

TOWN OF PRESCOTT VALLEY
FY 2015-2016
OWNER OCCUPIED HOUSING REHABILITATION
PROGRAM GUIDELINES

1. OVERALL GOAL

The purpose of the Town of Prescott Valley's Owner Occupied Housing Rehabilitation Program (OOHR) is to assist owner-occupied, low-to-moderate income households in mitigating health and safety issues with their homes. While all homes within the Town limits are eligible, priority will be given to those homes in the original Town site, Prescott East subdivision, and other mature neighborhoods (excluding those located in a floodplain). By targeting resources to the neediest areas, improvements in housing can be made to improve the overall appearance of these neighborhoods and foster a better sense of community for their residents. Funding for the OOHR program is through federal HOME funds and the Housing Trust Fund as administered by the Arizona Department of Housing (ADOH).

The services provided by the OOHR program (Services) include repair and rehabilitation expenditures under these Guidelines between \$1,000 and \$55,000 per residence, and mobile/modular home replacements up to \$80,000 per unit. Said expenditures are in the nature of a loan with pro-rata deferred payment by Applicants over a five (5), ten (10), or fifteen (15) year period, depending upon the amount of the loan.

Services include rehabilitation activities with a priority for removal of hazards that threaten the health and safety of occupants. General property improvements such as hauling away disabled vehicles or repairing fences may also be included to upgrade physical appearance of the residence and the neighborhood as a whole, but shall not exceed 10% of the total repairs. No luxury items will be considered, (i.e. fireplaces, swimming pools, granite countertops, stainless steel appliances, mud-set tile, etc.), nor will additions to family rooms, recreation rooms, and the like be allowed. All materials such as flooring, countertops, and cabinets shall meet the specifications set forth in the bid packet (which meet HUD standards). Bedroom or bathroom additions may be considered based on issues such as over-crowding or disability accessibility.

All Services must meet the State of Arizona's Rehabilitation Standards as well as other applicable state and local codes. In particular, the management of hazardous materials (lead based paint removal, etc.) will comply with current Housing and Urban Development (HUD) standards.

A. Eligible Applicants, Priorities for Assistance

- 1) Residency
 - a) Eligible Applicants must be residents of the Town for the purpose of election laws; and
 - b) Median income may not exceed eighty percent (80%) of the

median household income as determined by HUD.

- 2) Ownership
 - a) Applicants must own and reside in the residential structure which is determined to be in need of services in order for the Applicants and other occupants to reside safely and healthfully; and
 - b) Applicants must certify that the property receiving rehabilitation services is their principal residence.

B. Applicant Screening

- 1) Applicants with the highest ranking are served first. Priority ranking is determined by:
 - a) Residential structures that represent serious and immediate health/safety violations;
 - b) Those with the lowest income;
 - c) Persons who are elderly;
 - d) Households with minor children;
 - e) Persons who are disabled; and
 - f) Guardians with custody of children under the age of eighteen (18).
- 2) Projects may be taken out of ranked order if Program Manager determines that extenuating circumstances exist or residents are in immediate danger from health/safety issues in their home.
- 3) Ranking is subject to contractual obligations set forth by the Arizona Department of Housing.

C. Waiting List

- 1) In the event that the number of applicants exceeds funds available, Applicants will be placed on a waiting list in accordance with the priority ranking established under these Guidelines.
- 2) Waiting list ranking is subject to contractual obligations set forth by the Arizona Department of Housing.

D. Eligible Property Types

- 1) Services are limited to the following types of residential property:
 - a) Single-family constructed or factory-built buildings; and
 - b) Single-family manufactured homes, including mobile homes, only if the unit upon completion will:
 1. Be situated on a permanent certified foundation and connected to permanent utility hook-ups;
 2. Be located on land that is held in fee-simple title; and

3. Meet the construction standards of 24 CFR 3280 if built after June 15, 1976; or meets applicable local and/or State codes if manufactured prior to June 15, 1976.
- 2) Ineligible properties include but are not limited to:
 - a) Rental properties, including those occupied by family members or those not paying cash rent;
 - b) Properties that are delinquent in mortgage payments at the time of application or within six (6) months of rehabilitation services; and
 - c) Properties not occupied as the primary residence of the household.

E. Eligible Forms of Home Ownership

- 1) Approved forms of home ownership are:
 - a) Verified fee simple title to the property; and
 - b) 99 year leasehold on the property.
- 2) Title must be free of encumbrances, liens, or other instruments that unduly restrict the property, including but not limited to: delinquent mortgages or property taxes, reverse mortgages that exceed the 203(B) lending limits, liens that cloud title.

