

TOWN OF BARRE, VERMONT
HOUSING REHABILITATION PROGRAM
POLICIES AND PROCEDURES MANUAL
(2003)

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INTRODUCTION

In 1992, The Town of Barre received a Vermont Community Development Grant from the Vermont Agency of Development and Community Affairs. This Grant provided assistance in the form of low interest loans to residents of the Town to carry out projects and activities which principally benefited low and moderate income persons.

Consistent with the objectives of the Vermont Community Development Program (VCDP), the Town established a Citizens Housing Advisory Committee to oversee a program of housing rehabilitation loans designed to assist homeowners in making needed repairs and improvements to their properties.

This program has been very successful in achieving its goals, but the fund has been significantly depleted due to its success and design. As a result, the focus of the program, (hoping to utilize the remaining funds, benefiting as many Town residents as possible) has changed.

These funds, no longer under the same Federal guidelines, can be used at the discretion of the Town of Barre. The Town, committed to assisting Town residents when possible, merged funds from another Housing Grant (The Plainfield Consortium) making the available funds for housing rehabilitation more tangible. However, utilizing the services and resources of various agencies easily facilitates the administration of the Barre Town Rehabilitation Program.

It is hoped, that partnership will benefit residents needs beyond what the Town could provide. Working with the Citizens Housing Advisory Committee and Town Staff, these Partnership Agencies will be an integral part of this program. Reviewing applications, providing the technical expertise, bidding and follow-up is only an example of their possible involvement. They will also act in this same manner for applicants that don't need or qualify for the particular agency benefits but do qualify Barre Town Housing Rehabilitation funds.

The following policy has been adopted by the Citizens Housing Advisory Committee, for use by the committee, administrative staff and other agencies as a guide in the management of the Housing Rehabilitation Program for the Town of Barre.

This policy is written to cover a variety of housing rehabilitation related programs. The Housing Rehabilitation Committee may not be the controlling entity. If a Partnership is entered into with an outside entity, the contractual agreement with said entity should determine what role the Housing Advisory Committee will have. If a partnership is not entered into and funds are awarded by the Town through the Housing Advisory Committee and the Selectboard for a housing related project, then this policy shall be followed. As various partnership are implemented, changes may be necessary to this policy. The Citizens Housing Advisory Committee reserves the right to make changes when necessary.

SECTION I

PROGRAM ADMINISTRATION

Partnership Agencies in conjunction with The Town of Barre, hereinafter called the TOWN, shall administer the Housing Rehabilitation Program. The TOWN will be responsible for:

1. Providing personnel and facilities for specified administration of the Housing Rehabilitation Program.
2. Coordination of its personnel, its activities, and approval of rehabilitation work as described in each contract agreement.
3. Coordinating activities of the Citizens Housing Advisory Committee.
4. Executing the Grant Agreement.
5. Determining eligibility of owners in conjunction with any partnership agreement.
6. Reviewing and acting upon loan applications from eligible homeowners as required by each contract agreement.
7. Notifying the Board of Selectmen of approval of applications.
8. Disbursing partial and final payments based on contract agreement provisions.

TERMINATION POLICY

Both the Town of Barre and Partnership Agencies, may in writing (minimum of 60-day notice) terminate any partnership agreement. All previously approved contracts (in-progress or pending) must be completed.

PROGRAM OBJECTIVES

The Housing Rehabilitation Program is intended to increase neighborhood pride, by upgrading properties in TOWN. The program will stabilize the real estate market and encourage people to remain in the neighborhood. The success of such a program depends on proper design and administration to achieve the goals and priorities established by the community.

TOWN INSPECTION

The Town of Barre reserves the right to perform periodic inspections. Town Staff, Housing Advisory Committee members or their designate, for the purpose of quality control and program recipient satisfaction shall perform any such inspections.

PROGRAM STANDARDS

Through the Housing Rehabilitation Program, residential properties will be improved to enhance the health and safety of occupants.

Additionally, homeowners will conserve energy by having repairs made such as insulation, new windows, roofing, and siding. Not only will the improvements benefit the individual homeowner, but also the entire appearance of neighborhoods will be enhanced. Property values will also increase. To further improve neighborhoods and insure the safety of residents, certain public improvements will be undertaken to support the investment in neighborhood housing.

SECTION II

FINANCIAL ASSISTANCE

Eligible homeowners in the Town will be provided assistance to pay for approved repair costs in accordance with the Housing Rehabilitation Policy. Financial assistance will be provided for owner-occupied properties only. Homeowners who occupy residential structures within the Town may be eligible to receive a Rehabilitation Loan, secured by a recorded note and mortgage.

