

Clark County Housing Preservation Program Policies



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CDBG Housing Preservation Program

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INTRODUCTION

1. Purpose

The Department of Housing and Urban Development (HUD) allocates Community Development Block Grant (CDBG) funds to Clark County under authority of Title I of the Housing and Community Development Act of 1974, as amended at 24 CFR Part 570. Clark County uses a portion of this funding for the Housing Preservation Program, which provides financial assistance to low and moderate-income homeowners of single-family residences in Clark County, outside the city limits of Vancouver, and within Woodland City limits to:

- Revitalize and preserve the existing housing stock;
- Encourage long term residency by the revitalization and repair of homes owned and occupied by low-income people;
- Eliminate unhealthy or hazardous conditions and provide decent, safe and sanitary living conditions to eligible applicants;
- Eliminate barriers to accessibility and improve safety for persons with disabilities; and
- Reduce energy costs and usage through energy conservation measures as part of rehabilitation

HUD requires that each jurisdiction develop a Consolidated Housing and Community Development Plan to identify housing needs. Clark County's Plan recognizes the need for housing rehabilitation for low-income homeowners to improve the existing housing stock. To address this need, Clark County's Housing Preservation Program assists qualifying households rehabilitate their homes to a decent, safe, and sanitary standard.

The Housing Preservation Program operates in conjunction with the County's Weatherization Program. The Weatherization Program reduces energy costs for low-income homeowners and tenants by increasing the energy efficiency of their homes, while ensuring health and safety. A primary goal is to enable individuals to stay in their homes and maintain affordable housing.

2. Funding

Subject to annual funding availability and program guidelines, funds are provided to qualifying households through low-interest rate loans for the purpose of rehabilitation, accessibility modifications, septic system repair or replacement, lead hazard control, and/or energy efficient upgrades to their homes.

The Housing Preservation Program allocates its annual funding across its programs as follows:

Rehabilitation Program	55%
Accessibility Modification Program*	15%
Emergency Home Repair Program	15%
Mobile Home Repair Program	15%

*Accessibility modifications or emergency repairs made on mobile homes will count towards the 15% of funds allocated to mobile homes.

INTRODUCTION

3. Regulations

The procurement of goods and services by government entities must follow the standards and procedures outlined in the following government regulations:

- Code of Federal Regulations (CFR) Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments
- Title 2 – Grants and Agreements Subtitle A – Office of Management and Budget Guidance for Grants and Agreements Chapter II – Office of Management and Budget Guidance - Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

These standards ensure that purchases of materials and services are obtained efficiently, economically, and in compliance with the provisions of applicable federal law. In addition, all Clark County procurement procedures must be followed.

PROGRAM OVERVIEW

1. General

There are several types of assistance available for property rehabilitation depending on the situation and needs of the property owner. However, special attention will be given to serious threats of an emergency nature and building code violations. All programs are strictly voluntary.

2. Homeowner Rehabilitation Program

To be eligible for the Rehabilitation Program, a homeowner's annual income may not exceed 80% of the area median income, as determined by HUD, adjusted for household size (see Appendix A). At the time funds are provided, the homeowner must have owned and occupied, as their primary home, the residence being rehabilitated for a minimum of one year.

The Housing Rehabilitation Specialist will assess the applicant's property to evaluate the work needed. Rehabilitation must primarily focus on work needed to bring the home into compliance with property standards outlined in this document. The funding provided to each homeowner is a minimum of \$2,500 and a maximum of \$40,000 (exclusive of funds for lead-based paint). Certain grant funds may be available to cover costs related to lead-based paint.

Upon the Program Manager's determination that all necessary work can be completed with the funds authorized for the project, and that the applicant is eligible, the Housing Rehabilitation Specialist and Program Assistant will coordinate the rehabilitation activity, facilitate the execution of all required documents, and ensure that work is performed in accordance with all required property standards. Homeowners must use licensed and bonded general contractors to perform the rehabilitation work. Rehabilitation work may not begin without the Program Manager's review and approval of the project.

Program assistance is provided to qualifying homeowners in the form of a low interest rate loan. Homeowners receiving assistance must execute a Promissory Note and Deed of Trust securing the property as collateral for the loan. A Housing Rehabilitation Contract Agreement will be between the property owner(s) and the selected general contractor(s) and/or lead-based paint abatement contractor. Other documents pertaining to the process of the rehabilitation activity may also be required.

If the owner moves, sells or transfers title of the assisted property during the loan term, the loan becomes due and payable. Refinancing superior loans may also require repayment.

3. Accessibility Modification Program

The Accessibility Modification Program is for owners and tenants that live in Clark County with physical challenges who need modifications for easier accessibility in and around their home. Projects may include ramps, bathtub, roll-in shower, doorways, door handles, grab bars and raised toilets. This is the only program that allows improvements to a tenant-occupied unit, and the owner must agree to the improvements and the loan requirements. In the case of a multi-unit property, at least 51% of the households living at the property must meet the income requirements for funds to be invested in any unit. Assistance is provided as a no-interest deferred payment loan and the owner or tenant must be at or below 80% of the area median income (Appendix A).

PROGRAM OVERVIEW

4. Emergency Home Repair Program

The Emergency Home Repair Program is like the full rehabilitation program except that the maximum assistance amount is \$10,000. The minimum loan assistance is \$2,000. Assistance is provided in the form of a zero-interest loan used to pay for the emergency repairs to a residence. If the repair needed is determined to be a threat to health, fire or safety, a contractor will be selected to repair the problem as soon as possible rather than gathering bids from three contractors. Grant funds may be used for lead-based paint testing, abatement, or clearance required. The household income can be no more than 60% of the median family income for the area, adjusted for household size.

5. Mobile Home Repair Program

Annually, a portion of funds are set-aside to assist with mobile home repair grants. If a mobile home is in a park and cannot be liened, repair assistance will be provided in the form of a grant. The assistance is like the emergency home repair, in that it is limited to \$10,000 and is only available to households who earn less than 60% of the area median income. The minimum amount of funding is \$2,500. Eligible applicants must be 62 years of age or older or have someone in the household who is disabled. If the applicant is under the age of 62, additional documentation may be required to demonstrate eligibility based on a disability.

If a mobile home is on land that can be liened, repair assistance is available under the regular Homeowner Rehabilitation Program with the same eligibility, loan terms and funding limits.

6. Program Staffing and Compliance

The Housing Rehabilitation Program staff will comply with all local, state, and federal rules and regulations.

The **Housing and Community Development Manager** oversees the operation of the Housing Preservation Program. The **Senior Management Analyst** in the Administrative Unit performs accounting functions for the program. The **Housing Rehabilitation Specialist** is responsible for estimating and physical construction aspects, conducting inspections and assisting property owners with bids, and will assist in the promotion and marketing of the program. The **Program Assistant** is responsible for marketing and administration of the various loan programs and is the primary support for the Rehabilitation Specialist in preparing program documents.

7. Monitoring and Property Standards Inspections

The Housing Preservation Program will ensure compliance with all federal and state requirements. In addition, program staff monitors for compliance with procedures published by the program; contract requirements and perform on-site inspections and monitoring.

The Housing Rehabilitation Specialist must possess sufficient knowledge and experience to enable him or her to assess and certify that required property standards have been satisfied.

For rehabilitation activities that require local or state inspections (local code compliance, State Building Standards, and/or Building Energy Efficiency Standards), the Housing Rehabilitation Specialist shall ensure that such inspections are obtained and placed in the applicable activity file. Structures must be decent, safe, sanitary and in good repair upon completion.

PROGRAM OVERVIEW

8. Applicant Denial Policy

The Housing Preservation Program provides emergency home repair, accessibility modifications, and housing rehabilitation services when applicants are determined to be income qualified, program funds are available, and services may be delivered effectively and safely, without undue hazards to our staff, contractors, and our clients.

Reasons for program denial include, but are not limited to, the following:

- Total household income exceeds the income guidelines of the program;
- The applicant did not provide sufficient documentation of household income or other information required to complete the application within the prescribed time;
- Insufficient equity in the dwelling unit;
- The dwelling unit has received home repair assistance previously;
- The home requires repairs beyond the scope of the program; or
- There are conditions in the home that are unsafe for County staff or contractors.

Clark County Housing Preservation Program will often receive more applications for assistance than funds are available. Due to language provided on the application and in the policies and procedures indicating that receipt of services is contingent upon availability of funds, it is not necessary to send denial letters to those households that have applied for assistance but cannot be assisted due to insufficient funding.

If the local agency determines that an applicant or a dwelling unit is ineligible, the applicant shall be notified within 10-business days of that decision.

9. Program Marketing and Outreach

Program staff performs marketing and outreach tasks such as:

- Stimulating widespread knowledge and networks to promote program information
- Presentations to neighborhood association meetings and public forums
- Information provided to mass media or newsletters such as advertisements and news releases
- Contact with agencies who work with families, senior citizens, people with disabilities, minorities, etc.