F. Standard for Rehabilitation

- 1) Repairs and Rehabilitation:
 - a) Services under these Guidelines will meet the State of Arizona's Rehabilitation Standards (Rev. 11/18/13) and applicable state and local building codes;
 - b) Rehabilitation will resolve, at a minimum, all building code violations;
 - c) Rehabilitation will resolve Property Maintenance Code violations within budgetary constraints;
 - d) Uniform Federal Accessibility Standards (Section 504 of the 1973 Rehabilitation Act) and the Americans with Disabilities Act, as applicable and needed by the owner;
 - e) International Energy Conservation Code as adopted by the Town of Prescott Valley;
 - f) Energy Star; and
 - g) Replacement of obsolete plumbing fixtures with low-flow fixtures.
- 2) Weatherization and Energy Efficiency:
 - a) Weatherization services shall meet the Arizona Governor's Office of Energy Policy Weatherization Standards and the Weatherization Standards for OOHHR Housing Rehab (Issued 10/12/12, Rev. 11/18/13); and
 - b) Energy Efficiency improvements shall include, at a minimum, the

following:

1. Replacement of substandard windows and doors;
2. Replacement of aging appliances with Energy Star rated appliances;
3. Additional insulation;
4. Replacement of inefficient mechanical systems such as furnaces, evaporative coolers, and water heaters with Energy Star rated systems;
5. Duct Sealing; and
6. Other repairs or upgrades as outlined in the pre-construction energy audit as critical repairs.

3) Property Maintenance:

- a) Properties shall be in compliance with International Property Maintenance Code (IPMC) 2012 upon completion of rehabilitation services;
- b) Applicants shall be in compliance with Prescott Valley Town Code Chapter 6: Animals with regards to the number of pets/animals allowed per household and manner of proper keeping thereof, upon completion of rehabilitation services;
- c) Applicants shall be in compliance with Prescott Valley Town Code Chapter 9: Health and Sanitation and Chapter 13: Zoning upon completion of rehabilitation services;
- d) Upon initial inspection, a potential project found to be in violation of the above referenced regulations or in a condition where animal feces/urine, poor indoor air quality, or excessive clutter either inside or outside of the home are found which pose a health hazard to the occupants, the inspector, or rehabilitation workers, referral to the Tri-City Hoarding Coalition shall be made;
- e) Any project that qualifies for rehabilitation services and meets the conditions set forth in paragraph (d) above shall be eligible to receive additional funding for mitigation of property maintenance code violations, and counseling services through Yavapai County Health Services; and
- f) Any project that meets the conditions in paragraph (d) above that receives rehabilitation, mitigation, or counseling services shall be subject to periodic inspections to ensure continued compliance with property maintenance requirements. Failure to maintain the property in accordance with adopted codes can result in additional counseling, code enforcement actions (including abatement and additional liens) and entitle the Town to demand immediate repayment of rehabilitation funding.

4) Replacement of mobile homes or modular housing units will be permitted only when the following conditions can be met:

- a) The low qualified bid for repair and rehabilitation is equal to or

- greater than the value of the home;
 - b) The Building Official finds the unit to be in violation of current building and other adopted codes and further deems the dwelling unit to present significant health and safety issues for the inhabitants and the community; and
 - c) The Building Official determines that replacement of the mobile or modular home is the only means to abate the health and safety issues present.
- 5) Alternative energy sources:
- a) Installation of alternative energy sources and technologies (e.g., solar hot water) will be offered to applicants on a trial basis beginning in 2013. Once feasibility and cost effectiveness are established, additional technologies may be offered, based on cost effectiveness and feasibility of the technology;
 - b) Installation of renewable or alternative energy sources will require the approval of the homeowner; the homeowner must certify that he/she is able to maintain the installed technology;
 - c) Homeowners for whom alternative energy sources or technologies are installed in the course of rehabilitation and funded through this program are not eligible to receive any tax credits or incentives resulting from said installation(s);
 - d) Ongoing maintenance of said alternative energies or technology will be solely the responsibility of the homeowner; and
 - e) Installation of renewable or alternative energy sources will be considered when said installation is in compliance with construction and zoning codes (i.e., mobile home roof systems may not be adequate to bear the weight of photovoltaic panels).