The Deferred Payment Loan - is used when the owner-occupant is already spending 30% or more of their monthly income on housing costs (housing cost is defined as principal and interest payments on a primary mortgage and/or secondary mortgage debt, taxes and insurance). Deferred Payment Loans will carry no interest and no monthly payments, and must only be repaid when title to the property being rehabilitated is sold or transferred.

The Installment Interest Loan -is used when the owner-occupant has adequate income below 30% of their total monthly income available to finance the cost of improvements, but lack adequate income to repay at prevailing interest rates of a conventional lending institution. Interest rates will range from 0% to a maximum of 5% with the length of the loan being variable to lower the monthly payments to an amount proportionate to the applicant's income. Repayment of the installment loan will be on a monthly basis, which will include payments for both principal and interest. Upon sale or transfer of the property, all outstanding sums will be repaid at closing.

The Combined Installment Interest/Deferred Payment Loan -is used when the owner-occupant has adequate income below 30% of their total monthly income available to finance the cost of improvements, but lack adequate income to repay the entire cost of rehabilitation under the variable terms described above. The individual procedures for both forms of financial assistance shall remain in effect for each particular aspect of the assistance.

Small Loans -Loans in the amount of \$200-\$500 require repayment on a when able basis. However, in the best interest of continued success of this program, repayment is strongly recommended. Loans in this category will be handled in house. No loan securement paper work will be required.

All other loans will be handled as previously stated.

Changes in Income and Assets in the case where the applicant's income or assets increase or decrease during the period of the loan, the loan and its terms may be re-assessed by the Advisory Committee or its designee.

OTHER ELIGIBLE USES OF FUNDS

Accessibility Modification for Disabilities Funds may be made available to homeowners solely for the purpose of making accessibility modification for persons with disabilities. Income guidelines may be raised by 20% (as shown in Eligibility Guidelines) to allow for the additional medical and household expenses associated with disabilities.

Acquisition and Rehabilitation by Public Bodies with the approval of the Advisory Committee, funds may be made available to rehabilitate properties acquired by the TOWN which are used solely for the purpose of housing. Any property so rehabilitated shall have the sole purpose of providing housing for income-eligible families.

Relocation Expenses Funds may be used for the temporary relocation expenses of those residents temporarily displaced by rehabilitation activities. Such relocation costs must be approved by the Advisory Committee prior to their being obligated.

Financial Lending Institution Funds Rehabilitation Funds may be used in conjunction with funds provided by a financial lending institution under the guidelines set forth by the Department of Housing and Community Affairs. Such rehabilitation funds shall be used in the following manner if an arrangement with a lending institution is negotiated:

- 1) Interest/Principal buy-down loans
- 2) Loan Guarantee Pool
- 3) Other innovative lending concepts

The Advisory Committee shall approve of any use of Rehabilitation Funds in conjunction with private lending institution funds and/or other financial resources prior to the commitment of funds by the program.

Emergency Repairs The Advisory Committee or Town Staff (per process in loan approval section of this document) shall have the authority to grant funds for Emergency Repairs on any structure which it determines to be feasible. Such funds may be granted for the following reasons:

1. Any act of nature resulting in critical damage to the building's structural condition.
2. To eliminate specific hazards to health and sanitation that have been reviewed by the Town's Health Officer.

The Homeowner must meet the Eligibility Guidelines for Rehabilitation Assistance to receive Emergency Repairs funding. The Committee shall have the authority to waive prior verification of eligibility in cases where an immediate danger to health, safety or sanitation exists. The Homeowner shall be notified that in the event that the verification of eligibility indicates that he/she does not fall within the guidelines, they will be required to make full restitution to the program under agreed terms with the Advisory Committee which shall not exceed 12 months or the completion date of the program whichever is earlier. Emergency Repair grants will remain in place only for the duration of the repairs. Upon completion of the repairs, the grant shall be converted to one of the forms of financing described above, according to the Homeowner's circumstances. Emergency Repairs will not prejudice the right of the Homeowner to make application for Rehabilitation Assistance, however; the total of repair financing awarded to any one unit will not exceed the maximum allowed in these Policies. Emergency Repair Funds shall

not exceed \$2000 per structure and no Homeowner shall be entitled to more than one Emergency Repair Assistance.

