



**CITY OF MESQUITE PY2020
CDBG HOUSING REHABILITATION AND DOWN PAYMENT ASSISTANCE
POLICIES & PROCEDURES MANUAL**

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I. INTRODUCTION AND PURPOSE

This guide represents a summary of the design and operating procedures for the City of Mesquite's Housing Services. The Housing Services include Major, Minor and Emergency Single-Family Residential rehabilitation, and First-Time Homebuyer Assistance. The mission of the Housing Services is to provide decent and affordable housing through rehabilitation and repairs for low-income Homeowners for substandard deficiencies that make the dwelling unsafe, unsanitary or in need of renewal and financial assistance to First-Time Homebuyers to increase homeownership in the City of Mesquite. The Department of Housing and Urban Development (HUD) fund these services through the Community Development Block Grant (CDBG).

II. Key Definitions

- **Applicant**--A person or a family that has applied for CDBG housing rehabilitation assistance.
- **CDBG**--Community Development Block Grant (CDBG) Program authorized under Title I of the Housing and Community Development Act of 1974, as amended. The regulations implementing the CDBG Program may be found at 24 CFR Part 570.
- **City**—The entitlement grantee and local unit of government, Mesquite, that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program.
- **Contractor**--An entity paid with CDBG funds to provide housing rehabilitation repairs. Contractors must be selected through a competitive procurement process.
- **Family**--As defined in 24 CFR 5.403, includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status: a single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or a group of persons residing together, with or without children.
- **Gross Income**--An annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income, as established by HUD.
- **Homeowner**—The applicant who owns and resides at the property for which CDBG housing rehabilitation assistance is requested.
- **Household**--All persons occupying a home. The occupants may be a family, as defined in 24 CFR 5.403; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status.
- **HUD**--The U.S. Department of Housing and Urban Development (HUD) which established the regulations and requirements for the program and has oversight responsibilities for the use of CDBG funds.
- **Income**--Annual income as defined under Section 8 at 24 CFR 5.609.

- **Rehabilitation**--Substantial repairs that typically bring the property up to local codes and standards and can include energy efficiency/weatherization, providing handicapped accessibility, and emergency repairs.

III. DESIGNATED AUTHORITY

- a. The administrative authorities implementing Housing Rehabilitation and Down Payment Assistance programs reside within the Housing and Community Services Department. Staff approves rehabilitation contracts, contractual addenda and change orders, as needed, for project completion.
- b. The Manager of Housing and Community Services has the responsibility for final determination of the amount of assistance available to an individual eligible applicant, in accordance with the implementing procedures.
- c. The Grant Coordinator is responsible for determining eligibility for the program.

IV. HOUSING REHABILITATION

The City of Mesquite offers two rehabilitation programs to assist owner-occupied homeowners with interior and exterior repairs: Major Housing Rehabilitation Program and Emergency Repairs Program. Both programs are funded by a Community Development Block Grant (CDBG) awarded by the U.S. Department of Housing and Urban Development (HUD) and are subject to income and other requirements. The Major Housing Rehabilitation Program focuses on addressing interior and/or exterior property deficiencies, while the Emergency Repairs Program is targeted to repairs and replacements that threaten health and/or safety of the homeowner, or the surrounding neighborhood.

a. PROGRAM ELIGIBILITY REQUIREMENTS

The following eligibility requirements for assistance are required for all household members and the property seeking housing rehabilitation assistance.

1. Household Eligibility Requirements

- i. All members of the household must be either a United States citizen or a legal resident alien.
- ii. No family, household member or applicant is eligible if:
 - they are a lifetime sex offender registrant (a permanent ban by HUD)
 - They are convicted of manufacturing and distribution of methamphetamine (a permanent ban by HUD) in federally-assisted housing, and;
 - if there is prior eviction due to/convicted of use of illegal substances within previous 3 years

Additionally, a family, household member or applicant may be ineligible to participate in the program if the City determines that it has reasonable cause to believe that a household member's abuse or pattern of abuse of alcohol may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