G. Lead Based Paint

- 1) Lead-based paint (LBP) testing will be performed in compliance with HUD requirements.
- 2) Applicants will be provided a copy of Protect Your Family From Lead in Your Home, and the Town's Building Safety Rehabilitation Specialist will respond to any questions or concerns from Applicants.
- 3) Lead-based paint abatement will be considered on a case-by-case basis, depending on the status of the household, the condition of the paint, and the measures to be taken, in compliance with current HUD standards.

H. Application Process

- 1) General Requirements:
 - a) The Town of Prescott Valley will conduct the initial application

- review with Applicants, the intake of applications, and the screening of Applicants to determine eligibility;
- b) The Town of Prescott Valley will notify Applicants within 30 days after receipt of completed application as to its determination of eligibility. Applicants may be asked to supply further information and documentation;
 - c) The Town of Prescott Valley will assist Applicants to the extent possible, but Applicants remain responsible for gathering and timely submission of all information needed to complete an application. Applicants will be assigned a ranking only when the completed application and all documentation are received. If requested information is not returned by the deadline given, the application will be placed at the bottom of the waiting list;
 - d) Required documentation includes but is not limited to the following (which must be current within the last six (6) months):
 - 1. Proof of all household income;
 - 2. Social Security cards for all household members;
 - 3. Proof of disability;
 - 4. Proof of lawful presence;
 - 5. Signed release for income verification;
 - 6. Proof of property ownership;
 - 7. Proof that property taxes and any/all special assessments are current;
 - 8. Proof of homeowners insurance;
 - 9. Verification that mortgage payments have been current within last 6 months;
 - 10. Evidence that household income is sufficient to maintain ownership; and
 - 11. Signed copy of IRS 4506.
 - e) Applicants will be required to sign a release of information as part of the application. The Town will make every effort to maintain confidentiality of information to the extent permitted by law.
- 2) Bankruptcy and Foreclosure:
- a) Bankruptcy: Households are ineligible for a period of two (2) years after any member of the household declares bankruptcy.
 - b) Foreclosure: Households that have had a mortgage or deed of trust foreclosed are ineligible for services for three (3) years after the date of foreclosure
- 3) Reverse Mortgages:
- a) Monthly payments from a reverse mortgage are counted as regular income;
 - b) If funds are exhausted, the full amount of the lien must be counted against the FHA 203(b) lending limits;
 - c) If no monthly payments are received, the amount of the lien is not

- counted against the FHA 203(b) lending limits; and
- d) If a lump sum has been drawn down but no monthly payments are received, only the lump sum amount plus interest to date is counted against the FHA 203 (b) lending limits.

I. Housing/Homeownership Maintenance & Counseling Services

- 1) As a condition of receiving Services under these Guidelines, successful Applicants will be required to attend a counseling session to cover the rehabilitation processes and requirements, including information about lead-based paint remediation, on-going home maintenance, and the deferred-loan aspects of the program.
- 2) Those receiving services will also undergo homeownership training, the purpose of which is to educate the homeowner about the importance of timely mortgage and tax payments, adequate insurance, and aspects of household budgeting.

J. Application Verification

- 1) The Town of Prescott Valley will verify income according to the 24 CFR Part 5 (Section 8) income determination guidelines described in the Technical Guide for Determining Income and Allowances for the HOME Program. Additional documentation such as tax returns may be used to verify information submitted on the application is true and complete.
- 2) The Town of Prescott Valley will certify that Applicant(s) is the owner of record for the property listed on the application and it is their principal and only residence.
 - a) All persons listed as Owners of Record will be considered members of the household without regard to their actual place of residence; and
 - b) Any person residing in the home, regardless of relationship to the homeowner or lack thereof, shall be counted as a household member.
- 3) A limited title report will be obtained for each application through the services of a title company.
- 4) Staff will ensure that properties are free from liens that unduly restrict the marketable ownership interest.
- 5) Applicants must demonstrate the ability to pay their mortgage, carry homeowners insurance and flood insurance; and are not in arrears in payment of applicable taxes and special assessments.

K. Complaints/Appeals

Complaints/appeals with regard to the Town of Prescott Valley's priority ranking, contractors, bidders, vendors or any other issues relating to the Owner Occupied Housing Rehabilitation program will be followed under these Guidelines. If the complaint cannot be resolved informally, the formal procedure outlined below may be followed. All efforts will be made to resolve complaints at the lowest possible level. All complaints will be documented.