10. Homeowner Education

The staff will advise owners about the program purpose, loans available and its services and procedures. Owners must have a basic understanding of the eligibility requirements and the criteria for approval. Staff will assist in reviewing the owners' improvement needs and estimated costs, loan limitations, and the rehabilitation process.

PROGRAM PROCESS AND TIMELINE

1. Program and Property Eligibility Determination

- A. Application.** Applications for assistance may be requested via email, mail, or telephone. CHAD staff will respond to requests for assistance within three (3) business days. The property owner must submit a completed loan application. Only a current version of the application will be accepted and the information on the application must be current. Potential applicants should return the completed application within 30-days. Applications that are substantially complete will be accepted if the person has included a statement explaining why the information is not included and when it will be submitted.
- If additional documentation is required to complete the application review, CHAD staff will try multiple methods to reach the applicant to attain the information needed (telephone, email, mail). If the information requested is not received within 30-days and there is no communication from the applicant, a certified letter will be mailed to notify the household of a final two-week deadline for the additional information and if no response, the file will be closed out as incomplete.
- B. Preliminary Eligibility.** It typically takes two to four weeks to process the application and determine eligibility. Once eligibility has been determined, staff will inform the applicant in writing, of the maximum loan amount available. If the Program is currently working from a wait list, the eligible applicant will be notified of such, and will be contacted by a Rehabilitation Specialist in chronological order by confirmed qualification date.
- C. Initial Inspection and Environmental Review.** The Rehabilitation Specialist will call the eligible applicant to arrange the initial inspection to determine if the property is economically feasible for rehabilitation and to assess needed repairs. The Rehabilitation Specialist assesses the property and submits the project for an Environmental Review Record which includes historic preservation review for properties 50-years old or older, flood plain determination, lead-based paint, and other hazardous materials assessment.

2. Prior to Construction Start

- A. Work List.** Once the Environmental Review is complete, the Rehabilitation Specialist will develop a work list based on the inspection, conversations with the homeowner, building and local codes, and funding requirements and limitations. The Rehabilitation Specialist will meet with the Owner to review the proposed work and schedule a Bid Conference, if applicable.
- B. Selection of Contractors to Bid.** The owner should choose at least three (3) contractors to bid the job. Owners are advised to check the contractor's references and ask job-specific questions of each reference. Clark County maintains a list of eligible contractors. Applicants may have any contractor bid the job, but contractors who have not already applied and been accepted to the Housing Preservation Program must do so before bidding on the project. The Program Assistant will send the bid request to the selected contractors and invite them to the Bid Conference.

PROGRAM PROCESS AND TIMELINE

- C. **Bid Conference.** The Rehabilitation Specialist will meet with the owner and contractors selected to discuss the proposed work and review the bidding procedure. After this, the contractors have approximately two (2) weeks to prepare and return a bid to the Rehabilitation Specialist.
- D. **Owner Contractor Selection.** The Owner and Rehabilitation Specialist must review each bid for completeness, accuracy, and cost. The Contractor's bid will be compared to the Rehabilitation Specialist's cost estimate for cost reasonableness. The selected bid must be within 15% of the Rehabilitation Specialist's cost estimate. In cases when all submitted bids are beyond 15% of the Rehabilitation Specialist's estimate, the bids and the bidding process will be researched and analyzed to confirm cost reasonableness and ensure fair bidding practices. Once it has been determined that the bidding process was appropriate, the Owner may select a contractor. The Owner should select the contractor that the Owner considers will perform the best quality of work for the stated price.
- E. **Loan Approval and Signing.** After satisfactory bids are received and all financial data has been verified, the loan packet will be submitted for final approval. The loan approval process takes approximately two (2) weeks. The owner will sign loan papers after final loan approval.
- F. **Construction Contract.** After the loan has been approved and the loan documents have been signed, the Program Assistant prepares the construction contract. The construction contract is between the owner and the contractor.
- G. **Notice to Proceed.** A Notice of Opportunity to Rescind form is given to the owner at loan signing. If an Owner chooses to rescind the loan agreement, he or she has three (3) business days to submit this form to the Housing Preservation Program. If no Notice of Opportunity to Rescind is received by Clark County at the end of the third business day, staff will issue the contractor a Notice to Proceed. Work may begin only after the Notice to Proceed has been issued to the contractor. Should the owner authorize the contractor to expend funds before the end of the rescission period, and later decides to rescind the loan, the owner is responsible for immediate repayment for any funds expended.

3. During Construction

- A. **Construction Monitoring.** During construction, the Owner is responsible for monitoring the work on a regular basis. The Rehabilitation Specialist will assist the Owner in monitoring the work and will make progress inspections.
- B. **Changes to the Construction Contract.** All changes to the specifications must be in a written change order and pre-approved by the owner, contractor, and Clark County.
- C. **Payments.** Progress payments will be made after the owner and Rehabilitation Specialist have inspected and approved the work. Checks will be made payable to the contractor. It may take up to 30-days to receive a check once it has been requested.

PROGRAM PROCESS AND TIMELINE

4. Project Finalization and Closeout

A. Final Inspection. The Owner and Rehabilitation Specialist will conduct a final inspection to verify that all work has been completed according to the contract. The contractor will provide the Rehabilitation Specialist and the owner copies of the:

- Final certificates of inspection, including Lead Clearance, if applicable;
- Lien waivers from the general contractor, all subcontractors, and all senders of the Notice of the Right to Lien; and
- Material and appliance warranties - warranties must be good for one (1) year.

B. Final Closing. After final inspection, Housing Preservation Program staff will schedule a meeting with the Owner to finalize and execute a Final Promissory Note and Final Truth in Lending Statement, which is modified to match actual project costs. Actual project costs are typically less than the amount originally stated on the first Promissory Note. To reduce the amount on which interest is charged, and for which the owner is responsible for repaying, the first Promissory Note is modified at the close of the project to match actual project costs. **The Owner is responsible for repayment of the amount on the Final Promissory Note, not the amount on the Deed of Trust.** For this reason, the owner is strongly encouraged to avoid delay in signing the Final Promissory Note. The Deed will not be modified but will remain as the original Deed recorded; just as a Deed is not modified for an original mortgage each time a payment is made on the mortgage.

INCOME ELIGIBILITY

Acceptable methods for determining income are described in the HUD publication “*Technical Guide for Determining Income and Allowances for the HOME Program*” Third Edition (January 2005). Income verification rules are summarized below. When determining whether an applicant is income-eligible, the program uses the following definition of annual income for all program applicants.

1. Determining Income

To determine whether an owner-occupant is income eligible, staff will calculate annual income through examination of source documents (e.g., wage statement, interest statement, unemployment compensation statement) for the household. The income determination is based on the adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for federal annual income tax. Since the IRS Form 1040 definition is used, if the household has a Form 1040 that was submitted to the IRS for income tax purposes and the tax return is less than six months old, this form may be used to determine eligibility. IRS Form 1040 income data must be verified by submitting Internal Revenue Service Form 4506T-EZ “*Short Form Request for Individual Tax Return Transcript*” to the IRS. Tax returns prepared by a third-party may be required for self-employed households.

Annual income must be calculated by projecting the prevailing rate of income of the applicant. To do this, it may be necessary to get income verification from the applicant’s employer, even if using an IRS Form 1040. Annual income must be included for **all** household members.

An applicant’s income eligibility must be re-verified if more than 180-days has elapsed since the Program Manager released the project to the Housing Rehabilitation Specialist.

2. Assets

The asset limit for the program is \$500,000. The asset test excludes the value of the home and one automobile for a single-person household or two automobiles for two or more people. Eligible applicants cannot own more than one property or house unless they are applying for funds for accessibility improvements for a low-income tenant.

The Program Manager may approve asset waivers for clients whose assets exceed the program limits. A waiver must be requested by the owner and approved in writing. Approval will only be considered under the following circumstances and will be approved or denied at the sole discretion of the Program Manager:

- Client must provide documentation of extenuating circumstances that show severe need for assistance despite higher assets; and
- Client must provide documentation that he or she does not otherwise qualify for a home improvement loan at a standard lending institution.

LOAN TERMS AND CONDITIONS

Loan proceeds may be used for the cost of materials, contractors' costs and program fees as deemed necessary by the Housing Preservation Program. These proceeds will be used specifically for the necessary rehabilitation work required.