- iii. The Homeowner must own and occupy the dwelling for a minimum of 2 years.
- iv. The Homeowner must hold a Deed of Trust or Warranty Deed to the property. City staff will verify ownership. All persons listed on the deed must reside in the home. In the event of divorce, the homeowner must possess a quitclaim deed if the property is recorded in both names.
 - If the Homeowner is purchasing their home by a “Contract for Deed” (or a like contract), where the homeowner does not gain title to the property deed until owner meets all contractual obligations, the homeowner is not eligible for rehabilitation assistance. The seller must provide the purchaser with a filed warranty deed on the property to satisfy this eligibility requirement.
 - If the Homeowner inherited the property, a deed of trust to the property must be on file in the County Clerk's Office. The homeowner must provide proof of financial responsibility for the property (i.e. tax payments, deed of trust, filed affidavit of heirship, etc.).
- v. The household must meet program income limits. Total family or household gross income determines program eligibility. Gross annual total household income shall be at or below 80% of the median income for household composition as determined by HUD. Annual income and asset income are calculated using the Section 8 definition of income at 24 CFR 5.609.

ANNUAL INCOME LIMITS

Number of household members	1	2	3	4	5	6	7	8
Annual Income Limits*	\$48,300	\$55,200	\$62,100	\$68,950	\$74,500	\$80,000	\$85,500	\$91,050

**HUD Revises Annual Income Limits Annually.*

- vi. The Applicant must be current on the following basic housing expenses:
 - Home Mortgage Payment;
 - Property Taxes (City, County, School Taxes) must be current or have payment agreement (a tax deferral is not acceptable)

- vii. The Applicant must not have any outstanding judgments or liens. Bankruptcy is allowable if home is not subject to liquidation.

2. Property Eligibility Requirements

- i. The residence (permanent structure only; no mobile homes, travel trailers, etc.) must be a single-family unit and located within the Mesquite city limits.
- ii. The property must be serviced by or accessible to a City-approved water supply, gas (if applicable), sanitary sewer and electrical systems.
- iii. The property must comply with and meet all environmental regulations; including but not limited to historical, floodplain, noise, and lead regulations (Properties located in the 500-year flood plain are ineligible unless flood insurance is provided. **Properties located in the 100-year flood plain are ineligible.**)
- iv. For rehabilitation, property must pass a feasibility test: the repair costs cannot exceed 75% of the property replacement costs. For First-Time Homebuyer's Assistance, the property's sales price cannot exceed 95% of the area median sales price (24 CFR Section 92.254 (a) (2) (iii)).
- v. Homeowners and/or property addresses are eligible for CDBG funded rehabilitation repairs once every 10 years. Homeowners and/or property addresses are eligible for Emergency rehabilitation assistance once every two years.
- vi. The property must meet Housing Quality Standards (HQS) and complete an Environmental Review (ER) as defined by the U.S Department of Housing and Urban Development. The HQS inspection and Environmental Review will be provided by the City at no cost to the buyer. All utilities must be on and all necessary repairs must be made before funds can be released.

b. APPLICATION FOR AND SELECTION OF HOUSING REHABILITATION RECIPIENTS

A Homeowner can request a rehab intake application by mail, email, fax, download from the City's website, and/or can pick up an application at the Community Services Building (1616 N. Galloway). The application must be signed by all household members 18 years old and older.

Upon receipt of the intake application, it will be reviewed by the Grant Coordinator for eligibility. If the information given meets the income limits, and other criteria, the Homeowner will be placed on the waiting list. Priority is given to an applicant whose home is older than 25 years, if they are 62 years of age or older, and on a fixed income (Social Security, pension, etc.). These applications will be processed first, in first-come,

first-served order. Only after all priority applications are exhausted will applications on the wait list be processed. The date of application completion and eligibility will determine the order of assistance.