L. Complaint Procedure

Applicants will be required to sign a Letter of Acknowledgement showing that they have received a copy of this Complaint Procedure and understand the process. If Applicants require assistance in processing a complaint, they may contact the Town at (928) 759-3050 for assistance.

- 1) **Informal Complaint:**
 - a) An informal, verbal complaint can be given to the Town of Prescott Valley Program Manager;
 - b) The Town of Prescott Valley Program Manager will review the complaint and attempt to resolve the complaint through negotiation;
 - c) The Applicant will be notified of the proposed resolution within 5 working days of receipt of the complaint; and
 - d) If the proposed resolution is not satisfactory to the Applicant, a formal complaint may be filed.

- 2) **Formal Complaint:**
 - a) Formal complaints must be made in writing and delivered to the Town's Program Manager by personal delivery or certified mail;
 - b) The Town's Program Manager shall review the complaint and attempt to resolve the complaint through negotiation;
 - c) The Town's Program Manager will notify the Applicant, in writing, of the proposed resolution within 10 working days of the receipt of the complaint;
 - d) If the resolution proposed by the Town's Program Manager is not satisfactory to the Applicant, an appeal can be made. Appeals must be in writing and directed to the Community Development Director of the Town of Prescott Valley. Appeals must be filed within five (5) working days of receipt of the Town Program Manager's decision;
 - e) The Town's Community Development Director will review the complaint as appropriate. Review of the complaint may include an informal hearing of the parties involved. The Town's Community Development Director will make a decision regarding the complaint, in writing, within thirty (30) days of receipt of the appeal;

- f) If the resolution proposed by the Community Development Director is not satisfactory to the applicant or the Project Manager, an appeal can be made to the Town Manager. Appeals must be filed with the Town Manager's office within five (5) working days of receipt of the Community Development Department Manager's decision;
- g) The Town Manager will review the complaint. Review of the complaint may include an informal hearing of the parties involved. The Town Manager will make a decision regarding the complaint, in writing, within thirty (30) days of receipt of the appeal; and
- h) Should the resolution proposed by the Town Manager not be satisfactory to either party, the arbitration procedures set forth in the Construction Contract shall be followed. An appeal of the decision must be made within five (5) working days of the receipt of the Town Manager's decision.

2. PROJECT WRITE-UP AND CONTRACTOR SELECTION

A. Inspection/Work Write-Up/Cost Estimates

- 1) When an Applicant has been declared eligible and is at the top of the priority list, The Town's Project Manager will schedule an initial inspection.
- 2) The Building Safety Rehabilitation Specialist will inspect the property using the 24 CFR part 5 (Section 8) Inspection Checklist or equivalent based on codes and current practices adopted and in effect at the time of inspection.
- 3) In conjunction with the property inspection, a BPI Certified Weatherization Professional shall conduct an energy audit of the property. Repair of deficiencies that are discovered in during the energy audit shall be included in the specifications for that project, and repairs shall meet the standards set forth in these Housing Rehabilitation Guidelines.
- 4) The Town's Program Manager and Building Safety Specialist will determine the scope of needed rehabilitation, which will be in conformance with the General Specifications Handbook and additional standards as set forth in these Housing Rehabilitation Guidelines.
- 5) Cost estimates will be developed to ascertain whether or not the project falls within funding requirements. Estimates will be based on:
 - a) Measures required in the project;
 - b) Cost of materials;
 - c) Estimated number of labor hours and cost of labor;
 - d) Cost of subcontractors/installers; and

- e) Past experience with similar rehabilitation work.

B. Minority/Women/Disadvantaged Owned Businesses

As part of the contracting process, the Town will attempt to identify Minority, Women, and/or Disadvantaged Owned contractors to provide rehabilitation services. Any public notices involved in the contracting process will state that Minority, Women, and/or Disadvantaged Owned contractors are encouraged to submit bids.

C. Qualified Contractors

- 1) The Town's Program Manager will advertise all projects in a newspaper of general circulation, in accordance with Town Code 3.04.
- 2) Contractors who desire to bid the rehabilitation work must participate in a mandatory walk-through conducted by the Program Manager and/or Building Safety Rehabilitation Specialist. Changes to project specifications may be made at this time.
- 3) Applicants may not perform said work on their own property.
- 4) Appropriate Town staff will arrange for verification that responding contractors and subcontractors are:
 - a) Not on the Federal Excluded Parties List;
 - b) Are licensed and bonded with the Arizona Registrar of Contractors in appropriate trades;
 - c) Insured for liability and workman's compensation;
 - d) Hold a current Town business license prior to commencement of construction;
 - e) Have performed timely on previous contracts; and
 - f) All Contractors and Subcontractors must be duly licensed by the State of Arizona for the work they perform.

