



Community HOME Investment Program

Housing New Construction Policies and Procedures Manual



INTRODUCTION

Recipients administering CHIP new construction activities are required to comply with the HOME regulations at 24 CFR Part 92 and the CHIP Administrative Manual. The Policies and Procedures/Written Construction Standards and Specifications do not negate the need for securing your attorney's opinion and approval.

The HOME program regulations are located at 24 CFR Part 92 and can be accessed at:

<https://www.hudexchange.info/programs/home/home-final-rule/>

CHIP funds may be used to develop homeownership through new construction, rehabilitation, or reconstruction. Activity summaries are as follows:

Funds will be provided to acquire, rehabilitate, or newly construct single-family units to be sold to low and moderate income home buyers. Single-family units are defined as structures with 1-4 units. Funds to State Recipients for new construction, rehabilitation, and/or reconstruction of single family units for homeownership shall be provided to the Developer as a construction loan at 0% interest due upon sale to a home buyer eligible under the HOME Program. Under rare instances, the sales price less a 15% developer fee may be less than the construction loan. In these instances, the developer fee will be limited to 15% of the sales price and the remaining balance after applying the sales proceeds will be provided as a grant to the developer to satisfy the construction loan.

Fees to developers that complete developments funded under this NOFA shall be 15% of the total development cost not including the value of the land if acquisition funds are provided. This amount may be reduced if there is an identity of interest between the developer and the contractor working on the development. Recipients are eligible to receive project delivery costs of up to 5% of the HOME-funded total development cost. All eligible project delivery costs must be identified by the Recipient.

If the application proposes the development (either new construction or rehabilitation) of housing units that will be sold to low and moderate income home buyers, a formal agreement between the Recipient or Developer and a HUD-approved housing counseling agency to provide pre-purchase home buyer education services to all new home buyers will be required. A firm partnership will be required in carrying out the funded activities. Partnerships that consider post-purchase education services for each new home buyer are encouraged.

Whenever CHIP funds are used for either of these types of developments, the work must be performed according to DCA's Written Rehabilitation Standards and Specifications which describe the methods and materials (which address health and safety, habitability and functionality, useful life of major systems, lead-based paint, accessibility, disaster mitigation, and other improvements), construction plans, work write-ups and cost estimates, property inspections procedures, frequency of inspections; and payment schedule. At a minimum, the unit must be constructed or rehabilitated to all state and local code requirements and must pass an inspection that addresses all of the inspectable items under HUD's Uniform Physical Condition Standards (UPCS). **Recipients will be required to adopt and submit as an addendum to DCA's Written Rehabilitation Standards the local codes applicable to their locality.**

A Recipient that has been awarded CHIP funds has already established the basic program design. The basic program design was set forth in the CHIP application and approved by DCA through the issuance of

a CHIP Recipient Grant Agreement that includes the Program Plan and General and Special Conditions. Implementation of the program must be in keeping with the approved CHIP award in all General and Special Conditions, the HOME Program Regulations, and all DCA CHIP policy memorandums and clarifications.

DCA may modify or update the Policy and Procedures periodically at its sole and absolute discretion or as required by changes to federal regulations. Recipients are responsible for maintaining knowledge of these changes and implementing the most up-to-date requirements established for the program.

The Recipient must also review the entire project and financial interface requirements with DCA as outlined in the CHIP Administrative Manual in order to prepare project set up, draw down funds, and meet established reporting requirements.

Resident Eligibility Requirements

The program will serve homeowners and tenants with incomes at or below 80% of the area median, adjusted for household size. The current income limits published by HUD can be found by visiting the HUD website located here:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/>

Methods for determination of annual income will be consistent with HUD requirements under 24CFR 92.203. All income and assets must be documented by either a review of documents or third party verification. The requirement for third party verification of income and assets should be clearly set forth as well as the requirement that income is projected for the coming twelve month period from time of verification. All income and asset verification documentation must be current to within six (6) months of the loan closing or lease execution.

Units and Area Serviced

The Recipient has outlined the number of units to be developed in their application. Units developed through the CHIP Program must be located at the specific sites identified in the Recipient's application unless DCA approval is provided in advance for alternate locations.

Homeownership Requirements

A CHIP homeownership loan is made in the form of a deferred payment loan at 0% interest and payable only in the event the household sells, transfers title or fails to occupy the property as their principal residence during the affordability period. The Recipient must verify property ownership by the Developer. Only the HUD HOME allowed forms of ownership (fee simple title or 99 year leasehold) is acceptable. "Life estates" or "contracts for deed" or "contracts for sale" are not a HUD HOME-approved form of ownership.

Age Qualification

If the CHIP application called for specific age requirements of the residents, these will be noted in Appendix A of the Recipient Written Agreement (Program Plan) as well as the General and/or Special Conditions of the Agreement (Appendices B and C). Any proposed deviation from these restrictions must be submitted to DCA in advance for approval. Verification of age and residence will be obtained by driver's

license or state-issued identification card; or by review of income tax statements, social security statement, retirement benefits statement, or bank statement mailed to borrower's address; or other similar documentation demonstrating that the property is the borrower's primary residence.

U.S. Citizenship Qualification

Each member of a household that receives assistance must be lawfully within the United States. Each household member over the age of 18 years must complete a "Declaration of Citizenship Status" form. The parent/guardian must complete a "Declaration of Citizenship Status" form for each minor child under the age of 18 years. Evidence of citizenship status for all household members must be in the file.

Conflict of Interest Qualification

The proposed residents of all units must sign a document stating that they have no relationship to anyone who has a decision-making role or inside knowledge of the HOME process, financial or contractual interests in a HOME activity, or anyone who can obtain benefits of any kind from a HOME activity. This extends to anyone with whom a person has familial or business ties during the funding process and up to one year thereafter. If an individual knowingly has any of the aforementioned connections to a HOME activity, and has not made these ties public, then she/he has violated Federal Conflict-of-Interest statutes.

PROPERTY ELIGIBILITY REQUIREMENTS

Purchase Price Limits

HUD has issued new HOME Property Value Limits. In 24 CFR § 92.254(a)(2)(iii) of the HOME Final Rule published on July 24, 2013, HUD established new property value limits for homeownership activities. These new limits apply to all homeownership housing to which HOME funds are committed on or after August 23, 2013, and will remain in effect until HUD issues new limits.

§ 92.254(a)(2)(iii) is revised so that PJs are no longer permitted to use the FHA Single Family Mortgage Limit [known as the 203(b) limit] as a surrogate for 95% of area median purchase price, as was permitted in the pre-2013 Rule.

This change was necessitated by statutory changes to the 203(b) statute, which, over time, increased the FHA Section 203(b) floor. With these increases, the 203(b) limits became a less reliable surrogate for 95% of area median purchase price. The HOME program statute requires that no housing have a purchase price or after-rehabilitation value that exceeds 95% of area median purchase price, in order to ensure that HOME-assisted housing is modest and non-luxury.

In the 2013 Rule, § 92.254(a)(2)(iii) is amended to eliminate the use of 203(b) limit and to change the methods for determining 95% of area median purchase price. HUD will determine and issue limits that represent 95% of the area median purchase price separately for newly constructed and existing single family housing units.

The new HOME Rule requires the State to evaluate the property value of a unit assisted based on whether the unit is considered "existing" or "new construction". HUD has determined the values of each for all counties in Georgia based upon prior years' sales data for each type of housing.

The most current HOME Property Value Limits can be found on HUD's website at:

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

Property Standards

HSRHD-funded properties must meet certain property standards. At minimum, all units must meet HUD's Uniform Physical Condition Standards (UPCS). However, the HOME regulation also requires that all housing that is rehabilitated or financed with HOME funds must meet all applicable local codes (including state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

Mandatory Residential Construction Codes

The State of Georgia has mandatory residential construction codes that are applicable to CHIP and that must be adhered to regardless of whether or not the local government enforces the codes. There are no exceptions to meeting these requirements for construction of HSRHD-assisted homes.