GENERAL ELIGIBILITY

To be eligible for a Rehabilitation Loan:

1. The applicant must live in the Town of Barre.
2. The applicant must have clear title to the property to be rehabilitated.
3. The applicant must be an owner occupant.
4. Proof of clear title or ownership, must be submitted to Rehabilitation Staff.
5. No work shall be done to a dwelling until proof of ownership is established.
6. The owner-occupant must be current with his/her taxes and sewer rental fees and current mortgage.
7. The applicant must also meet Section 8 Low/Moderate Income Limits. (See attachment A).
8. Priority consideration will be given to applicants who are elderly (62 years or older) and/or the disabled.
9. Applications will be considered on a first come first serve basis.
10. The TOWN will maintain a waiting list of eligible rehabilitation applicants.
11. Applications of those submitting completed application including all necessary requested documentation will be given priority.

GENERAL INELIGIBILITY

Town Employees -No members of the governing body who exercise any functions or responsibilities in connection with the administration of this Town Project may have any interest or benefit from, either direct or indirect, the proceeds of a Loan or in any contract entered into by the TOWN, for the performance of work financed in whole or in part with the proceeds of a Loan.

Other Public Officials- No members of the governing body of the locality in which the property to be rehabilitated is situated, or other member of the locality who exercises any functions or responsibilities in connection with the administration of this Town project may have any interest direct or indirect, in the proceeds of a Loan or in any contract entered into by the TOWN for the performance of work financed in whole or in part with the proceeds of the Loan.

INCOME ELIGIBILITY

Income Eligibility will be determined by the following regulations:

1. The applicant must submit proof of total gross income. All household income must be included in the rehabilitation application. This includes: gross income of husband, wife, and any other household occupants. This income may be documented by:

- a. W-2 Forms
- b. Verification in income from employer.
- c. Verification of applicant=s income if receiving benefits from Social Security, Public Assistance or other sources.
- d. Verification of income from rental properties.
- e. Verification of interest earned from savings accounts, stocks, bonds, insurance, etc. If income from assets is not shown, it shall be calculated as 4% of the face value.
- f. For self-employed applicants: Their income shall be considered as the net income from the operation of a business. Expenditures for business expansion, amortization of capital indebtedness and allowance for depreciation shall not be deducted to determine the net income from the business.
- g. The applicant shall show proof of adequate casualty insurance naming the Town as a lien-holder prior to the start of rehabilitation work.

If the housing unit is located in the 100-year flood plain, the applicant shall show proof of flood plain insurance prior to the start of rehabilitation work.

2. In determining eligibility, applicants income cannot exceed the Annual Adjusted Gross Income as specified on Attachment A.

- a. When applicable, an additional four hundred dollars (\$400) will be deducted per each minor dependent under the age of eighteen (18) or through age twenty-one (21) if the dependent is a full-time student.
- b. Adjusted income is within one thousand dollars (\$1,000) above Income Schedule limits, the TOWN may also consider household and medical expenses for an additional deduction, if such expenses amount to twenty-five percent (25%) or more of the applicants monthly income. Eligible household expenses shall be limited to utilities (water, sewer, gas, and electric), mortgage payments, taxes, and insurance.
- c. If the applicant or any dependent of the applicant is disabled and is requesting funds for accessibility modifications and HQS deficiencies the income limits as stated are increased by 20%.

3. Applicants determined ineligible for a housing rehabilitation loan due to excess income, may have their eligibility reconsidered should family circumstances change. Such applicants will not maintain their original place on the waiting list, but must re-apply for rehabilitation assistance.

4. If the applicant is responsible for paying a portion of rehabilitation costs, that amount must be submitted in full to the TOWN for deposit into the Housing Rehabilitation Account, prior to the issuance of a Proceed with Work Order.
5. Rehabilitation loans must be used to finance the correction of Housing Quality Standards violations, energy conservation related repairs, and minor cosmetics.
6. All improvements must be done in compliance with at least the minimum Housing Quality Standards, which has the maximum flexibility to meet local conditions.

Since the rehabilitation loans are intended to avoid displacement of homeowners who have no other means of financing repairs and improvements which must be made to their homes, Rehabilitation Loans shall not be made to homeowners who have substantial financial resources for these purposes. The Committee reserves the right to request a statement of denial from a lending institution.

LOAN AMOUNTS

Partnership Agencies in conjunction with the TOWN will determine applicant eligibility after careful consideration is given to income, family size, age, need, and the condition of the home. Loans above \$15,000 will only be allowed upon **Full** Housing Advisory Committee approval.

Rehabilitation Funding will not exceed 50% of a building's assessed value.