D. Contractor Procurement

- 1) Bids:
 - a) An effort will be made to receive at least three (3) bids on each project;
 - b) The Program Manager may approve a project where fewer than 3 bids have been received; and
 - c) All bids will be delivered to the designated address by the time and date specified in the invitation to bid. Bids must be sealed and will be opened publicly at the date and time specified. Late bids will be returned unopened.

- 2) Professional services:
 - a) Procurement of professional and other specialized services shall follow Town Code Section 3-04-080.

E. Contractor Selection

- 1) The applicant may choose the contractor he/she prefers. Should the applicant choose a bid higher than the qualified low bid, the homeowner must pay the difference between the low bid and the accepted bid to the contractor, in full, prior to the issuance of a Notice to Proceed. The applicant must provide a receipt to the Project Manager for that amount as evidence of payment prior to the issuance of a Notice to Proceed.
- 2) The Program Manager may reject any bid if all or part of the bid is deemed to be unreasonable or impractical or likely to result in substandard work.

F. Method of Determining After Rehab Value

- 1) Tax assessments for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value if the assessment is current and accurately reflects market value after rehabilitation.

AND/OR

- 2) Estimates of value may be used to establish the after-rehabilitation value of the homes assisted with HOME funds by using a real estate market price estimator such as Zillow or Trulia.
- 3) Work will not be performed on property where the value of the property will be greater than 95% of the area median purchase price. This information will be provided on an appropriate form with supporting documentation for each file.

3. CONSTRUCTION

A. Pre-Construction Conference - Contracts and Notice to Proceed

- 1) Upon selection of a contractor, a construction contract will be entered into between the Applicant and the successful bidder (Contractor). Said contract shall be in a standard form which identifies the role and responsibility of the Town, ADOH, and HUD as third-parties.
- 2) A meeting at the property will be arranged by the Program Manager in order for the Applicant and the Contractor to review the contract

documents. The Program Manager will explain:

- a) The contract and the responsibilities of the parties;
 - b) The extent of the rehabilitation work to be done;
 - c) The schedule for the rehabilitation work;
 - d) The schedule for inspections;
 - e) Persons to be notified if there are problems;
 - f) Special contract conditions;
 - g) Grievance procedure; and
 - h) All persons present will be required to sign the Letter of Acknowledgement which will include any stipulations or special conditions as discussed at the meeting.
- 3) When agreement is reached and the contract is signed by all parties and upon receipt of the signed and notarized Deed of Trust and Promissory Note, the Project Manager will issue a "Notice to Proceed".

B. Inspection/Monitoring of Work

The Building Safety Rehabilitation Specialist will arrange for regular inspections to assure quality and timeliness of the rehabilitation work and will also perform inspections associated with issued building permits.

C. Payments to Contractors and Change Orders

- 1) Contractors must submit invoices to receive payments. Payments cannot be issued more frequently than the following schedule:
 - a. First 20% payment at 30% completion of work;
 - b. Second 20% payment at 50% completion of work;
 - c. Third 40% payment at 100% completion of work;
 - d. Fourth 20% payment upon approval of final inspection and submittal of all required documentation, the rehab specialist and the homeowner have signed and accepted all repairs and all subcontractor information and lien waivers are provided as needed; and
 - e. Any variance from this schedule must be approved in advance from the Project Manager and Community Development Director.
- 2) Contractors may request change orders for problems that have arisen from rehabilitation work included in the bid package and cost proposal that were unforeseeable or overlooked at the time of the walk-through. The Program Manager with assistance from the Building Safety Rehabilitation Specialist must approve any change order along with the Applicant prior to the commencement of any work not set forth in the bid specs and/or scope of work.

D. Final Inspection

- 1) The Contractor will arrange for a final inspection upon completion of the rehabilitation work.
- 2) Any building permits must be finalized before a final inspection is conducted.
- 3) During the final inspection, the Program Manager and/or Building Safety Rehabilitation Specialist must determine that rehabilitation work has been completed in accordance with the work write-up and the cost proposal in order to approve final payment to the contractor.
- 4) The Contractor must provide all warranties to the homeowner.
- 5) Payments to contractors may be withheld pending satisfaction of any problems or deficiencies identified during the final inspection.
- 6) After the project is completed and the final inspection has taken place, the homeowner must sign off their final acceptance of the completed work.

