 3 eligible person or business concern that does not meet the qualification of the position to be filled or the work to be performed. Bidding solicitations will include notifying local agencies/housing authorities of the bidding opportunity and requesting that they post the information or include in tenant periodicals, direct mailing of the bid opportunity, posting flyers or brochures at locations frequented by low- and moderate-income persons, and by posting a sign at construction job sites providing contact information for the project.

While no preferential treatment is given, Minority and Women Owned Business Enterprises are encouraged to participate and bid on federally funded projects through bid or procurement advertisements and direct mailings, with total cost to the project being the primary deciding factor on whether a Minority or Women Owned Business is placed under contract.

The majority of HOME projects do not exceed the threshold for Section 3 requirements to be passed on to contractors. However, language is to be included in each contract and contractors are encouraged to provide job training and employment opportunities to lower income residents, and subcontract with Section 3, Minority or Women Owned Business Enterprises should an opportunity arise during the course of construction on a project.

The Subrecipient will document and provide data on the outreach steps taken to assure that Section 3, MBE and WBE have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.

#### **Davis Bacon**

Contracts for the construction or rehabilitation of affordable housing consisting of 12 or more units assisted with HOME funds, must contain the provision that requires not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act ([40 U.S.C. 276 a-5](#)) or the Washington State Prevailing Wage Law, whichever is higher. Prevailing wages will be paid to all laborers and mechanics employed on the job, and such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act ([42 CFR Part 327-333](#)). All contractors, subcontractors, Consortium members and other participants must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards including HUD Handbook 1344.1 ([Federal Labor Standards Compliance in Housing and Community Development Programs](#)), as applicable. Davis Bacon wage rates and Labor Standards Provisions are to be included in the bid solicitation packet. Certified weekly payrolls shall be obtained and forwarded to the Consortium member as requested.

#### **State Prevailing Wage**

Construction projects funded or partially funded with federal funds may be subject to the provisions of the State of Washington Prevailing Wage Law and related acts for public works projects. The Contractor and every subcontractor on the project must pay the Washington State prevailing wage rates. Current wage rates and are to be included by reference in the bid document.

Contractors/subcontractors are required to file a Statement of Intent prior to starting construction and an Affidavit of Wages Paid at project completion with the Department of Labor. Upon request, certified weekly payrolls shall be forwarded to the City of Richland.

The Subrecipient is responsible to monitor, compile the appropriate documentation and forward copies to the Lead Entity.

#### **Conflict of Interest**

In the procurement of property and services, [24 CFR Part 85.36](#) and [OMB Circular A-110](#) rules regarding conflict of interest apply. In all cases not governed by those rules, conflicts of interest are not permitted. In



all cases not governed by [24 CFR Part 85.36](#) and [OMB Circular A-110](#), the provisions of this section apply. These cases include the acquisition and disposition of real property and the provision of assistance by the Consortium, its members, member cities, by sponsors, or to individuals, housing developers, and other private entities under eligible activities, which authorize such assistance (e.g., rehabilitation of housing). Under [24 CFR 92.356\(b\)](#), the type of covered conflict is a financial benefit or interest, and covered familial relationships are limited to immediate family members.

If a person is: an employee, agent, consultant, officer, elected official or appointed official of the Consortium, recipient or subrecipient of HOME funds, AND has HOME-related responsibilities or access to inside information that person may NOT: obtain a financial benefit or interest from any HOME activity for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.

No persons described in the paragraph above who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME assisted activity (including occupying a HOME-assisted affordable housing unit in a project), or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

### **Uniform Relocation Act**

The Anti-displacement and Relocation Assistance Plan is prepared in accordance with the Housing and Community Development Act of 1974, as amended, and HUD regulations at [24 CFR 42.325](#) and is applicable to HOME assisted projects. Each Consortium member shall individually be responsible for relocation assistance for approved projects. It is the policy of the Tri-Cities HOME Consortium:

1. To design its projects to avoid the direct or indirect displacement of any person(s) occupying a HOME assisted project. This policy will be accomplished, to the maximum extent possible, by evaluating the potential for displacement in project proposals and project designs and by comparing such potential among alternative proposals and designs. The Cities of Richland, Kennewick and Pasco reserve the right to reject a project or require that any approved applicant provide non-federal financial relocation assistance to persons or organizations affected by the project, if the project causes permanent displacement.
2. To demolish or convert only those dwelling units that are not occupied or vacant occupiable dwelling units, especially those that are available for lower-income person(s).
3. To avoid the use of program funds if the use of such funds would cause the displacement of very low-income person(s) by person(s) who are not very low income, and
4. To provide information to project person(s) to enable them to understand their rights to relocation assistance and to provide them with such assistance as established by program requirements and federal regulations in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at [49 CFR Part 24](#).
5. To comply with all regulations regarding discrimination, so that no person shall, on the basis of race, color, religion, handicap, sex, familial status or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the jurisdiction receives financial assistance.



## **Attachments & Related Policy & Procedure Documents**

### **Attachments**

- A. Definitions
- B. Affirmative Marketing Plan
- C. Monitoring Plan
- D. Citizen Participation Plan

### **Appendices**

- A. Tri Cities Consortium Agreement
- B. Tri Cities HOME DPA Program Underwriting Guidelines
- C. Tri Cities HOME Homeowner Assistance Guidelines and DPA Application
- D. Tri Cities HOME Owner-Occupied Rehabilitation Guidelines and Application
- E. Tri Cities HOME Tenant Based Rental Assistance Policy
- F. Homeownership Development – CHDO Policies and Procedures
- G. HOME Rental Housing Program Compliance and Monitoring Manual
- H. Performance Requirements and Rehabilitation Standards



## Attachment A: Definitions

**Adjusted Gross Income** – Adjusted gross income is household annual income reduced by eligible deductions for dependents, elderly households, medical expenses, handicap assistance expenses, and child care to determine the amount a tenant is responsible for paying under rental programs (these are the same adjustment factors used by the Section 8 program). Adjusted gross income is used in HOME to compute the actual tenant payment in Tenant Based Rental Assistance (TBRA) programs.

**Administrative costs** - Costs for general management, oversight, coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since those costs are eligible as part of the project delivery costs of such activities.

**Affordability** – The requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e. homeownership, rental housing, and new construction). Typically, a house is considered affordable if the cost of housing including utilities does not exceed 30 percent of the household's gross income.

**Annual Action Plan** – The one-year portion of the Consolidated Plan that serves as the annual application for HOME funds. The Annual Action Plan describes the specific projects, beneficiaries, and budget that will be undertaken in a specified year.

**Annual Income, Gross** – The HOME Program allows the use of one of three definitions of annual income: Part 5 (Section 8 annual income); annual income as reported on the U.S. Census long form; and adjusted gross income as defined for reporting on IRS Form 1040. The Tri-Cities HOME Consortium uses Gross Annual Income as defined at 24 CFR 5.609 for all household members whether related or not that are 18 years or older (also known as Part 5). If a household member is age 18 or older and a full-time student, and is not the head of household or spouse, and will not be listed as a borrower for any loan/assistance approval, only the first \$480 of earnings count toward the annual income. Income will be determined using HUD's online web database at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculatoroff.cfm/calculator/>

and the HUD booklet "Technical Guide for Determining Income and Allowances for the HOME Program.

**Area Median Income (AMI)** –AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50 percent of households earn less than the median income, and 50 percent earn more. HUD calculates AMI levels for different communities annually, with adjustments for family size. AMI is used to determine the eligibility of applicants for both federally and locally funded housing programs. HOME Program assistance is available to households having gross income at or below 80 percent of median, based on the number of people who will reside in the residence.

**Citizen Participation Plan** - A plan that describes efforts that will be undertaken to provide for and encourage citizens to participate in the development of the Consolidated Plan, Annual Action Plan, substantial amendments to the Plan, and the performance report.

**Commitment** – Commitment to a specific local project means that a legally binding agreement is executed meeting one of the following sets of requirements:

1. For rehabilitation or new construction projects, the PJ (or other entity) and the project owner will execute an agreement for an identifiable project under which construction can reasonably be expected to start within 12 months of the agreement date. If the project is owned by the PJ or State recipient, the project must be set up in the Integrated Disbursement and Information System (IDIS) and construction must be reasonably expected to start within 12 months of the set-up date.



2. For projects consisting of the acquisition of standard housing by the PJ, the agreement must be a binding contract for the sale of an identifiable property and the property title must be transferred to the PJ (or other entity) within six months of the date of the contract.
3. For projects involving the acquisition of standard housing and where the PJ is providing HOME funds to a purchaser under the agreement, the title of the property must be transferred to the purchaser within six months of the agreement date.
4. For projects consisting of tenant-based rental assistance (TBRA), the PJ must enter into a rental assistance contract with the owner or the tenant in accordance with the provisions of [24 CFR Part 92.209](#).

**Consolidated Plan** – A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 that describes community needs, resources, priorities and proposed activities to be undertaken utilizing certain HUD programs, including HOME.

**Consortium** – Geographically contiguous units of local government consolidated to be in a single unit of general local government for HOME Program purposes when certain requirements are met. The Consortium consists of the member Cities of Richland, Kennewick and Pasco, and Richland serves as the lead entity.

**Community Housing Development Organization (CHDO)** – A private, nonprofit organization that meets certification requirements established under the HOME regulations at 24 CFR Part 92.2 and is not under the direction of an entity seeking to derive profit from the CHDO's activities, nor created by a for-profit entity whose primary purpose is the development or management of housing. The CHDO must be free to contract for goods and services from vendors of its own choosing. At least 15 percent of the Consortium's annual award is set aside for use by a CHDO. Each year the Cities of Richland, Kennewick, and Pasco rotate designation of HOME dollars to an eligible HOME CHDO project.

**Community Housing Development Organization (CHDO) Eligible Project** – A certified CHDO must be the developer, owner or sponsor of affordable housing as established in 92.300. If the CHDO owns the project in partnership, it must be the managing general partner with effective project control.

**Consolidated Annual Performance and Evaluation Report (CAPER)** – A report that allows the public, local officials, and HUD to evaluate and provide feedback on the effectiveness and success of program strategies and activities undertaken during the preceding year.

**Continuum of Care** - Policies designed to address the critical problem of homelessness that include a coordinated community-based process of identifying needs and building a system to address those needs. The approach is predicated on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs including physical, economic, and social.

**Cost Burden** – The extent to which gross housing costs including utility costs, exceed 30 percent of an individual's or family's gross household income. Extreme or severe cost burden are housing costs including utility costs, exceeding 50 percent of gross household income.

**Draw or drawdown** – The request of HOME funds including program income, by the funded entity, and the receipt of the HOME funds from the Consortium. Draw or drawdown also means the receipt of HOME funds from the federal government by the Consortium or Member City.

**Extremely Low-Income Families** – Those households earning less than 30 percent of the median family income as established annually by HUD.

**Fair Market Rent (FMR)** – The FMR for an area is the maximum eligible amount needed to pay the gross rent including utilities of privately owned, decent, safe and sanitary rental housing of a modest (non-luxury) nature with suitable amenities. FMRs are established annually by HUD for various rental programs. HOME



funded projects must be sure to use the specified FMRs as established for the HOME Program.

**Fixed HOME Unit** – When HOME assisted units are “fixed” in a rental project, the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and never change.

**First-Time Homebuyer**- An individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with HOME funds. The definition also includes an individual who is a displaced homemaker or single parent as defined by HUD.

**Floating HOME Unit** – When HOME assisted units are “floating” in a rental project, the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant.

**HOME Assisted Units** – A term that refers to the units within a HOME project for which rent, occupancy and/or affordability restrictions apply. The number of units designated as HOME assisted affects the maximum HOME subsidy that may be provided to a project.

**HOME Funds** – Includes all appropriations for the HOME Program, plus all repayments, program income, and interest or other returns on the investment of HOME funds.

**HOME Rents** – The HOME Program restricts the rents of HOME assisted units. Rents of HOME assisted units cannot exceed the High and Low HOME rent levels that have been established by HUD. Rents cannot exceed 30 percent of the targeted AMI for the appropriate unit size.

**Homeownership** - The property must be purchased fee simple title, or Borrower must have a 99-year leasehold interest agreement, or in the case of manufactured home assistance, a leasehold interest of a lot during the entire period of affordability. Eligible properties include a one- to four-unit dwelling, a manufactured home placed on a permanent foundation and lot, a condominium unit, or a similar type of dwelling as approved by HUD and PJ.

**Household** – One or more persons who may or may not be related, that occupy a housing unit.

**Housing Quality Standards (HQS)** – The Housing Choice Voucher (HCV) program regulations at 24 CFR Part 982 set forth basic housing quality standards (HQS) which all existing units must meet before assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy. HQS defines "standard housing" and establishes the minimum criteria for the health and safety of program participants. Current HQS regulations consist of 13 key aspects of housing quality, performance requirements, and acceptability criteria to meet each performance requirement. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes, congregate housing, single room occupancy, shared housing, and group residences.

**Integrated Disbursement and Information System (IDIS)** - IDIS is the draw down and reporting system for the four CPD formula grant programs: CDBG, HOME, ESG, and HOPWA.

**Jurisdiction** – A state or unit of local government.

**Low-Income** – Under the HOME Program, households with earnings that do not exceed 80 percent of Area Median Income for the Richland, Kennewick, and Pasco Metropolitan Statistical Area (MSA), as published annually by HUD.

**Major rehabilitation** - means rehabilitation that involves costs in excess of 75 percent of the value of the building before rehabilitation.



**Manufactured Housing** – HOME funds may be used to purchase and/or rehabilitate a manufactured housing unit or purchase the land upon which the unit is located. Except for existing, owner-occupied manufactured housing that is rehabilitated with HOME funds, the manufactured housing unit must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned by the manufactured housing unit owner, or land for which the manufactured housing owner has a lease for a period at least equal to the applicable period of affordability.

**Match** – The local contribution to HOME program activities. The match contribution must equal not less than 25 percent of the HOME funds drawn down in that fiscal year, excluding program income, and funds spent for administration of the HOME Program.

**Maximum HOME Investment** - HUD requires that in no circumstance will the maximum HOME investment exceed the per unit dollar limits as established under Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)(ii) for elevator-type projects that apply to the area where the housing is located.

**Median Family Income (MFI)** - Family incomes in a given Metropolitan Statistical Area, the mid-point at which half of the families earn more than the stated median and half earn less. Median family income is evaluated, and guidelines are issued on an annual basis by HUD.

**Minimum HOME Investment** – The minimum amount of HOME investment will be \$1,000.00 per assisted housing unit.

**Moderate Income** – Households earning incomes at or below 80 percent of Area Median Income, but more than 50 percent of Area Median Income as published annually by HUD.

**New Construction** – Is the creation of new dwelling units. Any project that includes the creation of new or additional dwelling units in an existing structure is considered new construction.

**Participating Jurisdiction (PJ)** – Is a state, local government, or consortium that has been designated by HUD to administer a HOME Program. In this manual, “PJ” refers to the Lead Entity and/or its Subrecipient Administrators.

**Period of Affordability** - HOME-assisted housing must meet the affordability requirements for a period not less than specified in the following table:

Activity & Per Unit HOME Assistance	Minimum Period of Affordability ( <i>in Years</i> )
Homeownership Activities or Rental Rehab: Under \$15,000/unit	5
\$15,000 to \$40,000/unit	10
Over \$40,000/unit	15
Rental Rehabilitation involving Refinancing:	15
New Construction or Acquisition of Newly Constructed Rental Housing:	20

This period of compliance is called the Period of Affordability for the Project, beginning after the Project is completed and occupied by a very low, or low-income household, and without regard to the term of the loan or the transfer of ownership.

**Poverty Level** – Family with an income below the poverty guideline that is used for some programs as established annually by the U.S. Office of Management and Budget (OMB). This threshold is different than area median income, which is used to determine income eligibility under the HOME and CDBG Programs.

**Principal Residence (Primary Residence)** – Principal Residence is a single dwelling house or other dwelling



unit that is the place of residence at which the borrower who constitutes the legal owner(s) of the housing unit predominantly resides for more than 183 days of each annual year starting January 1<sup>st</sup> through December 31<sup>st</sup>. Determination of principal residence may include, but not be limited to the owner's declared address or other verifiable resources for electoral, taxation, government assistance programs, or any other form of evidence deemed acceptable to the City.

The following examples **do not** comply with the definition of Principal Residence:

1. not occupied by the borrower(s) who is registered as the legal owner of the property, but occupied by any other person(s), whether in return for rent or remuneration or not, including members of the owner's family, or,

2. not occupied, whether permanently or temporarily, including for the purposes of renovation or redevelopment, except in the case where:

a premises being renovated remains the registered principal residence for the purposes specified above and that the owner(s) do not own or reside in any other property which can be claimed to be their principal residence, and;

a property is vacant for a period longer than 120 continuous days of the annual year due to the owner(s) absence on an extended holiday, and the property remains vacant for the entire period of their absence.

- ◆ a property is occupied by the owner less than 183 days of the annual year due to service in the military, provided the property remains vacant or is occupied by immediate family or originally declared household members only, during the period of the owner(s) absence.
- ◆ a property is not owned by a company or trust.

**Program Income** – Gross income received by the PJ, state recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions. Program Income is used first when received, before drawing down additional HOME funds from the federal government.

**Project** – One or more buildings on a single site or multiple sites that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking.

**Project Completion** – All necessary title transfer requirements and construction work have been performed; the project complies with all HOME requirements; the final draw down has been disbursed for the project; and the project completion information has been entered into the disbursement and information system established by HUD. For TBRA, project completion means the final draw down has been disbursed for the project.

**Property Value** – HOME funds are intended to provide modest housing. The maximum property value for newly constructed housing or existing standard housing cannot exceed the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)), or the Consortium may determine 95 percent of the median area purchase price for single family housing in the jurisdiction with approval from HUD.

**Reconstruction (also rehabilitation)** – Is the rebuilding on the same lot, of housing standing on the same site at the time of project commitment. The number of housing units on the lot may not be changed as part of the reconstruction project, but the number of rooms per unit may change. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.



**Rehabilitation** - means the labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs, and any rehabilitation costs does not exceed 75 percent of the original value of the building.

**Single Room Occupancy (SRO)** – Housing consisting of single room dwelling units that are the primary residence of its occupant or occupants under a leasehold agreement. The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the individual units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants.

**Standard Condition** – The Consortium considers a housing unit to be in “standard condition” when it meets or exceeds HUD Housing Quality Standards (HQS). Further, a housing unit is in standard condition when it does not have any critical or major structural defects, has adequate plumbing facilities and its appearance does not create a blighting influence. This condition requires no more than observable, normal maintenance; dwelling units which have no deficiencies, or only slight observable deficiencies.

**Subrecipient** – A public agency or nonprofit organization selected by a PJ to administer all or a portion of the PJ’s HOME Program. A public agency or nonprofit organization that receives HOME funds solely as a developer owner of housing is not a subrecipient.

**Subsidy Layering** - If other governmental assistance will be provided, the Consortium will not provide any more HOME funds than are necessary to provide affordable housing. A subsidy layering review must be completed prior to the commitment of HOME funds to the project.

**Substandard Condition but Suitable for Rehabilitation** – The Consortium considers a housing unit to be in “substandard condition but suitable for rehabilitation” when it does not meet HQS. Further, a housing unit is in substandard condition but suitable for rehabilitation when it has one or more major and/or critical structural defects but can still be repaired for a reasonable amount.

The degree of substandard is either moderate or severe according to the number of defects and the degree of deficiency:

- a. Moderately Substandard – Housing units that have less than three major defects and can be restored to a standard condition for a reasonable cost.
- b. Severely Substandard – Housing units that have three or more major defects or at least one critical defect and can be restored to a standard condition for a reasonable cost.

**Targeting** – Requirements of the HOME Program relating to the income or other characteristics of households that may occupy HOME assisted units, typically by area median income.

**Tenant Based Rental Assistance (TBRA)** – A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued rental assistance.

**Transitional Housing** - means a project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

**Uniform Relocation Assistance (URA)** - Most acquisitions of real property by a public agency for a Federal project, or a project in which Federal funds are used are covered by the URA. The URA provides that financial assistance and information be given to households displaced by federally funded projects.

**Very Low-Income** - Households whose incomes do not exceed 50 percent of area median income under the HOME Program, or 30 percent of median under the CDBG Program, as determined annually by HUD.



## Attachment B: Affirmative Marketing Plan

The Tri-Cities HOME Consortium is committed to providing equal access and opportunity to all persons to encourage participation in the housing programs offered in the Cities of Kennewick, Pasco and Richland. The three Cities will not discriminate, and will require that all contractors, subcontractors, subrecipients, owners, landlords, and vendors will not discriminate against any person on the basis of race, color, national origin, gender, sex, religion, disability or familial status.

Actions to provide information and attract otherwise eligible persons in the community to the housing programs will include the following:

- Display advertisements will be placed in the Tri-City Herald, and/Tu Decides or other such Hispanic publication, and/or the Giant Nickel. The circulation of these newspapers in Benton and Franklin counties reaches a combination of Caucasian and minority readers in proportion to demographic characteristics of the populations in Benton and Franklin counties.
- Direct mailings or inclusion as a utility bill insert of program opportunities and Fair Housing Laws will be distributed to the public.
- Brochures and flyers will be distributed to social service agencies.
- Brochures and flyers will be distributed to businesses with ties to the agricultural community such as Lamb Weston, Simplot, and Welch Foods.
- Brochures and flyers will be distributed to the 3 local libraries and Housing Authorities.
- Brochures and flyers will be distributed at City and community events.
- Community Service announcements and press releases for special events and activities will be placed on local radio stations such as KALE, KEY96, KONA, and KORD and on television stations such as KEPR, KVEW, and KNDU.
- All announcements, program advertisements, solicitations, brochures and flyers will display the Equal Housing Opportunity logo or slogan.
- Fair Housing and Equal Opportunity posters in Spanish and English will be displayed at each respective City Hall.
- Fair Housing and Equal Opportunity posters in Spanish and English will be distributed to each subrecipient.
- Community contacts will be made to agencies that serve minority and disabled persons such as Washington State Migrant Council, Hispanic Chamber of Commerce, Washington State Department of Developmental Disabilities, Washington State Department of Human Resources, Columbia Industries, and Benton Franklin Human Services Coalition.
- Community contacts will be maintained with people who have agreed to act as interpreters and mentors for non-English speaking residents.

All subrecipients and owners funded with HOME dollars will be required to provide an Affirmative Marketing and Minority Outreach Plan for rental and homebuyer projects that contain 5 or more HOME-assisted units to the City of Richland, as lead entity for the Tri-Cities HOME Consortium, and receive approval of the plan prior to the release of HOME dollars. Subrecipients and owners who do not implement the plan could face the retention or loss of HOME dollars for the project. The plan at a minimum will include the following:

- A timeline for affirmative marketing and minority outreach efforts.



- Actions that will be taken to promote the inclusion of all persons in the housing programs.
- The types and names of commercial media that will be used to advertise the program.
- The inclusion of the Fair Housing and Equal Opportunity logo or slogan on all brochures, flyers, and advertisements.
- Displaying a Fair housing poster at their business location.
- Actions that will be taken to inform and solicit applications from persons in the housing market area who are not likely to apply for housing without special outreach, such as notifying community organizations, places of worship, employment centers, fair housing groups, counseling centers or agencies, etc.

Records will be maintained describing the actions taken by the Tri-Cities HOME Consortium, subrecipients and owners for a period of 5 years following program completion and will be available for public and HUD review. At least annually, the City of Richland will assess the success of affirmative marketing actions and determine if any corrective or additional strategies are needed to better inform all persons of housing opportunities.

#### **§92.351 Affirmative marketing; minority outreach program**

(a) *Affirmative marketing.* (1) Each participating jurisdiction must adopt and follow affirmative marketing procedures and requirements for rental and homebuyer projects containing five or more HOME-assisted housing units. Affirmative marketing requirements and procedures also apply to all HOME-funded programs, including, but not limited to, tenant-based rental assistance and downpayment assistance programs. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability. If participating jurisdiction's written agreement with the project owner permits the rental housing project to limit tenant eligibility or to have a tenant preference in accordance with §92.253(d)(3), the participating jurisdiction must have affirmative marketing procedures and requirements that apply in the context of the limited/preferred tenant eligibility for the project.

(2) The affirmative marketing requirements and procedures adopted must include:

(i) Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the participating jurisdiction's affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups);

(ii) Requirements and practices each subrecipient and owner must adhere to in order to carry out the participating jurisdiction's affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster);

(iii) Procedures to be used by subrecipients and owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing program or the housing without special outreach (e.g., through the use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);

(iv) Records that will be kept describing actions taken by the participating jurisdiction and by subrecipients and owners to affirmatively market the program and units and records to assess the results of these actions; and



(v) A description of how the participating jurisdiction will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

(b) *Minority outreach.* A participating jurisdiction must prescribe procedures acceptable to HUD to establish and oversee a minority outreach program within its jurisdiction to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by the participating jurisdiction with such persons or entities, public and private, in order to facilitate the activities of the participating jurisdiction to provide affordable housing authorized under this Act or any other Federal housing law applicable to such jurisdiction. Section 85.36(e) of this title describes actions to be taken by a participating jurisdiction to assure that minority business enterprises and women business enterprises are used, when possible, in the procurement of property and services.

[61 FR 48750, Sept. 16, 1996, as amended at 78 FR 44678, July 24, 2013]



## Attachment C: Monitoring Plan

### Monitoring

HUD requires monitoring of subrecipient agencies on an annual basis. Monitoring is an ongoing process of reviewing performance using documented data to make judgments about agency performance, and to assist in improving that performance. The contract compliance monitoring performed by PJ Division staff is different from an annual audit. Monitoring is not an audit of the agency, but rather is focused on the “program” that is federally funded.

To meet HUD requirements, the PJ may conduct an on-site monitoring visit, or the PJ may conduct a “desk-top” monitoring visit, whereby the agency is not visited, and their grant is monitored only by review of the information in the files.

### Monitoring Goals:

1. To review subrecipient agencies to determine if services are being delivered in accordance with contract requirements as to type of services and number of units of service.
2. To review records to determine if systems are in place to properly document the provision of services, client eligibility, and compliance with all contract requirements.
3. To review subrecipient agencies to determine if expenditures of allocated funds are being used in accordance with contract and programmatic requirements.
4. To review records of subrecipient agencies to determine if systems are in place to properly document financial transactions, the use of allocated funds, use of program income, and any other contract, federal, state and local requirements. In some cases, it may be necessary to perform a follow up monitoring visit or conduct monitoring more often than annually.

### Source Documentation

All accounting records must be supported by source documentation. Supporting documentation is important to retain for all program expenditures. Documentation must specifically prove that expenditures charged to the grant are:

1. Incurred during the immediate effective period of the contractual agreement between the PJ and subrecipient.
2. Were actually paid out (or properly accrued within 15 days of dispersal request for reimbursement),
3. Expenditures were allowable and reasonable, and
4. Expenditures were approved by a responsible official in your organization.

Source documentation must explain the basis of the costs incurred. For example:

With respect to staff time charged to the grant you must have time sheets signed by the employee and supervisor that explicitly state the hours charged to the grant and attendance sheets should be available at all times to verify that the time charged to the grant is accurate. Utility costs should be supported by bills from the utility company. Such information should be available at all times to verify costs charged to the CDBG or HOME Program is accurate.

### Program Monitoring Process

PJ staff will contact the subrecipient to arrange for a monitoring visit. The subrecipient will be informed regarding the initial records to be reviewed. These records should be ready for review upon arrival and made available at the working space set up for the monitoring visit.



## **Entrance Conference**

The PJ monitor will meet with subrecipient staff that manage and assume overall responsibility for the program and with other interested persons to answer any questions regarding the monitoring process. The program staff will introduce the monitor to the staff responsible for various recordkeeping requirements. The Monitor will review records selected for monitoring and discuss record keeping methods and programmatic procedures with staff who maintain them.

Copies of certain documents and records may be made for purposes of preparing the report. Records which will be reviewed by the monitor include but are not limited to:

1. Reports sent to the PJ for the period under review, with supporting documents.
2. Daily logs, time sheets, and other documents used to prepare reports.
3. A list of clients served and those that did not receive assistance with the written reason for denial during the contract period.
4. A sample of client records, drawn from a list of assisted clients. The client records should include eligibility documentation and records of services provided.

## **Review of Records**

The PJ will check the agency records against submitted records and reports for the following, although this is not to be construed as an exhaustive list:

1. Determine if amounts in agency records match amounts submitted to PJ.
2. Determine if reports are presented in a timely manner (by the date specified in the contract).
3. Determine if reports are accurate and completed in a satisfactory manner.
4. Determine if the proposed goals and timeline for completion is being met.
5. Determine if the project/activity is following CDBG/HOME program policies, procedures, guidelines and regulations.
6. Determine if units are in keeping with the contract definition and meet property standards.
7. Determine that only expenses agreed upon in the contract agreement are billed to the CDBG/HOME program.
8. Documentation and verification of income eligibility of the household for all members aged 18 and older using Part 5 definition, and the HUD guidebook "Technical Guide for Determining Income and Allowances for the HOME Program". Household income must be verified within 6 months of loan closing date. Documentation of income and eligibility must be equal to or lower than 80% of the median income for the Tri-Cities MSA as established annually by HUD. For the HOME Program, household income eligibility criteria must be projected for the next 12-month period.
9. Documentation that the provision of services and scope of work meets the terms of the agreement.
10. Verification that funds have not been committed to the project prior to completion of the environmental review process.
11. Documentation that HOME Program agreements are dated and signed by the applicant and subrecipient prior to the commitment of funds.
12. Determine if files are complete and maintained in an orderly fashion.

## **Fiscal Monitoring Process**

Staff will contact the subrecipient to arrange for monitoring. The agency will be informed as to the initial records to be reviewed. These records should be collected and available at the working space set up for the monitor and should be in an understandable format. Alternatively, the monitor may conduct a desk-top review in the HOME lead entity office and may require the agency to submit documents to this office.



1. Meet staff responsible for preparing reimbursement requests, payroll, and maintaining accounting records.
2. Review records selected for monitoring and discussed record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records to be reviewed by the monitor may include, but are not limited to:
  - Time and attendance reports (time sheets or time cards);
  - Payroll register;
  - Cash receipts journal;
  - Check disbursement journal or check register;
  - Bank statements, canceled checks, and/or direct deposit verification;
  - General ledgers;
  - Invoices and purchase orders;
  - Bank reconciliation; and/or
  - Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions.

**Review of:**

**A. Salaries - The monitor will:**

1. Review time and attendance reports for time billed to HOME and verification of reports by supervisor.
2. Check to see if there is a clear audit trail between the time and attendance reports, payroll register, general ledger accounts and federal & state reports.
3. Test computation for gross amounts, deductions, and net payments.
4. Verify canceled checks for amounts and endorsements.
5. Verify employees' time from time cards to the time reported on reimbursement requests.
6. Verify that the costs requested for reimbursements are allowable and reasonable under the terms of the contract.
7. Verify invoices and payments.
8. Verify purchase of equipment is in agreement with general ledger account and financial reports.
9. Ensure that purchased equipment is allowable.
10. Verify calculation of depreciation (if applicable).
11. Make physical inspection of equipment (if applicable).

**C. Other Operating Expenses - The monitor will:**

1. Examine invoices and related canceled checks.
2. Review invoices for approvals and account distribution.
3. Determine if the costs are allowable.
4. Verify agency's line-item costs to amounts requested for reimbursement.
5. Verify that amounts requested for reimbursement agree with posting to general ledger accounts.
6. Select insurance invoices to verify that the amounts requested for reimbursement apply only to Community Development employees.

**D. Revenue - The monitor will:**

1. Verify amounts disbursed by PJ to reconcile with funds received by the agency.
2. Verify amounts and use of any program income or CHDO proceeds received.

**E. Overall Accounting Review - The monitor will:**

1. Review the process used to record the various transactions and determine if it is effective.



2. Review the actual transactions and their supporting documentation, determining eligible reimbursement expenses. In order for an expenditure to be considered eligible for reimbursement, the following requirements must be met:
  - The expenditure must be for the current funding period;
  - It must be an expenditure related to HOME activity; and
  - It must be an expenditure permitted by the contract.
3. Review the overall agency performance to determine if it is within compliance according to the contractual terms and conditions.
4. Determine if the prior year's monitoring findings have been corrected and are not being repeated.

### **Physical Inspections**

§92.504(d)(1) requires the Consortium to conduct on-site inspections of HOME-assisted properties.

1. Project completion inspections. Upon completion of a project, Consortium or Subrecipient staff will conduct an on-site inspection to confirm that contracted work is completed, and the property meets the property standards specified in §92.251.
2. Ongoing property inspections. Rental projects will be inspected by the Lead Entity or subrecipients on an ongoing basis throughout the period of affordability. On-site inspections will determine that the property meets applicable property standards and to verify the information submitted by the owners regarding rent, occupancy, and unit mix.

### **Exit Conference**

The monitor will meet with the director and subrecipient to discuss the results of the monitoring. The Director may invite staff and/or board members as he/she deems appropriate. The purpose of the exit conference is to:

1. Discuss findings, if any, and methods of correcting each individual deficiency.
2. Discuss concerns, if any, and methods of correcting concerns.
3. Discuss any observations made regarding the agency and offer technical assistance where applicable.
4. Answer any questions agency director or staff may have.

### **Monitoring Reports and Appeals**

Within thirty (30) days after the completion of the monitoring visit or desk-top review, a written report of the results of the monitoring visit will be forwarded to the subrecipient. If the program and fiscal monitoring were performed concurrently, the reports for both will be combined under a single cover letter.

### **Monitoring Report**

The monitoring report contains:

1. A detailed list of areas reviewed.
2. A detailed list of findings, if any.
3. A recommendation will accompany each finding explaining how the deficiency can be corrected.
4. A detailed list of concerns, if any.
5. Depending on the nature of the concern, a recommendation may be included on how to eliminate the concern.
6. Observations, if any, made regarding the subrecipient's operation.
7. If findings are severe, the letter accompanying the report may place a hold on further reimbursements to the subrecipient until the findings are cleared or may require the suspension of the activity until corrective actions are made and are satisfactory to the lead entity.



## **Response to Monitoring Report**

Within thirty (30) days after receipt of the monitoring report, the subrecipient must submit a written response to the monitoring report. The response should include:

1. A response to each individual finding and concern, if applicable.
2. Copies of any documentation to back up the response to the findings (copies of corrected employee monthly time reports, etc.).

## **Response to Subrecipient Response**

Upon receipt of the subrecipient's response to the monitoring report, a review of the response will be conducted to determine if the findings have been satisfied. A written response to the subrecipient's response will be sent, to include the following:

1. Those findings which have been satisfied will be noted as closed. If all findings are closed, the subrecipient's monitoring for the year under review is considered to be complete.
2. Findings which are not satisfied will remain open and will require further response or action on the subrecipient's part.
3. The subrecipient will be given an adequate period of time to take any further action needed to correct the findings and respond in writing.
  - a. If these actions are satisfactory, the findings are noted as closed and the monitoring is considered to be complete.
  - b. If these actions are not satisfactory, further correspondence is required until such time as all findings are closed, and the monitoring is concluded.
  - c. The close of the contract does not necessarily close the monitoring or the corrective actions required.

Correspondence will continue until all findings are closed.

## **Appeals**

In the event that a subrecipient agency and the monitor cannot come to an agreement on one or more findings of the PJ's monitoring visit, an appeal may be made in writing to the Development Services Director. The appeal should state clearly the finding being appealed, and the basis for the appeal. HUD does not accept appeals of decisions by the PJ regarding monitoring issues.



## Attachment D: Citizen Participation Plan

### Introduction

The purpose of this Citizen Participation Plan is to provide a framework to guide the Tri-Cities HOME Consortium (Consortium) and its members (the Cities of Kennewick, Pasco, and Richland, as Lead) in their efforts to encourage citizen participation in the planning, implementation and assessment in the Community Development Block Grant (CDBG) and the HOME Investment Partnership (HOME) programs. Specifically, in the Assessment of Fair Housing, Consolidated Plan, Annual Action Plan and Consolidated Annual Performance and Evaluation Report (CAPER).

This Citizen Participation Plan is prepared and implemented in accordance with the guidance provided in U.S. Department of Housing and Urban Development (HUD) Regulations [24 CFR Part 91.105](#).

Prior to implementation, the Citizen Participation Plan will be available for a period of 30 days for public comment. Any amendment to the Plan will be made available for a period of 30 days advising citizens of an opportunity to comment on the proposed amendment. A summary of the comments or views and a summary of any comments or views not accepted and the reasons why it was not accepted will be attached to the plan submitted to HUD for final approval.

### Citizen Advisory Committee

Each city has established individual citizen advisory committees to serve as a link between the public, city staff and City Council, and to aid in the development of the Consolidated Plan, Annual Action Plans, CAPER review, and assist in the administration and utilization of HUD grants. Each advisory position is selected based upon providing a balance of specific community interests or expertise to the committee. Low and moderate-income persons are encouraged to participate when a position becomes vacant. This is accomplished through public solicitations as well as direct communication with residents and participants in various social service organizations.

Each advisory committee will meet as necessary to review and make decisions regarding CDBG and HOME. These meetings are open to the general public. The advisory committees review written funding requests, attend oral presentations by applicants, and make funding recommendations to the respective City Council to aid in the development of the Annual Action Plan.

### Encouraging Public Participation

It is the intent of Tri-Cities HOME Consortium to encourage and facilitate the participation of all citizens in the development of the Assessment of Fair Housing (AFH), Consolidated Plan, Annual Action Plan, any substantial amendments to the plans and the performance report through public hearings and meetings. Additionally, the Consortium encourages involvement of protected classes, low- and moderate-income persons, particularly neighborhoods where 51 percent, or an amount determined by HUD as an exception criteria service area, where federal funding is proposed to be used. The Consortium also welcomes the participation of minority populations, non-English speaking persons and persons with disabilities.

Consultations, with direct mailings/emails and other contact will be made with local and regional organizations and through other publications that serve those in protected classes, or that provide assisted housing, health services, and social services, including those focusing on services to children, elderly persons,



persons with disabilities and their families, and homeless persons.

### **The Consolidated Plan (Con Plan)**

The development of the Con Plan is a cooperative effort between the cities of Kennewick, Pasco and Richland as members of a Consortium, businesses, developers, nonprofit organization, philanthropic organizations, and community-based and faith-based organizations that serve low and moderate-income persons. This document provides the planning framework, strategies, goals and performance benchmarks to be achieved over a five-year period by the CDBG and HOME Programs. HUD will evaluate the performance of each City and the Tri-Cities HOME Consortium through the accomplishments of community development and housing program goals established in the Con Plan

At least two public hearing will be held by the Consortium throughout the development of the Con Plan to allow participation from the public on this planning document. At least one of the public hearings will be held before the Consolidated Plan is published for comment. The draft Con Plan will be made available for public review and comment for a minimum of 30 days to allow for interested persons and organizations to comment prior to completion and submission of the final plan to HUD. A summary of the comments or views and a summary of any comments or views not accepted and the reasons why it was not accepted will be included in the final plan submitted to HUD for final approval.

### **Assessment of Fair Housing Plan**

**If applicable,** - The Tri Cities HOME Consortium and the two local housing authorities, Kennewick Public Housing Authority (KHA) and City of Pasco & Franklin Consortium Housing Authority (HACPFC) operating within Consortium jurisdiction may enter into a Joint Agreement to align their consolidated planning cycle(s) in accordance with the regulations at 24 CFR Part 91 for consolidated plan program participants, and 24 CFR part 903, for Public Housing Authorities. PHAs agree to collaborate with the Tri Cities HOME Consortium to prepare the Assessment of Fair Housing.

Furthermore, the Tri-Cities HOME Consortium and the Kennewick and Pasco Housing Authorities will work together by establishing comprehensive community development goals and ensure strategies and actions are taken to affirmatively further fair housing. Moreover, local and regional fair housing organizations and enforcement agencies will be consulted with. The Consortium members will report progress on those goals to HUD through the consolidated annual performance reports (CAPER) that are posted on each Cities website and in a HUD database.

HUD set out the following four clear fair housing goals for all communities to ensure greater opportunities for all Americans:

1. *Reduce segregation, and build on the nation's increasing racial, geographic and economic diversity.*
2. *Eliminate racially and ethnically concentrated areas of poverty*
3. *Reduce disparities in access to important community assets such as quality schools, job centers, and transit*
4. *Narrow the gaps that leave families with children, people with disabilities, and people of different races, colors and national origins with more severe housing problems (disproportionate housing needs)*

The Public, residents, public agencies and other interested parties will have access to any HUD provided data



and other supplemental information the HOME Consortium plans to incorporate into its Assessment of Fair Housing (AFH) at the start of the public participation process or as soon as feasible after. The HOME Consortium may make HUD provided data available to the public by cross referencing to the data on the HUD website.

Consortium staff will hold at least one public hearing and meet with community groups, reviews HUD data tables and HUD maps to develop the Assessment of Fair Housing (AFH) Plan goals. Through collaboration with the Housing Authorities of Kennewick and Pasco, staff will consult with HA Resident Boards in accordance with procedures described in 24 CFR 903.13, 903.15, 903.17 and 903.19 in the process of conducting the Assessment of Fair Housing (AFH), obtaining Resident Advisory Board and community feedback, and addressing complaints.

The draft AFH Plan will be made available for public review and comment for a minimum of 30 days to allow for interested persons and organizations to comment. A summary of the comments or views and a summary of any comments or views not accepted and the reasons why it was not accepted will be included in the Assessment of Fair Housing (AFH) Plan, submitted to HUD for final approval.

#### **Annual Action Plan (AAP)**

The AAP is a document that serves as the application for annual funding to HUD under the CDBG and HOME Programs and identifies federal and other funding resources that are expected to be used to address the needs identified in the Con Plan. This plan represents programs and activities that will be undertaken from January 1 through December 31 of each program year. It identifies the amount of grant funds and program income each city anticipates receiving each year, gives a specific description of the programs and activities that will be used to address the priority needs established in the Consolidated Plan, and provides benchmarks and goals to benefit low and moderate-income persons in which to measure program performance.

At least two public hearings will be held by each individual City each year at separate stages of development of the plan. The draft AAP will be made available public review and comment for a minimum of 30 days to allow for interested persons and organizations to comment prior to completion and submission of the final plan to HUD. A summary of the comments or views and a summary of any comments or views not accepted and the reasons why it was not accepted will be included in the final plan. The Annual Action Plan is submitted to HUD once grant formula allocations have been announced each program year.

#### **Section 108 Loan Guarantee Program**

The Section 108 of the Housing and Community Development Act of 1974 provides for a loan guarantee component specific to the CDBG Program. If applicable, and a member Grantee (Kennewick, Pasco or Richland) moves forward with a program application to HUD the Grantee will comply with requirements in 24 CFR 570.704(a)(2). In addition, the following would apply:

- Prior to submission of an application for loan guarantee assistance to HUD the Grantee must publish the proposed application community wide to allow the public to examine the application and to provide comments on the proposed application.
- The public will be given timely notification of public hearings, reasonable and timely access to local meetings, information, and records relating to the proposed and actual use of guaranteed loan funds, including, but not limited to the amount of funds expected to be made available, including anticipated program income generated from activities carried out with guaranteed loan funds, range of eligible activities to be undertaken, proposed low-moderate beneficiaries, etc. Technical assistance may be provided to



representative groups at the discretion of the Grantee.

- The public will be provided reasonable advance notice of, and opportunity to comment on, proposed activities not previously included in the application and activities, which are proposed to be deleted or substantially changed in terms of purpose, scope, location, or beneficiaries in accordance with requirement for a significant amendment.

- Grantee policies and procedures will provide for timely written answers to written complaints and grievances within 15 working days of the receipt of the complaint, where practicable.

#### **Consolidated Annual Performance and Evaluation Report (CAPER)**

This report describes the accomplishments of each activity undertaken during the previous year, identifies how funds were actually used versus how the funds were proposed to be used, what impacts the activity realized, and to what extent the funds benefited low and moderate-income persons.

The draft CAPER will be made available public review and comment for a minimum of 15 days to allow for interested persons and organizations to comment prior to completion. A summary of the comments or views and a summary of any comments or views not accepted and the reasons why it was not accepted will be included in the final plan submitted to HUD for final approval. The CAPER is due no later than 90 days following the end of the program year, or by March 31st of each year.

#### **Public Hearing Notice**

Public hearings, meetings will be published on the City website and /or as a display ad in the non-legal section of the newspaper of record, the Tri-City Herald at least 14 days prior to the hearing. The notice will include some or all of the following information as appropriate to the particular event:

- The date, time and place.
- Estimated amount of funds that will be available for distribution, and the amount that will benefit low and moderate-income persons.
- Topic(s) to be discussed including, but not limited to, housing and community development needs, development of proposed activities, and review of program performance.
- Proposed strategies and actions for AFFH.
- Basic information about the program(s).
- Timing and procedures followed in the development and approval of the CON PLAN, Annual Action Plan, Substantial Amendments, or CAPER.
- Contact name and phone number for requesting additional information or special accommodations.

Public hearings and meetings will be held at times and in locations convenient to potential or actual beneficiaries, and that are easily accessible to disabled persons. All comments and views of residents of the community in writing or orally during a public hearing or meeting will be considered and attached to the plan.

#### **Public Comment Period**

The draft or substantial amendments to the Citizen Participation Plan, Assessment of Fair Housing, Consolidated Plan, Annual Action Plan or CAPER will be made available for public comment for the minimum 15, 30 or 45 days, as required. A notice of the public comment period, the locations where the plan is available for review, and a summary of the plan will be published in the Tri-City Herald, one bilingual publication and in other places frequented by the public, especially low- and moderate-income persons and persons



benefiting from or affected by proposed CDBG/HOME activities. The notice of the public comment period, as well as the draft, will be posted on the respective City's website. Additionally, direct outreach to local and regional organizations that serve those in protected classes, assisted housing providers, public housing agencies, social service agencies, and advocacy groups, as well as their beneficiaries, will be utilized to broaden the efforts to notify all. All comments and views of residents of the community in writing during a public comment period will be considered and attached to the plan.

A reasonable number of free copies of the draft plan will be available upon request by calling or visiting the respective City's Office during regular business hours. The draft plan may be made available in an alternative format with a three-day notice for a request to the respective city member.

### **Non-English Speakers**

The Consortium has elected to address the Limited English Proficiency (LEP) need as a reasonable accommodation. Language assistance will be given to ensure meaningful access to participation by non-English speaking residents of the community. Given reasonable notice, during regular business hours, the following accommodation may be requested:

1. Interpretation services for clients, at no cost to the clients,
2. Documents may be translated for clients who do not communicate in English,
3. A TTY telephone shall be provided for clients,
4. Consortium members shall provide printed materials in alternate formats for clients, or
5. Consortium members shall make whatever reasonable accommodations are needed to improve accessibility to programs, activities and services.

Request assistance by contacting the respective member City:

- City of Richland, Community and Development Services Office, (509)942-7580
- City of Kennewick, Community Development Office, (509)585-4432
- City of Pasco, Community and Economic Development Office, (509)545-3441

### **Reasonable Accommodation**

Pursuant to the Rehabilitation Act of 1973 and the Americans with Disability Act of 1990, within reason, any individual with an impairment or disability who requires reasonable accommodation to attend or participate in a meeting or public hearing may request assistance, given reasonable notice, during regular business hours.

Request assistance by contacting the respective member City:

- City of Richland, Community and Development Services Office, (509)942-7580
- City of Kennewick, Community Development Office, (509)585-4432
- City of Pasco, Community and Economic Development Office, (509)545-3441

### **Plan Approval**

The Citizen Participation Plan recognizes Kennewick, Pasco, and Richland City Councils, as the elected governing body for each City. The draft Assessment of Fair Housing, Consolidated Plan and/or Annual Action Plan as well as Substantial Amendments to the Plans will be presented to the respective member City Council for approval before submitting to HUD. These are regularly scheduled Council meetings which are open public meetings and broadcast live.

### **Amendments or Substantial Amendments to the Plan**

An "amendment" to the approved plan will occur when a revision is made to the priority needs, a change is



made in the method of distribution of funds, when an activity not previously identified in the plan is added, or when the purpose, scope, location or beneficiaries of an activity are changed.

A “substantial amendment” to the AFH Plan will occur when fair housing contributing factors, priorities and or goals in the Assessment of Fair Housing Plan no longer reflect actual circumstances. A “substantial amendment” to an approved Consolidated Plan or Annual Action Plan will occur with any of the following conditions:

- Increasing or decreasing funding levels of twenty-five (25) percent of the City’s current or prior year CDBG or HOME approved project / Activity allocations, including program income.
- Modification of a project to address a different CDBG national objective, or
- Changes in the use of funds from one eligible category to another, in accordance with 24 CFR 91.105(c)

A substantial amendment to a plan will be forwarded to the respective City’s advisory committee, a display ad will be placed in the Tri-City Herald and in one available publication and will be available for a period stated below for public review and comments. Upon expiration of the review and comment period, and approval by the individual City’s Council, the proposed change will be signed by the authorized official of the jurisdiction and submitted to HUD for final approval.

Plan	Comment Period
5-year AFH Plan Consortium Only	30-Day
5-year AFH Plan team with PHA	45-Day
5-year Consolidated Plan	30-Day
Annual Action plan	30-Day

#### Responding to Complaints

Each City will consider written complaints from the public regarding the citizen participation process, the Consolidated Plan, the Assessment of Fair Housing Plan, the Annual Action Plan, any amendments and the CAPER. Where practicable. A written response will be made within 15 working days. Where not practicable, written responses will be made as quickly as possible. If the complainant is unable to file a complaint due to disability, alternative filing methods will be allowed by contacting the respective City.

#### Access to Records

Each city will be responsible for providing citizens, public agencies and other interested parties within five days of request, access to information and records relating to the City’s Consolidated Plan and the use of assistance under the CDBG and HOME programs covered during the preceding five-year period. Such access shall be consistent with applicable State and local laws, subject to privacy and obligations of confidentiality.

#### Staff Support and Technical Assistance

Staff from each city will be responsible and will make every reasonable effort to provide access and technical assistance to citizens, and agencies representing low and moderate-income persons, in order that they may participate in planning and assessing projects. Staff from each city will also respond to those who request assistance in developing proposals for CDBG or HOME funding and will provide technical assistance to assist in the implementation of the project.

#### Relocation and Displacement Policy

The Cities of Kennewick, Pasco, and Richland intend to minimize to the greatest extent possible, the



permanent displacement of any low and moderate-income persons that might result from the use of CDBG or HOME funds. This will be achieved through the design and evaluation of each project for potential displacement, by measuring and comparing such potential among alternative proposals and designs, and by considering alternatives when selecting projects for funding, prior to a final commitment of funds.

While there is no intent to directly displace individuals, families, businesses, or nonprofit organizations because of projects, the respective City will assist any individual, family, business, or nonprofit organization displaced by projects funded with CDBG or HOME funds as authorized under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, or under Section 104(d) of the Housing and Community Development Act of 1974. The Cities reserve the right to reject a project or require that any sub-recipient provide non-federal financial relocation assistance to persons or organizations affected by the project, if the project causes permanent displacement.

### **Availability of Documents**

Citizens are encouraged to review draft plans on the respective City's website and at the following locations:

#### *In Richland, WA*

[www.ci.richland.wa.us/cdbg](http://www.ci.richland.wa.us/cdbg)

- City of Richland , Development Services Office, 625 Swift Blvd.
- Richland Public Library, 955 Northgate Dr.
- Richland Community Center, 500 Amon Park

#### *In Kennewick, WA*

[www.go2kennewick.com/620/Community-Development-Block-Grant](http://www.go2kennewick.com/620/Community-Development-Block-Grant)

- City of Kennewick Community Development Office, 210 W. 6<sup>th</sup> Ave.
- Mid-Columbia Library, 1620 S. Union
- Kennewick Housing Authority, 1915 W. 4<sup>th</sup> Pl.

#### *In Pasco, WA*

[www.pasco-wa.gov/188/Five-Year-Consolidated-Plan](http://www.pasco-wa.gov/188/Five-Year-Consolidated-Plan)

- City of Pasco Community and Economic Development Office, 525 N. 3<sup>rd</sup> Ave.
- Pasco Public Library, 1320 W. Hopkins St.
- Pasco and Franklin County Housing Authority, 2505 W. Lewis St.

Approved plans will be available on respective City's website and at member City offices.

Given reasonable advanced notice, individual, electronic or copies in a format accessible to non-English speaking persons and persons with disabilities will be made available by calling or visiting the respective member City's Office during regular business hours.



Please return to:

City of Richland  
City Clerk's Office  
625 Swift Blvd. MS-07  
Richland, WA 99352

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**Amended and Restated Interlocal Cooperative Agreement  
Tri-Cities HOME Consortium  
under the  
National Affordable Housing Act  
  
Program Years 2020-2021-2022 and Continuing**

This Agreement is entered into between the cities of **Kennewick, Pasco, and Richland**, all Washington municipal corporations ("Members"), for the purpose of continuing participation in a Consortium originally formed in 1996 under the HOME Investments Partnership (HOME) Program and restated in a 2013 replacement interlocal agreement (Contract No. 85-13). This amended and restated Agreement supersedes all previous HOME consortium cooperative agreements, and will become effective upon adoption by the Members and final approval by the U.S. Department of Housing and Urban Development (HUD).

**WITNESSETH**

WHEREAS, the Federal Government has enacted the national Affordable Housing Act (NAHA), the primary objective of which is to increase the supply of decent affordable housing to low and very low income families, which created the HOME Investment Partnerships Program ("HOME Program") administered by the U.S. Department of Housing and Urban Development (HUD) through regulations at Title 24, Code of Federal Regulations, Part 92 (HOME Regulations); and

WHEREAS, said regulations allow units of general local governments to form consortia for purposes of obtaining funds under the HOME Program; and

WHEREAS, the Members are geographically contiguous units of local government eligible to form a consortium under said regulations; and

WHEREAS, the Interlocal Cooperation Act, Ch. 39.34 RCW, permits local governmental units to enter into agreements to cooperate for certain beneficial purposes; and

WHEREAS, the Members have determined that continuing as a consortium will increase the level of HOME Program funds potentially available for use within their combined jurisdictions, and thereby increase the combined ability of the jurisdictions to assist in meeting the affordable housing needs of the population.



NOW, THEREFORE, the Members agree as follows:

## **SECTION 1: DEFINITIONS**

- a. “Consortium” means the arrangement formed by this Agreement, and “HOME Program” means all of the activities assisted with HOME funds received from HUD.
- b. “Member” means the cities of Kennewick, Pasco, and Richland as Washington municipal corporations and units of local government.
- c. “Tri-Cities HOME Consortium” means the particular Consortium operating under the HOME Program consisting of the cities of Kennewick, Pasco, and Richland.
- d. “Lead Entity” means the unit of local government designated by the Tri-Cities HOME Consortium to act in a representative capacity of all Members for the purposes of this Agreement. The Lead Entity will assume overall responsibility for ensuring that the Tri-Cities HOME Consortium is administered and operates in compliance with the requirements of the HOME Program. The Lead Entity serves as the official and primary contact between HUD and the Tri-Cities HOME Consortium.
- e. “Subrecipient Administrator” refers to Members other than the Lead Entity who perform some HOME administrative roles as delineated under separate, specific HOME written agreements.
- f. “Consolidated” means jointly developed with unity from a regional perspective of the Members.
- g. “Program Year” means the annual fiscal year of January 1st to December 31st.
- h. “CHDO” means a Community Housing Development Organization as defined by the HOME Investment Partnership program.

## **SECTION 2: GENERAL PROVISIONS**

- a. Members agree to cooperate to undertake housing assistance activities in compliance with the federal HOME statute and regulations as identified at Title 24 CFR Part 92. The purpose of this Agreement is to increase the combined ability of each Member jurisdiction to assist in meeting the affordable housing needs of the population.
- b. Members agree to cooperate in maintaining the Tri-Cities HOME Consortium’s compliance with federal Consolidated Plan regulations at Title 24 CFR Part 91. Each Member shall also cooperate with the Lead Entity in conducting citizen participation, planning, and programming as necessary for the Lead Entity to



submit to HUD the Consortium's Consolidated Plan. Each Member shall ensure that its separate processes and procedures comply with all Consolidated Plan regulations.

- c. Members agree to jointly develop a combined Consolidated Planning Strategy (CPS) for submission to HUD for each of the federal fiscal years covered by this Agreement. The CPS will be comprised of a consolidated Market Analysis and Housing Needs Assessment, consolidated Five-Year Planning Strategy, and annual Plans for implementation of the strategy for the Tri-Cities HOME Consortium. The Housing Strategy will be developed to address needs over the three-city area with components identified that are unique to each Member; however, each Member will independently address non-housing community needs.
- d. Members agree to affirmatively further fair housing in compliance with all applicable statutes and regulations.
- e. This Agreement provides for automatic renewals of participation in successive three-year qualification periods in perpetuity by the date specified in HUD's consortia designation notices or listed on HOME's Consortia web page. The Lead Entity will notify each Member in writing of its right to not participate for the successive three-year qualification period, with a copy of the notification forwarded to the HUD Field Office. Any Member not intending to participate in the next three-year qualification period with the Consortium must submit written notification to the Lead Entity within thirty (30) days of receipt of the notice from the Lead Entity. The Lead Entity will provide copies of these communications to its HUD Field Office to provide notification of any change in consortium membership.
  - i. All Members of the Consortium are required to formally adopt by legislative action any amendments to this Agreement that incorporate future changes necessary to meet the requirements for consortia agreements in subsequent qualification periods.
  - ii. The automatic renewal provision of this Agreement is void if the Lead Entity fails to notify a Member of its right not to participate for the next three-year qualification period, or if the Lead Entity fails to submit a copy to HUD of each amendment to the Agreement as required.