1. Qualifications

Each loan application must comply with the applicable HUD regulations. Additionally, as part of its underwriting obligation, the HPP analyzes each loan application to reduce the risk of loan default to the County and to ensure that the borrowers will be able to maintain their home after rehabilitation is complete. To receive a loan under the Housing Preservation Program, the following qualifications must be met:

- A. Property mortgage and property taxes must be current. Properties with deferred taxes will be considered on a case-by-case basis.
- B. The applicant must own the property. The preliminary title report must be satisfactory to the County. Title to the property and home must be in the form of fee simple absolute ownership. Properties held in a living trust, land trust, or a life estate will be considered on a case-by-case basis.
- C. Applicant income must be steady, reliable, verifiable, and sufficient to cover all debt and living expenses.
- D. While a high credit score is not a program requirement, credit obligations and consumer behavior may be considered in the County's risk analysis.
- E. The amount of equity and the number of superior liens that would affect the County's potential lien position will be evaluated. Typically, the Housing Preservation Program lien is in second position, but the County may consider other lien positions when there is ample equity and other risk factors are minimal.
- F. Applicant must have current homeowner's insurance policy on the property for the full value of the home.
- G. House cannot be listed for sale, short sale, or in foreclosure process.
- H. The house must be considered real property. Mobile homes must be on a permanent foundation.
- I. Mobile homeowner and landowner must be one and the same.
- J. The owner-occupant must have the legal authority to authorize encumbrances on the property.
- K. The property must be the applicant's primary residence and must be the only home the applicant owns.
- L. Owner-occupants who are utilizing the following types of financing **will not** be considered for a Housing Preservation loan:
 - Mortgages or contracts with balloon payments due in 60 months or less from date of loan approval
 - Reverse mortgages

LOAN TERMS AND CONDITIONS

2. Loan Terms

- A.** Title and ownership of the rehabilitated property continues to be in the name(s) of the owner-occupant(s) at the time the program assistance was originally provided. Exceptions to the ownership rule will be made only in the event of death of the original assisted homeowner. The owner's signature on the Certificate of Completion on the date the rehabilitated property is complete and meets all required property standards, certifies the project completion. In the case that a transfer of title is the result of divorce where one of the original homeowners retains title to the assisted property, transfer in this case will not trigger repayment.
- B.** Homeowners are required to notify the program of any change in occupancy, title transfer, change of use or other circumstance that effects the loan terms. The Program Manager will consider if those circumstances warrant repayment of the loan.
- C.** In the event of the death of the original homeowner before project completion but after the commitment and at least partial expenditure of funds, and where no other original homeowner remains, work that is necessary to bring the unit up to property standards will be completed and all other rehabilitation work cancelled. The revised project will be completed as soon as possible, with the representative of the estate acting as the new homeowner for purposes of project completion requirements. If no project funds have been expended, project will be terminated immediately.

3. Maintenance of Property

Homeowners are required to maintain their property after home rehabilitation work is complete.

- A.** Loan recipients must protect, preserve, and maintain the property in good condition and repair; homeowners must not demolish, remove, make, or permit any alteration of, or any addition to the building(s) or improvement(s) thereon without prior written consent of the Clark County Department of Community Services, and may not commit or permit any waste of the property.
- B.** Homeowners shall pay, when due, all taxes, assessments, water bills, and other governmental charges, fines, and impositions of every kind and nature, now or hereafter imposed on the property or any part thereof, and every amount due under a lien prior to the Deed of Trust.
- C.** Homeowners must maintain hazard insurance on the property in an amount equal to the value of the property.
- D.** Homeowners will refrain from creating or permitting to be created against the property or any part thereof, any encumbrance superior to the Deed of Trust, after the date of the Deed of Trust.

LOAN TERMS AND CONDITIONS

4. Repayment

Repayment is required under the following circumstances:

- A. Transfer of Title. If the owner sells or otherwise transfers title of the assisted property, the loan amount and accrued interest will become due and payable upon the sale or transfer of title of the rehabilitated property.
- B. Refinance. Under limited circumstances, the program will subordinate to a new mortgage in superior position to that of the HPP loan. These circumstances are described in the Subordination section. Unless a refinance conforms to these circumstances, the program will not subordinate the position of the HPP loan to a refinanced or new mortgage. In such cases, the new loan's lenders will require the HPP loan be paid off for the program to completely reconvey the loan: the full loan amount plus accrued interest becomes due and payable upon closing of the new mortgage.
- C. Should the homeowner wish to repay the loan and reconvey the deed at an earlier date, he or she may contact the program staff at any time to request a payoff amount. The loan payoff statement will include the current cost to cover the reconveyance fee.
- D. Change of use. If the property is used for anything other than the homeowner's primary residence, the HPP loan becomes immediately due and payable.

5. Loan Service

In providing this program, the County does not compete with private financial institutions. Instead, the County fills a gap that private lenders cannot fill by enabling low and moderate-income families who cannot obtain conventional financing to rehabilitate their homes. Consequently, the County will take a lower position to the existing primary lender in respect to security and will assume a higher degree of risk, where warranted by public benefit. The County is authorized to monitor collateral, financial statements, and payment performance to identify problems while there is time to take corrective action.

6. Loan Default

The loan shall be considered in default in any of the following circumstances:

- False representation of financial condition;
- Filing for relief under bankruptcy law;
- Event of default under the promissory note; or
- Failure to perform or violation of conditions agreed to in the Deed of Trust.

LOAN TERMS AND CONDITIONS

7. Payoff Procedures

When the property is sold, refinanced, or title is transferred, the County loan shall be paid off. The Department of Community Services must receive a written request for payoff from the homeowner, escrow company or lender. As part of the payoff process, the County will require a reconveyance fee be paid, in addition to the outstanding balance of principal and interest. The fee is based on the charge from Title Company to record reconveyance documents with the county.

Upon receipt of a payoff from the escrow company or homeowner, the Housing Preservation staff will prepare a Request for Reconveyance to be transmitted to release the lien on the property.

8. Subordination Policy

The primary purpose of the Housing Preservation Program is to provide financial assistance for repairs to eligible residences. This is accomplished by using public funds to provide low- or no-interest deferred payment loans. The deferred loans are due upon change of residency, refinance, or sale of property. Clark County safeguards public funds by securing a lien against the property.

Lien priority is established when a security agreement (Deed of Trust) is filed in the public records. In the event of foreclosure, payment to creditors is determined by the amount of money received during foreclosure and by lien position. Funds are repaid to creditors in order of lien priority. The further back in lien priority, the less likely that a creditor will be paid in the event of foreclosure. For this reason, most private lenders require that they are in a first or second lien position.

The general policy is that Clark County will not subordinate its lien position. When homeowners refinance, it is expected they will pay off their debt to the public. Decreasing federal resources and increasing demands require the County to recycle program repayment funds to help other low and moderate-income homeowners waiting for housing rehabilitation assistance.

However, there is a need for exceptions in special circumstances. The County may approve a one-time subordination request on a case-by-case basis. In reviewing subordination requests, the following shall be considered: sufficient equity to protect County's interest, County's lien position before and after subordination, owner's urgent need, owner's use of new loan funds, and owner's ability to repay new loan amount.

Subordination will be considered only when **all three** of the following conditions exist:

- A. Homeowner cannot borrow enough to pay off the deferred-payment loan to the County;
and
- B. The homeowner needs to refinance only the existing indebtedness against the property to take advantage of better rates, terms, and payments, and is not incurring additional indebtedness against the property (except for normal and reasonable refinancing fees). Additional indebtedness against the property is only allowed for one of the following three emergencies: (1) to save the house from foreclosure; (2) an urgent health and safety housing repair issue; or (3) medical or funeral expenses in the immediate family (spouse, grandparent, sibling, or child); **and**
- C. Proposed indebtedness against the property does not exceed 90% of the appraised value.

LOAN TERMS AND CONDITIONS

9. Subordination Requests

Subordination requests must include the following:

- A. A copy of the completed and signed loan application showing loan amount, rate, terms, and personal financial statement.
- B. Current property appraisal.
- C. Copy of title search.
- D. Copy of written estimated closing statement.
- E. Documentation of the emergency, if needed.
- F. Documentation of all sources of income for the household.

Subordination requests or appeals (along with all documentation) should be sent to:

Housing Preservation Program Manager
Clark County Department of Community Services
PO Box 5000
Vancouver, WA 98666-5000

Please allow a minimum of 10-business days for processing your request.

ENVIRONMENTAL REVIEW

Before any work can begin on a property, an Environmental Review Record (ERR) will be completed by Housing Preservation Program staff for compliance with the National Environmental Policy Act (NEPA) of 1969. The ERR will assure that only units which meet the criteria for categorical exclusion will receive funding and that any units which require substantial compliance with other federal authority will be rejected. This means that the Housing Preservation Program will only work on property in which:

- Unit density will not increase by more than 20%;
- No change in land use; **and**
- Cost of rehabilitation is less than 75% of the cost of total replacement after rehabilitation.

As part of the Environmental Review process, the Housing Rehabilitation Specialist must make the following determinations, which must be entered on the Site-Specific Rehabilitation Environmental Review Record, which is reviewed and approved by the Housing Preservation Program Manager.

- 1. Historic Properties.** A determination whether the property is an historic property or located in an historic district, in accordance with the National Historic Preservation Act of 1966 and Executive Order 11593, Protection and Enhancement of the Cultural Environment (Historic Properties).

If a property is 50-years of age or older, is in a historic district, or the HRS has reason to believe the property may be of historic or archaeological interest, the HRS must obtain a written determination from the State's Historic Preservation Office (SHPO) regarding the historic nature (if any) of the property.

