MILLSTONE TOWNSHIP REHAB PROGRAM

APPROVED

APPLY TO HAVE YOUR HOME REHABILITATED BY
THE HOUSING REHABILITATION PROGRAM

UP TO $15,000
FOR REHABILITATION/REPAIRS

THE AHA WILL BE ACCEPTING YOUR APPLICATION (COUPONS) THROUGH
WEDNESDAY, SEPTEMBER 30, 2020

FOR HOMEOWNERS ONLY!

Application (Coupons) accepted via:

Mail: 3535 Rt. 66, Bldg. #4, Neptune, NJ 07753
Email: aha-intakedos@housingall.org
Fax: (732) 922-4100

Eligible Items For Repair Or Replacement Include The Following:

- HEATING
- PLUMBING
- STRUCTURAL
- ELECTRICAL
- ROOF
- WEATHERIZATION

Please review eligibility criteria and complete attached coupon to apply with the Affordable Housing Alliance

If you have any questions, you can reach us at **(732) 389-2958**
or **aha-intakedos@housingall.org**

AHA affordable housing alliance
Hope. Strength. Community.
housingall.org

TOWNSHIP OF MILLSTONE 1844

affordable housing alliance
Hope. Strength. Community.

NeighborWorks® CHARTERED MEMBER

3535 Route 66 Parkway 100, Building 4, Neptune Township, NJ 07753
732-389-2958 info@housingall.org

ATTENTION: TOWNSHIP OF MILLSTONE RESIDENTS

If you are a property owner living in the Township of Millstone, you may be eligible for home repair assistance from the Township's ***Affordable Housing Rehabilitation Program***. This program is funded through the municipality as an obligation of the state's Mount Laurel Program.

The Township is looking for low-income to moderate-income qualified households to fill a total of **31** slots which will allow for both resident owner occupants to receive up to **$15,000** in rehabilitation/repairs funds assistance through the program. The purpose of the program is to bring substandard housing up to code. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following: roof, plumbing (including wells), heating, electrical, sanitary plumbing(including septic systems), load bearing structural systems, lead paint abatement, weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors).

If you are interested, please fill out the attached coupon and submit it to AHA. The Program will be open and accepting preliminary coupon submissions from **Friday, May 1, 2020 through Wednesday, September 30, 2020.** Once the deadline date for submissions has transpired a lottery drawing will be conducted to fill the available slots for program assistance. Date, time and location of the lottery drawing will be determined and announced at a later date.

To qualify, you must be up-to-date with mortgage payments, water/sewer, and real estate taxes. Also, the annual gross income of the household assisted must not exceed the following income limits per household size:

Family Size	2020 Income Limit	Family Size	2020 Income Limit
1	$ 61,175	5	$ 94,385
2	$ 69,915	6	$ 101,376
3	$ 78,654	7	$ 108,368
4	$ 87,393	8	$ 115,359

Township of Millstone
Mt. Laurel Affordable Housing Rehabilitation Program

Name: _____

Address: _____

_____

Phone #: _____ Email address:_____

Family Size: _____ Annual Income:_____ Year Home Built:_____

To apply, submit this coupon by mail, fax or e-mail:

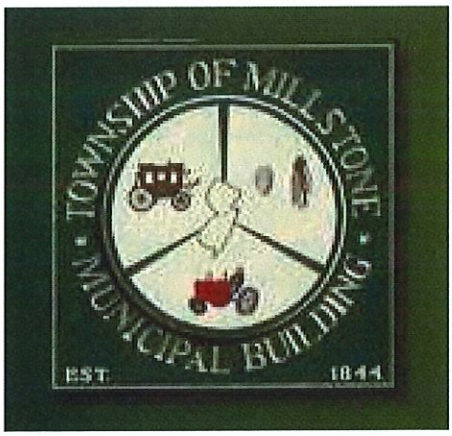
Mail: Affordable Housing Alliance, 3535 Route 66 Parkway 100 Bldg. #4 Neptune, NJ 07753
Fax: 732-922-4100 **E-Mail:** aha-intakedos@housingall.org

affordable housing alliance
Hope. Strength. Community.

3535 Route 66 Parkway 100 Complex Building 4 Neptune, NJ 07753
Phone: (732) 389-2958 Fax: (732)922-4100

Housing Rehabilitation Program Applicant Manual

Millstone Township



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INTRODUCTION

The Housing Rehabilitation Program focuses on the REHABILITATION OF SINGLE-FAMILY OWNER OCCUPIED DWELLING UNITS AND RENTER-OCCUPIED UNITS.