These mandatory codes are as follows (the latest edition as adopted and amended by DCA):

- Georgia State Minimum Standard Building Code (International Building Code)
- Georgia State Minimum Standard One- and Two Family Dwelling Code (International Residential Code for One- and Two-Family Dwellings)
- Georgia State Minimum Standard Fire Code (International Fire Code)
- Georgia State Minimum Standard Plumbing Code (International Plumbing Code)
- Georgia State Minimum Standard Mechanical Code (International Mechanical Code)
- Georgia State Minimum Standard Gas Code (International Fuel Gas Code)
- Georgia State Minimum Standard Electrical Code (National Electrical Code)
- Georgia State Minimum Standard Energy Code (International Energy Conservation Code)

The permissive codes are as follows (the latest edition as adopted and amended by DCA):

- International Property Maintenance Code
- International Existing Building Code
- Residential Green Building Standard
- International Swimming Pool and Spa Code

As noted above, the building, one and two family dwelling, fire, plumbing, mechanical, gas, electrical and energy codes are mandatory codes, meaning that under Georgia law, any structure built in Georgia must comply with these codes whether or not the local government chooses to locally enforce these codes.

Administration and Enforcement of the State Minimum Standard Codes

In order to properly administer and enforce the state minimum standard codes, local governments must adopt reasonable administrative provisions. The power to adopt these administrative procedures is set forth in O.C.G.A. Section 8-2-26(a)(1). These provisions should include procedural requirements for the enforcement of the codes, provisions for hearings, provisions for appeals from decisions of local inspectors, and any other procedures necessary for the proper local administration and enforcement of the state minimum standard codes.

These powers include:

- Inspecting buildings and other structures to ensure compliance with the code;
- Employing inspectors and other personnel necessary for the proper enforcement of codes;
- Requiring permits and the establishment of charges for said permits; and
- Contracting with other local governments for code enforcement.

DCA periodically reviews, amends and/or updates the state minimum standard codes. If a local government chooses to locally enforce any of these codes, it must enforce the latest editions and the amendments adopted by DCA.

DCA has developed a sample resolution/ordinance that may be used as a guide for local governments in the development of their administrative procedures. Please contact DCA for a copy of this sample resolution/ordinance and for any technical assistance needed in the development of a local code enforcement program.

Appendices

It should be noted that The Uniform Codes Act states that the appendices of the codes are not enforceable unless referenced in the body of the code, adopted by DCA, or specifically adopted by a municipality or county. If any appendices have been adopted by DCA, they will be noted in the Georgia amendments to the base code. Georgia Amendments to all of the codes listed can be found at:

<http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp>

Please contact the Office of Construction Codes and Industrialized Buildings of Georgia for more information concerning these amendments.

Architectural Standards

In accordance with requirements established by the federal government at 24 CFR 92.251 for the proper operation of the CHIP Program, DCA has established these Architectural Standards. All projects receiving CHIP funds from DCA for the purpose of building new property and rehabilitating existing property must meet or exceed these Architectural Standards. Incorporation of these minimum standards into all work scopes which control the level of construction to be performed on all properties is required. These standards have incorporated all State and local building codes, State energy codes and the HUD housing quality standards, and, in many cases, DCA requirements exceed the referenced State and Federal Requirements.

The CHIP Program requires that all units funded under the program meet the applicable Federal and State Accessibility standards as well as all DCA accessibility requirements. This includes the requirements of Section 504 of the Rehabilitation Act of 1973 as well as those visitability improvements identified in O.C.G.A. 8-3-172 within all units receiving CHIP assistance to the extent compatible with the rehabilitation work. (i.e. if code related improvements affect an entrance to the property, bathroom door or other applicable item, the improvement will incorporate work necessary to meet visitability requirements). State Recipients must document why any visitability improvements required by this law were not incorporated into the assisted improvements for each home.

All units that will be reconstructed must be re-built to conform to the requirements of O.C.G.A. 8-3-172.

These Architectural Standards do not have the effects of replacing local codes or minimum property standards. All properties must meet or exceed applicable local codes and property standards. With the exception of off-site development costs, measures required to address local codes and property standards are eligible construction costs for properties receiving CHIP funds.

These Architectural Standards are applicable to new construction, reconstruction and rehabilitation construction. New construction, reconstruction and rehabilitation construction are governed by all local and state building codes and requirements.

Building Permits are required for all units to be funded under the CHIP Program, if building permits are issued in the community. Proof of inspections and approvals by local officials will be required prior to the loan closing for the purchase of a unit by an eligible home buyer.

Final determination as to a recipient's compliance with the Architectural Standards rests solely with DCA.

A. General Standards for all Properties

1. Drawings and Specifications:

The architectural drawings and specifications must be in compliance with the Livability Standards found in HUD's Minimum Property Standards 4910.1 (1984). These are the minimum standards. Where DCA or local standards are higher, the higher standards will prevail. All Federal, State, and Local codes must be met, including all applicable Building and Fire Codes, applicable Federal and State Accessibility laws and requirements, Georgia Energy Code, and any other applicable requirements. In every case, the most restrictive requirement will prevail.

2. Contract Drawings:

The contract drawings should be complete clear and consistent in order to minimize construction problems, schedule delays, discrepancies in documentation and cost overruns, all of which affect the overall construction process.

3. Exterior Construction Materials:

All construction materials must be appropriate for lifecycle cost and ease of maintenance. All materials are to be installed according to manufacturer specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. All materials must bear the label of an industry accepted testing or certification agency. Preference must be given to materials that represent low maintenance and longevity over the life of the property. Any major component of a rehabilitation project with less than five (5) years expected useful life remaining shall be replaced. Specific exterior construction material requirements are listed below:

- a. Roofing: DCA requires a minimum warranty of twenty (20) years for all pitched roofs that must be verified by the manufacturer. Note: flat roofs are not permitted in any construction. Gutters and downspouts are mandatory for all construction on all buildings.
- b. Vinyl Siding: DCA requires commercial grade siding with a minimum thickness of .044 and with a 15-year warranty to be verified by the manufacturer.
- c. Manufactured Siding: Siding must be 7/16" nominal thickness or equivalent with a 20-year warranty. The warranty must be verified by the manufacturer.
- d. Wood Siding: Cedar or redwood in random lengths of 4'-0" or greater is acceptable. Any other wood siding product must be approved by DCA prior to order and installation. The warranty must be verified by the manufacturer.
- e. Dryvit: The installation of dryvit, or similar products, must include protection of finish in high traffic areas and must be approved by DCA.
- f. Stucco: Hard stucco may be used in some instances, but must be approved in advance of by DCA.
- g. Soffits & Fascias: Consideration should be given to prefinished or low maintenance finishes to all fascias and soffits. Gutters and downspouts are mandatory for all construction and on all buildings.
- h. Exterior Doors and Windows: Exterior doors must be 1¾" metal insulated or solid core wood, 20 minute rated door. Windows must have insulated glass and meet Georgia Energy Standards.

B. Single Family Development Architectural Submittal Instructions

These instructions are established as an aid to the State Recipient, detailing the necessary submissions, cost controls, scheduling, approvals and procedures to be used during the development of the proposed housing units. Disciplined adherence to these requirements, together with periodic consultation with DCA staff, is essential to ensure that scheduling deadlines are met and that a high quality project will result. All submittals are required to be on the most current standard forms issued by the American Institute of Architects (AIA).

1. Summary of Submittal Requirements:

- a. Location/vicinity map of each unit site within the community.
- b. Conceptual Site Development Plan of each site should include:
 - Easements existing on the property must be indicated on the plan. (Information should be compiled from public records and other appropriate sources).
 - Wetlands and Floodplains. Applicant must submit maps and/or documentation from a qualified third party certifying that the eligible site is not located within a

floodplain/wetland. Sites located within a floodplain/wetland area are not eligible for CHIP assistance.

Existing single family housing unit(s) located within a flood plain is/are eligible. Flood insurance must be obtained and a certification from an Environmental Consultant that the unit is located within a flood hazard zone is due at the time of Application. (This information must be supported by the wetlands map, wetlands delineation report, and floodplain map submitted in the Environmental Screening Checklist).

- Utilities (water, sanitary and storm sewers, electricity, gas and telephone) must be located on the plan and contact information included in the notes.
 - Use of all adjacent properties indicated both graphically and in written form.
 - All zoning setbacks and any other zoning restrictions for the subject property must be graphically indicated.
 - An indication of all structures, slabs, tanks and any other improvements existing on the property.
 - An indication of any other features physical or otherwise that would affect the development of the subject property.
 - The location of the proposed entrance access to the property and a layout of the unit, driveways, etc. must be indicated, and;
 - An indication of all areas of tree and vegetation to be preserved and those to be installed.
- c. Environmental Screening Checklist (See CHIP Administrative Manual).
- d. Phase I and II Reports (if applicable).
- e. Physical Needs Assessment for all existing improvements on the property.
- f. Color photographs of the property and adjacent surrounding properties and structures, with location map. Aerial photographs are desirable and should be submitted whenever they are available. (Black and white photographs are not acceptable).
- g. Any other documentation needed at DCA's sole discretion as requested.