All suggested actions by SHPO must be incorporated in the rehabilitation activity. A copy of the SHPO's response must be retained in the applicable project file.

- 2. Floodplain Management.** A determination that the activity will not adversely affect the floodplain. Properties shall not be in a Special Flood Hazard Area. The HRS will determine if the property is in a Special Flood Hazard Area (100-year flood plain, mapped as Zone "A" or "V" on a FEMA Flood Insurance Rate Map - or FIRM) and keep documentation in the project file.
- 3. State and Local Statutes.** A determination that the property does not violate any applicable State or local statutes regarding environmental compliance, or that those rehabilitation activities will remediate any environmental violations that exist.

ENVIRONMENTAL REVIEW

4. **Other Federal Environmental Requirements.** Clark County must also comply with all federal requirements and thus will not perform work on properties that adversely impact any of the following environmental acts:

Act	Regulation	Note
Coastal Zone Management Act	Sections 307(c), (d)	There are no coastal zones in Clark County.
Sole Source Aquifers	40 CFR 149	The project is not likely to affect Sole Source Aquifer quality.
Endangered Species Act	50 CFR 402	The project must have “no effect” or “is not likely to adversely affect” any Threatened or Endangered Species, nor adversely modify critical habitats.
Wild and Scenic Rivers Act	Sections 7(b), and (c)	The project cannot be located within one mile of a listed Wild and Scenic River.
Clean Air Act	Sections 176(c), (d), and 40 CFR 6, 51, 93	The project will have no impact on clean air standards.
Farmland Protection Policy Act	7 CFR 658	The project site does not include prime or unique farmland, or other farmland of statewide or local importance as identified by the USDA.
Environmental Justice	Executive Order 12898	The project will NOT have a disproportionate environmental impact on low income or minority populations.
Noise Abatement and Control	24 CFR 51B	The project does not involve development of noise sensitive uses.
Explosive and Flammable Operations	24 CFR 51C	The project is located at an Acceptable Separation Distance from any above-ground explosive or flammable fuels or chemicals containers according to “Siting of HUD-Assisted Projects Near Hazardous Facilities” (Appendices F & G, pp. 51-52).
Toxic Chemicals and Radioactive Materials	24 CFR 58.5(i)(2)	The subject and adjacent properties are free of hazardous materials, contamination, toxic chemicals, gasses, and radioactive substances which could affect the health or safety of occupants or conflict with the intended use of the subject property.
Airport Clear Zones and Accident Potential Zones	24 CFR 51D	The project is not located within an FAA-designated civilian airport Runway Clear Zone (RCA) or Runway Protection Zone, or within the military Airfield Clear Zone (CZ) or Accident Potential Zone/Approach Protection Zone (APZ).

LEAD SAFE HOUSING

All housing assisted with over \$5,000 in program funds must comply with the Lead-Based Paint Poisoning Prevention Act (42 USC 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856), and implementing regulations at 24 CFR part 35, subpart J. Washington state's regulations mirror the federal EPA LBP/RRP regulations except for WAC 365-230-200 (8) (g) and (h), which relate to soil lead abatement and interim controls.

For all projects submitted to the Program Manager for approval, program staff is required to comply fully with the provisions of these Acts and implementing regulations and provide documentation of this. The complete regulation, 24 CFR Part 35 ("Lead-Based Paint Poisoning Prevention in Certain Residential Structures"), is available online at: <http://www.hud.gov/lead>.

Houses that are built after January 1, 1978, are exempt from lead-based paint testing and regulations. The steps below summarize the requirements set forth in the regulations, the summary is not a substitute for regulations, nor do the steps summarized below include all detail necessary to fully comply with all the requirements.

- 1. Age of House.** Identify and document the age of the housing to be assisted. For all homes built before January 1, 1978, the following steps must be taken (see 24 CFR Part 35 for more detail).
- 2. Lead Hazard Information Notice.** Per 24 CFR 35.125, all occupants of units to be assisted will be provided with the lead hazard pamphlet developed by EPA, HUD, and the Consumer Product Safety Commission pursuant to section 406 of the Toxic Substances Control Act (15 USC 2686). The pamphlet is entitled "Renovate Right" (EPA-740-K-10-001 September 2011). Copies may be downloaded at www.epa.gov/lead/pubs/renovaterightbrochure.pdf. The Housing Rehabilitation Specialist must obtain written certification by the homeowner that he or she has received this pamphlet, including the date the pamphlet was received and reviewed. An acknowledgement form is included in the activity file provided to the inspector when the Program Manager releases a project.
- 3. Lead-Based Paint Testing.** Conduct paint testing or presume the presence of lead-based paint in accordance with 24 CFR 35.930(a). The lead-based paint inspector or risk assessor must provide a summary of the results suitable for posting or distribution to occupants in compliance with 24 CFR 35.125. The Housing Rehabilitation Specialist oversees this process to ensure the documents are received and forwarded.
- 4. Lead-Based Paint Risk Assessment.** If lead-based paint is found or presumed, perform a risk assessment in the dwelling units, common areas, and exterior painted surfaces, in accordance with 24 CFR 35.1320(b), before work begins. This must be done by a Certified Risk Assessor. The Certified Risk Assessor must provide a summary of the results suitable for posting or distribution to occupants in compliance with 24 CFR 35.125. The Housing Rehabilitation Specialist must oversee this process to ensure the documents are received and forwarded.

LEAD SAFE HOUSING

5. **Notice of Evaluation or Presumption.** Within 15-days of the evaluation or presumption, if lead-based paint or lead-based paint hazards are determined or presumed to be present, the Housing Rehabilitation Specialist shall provide a Notice of Inspection, Presumption and/or Risk Assessment (as applicable) to occupants, in accordance with 24 CFR 35.125(a).
6. **Level of Lead Hazard Reduction Activity.** Calculate the rehabilitation cost to identify the level of hazard reduction activity in accordance with 24 CFR Part 35.915. The remaining steps assume the project falls into the 35.915(b)(ii) (assistance of more than \$5,000 per unit up to and including \$25,000 per unit regardless of funding source, excluding lead-based paint hazard reduction activities, or, no more than \$25,000 of federal funds in the project, regardless of use). If this is not the case, other steps identified in 24 CFR Part 35 are required.
7. **Interim Controls and Safe Occupant/Safe Work Practices.** Perform interim controls in accordance with 24 CFR 35.1330 of all lead-based paint hazards identified and any lead-based paint hazards created because of the rehabilitation work. Occupants of dwelling units where interim controls are being performed shall be protected during the work in accordance with 24 CFR 35.1345. Persons performing interim controls must be trained in accordance with 29 CFR 1926.59 and either supervised by an individual certified as a lead-based paint supervisor or have successfully completed one of the courses listed in 24 CFR 35.1330(4).
8. **Notice of Hazard Reduction Activity.** No more than 15 calendar days after the hazard reduction activities have been completed, the HRS shall provide a Notice of Hazard Reduction Activity to occupants, in accordance with 24 CFR 35.125(b).
9. **Clearance.** Clearance testing shall be performed at the conclusion of interim control activities in accordance with 24 CFR 35.1340. Clearance must be performed by a certified risk assessor, a certified lead-based paint inspector, or certified lead-based paint clearance technician. Clearance examinations shall be performed by persons or entities independent of those performing hazard reduction or maintenance activities. Clearance is not required if maintenance or hazard reduction activities in the worksite do not disturb painted surfaces of a total area more than set forth in 24 CFR 35.1350(d) (“de minimis levels”).
10. **Failed Clearance.** All surfaces represented by a failed clearance sample shall be recleaned or treated by hazard reduction, and retested, until the applicable clearance level in 24 CFR 35.1320(b)(2) is met.
11. **Notice Update.** Update the notice above, based on re-evaluation of the residential property and as any additional hazard reduction work is conducted. This Notice must be distributed to each occupied dwelling unit affected by the hazard reduction activity or serviced by common areas in which hazard reduction activities have taken place.

ELIGIBLE ACTIVITIES AND COSTS

1. Eligible Costs

Eligible costs for the Housing Preservation Program include:

- A. Project “Hard Costs” defined as the actual cost of housing improvements, and site improvements. Such costs include:
 - i. Costs to meet applicable property standards identified within this manual.
 - ii. Costs to make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by handicapped persons, and the abatement of lead-based paint hazards, as required by 24 CFR Part 35, and to repair or replace major housing systems in danger of failure.
 - iii. Costs to make utility connections, including off-site connections from the property line to the adjacent street.
- B. Project “Soft Costs” defined as other reasonable and necessary costs incurred by the program and associated with the home improvements funded. Such costs include:
 - i. Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups.
 - ii. Costs to process the financing for a project, such as fees for title evidence, recording and filing of legal documents, building permits, attorney fees, and fees for an independent cost estimate and builders profit and developers fees.
 - iii. Staff and overhead costs directly related to carrying out the project, such as work specification preparation, loan processing, inspections, and other services related to assisting recipients.
 - iv. Project contingency funds, not to exceed 15% of the known project costs (known project costs do not include contingency funds). In some circumstances, the Program Manager may approve contingencies of more than 15%. The Housing Rehabilitation Specialist may recommend a contingency greater than 15% based on the complexity of the work needed. Upon project completion, the project commitment amount (including the Promissory Note) will be reduced by the amount of any unused contingency funds.