DISBURSEMENT OF FUNDS

A. Payments will be made to Partnership Agencies in accordance with the criteria established in the contract agreement. If Barre Town is operating the program internally, then all funds for rehabilitation assistance shall be placed in a Rehabilitation Escrow Account until loan disbursements are needed:

1. (a) On Contracts of less than \$2,500 – No progress payment will be made unless circumstances beyond the contractor's control (such as weather), prolong the term of the contract. In such cases, a progress payment will be made at the COMMITTEE's discretion with the homeowner's approval. Payment shall not exceed 40% of the contract amount provided 50% of the work is completed.

(b) On Contracts of \$2,500 or more – There will be allowed up to three (3) partial payments. The minimum partial payment will be \$2,500 and adhere to the following:

1st Payment – 40% of total contract work completed satisfactorily.

2nd Payment – Additional 40% of total contract work completed satisfactorily.

3rd Payment – 100% of work is completed satisfactorily.

2. If a dispute between the contractor and homeowner should arise over payments due, the following procedure shall apply:

1. The COMMITTEE shall determine the status of the rehab work.

2. If the homeowner's complaint is valid, the contractor will be notified to make necessary repairs within a specified period of time.
3. If the contractor fails or refuses to make repairs as requested, the Grievance Procedure outlined in a SECTION III will be followed.
4. If the homeowner's complaint is without merit, the COMMITTEE will visit the homeowner to review the work in question.
5. After inspection of the property, if the work is found to be satisfactory to the TOWN's requirements, the TOWN will authorize preparation of the rehab check in the name of the contractor for the amount due from the loan share of the funds.
6. The homeowner will be notified in writing of this decision, at least three (3) business days prior to issuance of the check.
7. If the homeowner has deposited a required share of funds with the TOWN to supplement the rehab loan, any unpaid funds due the contractor will be held until an agreement has been reached between the homeowner and the contractor.

SECTION III

GRIEVANCE PROCEDURE

If a homeowner has encountered difficulty with inferior material, unsatisfactory workmanship, and/or unresolved differences with the contractor, the following procedures shall be followed:

- A. The homeowner shall report complaints or problems to the Partnership Agency or to the Town.
- B. The Partnership Agency or a Town Rehabilitation Specialist will report deficiencies and submit a written determination of findings to the COMMITTEE & will assist with a determination.
 1. If the homeowner's complaint is valid, the contractor will be notified in writing to make necessary repairs within a specified period of time.
 2. If the contractor fails or refuses to make repairs, a meeting will be arranged with the homeowner, contractor, the Partnership Agency and a Town representative. A mutually satisfactory resolution attempt will be made.
 3. If the homeowner's complaint is not valid, he/she will be notified in writing of this determination by the Partnership Agency or Town staff.
 4. If the homeowner disputes the determination, a meeting will be arranged as in Item #2 above.
- C. In the event the meeting specified above is held, and the homeowner is not satisfied with decision rendered by the COMMITTEE, and the Partnership Agency, he or she may submit a written complaint to request a hearing with the Board of Selectmen (BOARD).

D. The BOARD may interview any of the owner, contractor, a representative of the Partnership Agency and a representative of the Town and will consider all fact in the case and submit their written decision to the homeowner within fifteen (15) days of the final hearing.

E. If the homeowner is not satisfied with the decision of the Board, he or she may invoke the arbitration clause of the rehabilitation contract by sending a letter requesting such action to the board.

F. The Grievance Procedure is available to rehab participants for a period of one year following completion of work.

ARBITRATION

In the event that Barre Town is responsible for administration and the homeowner is not satisfied with the decision of the BOARD, as set forth in Section III Par. D, the arbitration clause of the rehabilitation contract may be invoked as follows:

1. The homeowner shall notify the BOARD in writing, of his/her intent, and request scheduling of the arbitration hearing.

2. The homeowner and contractor shall each be contacted to choose their representatives, and to submit names in writing, within five (5) business days to the TOWN.

3. The two (2) representatives will be notified to submit the name of the third person within ten (10) business days.

4. The TOWN will inform the homeowner, contractor, their representatives, and the third person of the location and date of the scheduled arbitration hearing.

5. Both parties shall share equally in the cost (if any) of the arbitration.

6. Both parties must agree to abide by the majority decision of the arbitrators as binding, and final.

7. Failure on the part of the homeowner or the contractor to abide by requirements set forth in this policy, shall result in **either** or **both** to be deemed in default.