OTHER FEDERAL REQUIREMENTS

Environmental Clearance

A complete and clear project description is the first step in the environmental review process. The project description should provide location specific information and geographic boundaries, as well as a delineation of all activities included in the overall scope of the project.

Tier One Environmental Review

Under HUD requirements, Recipients are permitted to complete the Environmental Review process as the Responsible Entity. The Environmental Review process, including DCA approval, must be concluded within

sixty (60) days of the effective date of the CHIP Agreement with GHFA. Also, the Environmental Review process must be completed and submitted to DCA within forty-five days (45) days after entering into the CHIP Agreement with GHFA. DCA will review and provide notice back to the Recipient within fifteen (15) days of submission in order to complete this sixty day process.

Tier Two Environmental Review

Once Recipients, as Responsible Entities, have completed the Tier One process, an individual project site has been identified, and prior to beginning any work that will have a physical impact on any property proposed to be served, the Recipient must complete the pre-set up process which includes the submittal of a Site Specific Environmental Screening Checklist which reviews each of the items on the Statutory Checklist for applicability to the specific property proposed. Any items that are triggered by regulations listed on the Screening Checklist must be addressed in accordance with the appropriate statute. For example, if the property is fifty (50) years of age or older, any activity must be reviewed for its possible effect under the National Historic Preservation Act.

The Recipient must submit to DCA the Screening Checklist along with all documentation to show how the federal regulation was cleared. Upon review and approval of these items, DCA will then issue a notice to proceed for the project.

During this period as DCA and HUD are completing the Environmental Review process, the Recipient may initiate activities that have no physical impact on the property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the Recipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances.

Georgia Security and Immigration Compliance Act

The Georgia Security and Immigration Compliance Act require employers to ensure that anyone they pay, whether as an employee or an independent contractor, is legally able to work. Employers who do not verify workers would not be able to deduct payments made to illegal workers on state income tax returns and would not be eligible for state contracts. To insure compliance with the Georgia Security and Immigration Compliance Act, all contractors must complete the Immigration and Security Form. The Recipient and Developer must retain copies of the completed Immigration and Security Form within (See Administration Manual) and submit to DCA.

The new immigration law went into effect on July 1, 2013. The new immigration law changes the requirements for immigration compliance in two key areas that will impact DCA.

1. Contracts – E-Verify

- The *“physical performance of services”* related to using E-Verify for the award of contracts by a public entity has been redefined by the law as follows: *“any performance of labor or services for a public employer using a bidding process or by contract wherein the labor or services exceed \$2,499.99.”*
- Individuals licensed by the State of Georgia (O.C.G.A. titles 26 & 43) or by the State Bar of Georgia are exempt from the contract requirement above.
- Every state agency, city, county or other public entity must comply with the E-Verify provisions for hiring employees and for contracts regardless of their number of employees.

1. Public Benefits – S.A.V.E.

- *“Public benefits”* are now clearly defined in state law (O.C.G.A. 50-36-1) and contracts have been removed as a category of public benefit. (Since contracts are covered by the E-Verify provisions above, affidavits may still be required, but contracts executed after July 1, 2014, are no longer considered public benefits.)
- *“A copy or facsimile of”* an applicant’s secure and verifiable document became acceptable beginning July 1, 2014. Applicants may now also submit their documents up to nine months prior to the date of their application as long as the documents remain valid during that period.
- Applicants who are younger than 18 years old at the time of their application for a public benefit must submit a completed affidavit attesting to lawful presence within 30 days of the applicant’s eighteenth birthday.
- Documents may be submitted by applicants in person, by mail or electronically.
- U.S. Citizens renewing an application for a public benefit issued within the same agency, or applying for a new public benefit within the same agency after they have already been verified for one, do not have to repeat the affidavit and document verification process.

2. Reporting

- A new combined report covering the immigration compliance requirements for both E-Verify and S.A.V.E. is now due to the Georgia Department of Audits and Accounts (DOAA) by December 31st of each year. The new law states that *“Any agency or political*

subdivision failing to provide a report... shall not be entitled to any financial assistance, funds or grants from the Department of Community Affairs.” The Community Development Division will provide the list of ineligible governments and political subdivisions to all DCA offices after the list is published by DOAA in January.

For more information about the immigration laws or assistance with affidavits or the S.A.V.E. verification system, contact: John Turner, Community Development Division, 404-632-6846.

Section 3 Outreach Plan and Policy Compliance

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with Federal, State, and local laws and regulations, be directed to low and very low income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low income persons.

The Recipient will develop procedures that are consistent with all applicable regulations and the approved Section 3 Plan in order to meet the requirements of Section 3 and Federal Procurement laws.

Davis-Bacon

Every project that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332). DCA will be the sole determinant as to the applicability of Davis-Bacon to all proposed projects based upon the structuring of construction contracts.

Historic Preservation (Section 106) Compliance

During 1997, DCA entered into a Programmatic Agreement with the State Historic Preservation Division and the Advisory Council on Historic Preservation. This Agreement is applicable to all housing activities; therefore, all CHIP grants are subject to compliance with Section 106 of the National Historic Preservation Act and the Regulations of the Advisory Council on Historic Preservation (36 CFR Part 800). The Advisory Council web site has additional information about the regulation at:

<http://www.achp.gov/work106.html>

Compliance with Section 106 regulations must be completed as part of the Site Specific Review.

Affirmative Fair Housing Marketing Strategy

The Recipients and Developers will adhere to the Federal Fair Housing Law (The Fair Housing Amendments Act of 1988) and the Georgia Fair Housing Law, O.C.G.A., 8-3-200 and will comply with the marketing strategy as set forth in their approved CHIP Award Affirmative Fair Housing Marketing Plan, the HUD HOME Regulations, and DCA policy regarding fair housing and equal opportunity to ensure that

all citizens, (especially those least likely to apply), will hear about the program and have an opportunity to apply and participate in the program. This marketing strategy will market and outreach to contractors including minority and women owned business contractors.

Marketing efforts must be multifaceted to ensure homeowners in need are informed of the program. Marketing efforts must be ongoing to ensure a sufficient number of applicants are qualified for available funds.

The Fair Housing logo must be placed on all documents relating to the grant and accompanied by a statement of commitment to provide all persons with equal access to services, activities, education and employment regardless of race, color, national origin, religion, sex, familial status, disability, or age.

The Recipient and Developer will also provide reasonable accommodations to all persons in need.

Recipients and Developers serving a county in which more than 5% of the county's population is of Limited English Proficiency (LEP) must provide marketing and other program materials in the primary language of the LEP population. The State of Georgia has identified the following 18 counties where LEP populations exceed the Department of Justice's Safe Harbor threshold of 5% and which require translation of program materials into Spanish:

Atkinson, Clayton, Cobb, Colquitt, DeKalb, Echols, Evans, Gilmer, Gordon, Grady, Gwinnett, Habersham, Hall, Murray, Polk, Telfair, Tift, and Whitfield.

Programs operated within these counties must take steps to provide access to the program and promote the full participation of interested households of LEP in the program, including minimally (1) employing interpreters and (2) maintaining contracts for the interpretation of documents as needed.

Fair Lending and Equal Credit Opportunity Laws

State Recipients and Developers will comply with all federal Fair Lending and Equal Credit Opportunity laws. The Recipient and Developers will not discriminate on the basis of race, religion, creed, color, national origin, sex, religion, familial status, age, handicap, etc.

ELIGIBLE ACTIVITIES AND COSTS

The CHIP Program is regulated by DCA and HUD in conformance with 24 CFR Part 92, the HOME Final Rule. The following are the major activities and costs permitted under the program.