ELIGIBLE ACTIVITIES AND COSTS

2. Property Rehabilitation Priorities

The Program Manager and staff will prioritize the rehabilitation needs of each project in the order identified below:

- A. **Health and Safety Standards.** Rehabilitation and repair activity will first focus on items necessary to address safety hazards and code violations, and to preserve the integrity of the structure and its major systems.
- B. **Accessibility Improvements.** If there are sufficient project funds remaining after it can be determined that all required property standards will be satisfied, additional work may entail accessibility improvements, including exterior ramps, kitchen and bathroom adaptations, or any other improvement which would improve the living conditions for handicapped use, as listed under the Uniform Federal Accessibility Standards.
- C. **Energy-Related Repairs or Improvements.** Where practicable, and after a determination that all required property standards will be satisfied, individual measures which further the energy efficiency of the rehabilitated property may be performed. Individual measures completed under this category must be of a nature that would further the rehabilitated property's ability to meet the Washington State Energy Code.
- D. **Incipient Repairs.** If, after completing all necessary or applicable improvements stated above, project funds are still available, the program may make incipient repairs. Incipient repairs are repairs to components in the home that are functional at the present time but have been identified as worn and will likely need to be replaced or repaired within the next five years.

3. Examples of Typical Activities

A. Exterior

- Repair/replacement of all, or part of, the roof structure;
- Repair/replacement of all, or part of, porches and/or step system;
- Covering/coating exterior surfaces with appropriate materials if needed;
- Repair/replace/install rain gutter system;
- Grading of the site to direct the flow of rainfall or melting snow away from structure;
- Repair/replacement of damaged/non-functional doors and windows;
- Yard waste clean-up and hazardous debris removal as required by HQS;
- Repair to foundation and/or chimney;
- Utility connections; or
- Lead-based paint hazard control or abatement.

ELIGIBLE ACTIVITIES AND COSTS

B. Interior

- Repair/replacement/construction of walls, ceilings, and floors;
- Repair/replacement/installation of interior doors, handrails, stairs, kitchen cabinets, and bathroom fixtures;
- Repair/replacement of mechanical systems of dwelling, such as heating, ventilation, plumbing, and electrical systems;
- Repair/replacement of structural components, such as posts, beams, bearing walls, etc.; or
- Lead-based paint hazard control or abatement.

C. Special Design Features

- Improve access to and within the dwelling such as wheelchair ramps, handrails, and widened doorways;
- Improve the person's ability to use household fixtures and equipment by installing items such as raised toilets or grab bars in the bathrooms, or accessibility improvements in kitchens; or
- Improve the safety of the hearing or sight impaired.

D. Related Soft Costs

- Assessment and inspection work performed by the program staff. At the discretion of the manager, this may also be charged as an administrative expense.
- Building permits;
- Contracted professional services, including, plan preparation, specifications, work write-ups, lead-based paint assessments, and clearances, etc.; or
- Mileage and/or travel directly related to the project.

INELIGIBLE ACTIVITIES AND COSTS

Prohibited Activities and Costs. The following items are not allowed under the Housing Preservation Program:

- A.** Purchase or repair of appliances not permanently attached to the home; unless the repair or replacement of appliances, such as a refrigerator or stove, is necessary for the property to meet HQS. Washers, dryers, and dishwashers may be installed with CDBG funds, provided they meet or exceed Energy Star standards.
- B.** Landscaping, except for restoration of the site following an eligible activity or for health, safety, or accessibility reasons.
- C.** Relocation costs. Program funds may not be used to pay for relocation costs of any household member unless approved in writing by the Program Manager. Relocation required due to lead-based paint activities will be provided utilizing program funds. All relocation costs must be determined as reasonable and approved by the Program Manager.
- D.** Site improvements, unless they are necessary to correct an HQS violation, and are necessary to increase the accessibility of the home to a resident.
- E.** Labor of the homeowner, other family members or any other non-contracted labor.
- F.** Reimbursement for uninstalled materials or fixtures.
- G.** Reimbursement for building materials or fixtures purchased outside the construction contract or before the client and the property were determined qualified for the Program.
- H.** Any other cost determined to be ineligible per federal CDBG regulations or in accordance with regulations (for all projects), including:
 - Regular or seasonal maintenance;
 - Cosmetic improvements;
 - Fencing – unless a safety hazard exists;
 - Repairs to detached garages and other outbuildings or sheds – unless a safety hazard exists. In some cases, mitigating a safety hazard may mean the complete removal of the garage, outbuilding, or shed without replacement.
 - Repairs to components, systems, or parts of the house that were added or altered illegally – unless proposed repairs, or complete removal of the item is economically feasible and will bring the item into compliance with applicable codes and regulations.
 - Repairs covered by insurance; or
 - New construction or expansion of the home.

HOUSING PRESERVATION PROGRAM SUMMARY

	Homeowner Rehabilitation Program	Accessibility Modification Program	Emergency Home Repair Program	Mobile Home Repair Program
Program allocation	55%	15%	15%	15%
Minimum amount	\$2,500	\$2,000	\$2,000	\$2,000
Maximum amount	Limited to available equity, up to \$40,000	\$5,000, except in the case of a single item modification where painted surfaces disturbed are below “de minimis” levels, the maximum amount is \$8,000	\$10,000	\$10,000
Grant/Loan	Deferred payment loan at 2% simple interest	Deferred payment loan , no interest	Deferred payment loan , no interest	Grant if property cannot be liened
Occupancy requirement	Owner occupied for at least one year	Owner or tenant occupied for at least one year	Owner occupied for at least one year	Owner occupied for at least one year
Additional Applicant Requirements	None	None	None	62 years of age or older or a disabled household
Income limit (See Appendix A)	At or below 80% of area median		At or below 60% of area median	
Asset limit	\$500,000 and own no more than one property/house.			
Max After Rehab Property Value (2021 limit)	Home and property under 2 acres: \$423,000 Home value only on property over 2 acres: \$200,000			
Program access	One time only per housing unit.			
Denied applicants	Can reapply if eligibility changes.			

HOMEOWNER REHABILITATION PROGRAM

The Single-Family Residential Rehabilitation Program gives homeowners the opportunity to rehabilitate their site-built home using a qualified contractor and receiving technical assistance from a housing inspector. This program can also assist in modifying homes for accessibility needs.

1. Income Eligibility

To qualify for the full rehabilitation program, the assisted household's annual gross income may not exceed 80% of the area median income, as established by U.S. Department of Housing and Urban Development (HUD), adjusted for household size, at the time funds are invested in the property.

2. Property Eligibility

Properties eligible for full rehabilitation assistance must:

- A. Be the principal residence of an income-eligible owner-occupant. Residences that are rented out and not occupied by the owner throughout the rehabilitation activity do not qualify.
- B. Meet the requirements of a "Homeownership" unit, including:
 - i. Title to the property and home must be in the form of fee simple ownership. If the owner owns a manufactured or a mobile home, he is not eligible for this program.
 - ii. The unit must be a one-unit dwelling.
- C. Have a value, after rehabilitation, which does not exceed the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act for the type of single-family housing for the area, as determined by HUD. Current maximum after rehabilitation value listed in Appendix A.
- D. Equity Requirement. The amount of the loan, plus any outstanding mortgage, contract of payment or liens on the property shall not exceed 90% of the total current market value of the property, after rehabilitation.

3. Funding

The minimum assistance provided to a qualifying homeowner must be at least \$2,500. The maximum amount of funding provided to a homeowner may not exceed \$40,000. Grant funding related to lead-based paint hazard reduction is determined on a by-activity basis. Assistance is offered in the form of a deferred payment loan at 2% simple interest. Eligible owners receiving funds must execute a Promissory Note and Deed of Trust, securing the property as collateral for the loan. In addition, a Housing Rehabilitation Contract Agreement between the Property Owner and General Contractor details applicable terms and requirements.

The limits above may be exceeded on a case-by-case basis if the additional costs are due solely to costs associated with compliance with lead-based paint regulations. Documentation of these costs will be required. HRS must receive written approval from the Program Manager before proceeding with a lead-based paint activity that is likely to exceed funding limitations.

HOMEOWNER REHABILITATION PROGRAM

Before committing funds to a project, the Program Manager will evaluate the rehabilitation needs and sources of funds for the project. Subject to the limitations above, the Program Manager and staff must limit the investment of funds, in combination with other sources of funds, to only that amount necessary to meet the property standards identified, including any accessibility modifications required by a member of the household.