### **SECTION 3: COMPLIANCE WITH FEDERAL REGULATIONS**

All Members of the Consortium agree to comply with the applicable portions of: Title 24 CFR Part 92: HOME Investment Partnerships Program; the Housing and Community Development Act of 1974 as amended; Title 24 CFR Part 570; Title 24 CFR Part 58; Title VI of the Civil Rights Act of 1964; Title VII of the Civil Rights Act of 1968; Section 109 of the Housing and Community Development Act of 1974; Section 3 of the Housing and Urban Development Act of



1968; Executive Orders 11246, 11063, and 11593; the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; OMB Circular A-122 and attachments A, B, C, F, H, N and O; the Archeological and Historical Preservation Act of 1974; the Architectural Barriers Act of 1968; the Hatch Act, 5 U.S.C. Chapter 15; the Flood Disaster Protection Act of 1974; the Clean Air Act (42 U.S.C., Section 1251 *et seq.*); and the Drug-Free Workplace Act of 1988.

#### **SECTION 4: PROGRAM ADMINISTRATION**

- a. **Lead Entity.** The city of Richland is hereby designated the Lead Entity for the Tri-Cities HOME Consortium. The cities of Kennewick and Pasco are Consortium Members who act as Subrecipient Administrators.
- b. **Lead Entity Responsibilities.** The Lead Entity shall assume overall responsibility for ensuring the Consortium's HOME Program activities are carried out in compliance with HOME regulations in Title 24 CFR Part 92, including requirements concerning a Consolidated Plan in accordance with HUD Regulations in Title 24 CFR Part 91.

The Lead Entity is responsible for the following:

- i. Establishing a local HOME Investment Trust Fund Account.
- ii. Receiving, disbursing, and accounting for all HOME Program and matching funds.
- iii. Collecting and submitting to HUD all required reports and data from Members, Subrecipient Administrators, CHDOs, and developers.
- iv. Sending Members a copy of correspondence from HUD within 48 hours of receipt, and copying members on correspondence from the Lead Entity to HUD.
- v. Providing written procedures for Integrated Disbursement and Information System (IDIS) reporting, including explanations of who has access to the system, how funds are sub-allocated in the system, who is required and allowed to make entries in the system, and at what times.
- vi. Providing written procedures for the disbursement of funds to include:
  - how Members or their sub-recipients request HOME funds from the Lead Entity;
  - processing time needed by the Lead Entity;
  - description of documentation required to accompany requests.
- vii. Providing written procedures for record-keeping, reporting and monitoring.



- viii. Describing the system and format for keeping records of program delivery, and meeting all HUD reporting requirements, including:
    - marketing activities;
    - environmental reviews;
    - application and award activities;
    - incurred obligation and contribution of required match funds;
    - federal cross-cutting activities;
    - Community Housing Development Organization (CHDO) designations; and
    - CHDO activities when applicable under Section 4.f below.
  - ix. Describing the intended system and format for monitoring projects through the applicable period, including:
    - listing of staff responsible for monitoring duties;
    - procedures for monitoring HOME rents, eligible residents, resale by homeowner;
    - properties, Fair Housing and Equal Opportunity, and property standards;
    - procedures for notifying HOME recipients about monitoring schedules;
    - steps and recourse that can be taken to ensure compliance by recipients of HOME funds.
  - x. Entering into HOME written agreements, and administering and monitoring activities of sub-recipients who have contracted with a Member to deliver a specific HOME program, including Members acting as Subrecipient Administrators.
  - xi. Preparing and submitting HOME performance reports for Consortium activities.
- c. **Member Responsibilities.** Each Member is responsible for the following:
- i. Providing to the Lead Entity, within 14 days after request, copies of all documents which the Lead Entity is required to submit to HUD, including, but not limited to, the Member's housing CPS and Annual Action Plan.
  - ii. Providing to the Lead Entity a written description(s) of the Member's HOME program(s) prior to contracting with another entity to deliver the program(s). Lead Entity retains final approval and contracting authority. Written descriptions must include:



- copies of program description;
  - listing of responsible staff for each step in the delivery of the program;
  - methods of affirmative marketing;
  - methods of procurement;
  - steps taken and standards imposed for the application and review process leading to the award of funds;
  - utilization of Consortium-approved forms, policies, and procedures.
- iii. Affirmatively furthering fair housing in the Member's jurisdiction. Such actions may include planning, education, outreach, and enforcement activities.
- iv. Preparing and submitting quarterly and annual performance reports regarding HOME activities.
- v. Preparing and submitting other documents as required by separate HOME written agreements governing the relationship between the Lead Entity and Members acting as Subrecipient Administrators.
- d. **Allocation of HOME Funds.** HOME funds will be allocated between the Members in the following manner:
- i. Ten percent (10%) of the overall allocation, or a higher amount if allowed by the HOME program, will remain with the Lead Entity for administrative costs.
  - ii. Fifteen percent (15%) of the overall allocation will remain with the Lead Entity to be utilized for CHDO Set-Aside activities. CHDO projects will be identified by Members on a rotating basis, as described in Section 4.f. below.
  - iii. The remaining balance of the overall allocation shall be invested in down payment assistance. These funds shall be divided equally among Members. Each member is entitled to plan for the expenditures of funds in an amount equal to their share of the HOME grant award, as is determined during each fiscal year of this agreement and identified in the Annual Action Plan. If desired and applicable, the Cities of Kennewick and Pasco may serve as Subrecipient Administrators to the Lead Entity to oversee investment of their respective portion of HOME funds in down payment assistance.
  - iv. When one or more Members has \$100,000 or more in unspent uncommitted down payment assistance funds and/or returned program



income, said funds may be used for the creation of affordable housing, including direct rental assistance through Tenant-Based Rental Assistance (TBRA). Members will work together to identify potential rental development projects to be undertaken by a qualified housing organization, including but not limited to a Public Housing Authority (PHA), who shall serve as either sponsor, owner or developer. Projects will be reviewed and selected based on developer financial capacity, experience, project feasibility, readiness to proceed, and community impact. Members will aim to rotate City location of projects when possible, and/or INFILL Homebuyer development with Member majority rules for the project location. After Members identify affordable housing project(s), Lead Entity will act as project manager, and shall perform required administrative duties to assess, approve, and fund projects.

- e. **Funding Timelines.** Any HOME funds set aside for a Member and not committed to a project within 18 months, or expended within 24 months of the award of HOME funds to the Tri-Cities HOME Consortium, will be made available to other projects across the Consortium. Reallocation will be executed by the Lead Entity with written notification of affected member(s). Members are aware that if funds are not committed and expended according to effective HUD deadlines, that HUD will recapture the funds. Such a recapture will reduce the availability of funds for that individual member by the amount determined by HUD to be in non-compliance.
- f. **CHDO Set Aside.** Fifteen percent (15%) or more of the overall allocation will remain with the Lead Entity to be utilized for CHDO Set-Aside activities. Members will work together to identify CHDO projects, and funding will be based primarily on community impact, developer capacity, project feasibility, and readiness to proceed. Members will aim to rotate the location of CHDO projects when possible. After Members identify CHDO project(s), the Lead Entity will perform required administrative duties to assess, approve, and fund projects.
- g. **Program Income.** Program income must be remitted to the Lead Entity within thirty (30) days of receipt. HOME Program Income, as defined in federal regulations, that is generated by a Member shall be added to the amount of HOME funds constituting the Member's share as defined in Section 4.d.iii herein and the approved Annual Action Plan. At the Member's option, the allowable percentage of program income may be used by the individual Member to be applied towards eligible and allowable administrative costs incurred by the Member. Administrative costs over the allowable percentage are the responsibility of the Member. Each Member acting as a Subrecipient Administrator will be responsible for providing to the Lead Entity a recap of expenditures, and other documentation as may be requested by the Lead Entity, within thirty (30) days and will submit to the Lead Entity any interest earned on the retained HOME dollars.



- h. **Administrative Costs.** Each Member will be independently responsible for any administrative costs each incurs associated with: 1) development and implementation of the CPS; 2) the annual re-examination of needs prior to setting each year's Action Plan; and 3) the awarding of HOME Program funds to sub-recipients, CHDOs, and/or other developers.
- i. **HOME Match.** Each Member is responsible for tracking and reporting HOME Match for the projects they fund, implement, and/or oversee. Should the Consortium's accrued Match balance fall below one full year's Match obligation, each Member shall be responsible for generating the required match based on its share of HOME funds. If the Match cannot be supplied by the responsible Member, then HOME funds and associated match obligation may be transferred to another Member by the Lead Entity. If a Member fails to supply sufficient match, its share of HOME funding may be reduced commensurate with the match deficiency, as delineated in any related Subrecipient Agreements.
- j. **Repayment of HOME Funds.** The Lead Entity has the responsibility to repay any HOME funds to the HOME Investment Trust Account that HUD determines were not used in accordance with the HOME regulations. To the extent a Member acting as Subrecipient Administrator was the entity that did not use the funds in compliance with regulations, then upon the repayment of funds by the Lead Entity, the Member responsible for the non-compliance will immediately reimburse the Lead Entity. To the extent that a sub-recipient or CHDO with the entity did not use the funds in compliance with regulations, then the sub-recipient will be responsible for reimbursing the Lead Entity.

Should any Member fail to meet any of the obligations or exceed any of the limitations described herein or as provided in written agreements, and should such failure jeopardize compliance of the Consortium as a whole, the Lead Entity has final control over re-distribution of funds among Members in order to ensure that all grant requirements are met.

- k. **Reporting and Records.** Each Member agrees to immediately make available to the Lead Entity upon request all records and access concerning the activities carried out under this Agreement for inspection by the Lead Entity, State, or Federal Officials.
- l. **Expiration.** Upon termination of this Agreement as provided in Section 6.a., the balance of funds which have not been committed will be returned to HUD for reallocation. Committed but incomplete projects and activities will be completed by the respective Member who, acting as a Subrecipient Administrator, initiated such project or activity.
- m. **Long-Term HOME Requirements.** Members acknowledge they each may have obligations to abide by HOME requirements throughout a project's long-term period of affordability that may extend beyond the termination of this Interlocal



Agreement. The Lead Entity is responsible for long-term requirements per HOME regulations, and Subrecipient Administrators will be responsible as delineated in their individual HOME written agreements with the Lead Entity.

## **SECTION 5: DISTRIBUTION OF FUNDS**

The Lead Entity shall issue a Notification of Fund Availability (NOFA) indicating the amount of funds available to each Member no later than thirty (30) calendar days from notification by HUD that HOME funds have been awarded to the Consortium. An activity shall be considered eligible if it conforms to the requirements of Title 24 CFR Part 92.

## **SECTION 6: TERM OF THE COOPERATIVE AGREEMENT**

- a. The Members agree that the term of this Interlocal Agreement is the length of time necessary to carry out all activities that will be funded from funds awarded for blocks of three (3) federal fiscal years. The Program Year start date for the Consortium is January 1.
- b. All Members will remain Members of the Tri-Cities HOME Consortium for the entire period of any term of this Agreement.
- c. This Agreement shall automatically renew for participation in successive three-year qualification periods/terms per Section 2.e herein unless terminated by written agreement of all Members.

## **SECTION 7: ADMINISTRATIVE FEES**

The HOME Consortium will retain ten (10) percent of the grant or the maximum allowed by the program regulations for administration and management of the HOME program. The Lead Entity will oversee an annual process to budget administrative fees. Only costs associated with the management and administration of the HOME program may be charged against HOME administrative allocations. Program income generated by other member programs will not be included in the 10% calculation unless agreed upon by the respective Member(s).

- a. **Administrative Shortfalls.** Administrative shortfalls by the Lead Entity shall be addressed annually. Member cities shall agree to split such shortfalls equally. Members may agree to utilize the 10% administrative funds generated by their program income to use toward administrative shortfalls experienced by the Lead Entity.
- b. **Negative Interest.** In the event that negative interest occurs as a result of the action(s) of a particular Member, then that Member is fully responsible for reimbursing the Lead Entity; PROVIDED, however, that if negative interest occurs that is not directly related to a single Member's actions, then each Member shall equally share in the cost of the negative interest. Note that negative interest earnings cannot be claimed as an administrative cost and must be reimbursed



from non-federal funds.

## **SECTION 8: AMENDMENTS**

Amendment to this Interlocal Agreement for the Tri-City HOME Consortium shall be in writing and by unanimous agreement of the Members. This includes an amendment to add new Consortium members. Members agree to jointly develop amendment language for approval by the legislative authority of each Member.

## **SECTION 9: POSTING OF DOCUMENT**

Upon full execution of this Agreement and approval by HUD, this Agreement shall be posted on the Lead Entity's website for purposes of meeting the recording requirements of Ch. 39.34 RCW, the Interlocal Cooperation Act. Although a Member may choose to record this Agreement, recording with the Benton County Auditor's Office or Franklin County Auditor's Office is not required and in no way affects the validity of this Agreement or any amendments thereto.

## **SECTION 10: NO SEPARATE LEGAL ENTITY**

No separate legal entity is created by execution of this Interlocal Agreement. Title to real property, if applicable, will be held in the name of the respective Member jurisdiction or the name of the Lead Entity.

*[Signature Page to Follow]*



**THE TRI-CITIES HOME CONSORTIUM**

Marie E. Mosley  
Marie E. Mosley  
City Manager, Kennewick

July 3, 2021  
Date

David Zabell  
Dave Zabell  
City Manager, Pasco

July 16, 2021  
Date

Jon Amundson  
Jon Amundson, ICMA-CM  
Interim City Manager, Richland

July 16, 2021  
Date

Approved as to form:

Heather Kintzley  
Heather Kintzley, City Attorney  
City of Richland

Lisa Beaton  
Lisa Beaton, City Attorney  
City of Kennewick

Eric W. Ferguson  
Eric Ferguson, City Attorney  
City of Pasco



# TRI-CITIES HOME CONSORTIUM DOWNPAYMENT ASSISTANCE (DPA) HOME FUNDS UNDERWRITING GUIDELINES

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# TRI-CITIES HOME CONSORTIUM DOWNPAYMENT ASSISTANCE (DPA) HOME FUNDS UNDERWRITING GUIDELINES

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## **PROGRAM PURPOSE AND DESCRIPTION**

The Cities of Kennewick, Pasco and Richland make up the Tri-Cities HOME Consortium. Each City will run their homeownership program and determine the necessary amount of funding to make a project affordable. City staff will work with lenders to offer Downpayment Assistance (DPA). DPA makes ownership of existing single-family housing in the Tri-Cities more affordable for qualified low to moderate-income first-time homebuyers, with household incomes at or below 80% of the area median income by reducing the cash needed to purchase the home and by reducing monthly mortgage payments.

## **GOVERNING LAWS AND REGULATIONS**

The Consortium receives HOME federal funds from the U.S. Department of Housing and Urban Development (HUD). HOME is governed by the rules and regulations set forth at 24 CFR Part 92.

The DPA must comply with Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which provides that only United States citizens, United States non-citizen nationals and “qualified non-citizens” are eligible for public benefits. All household members six (6) years of age or older are required to have a valid social security number / Visa in order for borrower(s) to be eligible for DPA assistance. To ensure compliance, the Tri-Cities HOME Consortium Downpayment Assistance program follows the guidance provided by the United States Department of Justice and the U. S. Department of Housing and Urban Development.

Reconciliation Act of 1996, a “qualified non-citizen” is defined as:

Qualified Non-citizen - for purposes of this title, the term “qualified non-citizen” means a non-citizen who, at the time the non-citizen applies for, receives, or attempts to receive a Federal public benefit, is:

- (1) a non-citizen who is lawfully admitted for permanent residence under the Immigration and Nationality Act,
- (2) a non-citizen who is granted asylum under section 208 of such Act,
- (3) a refugee who is admitted to the United States under section 207 of such Act,
- (4) a non-citizen who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,
- (5) a non-citizen whose deportation is being withheld under section 243(h) of such Act, or
- (6) a non-citizen who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

Non-citizen US Nationals- all U.S. citizens are U.S. nationals, but only a relatively small number of persons acquire U.S. nationality without becoming U.S. citizens. Section 101(a)(21) of the Immigration and Nationality Act (INA) defines the term “national” as “a person owing permanent allegiance to a state.” Section 101(a)(22) of the INA provides that the term “national of the United States” includes all U.S. citizens as well as persons who, though not citizens of the United States, owe permanent allegiance to the United States (non-citizen nationals). One owes personal allegiance to the United States if that person has taken an oath of naturalization. Naturalization



occurs when a non-citizen applies for citizenship. They must prove a series of eligibility requirements in order for the Bureau of Citizenship and Immigration Services to certify the naturalization request.

### **UNIFORM RELOCATION ACT (URA)**

The Uniform Act, passed by Congress in 1970 set forth at 49 CFR Part 24, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

The purchase and sale agreement must establish that the acquisition is a voluntary acquisition under the URA. The City's URA Addendum must be completed prior to the fully executed purchase and sales agreement. An owner-occupant who voluntarily sells a property to a first-time homebuyer is not eligible for relocation assistance under URA provided that, prior to sale, the seller is informed in writing:

- Of the fair market value of the property, and
- That the buyer does not have the power of eminent domain and therefore will not acquire the property if negotiations fail to result in an amicable sale agreement.
- The fair market value of the home will be determined by a Washington State licensed and certified appraiser.

### **FIRST TIME HOMEBUYER**

The term "first-time homebuyer" (FTHB); "displaced homemaker" and "single parent" are defined below and are defined at 24 CFR 92.2:

- A first-time homebuyer is an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with DPA assistance.
- A displaced homemaker is an individual who: is an adult; has not worked full-time full year in the labor force for a number of years but has, during such years worked primarily without compensation to care for the home and family; and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.
- A single parent is an individual who: is unmarried or legally separated from a spouse; has one or more children of whom the individual has custody or has joint custody where the children reside fifty-one (51) percent of the time in household.

### **HOMEOWNERSHIP**

The term "homeownership" is defined at 24 CFR 92.2. Acceptable forms of homeownership for a Consortium DPA loan include ownership in fee simple title for a one-unit dwelling or at least 99-year leasehold interest, or in the case of a manufactured home, must be on a permanent foundation, must be located on land owned by the manufactured home owner and must be connected to permanent utility hook-ups.



### **TITLE INSURANCE**

For Downpayment Assistance, not involving any type of construction or rehabilitation, the City will request a copy of the first lien right lender's title insurance policy.

### **APPROVED LENDERS**

Any lender licensed to do business in Washington State. Mortgage brokers, designated brokers and loan originators must be licensed by the Washington State Department of Financial Institutions Division of Consumer Services.

### **BASIC CRITERIA**

To qualify for a loan through a DPA program:

- The first-time homebuyer must be an "Eligible Applicant";
- The first-time homebuyer must be a "Suitable Borrower"; and
- The house selected must be an "Eligible Property".

### **ELIGIBLE APPLICANTS & HOUSEHOLD**

To qualify for DPA assistance, the application must be completed in its entirety and signed by all applicants. Eligible applicants must also:

- Be a United States citizen, United States non-citizen national or qualified non-citizen (all members of household);
- Be a first-time homebuyer;
- Have household income at or below 80% of median as established annually by HUD; and
- Demonstrate a financial need for DPA assistance

### **INCOME DETERMINATION**

Household income must be at or below 80% of the Area Median Income (AMI) adjusted for household size. Gross annual income for all household members must be reviewed and may affect applicant's eligibility for assistance. Eligibility will be determined using the most current HUD Income Limits, the annual income definition as defined by 24 CFR Part 5, and procedures located in the most current edition of HUD's *Technical Guide for Determining Income and Allowances*. To determine eligibility, staff will verify the household size, household size includes all persons who will live in the applicant's household at the time of occupancy and gross annual income of each household member 18 years of age and older that is anticipated to be received during the coming 12-month period and compare it to the most recent AMI limits. HOME funded projects will use HOME limits and effective dates.

Examples of income that will be included but is not limited to:

1. Wages, salaries, overtime, tips, commissions, bonuses, etc.;
2. Self-employment income from owned business, including proprietorships and partnerships;
3. Interest, dividends, net rental income, or income from estates or trusts;
4. Social Security or railroad retirement;
5. Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
6. Retirement, survivor, or disability pensions; and



7. Any other source of income received regularly, including Veterans (VA) payments, unemployment compensation, child support and alimony.

For documentation collection, please refer to Attachment A, *Tri-Cities HOME Consortium Downpayment Assistance, Acceptable Sources of Applicant Document Verification*.

***The higher of the wages calculated from the source documentation will be used to determine income eligibility.***

The participating jurisdiction 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 (24 CFR 92.203 (2)(d)(2)).

#### **SUITABLE BORROWER (LOAN UNDERWRITING)**

Each loan application must comply with applicable HUD regulations. The goal of the Homeownership Program is to help eligible income, first-time homebuyers become successful homeowners. To accomplish this goal the following will be used to determine suitability. These "suitability requirements" apply to the borrower and a non-borrowing spouse that will occupy the unit. Co-signer(s) are not allowed as part of DPA. City staff will rely on lender provided financial information as well as a copy of the borrower(s) credit report with credit scores.

The borrower(s) and any non-borrowing spouse must meet the following debt ratio requirements:

- Front-end ratio (needs assessment). The primary loan's principle, interest, taxes, insurance and mortgage insurance (PITI) compared to income must be at or above 15%. If the front-end ratio is below 15% the DPA loan amount will be adjusted down accordingly.
- Back-end ratio (risk assessment). The PITI plus all other installment and revolving debt compared to income may not exceed 41%. Exception, maximum 43% with a credit score of 660 or better.
- The borrower must have a credit score of 620 or better.
- Debt with less than 10 months to pay need not be used in back-end ratio.

***Non-borrowing household member's gross income shall be used for income qualifying the household only and shall not be included in debt requirements that the borrower(s) must meet to qualify for homeownership assistance.***

The borrower(s) and any non-borrowing spouse **must not** have had:

- A foreclosure within the three (3) years immediately prior to loan closing;
- A bankruptcy within the two (2) years immediately prior to loan closing,
- Outstanding/unresolved collections, including medical, judgments or liens,
- No more than 2 thirty-day past due accounts within the most recent 12-month period,
- One or more sixty or ninety-day past due accounts within the last 12-month period.



The borrower must have sufficient income to support the primary debt and must be able to obtain approval from a primary lending institution for the purchase of the home and applicant must show evidence of approved funding from primary lender.

The borrower must successfully complete a HUD approved first time homebuyer education course prior to transaction closing.

The borrower must meet the following personal investment obligation to be eligible for DPA:

The borrower(s) is required to provide a minimum contribution of \$1,000 or 1%, whichever is greater, towards the purchase price of a home. Items paid outside of closing (POC) may count towards the borrower(s) minimum contribution. Gift funds will not be considered towards the borrower(s) minimum contribution. The maximum assistance is \$10,000. An applicant with 20% or more to invest will not be funded.

The DPA minimum contribution may include documented purchase-related approved soft costs that the homebuyer paid for out-of-pocket prior to closing that are not listed on the Closing Disclosure, for example, a professional inspection and/or pest inspection. Documentation needed as support; receipt and cancelled check and or bank statement showing the charge cleared their account.

#### **ASSET LIMIT**

Liquid Assets: The Asset Limit refers to the applicant's personal (non-business) liquid assets. Liquid assets are defined as cash and assets that can be readily converted to cash. Liquid assets include checking and savings accounts, certificates of deposit, money market accounts, stocks, bonds and profit-sharing accounts (if funds can be withdrawn without penalty). Retirement investments, college savings plans, medical savings plans, and other similar vehicles are not considered liquid assets.

- To be eligible for the DPA loan, the borrower must not have liquid assets after closing in excess of ten thousand dollars (\$10,000). Borrowers who have additional liquid assets in excess of \$10,000 must use those prior to utilizing DPA.

Other Assets: The Borrower cannot have any interest in other real estate or in a business other than the borrower(s) source of income.

For documentation collection, please refer to Attachment A, *Tri-Cities HOME Consortium Downpayment Assistance, Acceptable forms of Verification and the Technical Guide for Determining Income and Allowances for the HOME Program, 3<sup>rd</sup> Edition, Part 5 definition handbook*.

#### **APPROVED PRE-PURCHASE COUNSELING**

Pre-purchase counseling must be approved through The U.S. Department of Housing and Urban Development. Currently the Consortium will only accept pre-purchase counseling through Community Frameworks, as it meets all HUD requirements. Please register at [www.ehomeamerica.org/communityframeworks](http://www.ehomeamerica.org/communityframeworks).



### **DPA LOAN AMOUNT, TERMS AND CONDITIONS**

DPA is a secondary loan that helps pay for downpayment and closing costs. The DPA-eligible costs are defined in the Eligible Costs section of the Guidelines. In order to participate in the DPA the borrower may not receive cash back at closing; any funds in excess must be applied to a principal reduction or returned to the City/Consortium.

Minimum: The minimum amount of DPA funds that must be invested in a project is \$1,000.

Individual Loan Terms: The assistance is in the form of a 0% interest loan, secured with a Promissory Note and Deed of Trust, placed in second position that will be recorded in conjunction with the main lender's loan closing. The loan will be forgiven on the sixth anniversary of property closing. Repayment will be triggered if within the six-year period of affordability and occupancy any one of the following occurs, sale, refinance, transfer, failure of borrower(s) to occupy as principal place of residence, or non-compliance with the loan agreement. Sale or transfer includes actual or attempted sale by contract, assignment, lease, rental or other conveyance of the property to a person other than the borrower(s), whether by gift or value. Sale or transfer also includes any further voluntary or involuntary encumbrance of the property by the borrower, except an encumbrance by a government agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the borrower pays such assessments when due. A surviving borrower, upon the death of another co-borrower, can assume the loan.

In most cases, the DPA loan is subordinate only to the primary mortgage. The only exception is when the DPA is layered with the "HomeChoice" secondary loan product through the Washington State Housing Finance Commission. In this case, the City/Consortium will agree to be in third lien position.

The borrower must occupy the home being purchased as their \*principal residence throughout the life of the loan. The borrower cannot rent or lease the property, in its entirety, to other persons, even on a temporary basis. Should the borrower move, sell, lease, or transfer title to the property, the loan must be paid back.

\*Principal or primary residence is a single dwelling house or other dwelling unit that is the place of residence at which the borrower(s) that entered into an agreement with the City/Consortium and who constitutes the legal owner(s) of the housing unit will predominantly resides for more than 183 days of each annual year starting January 1<sup>st</sup> through December 31<sup>st</sup>. Determination of principal residence may include, but not be limited to the owner's declared address or other verifiable resources for electoral, taxation, government assistance programs, or any other form of evidence deemed acceptable to the City/Consortium.

A Transfer Event is defined as the occurrence of one or more of the following:

- The transfer or attempted transfer of an interest in a portion or all of the Property, whether by, sale, refinance, contract, assignment or otherwise; or
- The death of the Borrower(s). Where ownership is joint, the loan shall become due and payable immediately upon death of the survivor who had an interest in and resided in the property at the date of the Promissory Note.

A Default Event is defined as the occurrence of one or more of the following:



- A default on any of the terms of the Promissory Note, HOME Homebuyer Agreement, or the First Subordinate Deed of Trust; or a default of the First Promissory Note or the First Deed of Trust;
- The failure of the Borrower to use the Property continuously as the Borrower's principal place of residence; or
- The renting, leasing or subletting of the Property to any third party for any purpose, whether rental income is received or not.

Sale or transfer of the property does not include:

- An encumbrance by a governmental agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the borrower pays such assessments when due; or
- The transfer of the property to the surviving borrower upon the death of one borrower provided that the surviving borrower had an interest in and resided in the property at the date of the Promissory Note.

Notwithstanding the above, transfers resulting from marriage, divorce or dissolution of marriage or death of a spouse shall not constitute a Transfer Event, provided that the party acquiring an interest as the result of such event executes an agreement assuming all of the obligations of the transferring party under the terms of the original agreement.

#### **COMPATIBILITY WITH OTHER FUNDS**

The Tri-Cities HOME Consortium has designed the DPA program to be compatible with certain Washington State Housing Finance Commission homebuyer program and through the Federal Home Loan Bank Affordable Housing Program (AHP).

A DPA loan may be combined with a fully amortized primary loan with a **fixed** interest rate and the primary loan must be mortgage insurable unless the loan-to-value (LTV) rate is less than 80%. The types of loans that are compatible with DPA include the following:

- FHA insured;
- Conventional;
- VA – check with your lender for compatibility.

The following are not allowed:

- Adjustable-rate mortgages;
- Prepayment penalties;
- Private sales contracts.

DPA may be combined with gifts from family members or other down payment assistance programs as long as the suitable borrower contributes the minimum amount of their own funds to participate in a DPA loan. Copy of gift letter(s) must be documented in the City/Consortium file.

#### **ELIGIBLE PROJECT COSTS**

The DPA-eligible project costs include the costs of acquiring single-family housing and the reasonable and necessary soft costs incurred by the homebuyer or the City/Consortium and associated with the financing of the property.



Necessary soft costs include those items that are incidental to the sale of real estate and may include:

- Processing and settlement costs
- Lender origination fees, max 1.75% of loan amount
- Credit reports
- Fees for title evidence
- Fees for recordation and filing of legal documents
- Legal fees
- Private appraisal fees
- Escrow accounts to pay for up to three months of real estate taxes and one year of hazard insurance (homeowners' insurance)
- Professional Home Inspection
- Home Inspections

#### **INELIGIBLE PROJECT COSTS**

- Delinquent taxes, fees, and other charges that are the seller's responsibility;
- Property repair or escrow holdback;
- Costs related to new construction of housing; or
- Rental assistance.
- Fees associated with mortgage products which deviate from normal closing cost for a fixed-rate, fully amortized loan, including loan discount fees will not be financed with HOME funds.

#### **DPA LOAN FEES**

There are no loan fees associated with a DPA loan. There are recording fees to Benton and Franklin Counties and, when applicable, title fees.

#### **AVAILABILITY OF FUNDS**

Funds are available on a first-come, first-eligible served basis. Funds will be reserved for a specific borrower when staff receives the required information and documentation and determines that the applicant is an "Eligible Applicant", a "Suitable Borrower" and that the property is an "Eligible Property". Funding reservations will be held for a maximum of three months with a possible one-month extension.

#### **ELIGIBLE PROPERTIES**

To qualify for DPA assistance, the property selected by the homebuyer must meet **ALL** of the following criteria. The house must:

- Be located within the appropriate City limits;
- Maximum purchase price is not to exceed 95% of the current median purchase price for the area, approved annually by HUD 24 CFR 92.254(a)(2)(iii).
- Meet the definition of single-family housing at 24 CFR 92.2;
- Meet the definition of affordable, modest housing contained in 24 CFR 92.254(a) (2);
- Meet Property Standards contained in 24 CFR 92.251(a)(1) or 92.251(2)
- Be free of chipped or peeling paint if the home was built before 1978, per 24 CFR 92.355;
- Be occupied by the seller (owner), the first-time homebuyer or the house must be vacant;



- Have clear title – the lender must provide a preliminary title report that is satisfactory to the City/Consortium.
- Satisfactory Appraisal – the lender must provide a copy of the appraisal to the City/Consortium
- Maximum Purchase Price cannot exceed the appraised value of the property.

Only single-family housing units qualify for DPA funding. A single-family housing unit includes a single unit, a condominium unit, or a combination of manufactured housing and lot.

To qualify for DPA assistance, a manufactured housing unit must:

- Be existing;
- Be located on land that is owned by the first-time homebuyer;
- Be fixed to a permanent foundation;
- Be taxed as real property, i.e. de-titled; and
- Be connected to permanent utility hook-ups.

#### **INELIGIBLE PROPERTIES**

Tenant-occupied properties are not eligible under the DPA; or, tenants have been given notice or have been required to vacate in order to sell this property. Verified by City staff.

The house must be vacant or occupied by the seller throughout the sale period and at the time title is transferred. The only exception to this is if the first-time homebuyer is occupying the home as a renter.

An “AS IS” home, in need of repair(s) necessary to meet the HUD HQS Inspection and/or local code does not qualify for the City’s DPA.

#### **PROPERTY INSPECTIONS PRIOR TO CLOSING**

- Environmental Review

The Environmental Review requirements of 24 CFR Part 58 must be completed before CDBG or HOME funds are committed to the project. The Environmental Review, for existing homes, includes verification the home is not located in a flood plain, lead-based paint and other hazardous materials.

- Housing Quality Standards 24 CFR 982.401

One of the goals of the Consortium Homeownership programs is to provide “*decent, safe and sanitary housing*”. The property must pass a HQS Inspection, performed by City staff prior to closing. If violations are found, the property is not eligible unless the violations are corrected, and a second inspection is performed and passes.

**THE HQS INSPECTION DOES NOT SUBSTITUTE A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.**

- Lead-Based Paint Hazards

The Lead Safe Housing Rule applies to any housing unit built prior to January 1, 1978, and is assisted with HUD funds. The rule affects the way the City/Consortium implements the homeownership programs as follows:

1. Visual Assessment. A visual assessment will be conducted at the property. All painted surfaces, interior and exterior, must be free of defective paint (peeling, chipping, chalking or cracking).



2. If defective paint is found, the property is not eligible for purchase.

#### **NOTIFICATION AND DISCLOSURE**

1. The seller must disclose known lead-based paint and lead-based paint hazards and provide available reports to the buyers and to the City/Consortium.
2. The sales contracts must include the disclosure of information on lead-based paint and or lead based paint hazards.
3. City Addendum 4 – Disclosure to Seller of Fair Market Value, Voluntary Sale - Seller must review and sign, return to City prior to transaction closing. Fair Market Value based on appraised value of property.

#### **ADDENDUMS TO PURCHASE AND SALES AGREEMENT**

- City Addendum 2 – URA must be signed by the buyer and the seller and attached to the purchase agreement.
- City Addendum 3(a) or (b) - Housing Quality Standards and Lead Hazard Contingencies must be signed by the buyer and the seller and attached to the purchase agreement.

#### **CLOSING AND DPA DOCUMENTS**

DPA documents will be signed alongside the primary lender's documents at the scheduled closing. Married couples, whether the spouse is purchasing the home as his or her separate estate will both be required to sign the City's Deed of Trust, Promissory Note and Homebuyer Agreement prior to disbursal of direct project funds.

The Deed of Trust places a lien on the property to ensure repayment of the Note and to assure that conditions are met. The Deed of Trust must be cleared prior to transferring the property to a new owner.

***All applicable loan forms and documents must be completed and, in the borrower,(s) file, see Attachment's A and C.***

#### **LOAN REQUIREMENTS AFTER CLOSING**

- Property purchased with DPA funds must be occupied as the owner's principal residence throughout the life of the loan. The DPA loan must be repaid in full upon title transfer, sale or default or if the family no longer occupies the home as their principal residence during the period of affordability and occupancy.
- Renting a unit in its entirety is not permitted. Deed restrictions will reflect this requirement.
- Real property taxes and hazard insurance must be current at all times.
- Property must be kept in good condition, repair and permit no waste thereof.
- The home may not be used for any activities prohibited by law.

#### **MONITORING**

The Consortium will monitor the homebuyer via postal mail or other methods throughout the period of affordability of the DPA loan to ensure compliance with residency requirements.



#### **PERIOD OF AFFORDABILITY AND RECAPTURE**

To ensure affordability, the Tri-Cities HOME Consortium adheres to the minimum period of affordability and recapture requirements as set forth in 24 CFR 92.254(a)(4), and 24 CFR 92.254(a)(5)(ii)(A)(1) and (A)(2), and (A)(5).

The Tri-Cities HOME Consortium will impose a six (6) year period of affordability and occupancy requirement.

In accordance with 24 CFR 92.254(a)(5), should the property be sold, or title transferred, or should the owner no longer use the property as the principal residence during the period of affordability, the entire amount of HOME funds invested in the project will be recaptured. If there are no net proceeds from the sale of the property, or the net proceeds are insufficient to repay the entire HOME investment due, the amount of HOME funds recaptured will be based on the net proceeds available from the sale, if any. The net proceeds are defined as the remainder of the final sale price of the property minus any superior non-HOME loan repayment, closing costs and capital improvements. Any funds recaptured under the First Time Homebuyer program must be used to carry out housing activities in compliance with HUD guidelines.

Should the DPA program cease to exist, the remaining HOME Investment Partnership funds will be reallocated to other program to meet the requirements and regulations of the HOME Program and will be consistent with the 5-year consolidated plan.

All conditions for purchase assistance must be met and maintained as agreed upon or the entire unpaid portion is immediately due and payable.

#### **SUBORDINATION**

Subordination is not allowed during the initial underwriting. Some circumstances may allow for subordination during the Period of Affordability.

#### **CONFLICT OF INTEREST**

No person who is an employee, agent, consultant, officer or elected official or appointed official of the PJ who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent) child (including stepchild), brother, sister (including stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

#### **OUTREACH**

- Have informational flyers describing the DPA available at various locations at City/Community facilities.
- Send informational flyers describing DPA to large employers, or employers that employ minority or lower income people.
- Advertise DPA at City Hall.



- Web Site. The web site appropriate for each City will describe DPA and encourage participation by low-or moderate-income residents and offer links to additional educational resources regarding purchasing a home.
- The DPA will be promoted through the local newspaper, brochures and other publications to ensure affirmative marketing on the program.

### **FAIR HOUSING**

Fair Housing Act - A number of laws have been written in support of fair housing, including but not limited to Title VI of the Civil Rights Act of 1964; Title VIII – The Fair Housing Act of 1968, and as amended; and the Rehabilitation Act of 1973 (Section 504). The Tri-Cities HOME Consortium supports the core principles of fairness and anti-discrimination to housing choice for all citizens. No qualified persons shall be denied the benefits of the participation in or be subjected to discrimination under any program or activity funded on the basis of race, color, national origin, gender identity, age, sexual orientation, religion, disability, or familial status. Consortium members shall also affirmatively further Fair Housing and take appropriate actions to overcome the effects of any impediments identified, including but not limited to language barriers, architectural barriers in housing structures, housing for older persons, etc.

- 13-Fair Housing, Equal Opportunity for All Notification Pamphlet
- U.S. Department of Housing and Urban Development Fair Housing websites:  
<http://www.hud.gov/offices/fheo> <http://www.hud.gov/complaints/housediscrim.cfm>



For more information on Tri-Cities HOME Consortium Downpayment Assistance (DPA) contact:

City of Richland  
 Toni Lehman  
 625 Swift Blvd. MS-18  
 Richland, WA 99352  
 509-942-7580 [F] 509-942-7764  
[tlehman@ci.richland.wa.us](mailto:tlehman@ci.richland.wa.us)

City of Kennewick  
 Kylie Peel  
 210 W. 6<sup>th</sup> Avenue, Kennewick, WA 99336  
 509-585-4432 [F] 509-585-4445  
[kylie.peel@ci.kennewick.wa.us](mailto:kylie.peel@ci.kennewick.wa.us)

City of Pasco  
 Kristin Webb  
 525 N. Third Avenue, Pasco, WA 99301  
 509-543-5739 [F] 509-545-3499  
[webbk@pasco-wa.gov](mailto:webbk@pasco-wa.gov)



## Tri-Cities HOME Consortium Downpayment Assistance - Acceptable Sources of Applicant Document Verification

Reference material: Technical Guide for Determining Income and Allowances for the HOME Program, 3<sup>rd</sup> Edition, Part 5 definition

NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
Employment Income including tips, gratuities, overtime	VOE – lender or City request  Employment Security Department  4506-T if no tax returns available.	2 years tax returns with W2s and all schedules, including 1099's  2 months current paystubs with YTD for full-time and part-time regular employment  minimum 12 months paystubs for seasonal or sporadic income, can be documented through average of 2 years of W2's and unemployment (if applicable)		Always verify frequency of gross pay (i.e., hourly, biweekly, monthly, bimonthly): anticipated increases in pay and effective dates; overtime.  Do Not use check without YTD stub
Income maintenance payments, benefits, income other than wages (i.e., welfare, social security (SS) supplemental security income (SSI), Disability Income, Pensions	Current award or benefit notification letters prepared by authorizing agency	Current award or benefit notification letters or computer printout from public agency  1099 Form  Most recent quarterly pension account statement		
Unemployment Compensation	Employment Security Department	Benefit notification letter signed by authorizing agency		Frequency of payment and expected length of benefit term must be verified
Self-Employment, tips, gratuities, etc.	None available	Current two years 1040/1040A showing amount earned and employment period		



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NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
		Use of current 6 months bank statements		
Net <b>Income</b> for a business	Current certified profit and loss statement if available	<p>2 years Current 1040 with all schedules including C, E, or F, and 1099's. Request up to 4 years additional years if needed</p> <p>Current 6 months of bank statements to corroborate business and expenses.</p> <p>Financial Statement(s) if available, of the business (audited or unaudited) including an accountant's calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement</p>		
Alimony or Child Support	Copy separation or divorce filed decree, type of support, amount, and payment schedule.	<p>Copy of most recent check.</p> <p>Recent original letter from Division of Child Support Enforcement</p> <p>Two Year statement from Division of Child Support Enforcement</p>	Affidavit of non-support, where no support is evident	
Current net family assets, including dividend income, interest income, Cash value of stocks, bonds, individual retirement, pension funds, etc.		<p>6 months current checking and savings account statements,</p> <p>Certificates of deposit</p> <p>Property appraisals or current tax assessment</p>	Notarized statement or signed affidavit stating cash value of assets or verifying cash held at applicant's home or	



## Tri-Cities HOME Consortium Downpayment Assistance - Acceptable Sources of Applicant Document Verification

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NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
Refer to Page 30, Exhibit 3.8 Inclusions/Exclusions		Stock/bond documents e-financial statements completed by financial institutions  Financial average balance declaration  Copy of county real estate assessment to use approximate market value, if appraisal was not conducted  Certifications from attorneys, stockbrokers, bankers and real estate agents that verify penalties and reasonable costs incurred to convert asset to cash	in safe deposit box, etc.	
Assets disposed of for less than fair market value	None Required		Certification on application signed by applicant/household member that no member of household has disposed of assets for less than fair market value during preceding two years.	
Applicant(s) of DPA	None Required	Driver's License		Verify applicant, co applicant names on



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NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
				applications are who they say they are
Citizenship/ United States lawful permanent residency		Copy of Social Security Card for all household members six (6) years of age and older, 1) Certified Birth Certificate, 2) Valid Passport, 3) Copy of Driver's License or ID card to identify applicant(s). 4) A United States Permanent Resident Card (USCIS Form I-551), formerly Non-citizen Registration Card or Non-citizen Registration Receipt Card (INS Form I-151)		Permanent residency identification card attesting to the permanent resident status of a non-citizen who is authorized to live and work in the United States.
Family Composition	None Required	None Required	Self-declared on application form, including live in-aide status	Verify through tax return
Family type (disabled and/or elderly) Information Only	None Required	None Required	Self-declared on application form Non mandatory	
Full-time college student status (of family member 18 or older, excluding head, spouse or foster children)	Verification from Admissions or Registrar's Office or dean, counselor, advisor, etc., or from VA Office.	School records, such as paid fee statements that show a sufficient number of credits to be considered a full-time student by the educational institution attended.	Self-declaration form for non-borrowers	



## Tri-Cities HOME Consortium Downpayment Assistance - Acceptable Sources of Applicant Document Verification

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NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
Recurring contributions and gifts	Notarized statement or affidavit signed by the person providing the assistance giving the purpose, dates, and value of gifts	Not applicable		Sporadic contributions and gifts are not counted as income
Social Security Number	None Required	Copy original Social Security card		
Zero Income	Employment Security Department	Not applicable	Self-certification co-borrower and all other household members 18 years and older.	
Uniform Relocation Act (URA)		Applicant & Seller signed City Addendum 2 – Notice of Voluntary Arm's Length Transaction		City Utility Billing System: Snap shot of current owner
Uniform Relocation Act (URA)		Seller signed City Addendum 4 – Disclosure to Seller of Fair Market Value, Voluntary Sale		Appraisal
Lead-Based Paint (LBP) Pre 1978		LBP Addendum Purchase Agreement		Copy of LBP Addendum to PSA
Lead-Based Paint (LBP) Pre 1978		Disclosure/Pamphlet – Signed by Applicant – Signed by Applicant(s)		County Tax Record for year built or Appraisal
Lead-Based Paint (LBP) Pre 1978		Notice of Lead Hazard Presumption – Signed by Applicant(s)		



TRI-CITIES HOME CONSORTIUM  
DOWNPAYMENT ASSISTANCE (DPA)

TO BE USED FOR HOME DOWNPAYMENT ASSISTANCE FUNDED PROJECTS	
FORM #	FORM NAME:
01	Borrower(s) Application 01a-Non-Borrower Certification of Income 01b- Borrower/Applicant Release of Information
02	Addendum to Sales Agreement – URA Contingency/Disclosure of Fair Market Value
03	Addendum to Sales Agreement 3a-HQS Inspection and Visual LBP Inspection (Pre-1978) 3b-HQS Inspection – (Post-1978)
04	Seller Disclosure Fair Market Value
05	Needs & Subsidy Layering Assessment
06	Financial Records Disclosure
07	Employment Security Department. Self-Request for Records
08	Verification of Employment (VOE)
09	4506-T Request for Transcript of Tax Return
10	Initial Disclosures/Final Disclosures
11	Initial Disclosure Letter
12	Protect Your Family From Lead In Your Home Notification Pamphlet (EPA)
13	Fair Housing – Equal Opportunity for All Notification Pamphlet
14	For Your Protection: Get a Home Inspection
15	Homebuyer Agreement
16	Neighborhood Market Conditions Form
17	HOME Activity Funding Certification
18a	Commitment Letter
18b	Denial Letter
19	Visual Inspection Form
20	HQS Inspection Form
21	Lead Safe Housing Requirements Screening Worksheet
22	Escrow Closing Instructions
23	Correction Agreement
24	Deed of Trust
25	Promissory Note
26	Individual Loan Data Form
27	Subsidy Layering Review





***I CAN CHOOSE WHERE I LIVE***  
**WHAT YOU SHOULD KNOW ABOUT YOUR HOUSING RIGHTS**

*Fair Housing Information brought to you by the Tri-Cities HOME Consortium*

The U.S. Department of Housing and Urban Development (HUD) enforces the Fair Housing Act, which protects you against violations of your housing rights. The Fair Housing Act prohibits discrimination in housing because of race, color, religion, sex, handicap, familial status, or national origin. The Fair Housing Act covers most housing with very few exceptions. It prohibits discrimination in the sale and rental of housing, and in mortgage lending.

***What is Prohibited?***

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

• Refuse to rent or sell housing.	• Impose different terms or conditions on a loan.
• Refuse to negotiate for housing.	• Discriminate in appraising property.
• Deny a dwelling.	• Refuse to purchase a loan.
• Set different terms, conditions, or privileges for sale or rental of a dwelling.	• Set different terms of conditions for purchasing a loan.
• Provide different housing services or facilities.	• Refuse to let you make reasonable modifications to your dwelling or common areas, at your expense, if necessary for a person with a disability to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move).
• Falsely deny that housing is available for inspection, sale or rental.	• Refuse to make reasonable accommodations in rules, policies practices, or services if necessary for a person with a disability to use the housing.
• For profit, persuade owners to sell or rent (Blockbusting).	• Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.
• Refuse to make a mortgage loan.	• Refuse to provide information regarding loans.



**If you think your rights have been violated**

HUD is ready to help with any problem of housing discrimination. If you think your rights have been violated, you may fill out a Housing Discrimination Complaint form, write HUD a letter, or telephone the HUD Discrimination Hotline at 1-800-669-9777 (voice) or 1-800-927-9275 (TTY).

**For further information**

*Fair Housing – Equal Opportunity for All* provides an overview of the Fair Housing Act, explains what happens when you file a complaint, and contains a Housing Discrimination Complaint Form. To obtain a copy, contact your closest Tri-Cities HOME Consortium staff member, or the HUD office nearest you. You may also call the Customer Service Center 1-800-767-7468; deaf or hard of hearing persons may access this telephone number via TTY through the Federal Relay Service @ 1-800-877-8339 or visit HUD's website at [www.hud.gov/fairhousing](http://www.hud.gov/fairhousing).





**2024**

**Homeowner Assistance Guidelines**

**&**

**Down Payment Assistance (DPA) Application**

City of Richland  
Toni Lehman  
625 Swift Boulevard  
Richland, WA 99352  
(509) 942-7580 [F] (509) 942-7764  
[tlehman@ci.richland.wa.us](mailto:tlehman@ci.richland.wa.us)

City of Kennewick  
Kylie Peel  
210 W. 6<sup>th</sup> Avenue  
Kennewick, WA 99336  
(509) 585-4432 [F] (509) 585-4445  
[Kylie.Peel@ci.kennewick.wa.us](mailto:Kylie.Peel@ci.kennewick.wa.us)

City of Pasco  
Kristin Webb  
525 N. Third Avenue  
Pasco, WA 99301  
(509) 543-5739 [F] (509) 545-3499  
[webbk@pasco-wa.gov](mailto:webbk@pasco-wa.gov)

*No qualified person shall be denied the benefits of the participation in or be subjected to discrimination under any program or activity funded by the Tri-Cities HOME Consortium on the basis of race, color, national origin, sex, religion, disability or familial status.*





## ASSISTANCE GUIDELINES

### Program Overview

The **Tri-Cities HOME Consortium** has designed the “Down Payment Assistance” (DPA) loan program to help low- to moderate-income eligible households with down payment and closing cost assistance to purchase their first home. The **Tri-Cities HOME Consortium** will provide up to a maximum of \$10,000 in down payment and closing cost assistance, after seller concessions and lender credits. Funds are available from each City on a first-come, first-served basis.

To participate in the program, the borrower(s) is required to provide a minimum contribution of one (1) percent or \$1,000 (whichever is greater) towards the purchase price of the home. Homebuyer education, escrow funds, professional inspections and other items paid outside of closing by borrower(s) may count towards the borrower’s minimum contribution. Gift funds will not be considered towards the borrower(s) minimum contribution. Borrower(s) must also complete a first-time homebuyer education class.

An applicant(s) must demonstrate a need for program funding. Only a reasonable and necessary amount of DPA funds will be invested to provide affordable housing. An applicant with twenty (20) percent or more to invest will not be eligible for the program. Nor will an applicant that has more than \$10,000 in liquid assets after the purchase will be eligible for funding. Borrower(s) will be responsible for all costs above and beyond the amount of the down payment assistance financing.

The applicant and property must meet all qualifications, guidelines, rules and regulations as set forth in the application and the down payment underwriting guidelines to be eligible to participate in this program. The **Tri-Cities HOME Consortium** reserves the right to refuse applicant(s) based upon failure to meet any or all program guidelines and/or if the applicant is being financed through a high-risk loan product.

The applicant must meet all qualifications of their lender and will be responsible for all costs above and beyond the amount of the down payment assistance financing.

### Loan Terms

The assistance is in the form of a 0% interest deferred forgivable loan, secured with a Promissory Note and Deed of Trust, placed in second position that will be recorded in conjunction with the main lender’s loan closing.

- ***The loan is forgivable upon completion of the six (6) year Period of Affordability and Occupancy requirements.***
- ***Repayment will occur upon sale, refinance, transfer, failure of borrower(s) to occupy as principal place of residence, or non-compliance with the loan agreement during the Period of Affordability and Occupancy requirements. Sale or transfer includes actual or attempted sale by contract, assignment, lease, rental or other conveyance of the property to a person other than the borrower(s), whether by gift or value. Sale or transfer also includes any further voluntary or involuntary encumbrance of the property by the borrower, except an encumbrance by a government agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the borrower pays such assessments when due. A surviving borrower, upon the death of another co-borrower, can assume the loan.***

### Program Criteria

- The program is open to U.S. Citizens and Permanent Non-Citizen borrower(s) and their household members. Evidence of legal residency may be obtained from the Bureau of Citizenship Immigration Services (BCIS).



- The applicant must be a first-time homebuyer. The term “first-time homebuyer;” “displaced homemaker” and “single parent” are defined below and are defined at 24 CFR 92.2:
  1. A first-time homebuyer is an individual and his or her spouse who have not owned a home during the three-year period prior to purchase of a home with DPA assistance.
  2. A displaced homemaker is an individual who: is an adult; has not worked full-time full year in the labor force for a number of years but has, during such years worked primarily without compensation to care for the home and family; and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.
  3. A single parent is an individual who: is unmarried or legally separated from a spouse; has one or more children of whom the individual has custody or has joint custody where the child(ren) reside(s) fifty-one (51) percent of the time in household.

***Borrower(s) who have co-signed for a mortgage and where Title is in their name and where the credit report exhibits a mortgage will not qualify as a first-time homebuyer.***

- Co-signers are not allowed.
- The borrower(s) agree to occupy property as their primary/principal residence for the six (6) year Period of Affordability and Occupancy requirements. Primary/Principal residence is defined as a single dwelling house or other dwelling unit that is the place of residence, at which at least one natural person who constitutes the legal owner(s) of the housing unit, predominantly resides for more than 183 days each year.
- The applicant must have a fully executed purchase agreement with the seller of the property. Purchase agreement should be contingent on Down Payment Assistance Program financing and HQS property qualification.
- Income level of the applicant and all household members 18 years and over must be equal to or less than 80% of the median income established by HUD for the Kennewick/Pasco/Richland MSA. **All persons residing in the household are included in household size, regardless of age or relationship to the borrower.**

**2024 Maximum Income Limits (June 1, 2024)**  
**(These limits will be adjusted by HUD periodically)**

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,700	\$99,100	\$105,500

- Income/Employment requirement; minimum of two (2) months documented and verifiable source of steady income.
- Borrower(s) must have a minimum credit score of 620 to participate in the program. Total debt to income ratio including monthly payment of principal, interest, taxes and insurance (PITI) may not exceed 41% (with the exception of 43% with a credit score of 680 or better). A credit report from the lender will be used to verify these figures. Student loan debt in deferment, will be included when calculating a borrower(s) overall debt ratio.
- Borrower(s), including non-borrowing spouses, must demonstrate a credit history of responsible borrowing and repayment. No bankruptcy in prior two-year period of application. No foreclosures within the previous three-year period of application. No more than two thirty-day past due accounts within the past year of this



application. No sixty or ninety-day past due accounts within the past year of this application. ***No unresolved charge off, collections, including medical, judgments, garnishments or liens.***

#### **Property Qualification**

- The property being purchased must be a single-family residential dwelling, (1-unit) or Condominium. A manufactured home must be on a permanent foundation, must be located on land owned by the manufactured homeowner and must be connected to permanent utility hook-ups.
- Must have Fee Simple Title.
- The sales price may not exceed 95% of the current median purchase price for the area, approved by HUD 24 CFR 92.254(a)(2)(iii) as of **September 3, 2024 is \$368,000 for Kennewick or Richland and \$367,000 for Pasco (\$402,000 for new construction).**

\*New construction considered built within one year of CO and never lived in. (HUD 4000.1)

- The purchase price of a property may not exceed the appraised value of the property.
- The purchase property must not lead to the displacement of any individual other than the seller and their immediate family in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The property must be vacant, occupied by the buyer, or occupied by the seller. In no case shall a renter/tenant be displaced by the sale. This must be confirmed in writing by the seller of the property prior to receipt of the down payment assistance.
- The property must be located within the city limits of Kennewick, Pasco or Richland and on City water and sewer services regardless of the City you chose to reside within.
- A Housing Quality Standard (HQS) inspection will be conducted by City staff to ensure the property meets minimum Housing Quality Standards. ***THE HQS INSPECTION DOES NOT SUBSTITUTE FOR A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.***
- The Consortium reserves the right to disqualify a property that does not pass minimum housing quality standards without further consideration for down payment assistance. Additional HQS inspections may be required if staff allows for minor repairs and modifications of property as required to pass the HQS inspection.
- The property must pass a lead-based paint visual inspection (if home built prior to 1978). Any cracking, peeling, chipping or chalking paint on any and all interior or exterior structures (i.e. home, garage, shed & fence) will disqualify the home; *unless an EPA-certified lead-based paint inspector provides a report and or clearance stating the home is free of lead-based paint hazards at the seller(s) expense.*



### **Property Standards**

The Department of Housing and Urban Development (HUD) regulations set forth basic Housing Quality Standards (HQS), which all homes must meet before federal assistance can be provided. ***THE HQS INSPECTION DOES NOT SUBSTITUTE FOR A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.*** The HQS Inspection includes the following, but is not limited to:

#### **All Rooms:**

- No peeling, chipping, flaking or chalking paint on the inside or outside of the home nor on any detached structures;
- No mold;
- No holes or cracks (of any size) that result in drafts, severe buckling, or deterioration in walls, ceilings or floors;
- No broken windows;
- Flooring sound and free from hazardous defects;
- All windows must have locks if they are below 6' from the ground or can in some way be reached from the outside of the home;
- All electrical outlets must have faceplates;
- No broken, frayed or exposed wiring;
- No roaches or mice; and
- Space heaters must be vented or have manufacturers label affixed to the heater.