When the Homeowner's application is next for processing from the waiting list, they will receive a phone call and letter from the Grant Coordinator to schedule an appointment to start the application process. The Homeowner will also be given a list of items to bring to the appointment that includes, but is not limited to, the following:

1. Documentation regarding all types of income (Social Security, pension, employment (two most recent payroll statements), retirement, disability, child support, etc.) and other financial contributions. Eligibility is based on anticipated income projection during the next 12 months.
2. Evidence of property ownership such as Warranty Deed, Deed of Trust, (ownership documentation) must be recorded;
3. Two (2) most recent bank statements for checking and savings accounts;
4. Any other information deemed necessary to determine eligibility.

If, at the application appointment, any other information for approval is required, the Homeowner will be given a checklist, which states the additional information needed. The applicant will have one week, seven days (7) days from intake date to submit all required information. If not received within the one-week timeframe, a letter will be sent to the Homeowner that their file is closed as ineligible. The homeowner can immediately reapply by submitting a new application.

Any intentionally falsified information will cause the application to be rejected and the homeowner ineligible to apply for future assistance. Failure to disclose information that may affect eligibility requirements shall also constitute fraud. Homeowners shall be required to make full restitution to the City in the event the rehabilitation services are provided to Homeowners who provide inaccurate or incomplete information in order to meet eligibility requirements.

If a Homeowner does not show up for their scheduled intake appointment (no call, no show), the Homeowner must contact the Grant Coordinator within three (3) days of the missed appointment with a reasonable explanation (i.e.: emergency situation such as illness or death in the family, etc.), a letter will be sent to the Homeowner that the file is closed.

If, during the application process, including approval, the Homeowner decides to withdraw their application for assistance, a certified letter will be sent to the homeowner confirming such decision (a copy will be sent to the Contractor if the project has already been bid out and awarded). If the applicant wants to be considered for assistance later, they will be placed at the bottom of the waiting list.

The application waitlist will be purged every 6 months. Applications received January-June will be purged in Phase 1, Applications received July-December will be purged in Phase 2. The purge procedure will consist of mailing a new application to residents on the waitlist to update. Updated applications received by the due date will be placed again on the waitlist at its current position.

c. HOME REPAIR PROGRAMS

1. Major Housing Rehabilitation Program

The City of Mesquite's Major Housing Rehabilitation Program is designed to assist homeowners qualified homeowners in Mesquite with up to a \$25,000 grant for repairs to address interior and/or exterior deficiencies that make the dwelling unsafe, unsanitary or in need of renewal as determined by staff.

The Major Homeowner Rehabilitation Program will address repairs according to need in the following priority categories:

Priority One

- Roof
- HVAC
- Water Heater
- Weatherization
 - Windows
 - Exterior Doors
 - Storm Doors
 - Attic Insulation
- ADA Modifications
 - Toilet Commodes
 - Showers
 - Railing
 - Sidewalk Repair (trip hazards)
- Exterior
 - Vinyl Siding
 - Exterior Painting
 - Lead Hazards
- Plumbing to Code
- Electrical to Code

Priority Two

- Flooring
 - Carpet
 - Vinyl Plank
- Millwork
 - Kitchen Cabinetry
 - Kitchen Countertops
- Appliances
 - Cooktop/Range/Oven
 - Refrigerator
 - Dishwasher
 - Garbage Disposal
- Plumbing
 - Bathroom Fixtures
 - Vanities
- Electrical
 - Light Fixtures
 - Ceiling Fans
- Fencing
- Extermination Services

This list is not all-inclusive, and each property will have individual needs as determined by the Inspector. Additionally, the repair program does not address swimming pool repairs, foundation repairs or repairs for any other issue(s) caused by foundation instability.

- i. Major Homeowner Rehabilitation Repairs must conform to Housing Quality Standards upon completion of rehabilitation.
- ii. Reasonable and necessary related soft costs will be paid by the City of Mesquite. These costs include, but are not limited to:
 - Architectural, engineering, inspection, and scope of work write-ups
 - Costs related to Lead-Based Paint Hazards
- iii. Staff will assist the Homeowner in order to facilitate the rehabilitation, including the following:
 - o Information on the program;
 - o Information regarding potential lead-based paint hazards;
 - o Soliciting bids for rehabilitation;
 - o Assistance in contractual compliance between the homeowner and contractor; and,
 - o Inspection of rehabilitation of dwelling:
 - i. Property Inspection—after approval, at the earliest convenient time, the Inspector will perform the property inspection, repair write up, and coordinate the lead-based paint inspection (applicable only for properties built prior to 1978). The purpose of the inspection is to identify all Housing Quality Standards and environmental review violations and determine actions necessary to bring the property into compliance.