4. Property Standards

The Housing Rehabilitation Program provides assistance to meet the following standards:

- A. Housing Quality Standards (HQS).** Repair, replace or correct all deficiencies necessary to meet the Housing Quality Standards (HQS) in 24 CFR Part 982.401. HQS allows no more than two persons per living/sleeping room. Accordingly, the table below identifies maximum occupancy levels for varying dwelling sizes, assuming a living room may be used as a living/sleeping area.

Number of Bedrooms*	Persons Occupying Dwelling Unit
0	2
1	4
2	6
3	8
4	10
5	12
6	14

**Assumes unit also includes one living room which may be used as a living/sleeping area.*

Rehabilitation funds may be used to increase the living/sleeping room area of the dwelling in order to qualify the household under HQS requirements identified within the property standards section of this manual. This use does not allow additions to the dwelling unit that increase the footprint but does allow conversion of existing space into living/sleeping rooms.

- B. Energy Efficiency Standards.** Housing Preservation will attempt to meet weatherization measures when appropriate. Housing assisted is subject to the following energy requirements:

- i. When housing components are replaced, where applicable, replacement components must be consistent with the Washington State Energy Code, Chapter 51-11, WAC.
- ii. Combustion efficiency and carbon monoxide testing of all combustion appliances, as applicable.

- C. Heating Systems.** Heating systems can be replaced if it is inadequate, non-operational, or over 22 years old. It can also be replaced under the following circumstances:

- i. The existing heating system has a cracked heat exchanger.
- ii. There are unsafe conditions which cannot be cost effectively corrected with the existing appliance.

ACCESSIBILITY MODIFICATION PROGRAM

1. Income Eligibility

To participate in the Accessibility Modification Program, the household must be at or below 80% of area median income. Accessibility Modifications are the only type of improvement that are also available to tenants. If a tenant is interested in Accessibility Modifications, the owner of the property must agree to the loan. In a multi-unit property, at least 51% of the households living at the property must meet the income requirements for funds to be invested in any unit.

2. Household Eligibility

Qualifying applicants must meet the definition of a “disabled household” under HUD’s definition.

Persons are considered severely disabled if they:

- A. Use a wheelchair or another special aid for 6 months or longer;
- B. Are unable to perform one or more functional activities (seeing, hearing, having one’s speech understood, lifting, carrying, walking up a flight of stairs, or walking);
- C. Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals);
- D. Are prevented from working at a job or doing housework;
- E. Have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia or developmental disability; or
- F. Are less than 65 years of age and covered by Medicare or Supplemental Security Income.

To qualify for accessibility modifications, one or more household members must need the modifications proposed. The applicant will work with the Housing Rehabilitation Specialist to help identify the best accessibility modifications for his or her situation, but documentation that modifications are needed must come from a third party. A medical professional or caregiver that is familiar with the case (including a family member who provides care) may document the need. Documentation will vary depending on circumstances and types of modifications requested. If program staff determines that another form of documentation is appropriate for a specific case, they may ask for alternative documentation.

3. Funding

The loan amount allowable at one time is the actual cost of the modifications, up to \$5,000. Exception: Up to \$8,000 can be loaned at one time if the cost of a single item modification exceeds the \$5,000 limit and painted surfaces will not be disturbed or are below HUD “de minimis” levels pertaining to lead-based paint risk assessment or abatement measures. Assistance is offered in the form of a no-interest deferred payment loan. Eligible owners receiving funds must execute a Promissory Note and Deed of Trust, securing the property as collateral for the loan. In addition, a Housing Rehabilitation Contract Agreement between the Property Owner and General Contractor details applicable terms and requirements.

4. Property Standards

Because the Accessibility Modification Program is concerned only with limited modifications, the resulting repairs and modifications only are subject to property standards. Upon completion, the dwelling must meet the needs of the owner to the maximum extent feasible. Modifications (not necessarily the entire dwelling) must meet any applicable manufacturer’s specifications. All modifications must also meet the Uniform Federal Accessibility Standards. All specifications must be kept in the client’s permanent file and be available during inspections.

EMERGENCY HOME REPAIR PROGRAM

The Emergency Home Repair Program is for households that do not have sufficient resources to complete the housing repairs required through other sources and urgent health and safety repairs must be made.

1. Income Eligibility

To qualify for the Emergency Home Repair Program, the assisted household's annual gross income may not exceed 60% of the area median income, as established by the U.S. Department of Housing and Urban Development, adjusted for household size, at the time funds are invested in the property.

2. Property Eligibility

Properties eligible for emergency rehabilitation assistance must meet the same eligibility standards as full rehabilitation. The amount of the loan, plus any outstanding mortgage, contract of payment or liens on the property shall not exceed 90% of the total current market value of the property after repairs.

3. Funding

The minimum assistance provided to a qualifying homeowner must be at least \$2,000. The maximum amount of funding provided to a homeowner may not exceed \$10,000. Assistance is offered in the form of a no-interest deferred payment loan. Eligible owners receiving funds must execute a Promissory Note and Deed of Trust, securing the property as collateral for the loan. In addition, a Housing Rehabilitation Contract Agreement between the Property Owner and General Contractor details applicable terms and requirements.

4. Property Standards

Because the Emergency Home Repair program is concerned only with limited repairs, the resulting repairs and modifications only are subject to property standards. Upon completion, the dwelling must meet the needs of the owner to the maximum extent feasible. Repairs (not necessarily the entire dwelling) must meet any applicable manufacturer's specifications. All specifications must be kept in the client's permanent file and be available during inspections.

MOBILE HOME REPAIR PROGRAM

The Mobile Home Repair Program is for households that do not have sufficient resources to complete the housing repairs required through other sources and/or urgent health and safety repairs must be made.

1. Income Eligibility

To qualify for the Mobile Home Repair Program, the assisted household's annual gross income may not exceed 60% of the area median income, as established by the U.S. Department of Housing and Urban Development, adjusted for household size, at the time funds are invested in the property.

2. Additional Applicant Qualifications

Limited funding available for mobile home repairs requires that applicants must meet specific requirements, to ensure that the needs of the most vulnerable portion of the population are addressed. They are:

- A. Clients are 62 years of age or older; or
- B. Applicants must meet the definition of a “disabled household” under HUD’s definition.

3. Property Eligibility

Properties eligible for Mobile Home Repair assistance must:

- A. Be the principal residence of an income-eligible owner-occupant. Residences that are rented out and not occupied by the owner throughout the rehabilitation activity do not qualify.
- B. Be a one-unit dwelling, on a leased lot in a mobile home park.
- C. Be up to date on homeowner’s insurance and property taxes.
- D. Have a value, after rehabilitation, which does not exceed the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act for single-family housing for the area, as determined by HUD. Current maximum after rehabilitation value is listed in Appendix A.

4. Funding

The minimum assistance provided to a qualifying homeowner must be at least \$2,000. The maximum amount of funding provided to a homeowner may not exceed \$10,000. If the mobile home is on a leased lot in a mobile home park, the assistance will be in the form of a grant. A Housing Rehabilitation Contract Agreement between the Property Owner and General Contractor details applicable terms and requirements.

5. Property Standards

Because the Mobile Home Repair program is concerned only with limited repairs, the resulting repairs and modifications only are subject to property standards. Upon completion, the dwelling must meet the needs of the owner to the maximum extent feasible. Repairs (not necessarily the entire dwelling) must meet any applicable manufacturer’s specifications. All specifications must be kept in the client’s permanent file and be available during inspections.

EQUAL OPPORTUNITY, FAIR HOUSING AND OTHER FEDERAL REQUIREMENTS

Program staff adheres to the following Federal Equal Opportunity, Fair Housing and Other Federal laws:

Equal Opportunity. No person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with program funds.

Fair Housing Act. The requirements of the Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1958-1963 Comp., p.652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR Part 1.

Age Discrimination. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.

Equal Employment Opportunity. The requirements of Executive Order 11246 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR 60.

Limited English Proficiency. Executive Order 13166, Title VI of the Civil Rights Act of 1964 and the Title VI regulations regarding language access and issued at Federal Register Volume 72, No. 13.

Section 3. The requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) ensure that employment and other economic opportunities generated by Federal assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing. All contractors selected for Housing Preservation work must document Section 3 compliance to County staff when the contract is awarded. The County is responsible for tracking Section 3 compliance and reporting to HUD.

Minority and Women's Business Enterprise. The requirements of Executive Orders 11625 and 12432 (Minority Business Enterprise) and 12138 (Women's Business Enterprise). Consistent with HUD's responsibilities under these Orders, program staff must make efforts to encourage the use of minority and women's business enterprises in connection with funded activities.

Drug Free Workplace. The Program Manager and staff will ensure that all actions follow the provisions of Clark County Human Resources Policy Manual.

Conflict of Interest. In the procurement of property and services, program staff adheres to the conflict-of-interest provisions in the CFR as well as the Clark County Human Resources Policy Manual.