4. RECORDS

A. Files

The Town of Prescott Valley will create, collect and maintain all files for each application. Original files will be organized per the file checklist and retained by the Town for permanent storage and use once the applicant approval process is complete. The Town of Prescott Valley will keep back-up files for reference and contractual billing purposes.

B. Recordation of Required Liens

- 1) Administration of Liens:
 - a) The Project Manager or Administrative Specialist will file liens on projects. Lien amounts will be determined by the amount of funds invested in a property;
 - b) Liens will be secured by Promissory Note and Deed of Trust as developed from time to time by the Administrative Specialist or Project Manager; and
 - c) Recorded documents will be returned to the Town and copies of said documents will be given to the Applicant.
- 2) The terms of the lien are as follows:
 - a) If the Applicant moves and does not use the property as his/her principal residence (this includes renting the property to any other person), the Program Manager may arrange for the prorated repayment amount as set forth below to be due and payable by the

Applicant within 30 days of notice. This determination shall be at the discretion of the Program Manager based on potential hardships on a case-by-case basis;

b) If title to the property changes, the Program Manager may arrange for a pro-rata share of the repayment amount to be paid back for return to the Department. This determination shall be at the discretion of Program Manager based on potential hardship on a case-by-case basis;

c) If the homeowner is not in compliance with any other stipulation as set forth in the Deed of Trust and/or Promissory Note, the Program Manager may arrange for the prorated repayment amount as set forth below to be due and payable by the Applicant within 30 days of notice. This determination shall be at the discretion of the Program Manager based on potential hardships on a case-by-case basis;

d) When the Amount of Funds Invested is between \$1,000 and \$14,999, the lien will be pro-rated over 5 years, as follows:

Through Year 1 - Loan payback	20%	Balance	80%
Through Year 2 - Loan payback	40%	Balance	60%
Through Year 3 - Loan payback	60%	Balance	40%
Through Year 4 - Loan payback	80%	Balance	20%
Through Year 5 - Loan payback	100%	Balance	0%

e) When the Amount of Funds Invested is between \$15,000 and \$39,999 in repair and/or rehabilitation expenses or in the event that a mobile/modular unit is replaced, the lien will be pro-rated over 10 years, as follows:

Through Year 1 - Loan payback	10%	Balance	90%
Through Year 2 - Loan payback	20%	Balance	80%
Through Year 3 - Loan payback	30%	Balance	70%
Through Year 4 - Loan payback	40%	Balance	60%
Through Year 5 - Loan payback	50%	Balance	50%
Through Year 6 - Loan payback	60%	Balance	40%
Through Year 7 - Loan payback	70%	Balance	30%
Through Year 8 - Loan payback	80%	Balance	20%
Through Year 9 - Loan payback	90%	Balance	10%
Through Year 10 - Loan payback	100%	Balance	0%

f) When the amount of Funds invested is \$40,000 and above in repair and/or rehabilitation expenses, or in the event that a mobile/modular unit is replaced, the lien will be pro-rated over 15 years, as follows:

Through Year 1 - Loan payback	6.75%	Balance	93.25%
Through Year 2 - Loan payback	13.5%	Balance	86.50%
Through Year 3 - Loan payback	20.25%	Balance	79.75%
Through Year 4 - Loan payback	27%	Balance	73%
Through Year 5 - Loan payback	33.75%	Balance	66.25%
Through Year 6 - Loan payback	40.5%	Balance	59.50%

Through Year 7 - Loan payback	47.25%	Balance 52.75%
Through Year 8 - Loan payback	54%	Balance 46%
Through Year 9 - Loan payback	60.75%	Balance 39.25%
Through Year 10 - Loan payback	67.5%	Balance 32.50%
Through Year 11 - Loan payback	74.25%	Balance 25.75%
Through Year 12 - Loan payback	81 %	Balance 19%
Through Year 13 - Loan payback	87.75%	Balance 12.25%
Through Year 14 - Loan payback	94.5%	Balance 5.50%
Through Year 15 - Loan payback	100%	Balance 0%

C. Refinancing of Existing Debt or Home Equity Loans

Refinancing of existing debt or home equity loans after completion of rehabilitation work (and prior to the expiration of the lien period) may only result in subordination of this lien if the following conditions are met:

- 1) The Applicant does not receive cash as a result of the refinancing or home equity loan.
- 2) The resulting mortgage payment results in a fixed rate, lower monthly payment.

