



# **Town of Flower Mound Minor Home Repair Program Guidelines**

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## **A. GENERAL PROVISIONS**

The Town of Flower Mound's Minor Home Repair Program is funded by the Community Development Block Grant (CDBG). These funds are awarded to the Town of Flower Mound by the U.S. Department of Housing and Urban Development (HUD). The program is designed to improve the sustainability of the Town of Flower Mound and make the homes of those in need of assistance safer and healthier.

The **Minor Home Repair Program** will provide assistance to low-to-moderate income homeowners to make essential repairs when owner-occupant lacks sufficient resources of their own. Through this program, the homeowner can receive assistance with repairs valued at **\$15,000 or less**.

### **FAIR HOUSING**

This Program will be implemented in ways consistent with the Town's commitment to Fair Housing. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG Funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (children), physical or mental disability, sexual orientation, or other arbitrary cause.

### **OUTREACH**

Community members are informed of the details of the Minor Home Repair Program and eligibility requirements through advertisements, public meetings, private interviews, Program flyers distributed throughout the Town, Town Publications, Town website and other fair marketing efforts. Pre-qualification and marketing criteria will focus upon income eligibility and rehabilitation needs. Persons who do not speak English or persons with disabilities who wish to participate in the Minor Home Repair Program and need assistance should contact Town Hall at (972) 874-6000 so that appropriate arrangements can be made. Para Información en Español Llame al 972-874-6000.

## **B. ELIGIBILITY REQUIREMENTS**

Applicants must submit all information requested in the application that applies to his/her household and complete all verification forms. Applicants will provide complete and accurate information regarding their household composition, household income and housing situation. Failure to disclose information that may affect eligibility requirements may constitute fraud and result in denial of the application. Applicants shall be required to make full restitution to the Town in the event that Minor Home Repair services are provided to applicants that submitted inaccurate or incomplete information in order to meet eligibility requirements. Requests for additional services will be denied unless restitution is made in full.

Town employees that reside within Town limits are subject to the same eligibility requirements and procedures as all other applicants.

## APPLICANT ELIGIBILITY

1. Income: In order to be eligible for CDBG assistance, the cumulative gross annual income(s) for all persons age 18 years and over occupying the residence must not exceed 80% of the county's median income as published annually by HUD. Income will be determined by the provisions of Section 8 annual income definition at 24 CFR 5.609.

The Town of Flower mound will use HUD's CPD Income Eligibility Calculator to determine income. HUD has directed the Town to use the "24 CFR Part 5 Annual Income" definition of income.

<b>HOUSEHOLD SIZE</b>	<b>80% OF AREA MEDIAN INCOME – MAXIMUM INCOME LIMIT</b>
1	\$48,300
2	\$55,200
3	\$62,100
4	\$68,950
5	\$74,500
6	\$80,000
7	\$85,500
8	\$91,050

**NOTE:** Additional documents will be required to verify income eligibility per HUD regulations.

2. Citizenship: Applicants must be United States citizens or legal resident aliens.
3. Assets: Applicants total assets (excluding home) must not exceed \$35,000, and their liquid assets may not exceed \$8,000. Liquid assets are those that can be readily converted to cash such as cash, checking, savings, stocks and bonds. Tax deferred accounts such as IRAs, 401Ks, and other retirement accounts are excluded from the definition of liquid assets.

## PROPERTY ELIGIBILITY

1. Location: The property must be located within the Town of Flower Mound.
2. Property Type: An eligible property must have an existing single-family residence that is the principal residence of the applicant on a year-round basis.
  - Applicant must provide proof of a homestead exemption on the property.
  - Applicant must have no intention to market, rent or sell the property for at least two years.
3. Title: The applicant household must hold a majority title to the property. An existing mortgage will not prohibit participation in the Program.
  - Applicant is listed as the property owner (a title search will be conducted).
  - Mortgage payments must be current.
4. Homeowner's Insurance: Proof of homeowner's insurance is required.