A. Eligible Activities

In general, the following activities are eligible under the CHIP Development Program:

1. Acquisition: Funds used for property acquisition necessary for the construction of homeownership units are allowable.
2. Construction Financing: Funds may be used for the hard or soft costs of development of the housing units as further defined in Section 3.
3. Development Subsidy: This is available to developers of homeownership units when the appraised value/sales price of the completed home minus the approved developer's fee

maximum of 15% is less than the construction loan amount. In these circumstances, the developer fee will be limited to 15% of the sales price and the remaining balance after applying the sales proceeds will be provided out of CHIP funds as a grant to the developer to satisfy the construction loan. The maximum development subsidy amount is \$20,000.

4. Home Buyer Subsidy: A Home Buyer Subsidy is the amount of funds needed to fill the gap between the sales price of the home and the mortgage amount for which the purchasing household qualifies. The maximum amount of homebuyer subsidy per unit is \$14,999 and the minimum amount is \$1,000. The Home Buyer Subsidy should be made available to the purchaser of the unit as a 0% interest, deferred payment loan and must be secured with a HOME written agreement that is separate from the other loan documents.

B. Eligible Development Costs

1. Infill Construction vs. Subdivision Development

Development may occur on both scattered site lots or on a single site which will be divided into separate lots where one unit will occupy one lot.

For the purposes of this Program, DCA will consider a “Subdivision” as any project that is one contiguous piece of property that will be split into multiple lots for the development of single family units and which will include the installation of utilities on the property for service to each lot.

DCA will consider as “scattered site” any project that includes scattered lots where each lot is surrounded on two sides by established residential units and each lot does not require the installation of utilities to the lot. To be considered “surrounded on two sites by established residential units,” a Recipient may consider lots immediately adjacent to the lot in question or immediately across the street from the lot in question. Further, if several adjacent vacant lots exist, all lots may be considered as one parcel for the sole purpose of determining if the lots qualify as “scattered site.”

2. Eligible Forms of Development

- a. New Construction - Units developed through the CHIP Program may be new construction.

Adjacent vacant, scattered site lots may be combined into one parcel and one unit built on the parcel if each lot individually does not meet local zoning codes for the construction of new single family housing.

Similarly, if the separate cost of rehabilitating two existing units exceeds 75% of the after-rehabilitation appraised value of each unit and, if local zoning codes prohibit the construction of a new unit on each existing lot, the lots may be combined and one unit constructed as a “new construction” activity under the CHIP Program.

- b. Rehabilitation - Rehabilitating a vacant, dilapidated single family dwelling unit where the estimated cost of rehabilitation of the existing unit is less than 75% of the total estimated after-rehabilitation value of the existing unit is an eligible activity. Upon completion of

construction, the unit must meet all applicable local codes and property standards as defined by the CHIP Program. If the unit was built prior to 1978, the unit must be rehabilitated following all Lead-Based Paint guidelines.

C. Total Development Budget - Eligible Costs

The following costs are eligible under the CHIP Program and may be included as part of the Total Development Budget for each site:

1. Eligible Acquisition Costs: Eligible acquisition costs are those costs related to the acquisition of a site(s) for the project. These costs include land, existing structures on the land, and costs associated with obtaining legal title and closing on the site. In order for HSRHP funds to be used for acquisition, the transaction must be an arms-length transfer of real property between two unrelated parties.
2. Eligible Development Hard Costs: Eligible development hard costs are those costs required to construct, reconstruct or rehabilitate properties to meet applicable state and local building codes (including the Model Energy Code), accessibility requirements, and Single Family Development Minimum Construction Standards to ensure that the Georgia Dream Single Family Development Program-assisted housing is decent, safe and sanitary, and to make other essential improvements, including, but not limited to:
 - b. Energy-related repairs and improvements;
 - c. Accessibility improvements for individuals with disabilities (whether to comply with ADA requirements or otherwise);
 - d. Abatement of lead based paint hazards;
 - e. Repairs and/or replacement of major housing systems in danger of failure;
 - f. General property improvements (in accordance with DCA policy) which are non-luxury in nature; and
 - g. Demolition of existing structures on a site where reconstructed or newly constructed housing will be developed.

Eligible hard costs include the following line items: site preparation, landscaping, road construction, utilities and storm sewer, residential construction, and construction contingency.

3. Soft Costs: Related soft costs (costs incurred by the owner, paid to a third-party provider other than the State Recipient or Developer and associated with the financing or development of reconstruction, new construction, rehabilitation or acquisition) are eligible costs. The following are eligible, related soft costs:
 - a. Architectural, engineering or related professional services required to prepare plans, drawings, specifications or work write-ups (including the reasonable cost associated with compliance under the State Programmatic Agreement on Historic Preservation);

- b. Costs to process and settle the financing for a project such as private lender origination fees, credit report, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, and builder's or developer's fees that are reasonable and customary;
 - c. Impact fees, hook-up fees and property taxes;
 - d. Insurance costs, including an initial flood insurance premium;
 - e. Costs for security at the construction site;
 - f. Costs to inspect the project for compliance with Program and local/state building codes; and
 - g. Costs to market the completed units to prospective home buyers or tenants.
4. Project Delivery Costs: Recipients are eligible to receive a project delivery fee of up to 5% of the HOME-funded total development cost. All eligible project delivery costs must be identified by the Recipient and may include items such as project design and implementation, Tier One and Two Environmental Reviews, underwriting, document preparation, the cost of inspections, and oversight of the Developers. All program income generated by the development throughout the loan term may be retained by the Recipient and used for additional HOME-eligible housing development activities.
5. Developer's Fees: Fees to developers that complete developments funded under this NOFA shall be up to 15% of DCA's HOME investment cost not including the value of the land if acquisition funds are provided. This amount may be reduced if there is an identity of interest between the developer and the contractor working on the development. The developer fee should be pro-rated among all funding sources.
6. Other costs: Other miscellaneous costs which are also approved by DCA at its sole and absolute discretion. These costs may include interim construction financing. Please contact DCA for consideration of Other Costs which may be allowable.

D. Total Development Costs - Ineligible Activities and Costs

The following costs are ineligible under the CHIP Program and may not be included as part of the Total Development Budget for each site:

- 1. Acquiring property which is not part of an HSRHD-eligible housing unit.
- 2. Installing off-site improvements (development on any property not owned or under the control of the Developer).
- 3. Paying for any cost that is not eligible under §92.206 through §92.209 of 24 CFR Part 92, HOME Investments Partnerships Program.

4. Rehabilitating or constructing any property occupied by an existing owner.

Maximum HOME Investment

The minimum subsidy amount for any unit is \$1,000 as required by HOME Program regulations. The maximum amount shall be the 221(d)(3) limits as determined by HUD. These limits can be found at the following link:

<https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>

Affordability Period Requirements

The length of the required affordability period depends on the amount of CHIP investment in the property and the nature of the activity funded. The amount of CHIP investment includes all funds invested in a unit, including all Project Soft Cost. The table below provides the required affordability periods:

CHIP Investment Per unit	Length of affordability period	Amount considered satisfied for each year of the period of affordability completed in its entirety
Less than \$15,000	5 years	1/5 th
\$15,000 - \$40,000	10 years	1/10 th
More than \$40,000	15 years	1/15 th

CHIP funds that are invested in projects that do not meet the established Period of Affordability requirements will be subject to recapture based on policies outlined in Administration Manual. The development subsidy is not subject to recapture under this provision.

E. Construction Procedures

1. The initial property inspection will be completed once a property has been identified for possible assistance in the program. The purpose of the inspection is to determine if the property is feasible for rehabilitation, determine code required improvements and estimate the total cost of the regular (non-lead) rehabilitation work.

A standard Housing Rehabilitation Program Inspection Form will be used in conducting inspections to ensure completeness and consistency in the inspection process. This form will record the work required to meet the minimum property standards.

2. A work write-up is a set of specifications which sets forth the work to be done and materials to be used plus a cost estimate. A Rehabilitation Feasibility Test Form will be completed and a separate work write-up will be done for the lead interim control requirements for the home after the testing is completed by the lead risk assessor. The scope of repairs will be clearly stated and specifications will be sufficiently detailed to form a basis for obtaining bids from contractors. Generally, if it is determined that the hard cost of rehabilitation of a property is greater than \$25,000 and the expenditure of funds is not justified, a determination of economic unfeasibility will be made. Although this determination must be based on a strong element of subjective judgment, certain relative objectives threshold criteria must also be applied. In the event that it is determined the property is not economically feasible for

rehabilitation, another property must be identified for the program. If any HRSHD acquisition funds were used to acquire the property, these must be supplanted with other non-HOME funds by the Recipient or Developer as the site is not feasible for a HOME project to be completed.