#### **Living Room, Bedrooms (must have):**

- At least one window that opens, basement bedroom windows must be to code; and
- At least one (1) light and one (1) electrical outlet or two (2) electrical outlets.

#### **Kitchen (must have):**

- At least one (1) permanent light fixture, one (1) electrical outlet and enough room and space to prepare food;
- Working stove;
- Working refrigerator;
- Sink with hot and cold running water (separate from the bathroom sink).

#### **Bathroom (must have):**

- A window that opens or a working ventilation unit;
- One (1) permanent light fixture;
- A working flushable toilet;
- Tub or shower unit with hot and cold running water; and
- Sink with hot and cold running water (separate from the kitchen sink).

#### **Miscellaneous (must have):**

- Smoke detectors in each bedroom and each hallway;
- Carbon Monoxide detector(s) in area leading to sleeping area, such as hallway(s);
- Roof and foundation that does not leak;
- Handrails if the porch is over 30" high or has four (4) or more steps to enter the home;
- Approvable water and sewer services;
- Plumbing that does not leak;
- Water heater with downward pipe on the pressure relief valve, at least 3" to 6" from the floor;
- Water heater must be enclosed if it is located in a living area of the home; and
- At least two (2) exits from the home in case of fire and a private entrance.



### **Procedure**

1. ***Applicant, Co-applicant and/or non-borrowing spouse*** are individually required to complete HUD Housing Counseling which includes two parts; homebuyer education and pre-purchase counseling. The self-paced, online education course helps the homebuyer navigate the process and make informed decisions. A HUD certified counselor will provide all pre-purchase counseling. Pre-purchase counseling provides valuable information to develop a budget, understand the costs and fees involved with a mortgage and home purchase, understand, and improve credit, create savings, and more key steps to achieve sustainable homeownership and financial health. The pre-purchase counseling includes an initial session and a follow-up session, each lasting approximately one hour.
2. Currently, the Consortium will only accept pre-purchase counseling through Community Frameworks, as it meets all HUD requirements. Please register at [www.ehomeamerica.org/communityframeworks](http://www.ehomeamerica.org/communityframeworks) The cost is \$50.00 per person. If you have questions or need assistance, please contact Community Frameworks at (360) 842-8058.  
Post-purchase counseling is also available. Post-purchase counseling is not required but strongly encouraged. Post-purchase counseling can help you prepare for long-term responsibilities and reinforce the importance of budgeting and savings.

3. DPA funds will not be released until a certificate of completion is presented to the Program Coordinator.

***The certificate of completion is valid for two years from completion.***

2. Visit a local bank, credit union or mortgage broker to find out how much money you are qualified to borrow **and can comfortably afford**. There is no commitment by the lender at this point to lend to you.
3. Select a home inside the Richland, Kennewick or Pasco City limits and within your pre-qualified loan amount. Sign a Purchase & Sales Agreement with the seller, **contingent** on Tri-Cities HOME Consortium HQS property qualification and Down Payment Assistance Program financing. It is suggested a Realtor be used to help with this process, but you may deal directly with the owner.
4. Return to the lender to begin the mortgage approval. Take in the loan application so the lender can complete Part A and know the documents that will be required by the City for the loan process.
5. **COMPLETE the application prior to making an appointment with the City's Program Coordinator.** Call the appropriate City for an appointment to begin the review of your eligibility and to ensure availability of funds. The Consortium requires co-applicants/spouses to be named on down payment documents; therefore, all applicants **and** their spouse/partner (even if they will not be named on the first mortgage) must meet with City staff to verify eligibility.
6. City staff will inspect the property to ensure it meets minimum Housing Quality Standards. Failure to meet minimum standards may disqualify the property from receiving DPA funds.
7. Upon meeting or failure to meet program criteria, including applicant and property requirements, a letter of denial or preliminary approval will be mailed to the applicant and lender.
8. Upon approval, the lender will provide a copy of the preliminary title report, appraisal, and an insurance binder listing the appropriate City as a loss payee prior to release of DPA funds.
9. Upon final approval, loan closing documents and the DPA funds will be released to the closing agent.



**For more information or Requests for Accommodations:**

Accommodations will be provided, to the maximum extent feasible, to meet the needs of non-English speaking, deaf and hearing impaired and visually impaired persons. HUD will make arrangements to provide an interpreter, a signer or a reader upon request, if such a request is made at least 72 hours prior. If you need additional accommodations, please call or e-mail 72 hours in advance at the contact information listed below.

<p>City of Richland Toni Lehman 625 Swift Boulevard Richland, WA 99352 (509) 942-7580 tlehman@ci.richland.wa.us</p>	<p>City of Kennewick Kylie Peel 210 W. 6<sup>th</sup> Avenue Kennewick, WA 99336 (509) 585-4432 Kylie.Peel@ci.kennewick.wa.us</p>	<p>City of Pasco Kristin Webb 525 N. Third Avenue Pasco, WA 99301 (509) 543-5739 webbk@pasco-wa.gov</p>
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The Fair Housing Act prohibits discrimination in housing because of race or color, national origin, religion, sex, familial status, and handicap (disability). In addition, it is illegal to threaten, coerce, intimidate, or interfere with anyone exercising a fair housing right. If you feel you have been discriminated against, contact any of the above listed City Staff or the nearest HUD field office location at the Fair Housing Enforcement Center in Seattle, Washington, (206) 220-5170, 1-800-877-0246, or TTY (206) 220-5185.



## ***I CAN CHOOSE WHERE I LIVE***

### **WHAT YOU SHOULD KNOW ABOUT YOUR HOUSING RIGHTS**

#### ***Fair Housing Information brought to you by the Tri-Cities HOME Consortium***

The U.S. Department of Housing and Urban Development (HUD) enforces the Fair Housing Act, which protects you against violations of your housing rights. The Fair Housing Act prohibits discrimination in housing because of race, color, religion, sex, handicap, familial status, or national origin. The Fair Housing Act covers most housing with very few exceptions. It prohibits discrimination in the sale and rental of housing, and in mortgage lending.

#### ***What is Prohibited?***

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status, or handicap:

• Refuse to rent or sell housing.	• Impose different terms or conditions on a loan.
• Refuse to negotiate for housing.	• Discriminate in appraising property.
• Deny a dwelling.	• Refuse to purchase a loan.
• Set different terms, conditions, or privileges for sale or rental of a dwelling.	• Set different terms of conditions for purchasing a loan.
• Provide different housing services or facilities.	• Refuse to let you make reasonable modifications to your dwelling or common areas, at your expense, if necessary for a person with a disability to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move).
• Falsely deny that housing is available for inspection, sale, or rental.	• Refuse to make reasonable accommodations in rules, policies practices, or services if necessary for a person with a disability to use the housing.
• For profit, persuade owners to sell or rent (Blockbusting).	• Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.
• Refuse to make a mortgage loan.	• Refuse to provide information regarding loans.

### **IF YOU THINK YOUR RIGHTS HAVE BEEN VIOLATED**

**HUD IS READY TO HELP WITH ANY PROBLEM OF HOUSING DISCRIMINATION. IF YOU THINK YOUR RIGHTS HAVE BEEN VIOLATED, YOU MAY FILL OUT A HOUSING DISCRIMINATION COMPLAINT FORM, WRITE HUD A LETTER, OR TELEPHONE THE HUD DISCRIMINATION HOTLINE AT 1-800-669-9777 (VOICE) OR 1-800-927-9275 (TTY).**

#### ***FOR FURTHER INFORMATION***

*Fair Housing – Equal Opportunity for All* provides an overview of the Fair Housing Act, explains what happens when you file a complaint, and contains a Housing Discrimination Complaint Form. To obtain a copy, contact a Consortium Staff member, or the HUD office nearest you. You may also call the Customer Service Center 1-800-767-7468; deaf or hard of hearing persons may access this telephone number via TTY through the Federal Relay Service @ 1-800-877-8339, or visit HUD's website at [www.hud.gov/fairhousing](http://www.hud.gov/fairhousing).





**PART A – PRIMARY LENDER INFORMATION**

**TO BE REVIEWED, COMPLETED AND SUBMITTED BY LENDER WITH DOWN PAYMENT ASSISTANCE APPLICATION:**

Borrower: \_\_\_\_\_ Co-Borrower: \_\_\_\_\_

Expected closing date: \_\_\_\_\_

Lender/Address: \_\_\_\_\_

Loan Officer: \_\_\_\_\_ Email: \_\_\_\_\_

Phone #: \_\_\_\_\_

Loan Processor: \_\_\_\_\_ Phone #: \_\_\_\_\_

Email: \_\_\_\_\_

An applicant who is a first-time homebuyer, whose household income is at or below 80% area median income and whose debt-to-income ratios fall within the program limits may qualify for the Tri-Cities HOME Consortium Down Payment Assistance program. **The Tri-Cities HOME Consortium will provide up to a maximum of \$10,000 in down payment and closing cost assistance after seller concessions and lender credits.**

Other program rules apply:

- First Mortgage Product type: fixed rate 30-year fully amortizing loans are the only acceptable loans. Balloon, interest-only, adjustable rate, negatively amortizing loans, temporary buy-downs, or loans with prepayment penalties are not allowed.
- Maximum sales purchase price may not exceed 95% of the current median purchase price for Kennewick, Richland and Pasco, established by HUD.
- Additional Liens: liens other than the approved First Deed and the City loan are not allowed with the exception of Washington State Housing Finance Commission HomeChoice product.
- Lender Fees: Maximum fees to the Buyer of 2% origination, lender and/or discount points No other Broker or Administration fees are allowed. Other 3rd party fees that are reasonable and customary are allowable.
- Applicants who have twenty (20) percent or more to contribute towards the purchase of a home will not be eligible for DPA.



- Applicants who will have more than \$10,000 in liquid assets after the purchase of a home will not be eligible for DPA.
  - Borrower(s) is/are required to provide a minimum contribution of one (1) percent or \$1,000 (whichever is greater) towards the purchase price of the home. Homebuyer education, escrow funds, a professional inspection and other eligible charges paid outside of closing by borrower(s) may count towards the borrower's minimum contribution.
  - Gift funds will not be considered towards the borrower(s) minimum contribution.
  - Borrower(s) and Non-Borrowing spouses must be in good credit standing with a minimum credit score of 620 to participate in the DPA program.
  - Debt to income ratio may not exceed 41% including principal, interest, taxes, and insurance (PITI). The Consortium will allow 43% overall with a credit score of 680 or better.
- 

In order to help qualify the applicant, the following lender documentation is required as part of the down payment program and must be included as part of this application:

- ☐ Part A – Primary Lender Information sheet
  - ☐ Copy of Pre-Approval Letter
  - ☐ Copy of Loan Estimate
  - ☐ Copy of Corrected/Updated 1003 Uniform Residential Loan Application (borrower(s) signed)
  - ☐ Copy of borrower(s), including non-borrower spouse Credit Report
  - ☐ Copy of gift letter(s)
  - ☐ Copy of Verification of Employment (*when available*)
  - ☐ Copy of Title Report (*when available*)
  - ☐ Copy of Appraisal (*when available*)
-



**PART B – BORROWER/APPLICANT LOAN INFORMATION**  
**(Must be completed by the Applicant(s)/Borrower(s))**

Borrower		Co-Borrower	
Name (include Jr. or Sr. if applicable)		Name (include Jr. or Sr. if applicable)	
Social Security Number	DOB (mm/dd/yyyy)	Social Security Number	DOB (mm/dd/yyyy)
I am a: <input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National <input type="checkbox"/> Qualified Alien <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, widowed)		I am a: <input type="checkbox"/> US Citizen <input type="checkbox"/> US non-citizen national <input type="checkbox"/> Qualified Alien <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, widowed)	
Email Address:		Email Address:	
<b><i>A married couple will be required to sign the City's Deed of Trust and Promissory Note, regardless of a borrower purchasing the home as his or her separate estate.</i></b>			
Present Address (street, city, state, zip)		Present Address (street, city, state, zip)	
Home #: (incl. area code)	Alt. #: (incl. area code)	Home #: (incl. area code)	Alt. #: (incl. area code)

**HOUSEHOLD INFORMATION**

Household Size (total number of people who will be residing in the home) \_\_\_\_\_

List **EVERY PERSON** who will be residing in your home including yourself:

Last, First, M.I.	Relationship to Borrower(s)	Age	US Citizen, US Non-Citizen National or Qualified Alien	*Social Security #	Full-time Student
	Borrower		Information provided above		<input type="checkbox"/> Yes <input type="checkbox"/> No
	Co-Borrower		Information provided above		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National or <input type="checkbox"/> Qualified Alien		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National or <input type="checkbox"/> Qualified Alien		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National or <input type="checkbox"/> Qualified Alien		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National or <input type="checkbox"/> Qualified Alien		<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> US Citizen <input type="checkbox"/> US Non-Citizen National or <input type="checkbox"/> Qualified Alien		<input type="checkbox"/> Yes <input type="checkbox"/> No

\* Valid Social Security Number required for each household member six (6) years of age or older.

**Borrower(s) and all household members must be US citizen, US Non-citizen national or qualifying aliens to receive DPA HOME funding**

**2024-2025 HOME Income Guidelines - Effective**

Income Limit	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
<b>80% Max.</b>	<b>\$55,950</b>	<b>\$63,950</b>	<b>\$71,950</b>	<b>\$79,900</b>	<b>\$86,300</b>	<b>\$92,700</b>	<b>\$99,100</b>	<b>\$105,500</b>



EMPLOYMENT AND INCOME INFORMATION			
Income Sources include: Employment, Seasonal Employment, Bonus/Tips/Commission, Social Security, Supplemental Social Security Income, Unemployment, Educational Benefits, Public Assistance, Pension, Child Support, Alimony, Rental Property Income, Dividend/Investment Income, Pension and Other.			
Borrower:		Co-Borrower:	
Name & Address of Employer:		Name & Address of Employer:	
Date Hired: ____/____/____		Date Hired: ____/____/____	
Status: <input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time <input type="checkbox"/> Seasonal		Status: <input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time <input type="checkbox"/> Seasonal	
Pay Rate:	<input type="checkbox"/> Hourly <b>OR</b> <input type="checkbox"/> Salaried	Pay Rate:	<input type="checkbox"/> Hourly <b>OR</b> <input type="checkbox"/> Salaried
Pay Frequency:	<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Bi-Monthly <input type="checkbox"/> Monthly	Pay Frequency:	<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Bi-Monthly <input type="checkbox"/> Monthly
Monthly Gross Income	\$	Monthly Gross Income	\$
Overtime	\$	Overtime	\$
Tips	\$	Tips	\$
Bonuses	\$	Bonuses	\$
Commissions	\$	Commissions	\$
Other	\$	Other	\$
Other	\$	Other	\$
<b>TOTAL</b>	<b>\$</b>	<b>TOTAL</b>	<b>\$</b>
		I certify that as the co-borrower I do not have any sources of income, nor do I anticipate receiving an income during the next twelve (12) month period.  <div style="border-bottom: 1px solid black; width: 80%; margin: 0 auto;"></div> Co-Borrower Signature	

OTHER INCOME, INCLUDING HOUSEHOLD MEMBERS 18 YEARS AND OVER		
Last, First, M.I.	Gross Monthly Income	Source of Income
	\$	
	\$	
	\$	



**The following information is requested for statistical purposes so HUD may determine the degree to which its programs are being utilized by minority families and for other evaluation studies.**

Do you currently live in public housing or receive rental assistance? ☐ Yes ☐ No

Type of Household (select one of the following based on the Head of the Household):

☐ Single, non-elderly

☐ Two Parents

☐ Single Parent

☐ Other \_\_\_\_\_

☐ Elderly

Ethnicity of Household Members (select only one of the following):

☐ Hispanic or Latino

☐ Not Hispanic or Latino

Race of Household Members (select all that apply):

☐ White

☐ American Indian/Alaskan Native & White

☐ Black/African American

☐ Asian & White

☐ Asian

☐ Black/African American & White

☐ American Indian/Alaskan Native

☐ American Indian/Alaskan Native & Black/African

American

☐ Native Hawaiian/Other Pacific Islander

☐ Other Multi-racial

Do you consider yourself handicapped (physically, mentally, or sensory)? ☐ Yes ☐ No



ASSETS AND LIABILITIES				
Type of Assets	Value	LIABILITIES	Mo. Payment	Unpaid Balance
<b>Gift funds</b> to be used towards the purchase of the property		Name of Company		
Source:	\$	Acct. No.:		
Name & Address of Bank, S&L or Credit Union		Name of Company		
Acct. No.	\$	Acct. No.:		
Name & Address of Bank, S&L or Credit Union		Name of Company		
Acct. No.	\$	Acct. No.:		
Name & Address of Bank, S&L or Credit Union		Name of Company		
Acct. No.	\$	Acct. No.:		
Name & Address of Bank, S&L or Credit Union		Name of Company		
Acct. No.	\$	Acct. No.:		
Stock & Bond Company Name		Name of Company		
Real Estate owned (enter market value)		Acct. No.:		
Vested Interest in Retirement Fund		Name of Company		
Net worth of business(es) owned Attach Financial statement				
<b>TOTAL ASSETS</b>		Acct. No.:		
To be eligible for assistance, borrower(s) may not have liquid assets (other than funds to be used in the purchase of a home) in excess of ten thousand dollars (\$10,000). Liquid Assets are defined as assets that can be readily converted to cash and include such assets as checking and savings accounts, certificates of deposit, money market account, stocks, bonds and profit-sharing accounts (if funds can be withdrawn without penalty).		<b>TOTAL MO. PAYMENTS</b>	\$	
<b>DECLARATIONS</b>			Borrower	Co-borrower <u>or</u> Non-borrowing Spouse
All outstanding debt collections and judgments have been satisfied?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have declared bankruptcy within the previous two (2) year period?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
More than 2 late payments of 30 days during most recent 12-month period?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
1 or more late payments of 60 or 90 days during most recent 12-month period?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have not disposed of any real property within the last three (3) years?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have had a property foreclosed on within the previous three (3) year period?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No



**NON-BORROWER – CERTIFICATION OF INCOME**

(Must be completed by individuals 18 years and older who will be residing in the home)

This form is designed to document household size/income information for individuals who are not borrowers and who are 18 years or older and will be residing in the home. (Please make copies for additional household members)

Provide the following information:

Print Full Name: \_\_\_\_\_

S. S. Number: \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_

Check all boxes that apply:

- ☐ I am not a co-borrower, but I acknowledge that I am being included as a household member on the borrower(s) application and,
  - ☐ I **have** sources of income, which may include wages from employment, public assistance, Social Security, SSI, Child Support, operation of a business, rental income from real or personal property, unemployment or disability, alimony, veteran's benefits. **Attach the following documentation: 2 months current paystubs; income award letter; 6-month current bank statements, retirement account statements and current 2 years Tax Returns, with all W-2's and schedules)**
  - ☐ I **do not** have any sources of income, nor do I anticipate a change to my financial status (income) or employment status during the next twelve (12) month period (i.e., not working, stay at home parent, etc.)

**OR**

- ☐ I am not a co-borrower, I am a full-time student, 18 years or older and I acknowledge that I am being included as a household member on the borrower(s) application and,
  - ☐ I **have** sources of income, which may include wages from employment, public assistance, Social Security, SSI, Child Support, operation of a business, rental income from real or personal property, unemployment or disability, alimony, veteran's benefits. **Attach the following documentation: 2 months current paystubs; income award letter; 6-month current bank statements, retirement account statements and current 2 years Tax Returns, with all W-2's and schedules)**
  - ☐ I **do not** have any sources of income, nor do I anticipate a change to my financial status (income) or employment status during the next twelve (12) month period (i.e., not working, stay at home parent, etc.)

By signing, I certify that the information provided to the Tri-Cities Consortium is true, correct and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**PART C – BORROWER / APPLICANT DECLARATIONS AND CERTIFICATIONS**  
**(Must be completed by the Applicant(s) / Borrower(s))**

*Please read and initial the appropriate boxes and sign below.*

Borrower Initials	Co-Borrower Initials	
I (we) am a qualified first-time home buyer because:		
		I have not owned a home during the past 3 years; or I am a displaced homemaker.
<i>A displaced homemaker is an adult individual who has not worked full time full year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.</i>		
<b>OR</b>		
		I am a single parent.
<i>A single parent is an individual who is unmarried or legally separated from a spouse; and has one or more minor children of whom the individual has custody or joint custody where the child/children resides fifty-one (51) percent of the time.</i>		
		I (we) understand that the Consortium will project out household gross income for the next 12-month period to determine eligibility to participate in the Down Payment Assistance Program.
		I (we) have completed HUD approved pre-purchase counseling and homebuyer education course through Community Frameworks.
		I (we) certify that we will occupy the property as our principal residence throughout the six (6) year Period of Affordability and Occupancy requirements.
		I (we) understand that this will be a zero percent interest, deferred forgivable loan of up to \$10,000. Loan will become due and payable subject to the terms and conditions of the Deed of Trust and Promissory Note.
		I (we) understand that this application shall remain the property of the Consortium to which it is submitted for the purpose of obtaining a loan.
		I (we) certify that I (we) have the resources and will invest a minimum of one (1) percent or \$1,000 (whichever is greater) towards the purchase price of the home in order to participate in the Down Payment Assistance Program. I (we) understand that the down payment must be from personal resources, must be included in the Closing Disclosure and Settlement Statement at closing and that other contributions and gift funds do not qualify as part of my personal contribution.
		I (we) certify that we do not have liquid assets (other than funds to be used in the purchase of this home) that will exceed ten thousand dollars (\$10,000) after purchase.
		I (we) certify that we do not have any interest in any other real estate.
		I (we) certify that we do not have any interest in any businesses other than the source(s) of income shown on this application.

*I declare under penalty of law that the information given by me/us in this application is true, correct and complete to the best of my/our knowledge and belief and realize that false statements or misrepresentation by me/us may subject me/us to penalties as provided in Washington State Law RCW 74.08.055. I further understand that if I/we have willfully misrepresented any information, I/we may be disqualified from participation in the Homeownership Assistance Program.*

Signature of Borrower \_\_\_\_\_ Date \_\_\_\_\_

Signature of Co-Borrower \_\_\_\_\_ Date \_\_\_\_\_



**PART D – BORROWER / APPLICANT RELEASE OF INFORMATION**  
**(Must be completed by the Applicant(s) / Borrower(s))**

To Whom It May Concern:

I/we hereby authorize you to release to the Tri-Cities HOME Consortium the following information:

1. Current, previous and past employment history, including employer, period employed, title of position, income and hours worked.
2. Income from all sources, including but not limited to, wages, unemployment benefits, pension benefits, interest income, income from rental properties, social security, disability, child support, maintenance, public assistance, and any other sources.
3. Any information deemed necessary in connection with a consumer credit report or a real estate transaction.

This information will be for the confidential use of the Tri-Cities HOME Consortium or the U.S. Department of Housing and Urban Development in determining my/our eligibility for a loan from one of the Consortium's housing programs, or to confirm information that I/we have supplied.

A photo or fax copy of this authorization, bearing a copy of the signature(s) of the undersigned may be deemed to be the equivalent to the original hereof and may be used as a duplicate original.

**Borrower:**

\_\_\_\_\_  
Last, First, M.I.

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Place of Birth

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Co-Borrower:**

\_\_\_\_\_  
Last, First, M.I.

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
Place of Birth

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**PART E - Property Information**  
**(Must be completed by Realtor and/or Borrower(s))**

Property Address:	Year Built	Purchase Price  \$
The Property is Currently: <input type="checkbox"/> Vacant <input type="checkbox"/> Owner Occupied <input type="checkbox"/> Occupied by Borrower(s)		
<b>A RENTAL PROPERTY OCCUPIED BY TENANT(S) IS NOT ELIGIBLE AND WILL NOT BE CONSIDERED.</b>		
Seller(s) Name and Address:	Type of Property:  <input type="checkbox"/> Single Family, 1-unit <input type="checkbox"/> Condo <input type="checkbox"/> Manufactured Home (Certain restrictions apply)	
Number of Bedrooms/Baths: ____ / ____		
Buyer's Agent:	Phone #:	Email address:
Selling Agent:	Phone #:	Email address:
Escrow Company:	Phone #:	Email address:



**PART F – Required Submittals and Documentation**  
**(Lender/Applicant must submit forms and documents with Application as indicated)**

<b><u>CHECK ITEMS INCLUDED</u></b>	<b><u>THESE ITEMS ARE REQUIRED FOR FILE</u></b>	<b><u>CITY USE ONLY</u></b>
<input type="checkbox"/>	This Checklist	<input type="checkbox"/>
<input type="checkbox"/>	Primary Lender Loan Information sheet - <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Pre-Approval Letter - <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Loan Estimate - <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Corrected/Updated 1003 Uniform Residential Loan Application (borrower(s) signed) – <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Copy of Gift Letter(s) - <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Copy of borrower(s) and Non borrower spouse Credit Report - <b>obtain from lender</b>	<input type="checkbox"/>
<input type="checkbox"/>	Completed DPA application	<input type="checkbox"/>
<input type="checkbox"/>	Copy of Social Security Card for each household member six (6) years of age or older	<input type="checkbox"/>
<input type="checkbox"/>	If applicable: Copy of Permanent Resident Card for each household member	<input type="checkbox"/>
<input type="checkbox"/>	Copy of Driver's License for borrower(s)	<input type="checkbox"/>
<input type="checkbox"/>	Certificate of completion of HUD approved pre-purchase counseling & homebuyer education <b>(must be completed prior to executing homebuyer agreement)</b>	<input type="checkbox"/>
<input type="checkbox"/>	Copy of the fully executed Purchase & Sales Agreement, LBP Disclosure, Addendums and Sellers Disclosure Statement – <b>obtain from realtor</b>	<input type="checkbox"/>
<input type="checkbox"/>	02-City Addendum to Purchase & Sale Agreement; Notice of Voluntary Arm's Length Transaction (two or more unrelated or unaffiliated parties agree to do business) – <b>signed by buyer and seller</b>	<input type="checkbox"/>
<input type="checkbox"/>	03a or 03b- City Addendum to Purchase & Sale Agreement; Housing Quality Standards and Lead Hazard contingencies – <b>signed by buyer and seller</b>	<input type="checkbox"/>
<input type="checkbox"/>	2 months current paystubs* and other income source documentation (every household person 18 years or older) *Depending on job type, more may be required to establish a trend	<input type="checkbox"/>
<input type="checkbox"/>	2 years current signed and dated copies of Federal Income Tax returns, W-2's and all schedules	<input type="checkbox"/>
<input type="checkbox"/>	6 months current bank statements	<input type="checkbox"/>
<input type="checkbox"/>	Current Retirement Account Statements	<input type="checkbox"/>



**Documents that must be submitted as soon as available and prior to closing:**

- Verification of Employment – Lender provided
- Copy of preliminary title report and contact person from closing/title company
- Appraisal Report
- Insurance Binder naming the appropriate City as loss payee endorsement
- If applicable: Professional Inspection Report
- Other documentation required by the DPA program or by federal or state law

**Bring completed file and documentation to the Housing Appointment**

**FOR CITY USE ONLY**

**Date Application was received:** \_\_\_\_\_

**APPROVED** ☐    **DECLINED** ☐

**Comments:**



The following forms must be included as part of your application for Down Payment Assistance.

**MUST BE COMPLETED PRIOR TO THE FULLY EXECUTED PURCHASE AND SALES AGREEMENT**

- ☐ Form 02 - Notice of Voluntary Arm's Length Transaction. (Signed by Buyer & Seller)

**AND**

- ☐ Form 03(a) Built prior to 1978 - Housing Quality Standard. (Signed by Buyer & Seller)

**OR**

- ☐ Form 03(b) Built after 1978 - Housing Quality Standard and Lead Hazard Contingencies. (Signed by Buyer & Seller)





**ADDENDUM TO SALES AGREEMENT**  
**Form 02**

Notice of Voluntary Arm's Length Transaction



*This addendum is required for funding under all Tri-Cities HOME Consortium homeownership assistance programs*

ADDENDUM Number: \_\_\_\_ to the Purchase and Sales Agreement Dated: \_\_\_\_\_

Seller(s): \_\_\_\_\_

Buyer(s): \_\_\_\_\_

Address of property: \_\_\_\_\_

The Buyer wishes to purchase the property identified above if a satisfactory agreement can be reached. The Buyer has applied to use federal funds to assist with the acquisition of the property. The information contained in this addendum is being disclosed to meet the requirements of the federal Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended (URA).

**Seller and Buyer acknowledge and agree that the purchase of this property, using Consortium homeownership assistance funds, is subject to and shall be completely contingent upon the following:**

1. This transaction is considered to be a voluntary acquisition (a willing seller who does not have to sell and a willing buyer who does not have to buy) under the URA.
2. The Buyer will not acquire the property offered for sale if negotiations fail to result in a satisfactory agreement. The Buyer does not have the right of eminent domain, nor will the Seller's property be acquired through condemnation.
3. The Buyer is prepared to purchase the property for \$ \_\_\_\_\_, which we believe represents the estimated fair market value or the agreed upon purchase price.
4. The fair market value will be determined by a licensed certified appraiser in Washington State. The cost of the appraisal will be the responsibility of the Buyer. The Seller will receive notice via certified mail of valuation prior to the scheduled closing of the property.
5. If fair market value differs from agreed upon purchase price, Seller has the right to withdraw from the sale with this Buyer.
6. **Tenant occupied properties are not eligible for federal assistance.**

A tenant occupied property includes properties currently occupied or formerly occupied by a tenant who was issued a notice to vacate or whose lease was not renewed by the property owner or the person in control of the site.



**ADDENDUM TO SALES AGREEMENT**  
**Form 02 – Continued**  
**Notice of Voluntary Arm's Length Transaction**

A tenant (49 CFR 24.2(a)(26)) is any person who has the temporary use and occupancy of real property owned by another, whether the person pays rent or not.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policy (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance.

## ADDENDUM ACCEPTANCE

The Buyer and Seller understand that if the conditions of this Addendum are not met, either party may terminate the Purchase and Sales Agreement by notifying the other party by certified mail, return-receipt requested, that the Purchase and Sales Agreement is terminated.

### The Buyer and Seller:

- 1) Voluntarily accept the conditions of this Addendum; and
- 2) Agree to amend the Purchase and Sales Agreement to include this Addendum.

Buyer's Signature \_\_\_\_\_ Date \_\_\_\_\_

Seller's Signature	Date
--------------------	------

Buyer's Signature	Date
-------------------	------

Seller's Signature \_\_\_\_\_ Date \_\_\_\_\_

**OR**  
**NON-ACCEPTANCE AND UNDERSTANDING**

The Seller and/or Buyer understand the conditions of this Addendum and do not wish to amend the Purchase and Sales Agreement for the property identified in this Addendum and understand that no federal funds will be put into this project.

Buyer's Signature \_\_\_\_\_ Date \_\_\_\_\_

Seller's Signature \_\_\_\_\_ Date \_\_\_\_\_

Buyer's Signature	Date
-------------------	------

Seller's Signature	Date
--------------------	------



**ADDENDUM TO PURCHASE & SALES AGREEMENT**



EQUAL HOUSING  
OPPORTUNITY

**Form 03(a)**

**Housing Quality Standard  
and**

**Lead Hazard Contingencies**

**Houses Built PRIOR to 1978**



EQUAL HOUSING  
OPPORTUNITY

*This addendum is required for funding under all Tri-Cities HOME Consortium homeownership assistance programs*

ADDENDUM Number: \_\_\_\_\_ to Purchase and Sales Agreement dated: \_\_\_\_\_

Seller(s):

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

Buyer(s):

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

Address of property: \_\_\_\_\_  
\_\_\_\_\_

Year Built: \_\_\_\_\_  
Number of Bedrooms: \_\_\_\_\_

**Seller and Buyer acknowledge and agree that the purchase of this property, using Consortium homeownership assistance funds, is subject to and shall be completely contingent upon the following:**

- 1) HOUSING QUALITY STANDARD INSPECTION OR PROPERTY STANDARDS: 24 CFR 982.401 or 24 CFR 92.251(2) requires City staff to perform an inspection of the house to ensure the house meets the applicable property standards. All deficiencies noted in the inspection must be corrected. The house must be re-inspected, and the house must meet all property standards prior to the release of DPA funds; and
- 2) LEAD-BASED PAINT: In accordance with 24 CFR 92.355, if the house was built prior to 1978, City staff must perform a visual paint assessment for signs of deteriorated paint which includes, cracking, peeling or chalking paint on property structures or in the soil.

**Deficiencies noted in the visual paint assessment will disqualify the buyer from using DPA funds for the purchase of the property.**

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

**THE HQS INSPECTION DOES NOT SUBSTITUTE A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.**





**ADDENDUM TO PURCHASE & SALES AGREEMENT**

**Form 03(b)**

**Housing Quality Standard**

**Houses Built AFTER 1978**



*This addendum is required for funding under all Tri-Cities HOME Consortium homeownership assistance programs*

ADDENDUM Number: \_\_\_\_\_ to Purchase and Sales Agreement dated: \_\_\_\_\_

Seller(s):

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

Buyer(s):

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

Address of property: \_\_\_\_\_  
\_\_\_\_\_

Year Built: \_\_\_\_\_  
Number of Bedrooms: \_\_\_\_\_

**Seller and Buyer acknowledge and agree that the purchase of this property, using Consortium homeownership assistance funds, is subject to and shall be completely contingent upon the following:**

- 1) HOUSING QUALITY STANDARD INSPECTION OR PROPERTY STANDARDS: 24 CFR 982.401 or 24 CFR 92.251(2) requires City staff to perform an inspection of the house to ensure the house meets the applicable property standards. All deficiencies noted in the inspection must be corrected. The house must be re-inspected, and the house must meet all property standards prior to the release of City funds; and

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

**THE HQS INSPECTION DOES NOT SUBSTITUTE A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.**

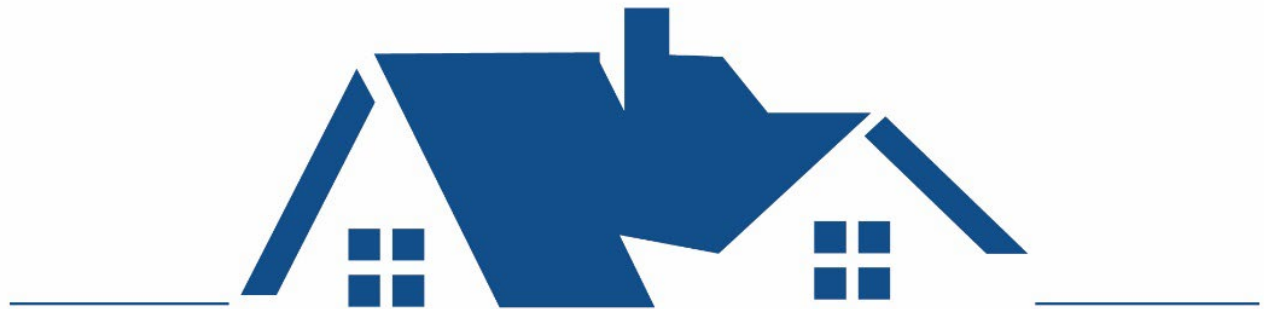


# HOME CONSORTIUM

2025

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

*OWNER-OCCUPIED REHABILITATION  
GUIDELINES FOR SAFETY AND CODE VIOLATIONS  
&  
APPLICATION*



**TRI-CITIES HOME CONSORTIUM**

KENNEWICK • PASCO • RICHLAND



## I. INTRODUCTION AND GOALS

Through the HOME Consortium Owner Occupied Rehabilitation (the Program) is available. The City of Richland, Kennewick and Pasco will make loans to low to moderate-income owner-occupants of single-family residential properties within the City limits of Kennewick, Richland or Pasco to address code and safety issues. It is the intent of the Program to provide safety and code repair assistance to eligible homeowners in an efficient manner and at a low administrative cost. Funds for the Program are available to the City through Housing and Urban Development

1. The primary goal of the Program is to provide assistance to single family homeowners to:
  - (a) Protect the health and safety of the homeowner and their family;
  - (b) Preserve or restore the structural integrity of the building to assure its continued fitness for use as a single-family dwelling; and
  - (c) Improve the energy efficiency of the dwelling in a cost-effective manner.
2. A secondary goal is to "assist" in the preservation of neighborhoods and property values, as well as to prevent further deterioration.

## II. BORROWER AND PROPERTY CRITERIA FOR ELIGIBILITY

1. Eligibility. Homeowner eligibility for Owner Occupied Rehabilitation is based on gross household median income as revised annually by the U.S. Department of Housing and Urban Development (HUD) for the Richland, Kennewick and Pasco area. Homeowner's overall debt-to-income ratio may not exceed forty-three percent (43%).

The Program must comply with Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which provides that only United States citizens, United States non-citizen nationals and "qualified aliens" are eligible for public benefits. All household members six (6) years of age or older are required to have a valid social security number in order for borrower(s) to be eligible for assistance. To ensure compliance, the Program follows the guidance provided by the United States Department of Justice and the United States Department of Housing and Urban Development.

2. Income Limits. Household income may not exceed eighty percent (80%) median income to participate in the Program. Household income is defined as the total annual gross income and some assets of all household members (18 years or older) that is anticipated to be received during the coming 12-month period. The gross annual household limits are as follows:



**2024 Maximum Income Limit (80%) For Richland, Kennewick, Pasco WA (June 1, 2024)**

Income Limit (AMI)	Number of Household Members							
	1	2	3	4	5	6	7	8
80%	\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,70	\$99,100	\$105,500

3. Asset. An asset is a cash or non-cash item that can be converted to cash. Asset items to include, but are not limited to; stocks, bonds, savings accounts, certificates of deposit, investments, mutual funds, money market accounts, 401(K), retirement or pension funds, antiques, jewelry, boats, other luxury items of substantial value, equity in rental property, mortgages or deeds of trust held by an applicant (other than your primary residence).
4. Location. The home must be situated within Richland, Kennewick or Pasco city limits.
5. Ownership. The home must be the applicant(s) primary residence. Applicant must also have legal ownership of the property for a period of one year prior to making application for an emergency repair loan.
6. Combined Loan-to-Value. The proportion of mortgage loans in relation to the value of the home. Loan-to-Value may not exceed 100% of the “after emergency repair” property value to be eligible for the Program.
7. Value Limit. The value of the house may not exceed the current homeownership sales price limit for the Tri-Cities market to be eligible for the Program.
8. Title. A title search of the property must show that the property is free of objectionable liens, encumbrances or other liens, except for a first mortgage and/or a Limited Improvement District (LID).
9. Eligible and Ineligible Dwelling.
  - (a) The dwelling may be an owner-occupied, single family dwelling.
  - (b) Duplex. Owner occupied side is only eligible for emergency repairs.
  - (c) House for Sale. A house offered for sale is not eligible for assistance.
  - (d) Contract Purchase. A contract purchase is not eligible for assistance.
  - (e) Rental Property. A rental property is not eligible for assistance.

Program staff may deny loan assistance to an applicant if the loan cannot be adequately secured.

10. Soundness Determination. The dwelling must be basically sound as determined by a written evaluation prepared by the Program staff or in some cases by Development Services, (i.e., the substandard building criteria of the Existing Building and Conservation Code Chapter 11.11.410 Substandard Building). To be determined sound, the dwelling must be judged capable of remaining in use as a single-family dwelling for the foreseeable future after the expenditure of Program funds for its emergency repair. Examples of areas to be considered include, but are not limited to, structural soundness, proper sanitation, adequate safety features, proper weatherproofing, adequate light and ventilation, plumbing, electrical and mechanical systems in a safe working order, elimination of fire hazards. Also, any prior alterations or additions to the dwelling must have been properly permitted through the City of Richland, Kennewick or Pasco Building Department.



11. Pride of Ownership Determination. An applicant may be declared ineligible for assistance who displays evidence of low pride of ownership in his/her property. Conditions reported by the Program, Development Services or Code Enforcement staffs which may warrant deferral or denial of assistance under this paragraph include:
- (a) Abuse by Animals: evidence of unsanitary conditions or of damage to floors, carpets, furnishings, or yards caused by animal urine or feces.
  - (b) Illegal or Improper Use of the Property: use of the property for purposes other than as a single-family residence in violation of building, zoning local ordinances, e.g., maintaining or operating junking, salvage, auto storage or repair, woodcutting or storage (other than for personal use), or activities on the property when such use is illegal or constitutes a health or safety hazard or is a visual detriment to the neighborhood.
  - (c) Deliberate Abuse: excessive damage to the home or fixtures not attributable to normal wear and tear.
  - (d) Housekeeping and Maintenance: conditions of clutter or unseemliness in or around the house when such conditions:
    - i) constitute a potential health or safety hazard to staff, contractors, employees, or others;
    - ii) will severely hamper or increase the costs of emergency repair work; or
    - iii) adversely impact the appearance of the neighborhood.

Determination of eligibility may be deferred for a specified period to allow time for the homeowner to correct the low pride of ownership condition(s).

12. House Payments. House payments must be current at the time the applicant is declared eligible for assistance.
13. Property Taxes. Real Property taxes must be current at the time the applicant is declared eligible for assistance.
14. Homeowners Insurance. The house must be insured against loss by fire, and the City of Richland, Kennewick or Pasco acknowledged by the insurer as a loss payee, before funds can be committed. The homeowner must also agree to keep the home continuously insured for the life of the loan. Any subsequent lapse in coverage will be regarded as an event of default on the loan. The insurance requirement may be temporarily waived when the homeowner cannot obtain insurance due to the condition of the house, provided insurance is obtained as soon as necessary repairs are completed.
15. Homeowner's Responsibilities. It is the responsibility of the homeowner to complete all necessary application forms, provide financial, title and personal information, and cooperate fully with Program staff in a timely manner. The homeowner must provide access to the property for Program staff, contractors, and workers to allow for the bidding process and to accomplish needed repairs and carry out other tasks as necessary for the successful completion of scheduled emergency repair work. The homeowner shall be responsible for



signing loan documents; signing bid requests and work contracts; and, monitoring and accepting work reasonably completed according to the contract. The homeowner shall cooperate with Program staff to achieve the efficient execution of work without delays and repay loans as agreed. Homeowner is responsible for all costs that exceed the limit of the Program.

16. Non-Cooperation. In order to achieve the Program's goals it is essential that participating homeowners cooperate fully with Program staff in order that construction and administrative costs, as well as processing time, can be kept to a minimum. If, while in process, a homeowner does not cooperate or meet his/her responsibilities, Program staff may declare the homeowner ineligible for further assistance and close out the file. A homeowner who is found ineligible for the reason of non-cooperation may be considered for future assistance based on evidence that circumstances have changed to warrant reconsideration.
17. No Response. If a homeowner does not respond to the Program's efforts to contact him or her, the homeowner shall be mailed a certified letter of notification. If that is not successful, the homeowner will then be declared ineligible, with a letter sent to that effect and acknowledgement of his/her opportunity to reapply in the future.
18. Misrepresentation. Any homeowner who knowingly misrepresents information to the Program pertinent to his/her eligibility for assistance shall be declared ineligible. Applicants determined ineligible for reason of misrepresenting their situations may not be considered for future assistance.

### III. OWNER-OCCUPIED REHABILITATION PROCESS

1. Application and Eligibility.
  - (a) Application Processing. The homeowner will file an application with Program staff. The application will be date-stamped and reviewed for borrower eligibility. Applications will be processed on a first-come, first-eligible basis within the goals of the program until the funds available are exhausted. When funds are exhausted, a wait list will be established for interested applicants.
  - (b) Eligibility. An applicant will be reviewed based on eligibility criteria as described in Section II.
2. Property and Emergency repair Evaluation. When applicant eligibility is confirmed, Program staff shall obtain authorization from the homeowner to proceed with the property and repair evaluation. This process includes:
  - (a) Title. Program staff will order a title search ensuring the property is free of objectionable liens, encumbrances or defects.
  - (b) Appraisal. Program staff will order an appraisal ensuring equity in the home for an emergency repair loan and establish an after-emergency repair value.
  - (c) Environmental Review (24 CFR Part 58). Program staff will perform an Environmental and Historic Review as required, identifying and evaluating the likely impacts of the proposed project on the environment and the impacts of the environment on the proposed project. Emergency repair of historic properties will be carried out in compliance with Section 106 of the National Historic Preservation Act.
  - (d) Housing Quality Standard (HQS) Inspection. Program staff will perform a HQS inspection as part of the emergency repair evaluation and will be carried out to ensure



the property meets the minimum requirements of the Program and would also subject the homeowner of the property to correct any code deficiencies noted as part of the overall emergency repair.

- (e) Risk Assessment and Lead Based Paint Inspection. Program staff will order a risk assessment and lead based paint inspection on a home built prior to 1978 to determine the areas in the home that could pose a potential health hazard. The findings from the risk assessment and inspection will serve as a guideline for emergency repair work to be done on the property and, if warranted, be included in the work write up.
- (e) Asbestos Survey. Program staff will order an asbestos survey to determine the areas in the home that could pose a potential health hazard. Asbestos is most commonly found in older homes, in pipe and furnace insulation materials, asbestos shingles, millboard, textured paints and other coating materials, and floor tiles. The findings from the asbestos survey will serve as a guideline for emergency repair work to be done on the property and, if warranted, be included in the work write up.

3. Work List and Cost Estimates. Program staff will prepare a work list and provide the homeowner with preliminary cost estimates for the repairs identified. The evaluation will list essential and allowable improvements. The applicant shall review the evaluation report and authorize the Program to proceed to commitment phase.

4. Commitment and Loan Closing. Program staff will review with the homeowner all proposed work schedules and the loan amount. On the basis of cost estimates, Program staff will commit loan funds to the homeowner for the proposed repair project, giving priority to essential repairs. The borrower will sign a Disclosure outlining the loan amount and terms and an Opportunity to Rescind, giving the borrower three (3) business days to cancel the emergency repair loan transaction. If borrower proceeds with the emergency repair project, Program staff will order title insurance on the loan. When loan security on the property is assured, Program staff will prepare the Promissory Note and Deed of Trust for the borrower's signature. The Deed of Trust will be recorded with the County Auditor.

5. Bid, Contracting and Work.

- (a) Bid. Once staff and the homeowner approves the work write-up (Work to be done), the homeowner will contact and secure a minimum of two (2) itemized bids from licensed, bonded and insured contractors. The homeowner and Program Staff reserve the right to reject all bids or to reject unqualified contractors.
- (b) Contracting. When acceptable bids are received, contracts will be drawn up and signed by the homeowner and the contractor. Program staff will assist the homeowner to understand his/her responsibilities and work with the contractor and to select the finish materials.
- (c) Notice to Proceed. When all aspects of the contracts are in order, Notice(s) to Proceed will be issued. The necessary permits will be secured by the contractor and the work commenced.
- (d) Inspections. Inspections required by the Building Codes will be performed by the City Development Services, and inspections for compliance with the Contractors Manual and for overall quality of work will be performed by the Program staff. If the work has not been performed consistently with applicable codes, the requirements of the Contractors Manual, and accepted standards of good practice, the Program staff may require that the contractor make changes in the work, which would require additional inspections to assure that corrections are made.
- (e) Payment. Payment for partial and final work completed will be made when compliance



with requirements of applicable City Building Codes is completed and acceptable, and Program staff and the homeowner will sign a certificate of acceptance. The Program staff may approve the acceptance of that work and authorize partial or final payment thereof. The Program staff shall verify all billings submitted for construction work and materials and shall certify that the work has been performed and/or the materials installed. Said billings shall be paid by the Program fund.

- (f) Disputes/Arbitration. All emergency repair contracts executed through the Program are binding upon the parties to the contract. Any disputes arising over the contract work must be ultimately resolved by those parties. Program staff may offer its advice in efforts to mediate disputes and reserves the right to arbitrate all disputes and make the final decision on any issue.

- 5. Contract Completion and Payment. Upon completion of the repair work the homeowner is responsible for repaying his or her loan as agreed. If future problems with materials and workmanship arise, during the one-year guarantee, they will be resolved by the homeowner and the contractor with the assistance of the program administrator.

#### IV. ALLOWABLE REPAIRS

All repairs must comply with City code and are described as follows:

- 1. Health & Safety. Repairs allowed are:
  - (a) Electrical repairs needed to correct defects in wiring or fixtures, remove hazards, upgrade systems to better handle modern electrical demands, and bring the home electrical systems and sub-systems into compliance with local Codes applicable to existing housing.
  - (b) Repair defective or hazardous plumbing to assure the availability and sanitary delivery of hot and cold running water and sanitary disposal of waste, including sewer hookups for houses using septic systems, and repair or replacement of unserviceable fixtures and hot water tanks.
  - (c) Repair, cleaning or proper installation of furnaces or other space heating equipment or systems needed to provide adequate and affordable heating of the dwelling. Only electrical or gas heating systems shall be installed as the primary heat source.
  - (g) Installation of emergency egress windows/doors and smoke detectors;
  - (h) Installation of wheelchair ramps, grab-bars, and other safety or accessibility devices required by a disabled occupant.
  - (i) Replacement of the dwelling roof and garage roof when attached to dwelling, including repair or replacement of sheathing, when deteriorated or near the end of its service life, and roof structural repairs when cost effective.
- 2. Essential Repairs. Priority will be given to essential repairs. Program staff will identify all repairs indicated by the survey which are essential to remove an immediate threat to the health or safety of the homeowner or preserve the integrity of the structure. Program staff will explain to the homeowner the requirements of completing repairs. If the homeowner declines to authorize completion of essential repairs, he/she will be considered to have voluntarily withdrawn his/her application.



## V. LOAN TERMS, FEES AND CONDITIONS

1. A loan shall be secured as a lien on the property and shall bear zero percent interest.
2. Miscellaneous Fees and Costs. Funds to pay certain loan-related fees and costs for which the homeowner is responsible may be included in emergency repair loans, which may include:
  - (a) Recording fees;
  - (b) Appraisal fees;
  - (c) Energy Audit; and
  - (d) Title insurance premiums.
3. Assistance Limit/Minimum. The minimum loan for the emergency repair program shall be \$1,000.00.
4. Sale, Transfer, or Refinance of the Property. An emergency repair loan will be immediately due and payable if a homeowner sells, transfers, rents, refinances or no longer uses the property as his/her primary residence; whether by operation of law or otherwise by actual sale or attempted sale by contract, assignment, refinance, lease, rental or other conveyance of the property to a person other than the borrower, whether by gift or value.
5. Assumptions. A surviving borrower, upon the death of another co-borrower, can assume the Emergency repair loan.
6. Forfeitures and Foreclosures. If a homeowner with an outstanding emergency repair loan defaults on mortgage payments and is in danger of foreclosure or forfeiture, Program staff may take action as warranted to protect the Programs interest in the property.
7. Title insurance. Title insurance is required for all emergency repair loans.
8. Subordination. An emergency repair loan subordination is allowed if a borrower is refinancing his/her first mortgage and all of the following criteria are met:
  - (a) The City's lien position does not change;
  - (b) The borrower is refinancing the existing debt to lower the first lien right interest rate of at least one (1) percent;
  - (c) No cash equity to the borrower;
  - (d) The Title Report is acceptable to the City; and
  - (e) The borrower must meet the low to moderate-income guidelines at the time of the request for subordination.

## VI. NON-DISCRIMINATION

The Program shall be administered, and assistance rendered without discrimination on the basis of race, color, national origin, religion, gender, disability, or familial status.



## VII. CONFLICT OF INTEREST

No person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving funds directly involved in the implementation of and who serves in a decision or policy-making capacity with the Program shall obtain a financial interest or benefit from the Program or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

## VIII. REAPPLICATION

Applications for assistance by homeowners living in houses previously assisted with CDBG or HOME funds may be considered for assistance, provided combined program debt does not exceed \$15,000. For those applicants who have an existing emergency repair loan, the existing loan and new loan will be combined, subject to the loan terms specified in Section VI.

## IX. EXCEPTIONAL SITUATIONS

It is understood that there may be special circumstances applying to some applicants which are not individually addressed in this Program Outline. In such cases Program staff will, after evaluating the application, consult with management who may authorize assistance as appropriate to meet the goals of the Program. The reason(s) for the exception shall be documented in writing in the homeowner's file.

## ACCOMMODATIONS

For more information or Requests for Accommodations please contact:

City of Richland  
Toni Lehman  
509-942-7580  
[tlehman@ci.richland.wa.us](mailto:tlehman@ci.richland.wa.us)

City of Pasco  
Kristin Webb  
509-543-5739  
[webbk@pasco-wa.gov](mailto:webbk@pasco-wa.gov)

City of Kennewick  
Kylie Peel  
509-585-4432  
[Kylie.peel@ci.kennewick.wa.us](mailto:Kylie.peel@ci.kennewick.wa.us)

or you may contact Washington State Relay at 711 or 1-800-833-6384.

Accommodations will be provided, to the maximum extent feasible, to meet the needs of non-English speaking, deaf, hearing impaired and visually impaired persons. HUD will make arrangements to provide an interpreter, a signer or a reader upon request, if such a request is made at least 72 hours prior. If you need additional accommodations, please call or email 72 hours in advance at the contact information listed above.



Please read and answer each question completely, the information that you provide will be used to determine eligibility for the Program.

<b>PROPERTY INFORMATION</b>					
<b>Year Home was Built</b>	<b>Date Purchased</b>	<b>Purchase Price</b>	<b>Benton County Assessed Value</b>	<b>Amount Owed</b>	
		\$ _____	\$ _____	\$ _____	
Do you have any other loans secured by the property? (i.e., second mortgage, line of credit) <input type="checkbox"/> Yes <input type="checkbox"/> No If you answer yes to this question, you are not eligible for an owner-occupied emergency repair loan.					
Owner Occupied Rehabilitation (OOR) Please explain the emergency. (leaking roof, no heat, plumbing failure, etc.)   					
<b>PART A - BORROWER(S) INFORMATION</b>					
<b>Borrower</b>			<b>Co-Borrower</b>		
Borrower's Name (include Jr. or Sr. if applicable)			Co-Borrower's Name (include Jr. or Sr. if applicable)		
Social Security Number	DOB (mo/dd/yy)		Social Security Number	DOB (mo/dd/yy)	
<input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, widowed)	Dependents (not listed by Co-Borrower)  No. ____ ages		<input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Unmarried (including single, divorced, widowed)	Dependents (not listed by Borrower)  No. ____ ages	
United States Citizen <input type="checkbox"/> Yes <input type="checkbox"/> No, if No are you a Permanent Resident of United States <input type="checkbox"/> Yes <input type="checkbox"/> No			United States Citizen <input type="checkbox"/> Yes <input type="checkbox"/> No, if No are you a Permanent Resident of United States <input type="checkbox"/> Yes <input type="checkbox"/> No		
Street Address:					
Home #: (incl. area code)		Alt. #1: (incl. area code)		Alt. #2: (incl. area code)	
			<b><u>Borrower</u></b>	<b><u>Co-Borrower</u></b>	
Have you had ownership interest in the property for at least a year?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you occupy this property as your primary residence?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Are you delinquent on a mortgage payment?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Are you delinquent on your Benton County property taxes?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you have a current homeowner's insurance policy?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you have <u>any</u> ownership interest in another property?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Have you or the co-borrower declared bankruptcy within the last 2 years?			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	



**PART B - HOUSEHOLD INFORMATION**

Household Size (total number of people who will be residing in the home) \_\_\_\_\_

List **every person** residing in your home including yourself:

Last, First, M.I.	Relationship to Applicant(s)	Age	Male or Female	*Social Security #	Full-time Student? (Yes or No)
	Borrower				
	Co-Borrower				

\* Valid Social Security Number required for each household member six (6) years of age or older.

**PART D - EMPLOYMENT AND OTHER INCOME INFORMATION**

Income Sources include: Employment, Seasonal Employment, Bonus/Tips/Commission, Social Security, Supplemental Social Security Income, Unemployment, Educational Benefits, Public Assistance, Pension, Child Support, Alimony, Rental Income, Dividend/Investment Income, and Pension.