5. Property Tax: Proof of property tax payment is required.
6. Environmental Review:
  - Property must not be located in a Special Flood Hazard Area (i.e., subject to inundation by the 1% Annual Chance Flood per FEMA) in order to be eligible for the Program.
  - If the property meets the Environmental Review criteria above, staff will determine whether the property to be repaired meets all environmental requirements under 24 CFR Part 58 and can receive minor repairs through the Program.

#### NOTE

- **Submitting an application and meeting eligibility criteria does not commit the Town of Flower Mound to undertake a project.** In addition, a visit by the contractor does not imply a final approval of the project. If the cost estimates of the project exceed the maximum amount allocated under the program, the application will be terminated.
- The homeowner must respond to contact by the Town within 10 business days and submit all supplemental documentation within 15 business days of request by the Town.
  - **Failure to meet either of these conditions will result in the termination of the application.**

### C. TYPE AND TERMS OF PROGRAM ASSISTANCE

Generally, repairs or modifications to achieve accessibility that are urgently needed to make the housing safe, sanitary or habitable that can be completed for \$15,000 or less are eligible for assistance. Town staff will inspect the unit to determine if requested repair is eligible.

#### EXAMPLES OF ELIGIBLE REPAIRS:

- Water heater repair/replacement
- Roof repair/replacement
- Plumbing repair
- Heating/air conditioning repair/replacement
- Window and screen repair/replacement
- Electrical repair
- Repair/replace electrical panel boxes
- Repair/replace/install handrail, guardrail, porch and step structure, wheelchair ramp
- Replace/install weather-stripping and caulking
- Install insulation

Eligible projects must adhere to the design standards established by Flower Mound Building Inspection.

#### LEAD-BASED PAINT

If the property was built before 1978, a lead-based paint risk assessment will have to be performed by a certified risk assessor prior to rehabilitation work commencing. If the test results are negative, construction will be able to proceed. If the test results are positive, the rehabilitation will require that all identified lead hazards be abated. Lead-based paint abatement can only be performed by a certified abatement contractor who employs certified abatement workers who use

safe work practices to prevent lead contamination from the abatement. More information on federal requirements for work with lead-based paint can be found in 24 CFR 35 and 40 CFR 745. The homeowner will not be able to occupy a house while lead abatement is performed. If the homeowner does not agree to relocate during the lead-based paint abatement procedures, the project will be terminated.

## **INELIGIBLE PROJECTS**

- Repairs that are only cosmetic in nature are not eligible. However, some cosmetic repairs may be carried out under the Program in small areas where a repair has been completed and only when necessary to make the immediate areas match (as close as possible) the surrounding area.
- Repairs covered by insurance claims **are not eligible** for funding from this Program.
- Unsafe and substandard structures that cannot be made safe for habitation for \$15,000 or less will not be eligible for assistance. The owner will receive a letter detailing the hazards and why assistance is being denied. Under such circumstances, the Town will recommend a household seek safe housing as soon as possible or apply for assistance from the Town's Housing Rehabilitation Program.

## **MAXIMUM LIMITS FOR THE PROGRAM**

Eligible housing units may be approved for assistance once in a two-year period

- Maximum funding per application for owner-occupied single-family structures: Up to \$15,000 per application may be available for approved, eligible repairs. Repair(s) that cost more than \$15,000 are not eligible. Once completed, no additional assistance may be requested before the term of the loan (2 years) is complete.
- **Lifetime Maximum** of two repairs or a maximum total expenditure of \$30,000
- Applicants accepted into the Minor Home Repair Program are automatically disqualified from participating in the Residential Rehabilitation Program until the term of their loan (2 years) is complete.

## **FORGIVABLE LOAN TERMS**

Maximum Loan Amount: In all cases, the maximum CDBG forgivable loan amount shall be \$15,000 per low-income housing unit. No interest will be charged.