The office of Affordable Housing Alliance (AHA) is located at 3535 Route 66 Parkway 100 Building 4 Neptune, New Jersey, 07753. The office is open Monday through Friday, 8:00 am to 5:00 pm.

The purpose of the Housing Rehabilitation Program is to improve the county's supply of low- and moderate-income housing by preserving the existing housing stock. The program assists low- and moderate- income homeowners to adequately maintain their properties and thus provide sustainable housing for the future. This assistance will help municipalities meet their affordable housing obligations.

What follows are the procedures developed for the Housing Rehabilitation Program.

SECTION I.
GENERAL GUIDELINES

A. ELIGIBLE PARTICIPANTS

This program is open to all homeowners of units in participating municipalities (see Section I D for listing of participating municipalities). **31** applicants will be selected for assistance throughout 2020.

B. ELIGIBLE UNITS

Units are not eligible for improvement if they are listed for sale. Rehabilitation is available for single family structures with no more than two dwelling units per structure (duplex). Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be low- or moderate-income households and that the units are determined to be substandard. **Owners of rental properties do not have to be low- or moderate-income households.** If a structure contains two units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the other unit if income-eligible households occupy those units. Rents must be affordable to low- or moderate-income households. The owner must submit an application in their name.

C. INCOME LIMITS FOR PARTICIPATION*

The occupants of the units must have incomes that fall within the following income guidelines:

Family Size	Maximum Income*
1	$57,732
2	$65,979
3	$74,226
4	$82,474
5	$89,072
6	$95,670
7	$102,268
8	$108,865

When administering Mt. Laurel programs, AHA will use income limits determined by the Affordable Housing Professionals of New Jersey (AHPNJ). The current guidelines are for 2019. 2020 guidelines will be utilized upon issuance by AHPNJ.

D. ELIGIBLE AREAS

Participants in the Housing Rehabilitation Program must reside within Millstone Township, New Jersey.

E. PROGRAM BENEFITS

Eligible homeowners may receive up to an average maximum which varies by Township for eligible property improvements in the Housing Rehabilitation Program, in the form of an interest-free, deferred payment loan. Millstone Township has determined the maximum for this program to be **$15,000.00** per applicant. The loan will be forgiven in full after 10 years if the homeowner resides in his/her unit for the term specified by the Township. If the property is sold, transferred, or conveyed within that specified period from the date of the loan, the interest-free loan shall become payable in full upon the date of such sale or transfer. In the event of death of all of the persons named on the deed, the loan is an immediate obligation of the heirs and/or estate.

F. REHABILITATION STANDARDS

The rehabilitation standard used in the Housing Rehabilitation Program is the New Jersey State Rehabilitation Sub-code. The New Jersey State Rehabilitation Subcode is incorporated by reference.

G. ELIGIBLE REPAIRS

Housing Rehabilitation Program funds may be used only for work and repairs required to make a unit standard and alleviate any health or safety code violations. Work or repairs, including finishing and painting, must be directly related to maintaining the structural integrity of the house. Eligible repairs include plumbing, sanitary plumbing, electrical, structural, roofing, heating/ventilation and remediation of lead-based paint hazards. Lead-based paint hazards, if present, must be mitigated or eliminated in conjunction with other eligible repairs. Asbestos abatement (removal) is also eligible.

H. INELIGIBLE IMPROVEMENTS

Improvements which are strictly cosmetic and do not correct substandard conditions or code violations are ineligible. The purchase of appliances, not including refrigerators and stoves, is ineligible. Refrigerators and stoves are required for habitability under housing code standards.

I. ECONOMIC FEASIBILITY

Repairs must be deemed "economically feasible" by the Housing Rehabilitation Program. As a general rule, economic feasibility means that the post-rehabilitation assessed value of the structure to be rehabilitated must be greater than the total indebtedness of the property plus the financial assistance provided by the Housing Rehabilitation Program. The program also reserves the right to deem a project economically infeasible based on the availability of funds.

If after the work write-up is completed, the Director of Capital Projects (or other designated employee of AHA) determines that the work required to complete the minimum of the essential livable housing needs is economically infeasible, the case will be reviewed with the Director of Capital Projects. Then the case will be referred to the Assistant Program Director for review. If, after review by the Assistant Program Director, no alternative solution can be obtained, the case will be referred to the Program Director who will determinate the feasibility of the rehabilitation of the home.

The Program Director has the authority to close a case if the house is found to be economically infeasible to rehabilitate.

J. SUBORDINATION POLICY

There is no right to lien subordination without the written consent of the Housing Rehabilitation Program.