3. Visitability Requirements: All construction activities must meet all of the following visitability requirements of OCGA 8-3-172:
 - a. One No Step Entry through 36 inch door;
 - b. On first floor:
 1. Each interior door is at least a standard 32 inch door, unless the door provides access only to a closet of less than 15 square feet in area;
 2. Each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;
 3. Each bathroom wall is reinforced for potential installation of grab bars;
 4. Each electrical panel or breaker box (located inside on first floor), light switch, or thermostat is not higher than 48 inches above the floor; and
 5. Each electrical plug or other receptacle is at least 15 inches above the floor.
4. Bidding Procedures

All contractor bids will be obtained through an “open, free competitive bidding” that is in compliance with 24 CFR 85.36(b) (8), which states contract awards shall only be made to responsible contractors possessing the ability to perform under the terms and conditions of the proposed contract. No sole source procurement will be allowed for any CHIP funded activities.

The Recipient must require that the Developer make efforts to notify the contractor community of the potential to bid. Solicitations from a minimum of three qualified contractors must be sought and no contract may be awarded for a project in which less than two bidders submitted proposals. A Bid Control Sheet will be used to document bids submitted, and will include signatures documenting all who attended the bid opening. This sheet will be placed in the project file.

The Developer, under the auspices of the Recipient, will review all bids for responsiveness, accuracy, and reasonableness, record findings on Bid Control Sheet, and prepare a Bid Summary. The Bid Summary will compare each bid to the cost estimate. Bids will be considered reasonable if they are within 10% of the cost estimate. If the bids are not within 10% of the estimate, the Recipient will determine if the discrepancy is justified based on a careful review of the cost of individual work items.

The bid selected should reflect the lowest responsible bid complying with all program requirements, provided such bid is reasonable and in the best interest of the project.

5. Contractor Qualifications

Only those contractors who have submitted a complete application to the Recipient or Developer and have received approval from the Recipient or Developer shall be eligible to perform work under this program. Prior to issuing a notice to proceed to any contractor, the Recipient will search the Excluded Parties List System (EPLS) to confirm that the contractor has not been debarred from performing work in the State of Georgia. This list can be found at:

<https://www.epls.gov/>

Upon clearance, a bid award will be provided to the selected contractor.

a. Eligible Contractor Requirements

All Contractors will have to provide:

- State Certified License
- Certificate of Insurance
- Model Accredited Renovator Certification
- Pass the State Clearance Process

In addition to the aforementioned, Lead Contractors have to Provide:

- Lead Certification
- Lead Abatement Certification

Criteria for selecting a contractor can include, but is not limited to:

- Quality of workmanship and response time on warranty work based on three references;
- Paying of material dealers and suppliers in a timely fashion based on references;
- Paying of sub-contractors in a timely fashion based on references;
- Adequate and valid insurance; etc.

b. Ineligible Contractor Requirements

The Recipient or Developer shall remove any contractor from the approved contractors list for one or more of the following reasons:

1. Continuous performance of unsatisfactory (poor quality) work, as deemed by the Recipient or Developer.
2. Failure to maintain REQUIRED insurance.
3. Failure to pay sub-contractors and/or material dealers.
4. Failure to respond to grievances from past customers.
5. Failure to respond to warranty work in a timely fashion.
6. Failure to maintain current license and/or registration.
7. Insolvency, bankruptcy, or other conduct or condition which has resulted in a monetary loss to a homeowner in connection with any contract funded through a state or federal program.
8. Failure to complete contract work or abandonment of a job.
9. Withdrawal of bid without justification.

10. Conviction of a crime in connection with any contract work, or connection with payment, or receipt of funds from ANY state or federally funded program.

All applicable state and federal regulations, equal opportunity provisions (including Section 3), conflicts of interest, etc. are incorporated into all construction contracts for housing rehabilitation to ensure that all housing goals and objectives are met.

6. Applicants and Contractors Terms and Conditions

The contractor and Developer will agree on the commencement date and the contractor will be given an appropriate time period to complete the project. In the event of inclement weather or other conditions beyond the contractor's control, he/she will be given extra days equal to the actual time lost. If there are change orders or amendments to the original contract, the contractor will be given additional time to accomplish the changes. This additional time and cost will be agreed upon by the contractor, Developer, and the Recipient. If the contractor fails to complete the project within the allotted time, he will be penalized for the agreed upon amount as per the contract for each calendar day he exceeds the agreed upon completion date.

There is no limit to the number of draws allowed for each project. However, the minimum draw amount request that DCA will process is \$10,000 and the maximum is \$25,000 regardless of the contract amount. If a total project amount is less than the minimum, one draw will be permitted at the completion of work. All final payments will be contingent on the approval of the final inspection made by the Recipient and the Developer. DCA will withhold a 10% retainage from each payment until 30 days following satisfactory completion of the project.

The Developer must sign an Owner's Satisfaction Statement certifying that they are satisfied with the rehabilitation work each time a request for payment is submitted by the contractor and prior to any payment being issued to the contractor. In addition to the signed satisfaction statement by the Developer for a partial or full payment to the contractor, the releases of liens must be obtained from the general contractor and all sub-contractors prior to releasing any payments.

No payment made under the contract shall act as a waiver for the right of the owner to require the fulfillment of all terms of the contract.

7. Interim Property Inspection: The State Recipient will perform interim inspections during the course of the construction work. At a minimum, the Recipient will perform two (2) interim inspections to ensure that the funds are used for eligible purposes and the work is being completed in accordance with the New Construction or Rehabilitation Standards. Inspections will be conducted in the presence of the Developer and contractor, whenever possible, so that any problems can be identified, discussed and resolutions developed.

The Recipient will inspect the job each time a request for payment is submitted to ensure all work for which payment is being requested is complete. The number of allowable draws for each job will be identified in the construction contract. If only one final payment is allowed by the contract, the Recipient will perform two progress inspections during the course of the job.

If the job is complicated or problems arise with any of the parties involved, or if unforeseen conditions arise, the Recipient will make additional inspections as necessary to resolve issues or prevent serious problems.

8. Final Inspection: Final inspections will be conducted by qualified staff of the Recipient at the request of the contractor. Prior to the final inspection, the contractor must submit documentation that all required inspections per permit, have been completed and signed off by the appropriate building official.

The work write-up and all of the change orders will be used as a checklist to ensure completion of all work items and compliance with the New Construction or Written Rehabilitation Specifications. A “punch” list will be given to the contractor identifying any remaining work items. Upon satisfactory completion of the “punch” list items, the Recipient will prepare the Certificate of Final Inspection.

After the final inspection has occurred and the releases of liens have been obtained, the Certificate of Final Inspection is executed, and applicable warranties and contacts are given to the homeowner, the owner can authorize final disbursement funds, by signing the statement of satisfaction. The Recipient may then request the final payment for the contractor.

9. Change Orders: Should unforeseen conditions arise that could not be detected in the original scope of work, a change order must be completed per the process below. Unforeseen conditions might include a collapsed wall, rotted wood that was undetected, unavailability of materials due to matters beyond reasonable control, or unforeseen termite damage. While it is sometimes impossible to detect every hidden code or property standard violation at the inspection completed prior to construction, simply failing to include an otherwise noticeable work item on the original bid is not generally allowed to be addressed after construction begins. Additionally, contractor error in estimating the project or doing the work is not typically allowed in a change order if the result is an increase in the cost of the job. If a need for a change order should arise and additional time is needed, the contractor will be given additional time to accomplish the changes. This additional time and cost will be agreed and approved by the signatures of the contractor, Developer, and the Recipient.

The staff of the Recipient shall inspect the property upon request and, if warranted, prepare an itemized list of work to be performed or modification on a Change Order form describing in detail, as in the work write-up. Justification for added or deleted items will need to be described in detail. The contractor will price each item as requested on the Change Order form and return it to the Recipient for review. The Recipient will then determine if the figures are justified by comparison to the Local Cost Index and if so, send the request in to DCA for approval. When approved by DCA, the Change Order form will be executed by the Developer, contractor and Recipient, and will become a part of the contract.

10. Appeals and Disputes: The Recipient will administrate the following appeal procedure to settle any disputes that may arise between the Developer and the contractor. If an Arbitration board/committee has been appointed by the county/city, a mandatory arbitration using the Construction Industry Rules of the America Arbitration Association must be held.