D. Loan Servicing/Lien Release Procedures

- 1) Completed lien documents will be maintained in Applicant files in the Community Development Department.
- 2) When a lien becomes due and payable as set forth in the contract and in accordance with the repayment schedule in Section 4 B 2 (d) of these guidelines, the balance must amount must be returned to the Department of Housing.
- 3) Once the lien period has expired, the Applicant may request in writing that the Program Manager issue a lien release for the property. In the event of such a request, the Program Manager will record the necessary release within sixty (60) days.

E. Program Income

- 1) Any Funds that are recaptured from Applicants who were required to repay payments must be returned to the Arizona Department of Housing.
- 2) Funding recaptures will issue a check to the Arizona Department of Housing. Upon receipt, the Project Manager will record a lien release and forward the funds to the Arizona Department of Housing.

F. Accounting Procedures

All accounting reports are available for monitoring/auditing purposes through the Town's Finance Department and the Community Development Department. All grant funds are included in the Town's annual audit. Audits are submitted annually to the funding source.

5. AFFIRMATIVE MARKETING

A. Project Manager

The Project Manager will be responsible for affirmative marketing of this program. The marketing plan shall include (but not necessarily be limited to) the following:

1. Press releases.
2. Other appropriate marketing methods.

B. Marketing Methods

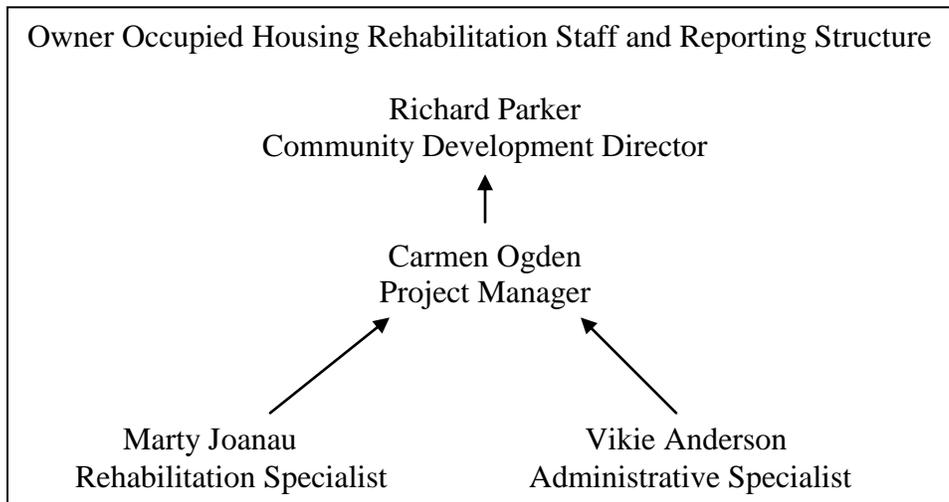
In order to adequately inform the residents of The Town of Prescott Valley about the Owner Occupied Housing program:

1. Mailers will be included with each water bill that is mailed to every household in the Town, as determined by the Program Manager.
2. Informational posters will be placed at the Civic Center, Library, and distributed to agencies that are regularly in contact with needy households (e.g., West Yavapai Guidance Center, Yavapai Food Bank, CASA Senior Center), and flyers with contact information will be made available as well.
3. All marketing information will be in both English and Spanish.

6. ADMINISTRATION

A. Coordination

Program coordination and day to day project administration will be overseen by the Town. The Town of Prescott Valley Program will perform applicant qualification and education.



B. Exceptions to the Maximum Grant Amounts

Exceptions to the payment ranges set forth above will be considered on a case-basis and must be deemed:

- 1) Unforeseeable at the time of the mandatory pre-bid walk-through.
- 2) A life/safety hazard which, in the opinion of the Building Official, cannot be abated by any other means and failure to repair would jeopardize the health and safety of the homeowner and the homeowner’s family.
- 3) The Department Manager must approve the exception to the Maximum Grant Amount and approval from the Arizona Department of Housing must be granted prior to the commencement of work.

C. Disability Accessibility

- 1) The Program Manager will arrange for interviews to be performed in Applicants’ residences, if necessary.
- 2) A TDD number for arranging interviews will be included in all advertisements. Hearing-impaired Applicants have the option of communication through a signing person or by writing.