Costs covered by the loan may include:

- Construction contract (the accepted bid price for the cost of materials and labor);
- Construction contingency;
- Drafting and engineering fees, if any;
- Appraisal and termite inspection charges;
- Permit fees and related building fees;
- Lead Based Paint mitigation

Costs **not** covered by the loan include:

- Relocation Expenses: This Program is subject to the acquisition and relocation provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (“Uniform Relocation Act”) and Section 104(d) of the Housing and Community Development Act of 1974. Under the Uniform Relocation Act, at 49 CFR 24.2(a) (9) (ii) (E), a nonexclusive listing of persons who do not qualify as displaced persons includes an owner occupant(s) who move(s) as a result of rehabilitation or demolition of the real property. If the homeowner(s) are required to temporarily relocate during the rehabilitation, the Town will not provide any assistance with relocation expenses because this is a voluntary program.

Recapture Provisions: Assistance received through the Minor Home Repair Program is a two-year forgivable loan. As part of the Program, the Town places a lien on the property (as a “soft second” lien) that is released upon maturation of the loan.

Homeowners receiving assistance from the Town are required to have the home remain their principal place of residence for not less than two (2) years from the date of the loan. If the homeowner(s) no longer occupy(ies) the home as their principal residence during the two-year loan term, the homeowner(s) will be obligated to pay the Town the prorated amount of the loan. The deferred payment loan will be forgiven at a rate of 50% per year or 1/24 per month. Any outstanding balance would be subject to recapture. A lien will be filed listing the Town as a subordinate lien holder.

Change of Title-Owner/Occupants: In the event that an owner occupant sells, transfers title, or discontinues residence in the rehabilitated or purchased property for any reason, the loan becomes immediately due and payable.

If the owner occupant sells or otherwise transfers title of the property to a qualifying income group household, the Town will consider subordinating the loan and continuing all or part of the lien as a deferred loan.

If the owner occupant dies, and if the heir to the property lives in the house and is income eligible, the heir may be permitted, upon approval of the Town, to assume the loan at the rate and terms the heir qualifies for under current participation guidelines. If the owner occupant dies and the heir is not income eligible, the loan becomes immediately due and payable.

In cases where more than one owner occupant is listed on the title and deed of trust, if one of the owner occupants ceases to live at the property for any reason, then the CDBG loan is assumable if the other owner-occupant who is vested in title provides documentation that he will continue to occupy the home as his principal residence and that the new household continues to be income eligible for the Program. If the new owner-occupant and household are not income eligible for the Program, then the CDBG loan becomes immediately due and payable.

If an owner wants to convert the rehabilitated property to any commercial or non-residential use or a rental unit, the loan becomes immediately due and payable.

## **USE OF CDBG PROGRAM INCOME**

All income received from recapture of CDBG deferred payment loans made by the Town will be known as CDBG Program Income and will be returned to the Town for use on CDBG eligible activities.

## **D. PROCESS & PROCEDURES**

### **PROGRAM STEP-BY-STEP PROCESS**

1. Individuals will apply to participate in the Minor Home Repair Program. The applicant is required to provide all documentation to verify both property and personal eligibility.

Applications will be accepted until the goals of the Program have been met and/or all funds have been committed.

- Only completed applications will be processed on a first-come, first-served basis. Once applications are completed and all supporting documents have been submitted, Town staff will date and the application to determine the order in which the application will be considered. A completed application includes all documents necessary for Town staff to determine income eligibility and property eligibility.
- When funds committed to accepted applications total an amount that approaches the total CDBG funds available, the Town will suspend the Program and suspend acceptance of applications until additional CDBG funds are available.
- When less than the maximum potential loan amount remains as uncommitted funds, those dollars may be committed to the next available applicant. If the expected minor repair costs of that applicant's home exceed the remaining funds available, the rehabilitation costs of that home will be postponed until the following year's CDBG entitlement is available.

Applicants must pass the following eligibility tests: income eligibility, property eligibility and repair feasibility. Town staff determines the income of the household and the eligibility of the property. If applicants pass the eligibility tests for income and property, the applicant may continue on to the next step.

Town staff will also perform an environmental review to determine if the property will be in compliance with acceptable environmental conditions as set forth by HUD. If a property cannot meet the environmental conditions, the application will be denied.