If an Arbitration board/committee does not exist, grievances between the property owners and the contractor must be filed in writing to the Local Official/Authorized Official within five (5) business days of the incident. The Local Official/Authorized Official will have ten (10) business days to inform both parties of his/her decision. The decision of the Local Official/Authorized Official shall be final and conclusive.

Per this policy, all persons submitting an application for assistance and receiving CHIP assistance within the project activity location has the right to appeal any and all decisions for assistance and any types of assistance they may be eligible for.

F. Homebuyer Requirements

1. Loan Terms and Conditions and Minimum/Maximum Subsidy

Each home buyer of completed units will be required to secure their own mortgage financing following the determination that they meet HOME income eligibility requirements. All CHIP funds provided to the homeowners are subject to a promissory note and a deed to secure debt between the Owner Occupant as mortgagor and the Recipient as the mortgagee.

Home buyer subsidy loans will be made available to the homeowner at a 0% deferred payment second mortgage loan payable only when the home is sold, refinanced, or no longer used for their principal residence during the affordability period. The minimum subsidy amount for any unit \$1,000 as required by HOME Program regulations. The maximum per unit subsidy amount shall be \$14,999. A percentage of the loan will be forgiven annually in equal installments over the applicable minimum five (5) year period of affordability.

2. Required Homeownership Documents

All loans made to home buyers using CHIP funds will be secured by a lien attached to the property occupied by the borrower. The following documents must be provided by the lender at closing:

- a. Deed to Secure Debt
- b. Grant Agreement
- c. Loan Agreement
- d. Promissory Note
- e. Homeowner Notice Right to Rescind
- f. Real Estate Note
- g. Affidavit to Execute Amended Promissory Note

3. Transfer of Home Buyer Loans

In the event of the death or incapacity of a homeowner(s) during the stated period of affordability, transfer of property to an eligible low or moderate income household that is an immediate family member of the original homeowner will be permitted.

An “immediate family member” is defined as a spouse, parent, brother, sister, or child of that person, or an individual to who that person stands loco parentis.

Any immediate family member that wishes to assume responsibility of the loan must contact the Recipient for an assessment. The family member must meet all qualification criteria for CHIP funds, including:

- Borrower Eligibility Requirements
 - Income
 - Age
 - Occupancy
 - Mortgage Status
- Property Eligibility Requirements
 - Property ownership and type
 - Property tax
 - Property insurance

The Recipient will conduct third party verification and obtain all required documentation to determine if the household meets all the eligibility requirements.

The immediate family member that is to assume responsibility of the loan is responsible for transferring title of the property into his/her name. The immediate family member is also responsible for preparation and processing of all documents related to loan assumption. All costs associated with transferring the title of the property and loan assumption will be the sole responsibility of the immediate family member, including any legal fees, filing fees, taxes, and any other costs incurred with such process. The immediate family member will have 180 days after the death of the original homeowner to complete the title transfer and loan assumption. If an immediate family member has not completed the process of title transfer and loan assumption within the specified timeframe, the original loan is considered “*in default.*”

All assumed loans will continue with the original loan terms outlined in the Loan Agreement, Deed to Secure Debt, and Promissory Note.

4. Compliance Monitoring and Recapture Provisions

In its capacity as a Subrecipient of DCA that has been chosen to administer a portion of the State’s HOME program, the Recipient has primary responsibility for monitoring activities to ensure compliance with all HOME requirements throughout the period of affordability.

For homeownership activities, this requires the Recipient to document that the homebuyer has continued to maintain the HOME unit as their principal place of residence throughout the period of affordability as spelled out in their loan documents. In addition to monitoring

ownership through property tax records, the Recipient must send out DO NOT FORWARD letters to all homebuyers annually through the U.S. mail and maintain these in the project files. If any are returned, the Recipient must investigate to see if the homeowner is continuing to satisfy this requirement and document its findings in the project file. The Recipient should also be listed as a mortgagee on homeowner's insurance documents so that it is notified if this insurance lapses. If the homeowner or another immediate family member no longer occupies the home, a portion of the total HOME subsidy must be recaptured.

All recaptured CHIP funds will be returned to DCA for return to the U.S. Treasury. This provision will also be in the Loan Agreement, Promissory Note, and Deed to Secure Debt.

G. Project Closeout

The Recipient will submit a Project Completion Report to DCA along with the final request for project reimbursement. DCA will provide a notice of project completion. The date of this notice is the beginning date of the affordability period of the loan.

Within thirty (30) days of payment of all CHIP-funded costs (with the exception of audit costs and any unsettled third-party claims), the Recipient will inform DCA that the CHIP Program is ready for close-out and the date of the next scheduled annual audit review.

The following will be performed by DCA:

1. DCA will conduct a review to ensure that any monitoring findings are resolved, and that any excess grant funds have been refunded. DCA will also verify that the accomplishments projected in the application have been satisfactorily met.
2. After review and final resolution of any findings, DCA will notify the Recipient or Subrecipient of the grant's conditional close-out pending receipt of an acceptable final audit.

H. Record Retention

All CHIP program records will be kept for a minimum of five (5) years after the program close-out or five (5) years after the termination of all applicable periods of affordability, written agreements, and loan terms, whichever is longer. All program records will be stored in an acceptable record storage facility during the required retention period.

Records pertaining to any litigation, claim negotiation, or audit, monitoring, inspection, or other action, which may have started before the expiration of the required record retention period, will be retained until completion of the action and resolution of all issues that arise from it, or until the end of the required period, whichever is later.

CONTRACTOR MINIMUM REQUIREMENTS

Scope of the Work shall include all labor, materials, equipment, permits, drawings and services necessary for the proper completion of the rehabilitation or new construction of the property as identified in the "Work Write-Up" or in the approved house plans and all such work called for shall be done in accordance with the Basic General Specifications as outlined in the Policy and Procedures of the CHIP Program.

At a minimum, State Recipients and Developers must include in the contractors agreement:

- A. The Work Write-up. Shall take precedence over the Basic General Specifications and when in conflict, the material, equipment or workmanship called for in the Work Write-up will be required.

AS DESCRIBED IN THIS SECTION, ALL ITEMS MUST BE LISTED ON THE WORK WRITE-UP. IF REPAIR/REPLACEMENT OF LISTED ITEMS IS NOT NEEDED, REFERENCE EACH SECTION AS N/A – NO CODE VIOLATION.

- B. State Certification. All contractors or subcontractors engaged in the practice of electrical contracting, plumbing contracting, low-voltage contracting, heating and cooling contracting or the installation, alteration and/or repair of plumbing, HVAC, electrical or low-voltage wiring systems are required to be licensed by the State of Georgia Construction Industry licensing board.
- C. Bids and Proposals. Will be submitted at the bidder's risk prior to a time and date certain, and the homeowner or CHIP Recipient reserves the right to reject any or all bids or proposals.
- D. Subcontractors. Shall be bound by the terms and conditions of this contract, insofar as it applies to their work. This shall not relieve the General Contractor from the full responsibility to the owner for the proper completion of all work to be executed under this contract; and he shall not be released from this responsibility by any sub-contractual agreement he may make with others.
- E. Fitting and Coordination of the Work. The contractor shall be responsible for the proper fitting of all work and for the coordination of the operations of all trades, subcontractors or material men engaged upon this and measurements which they may require for the fitting of their work to all surrounding work.
- F. Trade Names. Are used in the Basic General Specifications to establish quality and type of materials required. Exact materials to be used on a specific property may be described in the Work Write-up for the particular property.
- G. Adjacent Property. When adjacent property is affected or endangered by any work done under this contract, it shall be the responsibility of the contractor to take whatever steps are necessary for the protection of the adjacent property and to notify the owner thereof of such hazards.
- H. Repairs. Shall be made to all surfaces damaged by the contractor resulting from his work under this contract at no additional cost to the Developer. Where "repair of existing" work is called for by the contract, the feature is to be placed in "equal to new condition" either by patching or replacement. All damaged, loose or rotted parts shall be removed and replaced and the finished work shall match adjacent work in design and dimension.