Borrower		Co-Borrower	
I am currently: <input type="checkbox"/> Employed <input type="checkbox"/> Self-Employed		I am currently: <input type="checkbox"/> Employed <input type="checkbox"/> Self-Employed	
Name and Address of Employer:		Name and Address of Employer:	
Date Hire: ____/____/____		Date Hire: ____/____/____	
<input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time <input type="checkbox"/> Seasonal		<input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time <input type="checkbox"/> Seasonal	
Pay Rate: <input type="checkbox"/> Hourly OR <input type="checkbox"/> Salaried		Pay Rate: <input type="checkbox"/> Hourly OR <input type="checkbox"/> Salaried	
Pay Frequency: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Bi-Monthly <input type="checkbox"/> Monthly		Pay Frequency: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Bi-Monthly <input type="checkbox"/> Monthly	
Monthly Gross Income	\$	Monthly Gross Income	\$
Overtime	\$	Overtime	\$
Tips	\$	Tips	\$
Bonuses	\$	Bonuses	\$
Commissions	\$	Commissions	\$
Other: (please explain below)	\$	Other: (please explain below)	\$
<b>TOTAL</b>	<b>\$</b>	<b>TOTAL</b>	<b>\$</b>
		I certify that as the co-borrower I do not have any sources of income, nor do I anticipate receiving an income during the next twelve (12) month period. _____ Co-Borrower signature	

**OTHER INCOME, INCLUDING OTHER HOUSEHOLD MEMBERS 18 YEARS OR OLDER**

List all other income for Borrower (B), Co-Borrower (C) or other household members (O)

<u>B/C/O</u>	<u>Description Other Income</u>	<u>Monthly Amount</u>
		\$
		\$
		\$
		\$
<b>TOTAL</b>		<b>\$</b>



PART E - ASSETS						
Assets include cash on hand, checking accounts, savings accounts, savings bonds, certificates of deposit and other.						
Assets		Cash/Market Value	Assets		Cash/Market Value	
Name of Bank/Credit Union		\$	Real estate owned		\$	
Name of Bank/Credit Union		\$	Vested interest in retirement fund		\$	
Name of Bank/Credit Union		\$	Automobiles owned (Make and Year)		\$	
Stocks & Bonds (Company Name)		\$	Other Assets		\$	
Total Liquid Assets		\$	Total Assets		\$	
Schedule of any other real estate owned:						
Address	Present Market Value	Amount of Mortgage & Liens	Gross Rental Income	Mortgage Payment	Insurance, Maint. & Taxes	Net Rental Income
	\$	\$	\$	\$	\$	\$
PART F - HOUSING EXPENSES & LIABILITIES						
			Liabilities are debt, individually or jointly owed – these include credit cards auto loans, medical, etc.			
Monthly Housing Expense	Monthly Amount	Liabilities		Monthly Payment	Unpaid Balance	
Mortgage Payment	\$	Name of Company		\$	\$	
Homeowners Hazard Insurance	\$	Name of Company		\$	\$	
Electricity	\$	Name of Company		\$	\$	
Gas	\$	Name of Company		\$	\$	
Oil	\$	Name of Company		\$	\$	
Water/Garbage/Sewer	\$	Name of Company		\$	\$	
Total Monthly Expenses	\$	Total Liabilities		\$	\$	
Total Monthly Expenses				\$		
Total of Combined Debt				\$		
Mortgage Company Name & Address: (Attach a copy of current mortgage statement)						
Homeowners Hazard Insurance Company Name & Address: (Attach a copy of your homeowner's policy)						
Agent's Name:		Phone No. (include area code)		Policy No.		



*The following information is requested for statistical purposes so that HUD may determine the degree to which its programs are being utilized by minority families and for other evaluation studies.*

Type of Household (select one of the following based on the Head of the Household):

- ☐ Single, non-elderly      ☐ Elderly      ☐ Other  
☐ Single Parent      ☐ Two Parents

**Ethnicity of Household Members (select only one of the following):**

- ☐ Hispanic or Latino      or      ☐ Not Hispanic or Latino

and

Race of Household Members (select all that apply):

- ☐ White      ☐ American Indian/Alaskan Native & White  
☐ Black/African American      ☐ Asian & White  
☐ Asian      ☐ Black/African American & White  
☐ American Indian/Alaskan Native      ☐ American Indian/Alaskan Native & Black/African American  
☐ Native Hawaiian/Other Pacific Islander      ☐ Other Multi-racial

Do you consider yourself handicapped (physically, mentally, or sensory)? ☐ Yes ☐ No

#### AUTHORIZATION FOR RELEASE OF INFORMATION

***I declare under penalty of law that the information given by me in this application is true, correct a complete to the best of my knowledge and realize that willful falsification by me may subject me to penalties as provided in Washington State Law. RCW 74.08.055. I further understand that if I have willfully misrepresented any information, I may be disqualified from participation in the Owner-Occupied Rehabilitation Program.***

I understand that I am required to submit my home to an inspection to determine what repairs are needed and that the information reported in this declaration will be used to determine my eligibility for a loan to improve my home.

I will cooperate fully with the City of Richland, Pasco or Kennewick in the evaluation of this application. I also authorize The City of Richland, Kennewick or Pasco to contact the various Federal, State and private companies to investigate my sources of income and current employment.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Applicant

\_\_\_\_\_  
Date



Documentation required to establish Borrower's eligibility for Single Family Housing Emergency Repair Program (check box and attach documentation)

<u>CHECK ITEMS INCLUDED</u>	<u>THESE ITEMS ARE REQUIRED FOR FILE</u>	<u>CITY USE ONLY</u>
<input type="checkbox"/>	Completed Single Family Housing Emergency repair Program Loan Application	<input type="checkbox"/>
<input type="checkbox"/>	Copy of Social Security Card for each household member six (6) years of age or older	<input type="checkbox"/>
<input type="checkbox"/>	Copy of Drivers License for borrower(s)	<input type="checkbox"/>
<input type="checkbox"/>	2 months current paystubs (every household person 18 years or older)	<input type="checkbox"/>
<input type="checkbox"/>	2 months other income verification, i.e., Social Security, SSI, pension, child support (every household person 18 years or older)	<input type="checkbox"/>
<input type="checkbox"/>	Signed and dated copy of current Federal Income Tax returns and W-2's <b>If self employed, attach Schedule C and Profit and Loss Statement from your accountant</b>	<input type="checkbox"/>
<input type="checkbox"/>	2 months current certified bank statements	<input type="checkbox"/>
<input type="checkbox"/>	Current mortgage statement	<input type="checkbox"/>
<input type="checkbox"/>	Current Hazard Insurance Policy	<input type="checkbox"/>
<input type="checkbox"/>	Mortgage Statements and Rental Agreements from all other real estate properties owned	<input type="checkbox"/>

Once completed call and schedule an appointment:

Staff Contact Richland: Toni Lehman, CDBG/HOME Administrator  
 Phone: 509-942-7580  
 Email: [tlehman@ci.richland.wa.us](mailto:tlehman@ci.richland.wa.us)

Staff Contact Pasco: Kristin Webb, CDBG Administrator  
 Phone: 509-543-5739  
 Email: [twebbk@pasco-wa.gov](mailto:twebbk@pasco-wa.gov)

Staff Contact Kennewick: Kylie Peel, Community Development Coordinator  
 Phone: 509-585-4432  
 Email: [kylie.peel@ci.kennewick.wa.us](mailto:kylie.peel@ci.kennewick.wa.us)



**FOR CITY USE ONLY**

**APPROVED** ☐ **DECLINED** ☐

**Funds Reserved Date:** \_\_\_\_\_

**Comments:**

**Date stamped**



# Tenant Based Rental Assistance Policies & Procedures Manual





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## TENANT-BASED RENTAL ASSISTANCE (TBRA)

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The procedures described in this document are based on the current Subrecipient Agreement between the Tri-Cities HOME Consortium ("Consortium"), the City of Richland ("Lead Entity"), and the Community Action Committee ("Subrecipient") to provide HOME TBRA funds. These requirements may be modified by future agreements.

### ELIGIBLE ACTIVITIES & COSTS

HOME TBRA program funds may be used to provide:

- Rental assistance to help pay the cost of monthly rent and utility assistance for up to twenty-four (24) months.
- Security deposits on behalf of tenants in an amount **no more than** twice the monthly rent.
- Utility deposits using the utility allowance established by the Benton Franklin Housing Consortium. Utility costs are included in the fair market rental calculation. The rents must be reduced for tenant paid utilities.
- **Administrative and specified project delivery costs. Administrative costs are not to exceed the cap outlined in the contract. These costs include determining rent reasonableness, negotiating rent, reviewing of leases and program administration. Project delivery costs only include determining income eligibility and home inspections.**

All TBRA funds must go directly to the landlord and be reimbursed to the Subrecipient. Refunded security and/or utility deposits shall be reused for TBRA purposes or, if the Subrecipient no longer provides TBRA services, returned to the Consortium. All refunded deposits must be noted on the Subrecipients request for reimbursement. Security and utility deposits are only an eligible expense when provided in conjunction with rental assistance.

### INELIGIBLE COSTS & ACTIVITIES

HOME TBRA funds may **NOT**:

- Make commitments to specific landlords for specific projects. Tenants must be permitted to use the assistance for any eligible unit.
- Provide assistance to student households if ineligible to receive Section 8 assistance under 24 CFR 5.612.
- Provide relocation assistance to tenants as a result of activities other than the HOME Program.
- Provide HOME TBRA to homeless persons for overnight or temporary shelter.
- Provide assistance for NO more than twenty-four (24) months (the *Rental Assistance Contract* provides assistance with HOME funds for up to twelve (12) months. The contract may be renewed, subject to the availability of HOME funds, if the tenant still qualifies for the program.)
- Duplicate existing rental assistance programs that already reduce the tenant's rent payment to thirty percent (30%) of income (HOME TBRA rental assistance cannot be provided to a tenant who is already receiving TBRA or living in a housing unit receiving project-based rental assistance or operating assistance through other public sources).
- Provide assistance outside the city limits of Richland, Kennewick, or Pasco.
- Pay for application fees.
- Pay for an applicant's background checks.
- Pay for telephone or cable deposits.



- Pay for damage claims and/or vacancy rates that exceed the amount of the security deposit.
- Pay the down payment and/or closing costs in conjunction with a lease-purchase program.

## DEFINITIONS / TERMS

- Consortium – the Tri-Cities Home Consortium
- Lead Entity – the City of Richland is Lead Entity for the Consortium
- Subrecipient – the agency administering the TBRA program (Community Action Connections)
- Applicant – person(s) applying for the TBRA program
- Tenant – the primary person(s) receiving the rental assistance
- Landlord – the property owner and/or property manager
- Units – the rental unit in which the tenant will be residing.
- Rental Assistance Voucher – issuance of rental assistance.
- Family – all persons occupying a housing unit. A household includes the related family members and all unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.
- Head of house – the family chooses which adult will be the head of household, for application purposes.
- Dependent – a family member (excluding foster children) other than the head of household or spouse, who is under 18 years of age or is a full-time student or a person with disabilities.
- Disabled person – a person who has a physical and/or mental impairment that substantially limits one or more major life activity, as defined in Section 223 of the Social Security Act (42 USC 423), Section 102(7) of the Developmental Disabilities Assistance, and Bill of Rights Act (42 USC 6001(7)).
- Displaced person – a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared (or otherwise formally recognized) under Federal disaster relief laws.
- Elderly person – a person who is at least 62 years of age.
- Elderly family – a family whose head, spouse, or sole member is an elderly person.
- Handicapped person – person having a physical or mental impairment that:
  - Is expected to be ongoing and of indefinite duration.
  - Substantially impedes the person's ability to live independently.
  - Is of such a nature that the tenant's disability could be improved by more suitable housing conditions.
- Live-in aide – a person who resides with elderly, disabled, or handicapped person, or who:
  - Is deemed to be essential to the care and well-being of the person(s)
  - Is not obligated for the support of the person(s)
  - Would not be living in the unit except to provide the necessary supportive services
  - Is not related to the household receiving the rental assistance
- Single person – a person who lives alone or intends to live alone, and who does not qualify as an elderly person.



## LIVE-IN AIDES

A live-in aide may only reside in the unit with the approval of the Consortium subject to the following requirements:

- The income of the live-in aide shall not be counted as household income. The live-in aide may be counted in terms of household/unit size as long as the live-in aide resides with the tenant on a full-time basis. Part-time live-in aides may not be counted in terms of family or unit size.
- The tenant's physician must sign the *Physician's Verification of Live-in Aide* form. The form must be placed in the tenant file.
- The tenant, live-in aide, and the landlord must sign the *Live-in Aide Housing Agreement*. A copy of the agreement must be placed in the tenant file.
- The live-in aide qualifies for occupancy only as long as the tenant needs supportive services. In the event the tenant no longer requires a live-in aide, the TBRA subsidy shall revert to HUD guidelines as to the applicable rents for the number of bedrooms allowed for the household.
- If the household member requiring assistance dies, the live-in aide shall vacate the unit within ten (10) days of said household member's death. If the household member requiring assistance moves out, the live-in aide shall vacate the unit no later than the date the tenant moves out. Upon the termination of the live-in aide's services for any other reason, the live-in aide shall vacate the unit within twenty-four (24) hours.
- The live-in aide shall not violate any of the landlord's lease terms. The landlord may evict the live-in aide if s/he violates any of the terms of the lease.

## APPLICATION PROCESS

Potential applicants are required to put their name on the Benton Franklin Housing Consortium's Section 8 (Rental Assistance Voucher) waiting list, if it is open, at the time they apply for TBRA.

All applications must be in written form and must contain, at a minimum, information that enables the Subrecipient to determine household composition, income, and eligibility.

Each application received must be reviewed for completeness and eligibility. The Subrecipient will place all eligible applicants on the waiting list pending verification of information provided.

A file must be created for each application. This file is to contain the application, documentation of the household's eligibility, copies of program forms, correspondence, etc.

Applicants must disclose all real, potential, or perceived conflicts of interest as outlined in 24 CFR 92.356. All conflicts of interest must be disclosed and resolved prior to providing TBRA assistance to the household.

## INCOME VERIFICATION

The Subrecipient must determine assisted households' annual income by reviewing at least two months of source documents such as: wage statements, interest statements, unemployment compensation, etc.

Income and asset source documentation for new TBRA applicant is valid for six months. If a TBRA contract is not executed before six months has expired, the household's income eligibility must be reviewed again before assistance may be provided.



Income must be verified prior to providing assistance and reverified on an annual basis (twelve (12) months from program start date). Income limits are established by household size and revised annually by the U.S. Department of Housing and Urban Development (HUD).

Household income under the HOME-funded TBRA program must be calculated using the definition of annual income found in [24 CFR Part 5](#).

Annual income is the anticipated total income earned by all family members over the age of 18 (even if temporarily absent). This includes all net income derived from assets for the 12-month period following the effective date of certification of income.

Annual income includes, but is not limited to:

- Wages, salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services **prior to any payroll deductions**.
- The net income from operation of a business or profession.
- Interest, dividends, and other net income of any kind from real or personal property.
- The full amount of periodic payments 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 payment from a delayed start of a periodic payment.
- Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay.
- Periodic and determinable allowances, such as alimony, child support, and regular contributions or gifts received from persons not residing in the dwelling.
- All regular pay, special pay, and allowances of a member of the Armed Forces.

If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period must be annualized.

Annual income does not include:

- Income earned by children (including foster children) under the age of eighteen (18).
- Payments received for the care of foster children.
- Lump-sum additions to applicant's assets, such as inheritances, insurance payments, capital gains, and settlement for personal or property losses.
- Amounts received by the applicant that is specifically for, or is the reimbursement of, the cost of medical expenses for any family member.
- Income of a live-in aide.
- Educational scholarships paid directly to the student or educational institution by the government to be used for tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student.
- 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.
- Nonrecurring or sporadic income (including gifts).



## ADJUSTED INCOME CALCULATION

Adjusted income is derived by subtracting all applicable deductions (listed below) from the household's gross annual income. Deductions are as follows:

- Elderly or disabled household deduction – \$400 per household
- Dependent – \$480 for each household dependent (non-head of household under 18, disabled, or a full-time student)
- Out-of-Pocket childcare expenses
- Medical expenses in excess of three percent (3%) of annual income
- Disability assistance expenses in excess of three percent (3%) of annual income

These deductions must be calculated and documented as specified in Chapter 4 of the *Technical Guide for Determining Income and Allowances for the HOME Program*, available at:

<https://www.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>.

## SELECTION OF TBRA RECIPIENTS

The Subrecipient must have a written tenant selection policy that clearly specifies how households will be selected for participation in its TBRA program.

NOTE: Program access cannot be limited to particular facility or program's clients.

At a minimum, ninety percent (90%) of TBRA rental assistance must be provided to households whose annual income is at or below sixty percent (60%) of the area median income at initial move-in. The remaining ten percent (10%) of funds will serve households whose incomes are between sixty percent (60%) and eighty percent (80%) of the area median income.

The area median income limits are determined by HUD on a yearly basis and available on the City of [Richland website](#).

## WAITING LIST

After an applicant has been deemed eligible for the TBRA program, the Subrecipient shall place them on a waiting list in chronological order by the date the completed application was received.

The waiting list shall comply with 24 CFR Part 92.253(d). The waiting list must show the family's name, the date and time of the application, and the appropriate unit size (number of bedrooms).

Applicants that are currently on a Section 8 or other rental assistance waiting list that receive TBRA shall not lose their place or be removed from the Subrecipient's waiting list. In any case, when assistance under Section 8 becomes available, recipients of TBRA will qualify for selection preferences to the same extent as when they received TBRA.

## WRITTEN NOTICE OF REJECTION

If an applicant is not selected for the program, the Subrecipient must provide the reason(s) for rejection in writing to the applicant and provide an administrative process for the applicant to appeal the determination.



## ISSUANCE OF RENTAL ASSISTANCE VOUCHER

The Rental Assistance Voucher authorizes the tenant to look for an eligible rental unit within the TBRA program. The Rental Assistance Voucher specifies the appropriate unit size necessary to meet the tenant's needs.

The Rental Assistance Voucher also sets forth a number of requirements regarding both tenant and Subrecipient responsibilities that apply not only while the Rental Assistance Voucher is in effect but also after the *Rental Assistance Contract* is executed.

- The Rental Assistance Voucher is valid for sixty (60) days after being issued. The tenant must submit a *Request for Unit Approval* form to utilize the Rental Assistance Voucher within this timeframe. The Subrecipient may extend the Rental Assistance Voucher for up to an additional sixty (60) days.
- The Rental Assistance Voucher is only valid within Kennewick, Richland, and Pasco city limits. Rental Assistance Vouchers are not valid outside these three cities.

When a tenant receives a Rental Assistance Voucher, the Subrecipient must conduct a briefing session to provide the tenant with an explanation of the program's requirements, information to assist in finding a suitable unit, and an explanation of tenant and landlord responsibilities. The briefing is to ensure the tenant has sufficient guidance to make an informed housing decision.

The information and specific items, which must be given to tenants in the briefing session include, but not limited to:

- Tenant and landlord responsibilities under the lease and contract.
- How to find a suitable unit.
- Lead based paint information.
- Fair housing pamphlet and information, including any search assistance that may be available, and the process for filing a complaint in the case of discrimination.
- The location and characteristics of the full range of neighborhoods in which the Subrecipient is able to execute *Rental Assistance Contracts*.
- Applicable Fair Market Rents (FMRs), how the Gross Family Contribution (GFC) is determined, and how housing assistance payments are determined.
- Limitations on the rent the landlord may charge, including how utility allowances are used in this determination.
- Security deposit and/or utility deposit assistance, including how much may be charged, who pays, and who receives any refund.
- Information to the tenant concerning Housing Quality Standards (HQS) inspections, *Rental Assistance Contract*, schedule of allowances for tenant-furnished utilities and other services, and the process for lease approval. Tenant should be counseled against signing any lease until the Subrecipient has approved the unit.

## TENANT CONTRIBUTION

TBRA is based on the Fair Market Rent produced by HUD on a yearly basis. Fair Market Rent is determined by adding the contract rent and the applicable utility allowance. The sum of both numbers determines if the unit is at or above Fair Market Rent.



A unit is at or below Fair Market Rent when:

- The tenant's monthly payment will be thirty percent (30%) of its monthly adjusted income.
- The minimum contribution is \$50.00. For partial month assistance (for example, if the first month of assistance does not begin on the 1<sup>st</sup> of the month), the tenant portion will be prorated.
- A unit cannot be below 80% of the Fair Market Rent.

A unit is above Fair Market Rent when:

- The tenant's monthly payment will be forty percent (40%) of its monthly adjusted income.
- Minimum contribution is \$50.00. For partial month assistance (for example, if the first month of assistance does not begin on the 1<sup>st</sup> of the month), the tenant portion will be prorated.
- The Subrecipient must obtain documentation signed by the tenant stating that it understands that the unit is considered unaffordable at their income level.

## UNITS

### ELIGIBLE UNITS

The TBRA program offers households great flexibility in selecting a housing unit. Households must be free to select the unit of their choice.

- Public or private – units under the TBRA program may be publicly- or privately-owned.
- Rents must be reasonable – Subrecipients must disapprove a lease if the Subrecipient determines the rent is not reasonable, based on rents that are charged for comparable unassisted rental units. See *Rent Reasonableness* below for additional information.
- HOME funded units – households may select units developed or rehabilitated with HOME assistance. However, the Subrecipient may not require the household to select a HOME unit as a condition of receiving TBRA. Households must be permitted to move out at the end of the HOME lease term, taking their TBRA assistance with them.
- The assisted unit cannot be owned by the Subrecipient unless an exception is approved in writing by the Consortium. In order to be considered for an exception, the request must include at a minimum the following information:
  - An explanation of why the exception is necessary/appropriate.
  - A rent reasonableness analysis to demonstrate cost effectiveness.
  - Documentation of adequate outreach to landlords so as not to limit access.
  - Assurance that occupancy of the unit is not a requirement placed on the participating household and that they are free to choose their own unit.

### UNIT SIZE

The unit size designated shall be assigned in accordance with the following criteria:

- No more than two persons are required to occupy a bedroom.
- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom.
- Children of the same sex (regardless of age) and spouses must share the same bedroom for



purpose of assigning the bedroom size unless medically exempt.

- Unborn child may be considered for purpose of assigning the bedroom size.
- In some cases, the relationship, age, sex, health, or handicap of the family members may warrant the assignment of a larger unit size. Such flexibility is permissible to the extent the determinations are made on the basis of these factors. Such allowable determination should be fully documented in the applicant's file. For example, a two-bedroom unit may be used by a two-member family, which consists of a single parent and child, or by a couple who, due to medical reasons, must have separate bedrooms, as approved by the Subrecipient.
- Fair housing rules permit a household to select smaller units that do not create severely overcrowded conditions (U.S. Census defines it as more than 1.5 persons per room). Participants may also select larger units at their own expense (i.e., TBRA subsidy will not cover the increased cost of a larger unit) as long as the increased monthly payment does not put the applicant over the forty percent (40%) threshold specified in *Tenant Contribution* above. In addition to the number of bedrooms, both the size of the unit and the size of the bedrooms should be considered when evaluating the individual circumstances of the family.

#### RENT REASONABLENESS

The Subrecipient must certify all units assisted with TBRA are reasonable in relation to rents currently being charged for comparable units in the private unassisted market, and not in excess of rents currently being charged by the landlord for comparable unassisted units.

The Subrecipient must document the basis for its rent reasonableness determination. Key components of a comparability analysis include:

- Location: In many markets, location is the key determinant of housing price
- Size: Only units of comparable size (both in terms of number of bedrooms and square footage) should be used
- Utilities Included: Consider the type and fuel source of utilities
- Condition: Only units in similar condition should be compared
- Amenities: Consider such amenities as garage, appliances, and lot size

It is not sufficient to approve a unit merely because its gross rent is within the applicable FMR limits.

#### PROPERTY & OCCUPANCY STANDARDS

Any TBRA assisted property must meet all applicable City housing codes and ordinances as well as the Section 8 Housing Quality Standards (HQS). Inspection to verify compliance with HQS and occupancy standards are made both at initial move-in and annually during the term of the TBRA assistance. A written inspection form must be signed, dated, and retained in the tenant file.

The Subrecipient must apply the occupancy standards that specify the number of bedrooms needed by households of various sizes and composition, as defined in *Unit Size* above.

The Subrecipient must also ensure that the landlord makes reasonable accommodations for the accessibility needs of the tenant.



## LEASES

After a tenant finds a suitable unit, it must submit a completed *Request for Unit Approval*, signed by both parties, to the Subrecipient along with a copy of the proposed lease, if supplied by the landlord.

The Subrecipient shall review the request to determine if the landlord is eligible, if the unit is eligible, if the lease complies with the program requirements in CFR 92.253, and if the lease complies with State and local laws.

The lease must contain certain required provisions, which include the tenant and the Subrecipient portions of the rent, the landlord's responsibility for maintenance and services, any utilities and appliances provided by the landlord, the circumstances necessary for eviction, the prohibition against discrimination, and the amount of security deposit.

The lease between a tenant and landlord must be for not less than one year. The Subrecipient may renew a lease for a second year.

The lease may **NOT** contain any of the following provisions:

- Agreement to be sued – agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the landlord in a lawsuit brought in connection with the lease.
- Treatment of property – agreement by the tenant that the landlord may take, hold, or sell personal property of household members without notice to the tenant or a court decision on the rights of the parties. This provision does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out. The landlord may dispose of this personal property in accordance with State law.
- Excusing landlord from responsibility – agreement by the tenant not to hold the landlord or the landlord's agents legally responsible for any action or failure to act, whether intentional or negligent.
- Waiver of notice – agreement of the tenant that the landlord may institute a lawsuit without notice to the tenant.
- Waiver of legal proceedings – agreement by the tenant that the landlord may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- Waiver of a jury trial – agreement by the tenant to waive any right to a trial by jury.
- Waiver of right to appeal court decision – agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- Tenant chargeable with cost of legal actions regardless of outcome – agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the landlord against the tenant. The exclusion of this provision does not negate tenant responsibility to pay legal costs if the tenant loses.

## UNIT INSPECTIONS

All units assisted with TBRA funds must meet Housing Quality Standards ("HQS"). Each unit under contract must be inspected at least annually to assure all HQS requirements are met. Units may also be inspected as a result of housing quality complaints initiated by the landlord or tenant.



If a unit fails to pass an inspection, the landlord may be given a reasonable period of time (i.e., twenty-four (24) hours for emergency conditions or thirty (30) days for less serious conditions) to correct the deficiencies. If the landlord fails to make the needed corrections, the Subrecipient has several options. The Subrecipient may:

- With adequate notice to the landlord and tenant, terminate the *Rental Assistance Contract* and require the tenant to move to another location in order to continue to receive assistance; or
- Suspend its payments until the landlord remedies the HQS deficiencies. (Note: If this second approach is taken, the tenant should be encouraged to continue to pay its share of the rent in order to prevent eviction.)

#### EXECUTION OF RENTAL ASSISTANCE PAYMENT CONTRACT

- After a *Request for Unit Approval* has been approved, the Subrecipient must prepare the *Rental Assistance Contract* for execution by the landlord and the Subrecipient, and execution of the lease between the tenant and the landlord. No rental assistance will be paid until the contract has been executed.
- The Subrecipient must retain a copy of the contract and lease in the tenant's file.

#### CONTRACT RENEWAL/RECERTIFICATIONS

- The tenant's income eligibility must be recertified on an annual basis (the anniversary date of signing the contract). Annual recertifications shall include income verification, rent increase, HQS inspection, determination of family status, etc. If there are changes in household size, the Subrecipient must determine income compliance of the applicant and the proper unit size.
- Interim financial recertifications may also occur when:
  - A family member moves out of the unit.
  - The family proposes to move a new family member into the unit.
  - An adult member of the family who was reported as unemployed on the more recent certification or recertification obtains employment.
  - The family income cumulatively increases by \$200.00 or more per month.
  - Decrease in income occurs
  - Increase in allowances occur
  - Other changes such as a family member turning 62 years old, becomes a full-time student or becomes a person with a disability.
- If the tenant's income exceeds the Section 8 Low-Income Limit (i.e., eighty percent (80%) of area median) the tenant's assistance must be ended.
- The re-examination process should begin ninety (90) to one hundred twenty (120) days in advance of the household's one-year anniversary date to assure the process is completed on time and that thirty (30) day notice is given to both the landlord and tenant of changes in the household's eligibility or share of the rent.

Unless the initial rent negotiations were for the two-year period, landlords may request a rent increase at the end of the first year of the contract (subject to a thirty (30) day notice). The Subrecipient must again determine that the proposed rent is reasonable in comparison to rents charged for other comparable, unassisted units.



## TENANT MOVE

- The tenant may elect to move to another unit as permitted by the lease. The *Rental Assistance Contract* contains provisions that terminate the Subrecipient's agreement with the landlord when the tenant moves out. To assure that TBRA subsidies are not paid on units no longer occupied by an eligible tenant, the lease agreement must require the tenant provide a minimum of thirty (30) day written notice of their plans to relocate to both the landlord and Subrecipient.
- If the tenant is in compliance with program requirements, the TBRA assistance may be transferred to another eligible unit, following the same procedures of determining unit eligibility and rent assistance.

## CONTRACT TERMINATION

The contract automatically terminates when:

- The tenant vacates the unit in violation of the lease.
- The tenant moves from their unit according to the lease terms or secured the landlords permission for an early termination date, and the lease term has therefore ended.
- The landlord requires the tenant to move according to the lease term, and the lease term has therefore ended.
- The landlord evicts the tenant with Subrecipient authorization.
- The landlord does not wish to enter into a new contract or refuses to renew or extend the current one.
- The tenant has already received twenty-four (24) months of assistance.

Under the following circumstances, the Subrecipient may terminate the contract prior to its regular termination date:

- The unit is not in compliance with HQS or other contract requirements, and the landlord refuses to correct the deficiencies.
- The unit is overcrowded or under occupied due to family composition change which requires the tenant(s) to move.
- The tenant, at recertification, has been determined ineligible due to their income.
- The Subrecipient is unable to approve a new *Request for Unit Approval* when a contract is expiring due to gross rent exceeding FMR.
- The Subrecipient has determined that the landlord is not in compliance with the terms of the lease.
- The Subrecipient has determined that the tenant is not in compliance with the terms of its Rental Assistance Voucher.
- A tenant has been determined to have abused the program, or to have engaged in fraudulent activities.

The Subrecipient shall complete a *Project Closeout Form* when a tenant is terminated for any reason from the TBRA program.

## LEASE TERMINATIONS / EVICTIONS

Landlords must comply with all State and local laws. Other requirements should only be imposed if the



Subrecipient has a specific reason for intervening in the tenant-landlord relationship. For example, Subrecipient is using TBRA assistance in conjunction with another program (i.e., self-sufficiency, life-skills, etc.). If the Subrecipient is providing additional counseling or support, they may want to consider requiring the landlord to notify the Subrecipient prior to taking any termination action.

During the term of the lease, the landlord may only terminate the tenancy because of:

- Serious or repeated violation of the lease.
- Violation of Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises.
- Criminal activity; or
- Other good cause

The Subrecipient must identify how termination of tenancy will affect the tenant's TBRA assistance. For example, if the household is evicted for cause, the Subrecipient's policy must identify whether assistance will also be terminated or whether the tenant may receive assistance in another unit.

## MARKETING & OUTREACH

The TBRA program must be affirmatively marketed to all eligible people within the Tri-Cities without regard to race, color, national origin, sex, religion, familial status, or disability.

The Subrecipient is required to maintain and follow procedures to determine how potential applicants are selected and notified for the TBRA program. The Consortium shall ensure that HOME funded Subrecipients meet affirmative marketing responsibilities through monitoring.

The Subrecipient's marketing plan should include:

- Methods for informing the public, landlords, and potential tenants about Federal fair housing laws and the affirmative marketing policy.
- Locations where TBRA applications are accepted (i.e., at one site or more).
- When applications will be accepted (i.e., daily, during normal working hours or extended hours for a specified period).
- The method for taking applications (i.e., in person, by mail).
- Procedures used to inform and solicit applications from persons in the housing market area who are least likely to apply for the housing without special outreach.
- Records describing actions taken to affirmatively market the program/units and to assess the results of these actions.

The willingness of landlords to participate in the TBRA program significantly affects the options and opportunities available to people seeking assistance. Subrecipients should conduct outreach to landlords to stimulate their interest in the program. Options include mailing program notices to landlords using tax or Benton Franklin Housing Consortium records and participating in meetings of landlord and realtor associations.

The Subrecipient must also comply with *Section 504 Accessibility Requirements* including:

- Providing information materials in alternative formats
- Communicating with hearing impaired applicants



- Making reasonable accommodations to applicants with disabilities

Subrecipient must notify the Consortium of any changes to their affirmative market procedures.

#### VIOLENCE AGAINST WOMEN ACT (VAWA)

The HOME TBRA Program is subject to The Violence Against Women Act, Subpart L of 24 CFR part 5. The program must comply with the requirements described in 24 CFR 92.359. For example, Subrecipients must ensure that the notice of occupancy rights under VAWA (Form HUD 5380), the certification form (HUD 5382), and the emergency transfer request form (HUD 5383) are provided to applicants at the following times:

- At the time an applicant is denied rental assistance
- At the time an applicant is provided rental assistance
- At the time the program learns that a tenant's landlord intends to provide tenant a notice of eviction
- At the time a tenant's rental assistance is being terminated

Additionally, Subrecipients must ensure that a VAWA addendum is executed with each lease.

#### LEAD BASED PAINT

The TBRA program must adhere to Federal regulation 24 CFR Part 35.

- *Lead Hazard Information Pamphlet* – The tenant must receive this pamphlet prior to occupying the unit. If the Subrecipient can document that tenant received the pamphlet previously (e.g., from the landlord), the Subrecipient is not required to provide the pamphlet again, but the receipt must be documented.
- *Lead Disclosure Notice* – Tenants must also receive, from the landlord, a *Lead Disclosure Form* notifying them of any known lead-based paint or hazards in the unit, prior to occupying the unit.
  - The landlord shall disclose to the tenants the presence of any known lead-based paint and/or lead-based paint hazards, in any housing built before 1978 that is being leased. The landlord shall also disclose any additional information available such as the basis for the determination that lead-based paint and/or lead-based paint hazards exist, the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces.
  - The landlord shall disclose to each tenant the existence of any available records or reports pertaining to lead-based paint and/or lead-based paint hazards. This requirement includes records or reports regarding common areas. This requirement also includes records or reports regarding other residential dwellings in multifamily housing built before 1978, if such information is part of an evaluation or reduction of lead-based paint and/or lead-based paint hazards in the housing built before 1978 as a whole.
  - If any of the disclosure activities identified in this section occurs after the tenant has provided an offer to lease the housing, the landlord shall complete the required disclosure activities prior to accepting the tenant's offer and allow tenants an opportunity to review the information and amend the offer.



## RECORDKEEPING & REPORTING

The Subrecipient is responsible for ensuring that TBRA funds are used in accordance with all program requirements of 24 CFR Part 92 and for documenting compliance. The Subrecipient must establish and maintain sufficient records to enable the Consortium to determine whether the Subrecipient has met the requirements of the TBRA program.

### TENANT RECORDS

Recordkeeping and Record Retention requirements must be in compliance with 24 CFR 92.508. For TBRA projects, Subrecipients are required to maintain adequate documentation of the eligibility of tenants served. Subrecipients must use a client file checklist to ensure required documents are in each tenant's file.

Records must be retained for six (6) years after the period of rental assistance ends or from the time the project is closed, whichever is longer. All forms must have signatures.

At a minimum, the tenant files must contain the following:

- Original application with copies of Social Security cards for each household member
- Notice of program acceptance/denial to applicant
- Income verifications, along with source documentation
- Annual release of information forms
- Rental Assistance Voucher, *Request for Unit Approval*, and other materials related to Rental Assistance Voucher issuance
- Completed HQS inspection form for the unit
- Indicate receipt of *Fair Housing Equal Opportunity for All* pamphlet
- Lead based paint disclosure forms to indicate receipt of required pamphlets and required tenant notification forms prior to move-in
- Descriptions of any required paint stabilization activities, clearance reports and required tenant notifications
- Annual adjusted income worksheet and other related documents
- Utility allowance schedule
- *Total Tenant Payment / Total Rent* form
- Rental assistance payments contract, lease agreement and addendums
- Notice of rental assistance termination to both tenant and landlord

The tenant must give permission for the Consortium to review records at any time.

### REPORTING

The Subrecipient must report monthly to the consortium on the status of the program, in the format specified by the Consortium.

Subrecipient shall track and submit beneficiary data, using the *HOME TBRA Reporting Form* provided by the Consortium. Reports shall be submitted to the Consortium with each request for reimbursement.



The reporting form includes:

- Last name of tenant
- Number of bedrooms
- Security deposit
- Monthly rent (tenant contribution and HOME subsidy)
- Utilities
- Income level
- Race and ethnicity
- Household size and type
- Length of contract

Subrecipient should also note on this form any changes or exceptions such as: changes in income, approved rent exceptions above FMR, tenant is no longer receiving assistance, etc.

#### PAYMENT REQUEST

The Subrecipient will directly pay the landlord of the approved unit. **By the 15th of the following month** the Subrecipient must submit the *TBRA Set Up Form* (Exhibit B), the provided invoice (Exhibit F), the *Services Tracking Detail/Disbursement Voucher* and supporting documentation such as *Payroll Allocation Worksheet* and *Statements of Revenues and Expenditures* to the Consortium. Upon verification of accuracy by the Consortium, reimbursement will be submitted to the Subrecipient.

#### COMPLIANCE MONITORING

The Lead Entity will review all progress reports and will monitor the Subrecipient TBRA program annually according to the requirements of 24 CFR 92.504(a). During a compliance visit:

- HQS inspections of randomly selected units will occur.
- Administrative and financial procedures and files will be reviewed.
- TBRA tenant files will be randomly reviewed.

A compliance follow-up report will be mailed to the Subrecipient.

Should the follow-up report include findings/concerns, the Subrecipient must respond in writing within thirty (30) days regarding remediation of the findings and compliance with federal regulations and Consortium Policies & Procedures.

The Consortium reserves the right to terminate the agreement and recapture funds:

- If funds are not committed and/or expended by the dates referenced in the funding agreement, or if the project substantially changes after the funding commitment.
- If the Subrecipient becomes suspended or debarred.
- Other bases for termination and recapture are included in the funding agreement.



## ENVIRONMENTAL CHECKLIST

- Based on 24 CFR 58.35(b), TBRA projects are Categorical Exclusions Not Subject to 58.5. While the program as a whole was cleared, the Subrecipient must still complete the Compliance Documentation Checklist for 24 CFR Part 58.6 prior to the execution of a **Rental Assistance Contract** and maintain a copy in the tenant file.



# Community Housing Development Organization (CHDO)

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## Policies & Procedures Manual



January 2, 2025



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## PROGRAM OVERVIEW

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The HOME program is designed to provide eligible state and local governments with the resources and incentives to strengthen public-private partnerships, and to expand the supply of decent, safe, sanitary, and affordable housing.

In addition to the general requirements for affordable housing development, the HOME program requires participating jurisdictions (PJs) to set-aside at least 15 percent of their HOME funds for housing that is developed, owned, or sponsored by Community Housing Development Organizations (CHDOs).

## WHAT IS A CHDO?

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A CHDO is a certified private, nonprofit, community-based service organization that has staff capacity to develop affordable and decent housing for low-income people meeting the HUD regulations at [24 CFR 92 Section 92.2](#). A CHDO is the only entity eligible for the HOME set-aside funds. Additionally, the CHDO must be an owner, developer and/or sponsor.

## INITIAL REQUIREMENTS TO BE DESIGNATED AS A CHDO

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In order to be considered as a CHDO the agency must meet the following requirements as set forth in [24 CFR Part 92.300](#):

- Non-profit under Washington State.
- Active SAM.gov registration.
- A tax-exempt ruling from the Internal Revenue Service under Section 501(c) of the Internal Revenue Code of 1986. The 501(c) designations possibilities are 501(c)(3), 501(c) (4) and Section 905 statuses as a subordinate organization of a 501(c) organization. The designation may be either a valid conditional or final designation from the IRS.
- Submit a comprehensive strategic plan. The plan needs to address: the mission, goals and vision of the organization; the population served; the organization's role in the community; the programs, services and products offered; the sources needed to succeed; and the best way to combine resources, programming and relationships to accomplish the organizations mission.
- Demonstrate that it has at least one year of experience serving the community where it intends to develop HOME-assisted housing. Newly created organizations wishing to become a CHDO can meet this requirement if the sponsoring organization is a nonprofit and has provided services to the community for at least one year. The year of service does not have to be directly related to housing.
- Establish systems for community involvement where housing will be developed. Such systems might include special committees of neighbors of a proposed development site, neighborhood advisory councils, or open town meetings. Submit written documentation and the adopted process for low-income input.
- Have a board with a minimum of one-third representing low-income (provide census tract number and block group, proof of income and / or proof of residency); and a maximum of one-third may be representatives of the public sector.
  - The Board should have a committee structure of other means of overseeing



- planning and development.
- The Board members should have professional skills directly relevant to housing development. For example, real estate, legal, architectural, planning, construction, finance and management experience are all professional skills that are relevant to housing development.
    - a. **A low-income resident** – an individual who certifies they qualify as low income (household income at or below 80 percent of the area median income)
    - b. **A resident of a low-income neighborhood** – an individual who certifies they live in a neighborhood that is not less than 50 percent low-to moderate income. The specific board member does not have to be low-income. A neighborhood means a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government, except if the unit of general local government has a population under 25,000, the neighborhood may but need not encompass the entire area of a unit of general local government. Therefore, if more than one neighborhood is being designated, all should be identified.
    - c. **A representative elected by a low-income neighborhood organization** – the organization must be comprised primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interest of the neighborhood residents. Such organizations might include block groups, neighborhood associations and neighborhood watch groups. The board member must be elected by a low-income neighborhood organization, and it may not be the CHDO itself. If the board member is qualified under this criterion, a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO is required.
    - d. **Elected officials** – City of Kennewick, Pasco or Richland Council member, advisory Neighborhood Commission or a School Board representative.
    - e. **Appointed officials** - members of the regulatory and / or advisory board or commission appointed by elected City officials.
    - f. **Public employees** – all employees of local government.

## STAFF CAPACITY REQUIREMENTS

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The CHDO shall have the capacity to carry out the proposals as prescribed. CHDO's must have paid employees with housing experience appropriate to the role the nonprofit expects to play in the project (i.e., developer, sponsor, or owner). Key staff must be experienced, and the experience clearly demonstrates the completion of similar projects. HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations. The CHDO must provide evidence of full-time staff with pay stubs or tax statements,



along with resumes and job descriptions reflecting current job titles and responsibilities for the role the nonprofit expects to play in the projects. The requirement for development capacity can no longer be demonstrated using consultants with development experience, except during the first year of operation as a CHDO, if the consultant trains the CHDO staff. In addition, the capacity requirement cannot be met by volunteers or staff that is donated by another organization. Consultants or volunteers can continue to fill occasional skill gaps or undertake activities that are required only on a periodic basis (e.g., project underwriting), but cannot be the basis of a determination that a nonprofit has the capacity to be designated as a CHDO.

Evidence of a CHDO's capacity must be directly related to the HOME activity the organization proposes to undertake. CHDOs can provide evidence of capacity by completing the *Tri Cities Homeownership Development Project File* and /or the *Tri Cities Rental Development Project File*, as applicable to their prospective HOME activity.

## FINANCIAL CAPACITY

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Must demonstrate the financial capacity to support the proposed project during construction, lease-up / sale, and ongoing operations. This includes not only that the CHDO has sufficient financial resources, but also has adequate financial systems in place to appropriately manage project funding, accurately account for all project costs, and provide reliable reporting to the Consortium and other project funders. Costs must be “*reasonable and necessary*” and must represent a “*good deal*” to the public.

At minimum, the Consortium will review audited financial statements, contingent liabilities, interim financial statements, and individual personal financial statements to ensure that:

- The CHDO's most recent audit demonstrates compliance with Generally Accepted Accounting Principles (GAAP) and does not express material weaknesses in the entity's system of internal controls or financial management systems; and
- Financial ratios and trending are acceptable.

Applicants will be required to provide copies of commitment letters or, at a minimum, letters of interest from lenders for all the funding sources identified in the development budget.

## APPROVED ACTIVITIES

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The following types of activities are eligible:

- Single-family housing: The properties may be scattered site single-family new construction units. Single-family homes must be rented or sold to income-eligible renters or homebuyers who qualify under the program guidelines.
- Rental housing and/or multi-family rental with suitable amenities: multi-family properties assisted with HOME funds must be operated by the CHDO as long-term permanent affordable housing and will be subject to on-going compliance provisions throughout the period of affordability. CHDO must be able to demonstrate prior experience in ownership, development, and all phases of management of multi-family properties similar in scope to



the size of the project being proposed.

## SITE LOCATION

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New construction assisted with HOME Program funding must comply with the following:

- The housing must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act and Executive Order 11063 (Equal Opportunity in Housing), and HUD regulations issued pursuant thereto; and promotes greater choice of housing opportunities.
- The housing must meet site and neighborhood standards according to [24 CFR Part 92.202](#) and for new construction [24 CFR 983.6\(b\)](#).
- The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, have adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.
- The site must not be located in an area of minority concentration and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
- A project may be located in an area of minority concentration only if: (a) sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside the area of minority concentration; or (b) the project is necessary to meet overriding housing needs that cannot be met in that housing market area.
- The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.
- The neighborhood must not be one which is seriously detrimental to family life or in which substandard dwellings, or other undesirable conditions predominate, unless there is a concerted program to remedy the undesirable conditions.
- The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market.
- Except for new construction, housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

## STATE AND LOCAL CODES, ORDINANCES, AND ZONING REQUIREMENTS

Housing that is newly constructed with HOME-CHDO funds must meet **ALL** applicable State and local codes, ordinances, and zoning requirements.



## ACCESSIBILITY

New housing must meet the accessibility requirements of [24 CFR part 8](#), which implements [Section 504](#) of the *Rehabilitation Act of 1973* (29 U.S.C. 794), and [Titles II](#) and [III](#) of the *Americans with Disabilities Act* (42 U.S.C. 12131-12189) implemented at [28 CFR parts 35](#) and [36](#), as applicable.

Covered multifamily dwellings, as defined at [24 CFR 100.201](#), must also meet the design and construction requirements at [24 CFR 100.205](#), which implements the Fair Housing Act ([42 U.S.C. 3601-3619](#)).

## DISASTER MITIGATION

Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, other State and local requirements, and any requirements HUD may establish.

## CHDO CERTIFICATION

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Once all of the requirements listed above are satisfied including: initial requirements, capacity requirements, financial viability, activities and site location, The Consortium will certify / re-certify the CHDO as required in [§92.300\(a\)](#)

## REQUIREMENTS PRIOR TO CONTRACT

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### ENVIRONMENTAL REVIEW

HOME-CHDO regulations require an Environmental Review and environmental clearance before funds are expended or costs are incurred on any activity. This includes:

- Execution of a legally binding agreement.
- Use of non- HOME-CHDO funds on actions that would have an adverse impact.
- Use of non- HOME-CHDO funds on actions that would be prohibited with HOME-CHDO funds until an Environmental Review is completed.

### INSURANCE

The CHDO and its employees, volunteers, contractors, and consultant shall provide to the Consortium, and carry throughout the life of the Agreement: Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and other coverage as may be appropriate or required by State or Federal law.

Insurance is to be placed with insurers with a current rating by the Housing Agencies, of at least Class VI for financial status and at least B+ for performance from the A.M. Best Company, or a rating of at least A from Demotech, Inc This insurance shall include the following:

- Commercial General Liability: Commercial General Liability Insurance shall be written on Insurance Services Office (“ISO”) occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, personal injury, and advertising



injury. The insurance shall include the Consortium, its members, officers, officials, employees, and agents with respect to performance of services, and shall contain no special limitations on the scope of protection afforded as an additional insured. If the liability coverage is written as a claim made policy, then evidence of an extended reporting period or “tail” coverage for a three-year period after project completion must be purchased, or otherwise maintained for the three-year period.

- Employers Liability Coverage: If this agreement is over \$50,000 then Employers Liability Coverage shall also be maintained. Coverage shall include limits of not less than \$1 million per occurrence, and \$2 million aggregate.
- Comprehensive Automobile Liability Insurance: Business Automobile Liability Insurance with a minimum combined limit no less than \$1 million per accident for bodily injury and property damage shall be maintained. Coverage shall include owned, hired, leased, and non-owned automobiles. Coverage shall be written on ISO form CA 00 01 or a substitute form providing equivalent liability coverage. If deemed necessary, the policy shall be endorsed to provide contractual liability coverage.
- Professional Legal Liability: CHDO shall maintain Professional Legal Liability or Professional Errors and Omissions coverage appropriate to the CHDO’s profession and shall be written subject to limits of not less than \$1 million per claim and \$1 million policy aggregate limit. The coverage shall apply to liability for a professional error, act or omission arising out of the scope of the work for this agreement. Coverage shall not exclude bodily injury, hazards, or property damage related to the work in this agreement, including testing, monitoring, measuring operations, or laboratory analysis where such services are rendered as part of the agreement.
- Worker’s Compensation (Industrial Insurance): Workers’ Compensation Insurance as required by Title 51 RCW shall be maintained and CHDO shall provide evidence of coverage if required.

The CHDO shall furnish the Consortium with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements prior to the commencement of the work. The insurance policies are to contain, or be endorsed to contain, the following provisions for Commercial General Liability insurance, Comprehensive Automobile Liability Insurance, and Professional Legal Liability:

The insurance coverage shall be primary as respect to any insurance or self-insurance covering the Consortium, its members, elected and appointed officers, officials, employees, and agents.

- Any insurance, self-insurance, or insurance pool coverage maintained by the Consortium and its members shall be excess of the CHDO’s insurance and shall not contribute with it.
- The insurance shall not be cancelled by either party, unless 30 days prior written notice has been given by certified mail, return receipt requested, to the Consortium.

## CONTRACT

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Once the preliminary requirements are completed a contract will be initiated with the CHDO. Following a fully executed contract, a Notice to Proceed will be issued by the Lead Entity. The Notice To Proceed allows the CHDO to move forward with obtaining bids.



## CONTRACT MODIFICATIONS / CHANGE ORDERS

Contract Modifications / Change Orders shall not increase the initial scope of work unless changes occur due to unforeseen or hidden circumstances, or to correct minor clerical inconsistencies in the original bid documents. All Change Orders must be in writing, whether or not there is a change in dollar value and must be signed and dated by the CHDO and Contractor. Change orders must receive approval from the Consortium prior to any work being performed or materials being purchased.

Change orders exceeding 10 percent over the initial cost estimate due to unforeseen or hidden circumstances may require additional bids from 2 or more contractors.

Examples of Change Orders may include the following:

- **ENVIRONMENTAL CONDITIONS:** The Contractor discovers hidden conditions that could potentially affect the environment and/or be a hazard, or that might be culturally or archeologically significant, he/she shall immediately cease work and notify the Lead Entity.
- **DISCOVERED CONDITIONS:** Contractor discovers hidden conditions which differ substantially from those usually found and expected on similar jobs, and which could materially affect the cost or outcome of the project, he/she shall immediately cease work and notify the Lead Entity.

If in the course of the work, conditions are discovered which are materially substandard or present a significant threat to health or safety, the Lead Entity and Building Inspector shall inspect the condition and determine a course of action which may include, without limitation, suspending the work, amending the contract documents and referring the matter to another agency. Nothing in this Program shall affect the authority of any public agency to take action to protect the health and safety of the community.

## CONTRACT TERMINATION

The Lead Entity or the CHDO may terminate an Agreement for default for any of the following reasons:

- Failure to deliver the supplies and/or services
- Failure to perform work in a timely manner
- Violation of an Agreement clause, such as the prohibition against gratuities
- Violations of labor standards or other violations

If a project is terminated prior to completion or is otherwise not compliant with HOME-CHDO requirements, the CHDO must repay all HOME-CHDO funds.

The CHDO shall terminate an Agreement for convenience or default only by a 30-day written notice to the Lead Entity. The notice shall state the following:

- That the Agreement is being terminated for the convenience of the CHDO or that it is being terminated for default, under the Agreement clause authorizing the termination



- If terminated for default, the acts or omissions constituting the default, the Consortium's determination that failure to perform is not excusable, the CHDO's right to charge excess costs of re-procurement to the contractor, and the contractor's appeal rights shall be listed
- The effective date of termination
- Any special instructions
- Whether the Agreement is terminated in whole or in part
  - For partial termination, identify the specific items being terminated

## ELIGIBLE COSTS

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### HARD COSTS

Development hard costs are the actual cost of constructing or rehabilitating housing to meet applicable property standards. For both new construction and rehabilitation projects, eligible development costs include:

- Demolishing existing structures construction **must** start within 12 months.
- Acquiring vacant land however, construction **must** start within 12 months.
- Making utility connections including off-site connections from the property line to the adjacent street.
- Making utility connections or improvements to the project site, in accordance with the provisions of [24 CFR 92.206\(a\)\(3\) \(ii\)](#) and [\(iii\)](#).
- Making 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.
- Construction costs
- Building Materials

### SOFT COSTS

Related soft costs include *reasonable* and *necessary* costs incurred by the Consortium or the CHDO to complete the housing project. **These costs may not exceed 15% of the funding received by the CHDO.** Soft costs include:

- 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 twenty-four (24) months before the date that HOME-CHDO funds are committed to the project and if the Consortium expressly permits HOME-CHDO funds to be used to pay the costs in the written agreement.
- For both new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction.

## COST REIMBURSEMENT

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The CHDO may request funds only when a written agreement has been fully executed. The funds are available on a **reimbursement basis ONLY** for specific, allowable costs. The CHDO shall be



reimbursed for eligible project costs after the Lead Entity has reviewed and approved invoices, statements, other billings, and supportive documentation.

To access funds, the CHDO must submit the following documents:

- [Invoice and Disbursement Request Form](#)
- invoice
- Invoice from contractor(s) and/or subcontractor(s) (when applicable)
- Any source documentation

#### SOURCE DOCUMENTATION

All accounting records must be supported by source documentation. Supporting documentation is important to retain for all program expenditures. Documentation must specifically prove that expenditures charged to the grant are:

- Incurred only during the period of the Agreement between the Consortium and CHDO
- Were actually paid out (or properly accrued within 15 days of dispersal request for reimbursement)
- Allowable and reasonable
- Approved by a responsible official in your organization

Source documentation must explain the basis of the costs incurred. For example:

- With respect to staff time charged to the grant, you must have timesheets signed by the employee and supervisor that explicitly state the hours charged to the grant
- Utility costs should be supported by bills from the utility company
- This information must be available at all times to verify that costs charged are accurate

## QUARTERLY REPORTS

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The CHDO is required to submit a [Quarterly Report](#) for each address) and [Section 3 Labor Hours](#) within fifteen (15) calendar days of the end of each quarter during the fiscal year, as specified within the Agreement with the Consortium. The reports provide the status of the CHDO's progress towards achieving the goals stipulated in their application, any issues that have arisen during the reporting period, and use of funds. Additional reporting may be requested by the HOME Consortium.

	DATE	DUE BY
<a href="#">Quarter 1</a>	January 1 <sup>st</sup> – March 31 <sup>st</sup>	April 15 <sup>th</sup>
<a href="#">Quarter 2</a>	April 1 <sup>st</sup> – June 30 <sup>th</sup>	July 15 <sup>th</sup>
<a href="#">Quarter 3</a>	July 1 <sup>st</sup> – September 30 <sup>th</sup>	October 15 <sup>th</sup>
<a href="#">Quarter 4</a>	October 1 <sup>st</sup> – December 31 <sup>st</sup>	January 15 <sup>th</sup>



## PROCUREMENT

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The purpose of these standards is to ensure materials and services are obtained efficiently, economically, and in compliance with the provisions of applicable federal laws. Situations where local and federal purchasing standards do not match, the more stringent procurement procedures must be followed.

CHDO must follow applicable federal regulations, including:

- \$0 to \$3,000 - Micro-purchases may be awarded without soliciting competitive quotes.
- \$3,001 to \$150,000 – must obtain 3 written quotes
- \$150,001 and over – written specifications are necessary and require a sealed bidding process using a “Request for Proposal” or “Competitive Bid.” Competitive bidding must be advertised for at least 14 business days with opening on 15th day. CHDO must perform a price analysis, including amendments and change orders.
- [2 CFR 200.318](#) – General Procurement Standards
- [2 CFR 200.319](#) – Competition
- [2 CFR 200.320](#) – Methods of Procurement to be Followed

Sole Source Procurement (non-competitive process) is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is unsuccessful. Sole Source Procurement is appropriate only when the needed service or good is only available from a single source, or there is an emergency or public urgency that exists which will not permit the delay of competitive solicitation.

### BUILD AMERICAN BUY AMERICAN (BABA) ACT

BABA requires that all iron and steel (since 2022), construction materials (required in 2025), and manufactured products (required in 2025) purchased with funds from all CPD programs, including HOME-CHDO, are produced in America.

- Iron and Steel
- Construction Material
- Non-ferrous metals
- Lumber
- Plastic and polymer-based composite building materials, pipes, and tube
- All other Construction Material
- All other plastic and polymer-based composite building materials
- Glass
- Fiber optic cable
- Optical fiber
- Engineered wood
- Drywall
- Manufactured Products
- Materials or wood supplies that have been:
  - Processed into a specific form or shape, or
  - Combined with other materials, or supplies to create a product with different properties than the individual articles, materials, or supplies



## CONSTRUCTION (CONTRACTOR)

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SAM.GOV

Contractors and Subcontractors are required to have an active SAM.gov ID prior to a contract.

### SECTION 3

In accordance with [24 CFR Part 75](#) Section 3 focuses on labor hours and promotes sustained employment for low and very low-income workers.