The Housing Rehabilitation Program will only consider a subordination request upon the receipt of the following:

- Written statement from the homeowner requesting subordination and explaining the reason for the request;
- Mortgage Commitment from lender stipulating rate and term of proposed financing;
- Mortgage Application;
- Title Binder;
- Closing costs (dollar amount);
- HUD1/Good Faith Estimate;
- An appraisal submitted within 90 days of the proposed financing's closing.

The Housing Rehabilitation Program will not agree to subordinate to financings that provide cash to the borrower (including payment for points), unless 20% equity is maintained in the home after the proposed financing (based upon an appraisal submitted within 90 days of the proposed financing's closing).

The proposed financing must close within 90 days of the subordination request.

Applicant must submit final HUD1 before the Housing Rehabilitation Program will send out executed subordination.

K. RECAPTURE

In the event of a foreclosure on the property within the restricted period, the net proceeds (if any) of the foreclosure sale shall be used to repay in full (one-hundred percent) of the assistance lien secured by the Mortgage and Note. Net proceeds are the funds remaining after the superior lien(s) are satisfied. If there are no net proceeds there is no recapture obligation.

SECTION II.
ADMINISTRATIVE PROCEDURES

STEP I APPLICATION

On an ongoing basis, or until all available program slots are fulfilled, AHA will market the program, announcing that it will accept applications from residents who are interested in having their homes rehabilitated. Any application not postmarked by the deadline date will not be eligible for the program unless the Township requests the AHA conduct additional randomized selections in the future. Applications are reviewed for completeness and to ensure they meet the income criteria.
The application period for Millstone Township for 2020 projects shall be for 30 days beginning on the date requested by Millstone Township, after which a public randomization shall take place to select the thirty-one (31) applicants that will be examined for eligibility. After lottery selection, the township must perform an inspection, provide documentation showing taxes and municipal utilities are paid up-to-date, and title report is requested from the township attorney to make sure no liens or judgments are against the property. Once the title report comes back clean and the applicant's taxes & municipal utilities are verified as current, the applicant is sent a preliminary approval letter and file is referred to AHA's Housing Certification Staff for Eligibility Certification and then to the Construction Department for a home visit and work write up.

STEP II ELIGIBILITY CERTIFICATION

To be eligible an applicant must meet the established income guidelines. Income eligibility must be re-reviewed if the closing of the assistance lien is not held within 180 days (6 months) of qualification. Complete income information is essential to eligibility determination.

Eligibility shall be based upon the combined income of all adults within the household. Every household member 18 years of age or older who lives in the house to be rehabilitated and receives income shall be required to provide income documentation as applicable and determined by the Program. Income is calculated based upon the guidelines set forth by the Affordable Housing Professionals of New Jersey, which has nuances for full-time students as well as other categories.

Generally, estimated gross annual income figures shall be based on income reported to the IRS. Income includes but is not limited to, wages, salaries, tips, commissions, alimony, overtime, pensions, social security, unemployment compensation, AFDC, disability, net income from business or real estate, and income from assets such as savings, CDs, Money Market, Mutual Funds, stocks and bonds.

Examples of the required documents are as follows, but not limited to:

1. Copies of IRS Form 1040 filed for one year prior to the date of the application.
2. Employer's statement of present annual income and four consecutive pay stubs dated within the previous 120 days.
3. A letter or appropriate reporting form verifying benefits such as Social Security or Pension income or unemployment income (monthly or annually).
4. A letter or appropriate reporting form verifying any other sources of income claimed by applicant.
5. Reports that verify income from assets to be submitted by banks or other financial institutions managing trust funds, money market accounts, stocks or bonds.

6. Evidence or reports of income from assets that are directly held by any eligible household member.
7. Evidence or reports that verify assets that do not earn regular income such as non-income producing real estate or savings that do not earn interest.
8. Authorization to Release Information.

NOTE: If COAH eligibility requirements differ from those above, COAH standards will be used to determine eligibility for Mt. Laurel programs.

STEP III DETERMINATION

The Housing Certification staff shall verify the following:

- The property is located in the participating Township and is a single family, year-round structure.
- The possible historical status of structure. (Refer to the Monmouth County Historical Sites Inventory List). If a structure is identified as being on the state or Federal Historic registers, or is register eligible or located in a historic district, the program shall contact the Monmouth County Parks System (732-842-4000, extension 4259) and the NJ Historic Preservation Office (609-984-0176). For historic districts the following information is required:
    a. Copy of the work write-up;
    b. Pictures of the exterior of the structure;
    c. Site diagram;
    d. Photographs of the streetscape.