I. Payments.

1. In the event that satisfactory progress is being maintained, as determined by the State Recipient, the Developer agrees to approve the contractor's requisition for progress payment(s) as specified in an amount not to exceed \$25,000. This progress payment(s) will be based on the work and materials, fixtures and equipment satisfactorily placed at the time of the requisition and shall not exceed 90% of the amount due for the work satisfactorily completed with deductions for the amounts of previous progress payments. The remainder due to contractor shall be withheld pending satisfactory completion of all work covered in this contract.
2. After Recipient's inspection, the contractor shall submit to the Developer for approval, his requisition for payment. When the required Affidavits and Release of Claims (warranties and the release of liens) have been executed by the contractor, subcontractors, and material suppliers, the payment will be made which will include any amounts due under the contract as adjusted in accordance with approved contract amendments and subject to the payment of any amounts due the owner for liquidated damages as may be necessary to protect the owner against any claim arising from the contractor's operation under the contract.
3. No payment made under the contract shall act as a waiver of the right of the owner to require the fulfillment of all the terms of the contract.
4. The contractor will be paid the contract price in one lump sum, less a 10% retainage, after the work is satisfactorily completed on all contracts of **\$10,000.00** or less.
5. When progress payments are applicable, the contract will include a payment schedule that specifies the stages at which payments will be made and the percentage (or amount) of the contract price that will be paid for the satisfactory completion of each stage.
6. There is no limit to the number of draws allowed for each project. However, the minimum draw amount request that DCA will process is \$10,000 and the maximum is \$25,000 regardless of the contract amount. All final payments will be contingent on the approval of the final inspection made by the Recipient and the Developer. DCA will withhold a 10% retainage from each payment until 30 days following satisfactory completion of the project.

IMPORTANT: All progress payments are contingent upon the contractor maintaining satisfactory progress in the prescribed work. This will be determined by the Recipient.

- J. General Guarantee and Warranty. The general contractor warrants that all materials, fixtures and equipment furnished by him and his subcontractors shall be new, of good quality and of good title and that the work will be done in a neat and workmanlike manner. Neither the final payment nor any provision in the contract nor partial or entire use of occupancy of the premises by the owner shall constitute an acceptance of work not done in accordance with the contract or relieve the contractor of liability in respect to any express warranties of responsibility for faulty materials or workmanship. The contractor shall promptly remedy any defects in the work and pay for any damage to other work resulting therein which may appear within a period of one year from the

date of final acceptance of the work unless a longer period is specified. The Recipient or Developer will give notice of observed defects with reasonable promptness.

K. Changes in the Work.

1. The Developer, with the Recipient's concurrence, may make changes in the work required to be performed by the contractor by making additions thereto, or deleting work from or by changing materials, fixtures or equipment from those specified without invalidating the contract and without relieving or releasing the contractor from any of his obligations under the contract. All such work will be in writing and executed under the terms of the original contract unless it is expressly provided otherwise.
2. Except for the purpose of affording protection against any emergency endangering life or property, the contractor shall make no change in the work or rehabilitation, provide any extra or additional work or supply additional labor, services or materials beyond that actually required from the execution of the contract unless in pursuance of a written order from the owner authorizing the change. No claim for an adjustment of the contract price will be valid unless so ordered.
3. Each "change order" shall include in its final form a detailed description of change of work, the contractor's definite statement as to the work, the contractor's definite statement as to the resulting change in the contract price and/or time and the statement that all work involved in the change shall be performed in accordance with contract requirements except as modified by the amendment.
4. Any request for a Change order", either by the owner or contractor, regardless of whether it involves an increase or decrease in work to be done, cost and/or time must be approved by the Recipient before the change takes effect.

L. Excusable Delay. The contractor shall not be charged with liquidated damages for any delays in the completion of the work due to:

1. Any acts of the government, including controls or restrictions upon or requisitioning of materials, equipment, tools or labor by reason of war, National Defense or any other national emergency.
2. Any acts of the Developer that will hinder the progress of the work as determined by the Recipient.
3. Causes not reasonably foreseeable by the parties to the contract at the time of the execution of the contract which are beyond the control and without the fault or negligence of the contractor; including but not limited to acts of God or of the public enemy, acts of another contractor in the performance of some other contract with the owner, fire, floods, epidemics, quarantine restriction, strikes, freight embargoes and weather of unusual severity such as hurricanes, tornadoes, cyclones and other extreme weather conditions.
4. Any delay of the subcontractor occasioned by any of the cause specified in the above subparagraphs (1) through (3). Provided, however that the contractor promptly (within 10

days) notifies the Developer and Recipient in writing of the cause of the delay. If the facts show the delay to be properly excusable under the terms of this contract, as determined by the Recipient, the Developer shall extend the contract time by a period commensurate with the period of excusable delay to the completion of the work as a whole, in the form of an amendment to the contract.

- M. Permits and Codes. The contractor shall give all notices required by and comply with all applicable laws, ordinances and codes of the local government including the obtaining of and payment for all required permits, provided, however, that the contractor shall not be held responsible for pre-existing violations of any law including but not restricted to zoning or building codes or regulations except compliance for any new or replaced work included in this contract will be required. Before beginning the work, the contractor shall examine the "Work Write-up" or new construction plans for compliance with the applicable ordinances and codes for the new or replaced work and shall immediately report any discrepancy to the Recipient and the Developer. Where the requirements of the "Work Write-Up" fail to comply with such applicable ordinances or codes for the new or replaced work, the Developer will adjust the contract by amendment to conform to such ordinances or codes and make appropriate adjustment in the contract price unless waivers in writing covering the difference have been granted by proper authority.
- N. Insurance.
1. The Contractor shall provide for Workman's Compensation Insurance for all his employees and shall be responsible for compliance of his subcontractors engaged in work at the site in accordance with State or Territorial Workman's Compensation Laws, if applicable.
 2. The contractor shall provide for Manufacturer's and Contractor's Public Liability Insurance with minimum limits of \$500,000 on each accident (\$100,000 on each person) to protect the Contractor and his subcontractors against claims for injury to or death of one or more persons because of accidents which may occur or result from operations under this contract. Such insurance shall cover the use of all equipment including, but not limited to, excavating machinery, trenching machines, cranes, hoists, rollers, concrete mixers and motor vehicles in the construction of the rehabilitation embraced in this contract.
 3. The Contractor shall provide for, during the life of the contract, property damage insurance in the amount not less than \$50,000 to protect him and his subcontractors from claims for property damage which might arise from operations under this contract.
 4. Prior to the execution of the contract, the contractor shall submit evidence of the coverage required above by an insurance certificate or its equivalent.
- O. Inspection of Work. HUD, DCA, and the Recipient shall have the right to examine and inspect rehabilitation and new construction work included in this contract. The work shall be subject to the inspector's approval and acceptance. The contractor will be informed of rejected work in writing. Also, these representatives shall be permitted to examine and inspect all subcontracts, materials, equipment, payrolls and conditions of employment pertaining to the work including all relevant data and records.