2. After reviewing the application and verifying all documentation, Town staff will contact the applicant for an on-site project evaluation appointment.
3. The Town's Housing Specialist will provide a line-item in-house cost estimate of the minor repair(s).
4. Town staff will discuss the proposed project with the applicant and determine what may or may not be eligible for the program.
5. Town staff will contact a list of pre-screened general contractors and obtain quotes for the work to be performed.

Contractors interested in bidding on the project will contact the homeowner to set up a time to walk the home and review the items listed on the prepared bid sheet.

If the project quote is above the Town's cap of \$15,000, the application will be terminated.

6. The Town staff will select the contractor in accordance with the Town and HUD's purchasing/contracting policies. Staff will prepare contract documents for execution by the applicant, the Town's Housing Specialist, The Town Grants staff and the contractor.
7. Determination of CDBG Assistance:
  - The determination of CDBG assistance will be based on the selected construction bid and the total of all other eligible costs. The maximum total loan amount is \$15,000. 10% of the \$15,000 is reserved for change orders. Any approved change orders will be reflected in the original loan amount.
  - Town staff prepares a letter notifying the applicant of the total loan amount offered. Included with the letter is a copy/draft of the Minor Home Repair Program Agreement. If the applicant chooses to proceed, a meeting is scheduled to execute contracts.
8. Contact Execution:
  - The meeting will include the applicant, the Town's Housing Specialist, the Town Grants staff and the contractor.
  - All parties will review the work description and the applicant, contractor and housing specialist will initial each line item of the work description.
  - Upon acceptance of the terms and conditions stated, the applicant will sign the Minor Home Repair Program Agreement.
  - The applicant will enter into an agreement with the contractor.
    - The contract must name all of the contractors and/or subcontractors responsible for performing each item of work (debarment is checked prior to closing).
  - Upon the execution of all Program documents, Town staff will issue a written Notice to Proceed to the contractor and provide a copy to the applicant.
9. Repair Work:
  - Work will commence not later than 10 calendar days after the receipt of the Notice to Proceed.
  - The contractor is responsible for securing all necessary building permits.
  - Change orders must be executed for any deviation, addition, or deletion made to the original job specifications approved in the construction contract. All change orders must be in writing and require the approval of the applicant, the contractor, Town staff, and Housing Specialist.. All approved change order will be included in the final loan amount (reflected in the Promissory Note) and will be listed as amendments to the original loan amount offered in the Minor Home Repair Program Agreement.
  - Repair work will be subject to routine progress inspections by the Town's Housing Specialist.
10. Contactor Payments:
  - Upon completion of work (or portion of work) set out in the Work Write-Up, the contractor will submit an original invoice identifying work items completed and their cost to Town staff.
  - Upon receipt of the invoice:



- The Town's Housing Specialist will inspect the property to ensure all work has is completed and determine if all applicable permits have been obtained and have appropriate signatures.
- If LBP work was part of the contract, the work must pass a final lead paint clearance inspection. If the work fails the inspection, the contractor must continue to clean the house until it passes the clearance inspection.
- Grants Staff will obtain a signature from the homeowner on the Contractor Payment Request form that indicates the homeowner is satisfied with the work and the amount to be paid to the contractor.
- After a signature is obtained from the applicant, the Town's Housing Specialist and Town Grants staff will sign the authorization for payment stating that all work is complete as agreed to in the construction contract.

#### 11. Work Completion:

- The Town's Housing Specialist will conduct a final walk through with the applicant and contractor to address any outstanding items. When all outstanding items are satisfied, the applicant must sign the final acceptance form.
- Acceptance of Work: If a building permit is required, the Town's building inspector must have accepted the work, as evidenced by an approved final inspection on the building permit. Additionally, items on the final invoice must have been completed and approved by the Town's Housing Specialist.
- The contractor will guarantee the work performed for a period of at least one year from the date of final acceptance. It is the responsibility of the applicant to notify the contractor of any problems that occur after project completion and are covered under the provided warranty.