The following information is required for structures listed on either of the registers or that are potentially eligible for listing;

a. Copy of the work write-up
b. Pictures of the exterior of the structure;
c. Pictures of the interior of the structure where work is to be performed; and
d. Site diagram

- Flood insurance applicability (REFER TO HUD FIRM MAPS). Where flood insurance is required the amount of the insurance must not be less than the amount specified by the Township (or the cost of the improvements, whichever is greater).

- Verify that the subject Property is not listed for sale.

- Verify from all mortgage holders indicating that all mortgage payments are current. The applicant shall provide these letters at the time of eligibility determination.

- Verify that property, water, and sewer tax payments are current.

- Verify that local water and sewer utility payments are current.

- Request a title search to verify ownership, check for unposted title transfers, and outstanding liens.

- Verify that at least one of the major systems must need significant repair or replacement. The major systems are: plumbing, sanitary plumbing, electrical, structural, roof, heating and ventilation, and remediation of lead-based paint hazards. (See G in Section I, General Guidelines).

Rejection – If the homeowner does not meet the program guidelines due to income, ownership or other reason, the Housing Certification staff will send a rejection letter stating the reason(s) for the action and close the homeowner's file. If the homeowner believes the rejection to be inaccurate, they must submit an appeal request in writing within 10 business days disputing the reason for rejection along with documentation verifying that the finding was inaccurate.

Approval – If the homeowner meets all program guidelines, the Housing Certification staff shall send the homeowner an approval letter stating that they have been granted preliminary approval and complete a Certification document as well as Deed-Restriction documents the homeowner must sign before moving forward. The Housing Certification staff will prepare a cost estimator folder with homeowners name, address, file number, block, lot, and telephone number. If the structure is historic, the Housing Certification staff shall place a dot on the cost estimator's folder notifying the estimator that the house is historic. The Housing Certification staff will give the Certification cost estimator folder to the Director of Capital Projects.

STEP IV HOUSING INSPECTION

A complete inspection of the home will be made using the Eligible Repair List and the Section 8 Property Standards Checklist as guides.

A detailed work write-up (abating all code violations and incorporating any required lead abatement) shall be prepared by the Director of Capital Projects. It will include a breakdown of each major work item by category and will contain information as to the scope of work and specifics on materials such as type, quantity, cost and location within the structure. The work write-up may include alternate bid item(s). The acceptance of the alternate bid item(s) or the regular bid will be decided on a case-by-case basis, budgetary constraints and requirements by the local building code officials.

The write-up shall be reviewed by the Director of Capital Projects for eligible repairs and economic feasibility. If necessary, appropriate revisions will be made. The work write-up is proofread and signed and dated by the Director of Capital Projects.

If a cost estimator notes two or more of the following situations, he must write a memorandum to the Director of Capital Projects and the Assistant Program Director documenting the findings. Two or more of the following situations may indicate the structure is not a single-family structure:

- More than one or two electric meters;
- Two kitchens;
- Separate entrances with no passageway between the units (that does not require a key to open);
- Separate hot water heaters; and/or
- Separate heating systems.

STEP V COST ESTIMATES

The Director of Capital Projects shall be responsible for the preparation of a cost estimate as part of the work write-up. Final costs of rehab will be confirmed with homeowner once bids are received from contractors. Work write-ups shall be saved and will include the homeowner's name, address, and file number.

STEP VI WORK WRITE-UP

The Director of Capital Projects makes an appointment with the homeowner to sign the work write-up

At the work write-up interview the following items are discussed and explained:

a. Program guidelines and benefits
b. Eligible repairs
c. Contractors (homeowner is asked if there are any contractors they know of who they want to bid on their house). Homeowner can chose the contractor so long as they are licensed, insured, and the price matches lowest bidder.
d. Work write-up

The client indicates acceptance by signing the work write-up.

Disapproval of Work Write-Up:
If the homeowner disapproves of the work write-up, he/shall indicate in writing by initialing next to the offending items and supplying the reason(s) for the disapproval. The work write-up shall be reviewed by the Director of Capital Projects. If any changes are made the revised write-up shall be mailed to the homeowner for approval.

If the homeowner signs the revised work write-up, he/she will eligible. If the homeowner refuses to sign the write-up (after 2 disapprovals) they will be ineligible and a letter will be sent by certified mail notifying them and stating the reasons for the action.

STEP VII CONTRACTOR PRE-QUALIFCIATION AND INSURANCE REQUIREMENTS

A contractor who wants to be certified as a bidder in the Housing Rehabilitation Program must complete a Contractor's Application Form and submit it to the Program. After the application is received by the program, the program will check the applicant against the New Jersey and Federal debarred contractor's list and the Monmouth County Consumer Affairs.