EQUAL OPPORTUNITY, FAIR HOUSING AND OTHER FEDERAL REQUIREMENTS

Debarment and Suspension. A general contractor, selected to complete work on a qualified property, may not be presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any Federal programs. The program staff is responsible to ensure that each contractor and subcontractor performing work on the assisted housing is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any Federal programs. Program staff must obtain the debarment certification contained in B of 24 CFR Part 24 from each contractor or subcontractor which performs work on the assisted property. A copy of the certification must be maintained in each project (property) file.

Other Federal Requirement	Apply to Preservation Programs?	Regulatory Citations and References
<i>Non-Discrimination and Equal Access Rules</i>		
Fair Housing and Equal Opportunity	Yes. Must affirmatively further Fair Housing.	<ul style="list-style-type: none"> • Title VI of Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) • Fair Housing Act (42 U.S.C. 3601-3620) • E.O. 11063 (amended by E. O. 12259) • Age Discrimination Act of 1975, as amended (42 U.S.C. 6101) • 24 CFR 5.105(a)
Handicapped Accessibility	No. However, accessibility improvements are eligible costs.	Section 504 of the Rehabilitation Act of 1973 (implemented at 24 CFR Part 8)
<i>Employment and Contracting Rules</i>		
Equal Opportunity Employment	Yes. Small projects offer opportunities for minority and resident-contractors.	Executive Order 11246 (implemented at 41 CFR Part 60)
Section 3 Economic Opportunity	Yes, contractors report to county all employees or subcontractors who are low-income or a public housing resident.	Section 3 of the Housing and Urban Development Act of 1968 (implemented at 24 CFR 135)
Minority/Women Employment	Yes, included in contracts and subcontracts.	Executive Orders 11625, 12432 and 12138 24 CFR 85.36(e)
Davis-Bacon	No.	<ul style="list-style-type: none"> • Davis-Bacon Act (40 U.S.C. 276a - 276a-5) • 24 CFR Part 70 (volunteers) • Copeland Anti-Kickback Act (40 U.S.C. 276c)

EQUAL OPPORTUNITY, FAIR HOUSING AND OTHER FEDERAL REQUIREMENTS

Other Federal Requirement	Apply to Preservation Programs?	Regulatory Citations and References
Conflict of Interest	Yes.	<ul style="list-style-type: none"> • 24 CFR 85.36 • 24 CFR 84.42
Debarred Contractors	Yes, check Excluded Parties List System for debarred contractors.	<ul style="list-style-type: none"> • 24 CFR Part 5
Environmental Reviews	Yes. Individual checklists required for each project. Special attention to flood insurance, noise and historic requirements	<ul style="list-style-type: none"> • 24 CFR Part 58.35 a(4) • National Environmental Policy Act (NEPA) of 1969
Flood Insurance	Yes. Must obtain flood insurance if located in a FEMA designated 100-year flood plain. Community must be participating in FEMA's flood insurance program.	Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106)
Site and Neighborhood Standards	No.	<ul style="list-style-type: none"> • 24 CFR 893.6(b)
Lead-Based Paint	Yes, for pre-1978 units. Notices to owners; Paint testing of surfaces to be disturbed; Risk assessment and appropriated lead-hazard reduction, based on level of rehabilitation assistance; Safe work practices and clearance; Provisions included in all contracts and subcontracts.	<ul style="list-style-type: none"> • Lead Based Paint Poisoning Prevention Act of 1971 (42 U.S.C. 4821 et. seq.) • 24 CFR Part 35 • 982.401(j) (except paragraph 982.401(j)(1)(i))
Relocation	No. Relocation is not required for owner-occupied units.	<ul style="list-style-type: none"> • Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) • 49 CFR Part 24 • 24 CFR Part 42 (subpart B) • Section 104(d) "Barney Frank Amendments"

PROGRAM FILES AND RECORD KEEPING

1. Record Requirements

The program staff shall maintain sufficient records to enable inspectors and/or HUD staff to determine whether the program has met the requirements of the agreement and the policies and procedures manual and shall retain records in accordance with the instructions below. A separate file shall be maintained for each of the following:

A. Administrative File

- i. The approved cost allocation and supporting data evidencing compliance with it.
- ii. An administrative costs summary and supporting data.
- iii. Copies of all administrative payment request forms.
- iv. A summary of all program costs supported by any relevant data.
- v. Records identifying the source and application of program income, repayments, and recaptured funds.
- vi. Records demonstrating adequate budget control, in accordance with 24 CFR 85.20, including evidence of periodic account reconciliation.
- vii. Records demonstrating compliance with applicable uniform administrative requirements.

B. Project File

- i. Documentation of income eligibility for each household assisted.
- ii. Documentation that the housing was the principal residence of the owner at the time funds were invested in the property. Or in the case of the Accessibility Modification Program only, proof that the owner agreed to the improvements of a property inhabited by a disabled tenant.
- iii. A full description of each project assisted with funds, including location and form of assistance.
- iv. Documentation that each project meets the property standards established herein.
- v. Documentation that the value of the property, after rehabilitation, did not exceed the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act.
- vi. Documentation that the total cost of rehabilitation did not exceed 75% of the value of the property after rehabilitation.
- vii. Records which identify all sources, amounts and application of funds in each project. These records must differentiate between the sources of funds, and document separately any costs associated with lead-based paint abatement, control, assessment, or clearance activities.
- viii. Documentation of required inspections, monitoring reviews and audits, and resolution of any findings or concerns.
- ix. Documentation that the combination of program assistance and all other sources of funds provided as part of the rehabilitation project was not more than was necessary to complete the project and pay the expenses incurred.
- x. Documentation of compliance with the environmental review requirements of 24 CFR part 58.
- xi. Data on the year of house construction. For rehabilitation of units built before 1978, any required lead-based paint notices provided to occupants of assisted housing and evidence of compliance with lead-based paint regulations at 24 CFR Part 35.
- xii. Evidence that all required Assistance Agreements, Notes, Deeds and Subordination Policy Certifications have been properly executed.

PROGRAM FILES AND RECORD KEEPING

C. Equal Opportunity, Fair Housing and Affirmative Marketing File

- i. Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded.
- ii. Documentation of actions taken to meet the requirements of 24 CFR 135, which implements Section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701u).
- iii. Documentation of steps taken to implement outreach to minority and women-owned businesses, including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more of HPP funds; the amount of the contract or subcontract, and documentation of the program's affirmative steps to assure minority and women-owned businesses have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services.

D. Contractor File

- i. Records of solicitations for approved contractors, including criteria used to approve, list of approved and disapproved contractors, applicable licenses, evidence of qualification, etc.
- ii. Records of certifications concerning debarment and suspension required by 24 CFR Part 24.

2. Record Retention

Records will be retained by the program for six (6) years after project completion in the case of a grant and six (6) years after repayment or settlement of loans.

If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

3. Access to Records

The program staff must provide state and/or county government, HUD, the Comptroller General of the United States, or any of their representatives, with reasonable access to all and any pertinent books, documents, papers, or other records pertaining to the administration of funds provided, to make audits, examinations, excerpts, and transcripts.

APPENDIX A – INCOME LIMITS

Median Income	Household Size	1	2	3	4	5	6	7	8
\$96,900	80% of Median Moderate Income	\$59,650	\$68,200	\$76,700	\$85,200	\$92,050	\$98,850	\$105,650	\$112,500
	60% of Median Low Income	\$44,760	\$51,120	\$57,540	\$63,900	\$69,060	\$74,160	\$79,260	\$84,360
	50% of Median Very Low Income	\$37,300	\$42,600	\$47,950	\$53,250	\$57,550	\$61,800	\$66,050	\$70,300
	30% of Median Extremely Low Income	\$22,400	\$25,600	\$28,800	\$31,950	\$34,550	\$37,190	\$41,910	\$46,360

Effective: April 18, 2022

Source: U.S. Department of Housing and Urban Development www.huduser.gov/portal/datasets/il.html

- Low income (60%) limits are calculated by multiplying Very Low-income limits by 1.2 per HUD guidance.
 - For households larger than 8 (except at 60% AMI), multiply the 4-person household by an additional 8% per member, then round up to the nearest \$50 (if needed). E.g., a 6-person household at 80% AMI is \$89,750 by taking \$77,350 (4-person) x 1.16 (1+ (.08 x 2 additional members)) = \$89,726 then rounding.
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APPENDIX B – GENERAL PROGRAM DEFINITIONS AND ACRONYMS

AMI. Area Median Income, as determined by HUD and adjusted for household size.

Applicable Codes. Applicable codes are the state and local codes that pertain to housing construction, use and occupancy, and maintenance of existing residential properties.

Asset Income. Income from assets is counted towards the household's income.

CDBG. Community Development Block Grant which is awarded by the U.S Department of Housing and Urban Development to Entitlement Communities.

CFR. Code of Federal Regulations.

Change Order. A change order is a written amendment to the Construction Contract between the property owner and the contractor. A change order must be approved in writing by the County and must cover alterations, changes, additions, or deletions to the plans which are necessary for the proper completion of the work.