#### 12. Closing:

- Execution of documents by the applicant:
  - Promissory Note
  - Deed of Trust
  - Acceptance of Work
  - Final Invoice Approval
- At the time of final payment, the contractor will provide:
  - Lien release form the contractor
  - Lien releases form all subcontractors, labors, materials and equipment rental
  - Any warranties and paperwork as appropriate
- The Town issues final payment to contractor.
- The Town files the loan documents in the County deed records office.

## **E. DISPUTE RESOLUTIONS**

### **PROGRAM DISPUTES**

Any applicant for a minor home repair loan through the Program has the right to appeal if the application is denied. Complaints concerning the Program should first be made to the Budget Officer. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the Town. The Town then schedules a meeting with the Deputy Town Manager/CFO. The Deputy Town Manager/CFO's written determination will be made within fifteen (15) working days after said meeting. If the applicant is not satisfied with the Deputy Town Manager/CFO's decision, a request for an appeal may be filed with the Town Manager.

## CONTRACTOR/HOMEOWNER DISPUTES

During pre-construction, construction, or post-construction periods, the applicant has a similar right to have any disputes heard and resolved.

Program representatives are primarily responsible to assure that the Program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work writes-ups and contract documents. Program representatives attend the meeting between the homeowner and the contractor when the contract documents are signed, and facilitate in the clarification and/or corrections of proposed work so a clear understanding is established between both parties.

During and after completion of construction, the contractor's work is monitored for code compliance by the Town's building inspector and for quality by the Town's Housing Specialist.

The contractual obligation for rehabilitation is ultimately between the contractor and the homeowner. If a situation occurs where the two parties are in conflict, the following procedure will be followed:

Stage 1: Before any intervention occurs, the homeowner or contractor shall communicate perceived problems or complaints directly to the other party. In an attempt to resolve the differences, each party will give the other party an opportunity to respond or correct the problem.

Stage 2: If the Stage 1 attempt fails to resolve the problem, the homeowner or contractor may ask a Program representative to informally intervene. This intervention might include telephone call(s) to the contractor or homeowner, meeting(s) at the job site or in the office, or other actions as seem appropriate, including such things as the establishment of written working guidelines, or other post-contractual agreement.

Stage 3: If informal intervention is unable to satisfactorily resolve the homeowner-contractor differences, the homeowner, contractor, or Program representative will contact the Town staff person responsible for the program at the Town in writing, detailing the problem. In cases of building code compliance or questions of construction quality, the Town's building inspector will also be contacted.

It must be recognized that the homeowner has other options which he may choose to utilize, including contacting the contractor's applicable state licensing board to submit a complaint.

Any controversy between the parties that cannot be settled through the informal intervention process outlined above shall be submitted to binding arbitration. Costs for the arbitration will be borne by the non-prevailing party, or subject to the terms of the arbitration agreement. The parties shall attempt to agree on a single arbitrator to hear the dispute. If they cannot agree, each party shall appoint an arbitrator. If the two arbitrators cannot agree, then they shall appoint a third arbitrator whose decision shall be final and binding. The cost of the arbitration shall be borne by the losing party unless the arbitrator otherwise determines. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in force. The parties expressly agree that the arbitration shall be subject to and governed by the

Federal Arbitration Act, 9 U.S.C. §1 *et seq.*

## **F. CHANGES & EXCEPTIONS**

### **PROGRAM CHANGES**

At the discretion of Town staff, the Minor Home Repair Program may be modified to ensure timely expenditures of Program funds, to implement improved practices, or to better comply with CDBG grant requirements.

### **EXCEPTIONS/SPECIAL CIRCUMSTANCES**

Exceptions are defined as any action which would depart from policy and procedures stated in the Program Guidelines. The Town or its agent may make an exception based on extenuating circumstances. A report on the extenuating circumstances and exception or denial of any requested exception will be prepared by Town staff. This report shall contain a narrative, including Town staff's recommended course of action, and any written or verbal information supplied by the applicant. Any exceptions will be documented in the Program file.