If the contractor applicant is found to be debarred, suspended or ineligible they shall be notified in writing that their application has been denied and the reason(s) for the denial.

If the contractor applicant is not suspended, debarred or ineligible and has no serious unresolved complaints with the County Department of Consumer Affairs, the Director of Capital Projects shall contact them and set up a meeting.

At the meeting the Director of Capital Projects shall explain to the contractor how the program works, including but not limited to bidding procedures, payments, and inspections. The Director of Capital Projects shall give the contractor a copy of the Housing Rehabilitation Specifications. In addition, the contractor is told that they and/or their crew must take the lead-based paint hazards Safe Work Practices class and receive their certificate. The contractor shall provide the Program with a copy of the certificates for all of the crew members that took the class.

A new contractor bidding for the first time shall be considered to be on probation until he/she has proven to the Program that their work standards as acceptable to the Program. In addition, the contractor shall be awarded the first bid that they win. If the contractor successfully completes the job to the satisfaction of the Program, he/she will be allowed to bid on and receive more than one job.

If the contractor's workmanship is not acceptable to the Program and/or the job is not completed on time, the Program may continue the contractor's probationary status. If the Program decides that the contractor's

workman ship or work ethics are not compatible with Program requirements, the contractor may not be allowed to continue to bid in the Housing Rehabilitation Program.

STEP VIII BID PROCESS

A bid package will be prepared, which will include the final approved work write-up and a cover sheet which lists the homeowner's name, address, telephone number, file number, and a bid due date.

Contractors can pick up the bid packages or receive them via email. Contractors must submit bids prior to the specified due date. Each envelope will be stamped with the date it is received.

The Director of Capital Projects will open all bids. The bid summary sheet will be kept on file.

All bids will be reviewed by the Director of Capital Projects as soon as possible. Bids may be rejected for any of the following reasons

- Bid is not clear.
- Bid is received after time and date specified in the bid package for bid receipt.
- Bid is not itemized.
- Bid is more than 5% over or 10% under the Program's cost estimate.
- The sum of all line items does not equal the bid total.
- Changes or corrections are crossed out without being initialed by the contractor.
- Corporate or business name, address and telephone number is not completed on the cover sheet.
- Bid is not signed by the contractor.

If fewer than 2 bids are received for any job, the job must be re-bid after review by the Director of Capital Projects. If after a second bid attempt, less than two bids are received, the following occurs: (a) if one bid is received, the bid will be accepted only if it is within the high/low split; and (b) if no bids are received, the homeowner may obtain a contractor to perform the work (within the high/low split). If rejected, Director of Capital Projects will send letter to applicant telling them that their cost estimate will have to be rebid.

If the homeowner would like to use a different contractor, they may obtain an estimate to perform the work and submit it to the Director of Capital Projects for approval. The estimate must be within the high/low split of the other bids.

Based on the review of the bids, the Director of Capital Projects will award the winning bid. Copies shall be made of the Bid Summary Sheet and distributed.

The Director of Capital Projects will send a cost proposal acceptance letter to the approved contractor with a copy to the homeowner.

STEP IX PRECONSTRUCTION CONFERENCE/CONTRACT/CLOSING DOCUMENTS SIGNING

After award of the bids, a preconstruction conference and document signing is scheduled (referred to as "Closing Conference"). The homeowner must accept the contractor selected through the bid process or the file will be closed.

The Program shall notify the homeowner and the contractor of the date, time, and location of the Closing Conference. At this meeting, the following documents will be explained to and signed by the homeowner: (a) Mortgage; (b) Mortgage Note; (c) Affidavit of Title; (d) Construction Agreement; (e) Three-Day-Right-of-Rescission; (f) Homeowner Agreement; (g) Power of Attorney. Questions regarding scheduling, property access, etc. will also be addressed. The homeowner will be provided with copies of all the above documents. A Notary Public will be present to witness all applicable documents.

Cancellation of Homeowners Agreement:
The Program Director has the authority to cancel the Homeowners Agreement for the following reasons:

- If the homeowner does not comply with the terms of the Homeowner Agreement (as determined by the Program Director).
- If a determination is made by the Program Director that the homeowner has no justification and willfully and arbitrarily refuses to give approval of voucher.
- Determination of a falsified application.

If the Homeowner Agreement is cancelled due to the failure of the Homeowner(s) to comply with the Homeowner's Agreement, as determined by the Program Director, the Homeowner will be responsible for immediate payment of expenses incurred by the Contractor(s) through and including the time up to the Director's determination of cancellation.