The project is unfeasible if the cost estimate exceeds the maximum allowable grant amount for the project. In this case, the Grant Coordinator will notify the homeowner within three (3) business days.

ii. Lead Based Paint Requirements--If the repair cannot be accomplished without disturbing any painted surface for properties built prior to 1978, the surfaces to be disturbed will be either tested in order to detect the presence of lead-based paint or presumed to have lead-based paint present. If tested, it will be by a certified lead-based paint risk assessor to determine the presence or absence of lead-based paint. If lead-based paint exceeding the acceptable limits is found, then the surfaces disturbed will be repaired utilizing safe work

practices. A "Notice of Lead Hazard Evaluation" will be provided to the Homeowner. This notice will summarize the nature, scope, and results of the evaluation.

The lead-based paint hazard reduction work will be performed by a contractor who is certified and licensed in utilizing safe work practices. After the hazard reduction work is completed a clearance examination of the work site will be performed by a certified risk assessor to determine if the affected dwelling is safe for occupancy. This involves a visual assessment, analysis of dust samples and preparation of a clearance report. A "Notice of Lead-Based Paint Hazard Reduction Activity" will be provided to the Homeowner. The Contractor must also obtain a final inspection from the City of Mesquite before invoice payment.

a. Contractor Criteria

Any interested contractor can bid on CDBG Rehab projects. Contracts will be signed with qualified contractors that have:

1. Applied for a profession license through the City's Building Inspection department(<https://energov.cityofmesquite.com/selfservice#/home>);
2. Post-consumer satisfaction;
3. Acceptable workmanlike skills evidenced through verifiable references of previous rehabilitation, modernization or new construction;
4. Guarantee work performed for a period of one year from date of project closeout; and,
5. Ability to obtain and carry commercial general liability, along with any employer's liability (workmen's compensation) and auto liability insurance as follows:

TYPE	AMOUNT
A. <u>Workers Compensation and Employers Liability</u>	<u>Statutory Limits</u> \$100,00 per occurrence
B. <u>Commercial (Public Liability), including but not limited to:</u>	<u>Bodily Injury:</u> \$500,000 per person \$1,000,000 per occurrence, and
i. Premises/Operations	

ii. Independent Contractors	Property Damage: \$500,000 per occurrence with <u>general aggregate</u> of \$1,000,000
iii. Personal Injury	
iv. Products/Complete Operations	
v. Contractual Liability (insuring Above indemnity provisions)	
C. <u>Business (Commercial) Automobile Policy:</u>	<u>Combined Single Limit</u> \$500,000

Insurance required herein shall be issued by a company or companies of sound and adequate financial responsibility and authorized to do business in the State of Texas. All policies shall be subject to examination and approval by the City for their adequacy as to form, content, form of protection, and providing company.

The Contractor further agrees that with respect to the above required insurances, the City shall:

1. Be named as the Certificate Holder and as additional insured, on all required insurance except worker's compensation.
2. Be provided with a waiver of subrogation, in favor of the City, on all required insurance.
3. Be provided with an unconditional 30 days advance written notice of cancellation or material change.

No Contractor appearing on the System for Award Management (SAM) debarred contractor list will be approved to perform work.

b. Contract Procurement Competitive Bid Policy

The Grant Coordinator will email to contractors, including Historically Underutilized Businesses (HUB's), a scanned copy of the work write-up, which will denote the date/time of the bid opening. The City may withhold awards of jobs to any Contractor with outstanding warranty items. The Homeowners are sent a copy of the work write-up with a transmittal letter stating they are to present any inquiries regarding the scope of the work prior to the date of bid opening.