- Section 3 Worker: a worker who currently fits or when hired within the past 5 years fits at least one of the categories:
  - Low or very-low-income worker (80% or below the area median INDIVIDUAL income based on where the worker resides); or
  - Is employed by a Section 3 Business Concern; or
  - Youth Build Participant
- Targeted Section 3 Worker: employed by a Section 3 Business Concern or when hired fits at least one of the categories within the past 5 years:
  - A worker living in the service area or neighborhood of the project (lives within a one-mile radius, if fewer than 5,000 or a circle that encompasses 5,000); or
  - Youth Build Participant
- Section 3 Business Concern
  - 51% or more controlled by low-or very low-income persons; or
  - 51% or more owned and controlled by current residents of public housing or Section 8-assisted housing; or
  - Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

To meet the quantitative benchmarks:

- 25% or more of all labor hours worked on a project must be Section 3 workers; and
- 5% or more of all labor hours worked on a project must be Targeted Section 3 workers

If the quantitative benchmark is not met examples of qualitative efforts include:

- Outreach efforts
- Efforts to provide technical assistance
- Job or workforce readiness training; and
- Coordination activities

To document eligibility:

- Worker's self-certification that their income is below the income limit from the prior calendar year
- Certification of residing in public housing or Section 8-assisted housing
- A Youth Build participant documentation
- Employer certification that the worker's income is below the income limit when based on an employer's calculation of that the worker's wage rate would be if annualized on a full-time basis
- Employer certification that a worker's residence is in the targeted area
- Businesses may self-certify they are Section 3 Business Concern



### Reporting Requirements:

- Section 3 labor hours
- Targeted Section 3 labor hours
- Total labor hours; and
- Nature of efforts to meet Section 3 requirements

The Section 3 hiring and contracting goals are not intended to be construed as a requirement to employ a Section 3 eligible person or business concern that does not meet the qualification of the position to be filled or the work to be performed. Bidding solicitations will include notifying local agencies/housing authorities of the bidding opportunity and requesting that they post the information or include in tenant periodicals, direct mailing of the bid opportunity, posting flyers or brochures at locations frequented by low- and moderate-income persons, and by posting a sign at construction job sites providing contact information for the project.

While no preferential treatment is given, Minority and Women Owned Business Enterprises are encouraged to participate and bid on federally funded projects through bid or procurement advertisements and direct mailings, with total cost to the project being the primary deciding factor on whether a Minority or Women Owned Business is placed under contract.

[See Section 3 Guide for additional guidance.](#)

### PREVAILING WAGE

The Contractor and every subcontractor on the project must pay the [Washington State prevailing wage rates](#). Current wage rates are to be included by reference in the bid document.

Contractors/subcontractors are required to file a Statement of Intent to Pay Prevailing Wages prior to starting construction and an Affidavit of Wages Paid at project completion with the Department of Labor.

The CHDO is responsible to monitor, compile the appropriate documentation and forward copies to the Lead Entity.

### CERTIFIED PAYROLL(CONSTRUCTION CONTRACTS OVER \$2,000.00)

For construction projects over \$2,000.00, the Copeland Act (40 U.S.C. § 3145) requires contractors and subcontractors to "furnish weekly a statement with respect to the wages paid each employee during the preceding week." accompanied by a signed "Statement of Compliance" indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. This information can be obtained by completing form [WH-347](#)

### BONDS

For construction contracts over \$150,000, or any sealed bid construction contract, three types of bonds or guarantees are normally required: a bid guarantee, a performance bond, and a payment bond.

A bid guarantee or bid bond is submitted by bidders with their bids and assures that, if awarded the contract, the bidder will accept and perform the contract, not attempt to withdraw or otherwise



disavow the contract and will execute such contractual documents as may be required within the time specified. A bid guarantee must equal no less than 5 percent of the bid price. If the low bidder fails to produce acceptable assurances of completion, the CHDO shall consider the bid guarantee forfeited and notify the surety company. The amount to be recovered should equal at least the difference between the defaulted bid and the next higher acceptable bid, or the amount by which the bid accepted by re-soliciting exceeds the defaulted bid. The defaulting bid should not be rejected until after recovery.

The Bond shall be in amounts at least equal to the Contract Price and with such Sureties named in the current list of "Surety Companies Acceptable of Federal Bonds" as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department. The performance bond shall be held for one year from the date of completion. If the surety on any Bonds furnished is adjudged, bankrupt, or becomes insolvent or its right to do business is terminated, the CHDO shall, within 5 days thereafter, substitute another Bond which shall be acceptable to the Consortium.

#### PAYMENTS TO CONTRACTORS (RETAINAGE)

The amount of retainage that can be withheld is generally capped at 5%. However, if the contract is for \$150,000 or less, retainage may be withheld at a higher rate of 10% instead of requiring the contractor to post a bond.

Intent and Affidavits regarding Prevailing Wages and Certified Payroll must be received prior to the release of any retainage under this contract. A bond in lieu of the retainage will not be accepted. Once documentation is received, the CHDO should release the retained funds within 60 days. Or, if the retainage withheld is 10% (in lieu of a bond), then retainage should be released within 30 days of completion.

#### PROGRESS PAYMENTS

The CHDO may agree to authorize "Progress Payments" upon written request from the Contractor as provided herein as follows:

- A. Progress payments shall not exceed 95 percent of the value of work satisfactorily completed.
- B. The value of the work satisfactorily completed is based on the Contract prices of labor and materials incorporated in the work as estimated by the Contractor and approved in writing by the CHDO. Approval of the payments will be withheld if, in the opinion of the Building Inspector, the Contractor has not performed in accordance with the provisions of the contract and/or the percentage of the work completed does not comply with the respective progress payment requested.
- C. Before issuance of progress payment, the Contractor must submit mechanics lien waivers and evidence satisfactory to the Lead Entity or CHDO that all payrolls, material bills, and any indebtedness connected with the work completed has been paid. When requesting each draw, the General Contractor is required to furnish a release of the right to place on a lien on the property. Before receiving the Final payment, Release of Lien is also required of all subcontractors who have been employed by the General Contractor for an amount equal to or greater than \$500.00. Final payment to the General Contractor will be withheld until such time as all Releases of Lien have been received by the owner.
- D. Final payment shall be due within 30 days after completion of the work provided the work is



fully completed, approved, and the contract fully performed. Upon receipt of written notice that the work is ready for a final building inspection, and performance accepted by the CHDO, and after final inspection, the Lead Entity or other Consortium member shall promptly issue a final certificate stating that the work provided for in the contract has been completed and is accepted by him and the City Building Inspector under the terms and conditions thereof, and that the entire balance found to be due the Contractor and noted in said final certificate, is due and payable.

- E. If at any time there shall be evidence of any lien or claim for which, if established, the CHDO might become liable, and which is chargeable to the Contractor, the CHDO shall have the right to retain out of any payment then due, or thereafter to become due, an amount sufficient to completely indemnify them against such claim. After all payments are made, the Contractor shall refund to the CHDO all money that the latter may be compelled to pay in discharging any default.
- F. Final payment will not be made until all materials, debris and contractor owned equipment have been removed from the premises.

## INSPECTIONS / MONITORING

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### MONITORING GOALS

The goal of monitoring is to review:

- If services are being delivered in accordance with Agreement requirements.
- Records to determine if systems are in place to properly document compliance with all Agreement requirements
- Determine if expenditures of allocated funds are being used in accordance with the Agreement and programmatic requirements
- Records to determine if systems are in place to properly document financial transactions, the use of allocated funds, the use of program income, and any other Agreement, Federal, State, or local requirements. In some cases, it may be necessary to perform a follow up monitoring visit or conduct monitoring more frequently than once per year

**Substandard performance, as determined by the Consortium, will constitute noncompliance with this Agreement.** If action to correct such substandard performance is not taken by the CHDO within a reasonable period of time after being notified by the Consortium, Agreement suspension or termination procedures will be initiated.

### PROGRAM MONITORING PROCESS

Consortium staff will contact the CHDO to schedule monitoring visits. The CHDO will be informed which records will be initially reviewed. These records should be ready for review upon arrival in a working space set up for the Lead Entity and should be in an understandable format. Alternatively, the Lead Entity may conduct a desk-top review and may require the CHDO to submit documents to the Lead Entity's office. During these visits the Lead Entity will:

- Meet staff responsible for preparing reimbursement requests, payroll, and maintaining accounting records



- Review records selected for monitoring and discuss record keeping methods with the staff that maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records to be reviewed by the Lead Entity may include, but are not limited to:
  - Invoices and purchase orders
  - Bank reconciliation
  - Time and attendance reports (time sheets or timecards)
  - Payroll register
  - Cash receipts journal
  - Check disbursement journal or check register
  - Bank statements, canceled checks, and/or direct deposit verification
  - General ledgers
  - Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions

The Consortium will monitor the performance of the CHDO against the goals and benchmarks described in their HOME-CHDO application and approved budget.

CHDO must agree to provide all requested documentation to the Lead Entity within five (5) business days to maintain compliance with the HOME-CHDO Program and related laws, rules, regulations, and policies.

Any deficiencies noted in audit reports must be fully cleared by the CHDO within thirty (30) days after receipt by the CHDO. Failure of the CHDO to comply with the above audit requirements will constitute a violation of this agreement and may result in the withholding of future payments.

#### CONSTRUCTION MONITORING

The construction phase will be inspected according to the following schedule in accordance with § [92.504\(d\)](#). Inspectors must be granted access to the project, as requested, within reasonable work hours. Significant findings must be corrected prior to funding progress payments.

<b>Progress Inspections</b> (Construction Phase)	<b>Final Inspection</b> (Post Construction)	<b>Conducted By</b>
Monthly during the construction phase		<b>Consortium Staff</b>
	<p>A post construction inspection will be conducted to ensure that the project meets all project requirements.</p> <p>This inspection will occur before final payment will be made.</p>	<b>Consortium Qualified, Trained, Certified Inspector</b>



## CORRECTIVE AND REMEDIAL ACTIONS

Timely corrective action must be taken to remedy any deficiencies within the project. If there are observed deficiencies for any of the inspectable items in the property standards established by the Consortium, a follow-up on-site inspection to verify that deficiencies are corrected must occur. The Consortium may accept third party documentation (e.g., paid invoice for work order) as proof that non-hazardous deficiencies have been corrected.

Health and safety deficiencies must be corrected immediately, in accordance with [24 CFR 92.251](#). The Consortium will adopt a more frequent inspection schedule for properties that have been found to have health and safety deficiencies.

## POST-CONSTRUCTION INSPECTION

An inspection will be conducted once construction is complete to identify any items that need to be completed before project closeout to bring the project into compliance with the property standards listed in [24 CFR 92.251](#). The CHDO will create a punch list of any tasks that need to be accomplished, make all needed corrections, and submit the completed punch list to the Consortium with notes on the corrective action(s) taken to remedy the flagged items.

Once all punch list items have been corrected and the completed punch list has been submitted to the Consortium, a final inspection will be scheduled. If any additional findings are made at this inspection, the CHDO will be responsible for creating a new punch list, completing the items, and scheduling a follow-up inspection with the Consortium. This process will continue until all punch list items have been corrected and no additional findings have been made.

**Final payment will not be made until all punch list items have been corrected, inspected by the Consortium, and certified complete.**

## MONITORING REPORTS AND APPEALS

Within thirty (30) days after the completion of the monitoring visit or desk-top review, a written report of the results will be forwarded to the CHDO

The monitoring report contains:

- A detailed list of areas reviewed
- A detailed list of findings, if any
- A recommendation will accompany each finding explaining how the deficiency can be corrected
- A detailed list of concerns, if any
- Depending on the nature of the concern, a recommendation may be included on how to eliminate the concern
- Observations, if any, made regarding the CHDO's operation
- If findings are severe, the letter accompanying the report may place a hold on further reimbursements until the findings are cleared or may require the suspension of the activity until satisfactory corrective actions are made and approved by the Lead Entity



## RESPONSE TO MONITORING REPORT

Within thirty (30) days after receipt of the monitoring report, the CHDO must submit a written response to the monitoring report. The response should include:

- A response to each individual finding and concern, if applicable
- Copies of any documentation to back up the response to the findings (copies of corrected employee monthly time reports, etc.)

Upon receipt of the CHDO's response to the monitoring report, a review of the response will be conducted to determine if the findings have been satisfied. A written response to the CHDO's response will be sent, to include the following:

- Those findings which have been satisfied will be noted as closed; if all findings are closed, the CHDO's monitoring is considered to be complete
- Findings which are not satisfied will remain open and will require further response or action on the CHDO's part
- The CHDO will be given an adequate period of time to take any further action needed to correct the findings and respond in writing
  - If these actions are satisfactory, the findings are noted as closed and the monitoring is considered to be complete
  - If these actions are not satisfactory, further correspondence is required until such time as all findings are closed, and the monitoring is concluded
  - The close of the Agreement does not necessarily close the monitoring or the corrective actions required

Correspondence will continue until all findings are closed.

## APPEALS

In the event the CHDO and the Lead Entity cannot come to an agreement on one or more findings of the Consortium's monitoring visit, an appeal may be made in writing to the Development Services Manager. The appeal should state clearly the finding being appealed, and the basis for the appeal. HUD does not accept appeals of decisions by the Consortium regarding monitoring issues.

## SELLING PROCESS

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A homebuyer unit must have a ratified sales contract within **nine months** of construction completion or be converted to a rental unit. Eligible buyers must be at 80% or below the Area Median Income for the Kennewick, Richland Metropolitan Statistical Area.

***The CHDO MUST REPAY ALL HOME-CHDO FUNDS that have been invested in units that are not sold to eligible households or converted to a rental unit within twelve (12) months of project completion.***

The sale must include private financing documented by recorded deeds of trust, promissory notes, and other contractual loan agreements. Long-term rental is required for CHDO's opting to participate in the rental program. Eligible CHDO's must be able to demonstrate experience in lease



to purchase conversion, single-family acquisition, property valuation, asset management, marketing and sales, and management of scattered site single-family rental units (as applicable). The units should include options, designs, and/or plans to adapt for the disabled population.

The initial purchase price of homeownership units assisted with HOME funds must not exceed 95 percent of the area median purchase price for single-family housing. **This is also referred to as the HOME Maximum Purchase Price.** Please refer to the latest release from HUD located at the following link for maximum values. <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>.

#### AFFIRMATIVE MARKETING

ALL HOME-CHDO funded programs and projects must be affirmatively marketed to attract eligible persons without regard to race, color, national origin, sex, religion, familial status, or disability. Affirmative marketing procedures must include requirements detailed in [24 CFR Part 92, 92.351<sup>i</sup>](#). A detailed affirmative marketing plan must be submitted to the Lead Entity at the start of a project.

The Consortium is committed to providing equal access and opportunity to all persons. The three cities will not discriminate and will require that all contractors, subcontractors, recipients, Subrecipients, owners, landlords, and vendors not discriminate against any person on the basis of race, color, national origin, gender, sex, religion, disability, or familial status. See *Attachment I: Affirmative Marketing Plan* for more information.

Actions to provide information and attract eligible persons in the community that otherwise would not be aware of these projects or funding opportunities may include displaying advertisements in Spanish and English in local newspapers; hosting neighborhood meetings; direct mailing to social service agencies or businesses that employ or are frequented by lower income persons; providing information to housing authorities, advertising in periodical newsletters or utility bill inserts; distributing flyers or brochures at community events to businesses that have ties to the agricultural community; providing community service announcements on television, radio networks, and City reader-boards for special events / activities; and maintaining contacts with community agencies and people who have agreed to act as interpreters and mentors for non-English speaking residents.

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## FEDERAL REQUIREMENTS

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#### DAVIS BACON

Projects that contain 12 or more units may have additional Davis Bacon requirements.

#### CODE OF CONDUCT

The CHDO shall maintain written Standards of Conduct governing the performance of the employees engaged in the award and administration of Agreements.

No member of the CHDO shall participate in the selection, award, or administration of an Agreement supported by Federal funds if a real or apparent conflict of interest would be involved. An example of such a conflict is if the employee, officer, or agent, any immediate family, his / her



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partner, or an organization which employs or is about to employ any of the parties indicated above has a financial or other interest in the firm selected for an award.

The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to Agreements with the CHDO. The CHDO may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the CHDO/

## VAWA

CHDO must comply with the Violence Against Women Act (VAWA) requirements set forth in [24 CFR 92.359](#).

## CODE OF ETHICS

A CHDO's oversight body is expected to demonstrate a commitment to integrity and ethical values. The CHDO must have a written Code of Ethics reflecting this commitment for members of their Board of Directors.

## CONFLICT OF INTEREST

The general rule<sup>i</sup> is that no employee, board member, officer, agent, consultant, or staff member of the CHDO receiving funds under a HOME-CHDO Program may have during their tenure or for one year thereafter:

- Responsibilities with respect to the HOME-CHDO activities
- Participate in decision-making processes
- Have access to inside information with regard to the activities that could result in a personal or financial interest or benefit from a HOME-CHDO-assisted activity

Agencies must maintain a written Code of Conduct that governs the purchase of materials, product, supplies, and services, as well as the awarding and administering of Subrecipient Agreements. Personnel involved in the procurement process must be trained to recognize situations that create a conflict of interest or the appearance of a conflict of interest. The CHDO personnel should:

- Be familiar with the Code of Ethics, Code of Conduct, and potential conflict of interest issues
- Not take gifts or gratuities from persons or organizations associated with the procurement process
- Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies

Additional guidance regarding Conflict of Interest is found at [2 CFR 200.112](#), [2 CFR 200.317](#), and [2 CFR 200.318](#). Procurement must comply with the conflict-of-interest provisions in the HOME-CHDO regulation outlined in 24 CFR 92.356.



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## LOBBYING AND HATCH ACT

The CHDO is prohibited from using any HOME-CHDO funds to any person for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. The CHDO must also ensure that no funds provided, nor personnel employed with HOME-CHDO funds shall be in any way or to any extent engaged in the conduct of political activities in violation of chapter 15 of Title V, U.S. Code.

## UNIFORM RELOCATION ASSISTANCE (URA) i

The Uniform Act, passed by Congress in 1970 set forth at [49 CFR Part 24](#), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

The Consortium prioritizes projects that will not cause displacement of individuals or businesses. If a project is selected that results in temporary or permanent displacement, the CHDO will follow the guidance as authorized under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Section 104(d) of the Housing and Community Development Act of 1974 at a minimum.

The Consortium will minimize, to the greatest extent possible, permanent displacement that might result from the use of HOME-CHDO funds. The Consortium reserves the right to reject an activity or require that a CHDO provide non-federal financial relocation assistance to persons or organizations affected by the activity if the activity causes permanent displacement.

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# HOME Rental Program Compliance Manual for Owners and Managers



**City of Richland**  
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## Introduction

Properties developed using HOME Investment Partnerships Program (HOME) funds are subject to specific rules designed to ensure that they remain affordable to low and very low-income households throughout the required Period of Affordability (POA). This manual is designed to assist owners and their agents to plan and maintain compliance with the HOME regulatory requirements associated with HOME assisted rental properties.

The City of Richland, Lead for the Tri-Cities HOME Consortium, “the Consortium” (aka “Participating Jurisdiction”(PJ)), will monitor the continuing compliance of HOME assisted rental units in accordance with Department of Housing and Urban Development (HUD) regulations contained in 24 CFR Part 92. Throughout the POA, applicable HOME property standards must be met, units must be affordable to low and very low-income persons and rents must remain compliant. Any violation of the requirements of the HOME program could result in acceleration of the repayment of funds received under the HOME program.

Successful operation of a HOME assisted property is management intensive; the owner is responsible for ensuring that the property is properly administered. Thorough understanding of HOME requirements and compliance monitoring procedures requires training of owners and managers. Owner should ensure that it knows and understands the requirements of the HOME financing and the compliance requirements as failure to comply may have serious consequences. The Consortium recommends owners, management agents and site managers receive compliance training before certifying or leasing any HOME units. At a minimum, training should cover key compliance terms, determination of rents, tenant eligibility, file documentation, procedures for maintaining the required unit mix and reporting. Record retention requirements, property condition standards and in some cases, ongoing lead-based paint maintenance and student status are other areas that require an understanding of HOME regulations. Continuing education each year, or at a minimum every other year, is strongly recommended in order to keep up with regulatory and procedural changes to the HOME program.

The Consortium’s obligation to monitor for compliance with the requirements of the HOME Program does not make The Consortium liable for an owner's noncompliance.

This manual should be used in conjunction with, and as a supplement to 24 CFR Part 92. If The Consortium or HUD determines that any provision of this manual conflicts with 24 CFR Part 92, 24 CFR Part 92 will govern. This manual may be superseded without notice by changes in income determinations under Part 5 of the Section 8 program and technical revisions in the HOME Program.

For more information, visit the [HOME page on HUD Exchange](#).



## Chapter 1 – Compliance Overview

The following is a brief summary of the requirements of the HOME program. It is not intended to be detailed or comprehensive.

### 1.01 Period of Affordability

HOME assisted units are rent and income controlled for varying lengths of time depending on the average amount of HOME funds invested per HOME assisted unit. Rent limits and income targeting requirements must be maintained during the POA. Owners will be required to keep the property in compliance with HOME requirements for the minimum number of years specified below.

Rental Housing Activity	Average HOME assistance per HOME unit	Minimum Years
Rehabilitation or acquisition and rehabilitation of existing housing per unit amount of HOME funds:	Under \$15,000 per unit	5
	\$15,000 to \$40,000 per unit	10
	Over \$40,000 per unit involving refinancing	15
New construction or acquisition of newly constructed housing	Any amount	20

Owners should refer to the property's enforcement agreements (Declaration of Covenants, Conditions and Restrictions, Regulatory Agreement, etc.) to determine the specific terms and conditions that govern the property.

### 1.02 Student Eligibility Requirements

Properties where HOME funds were committed on or after August 23, 2013, have additional eligibility requirements for students. The HOME program adopted the Section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612 and excludes any individual that:

1. Is enrolled in a higher education institution; and
2. Is under the age of 24; and
3. Is not a veteran of the US Military; and
4. Is not married\*; and
5. Does not have a dependent child(ren); and
6. Is not a person with disabilities; and
7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income.

\* Effective August 1, 2013, same-sex marriages are recognized as marriages for student eligibility purposes.



### **1.03 HOME Program Rent Limits**

Every HOME assisted unit is subject to maximum allowable rents based on bedroom size for the area in which the property is located. These maximum rents are referred to as HOME Rents. There are two HOME Rents established for properties: High HOME rent and Low HOME Rent. These limits represent the maximum that owners can charge for rent, including an allowance for tenant paid utilities, rent assistance (if any) as well as other non-optional charges, e.g. required renter's insurance.

When HOME units are layered with Section 8 Project Based Assistance, the rent limit for the unit may exceed the HOME rent limit provided the unit is identified as a Low HOME unit, the household in the unit qualifies as a very low-income household ( $\leq 50\%$ ) and pays no more than 30% of its monthly adjusted income for rent. If these conditions are not met, the gross rent for the unit cannot exceed the applicable HOME rent limit.

**HOME Program Rent Limits** are published by HUD on an annual basis. The Consortium issues a memo to owners and managers and posts the new rent limits on its website when they are released. In the event rent limits decrease for an area, or utility allowances increase, an owner may be required to reduce the rent charged but will not be required to lower rents below those in effect at the time of project commitment.

### **1.04 Income Targeting and Rent Requirements**

#### **Properties with 5 or more HOME assisted units.**

Initial occupancy at project completion:

- At least 90% of all households assisted through the PJ's rental or TBRA program must have annual gross incomes at or below 60% of the area median income (AMI) with gross rents at or below the applicable High HOME rent limit.
- At least 20% of the HOME assisted units must be initially occupied by families with annual gross incomes at or below 50% of the area median income with gross rents at or below the applicable Low HOME rent limit, unless a greater percentage is specified in the enforcement agreement.
- The remainder of the HOME assisted rental units must be initially occupied by families with annual gross incomes at or below 80% of the area median income with gross rents at or below the applicable High HOME rent limit.

Subsequent to initial occupancy:

- At least 20% of the HOME assisted units, or the minimum number required as stated in the enforcement agreements, must continue to be occupied by families with annual gross incomes at or below 50% of area median income with rents at or below the Low HOME rent limit. The remaining HOME assisted units must be occupied by families with annual gross incomes at or below 80% of the area median income with rents at or below the High HOME rent.



### Properties with 1 to 4 HOME assisted units.

Initial occupancy at project completion:

- All HOME assisted units must be initially occupied by families with annual gross incomes at or below 60% of the area median income with rents at or below the High HOME rent.

Subsequent to initial occupancy:

- All HOME assisted units must be occupied by families with gross annual incomes at or below 80% of area median income, with rents at or below the High HOME rent.

The following chart illustrates the income targeting requirements by number of HOME assisted units:

No. of HOME Units	Unit Designation	Income Requirements at Initial Certification	Income Requirements After Initial Certification	Rent Requirements
1 – 4	High HOME	60% AMI	80% AMI	High HOME Rent
5 +	High HOME	90% of HOME units occupied by HHs $\leq$ 60% AMI	80% of HOME units occupied by HHs $\leq$ 80% AMI	High HOME Rent
	Low HOME	At least 20% of HOME units occupied by HHs $\leq$ 50% AMI	At least 20% of HOME units occupied by HHs $\leq$ 50% AMI	Low HOME Rent

\* HOME Program income and rent limits by county and MSA (metropolitan statistical area) and family size are published annually by HUD. When HUD publishes the new limits. The Consortium issues a memo to owners and managers with new amounts and their effective date.



## 1.05 Rental Assistance

**Properties Receiving Project Based Rental Assistance.** If a HOME unit receives federal or state project based rental assistance (PBA) and the unit is occupied by a very low income (at or below 50%) household who pays as a contribution towards rent not more than 30% of its monthly adjusted gross income, the gross rent for that unit may exceed the HOME rent limit.

**Units with Tenant Based Section 8 Housing Choice Vouchers.** Rents for units with Section 8 vouchers, or similar state or federal tenant based rental assistance (TBRA) tied to a household and not a unit **cannot** exceed the applicable High or Low HOME rent limit for the unit. Rents charged must be comparable to units not receiving rent assistance. For example, if the owner charges less than the maximum HOME rent for non-voucher holders, it cannot charge a higher rent to voucher holders. Households receiving rental assistance, including Section 8 subsidy, must not be refused tenancy in a HOME unit based solely on the fact that they receive rental assistance.

## 1.06 Allowable Fees and Charges

Owners may not charge fees that are not customarily charged in rental housing (e.g., laundry room access fees). However, fees considered reasonable, and customary may be charged, such as application fees, parking fees if such fees are customary for rental housing in the neighborhood, and fees for services such as bus transportation or meals, as long as the services are voluntary, and fees are charged only for services provided. An eligible tenant cannot be charged a fee for the work involved in completing the additional forms or documentation required for HOME eligibility, such as the Tenant Income Certification. Mandatory fees must be included when determining the unit's gross rent.

## 1.07 Fixed or Floating HOME Units

HOME units may be "fixed" or "floating" and are designated on a property-by-property basis. Effective with the 2013 Rule Change, the enforcement agreements **must** contain fixed or floating unit designations.

**Fixed Units.** HOME designated units are identified by unit number and never change. Units in properties where all units are HOME assisted are automatically considered fixed.

If units throughout a project are not comparable (as defined by the Participating Jurisdiction) or are located in several scattered sites, the HOME unit designation **must** be fixed.

**Floating Units.** HOME designated units may change over time as long as the total number of HOME units in the property remains constant and the original mix of unit sizes is maintained. If a property's enforcement agreement does not specify floating units, then the units that were initially HOME qualified upon project completion will be used to determine comparable floating units.

See Chapter 2, Maintaining the Unit Mix, for more information.



## **1.08 Rent Increases**

As long as rents remain below the maximum allowable HOME limit (**Fair Market Rent**) an owner may impose a rent increase as allowed by the enforcement agreement no earlier than one year from the date the project was completed and no more frequently than annually thereafter. If an owner wishes to increase rents, the request must be within reasonable limits to cover increases in expenses such as real estate taxes or operating expenses.

The owner must submit a written request to The Consortium, including an updated utility cost analysis of tenant paid utilities. The Consortium will review the rent increase request to determine if proposed rents are within the applicable HOME rent limits and approve or disapprove.

If the owner increases rents as provided above, tenants must be given a written notice in accordance with lease provisions before implementation.

If rents are increased without the approval of the PJ, the owner may be required to reduce the rents and make restitution to affected tenants.

## **1.09 Utility Allowances**

The HOME statute and the regulations at 24 CFR Part 92 establish rent limits for HOME assisted rental units. These are gross limits that include contract rent plus utilities or a Utility Allowance (UA) for tenant paid utilities. PJs are required to establish maximum monthly allowances for utilities and services (excluding telephone and cable) and to update the allowances annually. The HOME Rule requires PJs to use the HUD Utility Schedule Model (HUSM) or otherwise determine the utility allowance for the project based on the type of utilities used at the project.

The utility allowance requirement at §92.252(d) in the HOME Rule is applicable to all rental projects to which HOME funds were committed on or after August 23, 2013. Unfortunately, when the HOME Rule was published in 2013, the HUSM contained errors and compliance with the regulatory UA requirement was not possible while the model was producing inaccurate utility allowances. In November 2015, HUD released an updated version of the HUSM, which corrected the errors and helped to ensure proper sequencing of consumption estimates across bedroom sizes and/or structure types. PJs must instruct owners of these projects to comply with the UA requirements at lease renewal, or as soon as is practicable.

Under the 2013 HOME Rule, PJs are no longer permitted to use the utility allowance established by the local Public Housing Authority (PHA) for HOME assisted rental projects for which HOME funds were committed on or after August 23, 2013. Projects to which HOME funds were committed before the effective date of the 2013 HOME Rule may continue to use the PHA utility schedule. The methods used by PHAs to establish these utility schedules vary across the country and, therefore, may generate inconsistent or inaccurate allowances. In addition, PHA utility schedules are based on average consumption rates across a PHA's portfolio. Application of these standardized utility allowances may result in undercharging or overcharging of rent,



particularly in projects where tenants pay utilities directly. As more projects are constructed or rehabilitated to higher energy efficiency standards, thus enhancing affordability of units, the use of a standard utility allowance may not represent actual utility costs.

The option established in the HOME regulations to “otherwise determine the utility allowance for the project based on the type of utilities used at the project” means that, if PJs choose not to use the HUSM, the UA must be established using a project specific methodology. A project specific methodology is based on actual utility usage at the property or estimates an allowance based on project specific factors such as size, orientation, building materials, mechanical systems, and construction quality, as well as local climate conditions.

Changes in utility allowances must be implemented within 90 days. If an increase in the utility allowance causes the gross HOME rent to exceed the applicable HOME rent limit, the unit rent must be adjusted (lowered) to bring the gross rent of the unit into compliance with the HOME rent limits.

### **Responsibility for UA Determination**

The HOME Rule requires the PJ to establish a UA for a HOME assisted unit. However, a PJ may require property owners to complete initial UA calculations and submit their calculations for review and approval of the PJ prior to implementation. The staff cost of determining UAs can be charged as an administrative cost under 24 CFR 92.207(a). In addition, the staff cost of determining the initial UA, prior to project completion, can be charged as a project related soft cost for projects to which HOME funds were committed on or after August 23, 2013, under 24 CFR 92.206(d).

A property owner(s) must either:

- Choose from any of the acceptable methods outlined below to prepare (or employ a qualified third-party professional to prepare) and submit a UA determination for the PJ’s review and approval; or
- Accept a UA approved by another funder (state tax credit allocator, federal agency, etc.) provided the UA is calculated using a method acceptable under the HOME Program. In such cases, the PJ is ultimately responsible for ensuring that the UA meets HOME requirements.

### **Acceptable Methods for Calculating UAs**

The following five methodologies used in other Federal housing programs will meet the HOME regulatory requirement that the utility allowance for a specific project be based on the utilities used at the project. A PJ may adopt one or more of these options across its HOME rental program or may limit their use to a single method. However, a PJ must use the same UA methodology for all HOME units within a single project. HUD encourages PJs to align with other funders, to the extent feasible, when determining the UA for a project with multiple funding sources. The acceptable methods include, but are not limited to:



- 1. HUD Utility Schedule Model:** The HUSM enables users to calculate utility schedules by housing type after entering utility rate information (tariffs). This model is based on climate and survey information from the U. S. Energy Information Administration of the Department of Energy, and it incorporates energy efficiency and Energy Star data. This model is allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(4)(D). The HUSM and use instructions can be accessed on HUD User at <https://www.huduser.gov/portal/resources/utilallowance.html>. The HUSM is available as either a spreadsheet model in MS EXCEL or a web-based model on HUD User at <https://www.huduser.gov/portal/datasets/husm/uam.html>. A recording of HUD's web based training on the use of the HUSM is available on the HUD Resource Exchange as an additional resource for PJs.
- 2. Multifamily Housing Utility Analysis:** In 2015, HUD published [Multifamily Notice H-2015-4](#) to provide instructions to owners and management agents for completing the required utility analysis. This analysis is also used for the USDA Rural Housing Service program and allowed for LIHTC projects per IRS regulations at 26 CFR 1.42-10(b)(3).
- 3. Utility Company Estimate (26 CFR 1.42-10(b)(4)(B)):** A PJ may establish or approve a UA based on estimates obtained from a local utility company for each of the utilities used in the project. IRS regulations state that the estimate must be obtained in writing and must be based on the estimated cost of that utility for a unit of comparable size and construction for the geographic area in which the building containing the unit is located.
- 4. LIHTC Agency Estimate (26 CFR 1.42-10(b)(4)(C)):** Under IRS regulations, the tax credit allocating agency estimate entails two options: 1) an agency estimate that is a prospective projection of utility costs based on site and building characteristics, and 2) an actual usage methodology. If a project is receiving both HOME and LIHTC funding, a PJ may coordinate with the LIHTC agency to obtain a project specific agency estimate or may accept a UA approved by the LIHTC agency based on its actual usage methodology.
- 5. Energy Consumption Model (Engineer Model) (26 CFR 1.42-10(b)(4)(E)):** A PJ may establish or approve a UA based on an energy and water and sewage consumption and analysis model (energy consumption model) prepared by a properly licensed engineer or a qualified professional. IRS regulations require that such professionals be independent from the property owner, and they specify the building factors that must be included in the model.

If the property is regulated by HUD, a HUD approved utility allowance may be used. Generally, housing authorities update their utility allowances annually. It is the owner's responsibility to obtain an annual updated utility allowance and retain in the property records. The Consortium will review utility allowances as part of its inspection process.



### **1.10 Record Retention**

Owners must retain project records for a minimum of six (6) years beyond the property's required POA. Tenant records, including income verifications, development rents, and unit inspections must be retained for the most recent six-year period, until six years after the POA ends.

Owners must maintain applicant and tenant information in a way to ensure confidentiality. Any applicant or tenant affected by negligent disclosure or improper use of information may bring a civil action for damages against the owner and/or manager and seek other relief, as appropriate. Owners must dispose of records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

### **1.11 Leases**

Each lease must include the legal name(s) of the parties to the agreement and all other occupants, a description of the unit to be rented (address), the term of the lease, the rental amount, the use of the premises, and the rights and obligations of each party. The lease shall also inform the tenant that fraudulent statements and information are grounds for eviction and that the tenant could become subject to penalties available under federal law.

Initial HOME leases must be for 12 months unless another term is mutually agreed to by owner/management and tenant. If tenant has agreed to a shorter term, that agreement should be in writing and kept in the tenant's file. At no time can a lease term be for less than 30 days.

HOME leases must contain language that the owner/manager reserves the right to adjust tenant rents in accordance with the HOME rent limits and in the event a tenant's income increases above the low income or very low-income limits for the unit type (High or Low HOME) the tenant occupies.

The lease must also contain a provision that the owner/management retains the right to recertify the tenant's income and household composition on an annual basis. The tenant's failure to cooperate with the annual recertification constitutes a violation of the lease.

HOME leases must not contain any of the prohibited lease terms identified in the HOME regulations at [§92.253](#) and must also comply with the Violence Against Women Act (VAWA) requirements prescribed in [§92.359](#)

If the lease used for the HOME unit does not contain any of the required provisions and/or contains any of the prohibited provisions, a HOME Lease Addendum must be signed by the tenant and kept in the tenant's file. If a new lease is executed, a new HOME Lease Addendum must also be executed.



### **1.12 Income Certification**

The owner must verify and certify tenant income eligibility\* at move in and recertify at least annually thereafter. At initial move in, or when first being determined eligible for a HOME unit and every sixth year of the affordability period (not tenancy), household composition, income and income from assets must be verified via third party verification or other forms of supporting documentation and kept in the tenant's file. In other years, tenants must, at a minimum, self-certify to their anticipated income (including income from assets), family size, and composition. Tenant files will be reviewed as part of The Consortium's inspection process.

**\* Properties with HOME funds committed on or after August 23, 2013, must also certify student eligibility.**

### **1.13 Increases in Income**

The owner must ensure that correct procedure is followed to increase the rent for any household whose income increases above the HOME income eligibility guidelines (see Chapter 2, Maintaining the Unit Mix, for more information on how to respond to increases in income for both fixed and floating units). The unit must be marketed to eligible tenants when vacated.

For units assisted with both HOME and Low-Income Housing Tax Credits (LIHTC), a tenant is not considered over income until income exceeds the applicable 140% LIHTC limit. When a tenant's income exceeds the LIHTC limit, the tenant's rent is adjusted to the lower of 30% of its monthly adjusted income or the LIHTC limit.

### **1.14 Property Standards**

During the POA, on-site inspections of HOME-assisted rental housing will be performed to determine compliance with the property standards of [§ 92.251](#) and to verify the information submitted by the owners in accordance with the requirements of [§ 92.252](#). The inspections must be in accordance with the inspection procedures that the PJ establishes to meet the inspection requirements of [§ 92.251](#).

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and paint dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, owners must disclose the presence of known lead-based paint and/or lead based paint hazards in the dwelling. Tenants must receive a federally approved pamphlet on lead poisoning prevention titled [Protect Your Family from Lead in Your Home](#) and must sign a receipt acknowledging that the pamphlet was provided. The signed receipt must be kept in the tenant's file.



### **1.15 Affirmative Marketing**

Owners must adhere to Equal Opportunity, Affirmative Marketing, and Fair Housing practices in all marketing efforts, eligibility determinations and other transactions. The Equal Housing Opportunity logo or statement (*We do business in accordance with the Federal Fair Housing Law. It is illegal to discriminate against any person because of race, color, religion, sex, disability, familial status, or national origin.*) must be used in all advertising of vacant units.

[Download the Logo.](#)

In addition to the federal protections mentioned above, the Washington State Law Against Discrimination (WLAD) gives additional housing protections for marital status, sexual orientation / gender identity, and veteran / military status.

Owners of rental properties that contain five or more HOME assisted units, regardless of the specific activity the HOME funds financed (acquisition, rehabilitation, and/or new construction) must develop and adopt affirmative marketing procedures. Owners must solicit applications for vacant units from persons in the housing market least likely to apply without special outreach efforts. These procedures must be in writing and consist of actions that provide information and otherwise attract eligible persons to available housing without regard to race, color, national origin, sex, religion, familial status (persons with children under 18 years of age, including pregnant women), or disability. The affirmative marketing requirements also apply to properties targeted to persons with special needs.

A file must be maintained with all marketing efforts related to the property including newspaper ads, social service contacts, photos of signs posted, etc. Records will be reviewed during on site monitoring to ensure that all efforts are in compliance with federal requirements and are being adequately documented.

### **1.16 Community Housing Development Organizations (CHDOs)**

HOME program requirements are the same for CHDO projects as for other HOME projects. In addition, CHDOs must ensure that they continue to meet all pertinent guidelines specific to CHDOs. Properties that are owned, developed, or sponsored by CHDOs must have a tenant participation plan to ensure that tenants are involved in the management and decision making with respect to the property. CHDO properties must also have fair lease and grievance procedures.

The Consortium provides on-going compliance monitoring for CHDO rental projects.



### **1.17 Fair Lease and Grievance Procedures**

Fair lease and grievance procedures should be objective. They should clearly state:

- To whom a tenant should direct a complaint;
- Who will investigate and/or respond to the complaint; and
- By when the tenant should expect to receive a response.



## Chapter 2 – Maintaining the Unit Mix

Maintaining the required number of HOME assisted units, as well as High HOME units and Low HOME units, for properties with five or more HOME assisted units, is called complying with the **unit mix requirements**. At no time will non-HOME assisted units be subject to HOME rent and income requirements when HOME units are fixed.

When an owner/manager recertifies a household's income, it may be found that the tenant's income has increased. A household is considered "**over income**" in the HOME Program when:

- The household occupies a High HOME or Low HOME unit, and the household income increases over the current low income (80% AMI) limit for that family size; **or**
- The household occupies a Low HOME Unit, and the household's income increases above the current very low income (50% AMI) limit, but does not increase above the low income (80% AMI) limit; **or**
- In HOME assisted units that are also LIHTC units, a household is considered "over income" when its income goes over 140% of the qualifying tax credit election (50% or 60%) for that unit.

When a household is over income, the unit that the household occupies is considered **temporarily out of compliance** with HOME's occupancy and unit mix requirements. Temporary noncompliance due to an increase in an existing household's income is permissible as long as the owner takes specific steps to restore the correct occupancy and unit mix in the property as soon as possible. When the household's income exceeds the low-income limit (80% or 140% if also LIHTC), its rent must also be adjusted.

### 2.01 Fixed HOME Units

Fixed HOME units remain designated as HOME-assisted units for the entire POA regardless of if the unit becomes vacant or when an existing tenant becomes over-income. However, the designation of units as High HOME and Low HOME may need to change over time.

When an owner conducts the annual income recertification and finds that a household is over income, the steps that it takes to restore compliance depend on whether the over income household occupies a High HOME unit or a Low HOME unit. If the household occupies a Low HOME unit, the steps also depend on whether or not the tenant is low income.

1. **If the over income household occupies a High HOME unit**, the property is temporarily out of compliance until the unit is vacated and can be rented to another low-income household. The owner must raise the rent as soon as the lease permits, in accordance with the terms of the lease. The rent must be adjusted such that the household pays the lesser of:
  - The rent amount payable under state or local law; or
  - 30% of the tenant's monthly adjusted household income; or



- If the unit is also a LIHTC unit, the rent must be at or below the amount allowed by the LIHTC program.

The owner/manager cannot terminate the lease based on the household's increased income.

2. If the household occupies a Low HOME unit and its income increases **over the very low-income limit (50%), but not over the low-income limit (80%)**, the property is temporarily out of compliance until either: (1) a High HOME unit can be redesignated as a Low HOME unit, or (2) the unit is vacated and can be rented to another very low income tenant household.

The unit occupied by the over 50% household retains its designation and rent as a Low HOME until another unit can be redesignated as Low HOME. Once a new Low HOME unit has been designated, the Low HOME unit that is occupied by the over 50% household must be redesignated as a High HOME unit. At this time, the owner can increase the tenant's rent up to the High HOME Rent, subject to terms of the lease.

If more than 20% (or the minimum required as stated in the enforcement agreements) of the HOME units in the property qualify as and are identified as Low HOME, the owner can redesignate the noncompliant Low HOME unit as a High HOME unit and can increase the unit's rent up to the High HOME rent limit. No further action is required as long as the minimum number of Low HOME units is maintained.

3. **If the household occupies a Low HOME Unit and its income increases above the low-income limit (80%)**, the property is temporarily out of compliance until the over income tenant moves out and another income eligible tenant household moves in.

The owner must adjust the over income household's rent as soon as the lease permits. The over income tenant must pay the lesser of:

- The rent amount payable under state or local law; or
- 30% of the tenant's monthly adjusted household income; or
- If the unit is a LIHTC unit, the rent must be at or below the amount allowed by the LIHTC program.

The owner/manager cannot terminate the lease based on the household's income.

If a High HOME unit becomes available, regardless of bedroom size, it must be redesignated as a Low HOME unit. This unit must be rented to a very low-income tenant, at no more than the Low HOME Rent. Then, the unit that is occupied by the over income tenant must be redesignated as a High HOME unit. Even though the unit is redesignated a High HOME unit, the tenant is over the low-income limit, so the property continues to be temporarily out of compliance.



**If two or more HOME assisted units are occupied by over income households in the property** and both a Low HOME unit and High HOME unit are needed to restore unit mix compliance, the owner should restore compliance with the Low HOME unit first.

## **2.02 Floating HOME Units**

Properties with **floating HOME assisted units** do not have specific units that are designated for the duration of the affordability period. Instead, the total number of HOME assisted and non-assisted units that are designated at the time of project commitment must stay the same throughout the POA. In addition, the number of units within bedroom sizes should remain constant. The specific units that carry the HOME assisted designations may change, or float, among *comparable* assisted and non-assisted units during this time. In a property with floating HOME units, unit mix is maintained by changing the unit designations when the next comparable unit becomes available. For example, if a property has an over income tenant in a HOME assisted unit, when the next non-assisted comparable unit becomes available, it is designated as HOME assisted and rented to an income eligible tenant. The owner also has the option to look at existing tenants in non-assisted units, and if they find an eligible one, modify the rent and designate that as a HOME unit. The unit occupied by the over income tenant is redesignated as a non-assisted unit.

When redesignating units in a property with floating HOME units, owners/managers can choose to substitute a unit that is equal or “greater” than the original HOME unit, but generally they cannot substitute one that is “lesser”. A lesser unit can be substituted only when doing so preserves the original unit mix. A greater unit is one that might be considered more preferable because of larger size or additional bedrooms. The goal is to maintain the same number and type of HOME units as were originally designated. Therefore, if an owner makes a substitution that is “greater,” it can later substitute an available unit that is “lesser” in order to restore the original unit mix.

- 1. If an over income household occupies a floating High HOME unit.** The owner/manager must adjust the rent of the over income household so that it pays 30% of its monthly adjusted income as rent, capped at the market rent for a comparable unit. The rent adjustment must be made as soon as the lease permits, and in accordance with the terms of the lease. Note, unlike the rule for properties with fixed HOME units, in a property with floating HOME units a household is not required to pay more than the market rent for a comparable, unassisted unit in the neighborhood.

The next vacant, comparable, non-assisted unit must be designated as a High HOME unit. A comparable unit is one that is equal or greater in terms of size or number of bedrooms. The owner may not replace the unit with one that is lesser, unless doing so preserves the original unit mix. The newly designated High HOME unit must be rented to a household whose income does not exceed the low-income limit, at a rent that does not exceed the High HOME Rent.



Once a comparable non-assisted unit is designated as the new High HOME unit, the unit with the over income household is redesignated as a non-assisted unit. At this point, the owner/manager may adjust the household's rent without regard to the HOME rent requirements (although requirements from other funding sources may still apply). Rent increases are subject to the terms of the lease.

- 2. If a tenant is low income, but is not very low income, and occupies a floating Low HOME unit.** The unit occupied by the over 50% household keeps its designation as a Low HOME unit until a comparable unit can be substituted. The rent of the over 50% household must not exceed the Low HOME rent limit while the unit is a Low HOME unit.

When the next High HOME unit in the property is vacated, it must be redesignated as a Low HOME unit and rented to a household whose income does not exceed the very low-income limit, at a rent that does not exceed the Low HOME rent limit.

Once the new Low HOME unit is designated, the unit with the over 50% (but under 80%) household is redesignated as a High HOME unit. The household's rent may be adjusted to no more than the High HOME rent limit, subject to the terms of the lease.

- 3. If household's income is above the low-income limit and it occupies a Low HOME unit.** The next vacant, comparable, non-assisted unit must be designated as a Low HOME unit and rented to a household whose income does not exceed the very low-income limit at a rent that does not exceed the Low HOME rent limit.

Until a comparable Low HOME unit is designated, the unit that is occupied by the over income household is considered a Low HOME unit that is temporarily out of compliance.

The rent of the over income household in the original Low HOME unit must be adjusted as soon as the lease permits, and in accordance with the terms of the lease.

- Until a comparable Low HOME unit is substituted, the over income tenant must pay 30% of the household's monthly adjusted income as rent.
- After a comparable Low HOME unit is substituted, the unit with the over income household is redesignated a non-assisted unit. The owner/manager may adjust the household's rent without regard to the HOME restrictions. Rent increases are subject to the terms of the lease.

Note, a household in a floating HOME unit whose income exceeds the low-income limit is not required to pay more than the market rent for a comparable, unassisted unit in the neighborhood.



If there is more than one over income tenant in the property and both a Low HOME unit and High HOME unit are needed to restore unit mix compliance, the owner should restore compliance with the Low HOME unit first.



## Chapter 3 – General Occupancy Guidelines

### 3.01 Qualification of Applicants

Applicants for HOME units shall be advised early in their initial visit to the property that there are maximum income limits that apply to these units. They shall also be made aware that the anticipated income\* of all persons expecting to occupy the unit must be verified and included on a Tenant Income Certification form prior to occupancy, and that household income\* will be reviewed annually. It shall also be explained that if the household income goes above the income limits, they may continue to reside in the unit; but with proper notice, the rent will be equal to the lesser of 30% of the household's monthly **adjusted** income, up to the maximum LIHTC rent if the unit is also a LIHTC unit, or the rent amount payable under state or local law. If the unit is floating, the new rent cannot exceed market rent for a comparable unassisted unit.

Households whose income exceeds the 80% AMI limit must not be permitted to move to any other HOME unit.

\* Student status for properties where HOME funds were committed on or after August 23, 2013. The HOME program has adopted the section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612, which exclude any student that:

1. Is enrolled in a higher education institution.
2. Is under the age of 24.
3. Is not a veteran of the US Military.
4. Is not married\*\*.
5. Does not have a dependent child(ren).
6. Is not a person with disabilities.
7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income.

**\*\*Effective August 23, 2013, same-sex marriages are recognized as marriages for student eligibility purposes.**

If an individual is enrolled as a student at an institution of higher education, is under the age of 24, is not a veteran, is not married, is not a person with disabilities, and does not have a dependent child, in order to be eligible for a HOME unit, the student must be individually income eligible **and** the student's parents (the parents individually or jointly) must be income eligible unless the student can demonstrate his or her independence from parents.



To determine a student's independence from his or her parents, the owner should consider **all** of the following:

1. The individual must be of legal contract age under state law; and
2. The individual must have established a household separate from parents or legal guardians for at least one year prior to application for occupancy, **or** the individual must meet the U.S. Department of Education's definition of an independent student; and
3. The individual must not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations; and
4. The individual must obtain a certification of the amount of financial assistance that will be provided by parents, signed by the individual/s providing the support. This certification is required even if no assistance will be provided.

To document a student's independence from parents:

1. Review and verify previous address information to determine evidence of a separate household, or verify the student meets the U.S. Department of Education's definition of "independent student;" and
2. Review prior year income tax returns to verify if a parent or guardian has claimed the student as a dependent (except if the student meets the Department of Education's definition of "independent student"); and
3. Verify income provided by a parent by requiring a written certification from the individual providing the support. Certification is also required if the parent/s is providing no support to the student. Financial assistance that is provided by persons not living in the unit is part of annual income.

Verification of student eligibility must be maintained in the tenant file along with the income certification.

### **3.02 Eligibility Determination**

A fully completed Household Questionnaire is critical to an accurate determination of eligibility. The information furnished on the application should be used as a tool to determine all sources of anticipated income and assets.\*

After the household completes the Household Questionnaire, the owner must have all income and assets verified by obtaining source documentation (award letter, W-2's, check stubs, bank statements, investment records) or by a third party (public agency, employer, or bank). The application, income and asset verifications, and lease are to be executed prior to move in. All occupants in a HOME assisted unit must be certified and have a valid lease on file. All household members age 18 and over must sign.

**\* And student status for properties where HOME funds were committed on or after August 23, 2013.**



### **3.03 Change in Household Composition**

If a household in a HOME unit later wishes to have an additional person move into the unit, the following steps must be taken:

1. The prospective tenant must complete a Household Questionnaire and allow for verification of income and assets as required of the initial tenant; and
2. The prospective tenant's income must be added to the current household's most recent certification or re-certification and a determination made as to whether the new household is still within the HOME income guidelines. If the new household income exceeds the guidelines, then once the current lease expires and proper notice is given, the household must pay the lesser of 30% of its adjusted monthly income for rent up to the maximum LIHTC rent if the unit is also a LIHTC unit, or the rent amount payable under state or local law. If the unit is floating, the new rent cannot exceed market rent for a comparable unassisted unit.
3. For properties with HOME commitments on or after August 23, 2013, the prospective tenant cannot be an ineligible student as described in Chapter 3, Section 3.01, above.

The tenant file shall be documented when any household member vacates the unit.

### **3.04 Minimum Lease Requirements**

Tenant leases, including a signed and dated HOME lease addendum, must be on file and must specify a term of at least one year, unless by mutual consent the owner and the tenant agree to a lesser term. Leases must not contain any of the prohibited lease terms as stated in Section 92.253 of the Final HOME rule. Any non-renewal or termination of leases must be in accordance with the lease and/or HOME lease addendum.

The owner/agent must comply with HOME requirements on evictions as well as state law regarding eviction procedures. There must be a written notice that gives a household 30 days to vacate its unit, regardless of whether household has violated the law or lease terms.

Under the HOME Program, tenancy may be terminated only for:

- Serious or repeated violation of the terms and conditions of the lease.
- Violation of applicable federal, state, or local law.
- Completion of the tenancy period for transitional housing.
- Other good cause.

The Violence Against Women Reauthorization Act of 2013 (VAWA 2013) was extended to include properties financed with HOME funds. Owners must comply with the lease requirements found in Section 601 of VAWA 2013. The Consortium highly encourages owners to use the VAWA Lease Addendum, form HUD-91067 or its successor VAWA Lease Addendum form. In general, owners may not construe an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking as a serious or repeated violation of a lease term by the victim, or threatened



victim, as good cause for terminating tenancy. However, in accordance with VAWA 2013, owners may bifurcate a lease to terminate the tenancy of an individual who is a tenant or lawful occupant and engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against another lawful occupant living in the unit or other affiliated individual as defined in the VAWA 2013.

Owner/agent should include a copy of HUD form 50066\* or its successor form with each tenancy termination or eviction notice to allow an individual to certify that he or she is a victim of domestic violence, dating violence, sexual assault, or stalking. The form is to be completed and submitted to owner/agent within 14 business days or an agreed upon extension date, in order for the individual to receive protection under the VAWA.

\*Section 8 and other HUD Multifamily properties must continue to use the 91066, or its successor form.

### **3.05 House Rules**

Developing a set of house rules is a good practice. The decision about whether to develop house rules for a property rest solely with the owner, and The Consortium's or HUD's review or approval is not required. If house rules are listed in the lease as an attachment, then they must be attached to the lease. By identifying allowable and prohibited activities in housing units and common areas, owners provide a structure for treating tenants equitably and for making sure that tenants treat each other with consideration. House rules are also beneficial in keeping properties safe and clean and making them more appealing and livable for the tenants. They are also extremely beneficial if it becomes necessary to evict a tenant for inappropriate behavior. For more information on House Rules, refer to Chapter 6-9 of the HUD 4350.3 REV 1, Change 4 Handbook.

### **3.06 Number of Persons Per Unit**

There is no federal regulation governing the number of persons allowed to occupy a unit based on size. There may be local ordinances regarding unit occupancy. It is important, though, to be consistent when accepting or rejecting applications. It is recommended that the owner determine the minimum and maximum number of people that will be allowed to occupy each size unit and put that formula in writing as part of the **Tenant Selection Plan**. The owner may refer to the HUD Handbook 4350.3 REV 1, Change 4, Chapter 3-23, regarding occupancy standards. By following the standards described, owners can ensure that applicants and tenants are housed in appropriately sized units in a fair and consistent manner as prescribed by law.

### **3.07 Tenant Selection Plan**

Owners must develop a formal written policy that clearly states the procedures and criteria the owner will consistently apply in drawing applicants from the waiting list, screening for suitability for tenancy, and implementing income targeting requirements. The Tenant Selection Plan must state whether or not there is an elderly restriction in the admission of tenants, citing supporting documentation to ensure nondiscrimination in the selection of tenants.



programs regardless of Sexual Orientation or Gender Identity. Owners may not inquire about the sexual orientation or gender identity of an applicant or occupant of HUD assisted housing for the purpose of determining eligibility or continued occupancy. This prohibition on inquiries regarding sexual orientation or gender identity does not prohibit any individual from voluntarily self-identifying sexual orientation or gender identity. This prohibition on inquiries does not prohibit lawful inquiries of an applicant or occupant's sex where the housing provided or to be provided is temporary, emergency shelter that involves the sharing of sleeping areas or bathrooms.

In accordance with the Violence Against Women Reauthorization Act of 2013, the selection criteria cannot deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking. Owners should provide to each applicant/tenant HUD form 50066\* or its successor form to allow the applicant/tenant to provide information regarding his or her status as a victim of domestic violence, dating violence or stalking.

Owners may refer to the HUD Handbook 4350.3 REV 1, Change 4, Chapter 4, on developing a tenant selection plan. The Consortium will review the Tenant Selection Plan as part of its inspection procedure.