Power of Attorney:
The client is required to execute a limited Power of Attorney, which grants the Program Director the authority to do the following:

- Execute checks on the client's behalf for payment to the contractor as per the Construction Agreement (see Step IX)
- Execute necessary documents as required as a result of the Program's Conflict Resolution Procedures (see Section III).

The Power of Attorney shall not be affected by the client's disability and cannot be revoked by the client until the project is closed out by the Program.

A proceed to work order will be issued after the Closing Conference by the Director of Capital Projects. Rehabilitation work shall begin no later than fifteen (15) calendar days from the expiration of the homeowner's Three-Day-Right-of-Recision, and shall be completed no later than 45 days from that start date, for a total of 60 calendar days.

Lead-based paint mitigation or elimination work shall begin no later than fifteen (15) calendar days from the expiration of the homeowner's Three-Day-Right-of-Recision, and shall be completed no later than 60 days from that start date, for a total of 75 calendar days. Extensions, for good reason, will be granted by Director of Capital Projects upon written request of the contractor.

If the homeowner refuses to sign either the Mortgage, Mortgage Note or the Construction Agreement the Director of Capital Projects shall send a rejection letter stating the reason(s) for the action and close the homeowner's file.

If the contractor does not sign the Construction Agreement within three days of the closing conference, the contract will be awarded to the second lowest bidder within the high/low split. The Director of Capital Projects shall inform the Program Director.

STEP X CONSTRUCTION CONTRACT ADMINISTRATION

A. General Contract Provisions

Permits:
It is the responsibility of the contractor to secure all necessary building permits prior to beginning work. Contractors must post the permits in a front window or door of the residence as prescribed by law. It is the contractor's responsibility to notify the assigned Director of Capital Projects, and local building officials before closing up walls on plumbing and electrical improvements.

Copies of all required permits or a letter from the municipal building department that permits are not required must be on file with the Program before payment is made. Failure to comply with these requirements will result in a delay of payment or nonpayment to the contractor.

Liability and Workers Compensation Insurance:
All contractors shall provide up-to-date and adequate liability and workers compensation insurance. If requested, at each closing, the contractor shall provide AHA with a current Certificate of Insurance for all required coverage, to be kept on file in the office of AHA and in the homeowner's file. The certificate of insurance shall specifically name the AHA and the homeowner (whose house will be rehabilitated) as the insured parties.

The contractor shall indemnify and hold harmless the homeowner and AHA from liability for any injury or damages to persons or property resulting from his prosecution of work under this agreement. Contractors must carry workmen's compensation coverage and liability insurance of at least $500,000 for bodily injury or death and $50,000 for property damage.

The contractor must carry and require all subcontractors to carry full and complete workers compensation insurance for all of his employees and those of subcontractor(s) engaged in work on the contract premises. Further, the contractor shall procure and maintain all insurance necessary to compensate and indemnify the homeowner and the AHA for any or all claims arising from the contract.

Warranty:
The contractor must warrant for a period of one year that all work under the contract is free from defect arising from the equipment, material, and workmanship of the contractor and any subcontractor. All warranty and guarantee periods will be effective from the date the client authorized final payment to the contractor.

The Contractor will be allowed thirty (30) days to resolve a valid warranty complaint. Emergency warranty items (i.e. no heat in winter, burst pipes, etc.) require action within 24 hours of verbal notification of a problem. If a valid complaint is not resolved within the appropriate time frame, another contractor will be brought in to correct any defects. The repairs will be at the expense of the original contractor.

Licenses:
If jobs require electrical and/or plumbing work, the contractor or subcontractor MUST hold a current, valid license from the State of New Jersey to perform said work.

Lead-based Paint:
In order to become eligible to bid on housing rehabilitation and maintain their bidding eligibility in the Housing Rehabilitation Program, all contractors and/or their crew must take the lead-based paint hazards

Safe Work Practices class and receive their certificate. The contractor shall provide the Program with a copy of the certificates for all of the crew members that took the class.

Classes in safe work practices are offered free of charge periodically around the State.

Cancellation of Construction Agreement:
With written documentation, the Program Director will cancel the Construction Agreements for the following reasons:

- Failure of contractor to comply with the terms of the Construction Agreement;
- Failure of the contractor to provide acceptable workmanship as determined by the Program;
- Failure of the homeowner and/or contractor to create and maintain a reasonable working relationship;
- Actions necessitated by binding decision and/or arbitration (See Section III);
- Failure of the homeowner to comply with the terms of the Homeowner Agreement; and
- Failure of the homeowner to comply with the Construction Agreement.