The invitation for bid must advise the contractor that **bid proposals will be accepted by fax, email or in person** and the contractor and project name must appear on the cover of the bid.

Staff must designate a specific location for return of bid documents, which must be **DATE AND TIME STAMPED**. No response within the required time will be regarded as a **NO BID**.

NO BIDS WILL BE ACCEPTED IF SUBMITTED ANYTIME AFTER THE SPECIFIED DUE DATE/TIME AND DESIGNATED LOCATION.

Review of the Contractor's proposal by the Inspector will show the proposal to be either acceptable, or unacceptable for one or more of the following reasons:

- The total price exceeds the maximum grant amount approvable by the City of Mesquite;
- Not all work items are bid upon; and/or the Contractor or Contractor's representative failed to visit and inspect the property;

The Inspector is responsible for reviewing all bids and each bid line item prior to bid award. The Grant Coordinator confirms that funding is available for the entire project;

The bid will be awarded to the lowest qualified bidder. Time being of the essence, the bid may be awarded to the next lowest bidder should the Contractor with the low bid been awarded or hold contract for other jobs through the City;

Should all bids for the rehabilitation repairs exceed the \$30,000 grant allowance, the City may elect to delete one or more repair items, if feasible. The City must be able to certify the exterior of the property will still meet HQS standards after such deletions. If deleting one or more repair items is not feasible, the City can elect to increase the allowance for the repairs with the approval of the Manager of Housing and Community Services.

c. Contract Signing Procedures

The Grant Coordinator will schedule a "pre-construction" conference and contract document signing with the Homeowner, the Contractor and the Inspector in attendance. Before signing a contract, the Inspector will go through the line items on the work write-up and discuss with both parties each item and what construction is required and where it will be applied. This conference is required to ensure a thorough understanding by all parties.

After the pre-construction meeting, the Grant Coordinator will get Homeowner and Contractor signatures on contract documentation. Documents requiring a signature are:

- Homeowner/Contractor Agreement
- Homeowner Acknowledgement
- Notice Regarding Privacy
- Non-Exclusion Certification
- Notice to Proceed
- Any other document or certification required by federal, state or local law

d. Work Monitoring

The Inspector will monitor the progress of the construction project. All licensed trade work shall be inspected by the City of Mesquite Building Inspection Division and the contractor is responsible for obtaining appropriate permits. The Contractor must begin work no later than five (5) business days from date of contract and complete the work within forty-five (45) working days. A penalty of \$100 per calendar day will be enforced against the Contractor for each day after the scheduled completion date. Visits to the job site will be made by the Inspector. For Homeowners that have household items which need to be moved/boxed from the workspace so that the rehab repairs can progress, a 72-hour advance notice will be given. If the workspace is not clear in that timeframe, repairs that are affected will be removed from the contracted scope of work.

d. Change Orders

1. All change orders to the work write-up specifications are to be approved by the Manager of Housing and Community Services prior to the work being initiated. A change order form will be prepared by the Inspector and requires signatures from the Inspector, Homeowner, Contractor and Manager of Housing and Community Services. Additional work contracted between the Homeowner and Contractor during job progress is prohibited without City approval. Additionally, per local government code 252.048(d), the original contract price may not be increased by more than 25%.

2. The Inspector will approve all materials on the job site to assure compliance with specifications.

3. In the event of a dispute between the Homeowner and Contractor concerning satisfactory completion of the job, the Inspector will work with both parties to negotiate a resolution and render a decision. Should either party wish to appeal the Inspector's decision, they may request a hearing with the Grant Coordinator for a final determination.

f. Closeout Procedures

1. The Inspector will review with the Homeowner all completed repairs on work write-ups and execute "Certificate of Final Inspection" and have the Homeowner sign the "Statement of Completion."

2. The Grant Coordinator will obtain from the Contractor all final inspection green tags, manufacturer's/supplier's warranties, certifications required on work write-up, final invoice and subcontractor waiver (if applicable) and "All Bills Paid Affidavit" prior to or upon grant close-out.