PENALTIES

Applicable provisions of the Vermont Criminal Code shall apply to any and all criminal acts that may arise by virtue of falsification of information, collusion between parties, fraud, bribery, kickbacks, etc. The intent of this provision is to assure that all criminal acts will be prosecuted and that the people of Barre Town are assured the highest standards of program administration.

AMENDMENTS

The TOWN reserves the right to amend this policy to improve the program administration. Amendments shall be approved by the COMMITTEE.

SECTION IV

LEGAL AUTHORITY FOR REHABILITATION LOANS

Loans to rehabilitate residential structures located in the Town are authorized by the Selectboard of the TOWN under authority granted to the TOWN by the Statutes of the State of Vermont and the Community Development Act of 1974, as amended.

DEFINITIONS

The following definitions are often used with regard to rehabilitation grants:

1. Owner-Occupant – The occupant of a residential property holding sole legal or equitable title to the property. Co-ownership is acceptable in the event that an eligible co-owner applicant occupies the dwelling.
2. Qualified Rehabilitation Repairs – The total cost of repairs and improvement and other rehab cost incurred by the applicant that are includable in a residential rehab loan, whether or not financed in part with funds from other sources.

ASSURANCE THAT REHABILITATION WILL BE COMPLETED

(when Administered by Barre Town)

1. If the Residential Rehabilitation Loan is not sufficient to cover the total costs involved in the project, the TOWN shall assist the applicant in making needed adjustments to the proposed work, in order to bring it within the loan limits or within the owner's ability to pay.
 - a. After cost adjustments have been made, the rehab project must include the necessary repairs to bring the structure up to the Property Rehab Standards.
 - b. If the Loan is being supplemented by the owner's private funds, these funds must be submitted to the TOWN for deposit in the Rehabilitation Escrow Account before a Proceed Order is issued.
2. If the homeowner is supplementing the loan with a private loan from a lending institution:
 - a. The TOWN must have a Letter of Confirmation from the lending institution within thirty (30) days of the initial request for verification of funds.
 - b. The Proceed Order will not be issued until the funds are submitted to the TOWN for deposit in the Rehabilitation Account.

SECTION V

SPECIFIED USE OF REHABILITATION FUNDS

A Rehabilitation Loan may be made to cover the costs of qualified repairs necessary to make the owner-occupied structure conform to the Project Rehabilitation Standards. Rehab Loan must be used solely to achieve economical and practical compliance with these standards.

Specific Costs Allowed*

Necessary Household Fixtures Basic Property Improvements

Furnace	Roofs
Hot Water Tank	Foundations
Electrical Wiring	Steps
Sanitary Fixtures	Sidewalks
Kitchen Stove and Refrigerator	Windows
	Doors
	Insulation

* Other costs to improve safety, energy efficiency, or other goals of the

COMMITTEE will be allowed with full COMMITTEE approval.

- a. Necessary Sanitary Improvements may include the provision of space needed to accommodate sanitary fixtures.
- b. Structural and Equipment Improvements may include modifications or expansions for the health and safety of the elderly or disabled.
- c. Rehabilitative Landscaping may be taken into consideration, in some circumstances.
- d. Incipient Violations may be included in rehabilitation projects. An incipient violation exists when a situation may deteriorate to an actual violation within a year or two. Such as:
 1. A heat exchanger in a furnace may be expected to soon become inoperative or hazardous because of age, condition, or use. If the heat exchanger cannot be replaced separately, the loan may be used to replace the entire furnace at this time.
 2. A roof has one or more small leaks that can be patched at low cost, but the roof will probably continue to develop leaks. The Rehab Loan may be used to replace the entire roof.

3. Reporting Requirements – The property inspection report should identify the incipient violations separately from the actual violation for enforcement purposes. However, the amount of the Rehab Loan may cover both actual and incipient violations.

Costs Not Allowed

Except as otherwise provided in this section, a Rehab Loan shall not provide for:

1. New construction, substantial reconstruction, expansion of the structure, or the finishing of unfinished spaces (i.e., attics).
2. Materials, fixtures, equipment, or landscaping of a type not customarily used in the locality.
3. Appliances not required by the Project Rehab Standards.
4. Acquisition of land.
5. Any cost not authorized in these regulations.

SECTION VI

APPLICANT PROCESSING

Notification to Residents - The residents of the Town are notified by individual mailings (Town newsletter,) notices in the newspaper, and/or public meetings.

The application process will be handled through the Partnership Agency or Barre Town. Partnership Agencies or Barre Town will receive applications by direct application to their office, or by direction of Town staff,) review (determine eligibility,) perform a site visit, prepare an estimate of needed work, put the jobs out to bid, review and award contracts (according to their present procedures) and provided supervision during and after completion of work.