\*Section 8 and other HUD Multifamily properties must continue to use the 91066, or its successor form.

### **3.08 Income Verification**

At initial occupancy, owner/agent must determine whether prospective tenants of HOME units qualify as low-income households\*. Income eligibility is based on anticipated income as defined at 24 CFR 5.609. When collecting income verification documentation, owner/agents must consider any likely changes in income. Owners/agents must follow appropriate steps in determining whether households are eligible prior to admittance.

An Income and Asset Calculation Worksheet form can be used to assist in showing the individual calculations of income and asset income. This is ***highly recommended*** and will greatly assist an inspector during a file review. HUD's calculator can be found here:

<https://www.hudexchange.info/incomecalculator/>

\*This includes student eligibility for properties where HOME funds were committed on or after August 23, 2013.

### **3.9 Gross Annual Household Income**

Gross annual income for households living in HOME units shall be determined using Part 5 annual income.

Note that the information below only provides a summary. The [Technical Guide for Determining Income and Allowances for the HOME Program](#) can be found on HUD's website. Income



determination must follow Part 5

The determination of annual income must include all types of income in the amount **anticipated** to be received by the household in the 12 months following certification/recertification. Owners/agents should use current circumstances to project income, unless verification forms or other verifiable documentation indicate that a change will occur. However, if the owner is unable to determine annual income using current information because the family reports little to no income, or because income fluctuates, the owner may average past actual income received or earned within the last 12 months before the certification date to calculate annual income.

### **3.10 Factors that Affect Household Size**

When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

- Children temporarily absent due to placement in a foster home;
- Children in joint custody arrangements who are present in the household 50% or more of the time;
- Children who are away at school but who live with the family during school recesses;
- Unborn children of pregnant women. When a pregnant woman is an applicant, the unborn child is included in the size of the household and may be included for purposes of determining the maximum allowable income. The rental application should ask the following question: "Will there be any changes in household composition within the next 12-month period?" If an applicant answers that a child is expected, the manager should explain to the tenant that in order to count the child as an additional household member and use the corresponding income limit, a self-certification of pregnancy must be provided.
- Children who are in the process of being adopted;
- Temporarily absent family members who are still considered family members. For example, the owner may consider a family member who is working in another state on assignment to be temporarily absent. Persons on active military duty are considered temporarily absent (except if the person is not the head, co-head or spouse or has no dependents living in the unit). If the person on active military duty is the head, co-head, or spouse, or if the spouse or dependents of the person on active military duty resides in the unit, that person's income must be counted in full;



- Family members in the hospital or rehabilitation facility for periods of limited or fixed duration. These persons are temporarily absent as defined above;
- Persons permanently confined to a hospital or nursing home. The family decides if such persons are included when determining family size for income limits. If such persons are included, they must be listed on the Tenant Income Certification as “other adult family member.” If the family chooses to include the permanently confined person as a member of the household, the owner must include income received by these persons in calculating family income.

When determining family size for establishing income eligibility, the owner must include all persons living in the unit except the following:

- *A live-in aide/attendant is a person who resides with one or more elderly persons, near-elderly persons, or persons with disabilities, and who:*
  - Is determined to be essential to the care and well-being of the person(s);
  - Is not obligated for the support of the person(s); and
  - Would not be living in the unit except to provide the necessary supportive services.

While a relative may be considered to be a live-in aide/attendant, they must meet the above requirements, especially the last. The live-in aide qualifies for occupancy only as long as the individual needing supportive services requires the aide’s services and remains a tenant, and may not qualify for continued occupancy as a remaining family member. Owners must obtain verification from the person’s physician, psychiatrist or other medical practitioner or health care provider that the live-in aide is needed to provide the necessary supportive services essential to the care and well-being of the person and should not add the attendant to the lease. The Owner may not require applicants or tenants to provide access to confidential medical records or to submit to a physical examination.

Some households may include persons who are not considered as family members for the purposes of determining household size and income eligibility, including:

- Foster children
- Foster adults
- Live-in aides
- Children of live-in aides

These persons should not be counted as household members when determining household size, and their income, if any, is not included when calculating annual income.



### 3.11 Whose Income is Counted

1. *Adults.* Count the annual income of the head, spouse or co-head, and other adult members of the family. In addition, persons under the age of 18 who have entered into a lease under state law are treated as adults, and their annual income must also be counted. These persons will be either the head, spouse, or co-head of household.

**NOTE:** If a minor is residing with a family as a member other than the head, spouse, or co-head, the individual would be considered a dependent and his or her income handled in accordance with subparagraph 2 below.

2. *Dependents.* A dependent is a family member who is under 18 years of age, is disabled, or is a fulltime student. The head of the family, spouse, co-head, foster child, or live-in aide are never dependents. Some income received on behalf of family dependents or foster children is counted and some is not.
  - a. *Earned* income of minors (family members under 18) is not counted.
  - b. Benefits or other *unearned* income of minors is counted.
  - c. *Earned* income of a foster child who is not yet 18 years old is not counted.
  - d. When more than one family shares custody of a child and both families live in assisted housing, only one family at a time can claim the dependent. The family that counts the dependent also counts the unearned income of the child. The other family claims neither the dependent nor the unearned income of the child.
  - e. When full time students who are 18 years of age or older are dependents, a small amount of their earned income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of the family or spouse or co-head. If the income is less than \$480 annually, count all the income. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.
  - f. The income of full-time students 18 years of age or older who are members of the household but away at school is counted the same as the income for other full-time students. The income of minors who are members of the household but away at school is counted as the income for other minors.
  - g. All income of a full-time student, 18 years of age or older, is counted if that person is the head of the family, spouse, or co-head.
  - h. Payments received by the family for the care of foster children or of foster adults are *not* counted. This rule applies only to payments made through the official foster care relationships with local welfare agencies.
  - i. Adoption assistance payments in excess of \$480 are not counted.



### **3.12 Income of Temporarily Absent Family Members**

1. Owners must count all income of family members approved to reside in the unit, even if some members are temporarily absent.
2. If the owner determines that an absent person is no longer a family member, the individual must be removed from the lease and Tenant Income Certification.
3. A temporarily absent individual on active military duty must be removed from the family, and his or her income must not be counted unless that person is the head of the family, spouse, or co-head.
  - a. However, if the spouse or a dependent of the person on active military duty resides in the unit, that person's income must be counted in full, even if the military member is not the head, or spouse of the head of the family.
  - b. The income of the head, spouse, or co-head will be counted even if that person is temporarily absent for active military duty.

### **3.13 Annual Income Includes**

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. The net income from 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.
3. 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 2 above. 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 (currently 0.06%).
4. The 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 (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See Income Exclusions for an exception to this paragraph.



5. Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph 3 under Income Exclusions.
6. Welfare Assistance.
  - a. Welfare assistance received by the family.
  - b. 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:
    - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
    - ii. 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.
7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts actually received from organizations or from persons not residing in the dwelling.
8. All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided under Income Exclusions.

### **3.14 Income Exclusions**

1. Income from employment of children (including foster children) under the age of 18 years.
2. 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).
3. 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 5 under Income Inclusions.
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide, as defined in 24 CFR 5.403.
6. The full amount of student financial assistance paid directly to the student or to the educational institution.
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm).



8. Amounts received:

- i. under training program funded by HUD (e.g., training received under Section 3).
  - ii. 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. by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
  - iv. 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 owner, on a part time basis, which enhances the quality of life in the property. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time.
  - v. as 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 a resident management staff person. 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.
9. Temporary, nonrecurring, or sporadic income (including gifts).
10. 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. Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era.
11. Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse).
12. Adoption assistance payments in excess of \$480 per adopted child.
13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
14. 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.
15. 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.



16. 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* and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion (updated 5/12/2014, and published in the Federal Register, Vol. 79, No. 97 on 5/20/2014):
- a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 {7 U.S.C. 2017(b)}.
  - b. Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions) {42 U.S.C. 5044(f)(1), 5058}.
  - c. Certain payments received under the Alaska Native Claims Settlement Act {43 U.S.C. 1626(c)} received from a Native Corporation.
  - d. Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)).
  - e. Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e).
  - f. Payments or allowances made under the Department of Health and Human Services' Low Income Home Energy Assistance Program (42 U.S.C. 8624(f)).
  - g. Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540 section 6).
  - h. The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Gaming Commission or the U.S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission.
  - i. Amounts of scholarships funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070), including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income



to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-115, section 327) (as amended).

- j. Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056g) (Green Thumb, Senior Aides, Older American Community Service Employment Program).
- k. Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund (pub. L. 101-201) or any other fund established pursuant to the settlement in the In Re “Agent Orange” liability litigation. M.D.L. No. 381 (E.D.N.Y.); Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 25 U.S.C. 1728).
- l. The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q).
- m. Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32 (l)).
- n. Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433).
- o. Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 [42 U.S.C. 12637(d)].
- p. Any allowance paid under the provisions of 38 U.S.C. 1933 (c), to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05), children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1811-16), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821).
- q. Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602).
- r. Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2)).
- s. Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C. 1760(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC).



- t. Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 [25 U.S.C. 1774f(b)].
  - u. Payments from any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts as provided by an amendment to the definition of annual income in the U.S. Housing Act of 1937 (42 U.S.C. 1437 a(b)(4)).
  - v. Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269, 25 U.S.C. 4103(9)) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101, et seq.) and administered by the Office of Native American Programs.
  - w. A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled *Elouise Cobell et al. v. Ken Salazar et al.*, United States District Court, District of Columbia, as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291).
  - x. Any amounts in an “individual development account” as provided by the assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4)).
  - y. Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 “Exclusion from Income of Payments under Recent Tribal Trust Settlements” (25 U.S.C. 117b(a)).
  - z. Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. 93-288, as amended) and comparable disaster assistance provided by States, local governments, and disaster assistance organizations (42 U.S.C. 5155(d)).
17. During the annual income recertification of a family residing in HOME assisted unit, exclude from annual income certain increases in the income of a disabled family member. These exclusions apply to annual income increases resulting from the following:
- a. Employment of a family member who is a person with disabilities and who was previously unemployed for one or more years prior to employment.
  - b. Increased earnings by a family member who is a person with disabilities during participation in any economic self-sufficiency or other job training program.

New employment or increased earnings of a family member who is a person with disabilities, during or within six months after receiving assistance, benefits or services under any state program for families funded under Part A of Title IV of the Social Security Act, as determined by the responsible entity in consultation with the local agencies administering temporary assistance for needy families (TANF) and Welfare-to-Work (WTW) programs. The TANF program is not limited to monthly income maintenance, but also



includes such benefits and services as one-time payments, wage subsidies and transportation assistance provided that the total amount over a six-month period is at least \$500.

c.



**NOTE:** These exclusions from annual income are of limited duration. The full amount of increase to a qualified family's annual income is excluded for the cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences an increase in annual income attributable to the employment. During the second 12-month period, 50% of any increase in income is excluded. The disallowance of increased income of an individual family member who is a person with disabilities is limited to a lifetime 48-month period.

### **3.15 Income from Assets**

Assets, other than necessary personal items, are considered along with verified income in determining the eligibility of a household. The Consortium recommends third party verifications, regardless of the amount, to verify all assets claimed by applicants/tenants at initial certification and in the sixth year of the affordability period.

The asset information (total value and income to be derived) should be obtained at the time of application or recertification. The applicant will affirm that this information is correct by executing the Tenant Income Certification.

The following information is based upon the HUD Section 8 Program. The owner must use the definition of "Net Family Assets" in 24 CFR 813.102, which provides definitions for the HUD Section 8 Program.

### **3.16 Net Family Assets include:**

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.
2. Revocable trusts. Include the cash value of any revocable trust available to the family. (Do not include irrevocable trusts, e.g., ones that no household or family member can control).
3. Balances held on electronic benefit cards and/or re-fillable debit cards are treated like savings accounts. Food portion on a benefit card is not counted.
4. Equity in rental property or other capital investments. Include the current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, brokerfees, etc.). **NOTE:** If the person's primary business is real estate, then count any income as business income. Do not count it both as an asset and business income.



5. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. Interest or dividends earned are counted as income from assets even when the earnings are reinvested. The value of stocks and other assets vary from one day to another. The value of the asset may go up or down the day before or after rent is calculated and multiple times during the year thereafter. The owner may assess the value of these assets at any time after the authorization for the release of information has been received.
6. Individual retirement, 401K, and Keogh accounts. These are included when the holder has access to the funds, even though a penalty may be assessed. If the individual is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count occasional withdrawals as income.)
7. Retirement and pension funds.
  - a. While the person is employed. Include only amounts the family can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs. Follow paragraph 5-7 G.4 of the HUD Handbook 4350.3 on determining the value of assets.
  - b. At retirement, termination of employment, or withdrawal. Periodic receipts from pension and retirement funds are counted as income. Lump sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below.
    - i. If benefits will be received in a lump sum, include the lump sum receipt in net family assets.
    - ii. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.
    - iii. If the individual initially receives a lump sum benefit, followed by periodic payments count the lump sum benefit as an asset and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset. **NOTE:** This paragraph assumes that the lump sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.
8. Cash value of life insurance policies available to the individual before death (e.g., the surrender value of a whole life policy or a universal life policy). It would not include a value for term insurance, which has no cash value to the individual before death.
9. Personal property held as an investment. Include gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.



10. Lump sum receipts or one-time receipts. These include inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.
11. A mortgage or deed of trust held by an applicant.
  - a. Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset.
  - b. This combined figure needs to be separated into the principal and interest portions of the payment. This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.
  - c. To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification.
  - d. To count the imputed income for this asset, determine the asset value as of the effective date of the certification. Since this amount will continually be reduced by the principal portion paid during the previous year, the owner will have to determine this amount at each annual recertification.
12. Assets disposed of within two years before effective date of certification/recertification:
  - a. If the cash value of the disposed assets exceeds the actual amount the family received by more than \$1,000, include the whole difference between the cash value and the amounts received. Do not include if the difference is less than \$1,000. **Example:** A couple gave \$2,000 to each of their three grandchildren and deeded a home to their son. The home had a cash value of \$40,000 and the son paid his parents \$12,000 for the home. \$34,000 (\$40,000 less \$12,000 plus \$2,000 x 3) is counted as an asset until such time as the household can certify on an Income Certification form that they did not dispose of any assets during the two years preceding the certification date. The \$12,000 paid by the son may also be counted as an asset, depending on what was done with the payment.
  - b. Do not consider assets disposed of for less than fair market value as a result of a foreclosure, bankruptcy, or a divorce or separation agreement.
  - c. Do consider:
    - i. Assets put into trusts.
    - ii. Business assets disposed of for less than fair market value. (Business assets are excluded from net family assets only while they are part of an active business.)

**Regulatory References.** *Readers should refer to the latest edition of the Code of Federal Regulations.* [24 CFR part 5.603](#) defines net family assets as follows: Net cash value after deducting reasonable costs that would be



incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and the equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded. In determining net family assets, owners shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or recertification, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

### **3.17 Net Family Assets Do Not Include:**

**IMPORTANT:** The owner does *not* compute income from any assets in this paragraph.

1. Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).
2. Interests in Indian trust land.
3. Term life insurance policies (i.e., where there is no cash value).
4. Equity in the cooperative unit in which the family lives.
5. Assets that are part of an active business. "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's or tenant's main occupation.
6. Assets that are NOT effectively owned by the applicant. Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not a member of the family, and (b) that other person is responsible for income taxes incurred on income generated by the assets. **NOTE:** Irrevocable trusts are not covered by this paragraph.
7. Assets that are not accessible to the applicant and provide no income to the applicant. Irrevocable trusts are not covered under this paragraph.

### **3.18 Instructions for Valuing Assets**

In computing assets, owners must use the cash value of the asset; that is, the amount the family or household would receive if the asset were converted to cash. Cash value is the market value of the asset minus reasonable costs that were or would be incurred in selling or converting the asset to cash. Expenses which may be deducted include:

- Penalties for withdrawing funds before maturity.
- Broker/legal fees assessed to sell or convert the asset to cash.
- Settlement costs for real estate transactions.



For non-liquid assets, enough information should be collected to determine the current cash value; the net amount the family would receive if the asset were converted to cash.

Owners must count assets disposed of for less than fair market value during the two years preceding certification or recertification. The amount counted as an asset is the difference between the cash value and the amount actually received, if the difference is more than \$1,000. If a tenant has sold his/her home (either a private residence or rental) or disposed of other assets within the past two years for less than fair market value, request:

- Copies of closing documents (HUD-1, settlement statement) showing the selling price, the distribution of the sales proceeds and the net amount to the tenant.
- Divestiture of Assets Verification identifying the disposed-of asset, the cash value and amount actually received.

If net family/household assets exceed \$5,000.00, the annual income must include the greater of:

- The actual income from assets or
- An imputed income from assets

Owners must determine estimated asset income by multiplying total net assets by the interest rate specified by HUD. Effective February 1, 2015, HUD decreased the rate to .06% (.0006). As interest rates may fluctuate, HUD may adjust the passbook savings rate at least annually to represent current national averages.

### 3.19 Assets Owned Jointly

Assets owned by more than one person should be prorated according to the percentage of ownership. If no percentage is specified or provided by state or local law, prorate the assets evenly among all owners.

### 3.20 Example of Calculating Income from Assets

Type of Asset	Cash Value of Asset	Actual Income Per Year
Checking Account	300	0
Savings Account	2,000	115
Certificates of Deposit	10,000	986
Rental Property	15,000	0
TOTALS	\$27,300	\$1,101

Since total assets exceed \$5,000, estimated (imputed) income must be calculated. Total Assets x .06%:  $\$27,300 \times .0006 = \$16.38$ . Annual income must include the \$1,101 actual income because it is greater than the estimated (imputed) income received on the assets.



### 3.21 Calculating Gross Annual Household Income

Owners must convert all verified incomes to annual amounts.

1. To annualize full time employment, multiply:
  - a. Hourly wages by 2,080 hours
  - b. Weekly wages by 52
  - c. Bi-weekly wages by 26
  - d. Semi-monthly wages by 24
  - e. Monthly wages by 12
2. To annualize income from other than full time employment, multiply:
  - a. Hourly wages by the number of hours the individual is expected to work per week by 52. If verification shows a range of hours, use the average number of hours (i.e., verification shows 30-35 hours per week, use 32.5 hours).
  - b. Average weekly amounts by the number of weeks the individual is expected to work.
  - c. Other periodic amounts (monthly, bi-weekly, etc.) by the number of periods the individual expects to work.

Use an annual wage without additional calculations. For example, if a teacher is paid \$25,000 a year, use \$25,000, whether the payment is made in 12 monthly installments, 9 installments or some other payment schedule.

**Seasonal or Sporadic Income.** If an eligible tenant indicates that income might not be received for the full 12 months (e.g., unemployment insurance), the owner should still determine an annual income as described below.

If an eligible tenant is in a seasonal line of work, for example, a job dependent on weather conditions such as roofing, and normally collects unemployment during the "off" months, both incomes are used for the appropriate number of months. For example, if an individual makes \$1,200 a month, typically works 9 months per year and collects unemployment in the amount of \$600 a month for the remaining 3 months, income is calculated as follows:

$$\begin{array}{rcl} \$1,200 \times 9 & = & \$10,800 \\ \$600 \times 3 & = & \underline{\$1,800} \\ & & \$12,600 = \text{Total Annualized Income} \end{array}$$

**Unemployed Applicants.** The income of unemployed applicants with regular income from any source, such as Social Security, Pension, recurring gifts, etc., must be verified as covered previously.



If an applicant is currently unemployed with no regular verifiable income from any source and claiming zero (0) income, he/she must execute a Certification of Zero Income. Note that the HUD Handbook requires non-monetary contributions (excluding groceries) to be counted as income.

Please note that annual income is not the same as adjusted income. Annual income generally corresponds to gross income, with no adjustments (deductions) for child-care, medical expenses, dependents, etc. See Section 3.25 of this chapter for information on when adjusted income may be used.

Total Income from all Sources = Annual Income

Earned/Unearned Income + Income from assets = Annual Income

Annual income has two components: Earned/Unearned income and Asset income.

Earned/Unearned income includes the following sources: gross wages and salaries including tips and overtime; gross income from social security or welfare; and payments in lieu of earnings (e.g., unemployment compensation, workers' compensation). There are certain mandated inclusions and exclusions which apply when determining earned/unearned income.

Asset income is the amount generated by savings accounts, real estate, and other investments. Assets are items of value, other than necessary personal items, and are considered along with verified income to determine the eligibility of a household.

Please refer to the HUD Handbook 4350.3 for a complete listing and discussion of earned/unearned income and asset income.

### **3.22 General Income Verification Requirements**

All income and asset sources must be disclosed on the eligibility application and verified. A good application must be used as the basis for determining what verifications will be necessary. The application, along with all supporting documentation and the Tenant Income Certification, will be reviewed by The Consortium staff during a tenant file review.

The following describes the types of third-party verification in order of acceptability:

1. Third party verification from source (written):

An original or authentic document generated by a third-party source that is dated within six months from the date of determination of eligibility by the owner. Such documentation may be in possession of the tenant (or applicant), and commonly referred to as tenant-provided documents. These documents are considered third party verification because they originated from a third-party source. Examples of tenant provided documentation that may be used include, but are not limited to pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices.



Owners must consider the following when using tenant-provided documentation:

- i. Is the document current? Documentation of public assistance may be inaccurate if it is not recent and does not show any changes in the family's benefits or work and training activities.
  - ii. Is the documentation complete? Owners may not accept pay stubs to document employment income unless the applicant or tenant provides at least 2 months of source documents to illustrate variations in hours worked. Actual paychecks or copies of paychecks should never be used to document income because deductions are not shown on the paycheck.
  - iii. Is the document an unaltered original? The greatest shortcoming of tenant-provided documents as a verification source is their susceptibility to undetectable change through the use of high-quality copying equipment. Documents with original signatures are the most reliable. Photocopied documents generally cannot be assumed to be reliable.
2. Written documentation sent directly to the third-party source by mail or electronically by fax, email, or internet.

Verification forms must contain a release authorization signed by the applicant/tenant. Do not use a blanket release authorization as this entitles the owner or manager to obtain information to which it is not entitled or needed for eligibility determination.

The Data Practices Act Disclosure Statement is not a verification release. Applicants should be asked to sign two copies of each verification form. The second copy may be used if the first request has not been returned in a timely manner.

Income verification requests must be sent directly to and from the source. They are never given to the tenant to obtain signatures. It is suggested that a self-addressed stamped envelope be included with a mailed request for verification. If the returned verifications do not contain complete information (typical examples include failure to indicate interest rates, dates of anticipated raises, amounts of anticipated raises, etc.), managers must follow up with the source to obtain complete information. All pertinent information must be documented in the file and must also include the name, phone number and title of the contact, the name of the person accepting the information, and the date.

3. Third party verification from source (verbal).

When clarifying information over the telephone, it is important to be certain that the person on the telephone is the party he or she claims to be. Generally, it is best to telephone the verification source rather than to accept verification from a source calling the property management office. Verbal verification must be documented in the file.



When verifying information by phone, the owner must record and include in the tenant's file the following information:

- a. Third party's name, position, and contact information;
- b. Information reported by the third party;
- c. Name of the person who conducted the telephone interview; and
- d. Date and time of the telephone call.

4. Family Certification.

An owner may accept a tenant's notarized statement or signed affidavit regarding the veracity of information submitted only if the information cannot be verified by another acceptable verification method. In these instances, the owner must document the file why third-party verification was not available. The owner may witness the tenant signature(s) in lieu of a notarized statement or affidavit.

The following describes use of electronic information when used as third-party verification.

Electronic Verification. The owner may obtain accurate third party written verification by facsimile, email, or Internet, if adequate effort is made to ensure that the sender is a valid third-party source.

- a. Facsimile. Information sent by fax is most reliable if the owner and the verification source agree to use this method in advance during a telephone conversation. The fax should include the company name and fax number of the verification source.
- b. Email. Similar to faxed information, information verified by email is more reliable when preceded by a telephone conversation and/or when the email address includes the name of an appropriate individual and firm.
- c. Internet. Information verified on the Internet is considered third party verification if the owner is able to view web-based information from a reputable source on the computer screen. Use of a printout from the Internet may also be adequate verification in many instances.

Steps used to obtain written verification as described in 1, 2 and 3 above must be documented to show just cause for using other types of verification. The owner must include the following documents in the tenant file:

1. A written note explaining why third-party verification is not possible.
2. A copy of the date stamped original request that was sent to the third party.
3. Written notes or documentation indicating follow up efforts to reach the third party to obtain verification.
4. A written note indicating the request has been outstanding without a response from the third party.



Note: If a tenant is employed by a business owned by the tenant's family or is employed by the property owner or the management company, a copy of a recent pay stub, verifying year-to-date earnings, is also required.

Upon receipt of all verifications, owners or managers must determine if the resident is qualified for participation in the HOME Program. All verifications should be reviewed, and calculations made, as necessary.

### **3.23 Corrections to Documents**

Sometimes it is necessary to make corrections or changes to documents. A document that has been altered with correction fluid or "white out" will not be accepted by The Consortium. When a change is needed on a document, the person making the correction must draw a line through the incorrect information, write or type the correct wording or number, and have all parties initial the change.

### **3.24 Effective Term of Verification**

Verifications of income are valid for six months prior to initial qualification for HOME for existing households, household move in date or recertification date.

### **3.25 Adjusted Gross Income for Over Income Households**

When determining eligibility to occupy a HOME unit, the household's gross income must always be considered. However, if a tenant goes over the income guidelines at recertification, the owner must raise the over income household's rent as soon as the lease permits in accordance with the terms of the lease (see Chapter 2 – Maintaining the Unit Mix). In certain circumstances, the rent for an over income household may need to be adjusted such that the tenant pays 30% of the tenant's monthly adjusted family income or 30% up to the market rent. The HOME Program does not permit interim rent adjustments.

To determine adjusted income, the following allowances must be given when applicable.

1. \$480 allowance for each dependent. A dependent may not be a head of household, co-head, spouse, foster child, foster adult, unborn child, a child who has not yet joined the family, or a live-in attendant. A dependent must be younger than 18, or a person with disabilities, or a full-time student of any age. It is not necessary for a member of the family to have legal custody of a dependent in order to receive the dependent deduction.
2. Allowance for childcare expense. This may not include child support payments or expenses for the care of a handicapped or disabled family member age 13 or older. Child care may only be deducted if the care enables a family member to attend school, work, or seek employment, there is no adult in the household capable of providing the care during these times, the amount deducted is reasonable, not paid to a family member living in the household, or is not reimbursed by any other person or agency.



3. Allowance for handicap assistance expenses. The allowance is the lesser of:
  - a. The amount of expenses that exceeds 3% of annual gross income, OR
  - b. The employment income adult members of the household earn because the handicap assistance is available.
4. Allowance for medical expenses. This allowance is permitted only for those households whose head or spouse is age 62 or older, handicapped, or disabled. If the household has no handicap assistance expenses, the allowance is limited to the total of medical expenses that exceed 3% of annual gross income. If the household also has handicap assistance expenses, the amount is limited to the amount by which the total of the two expenses exceeds 3% of gross income.
5. \$400 allowance per household if the head or spouse is age 62 or older, handicapped or disabled.

### **3.26 Annual Recertification**

All households occupying a HOME unit must be recertified at least annually from the date of occupancy. Annual recertifications must be effective on or before the occupancy anniversary date of the previous certification. Owners may align recertification dates with other program certifications or so that all units in the property are recertified at one time during the year. However, if a period of twelve (12) months passes without a recertification being completed for any HOME unit, the unit is considered out of compliance.

Income must be third party verified in every sixth year of the affordability period, **not** tenancy.

### **3.27 Tenant Files**

Owners must maintain a tenant file for each HOME unit. All permanent documents must be kept together so they are accessible at each compliance review (income certification and supporting documentation, HOME lease/Addendum, etc.). Annual recertification information, including the tenant questionnaires, release forms, verifications, and annual inspection reports must be grouped together by year, with the most recent year on top for review.

The tenant files must contain the following:

- Household Application.
- Acceptable verifications of income and assets.
- Verification of student eligibility for properties with HOME commitments on or after August 23, 2013.
- Tenant Income Certification (Initial Certification and Annual Recertifications).
- Signed lease agreement, HOME addendum and VAWA.
- Move in inspection report.



- Lead based paint acknowledgements (rental rehabilitation only; built pre-1978).

All move out files must also contain the following:

- Written 30-day (or greater) notice to vacate (if not available – document in file).
- Move out inspection report (both parties signed and dated).
- Security deposit refund (check number and date) or letter of intent to withhold security deposit within 14 days of move out.
- Itemized list of costs charged to tenant within 45 days.

Tenant records, including income verifications, development rents, utility allowances, and unit inspections must be retained for the most recent six-year period, until six years after the affordability period terminates.



## **Chapter 4 – Owner Reporting Requirements**

The owner must maintain a report of all tenants residing in each unit at the time of application through the end of the affordability period and submit annual reports to The Consortium in a form and manner requested by The Consortium.

Annual compliance reports are due to The Consortium by January 30<sup>th</sup> or as otherwise specified by The Consortium, of each year during the affordability period. If the 30<sup>th</sup> falls on a weekend or a holiday, reports are due the following business day. Reports and other required documents must be uploaded to the appropriate encrypted secure folder on an annual basis provided by the PJ.

### **4.01 Annual Owner Certifications**

Complete the Owner Certification to certify compliance with HOME Program requirements for the preceding calendar year. Owner Certifications must be printed, signed, and dated by the authorized Owner Representative, then scanned and uploaded to the appropriate encrypted secure folder on an annual basis provided by the PJ.

### **4.02 Compliance Reports**

The Consortium will annually monitor HOME Program compliance by reviewing annual owner certifications and analyzing compliance information submitted by the owner. Failure to submit the owner certification and/or update the report on **all** units and their related activity by the due date will constitute noncompliance with the HOME Program and the related loan documents.

### **4.03 Utility Allowance Source Document**

Owners must submit the utility allowance source documents applicable to the reporting period.



## **Chapter 5 – Compliance Inspections**

Based on the **total number of units in the property**, on-site inspections, both physical inspections and review of tenant files, will be conducted every 3 years for projects with 1-4 total units, every 2 years for projects with 5-25 total units and each year for projects with 26 or more total units. Properties to which HOME funds were committed on or after January 24, 2015, will be inspected at least once every three years during the affordability period, with the first inspection occurring the year following project completion. In addition, owners of these properties must annually certify that each building and all units are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinance and requirements. Inspections may be conducted more frequently if The Consortium determines it to be necessary based on concerns raised during a previous review or other information.

The compliance inspection includes, but is not limited to, an inspection of at least 20% of the HOME units and tenant files (with a minimum of four (4) units) as well as an inspection of the general physical condition of the property according to HUD's Uniform Physical Conditions Standards.

The Consortium will contact the owner/agent in advance to schedule the property inspection and tenant file review. The review of tenant files and property records may be done virtually. The property inspection and tenant file review may be conducted at the same time or may be conducted separately by different staff.

### **5.01 Physical Inspections**

The goal of the physical inspection is to ensure that the property and units are being well maintained and in compliance with HUD's Uniform Physical Conditions Standards (UPCS).

Owners should conduct routine property inspections and perform any needed maintenance to ensure that the property continually complies with all applicable codes and UPCS.

### **5.02 Review of Tenant Files and Property Records**

During the tenant file review, The Consortium staff will review tenant income certifications, third party verifications or other forms of income documentation, leases, lead based paint disclosure forms, and other management information for selected units.

The Consortium staff will also review the following property information:

- Utility Allowances and supporting documentation
- Current written tenant selection plan, occupancy policy and/or house rules if changes were made since the last review
- Current lease and lease addenda
- Affirmative Fair Housing Marketing Plan



- Advertising



- Equal Housing Opportunity posters, logos,
- Correspondence
- Marketing plans
- Tenant ledgers for all units inspected

### **5.03 Review of Ongoing Lead Based Paint Maintenance (24 CFR 35.1355)**

All borrowers with properties built before 1978 that have not been verified as lead free by a lead inspection must institute ongoing maintenance of painted surfaces and safe work practices as part of regular building operations. This includes A visual inspection of lead-based paint annually and at unit turn over, repair of all unstable paint, and repair of encapsulated or enclosed areas that are damaged.

- Ongoing Maintenance Records—Borrowers must keep ongoing maintenance records and records of relevant building operations for use during reevaluations.
- Borrowers and their maintenance personnel must be trained in ongoing lead-based paint maintenance or must contract with a qualified individual or company to perform ongoing maintenance. Ongoing maintenance of lead-based paint must be conducted only by individuals who have completed a HUD approved course on lead safe work practices, are licensed lead workers or lead supervisors, or are working under the direction of a licensed lead supervisor.

Renters must receive the following:

- An EPA-approved information pamphlet on identifying and controlling lead-based paint hazards, [Protect Your Family From Lead In Your Home \(PDF\)](#).
- Any known information concerning the presence of lead-based paint or lead-based paint hazards in the home or building.
  - For multi-unit buildings, this requirement includes records and reports concerning common areas and other units when such information was obtained as a result of a building-wide evaluation.
- A disclosure that includes a "Lead Warning Statement" and confirms that the seller has complied with all notification requirements.



## Chapter 6 – Correction and Consequences of Non-Compliance

If The Consortium does not receive the required certifications and/or compliance reports when due or discovers by audit, inspection, or review, or in some other manner that the property is not in compliance with the requirements of the HOME Program, or with the property's loan documents, including the enforcement agreement, The Consortium will notify the owner as soon as possible.

### 6.01 Notice to Owner and Participating Jurisdiction

The Consortium will provide prompt written notice to the owner of a HOME assisted property if The Consortium does not receive the annual owner certification and income and occupancy report by the required due date. The Consortium will also notify the owner, if The Consortium does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records, or discovers by inspection, review, or in some other manner, that the property is not in compliance with the requirements of the HOME Program, or with the property's loan documents, including the enforcement agreement.

### 6.02 Correction Period

The correction period will be established by The Consortium and set forth in a Notice of Noncompliance to the owner. The Consortium may extend the correction period, but only if The Consortium determines there is good cause for granting the extension. Requests for an extension must be in writing from the owner, must be received by The Consortium no later than the last day of the correction period identified on the Notice of Noncompliance, and must include an explanation of the efforts to correct the noncompliance and the reason the extension is needed.

### 6.03 Owner's Response

The Consortium will review the owner's response and supporting documentation, if any, to determine whether the noncompliance has been clarified, corrected, or remains out of compliance.

**Clarified noncompliance** is, for example, where income eligibility was not properly documented and the inspector cannot make a reasonable determination that the unit is in compliance but the owner/agent conducts a retroactive (re)certification which completely and clearly documents the sources of income and assets that were in place at the time the certification should have been effective, and applies income and rent limits that were in effect on that date. If documentation is complete and it supports that the household was eligible as of the effective date, the file is considered clarified.

**Corrected non-compliance** is when a violation is observed, there is a period of time during which the unit is out of compliance, but the unit is brought back into compliance. For example, a late certification or re-certification is out of compliance on the certification due date, and back in compliance as of the date the last tenant signs the Tenant Income Certification.



**Uncorrected non-compliance** is a violation that is not corrected or clarified by the end of the correction period.

Failure to correct all noncompliance could result in extension of the end of the period of affordability, acceleration of the HOME loan, or other legal remedies and may also affect the owner's eligibility for financing from the Participating Jurisdiction under any or all of its programs.

The Consortium reserves the right to conduct a follow-up inspection if documentation is not sufficient to confirm that all life-threatening health and safety violations and any other hazardous deficiencies have been corrected.



## **Chapter 7 – Loan Modification and Requests for Action**

### **7.01 Sale or Transfer, Event of Default**

Repayment of the HOME loan may be required upon sale or transfer of the property without the prior consent of the Participating Jurisdiction or in the event of default. Requests for refinance of the existing first mortgage or partial release of mortgage will be considered and are subject to the terms and conditions of the program as set forth in the loan documents.

### **7.02 Partial Release and/or Subordination of Mortgage**

Owners of HOME assisted properties are advised to contact the Participating Jurisdiction to request a partial release of mortgage and/or a subordination of mortgage.

## **Chapter 8 – HOME Financial Oversight**

For projects with HOME funds committed after July 24, 2014, the PJ must examine the financial condition of projects with 10 or more HOME-assisted units to determine the continued financial viability of the project. Owners must submit annual operating data, audited financial statements, and an updated Capital Needs Assessment for review. The purpose of this requirement is to enable PJs to identify HOME-assisted projects that may become financially troubled before problems become severe. If the financial review indicates potential problems, PJs must take actions to correct those problems, to the extent feasible. HUD encourages the financial review of all projects in a PJ's portfolio.



# Tri-Cities HOME Consortium

Cities of Kennewick, Pasco & Richland, Washington

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## Performance Requirements, Rehabilitation Standards & Standard Specifications

### **Introduction**

The Performance Requirements and Rehabilitation Property Standards shall be a part either by inclusion or reference of the Rehabilitation specifications and drawings of each contract or subcontract entered into with financial and/or technical assistance obtained through the Tri-Cities HOME Consortium. Performance requirements and standards for rehabilitation of existing residential properties were developed to provide the minimum level of performance, design, and construction criteria for HOME funded projects, and to clarify roles and responsibilities. Therefore, these provisions are as much a part of such contract or subcontract as any other provision of the contract or subcontract documents. When rehabilitation is performed in any area contained in this document, the Performance Requirements and Rehabilitation Property Standards are binding and must be strictly adhered to.

The purpose and intent of these requirements and standards is to provide the minimum requirements for the protection of life, limb, health, property, safety, and welfare of the residents of a project funded by the HOME Program. The goal of rehabilitation is to upgrade and increase existing housing stock and provide decent, safe, and sanitary living conditions for very low and low-income families and individuals.

### **Performance Standards**

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#### **Environmental Review Requirements**

An environmental review is required to be completed by the PJ in accordance with 24 CFR Part 58. If the assessment determines the project may significantly affect the quality of the human environment, the project will be declared ineligible for funds. Completion of the environmental review process is mandatory before taking a physical action on a site, or making a commitment or expenditure of HUD and non-HUD funds for property acquisition, demolition, rehabilitation, conversion, lease, and repair or construction activities. No funds may be committed to a HOME activity or project before the completion of the environmental review and approval of the Request for Release of Funds from the United States Department of Housing and Urban Development (HUD). The Program Manager shall require contractor/subcontractors to comply with any conditional environmental approval requirements. If during construction any potentially significant environmental factor is discovered, Contractor will immediately stop work and notify the Program Manager, who shall immediately notify the Subrecipient, and Consortium.



### **Minimum Requirements**

- The property shall be inspected to determine if the structure is economically feasible for rehabilitation. This means that the benefit of the project is equal to or greater than the hard costs of doing it.
- An analysis of a project's total costs must be conducted in an effort to determine whether or not it is logical and possible to complete. The total amount of HOME funds invested on a per-unit basis may not exceed the per-unit dollar limitations established under Section 221(d)(3)(ii) of the National Housing Act for elevator type projects that apply to Area 4 of Base City Spokane. The estimated value of the property after rehabilitation must not exceed 95 percent of the median purchase price for the area, or the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)).
- The Owner is required to adhere to the Rehabilitation Property Standards, if more stringent than HQS and to correct any violations or deficiencies.
- The Owner is required to adhere to all health and safety code violations and agree to correct any violations or deficiencies.

### **Inspections/Monitoring Work**

The Subrecipient or if applicable, its approved representative (herein called Program Manager) will perform initial inspections for Rehabilitation Programs. The Program Manager shall have the property initially inspected, monitor work performance, make progress inspections, and make a final inspection to verify compliance with property standards, acceptable work standards, completion of work items as identified in the scope of work, and craftsmanship of the finished rehabilitation project. Upon completion of the rehabilitation work under the HOME Program, the Subrecipient shall inspect the property to verify that the property has been brought up to rehabilitation standards, and meets current local building code requirements. The Program Manager is responsible for documenting compliance with HOME/CDBG Program regulations.

### **Scope of Work Specifications**

The Program Manager shall write scope of work specifications based on the initial inspection report of the property to be rehabilitated. In all cases, initial inspection reports and work specifications must be in accordance with all standards referenced herein. The Scope of work will be reviewed with the homeowner, but all health and safety items must be included as part of the rehabilitation. After approval, the Owner is not authorized to order any additional work or initiate changes in the work with the contractor or any subcontractors. Contractors may not change the scope of work or perform additional work without written agreement by the Program Manager.

### **Cost Estimates**

Cost Estimates based on the Rehabilitation Scope of Work Specifications will be prepared by the Program Manager. This estimate is prepared before the project is released for bid and is intended to provide both the owner and Program Manager with an assessment of the cost of the proposed work.

### **Codes/Variances/Zoning**

All construction methods and materials used shall conform to the applicable codes, zoning laws, and variance provisions adopted by the jurisdiction involved.



### **Plans**

Plans shall be prepared on behalf of the Owner and must be reviewed and approved by the Owner and Program Manager prior to construction.

### **Bids**

The Owner shall obtain bids based upon the scope of work specifications, or the Program Manager may obtain bids from 2 or more contractors, with a preference of obtaining 3 bids. Sealed bid procurement is the preferred method for construction projects. HUD approved Procurement Standards must be followed as found at 24 CFR Part 84.41-84.48 for non-profit agencies, or 24 CFR Part 85.36 for government entities when obtaining equipment, materials and supplies, as well as the awarding of contracts for services, repairs, rehabilitation, or maintenance. The selected bid must be reasonable and within 10 percent of the rehabilitation cost estimate. The contractor selected to perform the work must be selected through an approved procurement procedure, with reasonableness, price and other factors considered. If low bidder is not awarded, the file will document the reason for the decision, which must be based on reasons acceptable to the Consortium.

### **Contractors/subcontractors**

All contractors/subcontractors must be insured, state licensed, bonded, registered, and have a valid City business license in order to participate in the HOME/CDBG funded rehabilitation. Contractors/subcontractors must not be debarred or suspended from working on federally funded projects. Certain contractors having specialized training to work with lead based paint and/or asbestos abatement may be required to perform all or part of the rehabilitation work. All contractors and subcontractors must have a current valid DUNS number, and register in the Central Contractor Registration (CCR) database for the U.S. Federal Government at [www.sam.gov](http://www.sam.gov).

### **Costs**

All materials, labor, equipment, cartage, licenses, costs of permits, plans, taxes, and variances to complete the specified rehabilitation or repairs, shall be the responsibility of the contractor unless otherwise specified in the bid. Payment of any kind to the Owner or his or her immediate family for performed labor is not eligible for consideration and will violate the contract. In some instances, the owner may supply specific material to be installed, which will be identified in the scope of work specifications.

### **Permits**

Permits are required to be purchased by the contractor and posted on the job site prior to construction. Permits are required as in accordance with building and electrical codes and as required by local jurisdictions. All permits and final inspection certificates are the responsibility of the contractor, with a copy given to the Program Manager to verify and document compliance.

### **Quantities**

The quantities listed in the specifications are approximate quantities. The general contractor and subcontractors are responsible for taking their own measurements at the job site. If the quantities are different from the ones shown, the quantities calculated by the contractor and bid on shall be



inserted on the work list specifications by the contractor at the time of bidding.

### **Products/Colors**

All products listed in the work list specifications are stated in terms "or equal." Products of similar style and quality may be used if the Owner agrees to the selection prior to submitting the bid. If a different product is being bid on, the contractor must insert the manufacturers name and the style on the work list specifications. Where color involves choice, the contractor shall provide the owner with samples of color and the owner shall select the color.

### **Materials Allowances**

Materials allowances may be provided for specific items for bidding purposes.

### **Construction and Product Detail**

Owner and contractor are responsible for discussing construction and product details such as materials, matching existing materials, final product appearance, and manufacturer specifications and products numbers selected. Owner and contractor shall read and agree to items listed as Owner's responsibility, with final approval by the Program Manager.

### **Quality of Work**

All work shall be executed by skilled craftsmen experienced in their profession, and in accordance with the provisions and intent of the applicable code. All materials shall be new. The installation shall be of top quality and in accordance with standard construction practices.

### **Temporary Facilities**

Owner shall provide contractor/subcontractors with temporary electrical power and water access if already available on site. If not, Contractor shall furnish and install adequate temporary power, water, roof tarps, drop cloths, resetting of water closet, and heat as necessary to protect the work and provide proper conditions for installation and curing of the work of various trades. Contractor shall furnish drop-boxes or other appropriate debris removal during construction, temporary barricades for safety precautions on the construction site, temporary trenching, damming, and under-draining necessary to keep site free from water during construction, and the protection of existing landscaping and all adjoining areas from damage during construction.

### **Clean Up**

The Contractor shall at all times keep the premises free from accumulations of waste materials or rubbish caused by work of employees or subcontractors, and at the completion of the work shall remove all rubbish from and about the building and all tools, scaffolding and surplus materials and shall leave the work area "broom cleaned" or its equivalent. All debris shall be disposed of at a proper location.

### **Use of Premises**

The contractor shall confine tools, and the storage of materials and the operations of workmen to limits indicated by law, ordinances, permits, or directions of the Owner and shall not unreasonably encumber the premises with his materials. The contractor shall not load or permit any part of the structure to be loaded with a weight which will endanger the safety of persons or property. The



Owner shall be responsible for providing adequate access to the contractor, and removing personal affects in the areas to be rehabilitated.

### **Lead Based Paint (LBP)**

The Lead Safe Housing Rule provides an exemption for the following conditions:

1. The residential property was constructed on or after January 1, 1978.
2. A zero bedroom dwelling unit, including a single room occupancy (SRO).
3. Housing designated only for the elderly, or exclusively for disabled persons, and no child age 6 or less resides or is expected to reside in the unit.
4. A paint inspection verifies that no LBP exists on the property.
5. All LBP has been identified, removed, and the property achieved a clearance exam. This exemption does not include enclosure or encapsulation LBP abatement methods.
6. An unoccupied property that will be demolished.
7. Any locations not used for human habitation, except that hallways, stairways, corridors, etc. are not exempt in mixed-use properties.
8. Any rehab that does not disturb a painted surface.
9. For emergency actions caused by a natural disaster, fire, or structural collapse to provide **immediate** assistance to safeguard human life, health or safety or protect the property from further structural damage.

The owner, contractor, and tenant, if applicable shall be notified by the Program Manager as per HUD regulations at 24 CFR 35.125 regarding lead based paint:

- A. The property may contain lead based paint (LBP)
- B. The hazards of lead based paint.
- C. The symptoms and treatment of LBP Poisoning.
- D. The precautions to take.
- E. The advisability and availability of blood level screening for children under the age of seven.
- F. The appropriate procedures for interim control or abatement if LBP is found.
- G. The owner, and tenant if applicable shall sign and receive a copy of the Lead Based paint Information Notice and the file will be documented by the Program Manager.

For properties constructed prior to 1978, the Program Manager shall require compliance with 24 CFR 35 the Lead Safe Housing Rule and Subpart J - Rehabilitation. The Program Manager shall perform an initial inspection of the property to determine the condition of paint, determine an initial scope of work, prepare a construction cost estimate including hard and soft costs of the rehabilitation, and identify potential LBP areas that might be disturbed by the rehabilitation or that could be a LBP hazard. The Program Manager shall document when the home was constructed, whether the potential for LBP disturbance is below de minimis levels or exempt, and whether existing paint conditions are in good, fair or poor condition, or is located in a friction/impact surface that could potentially be a hazard.

The Program Manager may assume that all painted surfaces contain lead and treat accordingly, or may require a LBP risk assessment and inspection to determine the presence of lead and LBP



hazards in areas to be disturbed or replaced by the rehab. This information will be used to assist in preparing the final scope of work specifications. Total costs of the rehabilitation, including sales tax and other hard costs minus LBP work will be calculated to determine the appropriate HUD LBP threshold that will be used. Window replacement is to be considered an abatement project regardless of the dollar threshold involved in the project. Contractor and Program Manager must follow the LBP threshold established by HUD at 24 CFR 35.915.

### **Lead Based Paint Thresholds**

Rehabs up to \$5,000 – The Contractor must use HUD approved safe work practices. Program Manager must verify and document that Contractor is properly trained and used safe work practices. A clearance exam after completion of the construction must be obtained by a properly accredited and licensed risk assessor or inspector. The program will only pay for the clearance exam that passes. Failed clearance exams will be deducted from the amount owed the Contractor.

Rehabs of \$5,001-\$25,000 –The Program Manager will cause paint testing by a properly accredited and certified risk assessor or inspector, or presume LBP. Risk assessment must be prepared in federally funded units, common areas, and exterior painted surfaces before rehabilitation begins. The Contractor will use safe work practices, and perform interim controls to repair any paint that is disturbed and is known or presumed to be LBP. A clearance exam after completion of the construction must be obtained by a properly accredited and licensed risk assessor or inspector. The program will only pay for the clearance exam that passes. Failed clearance exams will be deducted from the amount owed the Contractor.

Rehabs more than \$25,000 - The Program Manager will cause paint testing by a properly accredited and certified risk assessor or inspector, or presume LBP. Risk assessment must be prepared in federally funded units, common areas, and exterior painted surfaces before rehabilitation begins. The Contractor will use safe work practices, and abate all LBP hazards identified by the inspection or risk assessment. Interim controls are acceptable on exterior surfaces that are not disturbed by rehabilitation or are below de minimis.

Contractors and subcontractors must minimally use Safe Work Practices to perform the work, but abatement projects must be completed by certified LBP firms. Abatement shall be performed in accordance with methods and standards established either by a State or Indian tribe under a program authorized by EPA, or by EPA at 40 CFR 745.227(e), and shall be completed by achieving clearance performed by a certified LBP risk assessor or inspector. If the project does not pass clearance, the contractor is responsible for additional costs involved to achieve clearance.

Rental property receiving rehabilitation under the HOME Program must require the owner to incorporate ongoing LBP maintenance activities in regular building operations.

### **Asbestos**

The Program Manager will provide information to the Owner relating to the hazards of asbestos, particularly if it will be disturbed during construction activities. Asbestos containing material can be found in insulation, plaster, flooring materials, ceiling tiles, ductwork, roofing shingles, adhesives, and a host of other building components in homes constructed prior to 1980. Good



faith asbestos surveys by an AHERA certified inspector must be completed from the standard of the Washington Administrative Code (WAC) 296-62-07721 and RCW 49.26.

Before authorizing or allowing any construction, renovation, remodeling, maintenance, repair, or demolition project, Program Manager must cause to be performed a good faith inspection to determine whether materials to be worked on or removed contain asbestos. The good faith inspection must be conducted by an AHERA accredited inspector. The inspection must be documented by a written report maintained on file and made available upon request to the Consortium. Such good faith inspection is not required if the owner or Program Manager is reasonably certain that asbestos will not be disturbed by the project, or the owner or Program Manager assumes that the suspect material contains asbestos and hires an asbestos abatement contractor to perform the work.

The Owner or Program Manager must provide a written statement either of the reasonable certainty of non-disturbance of asbestos, of the assumption of the presence of asbestos, or the asbestos inspection survey report. This information must be submitted to all contractors before they apply or bid to work. Only appropriately trained contractors shall be used for the removal or encapsulation of asbestos containing materials.

#### **Davis Bacon Wage Rates Requirements**

Davis Bacon wage rates shall be required on the rehabilitation of residential property only if such property contains twelve (12) or more HOME assisted units, or eight (8) CDBG assisted units. All HUD Davis Bacon requirements shall be adhered to. The Program Manager is required to monitor the project for accuracy and to compile the documentation including copies of certified payrolls, employee interviews, Statement of Intents, and Affidavits of Wages Paid. Copies must be forwarded to the Consortium, upon request.

#### **Washington State Prevailing Wage Requirements**

Publicly owned or public works projects shall be required to adhere to and comply with Washington State Prevailing Wage requirements. The Program Manager is required to monitor the project and to compile the documentation including Statement of Intents and Affidavits of Wages Paid, and forward copies to the Consortium, upon request. While not required by State regulation, prudent business practice shall include receiving copies of certified payrolls and performing employee interviews.

#### **Change Orders**

Change Orders shall not increase the initial scope of work unless for construction changes due to unforeseen or hidden circumstances, or to correct minor clerical inconsistencies in the original bid documents. All Change Orders must be written, whether or not there is any change in dollar value, and must be signed and dated by the Program Manager, Owner, and Contractor, with a copy immediately provided to the Consortium. Change orders exceeding 10 percent over the initial Rehabilitation Cost Estimate due to unforeseen or hidden circumstances may require additional bids for the increased work be obtained from 2 or more contractors, with a preference of receiving 3 bids, and must receive approval from the Consortium.



Program Manager must prepare a cost estimate for any Change Orders. Contractors shall contact the Program Manager, submit prices, and get written approval prior to furnishing or installing any labor or materials as a result of a change order. The Change Order must be signed and approved by Program Manager and Owner prior to any work being performed or materials being purchased. The aggregate of all change order prices shall not be more than 10 percent over the initial Rehabilitation Cost Estimate.

### **Lien Waivers/Warranties**

General contractor shall obtain and submit lien waivers, and warranties for itself and all subcontractors and major suppliers.

### **Warranties**

Contractor shall obtain and fill in necessary information on all warranties where applicable for manufactured products, materials, and/or labor used in connection with the work performed in the Contract. The contractor shall deliver original manufactured products warranty to the Owner with a copy given to the Program Manager. All labor and materials furnished by the contractor must be covered by a minimum one year warranty.

### **Relocation**

The Owner must be advised that a temporary relocation move may be necessary based on addressing environmental conditions, or scope of work items. Such temporary relocation shall be at the owner's sole cost, unless the relocation exceeds 5 working days, then it shall be paid by the Program as part of the rehabilitation cost. The project manager will assist in finding alternate, safe and secure housing that meets HQS standards for temporary relocation exceeding 5 working days. The owner will be responsible for packing and protecting all their belongings. If for some unforeseen reason, a permanent relocation is necessary, the Owner will be entitled to relocation assistance in accordance with the Uniform Relocation Act (URA).

### **Bidding Procedure**

The Program Manager will solicit bids for rehabilitation work through the Program's competitive bid process. The Program Manager will supply an Invitation to Bid packet to pre-qualified or interested contractors. Bid packets will typically be out to bid for two weeks. Bid packets will be posted and available for pickup by 10:00 AM each Monday or the 1<sup>st</sup> day after a Holiday and may be picked up at designated locations. To encourage participation by minority, women owned, disadvantaged and Section 3 Businesses, information relating to bid opportunities will be direct mailed to interested or known businesses, posted at locations encouraging participation, and may be posted on the web.

All participating contractors must review and become familiar with the Contractor's Manual, which is part of each and every contract.

- a. **Bids must be submitted on the approved Program forms and signed and dated by hand.** Bids and all other Bid documents must be legible. If erasures or other Changes appear on the forms, the person signing the bid must initial each erasure or change. No "white-out" is to be used.



- b. **All prices requested on the bid form must be provided.** All information called for on the bid form must be entered on the form including alternates, except that the contractor is not required to submit bids for any allowances that are included in the Work Order. Failure to properly complete the Bid Proposal form will render the bid invalid.
- c. **Explanation requests regarding the meaning or interpretation of the Invitation to Bid or other contract documents must be submitted prior to the time and date set for bid opening.** Sufficient time must be allowed the Program Manager to provide a written reply to reach all contractors prior to closing date. Any changes to the Bid Packet given by the Program Manager will be in the form of Addendum and will be made available to all bidders. Receipt of any Addendum must be acknowledged in the space provided on the Bid Proposal. Neither the Program Manager nor the Owner is bound by oral information given prior to bid opening unless that information is also conveyed by the Invitation to Bid or other contract documents.
- d. **Bids must be enclosed and sealed in an envelope.** The bidder is responsible for placing the name and address of their firm, the Owner's name and address, and the bid opening date on the outside of the bid envelope. Bids received prior to the date set for opening will be securely kept, unopened. The Program Manager will determine when the specified time for bid opening has arrived and no bid received after that time will be considered. The method for bid delivery selected by bidders is at the Contractor's risk, however electronic submission is not acceptable.
- e. **No responsibility will attach to the Program Manager for prematurely opening a bid not properly addressed and identified.** Telephone bids will not be considered nor will bids received via facsimile or email. The Program Manager or Owner may reject as non-responsible any unsigned or incomplete bid packet, may reject any and all bids, and may waive any minor irregularity in a bid.
- f. **Written modifications** of bids already submitted will be considered if received at the Program Manager's office, as designated in the Invitation to Bid, before the time and date set for opening.
- g. **Bids may be withdrawn at any time prior to Bid opening.** Negligence on the part of bidders in preparing their bids confers no right of withdrawal or modification of the bids after such bids are accepted. If a Contractor withdraws a bid after bid opening, and that bid was the low bid and was considered a responsive bid by the Program Manager, that Contractor may be disqualified from bidding further projects for a period of six months.
- h. **Bids will be publicly opened and read aloud at the time and date set for opening on the Invitation to Bid.**



- i. **After bids are opened, contractors are prohibited from directly or indirectly initiating discussion with the Owner** for the purpose of influencing him or her to enter or not enter into a specific contract. Contractors are also prohibited from offering to perform work on terms other than those described in their submitted bids, and from offering to undertake work on a project not included in the Invitation to Bid. From the time the Contractor signs a contract until the work has been accepted as complete, the contractor shall not directly or indirectly solicit or negotiate with the Owner for any new or different work, except with the advance approval of the Program Manager. A contractor who engages in these prohibited practices may be disqualified from further participation in the Program.
- j. **Award of contract will be made to the responsible low bidder** whose bid, conforming to the Bid Packet, is most advantageous to the Owner, price and other factors considered. Although the Owner employs the contractor, the Program Manager is responsible for monitoring contracts to assure compliance with federal regulations, established guidelines and the Program's requirements. The selection of the Contractor shall be made by the homeowner with assistance by Program staff based on lowest responsive and acceptable bid, and evidence of capacity to complete the work in a timely manner. A homeowner may choose another acceptable bid for the rehabilitation work provided it does not exceed the lowest responsive and acceptable bid by 10 percent and the homeowner pays up-front from non-program funds, the additional cost over the lowest responsive bid, if required by the Program Manager. The Contractor will honor the bid for a period of thirty (30) days from submission. If accepted by the Owner within that time, it will become part of a construction contract between the Contractor and Owner, contingent on final approval of the Owner's rehabilitation loan.
- k. **Bid Evaluation Process:** It is the intention of the Consortium to obtain the most advantageous bid for each client participating in the Rehabilitation Program.