3. Payment of work performed for the housing rehabilitation program shall be made payable to the Contractor, in one lump sum. Payment is subject to final approval by the Homeowner and the City before releasing check to the Contractor. Exceptions to this are applicable when the City has found all work to be acceptable and the Homeowner refuses to sign a "Statement of Completion" without valid reason or lacks understanding of work acceptability.

The Inspector will complete the "Certification of Final Inspection" and acquire Contractor's Final Invoice as applicable for the specific project. The Inspector verifies that the necessary portion of work has been completed and that the quality of workmanship is satisfactory. Upon approval by the Inspector, the payment request will be prepared by the Grant Coordinator. The Contractor shall receive payment for completed contract within thirty (30) business days after receipt of final invoice.

2. Emergency Repair Program

The City of Mesquite Emergency Repair Program is designed to assist low-income Homeowners in Mesquite with repairs to items that pose an imminent threat to the health and/or safety of the Homeowner and the surrounding neighborhood. Acceptable emergency repairs shall be defined as:

- Water leaks that are flooding the structure
- Lack of water to the residence
- Non-functioning hot water heater
- Inoperable toilets
- Inoperable lavatories,
- Raw and standing sewage
- Broken sewer lines/water supply lines
- Gas leaks
- No vented heat

- No functioning air conditioning
- Hazardous and electrical malfunctions that are an imminent danger to the structure
- No window panes in window

This definition also covers repair situations created by accidents or natural disasters that are an imminent danger to the structure and are creating an imminent threat to public health and safety and the surrounding neighborhood. These are only a few examples of potential conditions, which may exist. The examples demonstrated are not all inclusive; staff must evaluate each request on a case-by-case basis.

Under 24 CFR 58.34(a)(10), "Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration" are classified as exempt from lead-based paint requirements .

When repairs are deemed to constitute an emergency, the following approval process will be performed by the Grant Coordinator:

1. Verify ownership of home using abbreviated process.
2. Verify income of all occupants of the home using abbreviated process.
3. Ensure no City and property taxes are owed.
4. Conduct a criminal background check.
5. Obtain Manager's approval.
6. Per the City's Procurement Policies, if repairs are estimated to be greater than \$2,999, send the Manager of Purchasing an e-mail outlining the work to be done and a cost estimate of the repairs to obtain approval.
7. Once approval is obtained a contract for the repair can be signed.

All procedures beginning with contract signing through contract closeout will be the same as listed on page 10 of this document.

Emergency Repairs are limited to a maximum of \$5,000. Emergency Repair requests which exceed this limit will require approval from Manager of Housing and Community Services.

a. Emergency Repairs Open Solicitation Procurement

The City will maintain a list of qualified contractors for each trade used in the housing rehabilitation program, generated through a solicitation of qualified Contractors. The solicitation for qualified Contractors will be conducted on an annual basis through public advertisement that lists the requirements and qualifications needed for emergency repairs on single-family residences. The public

advertisement will include, at a minimum, posting on the City's Web site, placing an advertisement in the local newspaper, direct mail to existing Contractors and direct e-mail to existing Contractors.

Any interested Contractor may be added to the list at any time after the solicitation process has ended if the Contractor meets the requirements and qualifications in effect during the current year.

b. Maintenance and Selection of Emergency Repairs List

Each list of trade specific Contractors will be a randomized list and will be generated upon conclusion of the solicitation for qualified Contractors. The randomizing of the lists occurs once during the current year and will remain in the same order for the current year. The lists will be randomized again every year upon conclusion of the solicitation for qualified Contractors.

Selection from the appropriate trade list will begin at the top and proceed in sequential order through the bottom of the list. In instances where the selected Contractor is either not available to sign the contract or is unable to complete the work in the designated timeframe, the City will proceed in sequential order until an available Contractor is selected. For the next emergency, staff will resume selection from the list choosing the Contractor following the previously chosen company.