LOAN APPROVAL

Town of Barre Staff and the Citizen's Housing Advisory Committee will be responsible for reviewing and approving/denying loan request in the following manner (unless otherwise noted in the contract agreement):

1. Loan requests in the amount of \$200 up to \$2,000 will require review and approval of the Committee chairperson and either the Town Housing staff person (usually the Zoning Administrator) or the Town Manager.

2. Loan requests over \$2,000 will require Citizen's Housing Advisory Committee review and approval.

Town staff may manage the day today operation of loan securement, loan processing, and loan tracking, (in conjunction with the local banking facility) as described in this manual if administered by Barre Town.

The Town may require any of the following, above and beyond what the Partnership Agency may have already required.

- a. Verification of ownership (copy of deed, Articles of Agreement or Land Contract).
- b. Verification of previous year's income. All sources are included. (Pension, Social Security, Welfare, Rentals, Child Support, Alimony, Non-Taxable Income, Interest and Dividends).
- c. Verification that all current taxes are paid. Sewer Rental and any mortgage lien must also be current.
- d. Any other documentation necessary to verify applicant's eligibility.

All Advisory Committee members or Town Staff will abstain from voting or lobbying on behalf of applications presented to the Town when the applicant is a relative, business associate or client of the committee member or Staff. Relatives shall be defined as 1st and 2nd generation, including but not limited to: parents, grandparents, siblings, and in-laws.

COMPLETION

1. Payments – Each contract agreement shall specify responsibility for payments. Partial and final payments are issued upon the Partnership Agency's request and satisfactory inspection by the Partnership Agency when Barre Town maintains control of funds in the Rehabilitation Escrow Account, otherwise the Partnership Agency guidelines shall dictate the release of funds.

2. Assurances – Guarantees, warranties and other such documents are secured from the contractor for the homeowner.

3. Certificate of Completion – Upon satisfactory completion and inspection of the Rehabilitation Project, a Certificate of Completion is issued by the Partnership Agency with the homeowner's co-signature.

4. Follow-Up – After completion of the project, follow-up inspections are conducted by the Partnership Agency with inquiries as to the satisfaction of the homeowner.

A complete documentation file of the above process with all supporting papers is kept by the Town official in charge of this project in the Municipal building. This file is retained for a period of not less than seven (7) years from the date of the last action on the application.

NON-ACCEPTANCE OF LOAN APPLICATION

If the COMMITTEE and Town Staff determines that a Loan Application cannot be approved, a Written Statement of the reasons for the determination shall be sent to the homeowner, and a copy put in the applicant's file.

LOAN CANCELLATION

An approved Rehabilitation Loan may need to be cancelled because the applicant has requested cancellation or is unwilling or unable to proceed with the rehabilitation work, or for other reasons.

Cancellation – to cancel an approved Loan, the applicant must furnish the TOWN or the Partnership Agency with a Notice of Cancellation stating the reasons for the cancellation.

Time Limit – Cancellations may occur any time prior to the signing of the contract.

SECTION VII

DETERMINING WORK TO BE DONE WITH REHABILITATION LOANS

Individual Partnership Agency descriptions of work must be provided in each contract agreement including, but not limited to:

1. Inspect the property – Either as part of their inspection or as a direct request for Barre Town Housing Rehabilitation using their standard checklist, this will provide the basis for the work write-up, cost estimate and contract specifications.

2. Prepare a work write-up – documenting repairs beyond their program guidelines and provide to Town staff for consideration, a list of repairs for determination of eligibility under these policies.

3. Consult with and advise the Homeowner – Partnership Agencies will advise the homeowner of the Barre Town Housing Rehabilitation Program if repairs not covered by their program are necessary and advise them who to contact at the Town to apply for this program. They will subsequently notify Town Staff of the situation and prepare the above if applicant chooses.

4. Prepare Contract Documents and Request Bids – Partnership Agencies will prepare bid proposals and solicit contractors.

CONTRACTOR SELECTION

The Partnership Agency may utilize contractors that they currently use. All contractors must be qualified, provide adequate insurance coverage and be licensed. The Town may at any time ask for proof of any of the previous information and reserves the right to disqualify any contractor for failure to provide such.

The contractor shall have resources available to complete the specified work satisfactorily. (I.e., manpower and equipment).

The contractor shall not have been found liable in any lawsuit or litigation relating to home improvement work during three (3) years immediately preceding qualification. In the event that the contractor is found so liable after being disqualified, he/she shall be automatically removed from the list of contractors.