If the remaining work to be done is less than $2,500, the job will not re-bid. A simple agreement with a contractor selected through the solicitation of at least three consecutive quotations will be executed by the homeowner, new contractor and the Director of Capital Projects.

If the Construction Agreement is cancelled for any reason and the remaining work to be completed is more than $2,500, the job must be re-bid. The re-bid will follow procedures outlined in Sept VI.

Assignment:
The contractor shall not assign the Construction Agreement in whole, to a subcontractor or to another contractor without the prior written consent of the homeowner and the Housing Rehabilitation Program.

Extension:
If the work cannot be completed by the date specified in the Proceed to Work Order, the contractor must submit a Contractor's Request for Extension form which explains why an extension is needed. The Request for Extension must be submitted prior to the Completion Date. The Director of Capital Projects will review the request for extension and arrive at a decision.

> **Approval**-If the request is approved, the Director of Capital Projects will sign the Request for Extension form, along with the contractor and homeowner.
>
> **Disapproval**-If the request is denied and the contractor does not complete the work within the prescribed time limits as set forth in the Construction Agreement, the contractor will be penalized at the rate of ½ of 1% of the contract sum for each day, or part thereof, that the work is incomplete. This amount will be deducted from the final payment to the contractor upon completion and inspection of the work.

Master Specification Index:
All construction work must comply with Housing Rehabilitation Program Master Rehabilitation Specifications Index. The document is incorporated by reference.

Arbitration: See Section III.

B. Inspections

Progress Inspections:
If necessary, the Director of Capital Projects will make periodic inspections of the house to monitor the progress of property improvements.

The Director of Capital Projects shall make the final determination of acceptable workmanship. The determination shall be binding upon the homeowner and the contractor.

Change Orders:
Change orders shall address previously undiscovered code violations and emergency conditions ONLY. No substitutions or additional work items will be permitted. Change orders will require the approval of the homeowner, the Director of Capital Projects. .

Change orders must be accompanied by a written explanation detailing the reasons(s) for the change order. Non-emergency change orders will require the solicitation of at least three price quotations.

An emergency change order is defined as any situation which would render the house uninhabitable, i.e., no water, no heat, roof open, no toilet, etc.

If immediate action is required due to an emergency condition, the Contractor shall contact the Director of Capital Projects immediately. The Director of Capital Projects will give verbal approval to make the repairs. The Director of Capital Projects shall document the approval in the homeowner's file and obtain the client's signature and date of signature on the change order paperwork as soon as possible. Emergency change order work must be left uncovered for inspection.

Final Inspection:
The Director of Capital Projects shall conduct a final inspection to make sure that the required property improvements are complete and meet program quality standards. If the work is satisfactory, the Director of Capital Projects shall obtain the client's signature on the Certificate of Completion and related paperwork. The Director of Capital Projects will also confirm that the Contractor has provided the client with a copy of operation manuals and available warranty information for all equipment installed.

STEP XI PAYMENTS

A. General Information:

Payments to the contractor will usually be made in one lump sum after the work is completed, based upon the Municipality's Finance Department schedule. Checks will be available for pick-up by the contractor, if prior arrangements are made, in the Township Municipal Offices, or payment can be mailed. The Municipal Housing Liaison will receive the check from the Finance Department and endorse the check on the clients' behalf by Power of Attorney.

The contractor (or authorized representative) must pick-up the check and sign a receipt. Upon request, the check will be mailed to the contractor by registered mail.

B. Payment Authorization

All change orders shall be on individual vouchers, separate from regular progress payment vouchers. Only complete, typed vouchers, and change orders shall be presented by the Director of Capital Projects to the

homeowner and contractor for signature. No voucher, change order, or certificate of completion shall be signed in anticipation of completion of the work.

The Director of Capital Projects, Assistant Director and Director will review and initial the voucher package before forwarding it to the Municipal Housing Liaison Officer. All voucher packages must include a homeowner-initialed work write-up indicating work completed to date, and a partial payment form in order to be processed. In addition,

The final voucher for payment must be accompanied by:

- Executed Certificate of Completion;
- **Certificate of Standard (if applicable);**
- Copies of all applicable municipal permits;
- Copies of all applicable municipal inspection approvals; and
- A work write-up fully initialed by the homeowner.