Any additions of qualified Contractors to the lists will be placed at the bottom of the appropriate trade list. Further, the inclusion of additional qualified Contractors does not disrupt the sequential order or selection of Contractors at any time.

c. Work Monitoring of Emergencies

The Inspector will monitor the progress of the emergency rehabilitation project. All licensed trade work shall be inspected by the City of Mesquite Building Inspection Department. The Contractor must begin work no later than one (1) business day from date of contract and complete the work within five (5) business days. A penalty of \$50 per calendar day will be enforced against the Contractor for each day after the scheduled completion date. Daily visits to the job site will be made, whenever possible, by the Inspector.

3. Warranty Follow-up Procedures

If a problem with a repair exists, an inspection will be performed, and the Contractor will be notified to make repairs. A follow-up call or re-inspection will be made by the Inspector to ensure the Contractor has made the requested repairs.

No further inspections will be made by the City unless the Homeowner reports needed repairs or problems within the one-year warranty period. HUD may inspect the properties during any CDBG program monitoring visit for compliance purposes.

V. DOWN PAYMENT ASSISTANCE PROGRAM

The City of Mesquite's Down Payment Assistance Program assists qualified, prospective homebuyers in Mesquite. Applications are accepted and reviewed on a first-come, first-serve basis. Applicants who have received any housing assistance from City of Mesquite's CDBG within the prior 5 years are not eligible. Applicants who have previously received down payment assistance from City of Mesquite at any time are not eligible.

Closing cost assistance can be requested in addition to down payment assistance for the applicant(s) to pay the following expenses:

- 1 Point Origination Fee
- Approved Discount Points (2 maximum)
- Lender Fees (Excluding Origination, Discounts, and 3rd Party fees – maximum of \$1000)
- Processing Fee
- Upfront MIP/PMI
- Appraisal
- Mortgage Title Policy
- Attorney Fees
- Recording Fees
- Termite/Home Inspection
- Survey
- Credit Report
- Pre-paid Interest (Not to exceed 30 days)
- Pre-paid Insurance (First Year)

The award ratio for down payment assistance combined with closing cost assistance can be no more than 75% of the required minimum down payment amount, plus, no more than \$2,000 in closing cost.

The total maximum amount available for down payment and closing cost assistance is \$7,000, depending on the applicants' annual income. Qualified applicants may request additional assistance up to a maximum total of \$10,000, subject to approval by the Manager of Housing and Community Services department. The chart below shows assistance availability based on applicant's annual income.

AMI Level	DPA	CCA
51-80%	50% of minimum required	\$1,000
31-50%	63% of minimum required	\$1,500
0-30%	75% of minimum required	\$2,000

a. Applicant Criteria

1. Must be a first-time homebuyer, not owned a home in last 3 years, or owned a home with a former spouse while married but has since divorced and no longer resides in the home.
2. Must be a U.S. Citizen, Citizen National, or Qualified Alien. An original Social Security card or valid passport will be required for verification.
3. Annual Income must be at or below the current 80% Area Median Income.

ANNUAL INCOME LIMITS

Number of household members	1	2	3	4	5	6	7	8
Annual Income Limits*	\$48,300	\$55,200	\$62,100	\$68,950	\$74,500	\$80,000	\$85,500	\$91,050

**HUD Revises Annual Income Limits Annually.*

4. Combined housing and debt ratios cannot exceed 43% of the borrower's gross monthly income.

The City will determine applicant household size by dependent verification in the form of IRS 1040 tax returns, recent birth certificates, legal adoption certifications, court ordered guardianships and divorce decrees or documentation of separation. Written verification of employment (VOE's), copies of pay stubs, and other written documentation may be necessary to satisfy the requirements of HUD in all income verifications. Applicants will be required to submit copies of most recent award letter for all household benefits, including but not limited to:

- TANF/SNAP
- Social Security
- Unemployment
- Worker's Compensation

The City will consider income and debts of all household member(s) over the age of 18 during eligibility determination. A co-signer's income will be included when determining eligibility and co-signer must occupy home as primary residency.

All individuals age 18+ reporting no income will be required to submit a signed Unemployment Affidavit.

A minimum down payment of at least 1.75% of the purchase price must come from the applicants' own resources.