The contractor must be an Equal Opportunity Employer showing no discrimination on the basis of race, color, creed, sex, age, marital status, sexual preference, or national origin.

Past work done by any particular contractor for the TOWN must have been satisfactorily completed.

If licensing is required for specific work, proof of such may be requested.

The contractor must carry general liability insurance in the following amounts:

- a. Minimum of \$300,000 for bodily injury including death.
- b. Minimum of \$100,000 for property damage arising out of the work performed.

The contractor must provide Workman's Compensation Insurance and may be asked for proof of.

The TOWN reserves the right to reject any and all contractor bids and to limit the number of TOWN housing rehab jobs one contractor may have pending (or in progress) to insure the best interest of the homeowner.

SECTION VIII

CONTRACTING FOR REHABILITATION WORK

Construction work for rehabilitation, financed through a Rehabilitation Loan, shall be undertaken only through a written contract between the contractor and the Partnership Agency or Barre Town.

OBTAINING BIDS AND PROPOSALS

The Partnership Agency will prepare bid invitation according to their existing policies, and solicit contractors in conjunction with their program or as a stand alone Barre Town Housing Rehabilitation request. If administered by Barre Town, the process shall be dictated by standard procedure.

AWARD OF CONSTRUCTION CONTRACT

The contract shall be awarded by the Partnership Agency according to their existing policies. At the time the award is made the Partnership Agency shall remind the homeowner and the successful contractor that the construction work shall not begin until a Proceed Order is issued by the TOWN. The Proceed Order shall be issued within the number of days specified in the General Conditions of the Contract.

SECTION IX

RENTAL REHABILITATION PROGRAM

A. Purpose

The Rental Rehabilitation Program extends the benefits of financial assistance and residential rehabilitation to rental properties as well. Its purpose is identical to that of the owner-occupied rehabilitation program and also must be owner occupied.

B. Eligibility

Eligibility for the rehabilitation of rental units is based upon the same criteria as single family dwelling rehabilitation.

Although the owner must be the applicant, the tenant's income is considered in making the unit eligible, one hundred (100%) of all Rental Rehabilitation funds must be used for low or low/moderate income tenants in accordance with Section 8 Income Guidelines. All rental funds shall be distributed on an Installment Interest or interest buy-down basis.

At the time of application, at least one (1) unit must be occupied by a resident who meets the income eligibility guideline as established in Attachment A.

In the situation where the landlord occupies a residential unit in the structure to be rehabilitated, the landlord shall be eligible to apply for the Homeowner Loan Program for that portion of the work to be performed on their individual unit. The rental units shall be eligible only for assistance under the Rental Rehabilitation Program. In the event that the landlord's income exceeds the income guideline as established in Attachment A, funds shall be available only for specified work on the rental units. The landlord shall pay for the fair share costs attributable to common work that serves both the rental units and their own residential unit. The landlord shall show proof of financial resources and/or deposit funds in the Rehabilitation Escrow Account prior to the start of rehabilitation work.

C. Administration

The administration of the Rental Rehabilitation Program will utilize the same basic forms and procedures as the homeowner-occupant program, with a few changes. The landlord and the TOWN will enter into an agreement, which will provide the parameters of the program. Applicants (landlords) must meet the following requirements:

1. The landlord must produce a copy of a current hazard insurance policy for the rehabilitated unit.
2. The property to be rehabilitated must be located in the designated rehabilitation area.
3. The landlord must agree to maintain the entire structure in accordance with the TOWN Property Rehabilitation Standards after the work is completed for the term of the Rehabilitation Loan. Noncompliance with this provision will be deemed as default, and will result in acceleration of the loan.
4. The applicant must submit proof of ownership.
5. The applicant must submit verification that current taxes, mortgage and water & sewer fees are paid up to date.
6. If the applicant will be obtaining financing to cover the owner's share, verification of availability of funds must be submitted to the TOWN.
7. Any landlord that is eligible, is allowed a one-time, maximum of \$5,000 per unit, which may not exceed eighty percent (80%) of the total cost of rehabilitation.
8. At least 70% of all Rental Rehabilitation amounts will be used for units with two or more bedrooms.

D. Terms and Conditions

The annual interest rate shall be determined by the overall income to the landlord in regards to the income and expense of the structure. Loans shall be available with an interest rate of 1% up to prevailing market rates and shall be determined by the Advisory Committee.