Difficulties with bids usually occur because:

- a. The Contractor notifies Program Manager of an error that was made in their Bid prior to the bid opening. The Contractor may either make the necessary changes to their Bid Proposal or withdraw it from consideration.
- b. The bid has been determined to be non-responsive due to incomplete or missing documents.
- c. If not voluntarily withdrawn from consideration, such bids may be determined by City of Richland to be "non-responsive" based on the Bid Evaluation process described below.
- d. The Program Manager identifies a possible "non-responsive" Bid through the Bid Evaluation process.



**Bid Evaluation:**

- a. The Program Manager will tabulate all the Bid Proposals at the bid opening, noting the date, time, list of bidders, project identification, and who attended.
- b. The bidder documents are evaluated to assure completeness.
- c. Bids received from Section 3 business concerns for HUD funded projects may receive preference for award, with cost and other factors considered.
- d. The low bid is compared to the cost estimate.
- e. The low bidder is checked to assure they are not debarred or suspended from working on federally funded projects, and is not been debarred through the State of Washington.
- f. The low bidder must have adequate financial resources and experience to complete the project in a timely and cost effective manner.
- g. The low bidder must not have any judgments, or lawsuits filed against them in the previous 3 years.
- h. The low bidder is properly licensed and bonded to perform the work.

It is not the intent to jeopardize the Contractor or the owner by requiring either party to commit to a non-responsive bid. If, however, the low bidder, after having his / her bid deemed non-responsive, still wants to be awarded the project, they will be required to provide City of Richland with a schedule of values that takes into account all of the items defined in the Scope of Work (Work Order). The Contractor must also be able to satisfy City of Richland that all work will conform to all specifications provided in the Contractor's Manual, the Rehabilitation Standards, local adopted building codes, and can be completed in a timely manner.

If the low bid is within 10 percent of the cost estimate, it will be considered for award, unless the contractor is declared to be debarred or suspended from bidding on federal contracts, or is found to be a non-responsible bidder. If over 10 percent different, Program Manager and Owner will meet with the Contractor to compare and assure that no items have been overlooked. The Program Manager reserves the right to waive minor irregularities, but must assure that the low bidder is in fact responsive and will provide the best value to the Program.

**Authorization to Proceed**

The Contractor shall not commence work until the Contract between Owner and Contractor is signed, and a Notice to Proceed is issued. If construction does not commence within thirty (30) days after the Owner has accepted the Bid, and been issued a Notice to Proceed, the Bid shall become null and void, and the Contractor's obligation shall be at an end unless the Contractor reasonably indicates by words or actions the intention to remain bound thereby and the Owner accepts the delay, with approval by the City.



### **Time For Completion**

Work must commence within the time stated in the Contract Documents and must be completed within the time specified. Time limits may be changed for items above and beyond the contractor's control by written Change Order. Work completion delays which are deemed by the Program Manager to be caused by negligent scheduling or non-cooperation on the part of the contractor may result in the assessment of liquidated damages at the rate of \$100.00 for each day over the scheduled completion date at the discretion of the Program Manager. Such penalty shall be withheld from the final payment due the contractor.

### **Contractor Disqualification**

A contractor or subcontractor who fails to meet minimum standards of professionalism, as evidenced by poor quality of work, use of unethical business practices, failure to perform, refusing to cooperate in a timely manner with the Program Manager, Homeowner, lead entity of the Consortium, or other contractors, or that practices discrimination may be disqualified from further participation.

Before disqualifying a contractor or subcontractor, the Program Manager will notify the Contractor in writing of the specific complaints or deficiencies, giving the Contractor 10 business days to respond. The Program staff will work with the Contractor, to correct the problems. The Program Manager may take other administrative measures such as suspension from bidding, limiting the number of jobs, increasing retainage from payments, requiring a performance bond, etc. However, if the problems are not corrected or if the Contractor has not acted in good faith, the Program Manager will provide written notification that the Contractor has been disqualified from the Program. A Contractor who has been disqualified will be removed from the Eligible Contractors List and may not bid on any future Program projects.

Grounds for disqualifying a contractor include, but are not necessarily limited to:

- Work of sub-standard quality;
- Work performed that does not comply with all local and state codes;
- Material failure to perform;
- Non-Compliance with the Contractor Manual;
- Non-payment of accounts to suppliers, other contractors, subcontractors or employees;
- Subcontracting work to disqualified contractors;
- Engaging in retaliatory actions against those who file complaints or charges of discrimination or harassment;
- Illegal or unethical practices;
- Failure to comply with applicable Federal regulations;
- Compromising the Program and its staff by hiring a staff member or by loaning or giving money or anything of substantial value to a staff member;
- Non-compliance with the anti-discrimination laws in Title VII of the Civil Rights Act of 1964; and
- Proven allegations of discrimination, including sexual harassment, against any employee, subcontractor or recipient of service.



HUD regulations require that the department be notified of the dismissal or disqualification by a local authority of a contractor from a HUD-funded project, and of the reason for disqualification. HUD may use this information, along with any other information it may obtain, to evaluate the contractor for possible debarment. A contractor debarred by HUD may not work on any projects where HUD assistance or finances are involved, including new housing and commercial buildings, and repairs to FHA or VA owned homes, or other federally funded projects.

#### **Payment**

The Contractor shall submit an invoice requesting progress payment with a schedule of values to the Program Manager. The Program Manager shall assure that the value of work requested for payment has been verified and must assure accuracy as of the billing date. Sales tax will be included in the payment. A retainage of 5% of the work value excluding sales tax will be withheld pending final completion of the project.

#### **Release of Lien**

Contractor must provide written verification that all laborers, subcontractors, suppliers and vendors have been paid for work related to the project. Final payment will be held until such time as all Lien Releases have been forwarded to the Program Manager.

#### **Acceptance and Final Completion**

Final acceptance of the work includes approval and consists of written indication that the construction work, and proper documentation of compliance has been completed in fulfillment of the Contract Documents to the satisfaction of the Owner and the City of Richland.



# REHABILITATION STANDARDS CHECKLIST

PROJECT NAME AND NUMBER

ADDRESS

DATE INSPECTED

INSPECTED BY

**NOTE:** IN ALL CASES, ROTTED, UNSAFE, OR UNSANITARY CONDITIONS WILL BE REMOVED AND COMPLETELY REPLACED WITH NEW, SAFE, SANITARY, AND STURDY MATERIALS.

TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<b><u>SITework</u></b> Grounds and exterior of dwelling unit shall be in good repair and not present a health or safety hazard.  <u>Condition of Premises</u> Every dwelling unit and premises shall be kept free of all organic waste, trash, debris, garbage, junk and other unsafe and unsanitary materials and conditions.  <u>Garbage facilities</u> The total capacity of all provided garbage and/or refuse cans and bulk storage containers shall be sufficient to meet the needs of the occupants of the dwelling.	Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]		
<b><u>FOUNDATIONS</u></b> All foundations shall be in good repair and not present a health or safety hazard.  <u>Concrete Foundations</u> All concrete blocks, poured concrete or brick foundations, piers and pilings shall be in good repair. Empty, loose, or cracked mortar joints shall be tuck pointed to match the existing mortar joints.  <u>Post and Beam Foundations</u> All posts, beams, pier pads and rim joists shall be in good repair.  <u>Surface Water</u> Surface water under or around a dwelling shall be addressed if causing a health or safety hazard.	Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>Clearances</u> Adequate clearances shall be maintained under a dwelling to prevent rot.</p> <p><u>Ventilation</u> Crawl spaces is adequately ventilated and has a vapor barrier in good condition.</p> <p><u>Earth to Wood Contact</u> Pressure treated wood or other approved materials shall be installed in locations where wood contacts the earth. Crawl space shall not be used for storage and shall be free of debris.</p> <p><u>Pests</u> There shall be no signs of pest infestation.</p> <p><u>Manufactured Home Skirting</u> shall be in good repair.</p>	<p>Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>Concrete and Masonry</u></b> Concrete and masonry shall be in sound condition and not present a health or safety hazard.</p> <p><u>Chimneys</u> Chimney shall have mortar in good repair and no loose bricks. All unused openings shall be closed with brick and mortar. Cap and base flashing shall be in good repair.</p> <p><u>Concrete Floors/Slabs</u> Concrete floors and slabs shall be free of severe tripping hazards.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>FRAMING</u></b> Interior and exterior framing shall protect the occupants from the environment and no portion of the structural system shall pose any threat to their health or safety.</p> <p><u>New or Repaired Framing</u> All new or repaired framing shall comply with code requirements.</p> <p><u>Decks</u> Decks shall be safe and structurally sound. Other restrictions or requirements may apply relating to stairway, handrail and rail systems to address safety.</p> <p><u>Decking Materials</u> Pressure treated, all weather wood, cedar, redwood, or approved equal shall be used. Posts and beams shall be pressure treated or approved equal.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>ROOF</u></b></p>	<p>Pass [ ] Fail [ ]</p>		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p>All roof structures and coverings shall be in good repair, shall not have missing or cupping shingles, sagging, rotting, and shall not present a health or safety hazard.</p> <p><b>Type of Roofing?</b> _____</p> <p><b>More than One Layer?</b> _____</p> <p><b>Age?</b> _____</p> <p><u>Trees and Shrubs</u> Trees and shrubs shall not be in contact with the roof area and shall not be diseased or dead.</p> <p><i>NOTE: Shake roofs may be repaired with Class C or higher fire retardant shakes, cleaned and sealed. New shake roofs or new rolled roofing is not allowed.</i></p> <p><i>All rotted sheathing and related wood members shall be replaced. This may require a complete tear off. More than two layers of roofing will <b>never</b> be allowed.</i></p>	<p>Pass [ ] Fail [ ]</p>		
<p><b><u>SIDING</u></b> Siding shall be in sound condition and not present a health or safety hazard.</p> <p><u>Trees and Shrubs</u> Trees and shrubs shall not be in contact with the siding and shall not be diseased or dead.</p> <p><i>NOTE: Siding shall be repaired or replaced with materials to match existing if feasible. Alternate siding materials and insulation board, or blown in insulation may be considered to increase energy efficiency.</i></p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>WEATHERIZATION</u></b> Dwelling shall meet minimum weatherization requirements to increase energy efficiency.</p> <p><u>Vapor Barrier</u> Existing vapor barriers shall be in good repair. New vapor barriers in crawl space shall be 6 mil black polyethylene.</p> <p><u>Weatherstripping</u> All exterior doors and windows shall have weatherstripping. Existing weatherstripping shall be in good repair.</p> <p><u>Caulking</u> Joints, cracks, and holes shall be caulked to close all openings to the exterior.</p> <p><u>Storm Windows and Doors</u> Shall be in good condition.</p> <p><u>Existing Insulation</u> Existing insulation shall be in good repair.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>Access</u> Dwelling unit shall have an attic and a crawl access hole of adequate size with a proper door.</p> <p><u>Ventilation</u> Foundations and attics shall be adequately ventilated and screens, vents, covers, and framing shall be in good condition.</p> <p><u>New Weatherization</u> The following items may be included to increase energy efficiency:</p> <ul style="list-style-type: none"> <li>A. Attic Insulation</li> <li>B. Floor/rim joist Insulation between heated and unheated areas</li> <li>C. Heat duct insulation</li> <li>D. Water pipe wrap</li> <li>E. Water Heater Wrap</li> </ul>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>PAINT</u></b></p> <p>Paint on the exterior is in good condition, with no cracking, scaling, chipping, flaking, or peeling:</p> <ul style="list-style-type: none"> <li>A. Siding</li> <li>B. Soffit</li> <li>C. Fascia</li> <li>D. Porch</li> <li>E. Window/window trim</li> <li>F. Door/door trim</li> <li>G. Landings</li> <li>H. Stairways</li> <li>I. Hand Rails</li> <li>J. Patio</li> <li>K. Attached/Detached Garage</li> <li>L. Fence</li> <li>M. Other _____</li> </ul> <p>Paint on the interior is in good condition, with no cracking, scaling, chipping, flaking, or peeling:</p> <ul style="list-style-type: none"> <li>A. Kitchen/Kitchen cabinets</li> <li>B. Bathroom</li> <li>C. Bathroom cabinets</li> <li>D. Interior Doors</li> <li>E. Walls</li> <li>F. Ceiling</li> <li>G. Closet/storage shelves</li> <li>H. Laundry Room</li> <li>I. Stairways</li> <li>J. Hand Rails</li> </ul>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p>K. Window/window trim L. Door/door trim M. Baseboard/cove N. Other _____</p> <p>Paint on friction/impact surfaces is in good condition, except for:</p> <p>_____</p> <p>_____</p>	<p>Pass [ ] Fail [ ]</p>		
<p><b><u>WINDOWS</u></b> Windows shall be in sound condition and not present a health or safety hazard. Bedroom windows which are designed to open must be operable.</p> <p><u>Broken Glass</u> All broken and cracked glass shall be replaced.</p> <p><u>Window Locks</u> All first floor windows and other windows accessible from the outside must have operable window locks.</p> <p><u>Window Condition</u> All windows must be free of cracks, loose, missing or broken panes and if applicable, be able to open easily.</p> <p><u>Glazing/Caulking Compound</u> Adequate glazing/caulking compound must be in place to maintain a tight seal. All missing glazing compound shall be replaced with new materials. Windows shall be caulked to provide a tight seal.</p> <p><u>Egress</u> All rooms used for sleeping have proper egress?</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>DOORS</u></b> <u>Interior Doors</u> must be in sound condition and not present a health or safety hazard. All broken or cracked glass in any door shall be replaced. Overhead garage doors and interior doors in poor condition should be replaced.</p> <p><u>Exterior Doors</u> All exterior doors shall be solid core and be in good repair. All exterior doors shall have weatherstripping and an operable lock, with preference for a dead bolt lock.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>PLUMBING</u></b> The plumbing system and it's appurtenances shall provide safe and sanitary hot and cold water supply, drainage, venting and operation of fixtures.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ]</p>		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>Water Service</u> Water service shall be in good repair and be of adequate size to service dwelling and shall be free of cross connections and contamination.</p> <p><u>Supply Lines</u> Supply lines shall be in good repair and be of adequate size and shall be free of cross connections and contamination.</p> <p><u>Shut Off Valves</u> Each fixture shall have an accessible shut off valve immediately ahead of each supplied fixture.</p> <p><u>Drain and Waste Lines</u> Each fixture shall have adequate drain and waste lines free of fouling or clogging and shall not have cross connections which permit contamination of water supply or back siphonage between fixtures.</p> <p><u>Venting</u> All fixtures shall be properly vented.</p> <p><u>Washer Hookup</u> All washer hookups shall be trapped and vented and drained to approved systems.</p> <p><u>Water Heater</u> Every dwelling unit shall have a hot water heater of sufficient capacity to serve present needs. The hot water heater shall be capable of supplying water at not less than 120 degrees F at each water outlet. Gas water heaters shall be properly vented, and the venting system shall be in good repair. Gas water heaters may not be located in living areas unless safety dividers or shields are installed.</p> <p><u>Temperature/Pressure Relief Valve</u> All water heaters shall have an approved temperature/pressure safety relief valve with overflow pipe extending no less than 6 inches from the floor or which extends out of the living area to the exterior of the building. Overflow pipe shall be drained to the exterior of the foundation. In all cases the end of the pipe shall not be trapped or tapped.</p> <p><u>Sump Pumps</u> Existing sump pump systems shall be in good repair and not present a health or safety hazard. Existing systems shall drain to an approved location.</p>	<p>Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>INTERIOR FINISH</u></b> All interior surfaces shall be in good repair and not present any health or safety hazards such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage. Areas damaged by rot or pest shall be replaced with new materials of the same basic type.</p>	<p>Pass [ ] Fail [ ]</p>		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>Walls/Ceilings</u> Plaster-lath and drywall walls and ceiling shall be securely fastened and free from serious defects, severe bulging, leaning, holes, loose exterior materials, and cracks.</p> <p><u>New Wallboard</u> All new gypsum wallboard shall be properly nailed or screwed, taped, mud, textured, and finished ready for paint.</p> <p><u>Wallboard/plaster Repair</u> Severely damaged wallboard/plaster shall be removed and replaced. Exposed exterior walls shall be insulated. Materials, installation and finish shall match surrounding surfaces as closely as possible and be ready for paint.</p>	Pass [ ] Fail [ ]       Pass [ ] Fail [ ]		
<p><b><u>FLOORS</u></b> Floors shall be structurally sound and in good repair, with no tripping hazards.</p> <p><u>Bathroom</u> Flooring material and base molding trim is water resistant and sealed to prevent water penetration.</p> <p><u>Kitchen</u> Flooring material and base molding trim is water resistant and sealed to prevent water penetration.</p>	Pass [ ] Fail [ ]   Pass [ ] Fail [ ]   Pass [ ] Fail [ ]		
<p><b><u>STAIRS</u></b> All interior and exterior stairs shall be in good condition and not present a health or safety hazard.</p> <p><u>Hand Rails</u> All stairs with three or more risers shall have an approved hand rail extending the full length of the stairs.</p> <p><u>Guardrails</u> All open sides of stairs, decks, balconies, porches and landings, with a total rise of 30 inches or above shall have approved guardrail systems.</p> <p><u>Returns</u> New handrails shall have returns or terminate in newel posts or safety terminals.</p> <p><u>Intermediate Rails</u> Existing balconies, porches, decks, and landings shall have intermediate rails.</p>	Pass [ ] Fail [ ]   Pass [ ] Fail [ ]   Pass [ ] Fail [ ]   Pass [ ] Fail [ ]   Pass [ ] Fail [ ]		
<p><b><u>CABINETS</u></b> All dwelling units shall contain suitable space and equipment to store, prepare, and serve food in a sanitary manner.</p> <p><u>Existing Base Cabinets</u> Existing base cabinets shall be in good repair and not present a health or safety hazard.</p>	Pass [ ] Fail [ ]      Pass [ ] Fail [ ]    Pass [ ]		







TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>Kitchen Sink</u> Each dwelling unit shall have a kitchen sink with hot and cold running water and be properly drained, trapped, and vented.</p> <p><u>Kitchen Ventilation</u> Wall, ceiling, or range hood ventilation is recommended. Existing ventilation shall be connected directly to the exterior.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>APPLIANCES</u></b></p> <p>Existing appliance shall be in good repair and not present a health or safety hazard.</p> <p><u>Existing Ranges and Ovens</u> Defective doors, burners, elements, and missing knobs shall be repaired or replaced.</p> <p><u>Existing Refrigerators</u> Defective doors, door seals, missing knobs and severely faulty temperature controls shall be repaired.</p> <p><u>Existing Dishwashers</u> shall be in good repair and not present a health or safety hazard.</p> <p><u>Existing Garbage Disposal</u> shall be in good repair.</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		
<p><b><u>ELECTRICAL</u></b></p> <p>The electrical system shall be in sound condition and not present a health or safety hazard. Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire. Service to an existing dwelling unit shall be a minimum of 100-ampere, three wire capacity and service equipment shall be properly covered, shall have a ground rod and appropriate bonding system. Service drop conductors shall be out of reach, properly connected and anchored to the dwelling and comply with clearances specified in appropriate code.</p> <p>Existing facilities that are inadequate to meet anticipated demands shall be appropriately increased.</p> <p><u>Outlet Requirements</u> All habitable rooms must contain at least one working outlet permanently installed in the baseboard, wall or floor of the room. In addition specific room requirements shall be met:</p>	<p>Pass [ ] Fail [ ]</p> <p>Pass [ ] Fail [ ]</p>		







TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
<p><u>General</u> The following hazardous and unsafe electrical items shall be repaired:</p> <ul style="list-style-type: none"> <li>A. Splices</li> <li>B. Surface mounted wiring</li> <li>C. Open junction boxes</li> <li>D. Tube and knob wiring in attics and crawlspaces</li> <li>E. Wire support and protection</li> <li>F. Missing or broken cover plates</li> </ul>	Pass [ ] Fail [ ] Pass [ ] Fail [ ]  Pass [ ] Fail [ ]		
<p><b><u>HEATING SYSTEM</u></b>            The heating system shall be in sound condition and not present a health or safety hazard.</p> <p><u>Venting</u> All non-electrical heating units shall be properly vented.</p> <p><u>Ducts</u> All ducts shall be in good condition and shall have adequate support and insulation shall be in good repair.</p> <p><u>Fuel Lines</u> All fuel supply lines shall be in good repair with shut off valves and be installed according to building code requirements.</p> <p><u>Thermostats</u> A new programmable set back thermostat shall be installed when installing a new heating appliance.</p>	Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]  Pass [ ] Fail [ ]		
<p><b><u>PESTS</u></b>            Property shall be free of pests and rodents. A pest inspection shall be performed when pest or rodent damage is evident.</p>	Pass [ ] Fail [ ]		
<p><b><u>SEWER LINES</u></b>            Sewer lines to the street shall be in good repair and not present a health or safety hazard.</p>	Pass [ ] Fail [ ]		
<p><b><u>HAZARDOUS MATERIALS</u></b>            Occupants, owner and contractors shall be notified regarding possible lead based paint and asbestos hazards on the property based on the age of the home.</p>	Pass [ ] Fail [ ]		
<p><b><u>GUTTERS AND DOWNSPOUTS</u></b></p>	Pass [ ]		



TO PASS ALL ITEMS MUST MEET REHABILITATION STANDARDS AND HQS	PASS/FAIL	COMMENTS – NOTE ALL FAIL CONDITIONS AND MITIGATION METHODS	PASS DATE
Gutters and downspouts shall be in good repair and not present a health or safety hazard. Rain drains, drywells, French drains, and splash blocks may be considered as appropriate water dispersal systems.	Fail [ ]		



# STANDARD SPECIFICATIONS *for Residential Construction*

*Excerpted from the Consortium's "Standard Specifications and Contractor's Manual"*

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## **GENERAL INSTRUCTION**

The specifications on the following pages are incorporated by reference into every new construction or rehabilitation contract entered into through the Program. The standard specifications are grouped by CSI (Construction Specification Institute) format and include general and specific requirements for various tasks.

## **APPLICABILITY**

In the event of a conflict between these Standard Specifications and the Invitation to Bid, the latter shall govern. Not all tasks for which bids might be solicited can be specified in this Manual. Tasks for which methods and materials are not specified will be performed as indicated in the Invitation to Bid and in accordance with the best practices of the trade, the IBC, and the Manufacturers Specifications.

## **PERFORMANCE AND PAYMENT BONDS AND PUBLIC LIABILITY INSURANCE**

No contract may be entered into unless the contractor has in force:

1. A surety bond as required by the State of Washington Contractor Registration Act; and
2. Standard form public liability insurance policy as required by the State of Washington Contractor Registration Act covering all the contractor's activities under the Program, by individual certificate or by a policy naming the City or by such other method as may be approved by the Program Manager.

The foregoing insurance requirements are in addition to the security required by the State Contractor Registration Act and are imposed upon the privilege of executing contracts under the Program.

3. Workmen's compensation insurance or certificate of self-insurance as required by state law.

In the event the performance of the work shall require the obstruction of any public street or alley, the contractor shall obtain a street obstruction permit and bond as provided by ordinance.

## **ASBESTOS**

Only properly trained and licensed contractors can bid and perform work on asbestos abatement projects. Work is to be performed in compliance with the Benton Clean Air Authority and Title 49 RCW. Contractor shall be responsible for obtaining all appropriate permits, and proper disposal of contaminated material.

Good faith surveys on pre-1980 structures for asbestos must be completed by RCDP from the standard of the Washington Administrative Code (WAC) 296-62-07721 and RCW 49.26.013 and an asbestos survey will be provided to contractors as part of the bid documents for rehabilitation projects.

Duties of employers and building and facility owners.

(i) Building and facility owners or owner representatives must determine the presence, location, and quantity of ACM and/or PACM at the worksite. Employers and building and facility owners must exercise due diligence in complying with these requirements to inform employers and employees about the presence and location of ACM and PACM.

(ii) Before authorizing or allowing any construction, renovation, remodeling, maintenance, repair, or demolition project, an owner or owner's agent must perform, or cause to be performed, a good faith inspection to determine whether materials to be worked on or removed contain asbestos. The inspection



must be documented by a written report maintained on file and made available upon request to the director.

(A) The good faith inspection must be conducted by an AHERA accredited inspector.

(B) Such good faith inspection is not required if the owner or owner's agent is reasonably certain that asbestos will not be disturbed by the project or the owner or owner's agent assumes that the suspect material contains asbestos and handles the material in accordance with WAC 296-62-07701

(iii) The owner or owner's agent must provide, to all contractors submitting a bid to undertake any construction, renovation, remodeling, maintenance, repair, or demolition project, the written statement either of the reasonable certainty of non-disturbance of asbestos or of assumption of the presence of asbestos. Contractors must be provided with the written report before they apply or bid to work.

(iv) Any owner or owner's agent who fails to comply with (c)(ii) and (iii) of this subsection must be subject to a mandatory fine of not less than two hundred fifty dollars for each violation. Each day the violation continues must be considered a separate violation. In addition, any construction, renovation, remodeling, maintenance, repair, or demolition which was started without meeting the requirements of this section must be halted immediately and cannot be resumed before meeting such requirements.

If contractor discovers suspect asbestos containing material that was not previously identified in the initial survey, Contractor must immediately stop work and contact the Project Manager for further instruction.

#### **LEAD BASED PAINT**

The contractor shall comply with all applicable guidelines and regulations for the elimination of lead based paint hazards as established under OSHA Lead in Construction Industry Standard, 29 CFR 1926.62; EPA Lead Standard 40 CFR 745; and Title X of the 1992 Housing and Community Development Act, as amended and established by HUD, 24 CFR 35, 24 CFR 570.608 and 24 CFR 982.401. Firms performing rehabilitation/renovations must ensure that:

1. All individuals performing activities that disturb painted surfaces are either certified renovators or have been trained by a certified renovator.
2. A certified renovator is assigned to each renovation and performs all of the certified renovator responsibilities.
3. All renovations performed by the firm are performed in accordance with the work practice standards of the Lead-Based Paint Renovation, Repair, and Painting Program.
4. Pre-renovation education requirements of the Lead-Based Paint Renovation, Repair, and Painting Program are performed for all tenants and owner occupants.
5. The program's recordkeeping requirements are met.

The Federal Government has determined that levels of lead found in the paint of houses built prior to 1978 may constitute hazards to the occupants. Lead paint dust and chips have been targeted as the primary areas of concern. Children under the age of six and pregnant women have been determined to be most at risk to these hazards. The Federal Government has issued rules that are to be used when completing rehab



projects on housing built prior to 1978. This Manual is not intended to be exhaustive in any way and the following is only brief summary of these rules and how the Project Manager will be implementing them. Further information will be available at the required training and is also available at the office of the Program Manager for review.

- A. The level of Lead hazard reduction required in housing built prior to 1978 is dependent on the level of project assistance:
  - 1. For projects with Hard Costs under \$5,000, the approach will be to “do no harm”. Projects in this category will require that Safe Work Practices be used for all rehabilitation activities and any paint disturbed during the work must be repaired and Clearance obtained for the work area.
  - 2. If the level of assistance is between \$5,000 and \$25,000, the approach is to “identify and control lead hazards.” There are two ways that the Program Manager will use to address the possibility of Lead based paint and accompanying hazards in projects that fall in this category. The first is to Test for lead paint and complete a Risk Assessment to identify lead hazards. These hazards are then addressed in the Work Order using Interim Controls to remove the identified hazards and Clearance is required throughout the house at the end of the job.  
The second method to address lead paint is to simply assume the presence of Lead paint and apply standard treatments in all applicable areas. Clearance is required in all areas throughout the property.
  - 3. When the level of assistance is greater than \$25,000, the lead paint must be abated. The availability of funds will limit the amount of actual abatement to be undertaken and in general, the Program Manager will not pursue abatement of Lead Paint unless the Owner desires. The Work Order will state the approach taken and will outline what is required.
- B. Safe Work Practices and Clearance are required for all work unless the surface area of lead paint affected by the work is less than 20 square feet for exterior paint, 2 square feet for an interior room, or 10% of the surface of a small painted surface such as a windowsill. In the event that the project hard costs exceed \$5,000.00, Safe Work Practices and Clearance are required throughout the home regardless of the amount of lead paint affected by the work.

### ***Definitions:***

#### **ABATEMENT**

For an abatement job, the field agent will have to perform inspections before all work is completed in addition to a final inspection. The field agent should be sure that:

- a. All old paint has been removed prior to repainting.
- b. All surfaces with lead based paint scheduled for enclosure must be marked as lead based paint prior to enclosure.

#### **CLEARANCE**

Clearance is an inspection performed after lead hazard reduction to determine if the residency is safe for occupancy. It involves visual assessment, analysis of dust and soil samples, and the preparation of a report. A certified Risk Assessor, Paint Inspector, or Clearance Technician, (independent from the entity conducting the lead hazard reduction work) can conduct clearance.



The following is a listing of the clearance levels:

Floors	40 micrograms / square foot
Interior window sills	250 micrograms / square foot
Window troughs	400 micrograms / square foot
Soil – Play areas	400 parts per million
Soil – Other areas	1200 parts per million
Soil – Abatement required	5000 parts per million

#### **ENVIRONMENTAL INTERVENTION BLOOD LEAD LEVEL**

This is the level of lead in blood that requires intervention in a child under the age of six. This is defined as a blood lead level of 20 micrograms per deciliter of whole blood for a single test, or blood lead levels of 15-19 micrograms per deciliter for two tests taken at least three months apart.

#### **LEAD BASED PAINT**

Paint that contains at least 1 milligram of lead per square centimeter is considered to be Lead Based Paint. The amount of lead in paint can also be measured in some instances as .5% by weight or 5000 parts per million.

#### **LEAD BASED PAINT HAZARD**

Housing conditions that cause human exposure to unsafe levels of lead from paint. These conditions include deteriorated lead-based paint; friction, impact or chewable painted surfaces; lead contaminated dust; or lead contaminated soil.

#### **MICROGRAM**

A microgram is 1/1000th of a milligram or one millionth of a gram. To put this unit into perspective, a penny weighs 2 grams. To get a microgram, you would need to divide the penny into 2 million pieces. A microgram is ONE of those two million pieces.

#### **PAINT STABILIZATION**

An interim control that stabilizes deteriorating painted surfaces and addresses the underlying cause of deterioration. Steps include repairing defective surfaces, removing loose paint, and applying new paint.

#### **SAFE WORK PRACTICES**

Whenever the term Safe Work Practices is used, it entails **all** of the following:

##### ***Occupant Protection***

The purpose of occupant protection is to take steps to eliminate the risk to occupants by restricting access to the work-site, containing debris and dust during work, using safe work practices, and cleaning the work-site frequently. Occupant protection may mean temporarily relocating occupants in extreme cases.

##### ***Work-site Preparation***

The following measures may be appropriate to reduce the spread of debris and dust to other parts of the dwelling:



Sealing doorways with two flaps of poly sheeting;  
Sealing off HVAC supply and return registers (if possible);  
Covering floors and ground with poly sheeting;  
Covering furniture and shrubs with poly sheeting;  
Wrapping debris in poly sheeting before disposal;  
Removing lead-contaminated protective clothing before exiting the work area;  
Posting a warning sign at the entry of each room being treated for lead based paint hazards when occupants are present. Warning signs on exterior surfaces should be readable from at least 20 feet from the work area.

### ***Worker Protection***

The Occupational Safety and Health Administration (OSHA) has regulations that cover workers who come into contact with lead. (29 CFR 1926.62) Workers should take proper precautions to protect themselves from lead-based paint hazards, including inhaling dust and avoid taking it home with them on their clothes where it could poison children.

Protective measures for workers include but are not limited to the following:

- ◆ Using Safe Work Practices
- ◆ Wearing NIOSH approved respirators, gloves, work suits, booties, and head coverings, if Lead exposures warrant them according to OSHA guidelines.

### ***Daily Cleanup***

Daily cleanup is crucial to containing debris to the work-site and for reducing occupant and work exposure to lead hazards. Debris should be disposed of properly each day and excessive amounts of paint chips and dust should be removed. If dust and chips are not removed daily, there is a greater chance that they will be tracked to other parts of the dwelling.

### ***Safe Work Methods***

Safe work methods, such as wet work methods, minimize dust and control the spread of paint chips.

Safe work practices are required when interior surfaces greater than 2 square feet are disturbed and on the exterior when surfaces greater than 20 square feet are disturbed. Safe work practices are also required when 10-percent of a small component, such as a window sill, is disturbed.

Examples of Safe Treatment Methods:

- ◆ Wet scraping
- ◆ Wet sanding
- ◆ Chemical stripping off-site
- ◆ Replacing painted components
- ◆ Scraping with an infrared or coil type heat gun with temperatures below 1100 degrees F
- ◆ HEPA Vacuum sanding
- ◆ HEPA Vacuum needle gun
- ◆ Abrasive sanding with HEPA

Prohibited Treatment Methods:

- ◆ Open flame burning or torching
- ◆ Machine sanding or grinding without a HEPA local exhaust
- ◆ Abrasive blasting or sandblasting with a HEPA local exhaust



- ◆ Heat guns operating above 1,100 degrees F or any temperature which causes the paint to char.
- ◆ Dry scraping or dry sanding except in conjunction with heat guns or within one foot of electrical outlets
- ◆ Paint stripping in a poorly ventilated area using a volatile stripper that is a hazardous substance

#### **Standard Treatments or Interim Controls:**

##### *1. Paint stabilization:*

- a. Not required on intact, non-deteriorated paint surfaces
- b. Any dry-rot, rust, moisture related defects, crumbling plaster or drywall or loose components must be repaired or replaced prior to treating the surface or component.
- c. All loose paint and other loose material shall be removed from the surface to be treated.
- d. Apply new non-lead protective paint coating over the treated area in accordance with the manufacturer's recommendations.

##### *2. Friction and impact surfaces:*

(i.e. Window Systems, Doors, Stair Treads and Risers, Baseboards, Drawers and Cabinets, Porches, Decks and Interior Floors.)

- a. Treatments for friction surfaces should eliminate friction points or treat the friction surface so that paint is not subject to abrasion. Examples of acceptable treatments include re-hanging and/or planing doors so that the door does not rub against the door frame and installing window channel guides that reduce or eliminate abrasion of painted surfaces. Paint on stair treads and floors shall be protected with a durable cover or coating that will prevent abrasion of the painted surfaces. (i.e. Carpet, Tile, Sheet Flooring)
- b. Treatments for impact surfaces should protect the paint from impact. Examples of acceptable treatments include doors stops that prevent a door or doorknob from striking a painted surface.

##### *3. Lead dust Hazard Control:*

- a. Dust control shall involve a thorough cleaning of all horizontal surfaces; such as interior windowsills, window troughs, floors, and stairs. All horizontal surfaces that are rough, pitted, or porous shall be covered with a smooth cleanable covering or coating, such as metal coil stock, plastic, polyurethane, or linoleum.

##### *4. Soil lead hazards:*

- a. Soil with a lead concentration greater than 5,000 micrograms per gram is to be removed entirely.
- b. Bare Soil areas greater than nine square feet in non-play areas are to be treated with one of the following interim control methods if lead levels exceed 1,200 micrograms per gram.
- c. Bare Soil in play areas greater than nine square feet are to be treated using one of the following interim control methods if the lead level exceeds 400 micrograms per gram.

- Impermanent Coverings:

Examples of acceptable impermanent coverings for contaminated soil include, gravel, bark, sod, and artificial turf. If bark or gravel is to be used, it should be applied six inches deep and should not contain more than 200 micrograms per gram of lead.

- Land use controls:

Examples include fencing, warning signs, and

landscaping.

- Controls should be used to prevent erosion of the impermanent coverings.



The individuals performing Interim Controls or Standard Treatments must be trained in accordance with OSHA's Hazard Communication regulations. (29 CFR 1926.59) In addition, they must meet ONE of the following in accordance with 40 CFR 745.225

- ◆ Work is supervised by a lead based paint abatement supervisor.
- ◆ Successful completion of an accredited Abatement Supervisor course
- ◆ Successful completion of an accredited Lead Based Paint Abatement Work
- ◆ Successful completion of the Lead Based Paint Maintenance Training Program developed by the National Environmental Training Association for EPA and HUD.
- ◆ Successful completion of the Remodeler's and Renovator's Lead Based Paint Training Program developed by HUD and the National Association of the Remodeling Industry. (NARI)
- ◆ Successful completion of an equivalent course approved by HUD

## **SECTION 0200 SITE WORK**

### **DEMOLITION AND DEBRIS**

GENERAL INSTRUCTIONS. Demolition work shall conform to the requirements of all-applicable codes, ordinances and utility company regulations. Existing shrubs and trees to remain shall be protected until demolition is complete and the site is cleared. Areas of grass killed by demolition or by the storage of debris and other materials shall be raked clean and resodded, unless otherwise noted. All debris must be removed prior to final inspection and all areas shall be left in a neat condition.

### **SURFACE AND SUBSURFACE CONDITIONS**

Existing construction, grades, locations, and extent of existing utilities and other data regarding existing conditions are not guaranteed. Such information, if furnished, is only for such use as Bidders may choose to make of it and will in no way relieve the Contractor from any requirements of the Contract Documents.

***Information concerning subsurface materials must be obtained by the Bidder.***

### **LIMITS OF CONSTRUCTION**

Construction shall be limited to the area within the property lines, except for utilities and drives as called for in the Description of Work.

### **ACCESS TO SITE**

All materials shall be taken in and out only over roads or other locations as approved by the RCDP and not over sidewalks or lawns unless same are satisfactorily protected.

### **EXISTING UNDERGROUND UTILITIES**

Contractor must check with utility companies for location and extent of their underground work before starting operations and comply with their regulations regarding their utilities in performing the work.

Active underground utilities shall be adequately protected from damage and if damaged shall be immediately repaired. Remove or relocate only as described in the Description of Work. If in use, maintain in continuous service. If not indicated on drawings or not known to exist, report discovery until directed to proceed. Contract price will be adjusted for repair, removal, or relocation as directed in writing by RCDP for all utilities not known to exist.



*Inactive or abandoned utilities shall be removed for a distance of not less than three feet from outside line of building unless otherwise required by regulations. Ends shall be capped or plugged. There will be no adjustment of Contract price for work due to inactive or abandoned utilities.*

#### LAYOUT WORK

The Contractor shall establish a permanent benchmark, when required, and maintain it during construction. All grades and levels for work shall be established by the Contractor and shall be referenced to this benchmark.

The Contractor shall be responsible for locating and layout of work. Set and maintain batter boards for location of principal lines and reference points necessary for laying out all of the work. Exercise proper precaution to verify figures shown on drawings while laying out work and be responsible for all errors resulting from failure to exercise such precaution.

*Each trade shall layout its work to interfere as little as possible with location of work of other trades.  
Notify the RCDP of all discrepancies and conflicts discovered during layout work.*

#### GRADING

GRADING OF YARDS. No wood surfaces shall be closer than 6 inches to any soil.

When yards are scheduled to be graded, they will be filled and/or raked smooth to a finish grade that ensures proper drainage for the lot. Backfill material shall be clean and free from debris, with no wood scraps. It shall be placed according to acceptable practices. Where applicable, the top 4 inches shall be topsoil suitable for plant growth.

Rough grading shall establish a subgrade parallel to and approximately 4 inches below the proposed finish grade. Finish grading shall ensure that surface and ground water does not collect either under slabs or at the outside face of basement walls and shall be sloped a minimum of 2% (1/4 inch per foot) to insure adequate surface runoff. In no case shall surface waters be diverted onto adjacent private property.

The contractor shall be responsible for removing and/or disposing of all excess earth and fill dirt from the property. In no case shall the existing grade be substantially changed around the perimeter of the property, except for drainage away from the new structure and as noted above.

GRADING OF CRAWL SPACES. Clearances to wood within the crawl space shall be as per the current building code. Grading will comply with current building code. If moisture problem is evident in crawl, grading shall be done to take surface water to best outfall.

When a furnace is installed in crawl space, it shall be installed according to clearances defined in adopted mechanical code. Grading shall be done to take water away from furnace location.

#### CRUSHED ROCK SURFACES

RE-GRADING. Remove any large rocks or foreign material. Where substantial depressions exist, remove existing material, fill with dense, well-drained soil and grade to obtain uniform surface. Top with crushed rock



in sufficient amount to achieve a total depth of 4 inches.

NEW INSTALLATION. Size of driveway shall be as indicated in the work schedules. The size of new parking areas shall be as indicated on the work schedules.

Crushed rock surfaces shall not be installed on grades in excess of 7% (7/8 inch per foot). The surface shall be crushed rock no less than 4 inches in depth and shall be installed according to city codes and acceptable practices.

### ASPHALT PAVING

RESURFACING. Resurfacing a driveway shall consist of placing a new wearing surface on an existing asphaltic concrete driveway. Work shall not be done in inclement weather and shall conform to acceptable practices.

NEW INSTALLATION. Size of driveways or parking areas shall be as indicated in the work schedules. Final pavement surface shall be near level with adjacent finish grade and shall be installed according to acceptable practices.

## **SECTION 0300 CONCRETE**

### GENERAL INSTRUCTIONS

When patching concrete, apply a bonding agent prior to application of flash patching material. New concrete shall not be placed on extremely wet or frozen ground, and no concrete shall be placed when the temperature is less than 40 degrees F. or greater than 90 degrees F., unless it is properly protected and controlled in accordance with the recommendations of the American Concrete Institute and the Portland Cement Association. Quality and finish of all work shall be in accordance with recognized standards.

The type of footing, foundations or slab system used shall be determined by the load bearing capacity of the soil. Soils of low bearing capacity necessitate provisions for greater load distribution. On fill material, footings shall extend to undisturbed soil unless the fill has been sufficiently compacted to insure against excessive differential or overall movement of the structure. Refer any questions to the Building Department.

### PAVING

SIDEWALKS. Subgrade shall be well drained and uniformly graded 4 inches below finish grade. New concrete shall be at least 4 inches thick. Slump of concrete shall be 2-4 inches. Finish surface of new sidewalks shall be approximately parallel with that of adjacent soil; sidewalks shall be constructed so as not to impede the drainage of surface water away from the house and off the property. Contraction joints shall be provided at approximate 4-foot intervals and expansion joints at entrance platforms and at intersections with driveways or other walks. Width of new concrete sections shall be as indicated in the work schedule. Wearing surfaces shall receive a light brush finish.

DRIVEWAYS. Subgrade shall be well compacted, well drained and uniformly graded 4 to 6 inches below finish grade. New concrete shall be 4 inches thick except that concrete at curb and sidewalk crossings shall be 6 inches thick. Slump of concrete shall be 2-4 inches. Finish surface of new driveway shall be approximately parallel with that of adjacent soil; driveways shall be constructed so as not to impede the drainage of surface water away from the house and off the property. Joints shall be provided at approximate 10-foot intervals and expansion joints at intersections with walks, shrubs and garage or carport slabs. Entrances shall be flared or



have adequate radii for safe and convenient ingress and egress. Provide proper grade so that the under-carriage and bumpers of cars entering the driveway do not make contact with the surface of the approach. Width of new concrete section shall be as indicated in the work schedule. Finish surfaces shall receive a light brush finish, be true to cross sections and grade and provide for uniform surface drainage. Concrete shall be kept moist for a period of 3 days to ensure proper curing.

**FOUNDATION WALLS.** Foundation walls and footings shall be constructed such that the minimum dimensions on the plans are accomplished. Concrete shall be poured continuously and constantly puddled to remove air pockets. Where continuous pouring is impossible, provide construction joints with reinforcement for transfer of stresses. All wall openings shall be properly reinforced. Any intersecting walls, porch and entrance slabs, and areaways shall be anchored to the new wall.

One half (1/2) inch diameter anchor bolts shall be set no less than 8 inches into the concrete at intervals shown on the drawings. The top of the foundation wall shall be carefully finished and leveled for the sill plate. For foundation walls on basement houses or where site conditions warrant, the exterior face of the wall shall have at least one coat of bituminous damp proofing material from footing to finish grade. Backfill material shall be an appropriate sand-gravel mixture for proper soil drainage where applicable, top 3 inches shall be topsoil suitable for plant growth. Replace sod or resod as necessary.

### STEPS

**POURED STEPS.** New steps shall be as wide as the sidewalk or at least 6 inches to each side of entry door. The tread shall be a minimum of 10 inches and the riser shall be a maximum of 8 inches. Rise and runs shall be uniform throughout flight. Provide 1/8 inch pitch for drainage. Wearing surfaces shall be troweled and have non-skid texture. Steps will be poured a minimum of 2 inches below grade. Porches will be poured a minimum of 18" below grade.

### FLATWORK

**DECK SLABS:** New deck slabs shall be a minimum of 4 inches thick. Slump of concrete shall be 1-2 inches. Slab shall be reinforced as necessary. Provide flashing between the slab and wood construction. Slope the deck slab to drain away from the foundation wall. Wearing surfaces shall be troweled and have non-skid texture.

**FLOOR SLABS AT OR BELOW GRADE.** Base for slab shall be well-compacted 4 inches sand-gravel subgrade. New slab shall be a minimum of 4 inches thick. Slump of concrete shall be 2-4 inches. Where applicable, slope concrete to floor drains. Surfaces shall be troweled smooth.

## **SECTION 0600 CARPENTRY**

### GENERAL INSTRUCTIONS

**FRAMING LUMBER.** All framing lumber shall be Hem-Fir #2 or better, unless otherwise noted on the drawings. Non-bearing, interior partitions may be of good quality white or yellow pine (economy studs).

Framing lumber for girders, beams, posts, columns, and other structural members shall be of species and grade as noted on the plans or which will provide sufficient strength and rigidity to support the design load without exceeding the allowable stresses consistent with good engineering practice, and shall conform to the Uniform Building Code. All framing lumber shall be identified by the trademark of the recognized grading association. The moisture content of the lumber shall not exceed 19% at the time of installation. New lumber in contact with concrete shall be pressure treated. All framing members shall be accurately fitted and securely connected



to each other in accordance with the nailing schedule of the current building code.

**BOARD LUMBER.** The grade of board lumber shall be suitable for its intended use. In general, loose knots or knotholes shall not exceed 1/3 of the width of the piece. Splits are unacceptable. Boards with defects may be used if the defects are sawn out. Lumber shall bear the label of a recognized grading association. Moisture content shall not be above normally accepted standards.

**ORIENTED-STRAND BOARD SHEATHING.** OSB shall be APA graded and certified as sheathing for wall, roof, or floor (tongue and groove) and shall bear the label of the APA grading association as to span ratings, type of sheathing, and use. Type and grade shall be suitable for its intended use as designed.

**FINISH LUMBER.** All finish lumber shall be dressed free of tool marks and other objectionable defects. Lumber for exterior trim and millwork shall be kiln-dried or otherwise seasoned; moisture content shall not be above normally accepted standards. All wood for interior wood trim shall not be installed until all sheet rock tapes and mud is thoroughly dried. Exterior wood trim and millwork shall be at least #2 or "D" cedar except that casing for door and windows can be clear pine or fir. New wood for interior trim shall match existing as closely as possible in shape, size and species. If that species is not available, select pine or fir may be used to manufacture trim of the same style and shape.

#### **ROUGH CARPENTRY**

**WOOD PORCHES.** New porch is scheduled to be built complete, and shall include piers, footings, beams, joints, 2 X cedar decking (spaced ¼"), railings as shown on plans, steps, and roof as scheduled. Deck surface to be screwed in place not nailed. Screws to be corrosion resistant and all nails to be galvanized. Size of porch shall be as indicated on the drawings. Treads shall be cedar. Rise and run shall be according to code.

#### **FINISH CARPENTRY**

Insofar as practical, new trim and millwork shall be delivered ready to be put in place. Moldings shall be clean-cut and sharp. Single lengths of wood shall be used whenever practical. Splicing or piecing of finish work shall be done with metered joints over solid backing. Finger jointed material shall be planned and/or sanded smooth. The woodwork shall be installed level and plumb, be scribed neatly to the walls and be secured firmly in place. Exposed nails used in fabrication and installation shall be finishing or casing nails, set 1/8 inch deep. The scribing, mitering and joining shall be accurately and neatly performed and the joints shall be properly secured to prevent separation. External corners shall be mitered. Protect finish woodwork until time for painting.

**CLOSET SHELVING & ROD.** New shelving shall be 3/4 inch #2 fir, 3/4 inch edge banded particle board, or 3/4 inch A-B interior plywood (exposed edges faced with solid wood edge material), and shall be installed and supported securely.

Rod shall be wood or finished metal. New closet rod and shelf may be combination metal rod and shelf and shall be installed and supported securely. All shelves more than four (4) feet long shall have additional support. Closet rod shall be 1-1/2" diameter wood.

**CABINET HARDWARE.** Hardware to be replaced shall include various knobs, catches, drawer slides, drawer rollers, etc. for built-in cabinet. When scheduled to be installed, any of the above found to be worn, defective or missing shall be replaced. New hardware shall be brass or aluminum finish. All miscellaneous hardware



within a room shall be similar in style and finish. Mixing paint with unpainted hardware is unacceptable.

**KITCHEN & BATH CABINETS.** Contractor should verify in the field all cabinet and countertop dimensions as shown in the drawings. Quality of cabinets and style and finish shall be indicated in contractor's bid.

Both wall and base cabinet assemblies shall be custom built on-the-job or consist of production birch or better grade individual units joined into continuous section, and with the exception of drawer cabinets, all units shall be fully enclosed with frames, when used, of necessary thickness to provide rigid construction. Corner and lineal bracing shall be provided as necessary to insure rigidity and proper joining of components. All shelves shall be solid wood. Fixed shelves shall be securely attached. Adjustable shelves shall be supported on ends. Base cabinets designed to rest directly on the floor shall provide for a toe space at least 2 inches deep and 3 inches high. All exposed construction joints shall be fitted in a workmanlike manner, nails set and holes filled. Swinging doors shall have a device sufficient to hold doors closed. Device may be spring catch, magnetic catch, self-closing hinges or equivalent. Doors shall be properly aligned and operate freely. Drawers shall have drawer guides with nylon glides and shall slide easily. Cabinet finish shall be clean and free from scratches and other defects. All inside wood surfaces shall be finished or sealed.

Cabinet units shall be installed level, plumb and true to line. They shall be fastened to suitable grounds as per manufacturer's instructions. New upper cabinets shall be attached with wood screws; nailing these cabinets to walls is not acceptable. Use closer, filler strips and finish moldings as necessary for sanitary and appearance purposes. New base cabinets shall have breadboard. Upper cabinets shall be set 16-18 inches above countertop and 24 inches at sink. At range space there shall be a 30-inch clearance to bottom of upper cabinets or 24 inches to bottom of range hood. Cabinets at refrigerator space shall be set to clear existing refrigerator.

**COUNTERTOPS.** Top material shall be high-pressure plastic laminate, at least 1/16 inch thick, securely bonded to the base material. Countertops made on-the-job shall use exterior plywood or high-density particleboard for base material. Provide 1 1/2 inch front edges and unless otherwise indicated, 4 inch backsplashes and end splashes. Quality shall be as indicated in the contractor's bid. Color and pattern shall be chosen by the owner. Should new countertop adjoin existing, the new material shall match the existing as closely as possible. Preformed countertops are acceptable if used in continuous run or mitered at corners.

**METAL BATHROOM ACCESSORIES.** All bath accessories shall be chrome plated unless otherwise specified.

## **SECTION 0700 THERMAL & MOISTURE**

### **WATERPROOFING & DAMPPROOFING**

Waterproofing and dampproofing shall be done to code and as specified on the plans.

### **INSULATION**

New wall, ceiling, rafter and floor insulation shall be fiberglass batt or blanket insulation or loose thermal insulating material, as is required for the particular installation. Insulation R—values shall be as shown on the drawings. Fiberglass batt or blanket insulation adjacent to exterior surfaces shall be combination insulation with vapor barrier, vapor barrier to be installed to warm side. Install insulation as per manufacturer's recommendations. Installer must provide verification of type and R factor of insulation installed. All insulation must meet F.G.A., Washington State Energy Code and U.L. requirements and be labeled as such.



**SCREENED OPENINGS FOR CRAWLSPACES.** Provide no less than 1 1/2 square feet of net area for each 25 linear feet of foundation wall; vents must be located with 6 feet of each corner. Openings shall be screened with 1/4 inch corrosion resistant wire mesh screening and shall be opening-closing type, unless scheduled otherwise.

**VAPOR BARRIERS.** All chemical pest control treatment shall be done prior to installation of VAP barrier. All debris shall be removed from crawl space and ground shall be reasonable level. Vapor barrier shall be 4-mil black polyethylene film secured with rocks approximately every 8 feet. It shall cover entire area to prevent moisture rising into framing.

## **SIDING**

**GENERAL INSTRUCTIONS:** Remove all damaged sections before repairing existing siding. Sheathing and framing behind siding must be solid. New siding shall match existing as closely as possible. Apply siding with corrosion-resistant nails long enough to penetrate into studs, blocking or wood sheathing. Headlap and coursing shall be the required to prevent entrance of moisture into walls. Stagger joints in adjacent pieces of horizontal siding. Replace all trim incidental to this repair and caulk all joint, paying particular attention to where siding abuts wood trim or other material.

**PORCH SKIRTING:** New skirting shall be as specified in the Work Write-Up. When new skirting is scheduled to be installed, existing skirting is to be removed completely. Install sufficient framing or backing for new skirting. All wood shall be at least 6 inches above grade.

**VINYL SIDING:** Prior to starting work the contractor shall examine the exterior of the house, including the fascia and soffit areas, to determine if any additional repairs need to be completed that will affect the proper installation of the siding. If any unforeseen repairs are needed, the contractor will contact the Program Manager and request a Change Order.

New vinyl siding shall also include, unless otherwise specified, the following: window and door wraps, face and soffit wraps, belly bands, porch trim and all exposed beams, posts and/or columns.

New vinyl siding shall have a lifetime manufacturers warranty and have a minimum thickness of .044 inch and shall be installed over ¼" thick rigid foam unless otherwise specified. Use aluminum or galvanized steel nails with 5/16 inch diameter head. All nails should penetrate solid lumber a minimum of 3/4 inch excluding point. When going over 1/2 inch plywood sheathing, use ring shank nails with full penetration of the sheathing. The installation of the siding is to be per manufacturers instructions and shall allow for the expansion and contraction of the material with temperature changes without deformation. The contractor shall provide manufacture's warranty information to the homeowner upon completion of the work.

## **ROOFING AND SHEATHING**

**GENERAL INSTRUCTIONS:** Prior to starting work, contractor shall examine roof to determine that all repairs affecting roofing work have been completed as scheduled. When a new metal chimney, vent stack, roof vent, etc., is scheduled to be installed, the contractor shall cooperate with other contractors in installing flashing and counterflashing. This contractor shall also install new flashing in place of all damaged, deteriorated or missing flashing incidental to the repair or new installation. New flashing shall be installed in all valleys. Contractor shall seal all roof openings and exposed roof edges, chimneys, porch roofs, dormers, skylights and vents, with plastic asphalt cement as needed to ensure watertight joints. Roofing shall be applied in accordance with the on-the-job recommendations of the manufacturer. Once it has been started, the roofing application shall not be delayed, except when absolutely necessary due to inclement weather. Should inclement weather arise it is the responsibility of the contractor to provide



adequate protection of the structure and its contents.

When a new roof is installed, roof vents shall be installed to provide adequate ventilation in all attic areas in accordance with current building codes.

New roofing installations shall conform to the requirements for an Underwriter's Laboratories, Inc., Class C label or better roof; a copy of the guaranteed fire classification shall be provided to the owner. New roofing material shall have a minimum 25 year manufacturer's guarantee. When existing roofing is brittle, badly cupped, or rotted, new material shall not be placed over existing. In these situations, first strip existing roof complete down to wood sheathing, or wood shingles if specified, and then repair sheathing, including rafters or roof deck, as necessary.