Applicable applicants must provide evidence of receipt or non-receipt of child support, as well as the Court Order of Child support. Documentation can be obtained from the local child support office.

b. Payback of Principal Loan Amount

Assistance is provided in the form of a Deferred Payment Loan secured by a Promissory Note and Subordinate Second Lien. Payback of the Principal Amount will only be required if any of the following conditions occur:

1. The Property is sold, transferred, leased, rented, abandoned, foreclosed or ceases to be occupied by Grantee as grantee's principal residence prior to five years from the date of the Note and Deed of Trust (the "Affordability Period").
2. The Prior Lien note is paid in full according to its terms during the Affordability Period.
3. The Prior Lien note is refinanced in whole or in part or is assumed by a new borrower without the consent of Lender during the Affordability Period.
4. Default in the terms of the Note or Deed of Trust.
5. After five years and one day from the date of the Note, the Note shall be forgiven if the Borrower is not in default of any of the provision of the Note or this Deed of Trust.
6. If Grantee sells the Property or if the holder of the Prior Lien note forecloses upon the Property during the Affordability Period, the Principal Amount of the Note shall be repaid from New Proceeds. Net Proceeds of a sale, whether voluntary or involuntary are defined as the sales price of the property minus loan repayment (excluding grant) and any closing costs.

c. Homebuyers Education Course

All applicants must complete an 8-hour homebuyer education course. This requirement will be evidenced by a completion certification from a Housing and Urban development (HUD) Certified Housing Counseling Agency only. For a list of HUD approved agencies please visit:

<https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary>

The City of Mesquite has established partnerships with the following approved Agencies:

1. Catholic Charities of Dallas
2. Dallas Area Habitat for Humanity
3. Dallas County Home Loan Counseling Center
4. East Dallas Community Organization
5. NACA (Neighborhood Assistance Corporation of America)

d. Eligible Property

A property is eligible to receive homebuyer's assistance if it meets the following criteria:

1. Property must be located within City of Mesquite city limits.
2. Property located in an area identified by the Federal Emergency management Agency (FEMA) as a special flood hazard area must carry flood insurance for the life of the loan and require the approval of the Manager of Housing and Community Services. Submission of proof of insurance is required prior to funding.
3. Property cannot be location in an airport clear zone or on a toxic waste site.
4. Property must be an existing unit.
5. Property must be a permanently affixed, single-family unit (i.e. house, duplex, condo, and townhouse).
6. Government owned properties are not eligible for assistance.
7. The property cannot be a foreclosed sale
8. The sale price of the property may not exceed the area median purchase price.
9. Properties built in or before 1978 are required to undergo a visual assessment of the home for deteriorated paint.

The property must meet Housing Quality Standards (HQS) as defined by the U.S Department of Housing and Urban Development. The HQS inspection will be provided by the City at no cost to the buyer. A Real Estate Inspection (TREC) is required on all properties submitted for City assistance, at applicant's expense. All utilities must be on and all necessary repairs must be made before funds can be released. The inspection will be ordered after the applicant has been income qualified.

VI. WAIVERS AND APPEALS PROVISION

a. Request for Waiver

The CDBG Housing Rehabilitation program has been developed to adhere to federal regulations in order to assure proper administration and management. If a Homeowner feels that his/her circumstances require special consideration, he/she can request, in writing, a waiver from the usual requirements. All requests should specify the requirement(s) to be considered for waiver and state the Homeowner's reason(s) or special circumstances why she/he believes a waiver should be approved. The Manager of Housing and Community Services will review requests on a case-by-case basis. The Homeowner will be notified in writing of the final decision approved by the Manager.

b. Appeals Procedure

Applications who have been determined ineligible for assistance under the Housing Rehabilitation Program or Down Payment Assistance Program may appeal this decision to the Manager of Housing and Community Services. A written appeal must be submitted within ten (10) calendar days of the date of the notice regarding the decision in question. The Manager shall issue a written response within fifteen (15) business days of receiving the request.

***Revised 7/15/2020**