The landlord shall agree to rent any vacant units receiving Rehabilitation Funding (presently or in the future) to families whose income falls within the guidelines established in Attachment A for a period equal to the term of the loan.

A Rent Stabilization Agreement shall be entered into by the Landlord of the rental units for a period not more than the actual term of the Rehabilitation Loan. The rent shall be limited to the present rent plus the actual monthly costs required to pay the costs of all loans required to complete the required rehabilitation work. At no time shall the monthly rent exceed the Sec. 8 Fair Market Rent levels established for the Washington County Area.

During the rent stabilization period, rental increases shall be allowed only to compensate for actual property cost increases experienced by the Landlord (i.e., property taxes, insurance, fuel, etc.). Upon application of the Landlord, these costs may be reviewed by the Committee and adjustments considered on a yearly basis.

In the event the Owner should sell his/her rehabilitated property, he/she shall be responsible to the TOWN, serving as the Mortgagee, for full repayment of the outstanding principal and accrued interest under the terms of the Mortgage and Promissory Note.

E. Eligible Activities

Eligible activities are the same as stated in the owner-occupant rehabilitation program.

SECTION X

INSPECTIONS

This section sets forth the Rehabilitation Inspection Requirements for work financed in whole or in part with a Rehabilitation Loan. Inspections of construction work shall be performed by the Partnership Agency and will vary depending upon the purpose of the inspection. Inspections will be conducted for the following purposes:

1. To Assure Compliance - with all Housing Rehabilitation Program Standards established by the TOWN and/or the Partnership agreement.

2. For The Issuance of Progress Payments – If specified in the contract agreement, construction will be inspected before the TOWN or the Partnership Agency makes a progress payment on a contractor's invoice. If the inspection determines that work completed is satisfactory, the TOWN shall issue a progress payment check payable to the contractor. If the Partnership Agency is awarded funds initially, then the responsibility of disbursement is at their discretion.

If the work completed is not in accordance with the construction contract, the Partnership Agency shall advise the homeowner of any noncompliance in the construction work, or of an

incorrect invoice submitted by the contractor. The homeowner shall be requested to obtain, with assistance from the Partnership Agency or the TOWN, appropriate corrective action from the contractor.

3. For Final Payment – When the final inspection determines that the work is satisfactorily completed in accordance with the contract, the Partnership Agency shall obtain all warranties and guarantees due the homeowner for the work. A Final Payment will then be issued to the contractor in accordance with the grant agreement.

4. For Follow-Up – In some cases, defects and inadequacies in the construction work, not apparent at the time of final inspection, may show up after final payment has been made. Such as a leaking roof which doesn't show up until after a rain or a defective heating system installed in the non-heating season.

All work performed by the contractor is covered by a one (1) year guarantee. The TOWN shall make a follow-up inspection within sixty (60) to ninety (90) days after the issuance of the final inspection report to ascertain if there are any complaints about the work that had been done. If there are valid complaints, the TOWN shall contact the Partnership Agency and both will assist the property owner in obtaining prompt corrective action from the contractor. It will be the homeowner's responsibility to notify the Town or the Partnership Agency of any complaints during the one-year guarantee period.

SECTION XI

CHANGE ORDERS

The Partnership Agency may make changes in the scope of work required by the contractor under the contract by making additions thereto, or by omitting work therefrom without invalidating the Contract. All such work shall be authorized by a written Change Order and executed under the terms of the original Contract unless it is expressly provided otherwise.

Except for emergencies involving health, life, limb or property, the Contractor shall not make any changes in the materials used or in the specified manner of construction or installation included in the Contract unless he/she has received a written change Order from the Partnership Agency authorizing the change. No claim for an adjustment of the Contract Price will be valid unless so ordered. Any such changes made without a Change Order will be considered by the TOWN as a Breach of Contract and will bar the Contractor from any recovery of costs involved.

Each Change Order shall include:

1. A detailed description of the change in the work.
2. The Contractor's proposal (if any) – or a copy thereof.
3. A definite statement as to the resulting change in the Contract Price of Time Limit.
4. A statement that all work involved in the change shall be performed in accordance with contract requirements except as modified by the Change Order.

The Net Value of all Change Orders may not increase or decrease the original total amount shown in the Contract by more than twenty percent (20%) unless the following procedure is followed:

The TOWN shall request an itemized proposal from the Partnership Agency covering the work involved in the change, which must be approved by the homeowner and the Partnership Agency.

Approved, this day, September 15, 2003 by the Barre Town Citizen Housing Advisory Committee.

Raymond Duff

Charles Woodhams

Nicholas Bergeron

David Oles