The quality of materials and workmanship for repair work shall meet the same standards as new installations. Contractor shall make all repairs or replacements needed to roofing, flashing, drip edges, cant strips, gravel stops, etc., to provide a waterproof installation. When removing damaged sections of existing roofing, replace asphalt saturated felt. Color, size, texture and type of new roofing material shall match existing as closely as possible.

**ASPHALT OR FIBERGLASS ROOFING:** For repair, since new shingles shall match existing in type, repair procedure may vary from that for re-roofing with new seal downs. Therefore, install new shingles as per manufacturer's recommendations to provide a watertight Class C label roof.

For new installations, when going over existing roofing, exposed edges shall be cut back to the edge of the eave and new metal drip edge installed. New roof shingles shall provide at least double coverage at all points, including both eaves and rake edges. All new roof installations shall have metal drip edge. If gable end has no overhang, additional wood trim piece shall be installed so roofing projects at least 1-1/2 inches beyond the face of siding. New roof underlay shall be one layer of #30 asphalt saturated felt. All eaves over heated areas shall have two 36" rows of approved "ice and water shield", waterproof, self adhering membrane. Roof valleys shall be flashed with corrosion resistant sheet metal. New shingles shall be seal down asphalt, fiberglass 3-tab shingles, or fiberglass laminate shingles, with a minimum 25 year manufacturer's warranty. Maximum exposure shall be 5 inches; minimum headlap shall be 2 inches. Exposure shall be not less than that required for U.L. Class C label. Starter course of shingles and rake shingles shall project over eaves or rake edge approximately 3/4 inch. Nails shall be corrosion-resistant roofing nails and shall be long enough to penetrate sheathing or roof boards. In the event that the penetrating nails are visible at the eaves or under a porch, the nails shall be clipped off flush with the underside of the roof sheathing. See also description of roof sheathing below. Color of roofing shall be owner's choice.

**BUILT-UP ROOFING:** For repair, remove existing gravel and broom clean roof area. Cut and repair all blisters with hot asphalt. Reinforce low spots. Apply one ply of 40# asphalt-saturated felt. Minimum end lap shall be 4 inches; minimum side lap shall be 8 inches. Cover felt with two moppings of asphalt. Average mopping coats shall be 25# asphalt. Replace gravel stops at exposed edges of built-up roofing where needed. All stops shall be properly secured and lapped sections shall be sealed with plastic roofing cement. Mop all edges thoroughly.

Where roof drains occur in built-up roofing, the roofing for a distance of approximately 18 inches in all directions from the drain shall be pitched towards the drain. Pitch shall be uniform. Contractor shall repair roof drains to working order.



For new installations, remove old roofing down to sheathing. Nail base sheet according to manufacturer's specifications. Base sheet to be 40# felt or equivalent nailed to decking. Then embed 3 layers of 15# felt, mopping between layers with 25# asphalt. Flood coat surface with 30# asphalt and embed gravel or crushed rock. Gravel or crushed rock shall be included with all new roof installations.

**ASPHALT ROLL ROOFING:** New roofing shall be mineral surface asphalt roll roofing, with a minimum weight of 90# per square. Coverage and underlay shall be the same as for asphalt shingle roofing described above. Endlap shall be 19 inches minimum for a 3 foot wide roll. Starter strip and edges of roofing shall project over eaves or rake edge approximately 1 inch. Nails shall be corrosion-resistant roofing nails and shall be long enough to penetrate sheathing or roof boards. Roll roofing used for low slope applications shall be selva type or other product specified by the manufacturer for low slope installations. Color of roofing shall be owner's choice.

**CAULKING:** When roofing is scheduled, all loose, brittle, cracked, rotted and broken caulking shall be removed. Apply new caulking at all roof openings and exposed roof edges. New caulking shall be plastic asphalt cement or equivalent. Clean immediately all brick, concrete or woodwork soiled during caulking. It is the intent of these specifications that all exterior openings be properly caulked whether previously caulked or not.

**ROOF FLASHING:** When roofing or roof flashing is installed, new flashing shall be aluminum or galvanized sheet metal. Aluminum shall be a minimum thickness of 0.019 inch; galvanized metal, 0.024 inch. Piping passing through the roof shall be reflashed with one piece metal flashing and cover or two piece flange and sleeve flashing. Nails shall be corrosion-resistant threaded nails and shall be long enough to penetrate sheathing. It is the intent of these specifications that all openings through the roof be properly flashed whether previously flashed or not.

**ROOF SHEATHING:** The repair of portions of existing sheathing shall result in the sheathing for that entire surface being in the same plane, so that when new roofing material is applied, the finish surface is even. The quality of materials and workmanship shall meet the same standards as new installation described below.

New sheathing shall be plywood or other approved material not less than 7/16 inch structurally rated interior/exterior type. Exterior type shall be used when surfaces such as overhangs and ceilings in carports or porches are exposed to rafters or joist, and shall be staggered so that end joints in adjacent panels break over different supports. Nails and staples shall be galvanized.

**NAILING INSTRUCTIONS:** For new roof installation over sheathing and felt only, stapling of shingles is acceptable. Staples must be at least 16 ga. zinc coated with a minimum crown of 15/16 inch, and a minimum length sufficient to penetrate at least 3/4 inch into sheathing. Staples must be driven parallel to shingle length by pneumatic stapler, assuring that the crown bears tightly and flush against the shingle without cutting into the shingle surface.

When reroofing over existing roofing, nailing of shingles is the only acceptable means of anchoring the new roof, unless another method is designated by the manufacturer. Use 4-6 nails per shingle for composition or fiberglass shingles and 2 nails per shingle for wood shingles or shakes. Nails will be hot galvanized, 11 or 12 ga. with heads at least 3/8 diameter. Nails will be sufficient length to penetrate at least 3/4 inch in sheathing.

#### GUTTERS AND DOWNSPOUTS

**GALVANIZED METAL GUTTERS AND DOWNSPOUTS:** Galvanized metal shall have corrosion preventative



coating on inside surfaces. Gutters and downspouts may be baked enamel finish. Minimum thickness of metal shall be 26 gauge. Only seamless gutters shall be used. No joints will be allowed except at corners and where downspouts attach.

New gutters shall be 5 inch OG ("K" style) or half-round type. Gutters shall be attached with aprons and hangers or combination hangers every 24 inches on center. No exposed strap hangers shall be used. Metal gutters installed over fascia boards on a house with no roof overhang shall be attached to spacer blocks 24 inches on center on wood framing to get gutters at least 3-1/2 inches away from siding and shall be properly flashed. Gutters shall be installed with proper pitch to downspouts and so that no water overflow can get back into framing members.

New downspouts shall be 2 inch X 3 inch corrugated rectangular or 3 inch corrugated round. Downspouts shall be attached to gutters and be securely fastened with strap or cast hangers at top and bottom. Provide at least one additional hanger for every 6 feet of downspout.

Downspouts shall be provided with extension pieces and elbows. The outlet of the downspout is to be not more than 6 inches above the splash block and pointed in the direction of flow. Splash blocks shall be installed with all new gutter installations.

**CLEANING AND TIGHTENING GUTTERS AND DOWNSPOUTS:** When cleaning and tightening gutters and downspouts is scheduled, all joints shall be made watertight. All gutters and downspouts shall be securely connected and firmly supported and fastened. Cleaning shall take place just prior to final inspection.

**EXISTING GUTTERS AND DOWNSPOUTS:** When removing and reinstalling existing gutters during a roofing or siding project, the gutters are to be carefully removed and stored during the work in such a manner that they will be unharmed. All joints shall be made watertight. All gutters and downspouts shall be securely connected and firmly supported and fastened. In this instance the contractor is required to warrant his labor but not the existing material.

**SPLASH BLOCKS:** New splash blocks shall be concrete or plastic, at least 12 inches by 30 inches. Splash blocks shall be set so that water drains away from the house and into the flow of water off the property.

## **SECTION 0800 DOORS AND WINDOWS**

### **GENERAL INSTRUCTIONS**

Window assemblies, sash and doors, frames, headers and sills shall be constructed so as to provide a square, plumb, level and rigid enclosure for the new installation. Install items as per manufacturer's specifications and recommendations. Flashing shall be installed as necessary. All openings between wood, masonry and metal shall be caulked with a silicone sealant. Should the openings be deeper than 1/4 inch, they shall be first packed with a backing (flexible polyurethane, polyethylene, polyvinyl chloride, cured polysulfide, sponge rubber, neoprene or butyl rod) manufactured for this purpose to within 1/4 inch of the face surface and then filled with silicone sealant. All new sash or doors shall fit tightly in their frames and shall operate smoothly and easily. Contractor shall repair or replace all trim incidental to the operation of the sash or doors.

All hardware within a room shall be similar in style and finish. New finish hardware shall be furnished with the necessary screws, bolts, or other fastenings of a suitable size and type to anchor the hardware in position for heavy use and long life. These fastenings shall harmonize with the hardware as to material and finish. The finish hardware shall be securely fitted on properly prepared surfaces in conformity with the hardware



manufacturer's instructions and templates. Carpentry cuts for the finish hardware shall be carefully and accurately made. The screws shall be turned to a firm grip but not to the point of distorting the hardware and in no case shall the screws be hammered into place.

New doorknobs shall be positioned at standard heights and other hardware shall be uniformly positioned in accordance with codes and industry standards for residential construction.

### EXTERIOR DOORS

SPECIAL INSTRUCTIONS. All exterior doors, except service doors for unheated garages and other outbuildings, shall be fully weather-stripped.

Hinges for exterior doors swinging out shall have a set screw in the barrel to prevent the removal of the pin when the door is closed. Hinges shall be sherardized under plating to prevent rusting.

All doors between a carport or garage and the house shall be solid core type, or equivalent, and have self-closing hardware to meet fire code rating.

HARDWARE, WEATHER-STRIPPING, THRESHOLDS, JAMBS, AND STOPS FOR EXTERIOR DOORS. Entrance locksets shall be polished brass or brushed aluminum finish. When more than one door scheduled to be installed, all locks to be keyed identical. Cylindrical lock shall key outside with turn or push button on the inside; lock shall have dead pin. Contractor shall furnish keys with new hardware. New escutcheon plates shall be installed as necessary to cover unsightly marks when replacing existing hardware. Floor, base or hinge doorstops shall be installed for all exterior doors.

New hardware for double doors shall include the repair or replacement of flush or surface mounted bolts.

New weather-stripping shall be cushion bronze, interlocking aluminum, or compression-type vinyl. It shall be installed continuous around door casing to prevent infiltration for dust, water, and wind.

New threshold shall be aluminum or metal, water return type, with integral weather-stripping and shall fit watertight with door. Caulk at exterior edge.

New jambs and stops shall be clear fir, pine, or mahogany. Moisture content shall not be above normally accepted standards.

*STEEL OR FIBERGLASS PRE-HUNG EXTERIOR DOOR PACKAGE: New pre-hung door package shall include steel clad or fiberglass door with wood or polyurethane core, wood jamb, casing, stops, trim, weather-stripping and aluminum threshold, all hardware, and a deadbolt lock. Opening shall be trimmed. Door shall be hung with three brass or brushed aluminum finished, 4 inch butt hinges. Thresholds shall be fully supported. Unless specifically called out otherwise, all doors will be simulated six panel.*

### INTERIOR DOORS

HARDWARE, JAMBS AND STOPS FOR INTERIOR DOORS. New passage set hardware shall be polished brass or



brushed aluminum finish. Doors to bathrooms or toilet rooms shall have private lock, push button or turn on the inside. Escutcheon in plates shall be installed as necessary to cover unsightly marks when replacing existing hardware.

New hardware for double doors shall include the repair or replacement of flush or surface mounted bolts.

New jambs and stops shall be clear fir or mahogany. Finger-jointed material is unacceptable. Moisture content shall not be above normally accepted standards.

WOOD PRE-HUNG INTERIOR DOORS. New pre-hung door package shall include wood door, jamb (casing), stops, trim and all hardware. Type of door shall be as scheduled. Opening shall be trimmed. Finger jointed material is unacceptable. See also descriptions above.

BI-FOLD SLIDING AND MISCELLANEOUS DOOR HARDWARE. When scheduled to be repaired or replaced, finger pulls, knobs, push plates, door tracks, doorstops, etc. found to be worn, defective or missing shall be installed new. New hardware shall be polished brass or brushed aluminum finish. All hardware within a room shall be similar in style and finish. Mixing paint with unpainted hardware is unacceptable.

WOOD BI-FOLD DOORS. Type of new doors shall be as scheduled. Doors shall be installed complete with new hardware. Wood shall be stained or painted as selected by owner.

## WINDOWS

SPECIAL INSTRUCTIONS. A new window assembly shall include sash, jamb (casing), mullions, frame, sill, stool, apron and all trim as appropriate to the particular type. Finger jointed material (for jamb, apron, etc.) is unacceptable when wood is to be natural finish. Window assemblies shall be installed complete with all operating hardware and all sashes shall fit tightly in frames.

New windows shall meet all applicable code requirements as regards light and ventilation, emergency exit and Washington State Energy Code.

HARDWARE, STOPS, STOOLS AND APRONS. Hardware: all window hardware within a room shall be uniform in style and finish, no mixture allowed. New hardware shall not be painted. Locking window hardware shall be cast metal type; stamped metal type shall not be used. When locking hardware is scheduled to be replaced, finger lifts and pulls shall also be replaced. New hardware shall be polished brass or brushed aluminum finish.

Stops, stools, and aprons: New wood trim shall be clear fir or mahogany. Finger painted materials is unacceptable when wood is to be natural finish. Moisture content shall not be above normally accepted standards.

New windows shall meet all requirements of the Uniform Building Code with regard to light, ventilation and emergency egress.

CHECKING, FITTING AND FREEING WINDOWS: Sashes painted shut shall be freed. Each sash and its operating hardware shall be readjusted for smooth and easy operation. Sash locks that are not scheduled to be replaced shall be repaired and realigned as needed to firmly secure windows. When existing weights or counter-balances for double-hung windows are found to be inoperative and cannot be easily repaired to good operating condition, new "quickie" or "jiffy" type spring window controls can be installed. Springs shall be fastened securely.



**GLAZING IN DOOR WALLS:** When either the sliding or fixed panel of a door wall is scheduled to be reglazed, new glass shall be at least 3/16 inch tempered safety glass. When a window is within three feet of a door there may be some additional tempering requirements. Check the UBC for clarification.

**VINYL REPLACEMENT WINDOWS AND VINYL STORM WINDOWS:** New replacement windows and storm windows shall be constructed of rigid PolyVinyl Chloride conforming to the requirements of AAMA 101V-86. Glazings are to be minimum 3/4" insulated with Low E, having a U-Value of .35 or less. All operable windows are to be supplied with insect screens. Provide tempered glazings where required by the building code. Windows are to be installed square, plumb and level. All trim and interior and exterior wall surfaces are to be repaired to provide a complete and finished installation. All interior and exterior stickers, informational tags, and placards are to be removed from windows before the finish of the job.

## **SECTION 0900 FINISHES**

### **DRYWALL**

**DRYWALL.** Drywall installed over framing members shall be 1/2 inch on walls and 5/8 inch on all ceilings.

New drywall shall be tapered gypsum wallboard. Edges and ends of wallboard shall occur on framing members, except those edges and ends which are perpendicular to the framing members. To minimize end joints, use wallboard for maximum lengths. Wallboard shall be first applied to ceiling, then to walls. When both sides of partitions are to receive wallboard, stagger joints on opposite sides. Protect all vertical exterior corners with corrosion-resistance metal corner beads. When putting up to existing trim, cut drywall carefully and use casing beads for all exposed edges. Where surfaces are to be painted or wallpapered, joints shall be taped and both joints and nail depressions shall have three coats of joint cement (spackling paste applied as per manufacturer's recommendations). All edges shall be feathered. Finish surfaces shall be sanded smooth and left straight and well aligned. Texture spray finish is not to be used on ceilings unless listed in the work schedules. When used, texture spray shall be medium texture, hard finish only - no course, polystyrene or other soft finish allowed. Before application, prime ceilings with a vinyl primer or equivalent. Any existing surfaces to receive texture spray must also be properly prepared for complete adhesion and non-burn through. Application shall be as per manufacturer's recommendations. No finishing of drywall shall be done unless inside temperature is at least 55 degrees F. This temperature shall be maintained during and up to completion of finishing, including drying.

### **TUB/SHOWER COMBINATION**

As shown on drawings, all tub/showers shall be one-piece, fiberglass combination tub/showers installed as per manufacturer's specifications. Where standard window heights conflict with finished tub/shower wall height, windows shall be adjust upwards so that no modification to the one-piece combination unit takes place. Verify all dimensions of the one-piece units prior to framing of the window openings. Contractor shall be responsible for ensuring that sill of window at tub/shower locations is properly sealed, caulked, and constructed to allow any moisture to drain into the tub/shower.

### **RESILIENT FLOORING**

New sheet vinyl shall be no less that .065 - .070 inch thick and have a wearing surface no less that .014 inch (14 Mills). Color shall be owner's choice. It shall be installed full size with a minimum of seams. When being installed in areas of excessive moisture - bathrooms and utility rooms - it shall be installed seamless.



All surfaces to receive resilient flooring shall be dry, clean and level. All cracks, depressions and voids shall be filled or repaired. Concrete floors shall not vary from a level surface more than 1/8 inch in 10 feet in any direction. Where leveling is required, leveling latex for concrete shall be used. Prime concrete slabs on grade or below grade with a cutback before applying adhesive. For all installations, use an adhesive recommended by the resilient flooring manufacturer and apply as per instructions. All flooring shall extend under base shoe molding. Resilient flooring shall be installed at all exposed edges and changes of material and straight treads shall have edging as described below. New rubber or vinyl cove base shall be considered part of a new floor covering unless owner wishes to repair existing wood type base.

New underlayment shall be plywood or tempered hardboard developed for use under resilient flooring. Plywood underlayment for bathrooms and utility rooms shall be exterior type, C-C plugged underlayment. Particleboard shall be 1/2 inch. Plywood shall be 3/8 inch except that 1/4-inch plywood may be used over plywood subflooring or T & G boards not more than 3 inches wide.

Underlayment of 1/4 inch shall be securely nailed every 3 inches O.C. at the perimeter and every 6 inches O.C. at intermediate supports; 3/8-inch underlayment shall be securely nailed every 6 inches O.C. at the perimeter and every 8 inches O.C. at intermediate supports. When resilient flooring is to be installed directly over subflooring, subflooring shall be combination subfloor-underlayment plywood. Types and grades shall be the same as for plywood underlayment. Thickness shall be determined by code.

**CARPET OR TILE STOP.** A divider edge shall be installed at all sheet vinyl/carpet interfaces and shall be aluminum, approximately 1 inch wide. Attachment shall be with countersunk aluminum screws.

**COVE BASE.** New base shall be 4-inch rubber or vinyl cove base unless matching existing base of different height. Use preformed corner pieces and an adhesive recommended by the manufacturer. Base shall be neatly installed and be firmly cemented to walls and floor. Joints where bathroom floors meet walls shall be watertight. Base may be "quid-stik" type. Color shall match new or be compatible with existing resilient flooring.

### **CARPETING**

**CARPETING AND CUSHIONING.** New carpeting and cushioning shall, as a minimum,, conform to those specifications contained in HUD UM - 44c. Type, color and pattern of carpeting shall be owner's choice. Bonded urethane cushion shall conform to HUD UM - 47. Carpet shall be installed according to the best standards of the trade unless individually approved, no seams to be located directly in entry area from outside.

## **SECTION 1100 APPLIANCES**

**EXHAUST FANS AND DUCTED RANGE HOODS.** Ventilating equipment shall comply with, and be tested and rated in accordance with air moving and conditioning association bulletin 210. Evidence of compliance will be home ventilating institute or manufacturer's label showing capacity. Ductwork where required shall be designed for the shortest practical run to the exterior. Exhaust fans shall discharge directly to outside air. Discharge openings through roofs or exterior walls shall be protected against the entrance of rain and snow. Exhaust fan units shall be installed complete with louvers or backdraft dampers which will automatically close and prevent a reverse flow of air when fan is not in operation.

When a bathroom exhaust fan is scheduled to be installed new, it shall be installed complete with switch, ductwork and all accessories. Fan shall discharge directly to outside air. Fan motor shall be moisture proof and UL listed. Fan shall be wall switched; switch shall be separate from light switch. Air delivery of fan unit shall be



as indicated in the work schedules; fan shall provide a minimum of 8 air changes per hour. Grille shall be anodized aluminum or plastic. Undercut door if necessary.

When a kitchen exhaust fan is scheduled to be installed new, it shall be installed complete with switch, ductwork and all accessories. Fan shall discharge directly to outside air. Fan motor shall be UL listed. Fan shall be wall switched; switch shall be separate from light switch. Air delivery of fan unit shall be as indicated in the work schedules; fan shall provide a minimum of 15 air changes per hour. Grille shall be anodized aluminum or plastic.

Range hood shall be installed complete with ductwork and all accessories. Fan shall discharge directly to outside air. Unit shall include recessed light and removable, washable grease filter. Quality of unit shall be standard or above.

## **SECTION 1500 PLUMBING**

### **GENERAL INSTRUCTIONS**

All materials, piping, fittings, fixtures, etc. shall conform to the latest A.N.S.I. (American National Standards Institute), A.S.T.M. (American Society for Testing and Materials), C.S. (Commercial Standards) and F.S. (Federal Specifications) standards. All equipment and materials used shall be new and clearly marked to permit identification of manufacturer, model and type.

The contractor shall furnish all instruments, gauges and equipment required for testing and shall perform those tests required by the related authorities. Equipment, materials or work found to be defective during testing shall be replaced by new work and be retested until proven satisfactory.

All replacement sewer, water or gas systems shall be installed complete and, if necessary, final connections shall be made to the sewer main, gas meter or water meter.

All equipment and items installed under this section shall operate safely, without leakage, undue noise, vibration, corrosion or water hammer. All fixtures shall be securely supported so that no strain is placed on the connected piping. All work, fixtures and materials, shall be protected at all times.

All excavation and backfill necessary for the installation of new underground piping shall be a part of the work of this section. The trenches shall be backfilled evenly and be thoroughly compacted using acceptable fill materials. In no case shall the excavation for the trenches undermine or disturb the stability of the building foundations.

When rough-in for new equipment requires connections to the existing plumbing system, the contractor shall obtain all necessary data on locations, sizes, connections, fittings and arrangements needed to assure the proper installation of that equipment.

All drilling, cutting and patching necessary for the proper installation of work under this section shall be done by the contractor. All patching shall be of the same materials, workmanship and finish as the original work and shall accurately match all surrounding work (painting excluded).

Fixtures and equipment furnished by others, which require plumbing connections to waste, water, vent or gas piping shall be connected up by the contractor.



All work shall be done without critical damage to structural members.

Sleeving shall be provided as required and upon completion of rough-in work, sleeves shall be made sound and fire tight. Penetration of stud and masonry walls, floors and ceilings shall be fire-stopped.

All joints and connections in the plumbing and drainage system shall be gas and water tight for the pressures required by the test of the system, with the exception of those portions of the piping which are installed for the purpose of leading ground or seepage water to the underground storm drains.

The contractor shall be required to wet test all plumbing systems at the expected working pressure of the system after repairs and/or replacements have been made.

Existing plumbing systems, or portions thereof, including building sewers (side sewers), to remain in use shall operate free of fouling and clogging, and shall not have cross-connections which may cause contamination of the water supply by back-siphonage.

Gas lines shall be blown clean with compressed air, all valves and filters shall be checked.

All remaining plumbing fixtures and piping not in use shall be disconnected and removed by the contractor.

All escutcheon plates shall be installed tight; caulk if necessary. The entire new and existing installation shall be left in a neat, clean and usable condition.

**PLUMBING INSPECTION AND SAFE-UP:** A plumbing safe-up and inspection shall include the following. An inspection by a licensed plumber of all plumbing fixtures, appliances, and piping that is accessible throughout the house. Any problems or potential problems that are not addressed in the Work Order shall be noted in writing and brought to the attention of the Program Manager for attention.

### PIPING

**SPECIAL INSTRUCTIONS.** New piping at the exterior of a building shall be at least 36 inches below grade. Piping shall run parallel to the building construction and be neat and workmanlike. It shall be concealed in walls, below the floor, above the ceiling or in furred spaces. Piping shall be properly supported and be pitched to drain. Water and gas piping shall be run level without pockets and as straight as possible. New hot and cold water supply lines shall be at least 6 inches apart where such piping is parallel. Expansion and contraction shall be provided for by swing joints. New soil, waste, vent and drainage piping shall be run at a uniform grade of at least 1/4-inch per foot (2% grade), unless otherwise approved by local jurisdiction. Lines under slabs shall have as short a run as possible and wrapped with plastic tape where it comes in contact with any metal other than brass or lead. All connections between copper or brass and steel piping shall be made with dielectric couplings. All metallic piping shall be bonded together. Screwed pipe joints shall have threads cut the full thickness with new, clean dies. The joints shall be carefully reamed and red lead shall be applied smoothly to the male threads and to the threads left exposed after fabrication. Twenty-four inch air cushions shall be provided at the ends of all new water supply piping to absorb shock.

**WATER SERVICE.** New water service shall be of sufficient size to permit a continuous and ample flow of water to all fixtures at all times. Frictional losses due to piping, meter, valves, fitting and faucets shall be considered when piping size is being determined. The water service pipe shall be installed in such a manner and shall possess the necessary strength and durability to prevent leakage under all likely adverse conditions, such as corrosion or strains due to temperature changes, settlement, vibrations and superimposed loads. Contractor



shall be responsible for providing the meter and any necessary piping to complete the installation; coordinate installation with City Water Department.

**GATE VALVES.** The water piping on the discharge side of the water meter shall have a full way gate valve with bleeder screw. Gate valves shall be readily accessible, whether located in the basement, crawl space or within the living unit itself.

**WATER SUPPLY (DISTRIBUTION) PIPING.** New distribution service lines shall be hard temper type M copper tubing. New branch service lines shall be sized as per the current plumbing code for the number of fixtures to serve on the branch line.

**HOSE BIBS.** Hose bibs shall be located according to plans to provide outside sources of water. Hose bibs shall be freeze-proof or have separate accessible stops and waste valve or inside shut off.

**BUILDING SEWER (SITE SEWER).** All sanitary plumbing outlets shall be connected to combined or sanitary sewer systems when they are available. New building sewer shall be constructed of plastic approved by local jurisdiction. The sewer shall be constructed with watertight joints, be on a grade of not less than 1/8 inch per foot and be laid on a firm bed; in cases where water and sewer piping are in the same trench, all dimensions, clearances, and requirements of the current plumbing code shall apply. Cleanouts shall be installed as required by code. All abandoned septic tanks shall have sewage pumped and be filled.

**SOIL AND WASTE PIPING (INCLUDING DRAINS AND STACKS).** Soil and waste piping and fittings shall be extra heavy or service weight cast iron, galvanized steel pipe, copper pipe or hard temper type K, L, M, or DWV copper tubing, or plastic approved by local jurisdiction. Soil stacks shall rest solidly at the base on masonry piers or heavy iron stacks shall rest solidly at the base on masonry piers or heavy iron posts and be supported at intervals of no more than 10 feet by stout waste pipe shall be installed or permitted outside a building or be in any place where it may be subjected to freezing temperatures, unless adequate provisions are made to protect it from frost.

**FLOOR DRAINS.** No floor drain shall be installed in any location or manner, which will interfere with its proper functioning. New drain shall connect to the sanitary drainage system with an approved trap having a minimum 8-inch depth of seal. Drain shall have a backwater valve. See also description above for piping.

**VENT PIPING.** New vent piping shall be plastic material as approved by local jurisdiction. Vent piping shall extend at least 6 inches above finish roof surfaces. Revent piping shall be at least 1/2 of the diameter of the drain to which it is connected or be a minimum of 1 1/4 inches in diameter. Revent shall tie into the soil stack or waste stack at a point at least 6 inches above the last fixture connection to the stack. No new vent piping shall be installed on the exterior of a building unless scheduled for protection.

New piping passing through the roof shall be flashed with a not lighter than 26 gauge galvanized iron flashing assembly or plastic flashing approved by code. Flashing shall be set in waterproof mastic compound and be caulked around the vent. Flat roof flashing shall be the commercial type with a horizontal leg equal all around the base.

**FUEL PIPING.** New fuel piping shall be black pipe. Pipe shall not be bent and offsets shall be made with fittings. Installation shall comply with all requirements of Cascade Natural Water Saver Gas Company.



## PLUMBING FIXTURES

SPECIAL INSTRUCTIONS. New plumbing fixtures shall be standard builder's models unless otherwise specified in the work schedules. Unless otherwise indicated, color of new fixtures shall be white.

Fixtures shall be installed complete and ready to use. Appropriate grounds and supports shall be provided for each fixture and equipment item. Arrangements shall be made with other trades for the installation of any built-in items, blocking or necessary supports. Coordinate installation of plumbing fixtures with flooring contractor. Chrome shall be thoroughly polished. See package explanations below for further description of the fixtures.

All new exposed trim, fittings and pipe in finished spaces shall be chrome plated brass or be covered with chrome plated brass sleeves, except that laundry try trim may be rough brass. No new trim shall be installed such that its outlet is below the rim of the fixture.

HOT WATER HEATER. Package shall include new BPA approved glass lined hot water heater, type and size as scheduled. Heater shall be installed complete with wiring or fuel piping and draft diverter and vent, as appropriate to type. Hot water heater shall be standard builder's model, or equal, with 5 year warranty. Heater shall be American Gas Association certified or UL listed. It shall be equipped with a temperature and pressure relief valve and an overflow pipe to the outside or within 6 inches of ground or basement floor having proper drainage (immediate area cannot be used for storage) or to other locations required by code. Hot water heater shall have a baked enamel finish.

Fume pipe shall be at least No. 26 U.S. standard gauge galvanized sheet metal. It shall have a minimum slope of 1/2 inch per foot with no horizontal length of the fume pipe exceeding 75% of the height of the chimney or vent. It shall be supported at intervals of no more than the vent outlet of the heater. The fume pipe shall extend just beyond the fire clay flue lining, but no fume pipe shall be vented into a chimney, which is used as a fireplace. Fume pipe can be vented into Class B vent.

KITCHEN SINK. Package shall include new porcelain enameled or stainless steel countertop sink, swing type faucet set with spray attachment and hose, removable cup strainer(s), fixture stops and supplies, and waste with trap. Sink shall have ledge unless space restrictions require otherwise. Entire unit shall be undercoated with sound dampening material and connected to service and waste lines. All sinks must be a minimum of 6-1/2 inches in depth and stainless steel must be of 20 gauge or thicker steel.

LAVATORY. Wall mounted package shall include new porcelain, enameled steel or cast iron lavatory, faucets with trip waste, fixture stops and supplies, trap, and wall hangers and legs.

Vanity package shall include new vanity sink base, countertop with backsplash, porcelain enameled steel lavatory, center set faucets with trip waste, fixture stops and supplies, and trap. Lavatory can be one-piece basin and countertop. Quality of vanity sink base and countertop shall equal that for new kitchen cabinets and countertops.

TOILET. Package shall include new vitreous china bowl (siphon jet action type) with close-coupled tank and cover, plastic seat, flange and waxed ring, bolts and caps, fixture stops and supply and float or flush valve with trip lever. Toilets having plastic tanks are not acceptable.

TUB SURROUND. Type of material shall be as specified. All tub surrounds shall be a minimum of 6 feet above finished floor unless specified otherwise. (Owner's choice of color and design). All tub surrounds shall include



a flush mount soap and grab.

BATHTUB. See information above for combination tub/shower one-piece fiberglass units. Follow all plumbing code and building code, and specifications for installation per the manufacturer.

## **SECTION 1600 ELECTRICAL**

### **GENERAL INSTRUCTIONS**

All material and equipment used shall conform to the latest U.L. (Underwriters' Laboratory), A.N.S.I. (American National Standards Institute), and F.S. (Federal Specifications) standards, as well as to all other applicable standards. All materials and equipment used shall be clearly marked to permit identification of manufacturer, model and type.

The contractor shall furnish all instruments, gauges and equipment required for testing and shall perform those tests required by the related authorities. Equipment, materials or work found to be defective during testing shall be replaced by new work and be retested until proven satisfactory.

All new materials shall be in good condition. Each type of material shall be the same quality throughout the project.

All finished parts of the materials and equipment for the work of this section shall be protected against damage from whatever cause during the progress of the work and until final completion. All electrical materials and equipment in storage and during construction shall be covered in such a manner that no finish surfaces will be damaged or marred.

All wiring, fixtures, switches, receptacles, etc. shall be installed complete with all accessories.

Fixtures, equipment and materials furnished by others which require electrical wiring, connections, or related electrical work shall be connected up by the contractor.

The contractor shall in no case install permanent electrical equipment that may be damaged by the roughing-in for heating, ventilation, or plumbing equipment.

The contractor shall do all drilling, cutting and patching required for the installation of the work under this section. All patching shall be of the same materials, workmanship and finish as the original work and shall accurately match all surrounding work, painting excluded.

All remaining electrical equipment and exposed wiring not in use shall be disconnected and removed.

The contractor shall keep all parts of the building and site free from the accumulation of rubbish and waste materials caused by the work of this section and shall remove such accumulations from the site. All parts of the electrical apparatus and equipment shall be thoroughly cleaned of cement, plaster and other foreign materials and be left smooth and clean.

When a new service is installed it shall be the electrical contractor's responsibility to insure that all obstructions to the service drop are removed.



## WIRING

SPECIAL INSTRUCTIONS. All conductors shall be plainly marked or tagged as follows:

Underwriter's Laboratories, Inc. Label

Size, kind and insulation of the wire.

Name of the manufacturing company and the trade name of the wire.

Month and year when manufactured (date shall not exceed 8 months prior to the date of delivery to the site, except for feeders).

Hot water heater circuit wiring shall be No. 10 AWG.

Dryer circuit wiring shall be No. 18 AWG. Range circuit wiring shall be No. 8 AWG. Branch circuit wiring for 20-ampere circuits shall be No. 12 AWG and all other branch circuit wiring shall be no smaller than No. 14 AWG. Unless otherwise required by code, all new wiring shall be Romex. New 15 and 20 amp circuits shall be 2 wire Romex with ground.

Outlet boxes shall be the pressed steel knockout type or be cast iron with drilled, tapped and plugged holes and be hot-dipped galvanized or sherardized. Outlet boxes may also be approved non-metallic type. All boxes shall be of the proper code size for the number of wires or conduits passing through or terminating in that box. Approved factory made knockout seals shall be used in all boxes where the knockouts are not intact. All outlet boxes shall be accurately placed and securely fastened to the structure independently of the conductor. The plaster rights shall be set flush with the finished surface of the ceiling or wall. The hangers for the light outlets shall have adjustable studs. Surface mounted boxes and wire mold are acceptable if situation prohibits above requirements.

When work is completed, the wiring and connections shall be tested for continuity, short circuits and improper ground in accordance with the applicable code requirements.

ELECTRICAL SERVICE. New service shall be as indicated in the work schedules. Service shall include new service entrance conductors and meter socket, new panel box and ground, and new service mast or service knob with support where necessary. Service shall be ground where required.

Panel installed with new service shall be 200 amp with room for at least 12 circuits. Panel box shall be flush or surface mounted as required. It shall be circuit breaker type. Panel box shall be placed in a convenient and protected location. Panel shall not be split buss type panel.

Service equipment shall not be located in coal bins, bathrooms, clothes closets, attics, above plumbing fixtures or above laundry and kitchen appliances. Sufficient clearance and accessibility shall be provided when installed in basement near laundry trays, or other permanent obstructions. Prior approval may be required if panel is to be located on exterior of house; this panel shall be factory built rain tight type. Each living unit shall have an individual disconnect and circuit protecting device. Where more than one living unit is supplied from a single service entrance panel, the panel shall be located in a common area accessible to all units. The disconnect and circuit protecting devices for each unit shall be clearly identified.

After installation, each lighting panel shall be tested with the mains disconnected from the feeder, the branches connected, the wall switches closed and the fixtures permanently connected but without lamps. Each individual power circuit shall be tested at the panel with the power equipment connected for proper operations. All circuits in the panel shall be clearly identified.



REWIRING HOUSE TO CODE. This is an instruction to the contractor and means that new electrical service and all branch circuit wiring, fixtures, switches, receptacles, cover plates, etc. shall be installed new as National Electrical Code. Only special additional work such as wiring to detached garages, additional lighting fixtures, etc., shall be listed in the work schedules, if the above is called for.

CIRCUITS. New circuit to garage shall be an independent branch circuit of 20-ampere capacity. Service shall include new underground conductor, a keyless (switched) fixture for each parking space and at least one grounded receptacle. Service shall be installed complete with all wiring and accessories.

New furnace circuit shall be an independent branch circuit of 20-ampere capacity. Receptacle for washing machine shall be a 15-ampere, 125-volt, duplex grounding type mounted on the wall behind or adjacent to the laundry areas. When installed new, the wall receptacle shall not be higher than 48 inches above the floor.

New small appliance circuits shall be three-wire 115/230 or 120/208 volt circuits with split type receptacle outlets. When 2 new circuits are scheduled to be installed, a minimum of four grounded receptacles shall be provided and wired to these circuits. When these circuits also serve pantry, dinette, breakfast room and dining area, the receptacles for these areas shall be equally divided between the extended circuits.

New attic circuit shall be an independent 15-ampere branch circuit provided for an unfinished attic space adaptable for living. Circuit shall include one receptacle.

REPLACING WIRING. When existing wiring is scheduled to be replaced, all exposed wiring (wiring not concealed behind finished surfaces) shall be removed back to the panel box. Then new Romex shall be installed for all branch circuit wiring in the basement or attic or crawl space. Installation shall be complete including all wiring and accessories.

#### FIXTURES AND WIRING DEVICES

SPECIAL INSTRUCTIONS. When an item is scheduled to be installed, a new fixture, switch or receptacle shall be installed complete with all wiring and accessories.

When an item is scheduled to be replaced, the existing device shall be removed and a new fixture, switch or receptacle shall be installed and connected up to the existing wiring.

When an item is scheduled to be relocated, it shall be removed complete (or when the existing outlet box and wiring cannot be removed, a blank cover plate shall be installed) and a new fixture, switch or receptacle shall be installed complete in a code approved or more appropriate location.

When an item is scheduled to be removed, it shall be removed complete, or when the existing outlet box and wiring cannot be removed, a blank cover plate shall be installed.

DOOR BELL PACKAGE. New package shall include doorbell button for main entrance door, wiring, chimes or bell, and transformer. A mechanical bell is unacceptable.

CONVENIENCE RECEPTACLES. When receptacles are scheduled to be relocated, installed new or replaced, they shall be installed complete with new cover plates. When all switches and receptacles in a room are new, they shall be off white or ivory color. New convenience receptacles shall be flush duplex type. Surface mounted boxes and wire mold are acceptable if situation prohibits above requirements. Replacement receptacles for



kitchens, bathrooms and laundry areas shall be 3 wire "U" ground duplex receptacles and shall be grounded. New receptacles shall not be located in the baseboard or in the floor.

**SWITCHES.** When switches are scheduled to be relocated, installed new or replaced they shall be installed complete with new cover plate. When all switches and receptacles in a room are new, they shall be off white or ivory color. New switches shall be flush toggle switches, either single pole, 3 way or 4 way as scheduled.

**LIGHTING FIXTURES.** Each lighting fixture in the unit shall be furnished with a lamp bulb of appropriate type and wattage. New lighting fixtures shall bear either the UL or ETL label. Unless otherwise listed in the work schedules, lighting fixtures shall be as follows:

New exterior fixtures shall be wet location type. Wall and ceiling mounted fixtures shall be cast aluminum with black satin finish.

Ceiling or wall mounted fixture for living room, dining room, bedroom, kitchen and bathroom shall be owner's choice, unless previously specified, not to exceed allowance by contractor.

Ceiling mounted fixture for hallway or stairway shall be 6 inch round glass, enclosed type. Fixtures for basement, second floor and attic stairways are to be located directly over the stairways section or at the head or the foot of the stairs.

#### **SMOKE DETECTORS**

Only smoke detectors approved by the City of Richland Building Inspection Division will be acceptable for installation in this program. Locations are to be determined by U.B.C. Smoke detector must be hardwired together.

#### **EXHAUST FANS**

Exhaust fans are required in bathrooms and kitchens and utility rooms, must be sized for room and be electrically operated and vented to outside. Duct must be wrapped.

### **SECTION 1700 HEATING**

#### **GENERAL INSTRUCTIONS**

All materials, equipment, piping, fittings, fixtures, etc., shall conform to the latest A.N.S.I. (American National Standards Institute), A.S.T.M. (American Society for Testing and Materials), A.S.M.E. (American Society of Mechanical Engineers), and F.S. (Federal Specifications) standards. All equipment and materials used shall be new and clearly marked to permit identification of manufacturer, model and type.

The contractor shall furnish all instruments, gauges and equipment required for testing and shall perform those tests required by the related authorities. Equipment, materials or work found to be defective during testing shall be replaced by new work and be retested until proven satisfactory.

Except as modified herein, the construction and installation of all equipment, accessories and appurtenances shall comply with the published standards, requirements and recommendations of the National Fire Protection Association and National Board of Fire Underwriters.

All equipment and items installed under this section shall operate safely and without leakage, undue wear, noise, vibration or corrosion.



All drilling, patching and cutting necessary for the proper installation of work under this section shall be done by the contractor. All patching shall be of the same materials, workmanship and finish as the original work and shall accurately match all surrounding work (painting excluded).

Equipment and materials furnished by others, which require connection to the heating system, shall be connected up by the contractor.

Equipment shall be rigidly installed and so connected as not to exert undue strain on flue piping or other connections.

All piping, ductwork and equipment shall be installed without critical damage to structural members.

The contractor shall provide sleeving as required and upon completion of rough-in work, sleeves shall be made sound and fire-tight. Metal chimneys shall not be installed as exposed piping in habitable areas, closets, etc. They shall be enclosed with fireproof material to provide a minimum of 1-inch dead air space or to meet local code requirements.

The contractor shall install chrome-plated escutcheons where exposed piping passes through floors, walls and ceiling.

All heating and ventilating equipment not required to remain shall be removed by the contractor.

The entire new and existing installation shall be left in a neat, clean and usable condition.

#### HEATING EQUIPMENT

FORCED AIR SYSTEMS. New installation shall be complete and shall include new furnace, ductwork and registers. Provide hot air supplies and cold air returns throughout house. Insulate ductwork in unheated crawl spaces and attics. See further description for new heating units and ductwork below.

When new installation requires removal of existing equipment, this equipment shall be removed complete. Oil tanks which are no longer functional, when above ground shall be removed complete, and when buried shall be disconnected, have fill pipe and vent pipe removed and/or capped, and be filled as required by code. Non functional gas lines shall be capped.

HEATING UNITS. New heating units shall be installed complete with new disconnect switch, flue pipe, and all controls, wiring, accessories, valves and fuel piping necessary to make the unit operational.

Note that the electrical contractor will wire a separate (if one does not already exist) from the panel box to a junction box located near the heating unit. It is the responsibility of the heating contractor or sub-contractor to coordinate installation of the junction box and to wire the unit.

New units shall have ratings sufficient to ensure proper heating of all habitable rooms within the living unit they are intended to serve. Such determinations shall be made in accordance with the best practices of the National Warm Air Heating & Air Conditions Association, The Institute of Boiler & Radiator Manufacturers, and the "Guide" of the American Society of Heating. This shall include heat loss calculations when required by the local authorities. Units must be the highest energy efficiency rating available and be electric heat pump or gas furnace. No new oil systems will be installed.



All work performed in the assembly, erection, installation, connection etc., shall be in accordance with the manufacturer's recommendations and local codes. Mechanical equipment shall be so installed and located without removing items of permanent construction. All approved gas burners shall bear the manufacturer's identification marking the burner trade name and the model number or size installed.

**HEATING UNIT CONTROLS.** After servicing, the mechanical contractor shall leave a certificate on the furnace indicating his name, the work or repairs completed and the date.

When heating unit controls are scheduled to be repaired and/or replaced, the contractor shall examine all the controls for that particular unit, including the thermostat, and repair or replace those controls found to be defective. Operating and limit or safety devices shall be AGA approved or UL listed.

**CLEANING AND ADJUSTING HEATING SYSTEMS.** After servicing, the mechanical contractor shall leave a certificate on the furnace indicating his name, the work or repairs completed and the date.

When heating units are scheduled to be cleaned and adjusted, the contractor shall thoroughly clean and adjust the system so that it is operating properly. When necessary, replace the thermostat. On forced air systems, this shall include cleaning the oil tank (removing condensation and whatever sediment possible), fittings and lines and cleaning or replacing fuel line filters as necessary. Ductwork shall be cleaned and vacuumed at all accessible openings. Special attention shall be paid to duct runs with floor registers. On wet heat systems, this shall include bleeding all lines and/or radiators to remove trapped air. Also clean the flue pipe and chimney.

**DUCTWORK AND REGISTERS.** Sheet metal shall be not lighter than 28 gauge galvanized sheet metal. The sheet metal work shall be accurately formed, be fitted snug, have exposed edges folded under at least 1/2 inch and leave no sharp corners exposed. Fiberglass duct, which is UL listed and meets NFPA standards, is also acceptable. All ductwork shall be properly supported with hangers or floor rest channels. No new ductwork shall be installed as exposed ductwork in finished rooms, including closets, unless as noted on the drawings.

Balancing dampers shall be installed and/or ductwork shall be sized to control the flow of air to all supply registers. Dampers shall be labeled, indicating the rooms served and system shall be balanced.

New supply outlets may be installed in floors or in walls. When in the floor, outlets shall be no closer than 6 inches to any wall. Supply outlets on outside walls should be located in front of windows. Basements need not have separate supply outlets unless scheduled; however an outlet shall be provided on the plenum. All supply registers shall be equipped with shutoff dampers. Return air inlets shall be located in walls or in floors, as is appropriate to their size and function.

Supply ducts in crawl spaces and unheated attic spaces shall have 1/2 inch wrapped blanket installation providing in effect 1-inch insulation. Where ducts are used for cooling, insulation shall be covered with a sealed joint vapor barrier.

#### **ELECTRIC BASEBOARD HEATING**

**ELECTRIC BASEBOARD UNITS:** Existing sections of baseboard shall be cleaned and tested for proper operation.

New baseboard shall be able to maintain a temperature of 70 degrees F. at a point three feet above the floor in all habitable rooms when the outside temperature is -10 degrees F., without overloading or scorching walls. New heaters shall be medium density type, limited to 250 watts per foot of baseboard.



Where possible, install on outside walls and under windows. Each room or air circulation area shall have only one thermostat. Bathroom heaters can be manual switch operation. Thermostats shall be baseboard mounted unless otherwise specified.

In bathrooms, baseboard heaters shall not be within reach of the bathtub. Wall or ceiling type heaters are acceptable substitutes.

## **SECTION 1800 PAINTING**

**GENERAL INSTRUCTIONS.** The quality of all paints and related materials shall equal or exceed those first grade paints and related materials as manufactured by: Boysen, Kelly-Moore, Dupont, Olympic Stain, Dutch Boy, Pabco, Fuller, PPG Industries, Glidden-Spred, Sherwin-Williams

Paint shall be understood to include not only paints but also primers, enamels, sealers, stains and other coatings, plus all paint accessory materials.

Using formulas from an accepted brand and having the paint mixed by a local concern shall not be allowed. The addition of interior oils or other thinners and quick drying additives shall not be allowed. No adulterations for any kind shall be permitted except as specifically recommended by the manufacturer. The use of splatter-dash techniques for appearance purposes on interior surfaces shall be limited to "orange peel" or other fine-medium texture only. Texture shall not be applied to any item, woodwork, metalwork, etc. Exterior and interior paints, primers, enamels and related painting materials shall contain no more than 1% lead by weight in the total non-volatile content of the liquid paints. Primer and finish coats shall be from the same manufacturer for compatibility and best paint adherence. Certain finish coats are formulated to serve as primers and may be so used when applied in accordance with manufacturer's recommendations. Colors shall be factory mixed and shall be as chosen by the homeowner. Items or surfaces for which colors or finishes are not selected shall be painted or finished to match the adjacent background or adjacent finish colors and stains. Such items shall include, but not to be limited to, roof vents (color of roof), covers, housings, brackets, piping, ductwork, drain pipes, conduits, access panels, unfinished or prime-coated hardware, grilles, registers, louvers, cabinets, electrical panels and similar items.

Paint shall not be applied until all surfaces are thoroughly dry, excepting certain masonry paints formulated for application to wet surfaces. No exterior painting shall be done when the surfaces are damp, or during cold or rainy or frosty weather. No painting shall be done unless the temperature is between 40 degrees F. and 100 F. and is expected to remain within 20 degrees of this temperature (temperature at start of work) until paint is dry. Inserts for storm windows shall be removed prior to painting. Contractor shall reinstall them when painting is completed. New and previously unpainted hardware accessories and electrical equipment are not to be painted. Switches and their cover plates shall never be painted. Painter shall remove these items as necessary, reinstalling them when his work is completed. Square foot coverage per gallon shall be as recommended by the manufacturer. Paint shall have easy brushing properties. Paint shall be kept well stirred during use and be screened free from skim, lumps and foreign matter. No paint, nor the residue thereof, shall be used after it is caked or hardened. Paint shall be worked into all corners, voids and joints. All surfaces other than those of metal items shall receive at least 2 coats of paint and all coats shall be thoroughly dry prior to application of the next coat. Shade primer coat to a tint slightly different from finish coat(s). Additional coats may be required if the finish surface does not provide acceptable coverage or hiding. Finished work shall be uniform, free of runs and sags, smooth, free of brush marks and of uniform color. Where paint adjoins other materials or where different colors meet, the edges of the paint shall be sharp and clean. Upon completion, the entire area shall be cleaned and left in a neat condition.



## EXTERIOR PAINTING

**SPECIAL INSTRUCTIONS.** All surfaces to be painted shall have all loose, blistered, scaling, all alligatored and crazed coatings removed and shall be thoroughly cleansed to receive new paint.

Secure loose material and reset nails as a necessary. Caulk at all joints where caulking is deteriorated or missing. Also remove all miscellaneous nails, hoods, screws, tacks, etc. Remaining holes, those no larger than a dime, shall be filled with linseed oil putty or caulking compound, depending on the surface material. All patches shall be smoothly done and all rough or abrupt edges shall be sanded clean and have paint-plugged squares removed. All windows, doors and other openings shall be recaulked. And all dried out or otherwise compound or linseed oil putty including points for sash shall be replaced as necessary. (If any area to be painted shows signs of mildew, those areas shall be cleaned, sanded and sealed before painting is begun.)

**WOOD TRIM, MILLWORK, AND SIDING.** Sandpaper new millwork prior to application of primer or stain. Reset all loose nails and putty all nail holes and minor cracks in wood with putty after spot priming these areas with exterior oil base primer. Prime all knots and resinous wood with a prepared knot sealer or aluminum paint. Neither of these applications is to be considered a primer coat. Apply one coat of exterior oil base primer to all new and bare wood surfaces. Then apply two coats of exterior, non-caulking, oil base or latex base paint to all wood surfaces. Door and sash and their trim shall be gloss finish. Use oil shingle paint for wood shingles and shakes.

When painting porches, do not paint natural finish-ceiling surfaces unless painting of them is specifically noted. First prepare these surfaces to be refinished. Then apply at least two coats of sap varnish formulated for exterior use.

Likewise, do not paint natural finish wood shingles, shakes, or rough-sawn siding unless painting of this siding is noted. Instead, apply two coats of oil or pigmented oil stain. When necessary, stain new section of siding to match existing.

**WOOD DOORS.** Natural finish doors are not be painted unless painting of them is specifically noted. First prepare doors to receive new finish. All door edges shall be eased. Edges, including the top and bottom, shall receive the same finish as the faces. Natural finish for new doors shall be one coat of a water-repellent preservative and at least two coats of spar varnish. Existing doors shall be two coats of exterior oil base or latex base or latex paint gloss finish.

**WOOD STEPS AND DECKS.** Caulk joints between wood surfaces and walls with a silicone sealant as necessary. Reset all loose nails. Apply one coat of exterior oil base primer to all new and bare wood surfaces. Then apply to both primed and previously painted surfaces at least two coats of floor and deck oil base or latex base enamel designed for exterior use.

**CONCRETE AND MASONRY SURFACES.** Whether specifically scheduled or not, if exterior foundation walls are badly stained or splattered with paint during painting, they shall be painted to be in harmony with the siding.

Apply at least two coats of resin-emulsion paint, solvent rubber paint or floor and deck enamel to horizontal surfaces. If oil base paint is used, neutralize surface before painting. Walls shall receive at least two coats of polyvinyl acetate emulsion paint. Surfaces, which have been waterproofed, shall be treated as per manufacturer's instructions prior to painting.



GUTTERS AND DOWNSPOUTS. Gutters and downspouts shall match trim color on house.

MISCELLANEOUS METAL ITEMS. New wrought iron, if not factory painted, shall be primed with at least one coat of zinc chrome primer. Spot prime all other metal with zinc dust, zinc oxide primer where necessary. Then apply at least one coat of rust inhibitive, exterior oil base, enamel paint.

### INTERIOR PAINTING

SPECIAL INSTRUCTIONS. All surfaces to be painted shall have all loose, blistered, scaling, alligatored and crazed coatings removed and shall be thoroughly cleansed to receive new paint. Lead based paint abatement practice shall be followed.

Wallpapered surfaces are sometimes scheduled to be painted. Wallpaper must be tight and edges or joints shall be feathered where necessary. All old lead based paint remaining on walls, ceilings and woodwork shall be removed. Secure loose material and reset nails as necessary. Also remove all miscellaneous nails, hooks, screws, tacks, etc. from walls and millwork. Remaining holes, those no larger than a dime, shall be filled with spackling compound or linseed oil putty, depending on the surface material. All patches shall be smoothly done and all rough or abrupt edges shall be sanded smooth. Seal all unremovable grease spots or stains with shellac so that they do not "burn through" new paint.

Kill stain or seal all varnished wood before painting so that the desired coverage is obtained. (If any area to be painted shows signs of mildew, those areas shall be cleaned, sanded and sealed before painting is begun.)

When a room is scheduled to be painted, walls, ceilings, doors, windows (including those surfaces exposed by opening), trim, cabinetwork, miscellaneous shelving, etc. shall be painted and/or refinished as described below. A closet is considered to be part of the room in which it is located, and closet rods and shelving (unless prefinished metal either new or in good condition) and bracing and drawers shall also be painted. Natural finish items are not to be painted unless painting of them is specifically noted. Interior of cabinets will not be included as part of the room unless scheduled.

DRYWALL OR PLASTER WALLS AND CEILINGS. Hairline cracks and scraper dents shall be spackled and sanded. Open cracks shall be raked out and damaged plaster shall be removed. Apply new plaster in coats thin enough to prevent shrinkage. All repaint work, when completed, shall match existing surfaces, present a neat appearance and be free of hairline cracks and bulges. All surfaces shall be washed prior to painting if needed. New plaster or previously painted surfaces shall receive at least two coats of interior latex or oil base paint. Paint for kitchen, bathrooms and utility rooms shall be semi-gloss enamel. Surfaces shall be painted with roller and/or brush except that certain types of texture finish ceilings cannot be satisfactorily painted with roller or brush. These surfaces, and these surfaces only, can be spray painted.

WOOD WINDOWS AND DOORS. For painting, all door edges shall be eased. If new wood is open grain type, fill or seal surfaces to prevent grain rising. Apply one coat of suitable oil base primer to all new and bare wood surfaces. Then apply at least two coats of interior semi-gloss enamel (oil base or latex base) to all surfaces. Edges - top, sides and bottom - shall be painted the same as the door faces. Color shall match adjacent wall surfaces. Painting shall be with brush only.

For natural finish, all door edges shall be eased. Apply one coat of penetrating sealer to all trimmed door edges. All interior doors, if not prefinished, shall receive at least two coats of spar varnish. Edges - top, sides, and bottom shall be finished the same as the door faces. Varnish shall be applied with brush only.



WOOD TRIM, MILLWORK, PANELING, CABINET WORK AND SHELVING. It is not intended that cabinet work and other wood surfaces scheduled for refinishing or painting be completely stripped down to bare wood. Rather, so as to make them unnoticeable, stain or prime and finish as necessary. If interior of cabinets are to be refinished, it will be scheduled separately.

For painting, sandpaper new millwork prior to application of primer. Reset loose nails. All nail holes shall be filled and sanded prior to painting. If new wood is open grain type, fill or seal surface to prevent grain rising. Apply one coat of a suitable primer to all new and bare wood surfaces. Then apply at least two coats of interior oil base or latex base paint. It shall match adjacent wall surfaces, unless scheduled otherwise. Painting shall be with brush only.

For natural finish, sandpaper new millwork prior to application of stain. All wood to be refinished shall be first prepared as necessary to receive new finishes. Loose nails shall be reset and all holes shall be filled with linseed oil putty. If new wood is open grain type, surfaces shall be filled or sealed to prevent grain rising. New or bare wood shall be stained to match existing as closely as possible. All natural finish wood shall receive at least two coats of varnish, shellac, lacquer or clear plastic coating as appropriate to its intended use. Application shall be with brush only.