Complete Rehabilitation Loan. Loans for complete rehabilitation must bring the entire dwelling unit into compliance with HUD Housing Quality Standards and meet Clark County's minimum rehabilitation standards. The repairs must also meet any local jurisdiction's Housing Codes.

Construction Contract. The Housing Preservation Construction Contract is between the homeowner and the contractor.

Construction Contract Completion. Defined as the date the Certificate of Completion is signed by the homeowner.

Contract Documents. The contract documents consist of the signed Loan Agreement, Construction Contract, General Conditions, Rehabilitation Work List Specifications, accepted contractor's bid, and the Housing Rehabilitation Standards for Rehabilitation Contracts, including all modifications thereof incorporated in the documents before their execution.

Eligible Contractor. A contractor is eligible to perform work only if the contractor is:

1. Currently licensed by the Washington State Department of Labor and Industries, bonded, and insured.
2. Certified by the EPA or the Washington State Department of Commerce as a Renovation, Repair and Painting Certified Firm and has at least one certified lead renovator on staff.
3. Not on the Federal Excluded Parties List System of disbarred contractors or otherwise disqualified by the Clark County Housing Preservation Program.

Critical Repairs. Critical repairs refer to the correction of defective conditions of a residential structure which, if left uncorrected, would endanger the health, safety, or welfare of the occupants.

DCS. Department of Community Services. The Clark County department under which the Housing Preservation Program is administered.

Deed of Trust. A Deed of Trust is similar to a mortgage. The borrower (Grantor) conveys title to the property to a Trustee, who holds title for the protection of the lender (Beneficiary), as security for the loan debt. Title is reconveyed to the Grantor when the debt is paid in full.

Deferred Payment Loan (DPL). A deferred payment loan is a non-installment loan to be repaid in a single balloon payment upon specific conditions such as a sale or transfer of property.

APPENDIX B – GENERAL PROGRAM DEFINITIONS AND ACRONYMS

Disabled Family. The term “disabled family” is defined at 24 CFR 5.403 as a family “whose head, spouse, or sole member is a person with disabilities. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.”

Economic Feasibility. A project is considered economically feasible when:

1. The cost of rehabilitation is less than or equal to the amount of loan funds available to accomplish the rehabilitation;
2. The cost of rehabilitation does not exceed the value of the property; and
3. The rehabilitation will preserve or extend the useful life of the property.

Environmental Review. The Housing Preservation Program must complete the Environmental Review requirements of 24 CFR Part 58 before CDBG funds are committed to the project.

General Conditions. The General Conditions are part of the Rehabilitation Construction Contract. The General Conditions set forth the duties and responsibilities of the parties to the Construction Contract.

General Property Improvement. General property improvements refer to improvements that the owner chooses to do that are above and beyond repairing a health or safety hazard, doing weatherization upgrades, and completing any needed accessibility modifications. Not all general property improvements are allowed by HUD. General property improvements cannot account for more than one third of the total rehabilitation project costs.

Health and Safety Item. A health and safety item is a defective condition of a residential structure, or one of its major systems, which could endanger the health, safety or welfare of the occupants or the general public.

Historic Residence. A historic residence has the same meaning as a historic property as defined at 24 CFR 570.202(d). All residences that are more than 50 years old must go through a historic review process that may require local and state review. Specific requirements may be placed on work items.

HPP. Housing Preservation Program. The umbrella program under which the Housing Rehabilitation Program, Emergency Rehabilitation Program, Accessibility Modification Program and Mobile Home Repair Program is administered.

HRS. Housing Rehabilitation Specialist. The Housing Preservation Program employee responsible for assisting program clients, inspecting homes, writing worklists, and monitoring projects and contractors throughout the home repair, rehabilitation, or modification process.

Household. Household is defined in 24 CFR 570.3 as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing Quality Standards (HQS). HUD’s Housing Quality Standards are defined at 24 CFR 982.401.

HUD. The United States Department of Housing and Urban Development.

Household Income. Household income is the total gross income of all persons over the age of 15, including roomers or boarders, who reside in the dwelling unit.

Income Calculation. Household income is based on a projection of the next 12 months. Current income information is used to project future income unless there is verifiable evidence to the contrary. To calculate the Annual Income of the household, the HPP uses adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for federal annual income tax.

APPENDIX B – GENERAL PROGRAM DEFINITIONS AND ACRONYMS

Interest Calculation. The Housing Preservation Program charges simple interest on the outstanding principal of the loan. The interest rate is non-compounding. Example: On a \$10,000 loan with 3% interest per annum the balance due at the end of the first year would be \$10,300. At the end of the second year the balance would be \$10,600. The borrower may pay interest each year or add it to the balance.

Lead-Based Paint. Lead-based paint is paint or other surface coatings that contain lead equal to or in excess of 1.0 milligrams per square centimeter or 0.5% by weight.

Lead-Based Paint Hazard. Lead-based paint hazard means any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, or lead-contaminated paint that is deteriorated or present in accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects as established by the appropriate Federal or State agency.

Lead-Certified or Lead-Trained Contractor. A contractor is Lead-Certified or Lead-Trained only if the contractor meets the training and certification requirements set forth by HUD and EPA.

Lead Hazard Reduction. Lead hazard reduction means measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls and abatement.

Lien. A lien is a recorded claim against the property which entitles the person holding the lien to take appropriate legal action to satisfy the claim.

Loan Agreement. The Loan Agreement is between the property owner and Clark County.

Manufactured Home Park. A place where four or more manufactured homes are located on a lot, tract, or parcel of land under the same ownership, the primary purpose of which is to rent, lease, or barter the use of such facilities. A manufactured home park does not include a lot, or lots located within a subdivision.

Mobile Home. A structure constructed between January 1, 1962, and June 15, 1976, for movement on the public highways that has sleeping, cooking and plumbing facilities that is designed and being used for human occupancy for residential purposes.

Outbuilding. An outbuilding is defined as a subordinate building, the use of which is incidental to that of the principal building, and which is not used or designed for use as a garage.

Overcrowding. HPP uses the HUD standard for overcrowding at 24 CFR 982.401(d)(2)(ii): “The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.” A “very young child” is under the age of six.

Owner-Occupied Residential Property. Property that is used entirely for residential purposes, physically occupied, as the primary residence, by the owner and contains no more than two separate dwelling units.

Permanent. Permanent means an expected design life of at least 20 years.

Primary or Principal Residence. An applicant may only apply for work on their primary or principal residence, meaning the applicant resides in the home a minimum of 183 nights a year.

RCW. Revised Code of Washington.

Reconveyance. The transfer of title by the trustee (which has been holding title to the real property) back to the borrower (on the written request of the borrower) when the secured debt is fully paid.

APPENDIX B – GENERAL PROGRAM DEFINITIONS AND ACRONYMS

Rehabilitation. Rehabilitation means the repair of a dwelling unit to address health and safety issues or the deterioration of major components.

Rehabilitation Work List Specification. The Rehabilitation Work List Specifications is a document that itemizes the work to be done and forms the basis of the contractor's bid.

Risk Assessment. An on-site investigation to determine and report the existence, nature, severity, and location of lead-based paint hazards in residential dwellings.

SHPO. State Historic Preservation Office.

Site Built or Stick Built Dwelling. A residential structure that was built on site with pieces of lumber. This includes a modular home, a pre-fabricated home, or a home built from a home building kit, but cannot be a mobile home or manufactured home. A site-built dwelling must be permanently attached to the land and considered real property.

Specifications and Cost Estimate. Specifications and cost estimates are prepared by the Rehabilitation Specialist based on a property inspection. The specifications itemize all rehabilitation work to be done on the property and include an estimation of the cost to correct each item.

Substandard Housing Unit. A substandard housing/dwelling unit is one that does not meet the HUD Housing Quality Standards at CFR 882.109 or other criteria for an acceptable standard of living. The substandard conditions may be due to the age of the unit, neglect, inadequate plumbing facilities, crowded conditions, or other code violations.

Substandard and Suitable for Rehabilitation. A substandard dwelling unit is considered suitable for rehabilitation if it is structurally sound and can be brought up to standard condition within the cost limits of the Housing Rehabilitation Program. The cost of rehabilitation, plus any outstanding mortgage or lien, cannot exceed 95% of the value of the property after rehabilitation.

Substandard and Not Suitable for Rehabilitation. A substandard dwelling unit is considered unsuitable for rehabilitation if it is deteriorated to the extent that rehabilitation is not economically feasible within the cost limits of the Housing Rehabilitation Program and the financial means of the owner.

Substantial Rehab. Substantial rehab means the rehabilitation costs will be 75% or more of the replacement cost.

Value. For the purposes of determining owner equity, value is based on the Clark County Assessor's property assessment data. If a potential borrower disagrees with the County Assessor's assessed value, an owner may choose to pay for an appraisal to establish value. An appraisal is considered current if it is less than six months old.

Waiver of Lien. A waiver of lien is written evidence from the contractor or supplier of materials surrendering the right of lien to enforce collection of debt against the property.