- P. Surplus Material. All surplus materials delivered to the job site and all material, fixtures and equipment replaced become the property and responsibility of the contractor and/or its subcontractors and shall be removed from the job site promptly after completion as well as all rubbish and debris resulting from the contractor's operations. The premises shall be left in clean condition.
- Q. Interest of Certain Federal and Other Officials.
1. No member of the Delegate to the Congress or the United States and no Resident Commissioner shall be admitted to any share or part of the contract or to any benefit to arise from same.
 2. No member of the governing body of the Recipient or Developer, who exercise any functions or responsibilities in connection with the administration of the CHIP Program to which this contract pertains and no other officer or employee of the Recipient or Developer who exercises any such functions or responsibilities shall have any interest, direct or indirect, in this contract which is incompatible or in conflict with the discharge or fulfillment of these functions and responsibilities in connection with the carrying out of the program to which this contract pertains.
 3. No member of the governing body of the Recipient or Developer and no other public official who exercises any functions or responsibilities in connection with the administration of the CHIP Program shall have any interest, direct or indirect, in this contract.
- R. DCA's Section 3 Policy. DCA published its revised Section 3 Policy for Recipients (i.e., grantees) and contractors/subcontractors on November 1, 2013. Section 3 of the U. S. Housing and Urban Development (HUD) Act of 1968 and the Housing and Community Development Act of 1992, requires that economic opportunities generated by federal Housing and Community Development programs shall, to the greatest extent feasible, be given to low- and very low-income persons, and to businesses that provide economic opportunities for these persons.
- S. Equal Employment Opportunity. If the contract amount is \$10,000 or more, the following conditions shall apply during the performance of this contract:
1. The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated, during employment, without regard to their race, creed, color or national origin. Such action shall include, but is not limited to employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the municipality setting forth the provisions of this nondiscrimination clause.
 2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, notice to be provided advising the labor union or workers representative of the contractor's commitments under Section 202 Executive Order 11246 of September 24, 1965, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.
 4. The contractor will furnish all information and reports by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor or the Secretary of Housing and Urban Development pursuant thereto, and will permit access to his books, records and accounts by the Secretary of Housing and Urban Development, or his designee, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
 5. In the event of the contractor's noncompliance with the nondiscrimination clause of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated or suspended, in whole or in part, and the contractor may be declared ineligible for further government contracts of federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies involved as provided in Executive Order 11246 or by rule or regulation by order of the Secretary of Labor or as otherwise provided by law.
 6. The contractor will include the provisions of the above subparagraphs (1) through (5) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 202 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the property owner may direct as a means of enforcing such provisions, including sanctions for noncompliance provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the property owner, the contractor may request the United States to enter into such litigation to protect the interest of the United States.
- T. Certification of Non-segregated Facilities. The building contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The bidding contractor certifies further that he will not maintain or provide for his employees any segregated facilities any of his establishments, and that he will not permit his employees to perform their services at any location under his control where segregated facilities are maintained. The bidding contractor agrees that a breach of this certification will be a violation of the Equal Opportunity clause in any contract resulting from acceptance of this bid. As used in this certification, the terms "segregated facilities" means any waiting rooms, work areas, restrooms, restaurants, any other eating areas, time clocks, etc. The bidding contractor agrees that, except where he has obtained identical certification from proposed subcontractors for specific time periods he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause, and the bidding contractor will retain such certification in his file.

- U. Clean Up. The contractor is required to keep the premises clean and orderly during the course of the work and to remove all debris at the completion of the work. Clean up and removal of all debris and materials resulting from his work shall be the responsibility of the contractor who will, upon completion of his work, leave the premises in clean condition. Remove from site all construction materials, tools and debris. Sweep clean all exterior work areas. Vacuum all interior work areas, removing all visible dust, stains, labels and tags. Clean all windows referenced in specifications.

- V. Statewide Uniform Construction Codes Act. The General Contractor and his subcontractors are legally obligated to comply with all applicable state and local codes.

- W. Uniform Physical Condition Standards (UPCS) CHIP funded properties must meet certain property standards. At minimum, all units must meet HUD's Uniform Physical Condition Standards (UPCS). The UPCS are uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to 24 CFR §5.703. These standards became effective on January 24, 2015 for HOME rehabilitation, acquisition, and tenant-based rental assistance projects in accordance with revisions made to the property standards requirement at 24 CFR §92.251.

In addition, the HOME regulation also requires that all housing that is rehabilitated or financed with HOME funds must meet all applicable local codes (including state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

X. Mandatory Residential Construction Codes

The State of Georgia has mandatory residential construction codes that are applicable to CHIP and that must be adhered to regardless of whether or not the local government enforces the codes. There are no exceptions to meeting these requirements for construction of CHIP assisted homes.

These mandatory codes are as follows (the latest edition as adopted and amended by DCA):

Georgia State Minimum Standard Building Code (International Building Code)

Georgia State Minimum Standard One- and Two Family Dwelling Code (International Residential Code for One- and Two-Family Dwellings)

Georgia State Minimum Standard Fire Code (International Fire Code)

Georgia State Minimum Standard Plumbing Code (International Plumbing Code)

Georgia State Minimum Standard Mechanical Code (International Mechanical Code)

Georgia State Minimum Standard Gas Code (International Fuel Gas Code)

Georgia State Minimum Standard Electrical Code (National Electrical Code)

Georgia State Minimum Standard Energy Code (International Energy Conservation Code)

The permissive codes are as follows (the latest edition as adopted and amended by DCA):

Residential Green Building Standard

International Swimming Pool and Spa Code

As noted above, the building, one and two family dwelling, fire, plumbing, mechanical, gas, electrical and energy codes are mandatory codes, meaning that under Georgia law, any structure built in Georgia must comply with these codes whether or not the local government chooses to locally enforce these codes.

Administration and Enforcement of the State Minimum Standard Codes

In order to properly administer and enforce the state minimum standard codes, local governments must adopt reasonable administrative provisions. The power to adopt these administrative procedures is set forth in O.C.G.A. §8-2-26(a)(1). These provisions should include procedural requirements for the enforcement of the codes, provisions for hearings, provisions for appeals from decisions of local inspectors, and any other procedures necessary for the proper local administration and enforcement of the state minimum standard codes.

These powers include:

- Inspecting buildings and other structures to ensure compliance with the code;
- Employing inspectors and other personnel necessary for the proper enforcement of codes;
- Requiring permits and to establishment charges for said permits; and
- Contracting with other local governments for code enforcement.

DCA periodically reviews, amends and/or updates the state minimum standard codes. If a local government chooses to locally enforce any of these codes, it must enforce the latest editions and the amendments adopted by DCA.

DCA has developed a sample resolution/ordinance that may be used as a guide for local governments in the development of their administrative procedures. Please contact DCA for a copy of this sample resolution/ordinance and for any technical assistance needed in the development of a local code enforcement program.

Appendices

It should be noted that The Uniform Codes Act states that the appendices of the codes are not enforceable unless referenced in the body of the code, adopted by DCA, or specifically adopted by a municipality or county. If any appendices have been adopted by DCA, they will be noted in the Georgia amendments to the base code.

Georgia Amendments to all of the codes listed can be found at:

<http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp>

Please contact the Construction Codes and Industrialized Buildings Section for more information concerning these amendments.

GENERAL REQUIREMENTS

State Certification

All contractors or subcontractors engaged in the practice of electrical contracting, plumbing contracting, low-voltage contracting, heating and cooling contracting or the installation, alteration and/or repair of plumbing, HVAC, electrical or low-voltage wiring systems are required to be licensed by the State of Georgia Construction Industry licensing board.

Construction Definitions

"Install" means to purchase, set up, test and warrant a new component. "Replace" means to remove and dispose of original material, purchase new material, deliver, install, test and warrant. "Repair" means to return a building component to like new condition through replacement, adjustment and recoating of parts. "Reinstall" means to remove, clean, store and install a component.

Verify Quantities/Measurements

All quantities stated in the attached specifications for this address using units of measure other than Each (EA), Room (RM) or Dwelling Unit (DU) (e.g. SF of Drywall) are for the contractor's convenience and must be verified by the contractor at a mandatory site inspection prior to bid submission. All quantities stated in the units of measure Each (EA), Room (RM) or Dwelling Unit (DU) is as stated. Discrepancies in quantities found by the contractor must be communicated to the Housing Rehabilitation Specialist prior to the submission of a bid. Claims for additional funds due to discrepancies in quantities shall not be honored if submitted after the bid submission.

Electrical Permit Required

Prior to the start of work, the contractor shall create any documentation necessary to apply for, pay for and receive an electrical permit on behalf of the owner.

Plumbing Permit Required

Prior to the start of work, the contractor shall create a riser diagram, septic layout and all other documentation needed to apply for, pay for and receive a plumbing permit on behalf of the owner.

HVAC Permit Required

Prior to the start of the heating/cooling work, the contractor shall create a heating distribution layout and perform heat/cooling loss calculations and all other documentation needed to apply for, pay for and receive an HVAC permit on behalf of the owner.

Contractor Pre-Bid Site Visit

The contractor must inspect the property. Submission of a bid is presumptive evidence that the bidder has thoroughly examined the site and is conversant with the requirements of the local jurisdiction.

New Materials Required

All materials used in connection with this work write-up are to be new, of first quality and without defects - unless stated otherwise or pre-approved by Owner and Construction Specialist.

Final Clean

Remove from site all construction materials, tools and debris. Sweep clean all exterior work areas. Vacuum all interior work areas, removing all visible dust, stains, labels and tags. Clean all windows referenced in specifications.

One Year General Warranty

Contractor shall remedy any defect due to faulty material or workmanship and pay for all damage to other work resulting there from, which appear within one year from final payment. Further, contractor shall furnish Developer with all manufacturers' and suppliers' written warranties covering items furnished under this contract prior to release of the final payment.