STEP XII MORTGAGE RECORDING/PROJECT CLOSE-OUT

The Township's Attorney shall file the mortgage and the mortgage note and any modifications with the Office of the County Clerk. The mortgage documents will be filed at the end of the three day recision period. Mortgage modifications will be signed and recorded after the rehabilitation work is complete. The Housing Certification staff shall send copies of: the executed certificate of completion; checks and vouchers; any change orders; recorded mortgage documents and modifications to the client at the completion of the rehabilitation project.

SECTION III.
CONFLICT RESOLUTION

A. CONSTRUCTION AND WARRANTY COMPLAINTS

Complaints will be logged-in by the Housing Certification staff. Copies of the complaint form will be forwarded to the Director of Capital Projects.

All complaints will be referred to the assigned Director of Capital Projects for inspection and resolution. If it is determined by the Director of Capital Projects that a complaint is valid, the complaint will be referred to the Contractor for correction/resolution within the time frame outlined in Step VIII (Warranty) above.

The Director of Capital Projects will take the necessary correction action and complete the lower portion of the complaint form. The Director of Capital Projects will review the complaint form to determine if the situation has been adequately resolved and file the form in the client's file.

B. CLIENTS REFUSAL OF SIGNATURES

If a homeowner refuses to sign a voucher, the following procedures will be implemented:

The Director of Capital Projects will discuss the complaint with the homeowner and the contractor and attempt to resolve the problem.

If the complaint cannot be settled informally, the homeowner must submit a written report within five (5) calendar days from the date of the refusal to sign the voucher to the Director of Capital Projects indicating the reason(s) why. The Director of Capital Projects will review the case and make a recommendation. If no settlement can be made after the review, the case will be referred to the Program Director for review and binding decision as to payment. All decisions will be documented and filed.

Still, if no settlement is reached, the matter will be referred to arbitration.

C. ARBITRATION

Should the procedures outlined above fail to resolve any dispute between the parties, the following shall apply:

Unresolved claims or disputes arising out of the Construction Agreement or the breach thereof shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be filed in writing with the other party to the Construction Agreement and with the American Arbitration Association and shall be made within a reasonable time after the dispute has arisen, but not later than thirty (30) days thereafter.

SECTION IV.
CONTRACTOR RELATED PROCEDURES

A. CONTRACTOR REMOVAL FROM PROGRAM

The Director of Capital Projects has the authority to remove a contractor from the Approved Contractor List for the following reasons:

- Unacceptable workmanship
- Failure to complete the job on time
- Failure to comply with construction agreement and/or Program procedures
- Failure to actively participate in the quote procedures for 6 consecutive bid cycles

The Program will advise the contractor of the action and reasons for the decision in writing.

B. CONTRACTOR PROBATION

In those instances where a contractor has failed to comply with the terms of the Construction Agreement, however not to the degree warranting dismissal from the program, the Director of Capital Projects (with the concurrence of the Program Director) shall place the contractor on probation.

Probation removes the contractor from the qualified bid list for a period to be determined by the Director of Capital Projects and the Program Director and upon re-instatement the contractor will be awarded <u>only</u> one job until his/her performance is approved.

Before a contractor is put on probation he/she will be put on notice, sent a letter giving seven days notice, that if he/she doesn't meet the terms of the construction agreement he/she will be in default. If no response, the contractor will be sent another notice stating he/she is in default, in breach of contract and stating actions to be taken.

These controls shall be implemented for the following reasons:

- Late start or late completion without an approved extension.
- Lack of expedient repair of one year warranty items.
- Failure to comply with all terms of the Construction Agreement
- Inability to cooperate with clients and/or lack of professionalism.

SECTION V.
MAINTENANCE OF RECORDS AND CLIENT FILES

The Housing Rehabilitation Program staff will be responsible for establishing and maintaining individual files for each unit. Each record file will contain the following:

- Application form
- Income verification calculations and documentation
- Housing inspection report
- Photographs or Videotape (before and after) – if taken
- Cost Estimates
- Work Write-up
- Homeowner Agreement
- Construction Agreement
- Affordability Controls: Mortgage, Mortgage Note
- Copies of Payments: checks, vouchers

A computerized Rehabilitation Log will be maintained by the Housing Rehabilitation Program staff that depicts the status of all applications in progress.

APPENDIX I – ELIGIBLE REPAIRS

The Housing Rehabilitation Program's main objective is to correct building code violations and fire/safety hazards. Eligible items for repair or replacement include the following:

- Heating
- Plumbing
- Structural
- Electrical
- Roof
- Weatherization
- Accessibility features

Cosmetic/luxury repairs are NOT eligible!

NOTE: Eligible repairs for all homes are subject to budget restraints and must correct a code violations or substandard conditions.