D. Non-English Speaking Persons

The Program Manager will arrange for the services of an interpreter to assist Applicants who speak a language other than English. In making that determination, the Program Manager will be guided by whether Applicants appear to have a full understanding of the program.

E. Affirmatively Furthering Fair Housing

The Town does not discriminate on the basis of race, color, religion, sex, national origin, familial status, or disability. The Town shall notify the public by displaying Fair Housing posters and using the Fair Housing logo in printed materials for the program.

F. Temporary Relocation Plan

Upon occasion, owners may be temporarily displaced while construction is occurring. The Project Manager will plan and coordinate each project so that the displacement is no longer than necessary. Provisions will be included in the Contractor's construction contract to encourage timely completion and to require compensation if deadlines are not met.

- 1) Applicants will be notified that Temporary Relocation Assistance is available and the maximum amounts of such assistance.
- 2) Applicants will also be notified that relocation assistance will reduce the amount of rehabilitation work that can be performed on their property.
- 3) Applicants may secure other temporary lodging that doesn't require full assistance.
- 4) Any motel arrangements will be the responsibility of Applicants, in which case Applicants must submit a copy of the signed agreement to the Program Manager who will pay the motel directly for either the weeks lodging cost or the maximum lodging amount (whichever is less).
- 5) Applicants are responsible for any additional costs (i.e. catering, dry cleaning, etc.). If the dislocation is less than one (1) week, only the actual relocation days will be covered. If a stay is for a portion of a day, per diem will be calculated as follows:
 - a) Breakfast midnight until 11:00 a.m. \$ 7.00;
 - b) Lunch 11:00 a.m. to 3:00 p.m. \$10.00; and
 - c) Dinner 3:00 p.m. to midnight \$15.00.
- 6) Maximum Amounts:
 - a) Lodging \$ 75/night/two beds; and

- b) Per Diem \$26/day/person.
- 7) Applicants will not be entitled to reimbursement for any additional travel costs. For this purpose, “persons” are a permanent member of the household. The Program Manager shall make the final determination of the number and identify permanent household members.
- 8) Pets: Applicants must obtain at least two (2) quotes of per-day costs from local pet boarding facilities. Applicants may choose where pets will be placed; however, payment will only be in the amount of the lowest rate. Applicants will be responsible for any difference in cost.
- 9) The Program Manager may negotiate any lower amount that appears reasonable for relocation.
- 10) Applicants are responsible for packing and moving their personal goods. Variations from this requirement may be approved by Program Manager in order to ensure reasonable accommodation and equal program access.

7. CONFLICT OF INTEREST

No employee, agent, consultant, officer, elected officer or appointed official of the Town (including those who held such a position within 1 year) involved in any way with or having access to information related to the program may be an Applicant under the program or in any way receive a pecuniary benefit under the program.

8. APPENDIX

The following information/forms are part of the rehabilitation package for each project. Items marked with an * are DOH or HUD documents and are included in project package but not included with grant application. Items marked with ** are included in Tab D, “Loan Instruments” of the grant application.

A. Client Application

- 1. Employment Verification.
- 2. Verification of Disability.
- 3. Verification of Mortgage Status.
- 4. Grievance Procedures.
- 5. Affidavit of Document Authenticity.

6. Client Acknowledgement and Certification of Understanding.
- B. HOME FY2014 Income Limits***
 - C. Income Calculation Form (PV)**
 - D. Income Calculator 24 CFR Part 5**
 - E. Client Ranking Sheet**
 - F. Notification of Potential Eligibility**
 - G. Notification of Ineligibility**
 - H. Document Update Letter**
 - I. Client File Checklist**
 - J. E HR.2 Appendix A***
 - K. Set Up and Completion Report***
 - L. ADOH Guide on New Weatherization Standards (Issued 10/12/12, Rev. 11/18/13)***
 - M. Weatherization Report**
 - N. Housing Rehabilitation Standards***
 - O. HOME/HTF Housing Rehab Standards Property Inspection/Checklist***
 - P. HUD Inspection Form # 52580-A***
 - Q. Protect Your Family From Lead in Your Home***
 - R. Pre-Construction Conference Checklist**
 - S. Bid Award/Low Bid Contractor Notice**
 - T. Owner Select/Right of Rescission**

- U. Notice to Proceed**
- V. Construction Contract****
- W. Change Order**
- X. Completion Certificate/Acceptance of Work**
- Y. Homeowner Education**
- Z. Deed of Trust ****
- AA. Promissory Note****
- BB. Grant Time Slip**